CONSUMPTION AND HUMAN DEVELOPMENT:

CONCEPTS AND ISSUES

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1. Introduction

"Tell me what you eat," remarked Anthelme Brillat-Savarin nearly two hundred years ago, "and I will tell you what you are." The idea that people can be known from their consumption behaviour has some plausibility. Eating enough and well nourishes us; over-eating renders us obese and unfit; education can make us wiser (or at least turn us into learned fools); reading poetry can make us sensitive; keeping up with the Joneses can overstretch our resources; and an obsession with fast cars may make us both "quicke and dead." There are few things more central than consumption to the lives that people variously lead.

~~And yet~~ Consumption is not the ultimate end of our lives. We seek consumption for a purpose, or for various purposes that may be simultaneously entertained. The role of consumption in human lives cannot be really comprehended without some understanding of the ends that are pursued through consumption activities.[1] Our ends are enormously diverse, varying from nourishment to amusement, from living long to living well, from isolated self-fulfilment to interactive socialization.

The priorities of human development, with which the Human Development Reports are concerned, relate to some basic human ends,

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[1] For a general introduction to the contemporary literature on consumption, see Angus Deaton and John Muellbauer, Economics and Consumer Behavior (Cambridge: Cambridge University Press, 1980).

and there is scope for scrutinizing how the prevailing consumption activities serve those ends. This is, however, an extremely difficult subject, and when entering this field there is a need for humility and forbearing. It is fair to presume that people know what they are doing when they opt for one consumption pattern over another. Even when a person may not be all that well informed, the idea that some other person can judge her choices and decisions better than she can is not, as a general rule, easy to accept. Indeed, pontifications of the development specialist on the implications of alternative patterns of consumption may be hard to savour -- or even tolerate. And yet the process of human development is so deeply affected by the nature and characteristics of consumption behaviour that the relation between the two is a matter of some general interest. No matter how we ultimately assess issues of legitimacy and status, the subject matter of consumption calls for analysis and scrutiny -- by the persons themselves as well as by others.

People entertain various objectives, and the chosen consumption patterns may reflect this plurality. Many of these objectives fit well into the ends of human development, while others do not. That distinction need not be seen as ground enough for paternalistic correction, but it is important to understand the connections involved. Decisions on public policy will, of course, also require analyses of ethics and politics (including, among other things, the value of autonomy and liberty in choosing

consumption patterns and the importance of immunity from interference). But a closer understanding of relations between consumption patterns and the lives that people lead -- or fail to lead -- can be an important contribution to policy analysis at an informed level.

To illustrate (with some simple examples), in the choice over guns and butter (both of which are widely sought), the human-development perspective is distinctly on the side of butter, rather than guns. Given the importance attached to living long, this is natural enough, and for much the same reason a less lethal food than butter may even end up getting higher marks in the human-development evaluation of consumption patterns. Smoking may be a much sought after consumption activity, but this does not give it a hallowed status in assessments of human development; the merchants of death who place luscious ads, urging youths in the Third World to smoke more, cannot be seen as promoting human development. There is an issue here that calls for scrutiny. We cannot take the subject of consumption as being "beyond" the reach of development analysis.

The human development perspective suggests particular ways of thinking about consumption, and this study is concerned with the investigation and clarification of those ways. Since human development in not a negligible perspective for policy analysis, the connections have general policy relevance, without being the immediate basis for any ready-made programme of public

intervention. Part of the object is to place the investigation of consumption patterns and their implications onto the social agenda. This is the motivation for the inquiries that follow.

2. The Domain of Human Development

In examining the analytical and policy implications of viewing consumption in the human development perspective, we must have a clear idea of the content of this perspective. The approach of human development has been explored and applied in previous Human Development Reports. The empirical analysis has taken the form of presenting a variety of relevant information related to the lives that people are able to live.[2] The focus has been on the achievement, expansion and shortfall of some basic capabilities that people have reason to value, such as living long and well, being lettered and educated, being healthy and well-nourished, taking part in the life of the community, and so on.

The informational thrust of the analysis of human development has been in the detailed discussions (afforced by a great many tables) covering a wide variety of general fields that are of relevance to the lives that people are actually able to lead. A few of these achievements and deficiencies are also put together and reflected in aggregate indicators such as the Human Development

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[2] On this see particularly Human Development Report 1990 (New York: Oxford University Press, 1990). See also Amartya Sen, Commodities and Capabilities (Amsterdam: North-Holland, 1985); Mahbub ul Haq, Reflections on Human Development (New York: Oxford University Press, 1995); Paul Streeten, [[reference]].

Index (HDI) and the Human Poverty Index (HPI). There are also additional aggregative calculations related to gender inequality, yielding gender-related indicators of human development in the form of GDI and GEM. A variant of the Human Poverty Index that is of particular relevance to the richer and more accomplished countries is also presented in this report.

These aggregative indicators are useful in their particular contexts, but it is extremely important to emphasize that these indicators have specific and limited focus, and do not exhaust the domain of human development in general. In analyzing the role of consumption in human development, we have to go well beyond these specialized indicators. An indicator, such as the HDI or HPI, is only one real number, and the more that is packed into that one number, the less becomes the weight and importance of each constituent of the index. The selection of an aggregate index is inevitably one of "tragic choice."

Aggregate indicators are chosen as summary information that can be sensibly used in dealing with some general issues. This applies to the HDI and HPI too, without any pretension to cover the entire domain of human development. The relevant contexts have included the improvement of the informational perspectives of the gross national product, to derive an indicator that would be sensitive to varying levels of aggregate achievements, of particular relevance to the poorer countries. This has led to the Human Development Index (HDI), which concentrates on average life

expectancy, schooling and elementary education, and the income basis of other basic capabilities. An alternative focus of interest relates to the informational perspective of poverty and deprivation, and has been geared to getting a broader measure than the standard indicators of income poverty. This has led to the Human Poverty Index (HPI), with its focus on the proportions of people who are denied realistic chances of living reasonably long lives, or being literate, or being adequately nourished, or having safe water or access to health care.[3] These aggregative indicators have been devised to reflect a limited but contextually important part of the general concern with human development. Their relevance is related to the chosen context, and these indicators, contingently important as they are, must not be confused with the general perspective of human development.

All this is important to state because there is, clearly, some temptation to concentrate on the simplicity of aggregate indicators, as a result of which the richness of the overall picture of human development is sometimes lost. It is particularly worth stating in the present context, because we cannot do justice to the relationship between consumption and human development if the concentration is exclusively on the aggregate indicators (such as the HDI and HPI), rather than on the broader picture of human development (presented in the detailed discussions in the

[3] On this Human Development Report 1997 (New York: Oxford University Press, 1997), Chapter 1.

respective Human Development Reports).

To be sure, the pattern of consumption and the nature of consumption behaviour influence the achievements and deficiencies of the specific components of the aggregate indictors (such as life expectancy at birth). But consumption has also other significant effects on the ability to achieve a high quality of life (for example, through influencing the ability of people to achieve happiness, or to take part in the life of the community). These broader connections will be worth examining, going well beyond the domain of HDI or HPI. The approach of human development suggests that the progress of the society be judged by people's real ability to lead the kind of life they have reason to value, and this general perspective is not confined to the limited set of variables on which the summary indicators exclusively concentrate.

3. Consumption as an Activity: Time and Opportunity

We turn now to consumption. What does consumption consist in? Sometimes consumption is defined as simply having some commodities, rather than the use that is made of them. But consumption can also be seen as an activity, involving the use of commodities. On this operational interpretation, consumption cannot be understood or assessed without reference to the process of using these commodities. The distinction may seem like a fine point -- perhaps even too fussy and definitional -- but that fine point is, in fact, associated with some very basic distinctions.

The activity-oriented interpretation immediately draws attention to the complementary factors that make it possible to have effective use of commodities, in particular time and repose, on which may depend a person's ability to get something out of the commodities that he or she may gather or amass. If the lack of time in an over-busy life-style points to some deficiency, the inadequacy to be addressed may involve not merely the paucity of pure rest, but also the lack of opportunity to utilize and enjoy one's economic possessions as well as social relations. Thus, in assessing living standards, attention has to be paid not merely to the commodities one has, which is reflected in such aggregate magnitudes as gross national product, or real national income, but also to the time and opportunity for the actual utilization of what one does have.

This is not, of course, a new issue in economic evaluation. Many economists have proposed the inclusion of the value of leisure in calculating a person's well-being and advantage. -William Nordhaus and James Tobin have shown how substantial a difference is made by the inclusion of the value of leisure in assessing an individual's adjusted real income, and also, correspondingly, in evaluating national income and its growth (or decline).[4] Standard studies of national income statistics tend to proceed without

[4] William Nordhaus and James Tobin, "Is Growth Obsolete?" in National Bureau of Economic Research, Economic Growth: Fiftieth Anniversary Colloquium (New York: NBER, 1972).

making any such corrections, even though sometimes respectful references are made to these correctional calculations. There is a need here to bring the statistical practice more in line with our evaluative understanding.[5] [[What do you propose to do about this, Uganda House??]]

This consideration is not only of general relevance for assessing human development, it is also of particular relevance in some specific contexts. First, the plight of the unemployed has tended to receive more sympathetic attention than the predicament of the overworked poor. This is not surprising, and is partly influenced by the nature of the conventional accounting system which is deeply influenced by the income perspective. Unemployment typically entails a loss of income in a way that overworking does not. And yet an overworked life can be not only joyless, it can also leave the person with rather little ability to do the things that she may value doing.

This is, in fact, a persistent problem for particular deprived groups in poor societies, such as domestic servants. It is very difficult to get hard data on the working hours of, say, the domestic servants in most of the poor countries, but a beginning can be made on this. [[What can be done in HDR 1998?]]. It is, in any case, important to flag this issue, both because they can be discussed in qualitative terms even in the absence of exact

[5] [[New references on the inclusion of leisure - beyond Nordhaus and Tobin.]]

quantitative data, and also because the process of searching for new data can be positively helped by the development of a general research interest in a particular field.

There are other groups whose members are over-worked and unrewarded -- toiling long and awkward hours, and getting very little personal compensation. This is often the lot of many housewives in poor economies, frequently reinforced by a rigidly established sexual division of labour. The work involved is standardly unpaid and quite often unrecognized and unpraised.

This takes us to the second reason for paying particular attention to the availability of time and opportunity to make use of economic resources and social relations. There is a strong case for integrating the twin issues of over-work and unpaid work, since the lack of payment (for example, to housewives) often reinforces the deprivation involved in over-stretched working hours. The deprivation in one dimension is supplemented and consolidated by poverty in another dimension. The over-worked and unpaid women workers may have neither the money to spend, nor the time to spend it in, but the dual deprivations do not cancel each other out; in fact, they reinforce each other within a general picture of neglect, injustice and injury.

The issue of unpaid long hours of women's work is, however, beginning to receive systematic attention in some discussions. In Human Development Report 1995, the work predicament of women has

received extensive analysis.[6] It is important to note here the connection between these different inquiries. The achievement of consumption as a fruitful and rewarding activity is blighted for many women by the nature of social arrangements for work, and therefore, an analysis of "consumption and human development" must take that dual deprivation on board, as a subject of immediate attention and relevance.

Third, even well-paid workers in some rich countries seem to have very long and extensive working hours. Even though the choice is often voluntarily made, a serious social analysis of the phenomenon must take note of the pressure that is put on many workers to work very long hours. The motivation may relate to the perception of "need" for money, which can be met only by working such long hours that the overall effect is a drastic reduction of the time and opportunity to make use of the earned money. The assumption of automatic optimizing rationality in all choices -- common in standard mainstream economics -- makes it hard to discuss this issue within the standard format, since it is presumed that the worker-cum-consumer allocates her time in the most fruitful way that is possible for her, optimally dividing her time between earning money and spending it. But there is, by now, a considerable literature -- outside standard mainstream economics --

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[6] See Human Development Report 1995 (New York: Oxford University Press, 1995), Chapter 4. [[Refer to some background papers for that HDR? Also other literature?]]

providing evidence of systematic inoptimality of choices, with particular biases in one direction or another.

For example, Tibor Scitovsky's classic study of the "joylessness" of modern economic choices points to the captivating power of some motivations (including the search for commodity-based comfort) over others (in particular, the cultivated stimulation, involving for example time-consuming training to enjoy music and art).[7] The phenomenon of "the over-worked American" has also been studied from other perspectives.[8]

Earning more money may not, however, be the only motivation for extreme hard work. Sometimes the work ethics of a community may well lead people to unbalanced life styles. Since devotion to duty and to hard work in general are typically much-admired virtues, the nature of excessive work is often very hard to diagnose and assess in a critical perspective. There has, however, been some discussion recently on the alleged tendency of many Japanese workers to work extraordinarily hard, and the idea of "karoshi" ("death through overwork") has been discussed in this

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[7] Tibor Scitovsky, The Joyless Economy (Oxford: Oxford University Press, 1976). See also the symposium on this subject in Critical Review, 1997, with contributions by Albert Hirschman and others.

[8] See Juliet Schorr, The Overworked American: The Unexpected Decline of Leisure (New York: Basic Books, 1992).

context.[9] The tendency to do one's "duty" to the point of severely damaging one's health (whether or not leading literally to "death") is easier to explain as the consequence of adhering to a perceived deontological obligation rather than as an outcome that is actually "preferred" by the hapless worker.[10] It is important to go into the social psychology of such choice, rather than refusing to discuss the question on the a priori ground of the presumed optimality of consumers' choices.

This issue relates closely to Adam Smith's general point that many behavioural regularities can be explained better by understanding people's attitude to actions, rather than their valuation of the outcomes.[11] Even though such action-oriented behaviour, related to perceptions of duty, is typically a subject for great praise and reverence, the oppressive nature of customs and behaviour norms can also be a fruitful subject of inquiry. Here again, the need to integrate these discussions with the issue of gender inequality may be quite important. Traditional values

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[9] See, for example, Michio Morishima, "Foreword: Yasuma Takata (1883-1971)," in Yasuma Takata, Power Theory of Economics, translated by Douglas W. Anthony (London: St. Martin's Press), and also the literature cited there.

[10] On this see Amartya Sen, "Maximization and the Act of Choice," Econometrica, 65 (1997).

[11] Many of the rule-governed choices involving self-sacrifice are, argued Smith, "not so much founded upon [their] utility", but reflect primarily "the great, the noble, and the exalted property of such actions" (The Theory of Moral Sentiments, 1790; republished, eds. D.D. Raphael and A.L.Macfie, Oxford: Clarendon Press, 1975, p. 192).

that may cast women in particularly self-sacrificing roles may have such hold over individual behaviour and social appreciation that the basically exploitative nature of these established arrangements and values may often be comprehensively overlooked.[12]

In general, the analysis and assessment of consumption in the perspective of human development requires us to see consumption as an activity. This has the consequence that we have to look not only at the incomes earned and goods and services purchased, but also at the ways and means of using the economic resources and social relations that are available to the consumers. Since human development is ultimately concerned with widening the actual choices over life styles that persons have, attention has to be paid to the nature, length and intensity of work, the collateral association or dissociation of work with payments and recognition, and the motivational compulsions that go with particular social arrangements of works and rewards. The perspective of real choices takes us well beyond the world of commodities.

4. Happiness and Imprecise Measurement

Reference was made earlier to the motivational issues underlying consumption behaviour, but this was presented in the specific -- and consequently limited -- context of work hours and life styles. It is necessary to move to the more general issue of

[12] On this see Martha Nussbaum and Jonathan Glover, eds., Women, Culture and Development: A Study of Human Capabilities (Oxford: Clarendon Press, 1995).

consumption and happiness as a part of critical scrutiny of consumption behaviour and the achieved patterns of consumption. Being happy and joyful is a momentous achievement, and thus a diagnosis of "joylessness" is of immediate interest to a critical scrutiny of consumption behaviour. Given the importance of the freedom to achieve happy and fulfilling lives for successful human development, that perspective urges us to pay special attention to these relations, even though the narrower category of achievements included in the HDI or the HPI do not explicitly concentrate on this freedom.

Some economists and other social scientists are deterred from going into the analysis of happiness and joylessness on the ground that this is a field in which hard statistics are difficult to get in quantitative form. But this is not a convincing objection, since an important concern cannot become unimportant just because we cannot give it a quantitative formulation. Indeed, many of the things we value most may not be easy to express in simple numerical terms.

The problem is not confined only to psychological magnitudes. Even the achievement of good health is often more easily seen in terms of qualitative comparisons than in terms of quantitative indices.[13] The same applies to our educational attainments, which

[13] See the papers included in Lincoln Chen, Arthur Kleinman, and N. Ware, eds., Health and Social Change: An International Perspective (Cambridge, MA: Harvard University Press, 1994). There is also the further issue of the choice between (1) self-assessment

involve many imprecise but centrally important comparisons. Even the achievement of literacy may have to be placed in broad and somewhat imprecise categories of accomplishments.[14] All these call for "fuzzy" measurement of achievements and failures, whether or not we decide to invoke formal techniques of fuzzy sets and fuzzy scaling.[15]

The general need to come to terms with imprecise measurements and expressions is not, of course, a new problem in human development analysis. In fact, the previous Human Development Reports have used two quite different ways of dealing with this informational problem. One way is to simplify the picture and to go for some simple indicator, or simple component of an indicator, and see the quantitative index as being broadly related to -- rather than exactly reflecting -- the variables of real interest. For example, health conditions may be partly reflected in the

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of health, and (2) assessment by medical practitioners, discussed inter alia in Chen et al. On this issue, see also Arthur Kleinman, Writing at the Margin: Discourse between Anthropology and Medicine (Berkeley, CA: University of California Press, 1995). Neither type of assessment can be easily expressed in quantitative terms, going beyond partial orderings, but self-assessment done by different persons is particularly hard to coordinate into a common numerical scale.

[14] On this see OECD, Literary Skills for the Knowledge of Society (Paris: OECD, 1997).

[15] On fuzzy operations, see L.A. Zadeh, "Fuzzy Sets," Information and Control, 8 (1965); J.A. Gouguen, "L-Fuzzy Sets," Journal of Mathematical Analysis and Applications, [[vol.??]] (1967); R.E. Bellman and L.A. Zadeh, "Decision Making in a Fuzzy Environment," Management Science, 17 (1970).

statistics of mortality and life expectancy. Similarly, educational achievements and opportunities may be imperfectly -- but in a helpfully suggestive way -- presented in the statistics of literacy, years of schooling, and other such accessible data. This approach, which may be seen as "surrogate quantification," is well reflected in such indicators as the HDI and the HPI.

The second approach is not to go for any kind of surrogate measurement, but to present the information in informal and verbal terms. This permits fruitful communication within the structure of established language, which allows a great variety of alternative formulations and emphases. The body of the Human Development Reports use this presentational approach, to supplement and go well beyond what the aggregative statistics of HDI, HPI, etc. show.

As a matter of fact both the approaches can be used simultaneously and may even be combined. For example, verbal questionnaires can be skilfully used to obtain results that have quantitative representation. Recent empirical research has thrown much light on the intensity and causation of human happiness and unhappiness (and the factors that contribute to them), on the basis of fielding questionnaires that seek considered responses from the population at large.[16] Some have even attempted to define "utility functions" based on such responses, and then gone on to investigate

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[16] See, for example, Richard A. Easterlin, "Does Money Buy Happiness?" The Public Interest, 30 (1973), and "Will Raising the Income of All Increase the Happiness of All?" Journal of Economic Behaviour and Organization, 27 (1995).

the pattern of influences on the determination of utility, thus defined.[17]

The problems of measurement and representation are by no means trivial, but nor do they pose such insurmountable difficulties that they rule out intelligent communication or informed analysis. The difficulties are worth noting and taking seriously, but the investigation need not stop there. As it happens, many interesting proposals have been presented on the causation of happiness and the freedom to be happy, and these are important to examine in the context of scrutinizing consumption patterns and behaviours, in the general perspective of human development.

5. Comfort, Stimulation and Culture

To pursue the general issue of motivation and that of happiness and joylessness, we can return to the critical questions raised by Tibor Scitovsky in his classic book, referred to earlier, The Joyless Economy. Scitovsky is not, of course, alone in arguing that the presumption that typical consumption behaviour is well suited to the pursuit of long-run happiness may be mistaken, but his framework of analysis provides an alternative -- and constructive -- way of understanding and interpreting consumption behaviour.

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[17] See, for example, B.M.S. Van Praag, Individual Welfare Functions and Consumer Behaviour (Amsterdam: North-Holland, 1968); A. Kapteyn and B.M.S. Van Praag, eds., "A New Approach to the Construction of the Family Equivalent Scales," European Economic Review, 7 (1976).

Scitovsky's analysis draws particular attention to the basic distinction between "comfort" and "stimulation," representing two aspects of enjoyment that are quite different from each other and which can, to a great extent, compete with each other for our attention, time and resources. Scitovsky presents reasons to believe that, by and large, "we overindulge in comfort," and people often choose to sacrifice the stimulus of novelty for the sake of comfort. Once these life styles get established, it is very hard to break away from them.

Scitovsky argues that even a sceptical minority faces great difficulties in achieving a departure from the prevailing consumption regularities, and this has unfortunate consequences not only for the lives of the minority itself, but also for the majority since they do not face an adequate challenge from minority critiques. Given the economies of scale, and the life styles established by large majorities, "the creation of novelty and the minority's seeking new ways of attaining the good life are both impeded." The restraints that this imposes on the lives of the minority not only restrains the minority from seeking departures, but also helps to consolidate the mundane and joyless existence of the majority, making them immune from critical comparison with the lives of what could have been an innovative minority.

Scitovsky also goes on to argue that the lack of creative stimulation even contributes to the proliferation of crimes and violence, since stimulation is sought after all in the only way

that offers instant rewards without systematic preparation. The dominance of violence in the entertainment world relates to this, in Scitovsky's analysis. "Our dearth of the conventional forms of stimulation" makes us more vulnerable to destructive forms of stimulation that may come our way, whether in real life or in entertainment, and he suggests that this leads to "great tolerance of crime, violence, and threats to life and property."[18] The stimulation that people do not get from music or art may be sought, in a very different form, in the violent life styles that are plentifully observed even in very rich countries.

It is, of course, possible to argue with these diagnoses, and to look for other explanations both of joylessness and of the hold of violence and crime. But there is enough here to take the analysis of consumption behaviour beyond the narrow limits of conventional utility theory. The basic issues of consumer theory cannot be settled -- or indeed seriously pursued -- here, but there are important practical questions that are forcefully raised by the critical perspectives that have been brought to bear on the nature of modern living and prevailing consumption norms.

The query to face, in that context, is: where should we go from here? More immediately, where can we go from here? The diagnosis of consumption malaise tends to go with suggestions for social change, and in this context, it is useful to examine

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[16] Scitovsky, The Joyless Economy (1976), pp. 282-3.

Scitovsky's own proposal to deal with the lacuna that he has identified. The argument is put thus:

> "The remedy is culture. We must acquire the consumption skills that will give us access to society's accumulated stock of past novelty and so enable us to supplement at will and almost without limit the currently available flow of novelty as a source of stimulation. Different skills of consumption open up different sources of stimulation, and each gives us greatly enhanced freedom to choose what we personally find the most enjoyable and stimulating, holding out the prospect of a large reservoir of novelty and years of enjoyment. Music, painting, literature, and history are the obvious examples."[19]

Other solutions have also been considered. Some see the remedy to lie in much more intensive forms of education. It is noted that even in very rich countries, a high proportion of the people seem to remain inadequately literate.[20] With such difficulty in using the literary media, options for finer life styles are cut off prematurely for many people even in the economically advanced countries.

The situation is, of course, much worse in the typical

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[19] The Joyless Economy (1976), p. 235.

[20] On this see OECD, Literary Skills for the Knowledge of Society (Paris: OECD, 1997).

developing economy.[21] All this suggests that educational improvement may have a productive role in generating self-scrutiny of established consumption patterns, and in providing critical selection of priorities as well as instruments of good living. The consumption-based perspective, thus, takes us on to social policies and to cultural considerations that are very hard to quantify, but harder still to ignore.

The Human Development Report is hardly the ideal vehicle for outlining radical reforms in life styles and consumer dissatisfaction. But in line with the general motivation of human development, and in particular the importance of the freedom to achieve happiness, it is right that these critical issues should be placed on the agenda for social discussion and public dialogue. Dissatisfaction, discontent and dejection often survive on the solid foundation of uncritical acceptance and unexamined possibilities of change. We cannot leave major areas of unhappiness and joylessness as being out of the domain of human concern and beyond the reach of human reason.

6. Social Roles and Conspicuous Consumption

The fact that commodities serve as means of social intercourse has been forcefully explored by anthropologists as well as

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[21] See UNDP, Human Development Report 1997 (New York: Oxford University Press, 1997).

economists.[22] Food, for example, is sought not only for nutrition and survival, but also for entertainment, communication and community activities. The capabilities that are served by food are, thus, not limited to health and nourishment, but include the ability to perform various functions such as association, interaction and celebration. This recognition has implications both for the promotion of achievements that are of interest to human development, and for the underlying competition for means and resources between different goals.

In the general perspective of human development, the freedoms that are sought have to be seen in much broader terms than the components of the Human Development Index can accommodate. For example, the function of social cohesion and the flourishing of communities cannot be adequately seen within the informational format of the three basic components of the HDI. Neither life expectancy, nor education and literacy, can tell us enough about these social functions, and while income as a basis for consumption for social purposes is undoubtedly important, the relation between income, on the one hand, and success of social objectives, on the other, can be at best weak. As was mentioned earlier, the broad perspective of human development must take us well beyond what can be captured in the limited format of HDI (or HPI and other such simple indicators of achievement and failure).

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[22] See, in particular, Mary Douglas and B. Isherwood, The World of Goods (New York: Basic Books, 1979).

The issue of "conspicuous consumption" relates to this broader perspective. The social roles relate not only to collaborative functions (such as the role of food in get-togethers), but also to activities that are, explicitly or by implication, competitive. It is not remarkable that people observe what others are consuming, and judge the lives of others on the basis of what they can see, in particular those consumption activities (such as riding an expensive car, or wearing an opulent dress) that are conspicuous. This unremarkable phenomenon does, however, have remarkably powerful impact on consumption behaviour of people, since imitations and rivalry may influence what people decide to consume and demonstrate to others.[23]

Conspicuous consumption has significant effects both on the overall savings rate and on the commodity pattern of consumption. The low savings rate in some of the richer countries, including the United States, has been attributed to the dominance of interactive consumption needs.[24] There are influences that act in different directions. Sometimes the hold of modern consumer goods can be a strong incentive in favour of more savings, aimed at accumulating

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[23] On this see Thorstein Veblen, The Theory of the Leisure Class (New York: Macmillan, 1899; republished, New York: Penguin Books, 1967); James S. Duesenberry, Income, Saving and the Theory of Consumer Behavior (Cambridge, MA: Harvard University Press, 1949); Robert H. Frank, Choosing the Right Pond: Human Behavior and the Quest for Status (New York: Oxford University Press, 1985).

[24] On this see Juliet Schor, The Overspent American (New York: Basic Books, 1998, forthcoming), and the references cited there.

enough to buy these goods in the future. For example, the fact that in India the ratio of household savings has gone up hand in hand with the increase in consumption of modern amenities (such as televisions and other electrical appliances) suggests that the relationship need not be unidirectional.[25] There is similar evidence from other developing countries as well.[26] But the general impact of interrelations in consumption calls for more detailed studies and investigations, and there is a need to understand better the diversities of directional responses.

The world has shrunk rapidly over the last few decades, and conspicuousness of consumption now crosses national boundaries with remarkable ease. The use of new media makes this possible, and the images of people elsewhere are constantly projected across distances of tens of thousands of miles. These interdependences have profound effects on the lives of people in different lands, and the impact of these connections on such economic variables as savings rates and resource allocation has to be viewed along with the social and cultural consequences of these influences. The implications for human development will need closer scrutiny than they have received so far.

> [[Note for Richard and Sakiko: This is as far as we are ready to go, even though you probably want - judging from past meetings - a heavy denunciation of the "evils" of international conspicuous consumption. That denunciation, if

[25] [[References]]

[26] [[References]]

you want to use it, will have to come from other writers. SA and AS.]]

7. Poverty, Capability Failures and Relative Incomes

The social roles of consumption also suggest the need for examining the interdependences between different parts of consumption behaviour. Competition for resources between different objectives can have quite profound consequences on the priorities that emerge in actual consumption behaviour. One of the astonishing findings of health studies in the rich countries is that there is often a resolute survival of hunger and undernourishment even at levels of income that are so high that the costs of food can scarcely explain the phenomenon.

Part of the explanation may lie in the complementarity between nutrition and health care, since undernourishment can be due to the presence of parasitic diseases, for example, as opposed to the paucity of food intake. Lack of good public health care is undoubtedly relevant for a study of poverty and undernourishment in some rich countries, including the United States. But there is evidence that substantial parts of the hunger and undernourishment that are observed in such countries arises from simple inadequacies of nutritional inputs.[27] What is surprising, at least superficially so, is the fact that inadequate food intake and

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[27] On this see Harvard School of Public Health, Hunger in America: The Growing Epidemic (Cambridge, MA: School of Public Health, Harvard University, 1985).

actual hunger can be observed even for families with income levels that would have guaranteed much prosperity and little food deficiency in poorer countries.

Light can be thrown on this phenomenon by adapting and extending an argument first presented by Adam Smith.[28] Smith noted that established patterns of consumption behaviour substantially vary with the general opulence of the community, and as a result what commodity requirements are considered "necessary" is itself socially relative. More interestingly, for the freedom to achieve the same social functionings may require more resources and more income in a richer community than in a poorer one. For example, to be able to "appear in public without shame" may require higher standards of clothing and other visible consumption in an affluent society than in an impoverished one. Similar variability would apply to the personal resources needed for "taking part in the life of the community," and in many contexts, even to fulfil the elementary requirements of self-respect. Relative deprivation in the space of incomes can yield absolute deprivation in the space of capabilities.

Being poor in a rich society itself can, thus, be a capability handicap, and a person may fail to achieve elementary social

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[28] See Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations (1776; republished, eds. R.H. Campbell and A.S. Skinner, Clarendon Press, 1976), pp. 869-872. On this see also Amartya Sen, "Poor, Relatively Speaking," Oxford Economic Papers, 35 (July 1983), reprinted in Resources, Values and Development (Cambridge, MA: Harvard University Press, 1984).

functionings at levels of income at which in a poorer country she would have prospered and flourished.[29] While the rural Ugandan or Indian may have little problem in appearing in public without shame with relatively modest clothing, and can take part in the life of the community without a television, or a video, or a telephone, or a car, a family in Manhattan may fail to achieve some basic social functionings in the absence of those commodities. Social mixing may require a telephone or a car, joining in conversation with others may be dependent on having a television or perhaps even a video, and children in school may feel quite deprived if they have not been able to see programmes that their classmates have viewed.

How does this issue relate to the problem of hunger and nutritional deprivation in rich countries? We have to examine the interdependences within consumption behaviour to see the full implications of expensive social functionings.[30] The fact that social demands are much more expensive in a rich country than in a poor one, opens up the possibility of deflection of resources from nutritional and other basic requirements. The problem is particularly serious when the social demands of adult life conflict with the nutritional demands of children, since the outcome may well depend on the priorities that the family has.

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[29] On this see also Peter Townsend, Poverty in the United Kingdom (Harmondsworth: Penguin Books, 1979).

[30] On this see Amartya Sen, Inequality Reexamined (Cambridge, MA: Harvard University Press, and Oxford: Clarendon Press, 1992), Chapter 7. [[What other references?]]

It is, in general, appropriate to assume that food and basic nutrition of all family members will tend to have priority over other -- less elementary -- functionings, and some statistical evidence in that direction will indeed be considered in the next section. However, there are inter-family variations in the regularities of consumption priorities, and the presence of hunger in rich countries may well relate precisely to those variations in the precedence of resource deployment in pursuit of competing needs. In those cases, social functionings may, to varying extents, drain the financial means that are potentially usable for health and nutrition of family members. The apparent paradox of hunger in the rich countries may relate to this phenomenon, and in so far as this is the case, the explanation would have to draw both on (1) the high income requirements of fulfilling the same social functionings in a richer community, and (2) the competition for family resources in pursuit of social and other functionings, often involving different members of the family.

8. Consumption Priorities and Long-run Living Standards

The issue of competing demands on resources has many aspects. Observation of consumption behaviour can be useful in examining what priorities families respectively have, in balancing the different objectives. It can also be used to form some view of the family's own assessment of its living standard, in particular through taking note of its anticipation of future incomes.

The fact that consumption behaviour is influenced by long-run considerations has been recognized for some time now, and Milton Friedman, in particular, has emphasized the need for relating consumption to what has been called the "permanent income" of the family (reflecting long-run economic means).[31] In undertaking consumption studies and in understanding the prosperity and penury of families, it would be very useful to know the long-run economic means of the family, but data on this are hard to get with much confidence. As a result, short-run variations in the fortunes of families often end up being taken as signs of affluence or hardship, precisely because current income levels serve as the basis of these conclusions. In the context of poverty studies there is a strong case for going beyond this picture, and this can be done, it has been argued, on the basis of observing the family's consumption behaviour in general, and in the context of relatively poor families, observing their food expenditure in particular.

It has been observed that families in poorer countries (such as Sri Lanka, where this study was undertaken) tend to base their food expenditure on their expectation of long-run income, so that they do not much elevate food expenditure on the basis of transitory economic gains, nor economize much on food expenditure when their income goes down in the short-run, but is expected to go

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[31] Milton Friedman, A Theory of the Consumption Function (Princeton, NJ: Princeton University Press, 1957). See also Angus Deaton and John Muellbauer, Economics and Consumer Behavior (Cambridge: Cambridge University Press, 1980).

up again. Thus families will tend to marshal their food consumption with tenacity.

Based on this observed empirical connection, and on analytical reasoning that builds on those behavioural regularities, it is possible to estimate the family's own view of its living standard and long-run economic means by observing food expenditure at a given point in time. This can be a very useful way of sorting out the short run from the long, in poverty studies, and the procedures for doing this have been well explored and developed.[32] The Appendix considers the evidence and develops the argument for food expenditure as an ordinal indicator of long-run average -- or "permanent" -- income.

9. Consumption, Environment and Cooperation

An analysis of consumption from the human development perspective cannot be complete without examining the environmental consequences of different patterns of consumption. The fact that the contemporary consumption modes may be deeply damaging for the natural environment (including the availability of natural resources) has been widely acknowledged, but the diagnosis of this problem does not carry with it any automatic solution. It is appropriate to see that some progress has been made. In

[32] See Sudhir Anand and Christopher Harris, "Food and Standard of Living: An Analysis Based on Sri Lankan Data," in Jean Drèze and Amartya Sen, eds., The Political Economy of Hunger, vol. I (Oxford: Clarendon Press, 1990).

particular, the fact that the issue of environmental preservation tends to loom reasonably large in contemporary international discussion is an achievement of some importance in itself. But practical methods of dealing with the major environmental problems have yet to emerge.

In Earth in the Balance: Ecology and the Human Spirit,[33] Al Gore has argued that our abuse of nature is right now "threatening to push the earth out of balance." To reverse this situation, Gore has proposed what he calls "a global Marshall Plan." This plan is meant to incorporate various distinct policy commitments, including stabilizing the world population, developing and sharing appropriate technologies, changing the economic rules of calculation of costs and benefits, and generating a new series of international agreements that would lead to greater care of the environment.

Gore has also stressed the general importance of values in causing the environmental problem as well as in helping to solve them. He is not, of course, alone in taking the view that "the global environmental crisis is primarily a crisis of values" (p. 242). People fail to take note of the effects of their actions on others -- on the society at large and on those yet to be born -- and as a result there is a comprehensive neglect of taking responsibility for one's own actions and their far-reaching

[33] Al Gore, Earth in the Balance: Ecology and the Human Spirit (Boston: Houghton Mifflin, 1992).

consequences.

Many authors, including Gore, have presented significant critiques of the reach and limits of the market mechanism in dealing with environmental matters, given the importance of "externalities" that affect the environment and the need to see environmental preservation as a "public good" to be shared by many people.[34] In this context, Gore contrasts "the awesome power and efficiency of our economic system" with "the abject failure of the very same system to even take note of the poisoning of our water, the fouling of our air, the destruction of tens of thousands of living species every year" (p. 185). This is not, in fact, a consequence of the market mechanism as such, but rather a reflection of the individual preferences and values on which the market works to allocate resources. When individuals care only about their own narrowly defined gains and losses, the market too would confine its calculations to those narrowly defined costs and benefits, ignoring the impact of our actions on the unattended environment.

There are two broad avenues of dealing with these problems:

(1) through enlarging environmental sensitivities in enhancing values that are reflected in people's choices and actions; and

(2) through broadening the institutional framework of economic decisions.

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[34] See Andreas Papandraeou, Externality and Institutions (Oxford: Clarendon Press, 1994).

While standard economics tends typically to go for the latter (that is, institutional changes, such as the creation of new markets and the establishment of private ownership and responsibility), arguments of the kind presented by Gore suggest the need for considering the former route as well. Indeed, there is some "substitutability" between the avenue of value formation and that of institutional reform. If the effects on the environment of consumption and other individual actions were carefully taken into account in an environment-friendly way in individual choices, then the need for institutional reform would be, to that extent, reduced. Similarly, if institutions were cogently reshaped (for example, through taxes and subsidies, or through extending appropriate property rights), so that individual profits -- thus adjusted -- would better reflect the effects on the environment (and through that, the effects on others), then the necessity for value formation would, to that extent, decrease.

The issue of value formation brings us back to the problem of behavioural change addressed earlier. When the argument for such a change arises from the need to reexamine the factors that lead to joylessness, the value formation can be inward-looking. The central question then is: how can I bring more sustainable joy into my life (through appropriate consumption behaviour)? In contrast, the motivation for valuational change for environmental reasons would have to be inescapably outward-looking. The crucial question would then be: how can I act more responsibly taking into account

the effects of my behaviour on others, including people of the future? What is common to both is the acceptance of consumption as an activity, which is open to volitional influences and critical reasoning, and this is quite central to a general scrutiny of consumption behaviour in the human development perspective.

The other avenue -- that of institutional reform -- involves reorganization within each nation as well as appropriate international agreements. The internal rearrangements would have to address issues of appropriate incentives for the use of the "commons" (that is, the shared resources used by many people), and this has to include not merely the global environment but also the local surroundings. In fact, even though international attention tends to be focused mainly on global issues (such as the ozone layer, or global warming), the problems of the local environment can be very serious in many developing economies, varying from regional pollution created by unregulated industries to localized pressure on rural living, and from the denuding forests and depletion of other shared natural resources.[35]

On the global side, the subject of population growth receives attention, since a large population does increase the pressure on the global environment. It is, however, also pointed out that one additional American typically has a bigger impact on the ozone layer, global warming, and other constituents of the earth's

[35] On this see Partha Dasgupta, An Inquiry into Well-being and Destitution (Oxford: Clarendon Press, 1993).

environment, than dozens of Bangladeshis and Nigerians, put together. This recognition has considerable bearing on the respective responsibilities for the present global predicaments. However, it is also important to note that this does not imply that there is nothing much to worry about regarding population growth in the Third World. The long-run impact on the global environment of population growth in the developing countries will certainly not be slight. With economic development, the Nigerians and Bangladeshis will also consume a great deal more and pose, in the future, a similar threat to the earth's environment as people in the rich countries do today. There is, thus, a real long-run problem to worry about here, and no particular ground for complacency on the subject of population growth.

As it happens, fertility rates have been found to be very responsive -- in a downward direction -- to social changes of various kinds, including the simple availability of family planning information and facilities, particularly related to health-care in general. Fertility also tends to fall sharply with women's education and with job opportunities for women, which tend to enhance the social status of women as well as giving them more power and independence.[36] Countries with very high fertility rates

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[36] See J.C. Caldwell, Theory of Fertility Decline (New York: Academic Press, 1982); Partha Dasgupta, An Inquiry into Well-being and Destitution (1993); Robert Cassen et al., Population and Development: Old Debates, New Conclusions (New Brunswick: Overseas Development Council/ Transaction Publishers, 1994). See also the collection of papers in Kerstin Lindahl-Kiessling and Hans

are also those with relatively little female literacy and very restricted female job opportunities. Since women's education and independence are desirable on their own as well, and importance must also be attached to the need to reduce over-frequent bearing and rearing of children for more effective freedom of young women, there is really no serious conflict here. The policies that are needed for reducing fertility rates and population growth are also needed for other reasons, in particular the freedom and well-being of women. The argument from global warming and other international concerns can be subsumed into a more general case for social changes that are quite central to the human development perspective.[37]

All this does not, however, do anything to detract from the importance of equity in dividing the burdens of environmental care now and in the future. There is need for equity-related arguments in working out agreed distributions of sacrifices and commitments, and this problem is intimately connected with the global distribution of consumption patterns. For example, in dealing with the need to reduce levels of emission of harmful chemicals, it has to be determined how the reductions will be shared among the

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Landberg, eds., Population, Economic Development, and the Environment (Oxford: Oxford University Press, 1994), and the literature cited there.

[37] On these issues, see Amartya Sen, "Population: Delusion and Reality," New York Review of Books, 41 (September 22, 1994), and "Fertility and Coercion," University of Chicago Law Review, 63 (Summer 1996), and the literature cited there.

different nations. The perception of this problem in the poorer countries is much influenced, and for good reasons, by:

(1) consideration of the respective ability to pay;

(2) knowledge of the cumulative harm that has already been caused by the richer countries with their long history of industrial chemical release; and

(3) awareness that industries in the early stages of development tend to be, typically, much more polluting than they are later on.

An appropriate and acceptable resolution of the problem of international coordination requires that these issues be fully addressed as a part of the process of solution. Equity is no less a requirement for environmental action than it is of human development in general.