

Reviews

Concepts and Measurement of Development

Bridging the Gap

Rights, Deprivation and Disparity: Essays in Concepts and Measurement

by *S Subramanian*;
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This anthology of scholarly and engaging essays provides an overview and a unitary vision of S Subramanian's key contributions in the fields of development economics, social choice theory and social ethics. It will be a very valuable volume not only for scholars and academic researchers but also for policy-makers and public officials working in these areas. The book gathers together 20 essays many of which have been published earlier in leading economics journals and starts with a comprehensive introduction that elucidates the link between the different essays and their embeddedness in the corpus of related literature. Amartya Sen's work on social choice theory and the capability approach is an especially important point of departure for many essays and plays a key role in the author's contributions. In incorporating the concerns of positive rights into the formal social choice framework, Sen's liberal paradox serves as a starting point. Furthermore, on issues of aggregation and identification of deprivation and disparity, Sen's work on the construction of social welfare functions and the measurement of poverty and inequality plays an important role.

Every theoretician working on development issues faces the challenging task of bridging the gap between the underlying concepts and their measurement. We might have rich and sound concepts but if they

cannot be tangibly measured, they tend to remain empty ideas, without having any implication for social or development policy. At the same time, the possibilities for accurate measurability per se need not be a definitive argument for or against the value of a theoretical concept. However, we can have informed policy debates and proceed in the direction of devising effective social policies only when we make progress on both fronts, without giving into the easy temptation of settling for a lopsided approach. This review elaborates and examines a few examples in order to show how inquiries of concepts and measurement have mutually enriched the work of Subramanian and set the agenda for further research and reflection.

Positive Rights

The first chapter of the book focuses on the conceptualisation of basic needs and positive rights and how their fulfilment can be used as a measure of the goodness of a society. Rights have come to occupy a central place in social ethics. In the economic and philosophical discussion on rights, one might broadly distinguish two complementary perspectives. The first perspective focuses on the idea that individuals have certain rights and that these rights set important limits on the interference of others, fellow citizens or the state. These rights are normally labelled as "negative" rights; Sen introduced them in the formal social choice and demonstrated how they conflict with the Pareto principle, the cornerstone of social choice. The second "positive" perspective of rights puts emphasis not only on the absence of interference but also the presence of certain basic capabilities and the required material and social resources to realise them. Hence, the feasibility constraints that prevent persons from attaining their

desired ends can be seen as rights violation. This second perspective assumes special significance in the context of developing countries with scarce or unequally distributed resources. In this context, the libertarian view that private ownership and related things should unconditionally be defended and that there is no violation of rights when people face serious capability deprivation is inadequate from a moral point of view. Subramanian therefore makes an interesting proposal on introducing positive rights into the social choice literature. This framework leads quickly to impossibilities similar to the ones that Sen himself faced when introducing negative rights. Moreover, there is the fundamental philosophical objection that social choice is not the appropriate forum to address the concerns of rights. Nevertheless, an attempt at a formal treatment of positive rights makes clear their important role as indications of how a society is doing in guaranteeing its citizens certain elementary freedoms. Summary statistics on poverty, literacy, nutrition, employment, housing, life expectancy and so on should therefore be important components in the measurement of a country's performance. These play a relevant role in empowering citizens with the freedom to realise certain fundamental rights such as the right not to be poor, the right to be literate and the right not to be hungry. Efforts to construct multidimensional indices of well-being such as the human development index or the multiple development targets entailed in the millennium development goals can be seen as a reflection of this underlying concern with the importance of positive rights.

Conceptualising Poverty

A second example of the connectedness between concepts and measurement can be found in Chapter 10, on the measurement of poverty in India. There exists a consensus of opinion that poverty in India – as measured by the headcount ratio – has displayed a downward trend since the early 1970s. Subramanian, however, challenges this optimistic conclusion by pointing out that this conclusion draws heavily on an unsound concept of poverty. The common practice in the Indian poverty

literature is to identify the poor by comparing the value of an individual's consumption bundle with the value of a reference bundle of someone at the nutritional minimum in 1973. Throughout the years, the reference consumption bundle remained identical and hence neglects changes in tastes and relative prices. A simulation shows the large effect of this approach on the obtained poverty trend for India. Correcting for the neglected factors alters the optimistic picture of decreasing poverty into a gloomy one of increasing poverty over the last 25 years. Given this conceptual impreciseness, Subramanian urges a more careful and rigorous approach of the derivation of an appropriate poverty line for India. Lessons can be drawn from the experience of other countries, who apply different methodologies, e.g., the European countries, which pinpoint their poverty line at a certain percentage of the median income. In the meanwhile, the author advocates a moratorium on the continued use of the official Indian statistics on income poverty. The reader may find this conclusion rather disappointing and not so constructive particularly because

an acceptable measurement of Indian poverty cannot endlessly wait until we come up with the ideal concept of poverty.

Literacy and Development

As a final example, Chapter 15 of this volume focuses on the pertinent issue of literacy in developing countries. Subramanian develops further the conceptual framework of Basu and Foster, which takes account of the positive externality accruing to an illiterate person if he happens to belong to a household that contains at least one literate person. The literate person is believed to generate positive spillover effects to the illiterate members of his household. Subramanian develops some extensions and modifications of the original model pointing at the instrumental link between the positive externality and equity in the distribution of literacy. *Ceteris paribus*, it is better to have the literate persons equally distributed across all households, so that more spillover effects take place and more people benefit from them. Subramanian develops a new measure of literacy, taking into account the efficiency loss arising from

the inequality in the distribution of literacy rates across households, similar to what is done in the normative literature on income inequality indices.

Subramanian illustrates his distribution-sensitive literacy rate by measuring interstate disparities in the Indian literacy attainment. Kerala and Mizoram are the most literate states with less than 5 per cent of the households that have no literate members at all, whereas in Arunachal Pradesh more than half of the households are totally illiterate. The distribution-sensitive measure of literacy helps in identifying the households that should be the prime target of an educational policy in the presence of scarce resources: the households without any literate members. Moreover, the new measure can be a fundamental building block to develop new models of optimal educational policy for the redress of illiteracy. Finally, the distribution-sensitive literacy measure and its motivation based on positive externalities can be a stepping stone for further fundamental inquiries of the question why some societies show such a difference in their distribution of literacy.

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The merit of the volume lies in the fact that throughout the different essays, well-being and development are conceptualised as intrinsically multidimensional with a particular focus on the fulfilment of different positive rights. Income as the sole measure of well-being and development is shown to be conceptually inadequate. However, accurately measuring these multidimensional concepts with

an eye to fine-tuned social policies is a challenging task. Since Subramanian's anthology confronts this challenge head on and tries to achieve a balance and reflective equilibrium between concepts and measurement, it offers ample inspiration and can stimulate further inquiry in this direction. **EPW**

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