Poor, Relatively Speaking

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By AMARTYA SEN

1. Introduction

WHEN on the 6th January 1941, amidst the roar of the guns of the second world war, President Roosevelt announced that "in the future days ... we look forward to a world founded upon four essential freedoms", including "freedom from want", he was voicing what was soon to become one of the major themes of the post-war era. While the elimination of poverty all over the world has become a much-discussed international issue, it is in the richer countries that an immediate eradication seemed possible. That battle was joined soon enough after the war in those affluent countries, and the ending of povery has been a major issue in their policy discussions.

There are, however, great uncertainties about the appropriate way of conceptualising poverty in the richer countries, and some questions have been repeatedly posed. Should the focus be on "absolute" poverty or "relative" poverty? Should poverty be estimated with a cut-off line that reflects a level below which people are—in some sense—"absolutely impoverished", or a level that reflects standards of living "common to that country" in particular? These questions—it will be presently argued—do not bring out the real issues clearly enough. However, a consensus seems to have emerged in favour of taking a "relative" view of poverty in the rich countries. Wilfred Beckerman and Stephen Clark put it this way in their important recent study of poverty and social security in Britain since 1961: "we have measured poverty in terms of a 'relative' poverty line, which is generally accepted as being the relevant concept for advanced countries."[1]

There is indeed much merit in this "relative" view. Especially against the simplistic absolute conceptualisation of poverty, the relative view has represented an entirely welcome change. However, I shall argue that ultimately poverty must be seen to be primarily an absolute notion, even though the specification of the absolute levels has to be done quite differently from the way it used to be done in the older tradition. More importantly, the contrast between the absolute and the relative features has often been confused, and I shall argue that a more general question about ascertaining the absolute standard of living lies at the root of the difficulty. In particular, it will be claimed that *absolute* deprivation in terms of a person's *capabilities* relates to *relative* deprivation in terms of commodities, incomes and resources.

That is going to be my main theme, but before I get to that general issue, I ought to make clear the sense in which I believe that even the narrow

* Revised version of a Geary Lecture given on 6th September, 1982, at the Economic and Social Research Institute, Dublin, Ireland. For helpful comments I am most grateful to Wilfred Beckerman, Graciela Chichilnisky, Theo Cooper, Jan Graaff, Kieran A. Kennedy, Paul Seabright, Peter Townsend and Dorothy Wedderburn.

[1] Beckerman and Clark (1982).

focus on relative poverty has been valuable in the recent discussions on poverty. In the post-war years there was a premature optimism about the elimination of poverty in rich countries based on calculations using poverty lines derived from nutritional and other requirements of the kind used by Seebohm Rowntree in his famous poverty studies of York in 1899 and 1936, or by Charles Booth in his nineteenth century study of poverty in London. The post-war estimates using these given standards yielded a very comforting picture of the way things had improved over the years, and indeed in terms of old standards, the picture certainly looked greatly more favourable than in the darker pre-war days. For example, the third York survey of 1951, following Rowntree's earlier ones, indicated that using the same standard, the proportion of working class population in poverty appeared to have fallen from 31 per cent at the time of the last survey in 1936 to less than 3 per cent in the new survey of 1951.[2] This was partly the result of general economic growth and a high level of employment, but also the consequence of various welfare legislations following the Beveridge Report of 1942, covering family allowances, national insurance, national assistance and national health service. Deducting public transfers would have made the poverty ratio higher than 22 per cent rather than less than 3 per cent. The changed situation—despite some statistical problems—was indeed genuine, but it was much too slender a basis on which to declare victory in the war against poverty. While the Labour government did go to the electorate in 1950 with the emphatic claim in its Manifesto that "destitution has been banished", and that the government has "ensured full employment and fair shares of the necessities of life",[3] there was little real reason to be smug about eradication of poverty in Britain. There were lots of people who were in misery and clearly deprived of what they saw (as I shall presently argue, *rightly*) as necessities of life, and the battle against poverty was far from over.

It is in this context that the change of emphasis in the academic literature from an absolutist to a relativist notion of poverty took place, and it had the immediate effect of debunking the smug claims based on inadequate absolute standards. But instead of the attack taking the form of disputing the claim that the old absolute standards were relevant still, it took the investigation entirely in the relativist direction, and there it has remained through these years. The relativist response to the smugness was effective and important. Using what he regarded as the orthodox or conventional poverty line fixed at a level 40 per cent higher than the basic National Assistance scale, plus rent, Peter Townsend (1962) showed that as many as one in seven Britons were in poverty in 1960. Other important questions were also raised, e.g., by Dorothy Wedderburn (1962), and more detailed and comprehensive estimates soon followed, and the poverty battle was seen as wide open.[4] While I shall question the conceptualisation underlying this change, I

[2] Rowntree and Lavers (1951), p. 40.
[3] Quoted by David Bull (1971), p. 13.
[4] See especially Abel-Smith and Townsend (1965) and Atkinson (1970b).

certainly would not dispute the value of the relativist contribution in opening up the question of how poverty lines should be determined, as well as in preventing a premature declaration of victory by the old absolutist school.

2. A thorough-going relativity?

Peter Townsend, who—along with other authors such as Gary Runciman—has made pioneering and far-reaching contributions to the relativist view of poverty puts the case thus:

> Any rigorous conceptualistion of the social determination of need dissolves the idea of 'absolute' need. And a thorough-going relativity applies to time as well as place. The necessities of life are not fixed. They are continuously being adapted and augmented as changes take place in a society and in its products. Increasing stratification and a developing division of labour, as well as the growth of powerful new organisations, create, as well as reconstitute, 'need'. Certainly no standard of sufficiency could be revised only to take account of changes in prices, for that would ignore changes in the goods and services consumed as well as new obligations and expectations placed on members of the community. Lacking an alternate criterion, the best assumption would be to relate sufficiency to the average rise (or fall) in real incomes.[5]

The last remark—that the best assumption would be to relate sufficiency to "the average rise (or fall) in real incomes"—is obviously *ad hoc*. But the more general argument is undoubtedly quite persuasive. However, I think this line of reasoning suffers from two quite general defects. First, *absoluteness* of needs is not the same thing as their *fixity over time*. The relativist approach sees deprivation in terms of a person or a household being able to achieve *less than what others* in that society do, and this relativeness is not to be confused with *variation over time*. So the fact that "the necessities of life are not fixed" is neither here nor there, as far as the competing claims of the absolutist and relativist views are concerned. Even under an absolutist approach, the poverty line will be a function of *some* variables, and there is no *a priori* reason why these variables might not change over time.

The second problem is perhaps a more difficult one to sort out. There is a difference between achieving *relatively less than others*, and achieving *absolutely less because of falling behind others*. This general distinction, which I think is quite crucial to this debate, can be illustrated with a different type of interdependence altogether—that discussed by Fred Hirsch (1976) in analysing "positional goods". Your ability to enjoy an uncrowded beach may depend on your knowing about that beach when others do not, so that *the absolute* advantage you will enjoy—being on an uncrowded beach—will depend on your *relative* position—knowing something that others do not. You want to have that information, but this is not because you particularly want to do *relatively better than or as well as others*, but you want to do

[5] Townsend (1979b), pp. 17–8. See also his major study of poverty in the U.K., Townsend (1979a).

absolutely well, and that in this case requires that you must have some differential advantage in information. So your absolute achievement—not merely your relative success—may depend on your relative position in some other space. In examining the absolutist *vs.* the relativist approach it is important to be clear about the space we are talking about. Lumping together needs, commodities, etc., does not help to discriminate between the different approaches, and one of the items in our agenda has to be a closer examination of the relationship between these different spaces.

Before I come to that, let me consider a different approach to the relativist view—this one ocurring in the important study of "poverty and progress in Britain" between 1953 and 1973 by Fiegehen, Lansley and Smith. They put the question thus:

> In part the renewed concern with 'want' reflected generally increased prosperity and the feeling that the standard of living which society guaranteed should be raised accordingly. This led to 'relative' concepts of poverty, by which the extent of poverty is judged not by some absolute historically defined standard of living, but in relation to contemporary standards. By such a moving criterion poverty is obviously more likely to persist, since there will always be certain sections of society that are badly off in the sense that they receive below-average incomes. Thus renewed interest in poverty stemmed to a considerable extent from a recognition that it is incumbent on society to assist the *relatively* deprived.[6]

One consequence of taking this type of a rigidly relativist view is that poverty cannot—simply cannot—be eliminated, and an anti-poverty programme can never really be quite successful. As Fiegehen, Lansley and Smith note, there will always be certain sections of society that are badly off in relative terms. That particular feature can be changed if the relative approach is differently characterized, e.g., checking the number below 60% of median income (the answer *can* be zero). But it remains difficult to judge, in any purely relative view, how successful an anti-poverty programme is, and to rank the relative merits of different strategies, since gains shared by all tend to get discounted. It also has the implication that a general decline in prosperity with lots of additional people in misery—say due to a severe recession or depression—need not show up as a sharp increase in poverty since the relative picture need not change. It is clear that somewhere in the process of refining the concept of poverty from what is viewed as the crudities of Charles Booth's or Seebohm Rowntree's old-fashioned criteria, we have been made to abandon here an essential characteristic of poverty, replacing it with some imperfect representation of *inequality* as such.

That poverty should in fact be viewed straightforwardly as an issue of inequality has, in fact, been argued by several authors. The American sociologists Miller and Roby have put their position thus:

> Casting the issue of poverty in terms of stratification leads to regarding poverty as an issue of inequality. In this approach, we move away from efforts to measure

[6] Fiegehen, Lansley and Smith (1977), pp. 2–3.

> poverty lines with pseudo-scientific accuracy. Instead, we look at the nature and size of the differences between the bottom 20 or 10 per cent and the rest of the society.[7]

I have tried to argue elsewhere (Sen (1981), chapter 2) that this view is based on a confusion. A sharp fall in general prosperity causing widespread starvation and hardship must be seen by any acceptable criterion of poverty as an intensification of poverty. But the stated view of poverty "as an issue of inequality" can easily miss this if the *relative* distribution is unchanged and there is no change in "the differences between the bottom 20 or 10 per cent and the rest of the society". For example, recognising starvation as poverty is scarcely a matter of "pseudo-scientific accuracy"!

It can, however, be argued that such sharp declines are most unlikely in rich countries, and we can forget those possibilities. But that empirical point does nothing to preserve the basic adequacy of a conceptualisation of poverty which should be able to deal with a wide variety of counter-factual circumstances. Furthermore, it is not clear that such declines cannot really take place in rich countries. A measure of poverty should have been able to reflect the Dutch "hunger winter"[8] of 1944–45, when widespread starvation was acute. And it must not fail to notice the collapse that would surely visit Britain if Mrs. Thatcher's quest for a "leaner and fitter" British economy goes on much longer. The tendency of many of these measures to look plausible in situations of growth, ignoring the possibility of contraction, betrays the timing of the birth of these measures in the balmy sixties, when the only possible direction seemed forward.

3. The policy definition

While one could easily reject a *fully* relativised view of poverty, making poverty just "an issue of inequality", it is possible to adopt a *primarily* relativised view without running into quite the same problems. The poverty line that has been most commonly used in recent studies of British poverty is the one given by the Official Supplementary Benefit scale,[9] and this scale has been consistently revised with attention being paid to the average level of British income. In fact, the scale has been revised upwards faster than the average income growth, and the poverty line in real terms did in fact double between July 1948 and November 1975.[10] Using this poverty line, adjusted for cost-of-living changes on a month to month basis, Beckerman and Clark (1982) have estimated that the number of persons in poverty in Britain went

[7] Miller and Roby (1971). See also Miller, Rein, Roby and Cross (1967). Contrast Townsend's (1979a) rejection of the identification of poverty with inequality (p. 57).

[8] This famine was indeed spread very widely across the Dutch population, thereby making the relative extents of deprivation quite muddled; see Aykroyd (1974) and Stein, Susser, Saenger and Marolla (1975).

[9] See, for example, Atkinson (1970b), Bull (1971), Fiegehen, Lansley and Smith (1977), Berthoud and Brown with Cooper (1981), and Beckerman and Clark (1982).

[10] Beckerman and Clark (1982), p. 4.

up by about 59 per cent between 1961–63 and 1974–76 (p. 3). This rise is not entirely due to the upward revision of the poverty line, and another important factor is the demographic change associated with an increase in the number of pensioners in the British population, but the upward trend of the poverty line is certainly a major influence in this direction.[11]

This practice of using the Supplementary Benefit scale as the poverty line is open to some obvious problems of its own. Not the least of this is the perversity whereby an increase in the attempt by the State to deal with poverty and low incomes by raising the Supplementary Benefit scale will tend to increase rather than diminish the measured level of poverty, by raising the poverty line. In this view, *helping* more is read as more help being *needed*. The most effective strategy for the government to adopt to reduce the number of the "poor", under this approach, is to *cut*, rather than *raise*, the level of assistance through Supplementary Benefits. This can scarcely be right.

Identifying the poverty line with the Supplementary Benefit scale belongs to a more general tradition, which the United States President's Commission on Income Maintenance in 1969 called the "policy definition" of poverty.[12] It is a level of income that is seen as something "the society feels some responsibility for providing to all persons". This approach too is, I believe, fundamentally flawed.[13] The problem is that the level of benefits is determined by a variety of considerations going well beyond reflecting the cut-off point of identified poverty. For one thing, it reflects what is feasible. But the fact that the elimination of some specific deprivation—even of starvation—might be seen, given particular circumstances, as unfeasible does not change the fact of that deprivation. Inescapable poverty is still poverty. Furthermore, the decisions regarding State assistance will reflect—aside from feasibility considerations—other pressures, e.g., pulls and pushes of politically important groups, policy objectives *other than* poverty removal (such as reduction of inequality). Attempts to read the poverty line from the assistance level are riddled with pitfalls. If Mrs. Thatcher decides today that the country "cannot afford" the present level of Supplementary Benefits and the scale must be cut, that decision in itself will not reduce poverty in Britain (through lowering the poverty line below which people count as poor).

4. The absolutist core

Neither the various relativist views, nor seeing poverty as "an issue in inequality", nor using the so-called "policy definition", can therefore serve

[11] Beckerman and Clark (1982), pp. 3–4. A big factor in this increase in the Beckerman–Clark calculation is their procedure of adjusting the poverty line for cost-of-living increase every month in between the official adjustments of the Supplementary Benefit scale, so that those whose incomes were raised exactly to the Supplementary Benefit level through that scheme would shortly appear as being *below* the Beckerman-Clark poverty line as a result of the monthly adjustments.

[12] U.S. President's Commission on Income Maintenance (1969), p. 8.

[13] Sen (1981), pp. 17–21.

as an adequate theoretical basis for conceptualising poverty. There is, I would argue, an irreducible absolutist core in the idea of poverty. One element of that absolutist core is obvious enough, though the modern literature on the subject often does its best to ignore it. If there is starvation and hunger, then—no matter what the *relative* picture looks like—there clearly is poverty. In this sense the relative picture—if relevant—has to take a back seat behind the possibly dominating absolutist consideration. While it might be thought that this type of poverty—involving malnutrition or hunger—is simply irrelevant to the richer countries, that is empirically far from clear, even though the frequency of this type of deprivation is certainly much less in these countries.

Even when we shift our attention from hunger and look at other aspects of living standard, the absolutist aspect of poverty does not disappear. The fact that some people have a lower standard of living than others is certainly proof of inequality, but by itself it cannot be a proof of poverty unless we know something more about the standard of living that these people do in fact enjoy. It would be absurd to call someone poor just because he had the means to buy only one Cadillac a day when others in that community could buy two of these cars each day. The absolute considerations cannot be inconsequential for conceptualising poverty.

The temptation to think of poverty as being altogether relative arises partly from the fact that the *absolute* satisfaction of some of the needs might depend on a person's *relative* position vis-à-vis others in much the same way as—in the case discussed earlier—the absolute advantage of a person to enjoy a lonely beach may depend upon his relative advantage in the space of knowledge regarding the existence and access to such beaches. The point was very well caught by Adam Smith when he was discussing the concept of necessaries in *The Wealth of Nations*:

> By necessaries I understand not only the commodities which are indispensably necessary for the support of life, but what ever the custom of the country renders it indecent for creditable people, even the lowest order, to be without. . . . Custom . . . has rendered leather shoes a necessary of life in England. The poorest creditable person of either sex would be ashamed to appear in public without them.[14]

In this view to be able to avoid shame, an eighteenth century Englishman has to have leather shoes. It may be true that this situation has come to pass precisely because the typical members of that community happen to possess leather shoes, but the person in question needs leather shoes not so much to be *less ashamed* than others—that relative question is not even posed by Adam Smith—but simply not to be ashamed, which as an achievement is an absolute one.

[14] Smith (1776), pp. 351–2.

5. Capabilities contrasted with commodities, characteristics and utilities

At this stage of this discussion I would like to take up a somewhat more general question, *viz.*, that of the right focus for assessing standard of living. In my Tanner Lecture (given at Stanford University in 1979) and my Hennipman Lectures (given at the University of Amsterdam in 1982), I have tried to argue that the right focus is neither commodities, nor characteristics (in the sense of Gorman and Lancaster), nor utility, but something that may be called a person's capability.[15] The contrasts may be brought out by an illustration. Take a bicycle. It is, of course, a commodity. It has several characteristics, and let us concentrate on one particular characteristic, *viz.*, transportation. Having a bike gives a person the ability to move about in a certain way that he may not be able to do without the bike. So the transportation *characteristic* of the bike gives the person the *capability* of moving in a certain way. That capability may give the person utility or happiness if he seeks such movement or finds it pleasurable. So there is, as it were, a *sequence* from a commodity (in this case a bike), to characteristics (in this case, transportation), to capability to function (in this case, the ability to move), to utility (in this case, pleasure from moving).

It can be argued that it is the third category—that of capability to function—that comes closest to the notion of standard of living. The commodity ownership or availability itself is not the right focus since it does not tell us what the person can, in fact, do. I may not be able to use the bike if—say—I happen to be handicapped. Having the bike—or something else with that characteristic—may provide the basis for a contribution to the standard of living, but it is not in itself a constituent part of that standard. On the other hand, while utility reflects the use of the bike, it does not concentrate on the use itself, but on the mental reaction to that use. If I am of a cheerful disposition and enjoy life even without being able to move around, because I succeed in having my heart leap up every time I behold a rainbow in the sky, I am no doubt a happy person, but it does not follow that I have a high standard of living. A grumbling rich man may well be less happy than a contented peasant, but he does have a higher standard of living than that peasant; the comparison of standard of living is not a comparison of utilities. So the constituent part of the standard of living is not the good, nor its characteristics, but the ability to do various things by using that good or those characteristics, and it is that ability rather than the mental reaction to that ability in the form of happiness that, in this view, reflects the standard of living.

6. Absolute capabilities and relative commodity requirements

If this thesis of the capability focus of standard of living is accepted (and I believe the case for it is quite strong), then several other things follow. One

[15] Sen (1980, 1982b). Also Sen (1982a), "Introduction", pp. 30–1.

of them happens to be some sorting out of the absolute-relative disputation in the conceptualisation of poverty. At the risk of oversimplification, I would like to say that poverty is an absolute notion in the space of capabilities but very often it will take a relative form in the space of commodities or characteristics.

Let us return to Adam Smith. The capability to which he was referring was the one of avoiding shame from the inability to meet the demands of convention.[16] The commodity needed for it, in a particular illustration that Smith considered, happened to be a pair of leather shoes. As we consider richer and richer communities, the commodity requirement of the same capability—avoiding this type of shame—increases. As Adam Smith (1776) noted, "the Greeks and Romans lived . . . very comfortably though they had no linen," but "in the present time, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt" (pp. 351–2). In the commodity space, therefore, escape from poverty in the form of avoiding shame requires a varying collection of commodities—and it is this collection and the resources needed for it that happen to be relative *vis-à-vis* the situations of others. But on the space of the capabilities themselves—the direct constituent of the standard of living—escape from poverty has an absolute requirement, to wit, avoidance of this type of shame. Not so much having equal shame as others, but just not being ashamed, absolutely.

If we view the problem of conceptualising poverty in this light, then there is no conflict between the irreducible absolutist element in the notion of poverty (related to capabilities and the standard of living) and the "thoroughgoing relativity" to which Peter Townsend refers, if the latter is interpreted as applying to commodities and resources. If Townsend puts his finger wrong, this happens when he points towards the untenability of the idea of absolute needs. Of course, needs too can vary between one society and another, but the cases that are typically discussed in this context involve a different bundle of commodities and a higher real value of resources fulfilling the *same* general needs. When Townsend estimates the resources required for being able to "participate in the activities of the community", he is in fact estimating the varying resource requirements of fulfilling the same absolute need.

In a poor community the resources or commodities needed to participate in the standard activities of the community might be very little indeed. In

[16] This particular capability, emphasized by Adam Smith, clearly has a strong psychological component in a way that other capabilities that have been thought to be basic may not have, e.g., the ability to be well nourished or to move about freely or to be adequately sheltered (see Sen (1980)). The contrast between capability and utility may, in some ways, be less sharp in the case of capabilities involving psychology, even though it would be impossible to catch the various psychological dimensions within the undifferentiated metric of utility (no matter whether defined in terms of pleasure and pain, or choice, or desire fulfilment). In fact, the capability of being happy can be seen as just one particular capability, and utility—shorn of its claim to unique relevance—can be given some room *within* the general approach of capabilities. These issues have been further discussed in Sen (1982b).

such a community the perception of poverty is primarily concerned with the commodity requirements of fulfilling nutritional needs and perhaps some needs of being clothed, sheltered and free from disease. This is the world of Charles Booth or Seebohm Rowntree in nineteenth century or early twentieth century London or York, and that of poverty estimation today, say, in India. The more physical needs tend to dominate over the needs of communal participation, on which Townsend focuses, at this less affluent stage both because the nutritional and other physical needs would tend to have a more prominent place in the standard-of-living estimation and also because the requirements of participation are rather easily fulfilled. For a richer community, however, the nutritional and other physical requirements (such as clothing as protection from climatic conditions) are typically already met, and the needs of communal participation—while absolutely no different in the space of capabilities—will have a much higher demand in the space of commodities and that of resources. Relative deprivation, in this case, is nothing other than a relative failure in the commodity space—or resource space—having the effect of an absolute deprivation in the capability space.

The varying commodity requirements of meeting the same absolute need applies not merely to avoiding shame from failing to meet conventional requirements, and to being able to participate in the activities of the community, but also to a number of other needs. It has been pointed out by Theo Cooper in a regrettably unpublished paper (Cooper (1971)) that in West Europe or North American a child might not be able to follow his school programme unless the child happens to have access to a television. If this is in fact the case, then the child without a television in Britain or in Ireland would be clearly worse off—have a lower standard of living—in this respect than a child, say, in Tanzania without a television. It is not so much that the British or the Irish child has a brand new need, but that to meet the same need as the Tanzanian child—the need to be educated—the British or the Irish child must have more commodities. Of course, the British child might fulfill the need better than the Tanzanian with the help of the television—I am not expressing a view on this—but the fact remains that the television is a necessity for the British child for school education in a way it is not for the Tanzanian child.

Similarly, in a society in which most families own cars, public transport services might be poor, so that a carless family in such a society might be *absolutely poor* in a way it might not have been in a poorer society. To take another example, widespread ownership of refrigerators and freezers in a community might affect the structure of food retailing, thereby making it more difficult in such a society to make do without having these facilities oneself.

It is, of course, not my point that there is no difference in the standards of living of rich and poor countries. There are enormous differences in the fulfilment of some of the most basic capabilities, *e.g.*, to meet nutritional requirements, to escape avoidable disease, to be sheltered, to be clothed, to

be able to travel, and to be educated. But whereas the commodity requirements of these capability fulfilments are not tremendously variable between one community and another, such variability is enormous in the case of other capabilities. The capability to live without shame emphasized by Adam Smith, that of being able to participate in the activities of the community discussed by Peter Townsend, that of having self-respect discussed by John Rawls,[17] are examples of capabilities with extremely variable resource requirements.[18] And as it happens the resource requirements typically go up in these cases with the average prosperity of the nation, so that the relativist view acquires plausibility despite the absolutist basis of the concept of poverty in terms of capabilities and deprivation.

It is perhaps worth remarking that this type of *derived* relativism does not run into the difficulties noted earlier with thoroughgoing relativity of the kind associated with seeing poverty as "an issue of inequality". When the Dutch in the hunger winter of 1944–45 found themselves suddenly in much reduced circumstances, their commodity requirements of capability fulfilments did not go down immediately to reduce the bite of poverty, as under the rigidly relativist account. While the commodity requirements are sensitive to the opulence and the affluence of the community in general, this relationship is neither one of instant adjustment, nor is it a straightforward one to be captured simply by looking at the average income, or even the current Lorenz curve of income distribution. Response to communal standards is a more complex process than that.

7. Primary goods and varying requirements between and within communities

I should also remark on a point of some general philosophical interest related to this way of viewing personal advantage and social poverty. The philosophical underpinning of the recent poverty literature has been helped enormously by John Rawls's far-reaching analysis of social justice. One respect in which Rawls differs sharply from the utility-based theories, e.g., utilitarianism, is his focus on what he calls "primary goods" rather than on utility in judging a person's advantage. Our focus on capability differs *both* from the utilitarian concern with just mental reactions and from the Rawlsian concern with primary goods as such, though the approach of capabilities is much influenced by Rawls's moral analysis. Making comparisons in the capability space is quite different from doing that either in the utility space (as done by utilitarians), or in the space of commodities or primary goods (even when this is done very broadly, as Rawls does). In this view the variables to focus on consist of such factors as *meeting* nutritional requirements rather than either the pleasure from meeting those requirements (as

[17] Rawls (1971), pp. 440–6.

[18] Education is perhaps an intermediate case, where the resource variability is important but perhaps not as extreme as with some of these other capabilities related to social psychology.

under utilitarianism), or the *income* or *food* needed to meet those requirements (as in the Rawlsian approach). Similarly, the capability approach focuses on meeting the need of self-respect rather than *either* the pleasure from having self-respect, *or* what Rawls calls "the social basis of self respect".[19] The capability approach differs from the traditional utility-based analysis as strongly as the Rawlsian approach does, but it continues to concentrate on human beings—their capabilities in this case—rather than moving with Rawls to incomes, goods and characteristics.[20] Rawls himself motivated his focus on primary goods, using arguments that rely on the importance of capabilities. What the capability approach does is to make that basis explicit and then it goes on to acknowledge the enormous variability that exists in the commodity requirements of capability fulfilment. In this sense, the capability approach can be seen as one possible *extension* of the Rawlsian perspective.

The extension makes a substantial practical difference not merely because the commodity requirements of capability fulfilment vary between one community and another, or one country and another, but also because there are differences *within* a given country or community in the mapping from commodities to capabilities. In a country with various racial groups, even the food requirements of nutritional fulfilment may vary a great deal from one group to another.[21] For example, in India the people in the state of Kerala have both the lowest level of average calorie intake in the country and the highest level of longevity and high nutritional fulfilment. While part of the difference is certainly due to distributional considerations and the availability of back-up medical services, the physiological differences in the calorie requirements of the Malayali in Kerala compared with, say, the larger Punjabi, is also a factor.

This type of *intra*-country or *intra*-community difference can be very important even in rich countries and even those with a basically homogeneous population. This is because of other variations, e.g., that of age. Of particular relevance in this context is the fact that a high proportion of those who are recognized as poor in the richer countries are also old or disabled in some way.[22] Inability to earn an adequate income often reflects a physical disadvantage of some kind, and this disadvantage is not irrelevant to the conversion of goods into capabilities. While the nutritional requirements may not increase with age or disability—may even decrease somewhat—the resource requirements of—say—movement, or of participation in the ac-

[19] Rawls (1971), pp. 60–5. Note, however, that Rawls vacilates between taking "the *bases* of self-respect" as a primary good (this is consistent with taking income as a primary good), and referring to "self-respect" itself as a primary good, which is closer to our concern with capabilities.

[20] I have discussed this contrast more extensively in Sen (1980, 1982a: 30–1, 1982b). See also Rawls (1982), pp. 168–9.

[21] This is in addition to inter-individual and inter-temporal variations emphasized by Sukhatme (1977), Srinivasan (1979), and others.

[22] See Wedderburn (1961) and Atkinson (1970b).

tivities of the community, may be considerably larger for older or disabled people. The focus on absolute capabilities brings out the importance of these *intra*-community variations in the commodity space, going well beyond the *inter*-community variations emphasized in the typical relativist literature.

While it might not be easy to take full note of such intra-community variations in practical studies of poverty, it is important to have conceptual clarity on this question and to seek more sensitive practical measures in the long run. I should think the direction in which to go would be that of some kind of an efficiency-adjusted level of income with "income" units reflecting command over capabilities rather than over commodities. This will be, I do not doubt, quite a rewarding field of research.

8. Aggregative poverty measures and relativities

Even when incomes are not thus adjusted within a given country or community, conceptualisation of poverty does, of course, involve more than just fixing a poverty line. I have so far said nothing at all on that question, and I should now briefly turn to it. The predicaments of people below the poverty line are not by means homogeneous even when their respective abilities to convert commodities into capabilities are identical, since they differ from each other in the size of their respective shortfalls of income from the poverty line. Traditionally, poverty measurement has tried to make do with operating on two aggregate magnitudes, *viz.*, the head-count ratio (*i.e.*, the proportion of population below the poverty line) and the income-gap ratio (*i.e.*, the average income shortfall of all the poor taken together as a proportion of the poverty line itself, or alternatively as a proportion of the mean income of the community). But it is easy to show that these two magnitudes taken together cannot capture poverty adequately since any sensible measure of poverty must be sensitive also to the distribution of that income shortfall among the poor. Bearing this in mind, several of us in recent years have tried to propose various distribution-sensitive measures of poverty.

The one I proposed in *Econometrica* of 1976 is based on an axiomatic structure that gets numerical weights from ordinal information regarding relative incomes much in the same way as Borda—in his theory of voting—obtained his rank-order method by converting ranks into weights. With such an axiomatisation, and a chosen procedure of normalization, it can be shown that one gets a measure of poverty P that depends on three parameters, *viz.*, the headcount ratio H, the income-gap ratio I as a proportion of the poverty line and the Gini coefficient G of the distribution of income among the poor:[23]

$$P = H[I + (1 - I)G].$$

[23] Sen (1976a), Theorem 1. An earlier version, with slight axiomatic variations, was presented in Sen (1973).

Equivalently, this measure P can be expressed as a function of the head-count ratio H, the poverty line π, and the equally distributed equivalent income e^g of the poor (as defined by Kolm (1969) and Atkinson (1970a)) using the Gini social evaluation function.[24]

$$P = H(\pi - e^g)/\pi$$

A generalisation of this measure, proposed by Blackorby and Donaldson (1980) replaces the equally distributed equivalent income e^g based on the specific Gini social evaluation function by any member e of equally distributed equivalent incomes for a whole class of such social evaluation functions:

$$P = H(\pi - e)/\pi$$

Other variations have also been proposed by such authors as Kakwani; Takayama; Hamada and Takayama; Anand; Osmani; Thon; Szal; Fields; Pyatt; Clark, Hemming and Ulph; Foster; Foster, Greer and Thorbecke; Chakravarty; Foster and Shorrocks; and others.[25]

I do not propose to discuss here the various properties of these different variants. But there is one slightly contrary property that is worth a comment because it links up with the absolute-relative question with which this lecture has been concerned. In presenting my measure in *Econometrica* 1976, I expressed some support for the view that the poverty measure must satisfy an adapted version of the so-called Pigou-Dalton condition of transfer, to wit, any transfer of income to a poor person from a person who is richer must reduce the recorded poverty level. This axiom was not used in deriving my measure P, and indeed as I noted the following year in *Econometrica*, it is possible for the measure P to violate this Pigou-Dalton condition, albeit in rather rare circumstances.[26] It turns out that all the variants of this measure mentioned above—with a few exceptions involving other unattractive characteristics—can also violate the Pigou-Dalton condition.[27] For the violation result to hold it is necessary—though not sufficient—that the transfer from the rich person should make him fall from above to below the poverty line as a consequence of the transfer. Is this violation of the Pigou-Dalton transfer condition a disturbing characteristic?

The Pigou-Dalton condition is certainly an appealing one as a requirement of a measure of *inequality*, and this is indeed how it has been used by Kolm (1969) and Atkinson (1970a), and how it has been related to the property of S-concavity in a paper on economic inequality by Dasgupta, Starrett and myself.[28] But does this make sense for a measure of poverty as

[24] On the Gini social evaluation function, see Sen (1974, 1976b) and Hammond (1978). On related issues, see Graaff (1977), Kakwani (1980), and Roberts (1980).

[25] Many of these variations are discussed in Sen (1981), Chapter 3 and Appendix C, and in Sen (1982a), "Introduction", pp. 31–6.

[26] Sen (1977), p. 77.

[27] Sen (1981), Appendix C.

[28] Dasgupta, Sen and Starrett (1973). See also Rothschild and Stiglitz (1973).

opposed to inequality? If one takes the thoroughgoing relativist view that poverty is nothing other than "an issue in equality", as Miller and Roby put it, then clearly the Pigou–Dalton axiom must be unexceptionable as a restriction on permissible poverty measures.[29] But if the absolutist view is taken, then the poverty line is not just a reflection of some relative characteristic of the distributional statistics, but represents a line with some absolute justification of its own. For example, in the capability view, the poverty line may be defined to represent the level at which a person can not only meet nutritional requirements, etc., but also achieve adequate participation in communal activities (as characterised by Townsend) and be free from public shame from failure to satisfy conventions (as discussed by Adam Smith). In this case if a transfer drags a person from above to below that threshold while reducing the income gap of a poorer person, it is not obvious that the overall poverty measure must invariably be expected to decline. The poverty line has some absolute significance and to cross it is a change of some importance. Thus, the absolutist approach to conceptualising poverty—even though it involves a relativist reflection in the commodity space—will tend to reject the invariable insistence on the Pigou–Dalton condition of transfer when such a transfer changes the number of people below the poverty line.

There is a weaker version of the transfer axiom, which I called the Weak Transfer Axiom,[30] which insists on the Pigou–Dalton condition being invariably satisfied whenever the transfer to the poor person from the richer person does not change the number below the poverty line, and this of course is fully consistent with the absolutist approach, and is indeed satisfied by the measure P and most of its variants.

9. Concluding remarks

I end with a few concluding statements. First, I have argued that despite the emerging unanimity in favour of taking a relative as opposed to an absolute view of poverty, there is a good case for an absolutist approach. The dispute on absolute vs. relative conceptualisation of poverty can be better resolved by being more explicit on the particular space (e.g., commodities, incomes, or capabilities) in which the concept is to be based.

Second, I have outlined the case for using an absolute approach to poverty related to the notion of *capability*. Capabilities differ both from commodities and characteristics, on the one hand, and utilities, on the other. The capability approach shares with John Rawls the rejection of the utilitarian obsession with one type of mental reaction, but differs from Rawls' concentration on primary goods by focusing on capabilities of human beings rather than characteristics of goods they possess.

Third, an absolute approach in the space of capabilities translates into a

[29] This will, of course, not be the case when there are efficiency differences in converting resources into capability, as discussed above.

[30] See Sen (1977), p. 77, and also Sen (1981), p. 186.

relative approach in the space of commodities, resources and incomes in dealing with some important capabilities, such as avoiding shame from failure to meet social conventions, participating in social activities, and retaining self-respect.

Fourth, since poverty removal is not the only object of social policy and inequality removal has a status of its own, taking an absolutist view of poverty must not be confused with being indifferent to inequality as such. While poverty may be seen as a failure to reach some absolute level of capability, the issue of inequality of capabilities is an important one—on its own right—for public policy.[31]

Fifth, while the inter-country and inter-community differences have been much discussed in the context of conceptualising poverty, the differences *within* a country and *within* a community need much more attention because of interpersonal variations in converting commodities into capabilities. This is particularly important since poverty is often associated with handicaps due to disability or age. This problem could perhaps be handled by using efficiency-income units reflecting command over capabilities rather than command over goods and services.

Finally, I have argued that the reasonableness of various axioms that aggregative measures of poverty may or may not be asked to satisfy depend (sometimes in an unobvious—certainly unexplored—way) on whether fundamentally a relative or an absolute approach is being adopted. This has practical implications on the choice of statistical measures to be used. It is important to know whether the poor, relatively speaking, are in some deeper sense absolutely deprived. It makes a difference.

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[31] See Sen (1980, 1982b).

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