Amartya Sen [Ideological Profiles of the Economics Laureates]
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Abstract

Amartya Sen is among the 71 individuals who were awarded the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel between 1969 and 2012. This ideological profile is part of the project called “The Ideological Migration of the Economics Laureates,” which fills the September 2013 issue of *Econ Journal Watch*.

Keywords

Classical liberalism, economists, Nobel Prize in economics, ideology, ideological migration, intellectual biography.

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by Jason Briggeman

Amartya Sen (1933–) was born in Santiniketan, West Bengal. After being educated in India and Great Britain, Sen commenced an illustrious career, becoming well known for his research in social choice theory, political philosophy, and development economics. Sen has held professorships at Jadavpur University, the University of Delhi, the London School of Economics, Oxford University, and...
Harvard University. He was awarded the Nobel Prize in 1998 “for his contributions to welfare economics.”

Sen has, repeatedly, energized the field of development economics with his investigations into poverty, hunger and famines, and gender inequality (e.g., Sen 1982; 1992a). As a political philosopher he is creative and challenging, and there too his work has often been seminal (e.g., Sen 1970; 1992b). Sen has, with great vigor and a humane spirit, consistently addressed the most important issues and brought his talents to bear on pressing concerns.

It seems that Sen has undergone a significant ideological migration. At least as late as age 25—the year he received his doctorate from Trinity College, Cambridge—Sen believed that India should impose “an economy with socialised means of production and an absence of property income” via “state planning” (Sen 1959). Today, however, Sen seems to adhere to a conventional social democratic outlook, often evincing “an unmistakeably positive attitude to markets” (Peacock 2010, 57).

From 1951 to 1953, Sen attended Presidency College in Calcutta. In his Nobel autobiography, Sen writes:

By the time I arrived in Calcutta to study at Presidency College, I had a fairly formed attitude on cultural identity (including an understanding of its inescapable plurality as well as the need for unobstructed absorption rather than sectarian denial). I still had to confront the competing loyalties of rival political attitudes: for example, possible conflicts between substantive equity, on the one hand, and universal tolerance, on the other, which simultaneously appealed to me.

The student community of Presidency College was also politically most active. Though I could not develop enough enthusiasm to join any political party, the quality of sympathy and egalitarian commitment of the “left” appealed to me greatly (as it did to most of my fellow students as well, in that oddly elitist college). (Sen 1999a)

Richa Saxena, a biographer of Sen, writes that “in the 1950s...Amartya had been under enormous pressure from his family to join a political party. He had refused, even though he was substantially influenced by the Leftist view of selflessness and social equality. He wanted his ideas to impact through intellectual force rather than hands-on activism” (Saxena 2011, 51).

Sen did become a member of the All India Socialist Party. Saxena (2011, 34) describes some of the partisanship within Sen’s family: “Calcutta in those days was a deeply leftist, politically charged state and these influences existed within Amartya’s own family as well. One of his uncles who belonged to the Congress Socialist Party had been put into preventive detention by the British and spent six years in prison without trial, while another cousin, in the Communist Party, was also in jail.”
Students Federation (AISF) while a student at Presidency, said Federation being the student wing of the then-undivided Communist Party of India. A profile in Outlook magazine says that Sen held some “important” position or positions in the AISF (Biswa 1998).

Sen’s Nobel autobiography continues at some length on the subject of his politics while at Presidency:

[Despite the high moral and ethical quality of social commiseration, political dedication and a deep commitment to equity, there was something rather disturbing about standard leftwing politics of that time: in particular, its scepticism of process-oriented political thinking, including democratic procedures that permit pluralism. …

Given my political conviction on the constructive role of opposition and my commitment to general tolerance and pluralism, there was a bit of a dilemma to be faced in coordinating those beliefs with the form of left-wing activism that characterized the mainstream of student politics in the-then Calcutta. What was at stake, it seemed to me, in political toleration was not just the liberal political arguments that had so clearly emerged in post-Enlightenment Europe and America, but also the traditional values of tolerance of plurality which had been championed over the centuries in many different cultures—not least in India. …

[As I look back at the fields of academic work in which I have felt most involved throughout my life (and which were specifically cited by the Royal Swedish Academy of Sciences in making their award), they were already among the concerns that were agitating me most in my undergraduate days in Calcutta. These encompassed welfare economics, economic inequality and poverty, on the one hand (including the most extreme manifestation of poverty in the form of famines), and the scope and possibility of rational, tolerant and democratic social choice, on the other (including voting procedures and the protection of liberty and minority rights). My involvement with the fields of research identified in the Nobel statement had, in fact, developed much before I managed to do any formal work in these areas.

It was not long after Kenneth Arrow’s path-breaking study of social choice, Social Choice and Individual Values, was published in New York in 1951, that my brilliant co-student Sukhamoy Chakravarty drew my attention to the book and to Arrow’s stunning “impossibility theorem” (this must have been in the early months of 1952). Sukhamoy too was broadly attracted by the left, but also worried about
political authoritarianism, and we discussed the implications of Arrow’s demonstration that no non-dictatorial social choice mechanism may yield consistent social decisions. Did it really give any excuse for authoritarianism (of the left, or of the right)? (Sen 1999a)

In a 1959 essay titled “Why Planning?”, Sen advocated “a planned socialist economy” for India.71 His concern about authoritarianism is evident in the essay, as he cautions socialists not to put forward “spurious” arguments against capitalism and capitalists, as doing so can produce “a widespread feeling that all that is needed to make things satisfactory is a bunch of honest, moral men” and thus can serve to “prepare the ground for a right-wing dictatorship.” Sen wrote that the “right” arguments for socialism derived from India’s needs for hastened economic growth and increased equity:

Do we wish to have an economy with socialised means of production and an absence of property income? If we want socialism in this sense, then there must be state planning to replace the role the capitalist plays in a free enterprise economy.

Planning thus becomes a necessary condition for socialism, though socialism is not a necessary condition for planning. When we discuss here Why Planning, we shall really be discussing Why Socialism (and, hence, Why Socialist Planning). …

It is sometimes maintained that the main factors responsible for the capitalistic economic development in the West ‘do not obtain at all in under-developed countries or obtain only partially.’ This is not quite correct. Even in India the capitalist class produced a flourishing cotton textile industry, plenty of jute manufacturing and a sizeable steel industry. In Japan there has been a remarkable capitalistic development of modern industries.

To argue for Socialism on grounds that it is the only method of industrialisation is, thus, not quite valid. One need not doubt that, given enough time, the Indian bourgeoisie will be able to produce a modern industrialised economy in India and that will be quite in accordance with what socialists (at least of the Marxian school) should expect.

71. “Why Planning?” (Sen 1959) appeared in the third-ever issue of Seminar, a monthly Indian journal that is still published today (see Puri and Mitra 2009). “Why Planning?” has been reprinted in an anthology of Seminar articles (Thapar, ed., 1979) and at least twice in Seminar itself (issues 421 and 589); the most recent reprint in Seminar was accompanied by a new commentary from Montek Singh Ahluwalia (2008), who leads the Indian government’s Planning Commission.
The crucial phrase, however, is ‘given enough time.’ Even if Indian industrial growth takes place at the same rate as that of Great Britain, it will take India more than a hundred years before it can call itself an industrialised economy in any significant sense. Are we content to go at this pace? This economic history of the modern world shows that in the planned socialist economies, growth is much faster than in the capitalistic countries, and this is what we should expect also from a comparison of the nature of a capitalistic economy and that of a socialistic one.

First, in a capitalistic economy, the results of the economic system are by-products of profit maximisation. The allocation of investment, the determination of prices, the choice of imports, all fit, by and large, into this basic pattern. Economic growth may (and, in fact, does) result in a capitalistic economy, but that too is a by-product. Now whether the rate of growth will be high or not will depend upon the extent to which entrepreneurial interests coincide with the requirements of economic growth. Every time an entrepreneur chooses a more profitable machine, he may favourably affect economic growth; but every time he uses scarce economic resources to produce luxury goods, he affects economic growth adversely. In a socialistic economy, however, economic growth will not be a by-product but the object of the exercise and the whole economic machine can be, if necessary, geared to this.

Secondly, even if the capitalists ignore profits and try to maximise the rate of growth, they will find it difficult to achieve as much as a coordinating national planning organisation will. Each entrepreneur lacks some knowledge of what the others are doing. Economic decisions are interrelated, and, for maximum economic efficiency, decisions in one field must be linked with those in others. An organised national planning authority, thus, has certain direct advantages over a collection of decision-taking entrepreneurs from the point of view of this objective. …

In view of all this it is not at all surprising that planned socialistic countries in the world have, on the whole, much faster rates of growth than capitalistic economies. Therefore, if economic growth and rapid industrialisation are our objectives, the choice is not difficult to make.

When Britain was industrialising herself, socialism was not a practical alternative, for the material conditions necessary for socialism (e.g., large-scale techniques of production) were absent. …
The situation is completely different today thanks to development of the material basis for socialistic production in the capitalistic countries (and also, more recently in the USSR). Thus a direct evolution towards a socialistic economy is, on the one hand, desirable in terms of the objective of rapid economic growth.

This, it seems to me, is the crucial point. We may of course add to this the much-discussed advantages of socialism in the shape of a better income-distribution, a more fair allocation of economic sacrifice, and so on.

The issue before us is clear, the crossroads being not too far away. The ‘middle path’ seems to have run out. We have to make up our minds as to whether we really want a planned socialist economy. In the light of the above discussion, it can be said that given the economic values assumed here the case for a socialist economy is very strong. (Sen 1959)

I have been unable to find any comparably explicit advocacy of socialism by Sen after 1959, but for at least two decades he continued to treat socialism as a plausible alternative. At the outset of Poverty and Famines (1982), for example, Sen offered the ordinary contrast between a “socialist economy” and a “market economy”:

A socialist economy may not permit private ownership of ‘means of production’. A socialist economy may restrict the employment of one person by another for production purposes, i.e. constrain the possibility of private trading of labour power for productive use. (Sen 1982, 3)

To be sure, Sen remained politically aligned with the left. Just one indication was his signing of a 1981 petition opposing the macroeconomic policy of the Thatcher government (Wood 2006; Booth 2006, 389). In later years, however, Sen would consider socialism to be a bygone illusion. For example, in a lecture from 1990, Sen is accepting of private markets while voicing readiness to tinker with their functioning:

The limitations of the market mechanism in distributing health care and education have…been discussed in economic theory for a long time.
time (e.g., by Paul Samuelson and Kenneth Arrow). But it is easy to lose sight of these problems in the current euphoria over the market mechanism. The market can indeed be a great ally of individual freedom in many fields, but the freedom to live long without succumbing to preventable morbidity and mortality calls for a broader class of social instruments. (Sen 1990)

In Sen’s 1999 book Development as Freedom, the word socialist hardly appears, and then to be dismissed:73

As it happens, many of the restrictions that bedevil the functioning of economies in developing countries today—or even allegedly socialist countries of yesterday—are also, broadly, of this “precapitalist” type. (Sen 1999b, 121)

Socialism had become unthinkable:

The freedom to participate in economic interchange has a basic role in social living. … It is hard to think that any process of substantial development can do without very extensive use of markets, but that does not preclude the role of social support, public regulation, or statecraft when they can enrich—rather than impoverish—human lives. (Sen 1999b, 7)

After the 2008 financial crisis, Sen suggests careful examination of existing institutions:

The present economic crises do not, I would argue, call for a “new capitalism,” but they do demand a new understanding of older ideas, such as those of [Adam] Smith and, nearer our time, of [Arthur Cecil] Pigou, many of which have been sadly neglected. What is also needed is a clearheaded perception of how different institutions actually work, and of how a variety of organizations—from the market to the institutions of the state—can go beyond short-term solutions and contribute to producing a more decent economic world. (Sen 2009)

73. The words socialism and communist do appear multiple times in a discussion on page 114 of Development as Freedom, where Sen (1999b) criticizes the very strong restrictions on labor markets in communist countries: “In this sense, Friedrich Hayek’s chastising description of the communist economies as ‘the road to serfdom’ was indeed a fitting, if severe, rhetoric.”
Sen’s later work frequently deploys a rhetoric of “freedom” (see, e.g., Sen 1990). In Development as Freedom, Sen effectively posits the augmenting of “freedom” as a chief ethical objective: “Development can be seen…as a process of expanding the real freedoms that people enjoy. … If freedom is what development advances, then there is a major argument for concentrating on that overarching objective” (Sen 1999b, 3). Sen then lists some “major sources of unfreedom: poverty as well as tyranny, poor economic opportunities as well as systematic social deprivation, neglect of public facilities as well as intolerance or overactivity of repressive states” (ibid.). Sen’s “freedom” (1999b, 3-4) thus differs from liberty as understood by most classical liberals, libertarians, and modern conservatives.

Philip Pettit describes Sen’s move toward “freedom”:

[Sen’s] personal trajectory has led from recognizing ever more complexities in the notion of control and choice, and in the received, option-centered notion of freedom, to the development of an approach that starts from the idea of functioning in one’s society and looks for a state that would provide for the equal functioning capability of every citizen. (Pettit 2010, 112-113)

Pettit’s description, I think, comports with the following comment by Sen and his collaborator James Foster, writing in 1997, on a limitation in the analysis Sen had put forward in 1973’s On Economic Inequality:

A major problem that received only indirect attention [in the 1973 version of On Economic Inequality] concerns the implications of the variability of needs between different people. This subject made recurrent appearances in OEI-1973 (see, for example, pp. 16-23, 77-91) but did not get translated into a decisive move away from judging inequality only in the space of incomes or utilities. Further, the characterization of needs may require us to go beyond the utility-oriented framework to which the 1973 book was more or less entirely confined. In particular, the ‘space’ in which inequality is to be assessed becomes specifically important to consider. (Foster and Sen 1997, 124, emphasis in original)

Sen narrates the development of his thinking:

[By the mid-1980s] I also got more and more involved in trying to understand the nature of individual advantage in terms of the substantive freedoms that different persons respectively enjoy, in the form of the capability to achieve valuable things. If my work in social
choice theory was initially motivated by a desire to overcome Arrow’s pessimistic picture by going beyond his limited informational base, my work on social justice based on individual freedoms and capabilities was similarly motivated by an aspiration to learn from, but go beyond, John Rawls’s elegant theory of justice, through a broader use of available information. …

[After moving to Harvard in the late 1980s:] The social choice problems that had bothered me earlier on were by now more analyzed and understood, and I did have, I thought, some understanding of the demands of fairness, liberty and equality. To get firmer understanding of all this, it was necessary to pursue further the search for an adequate characterization of individual advantage. … The approach explored sees individual advantage not merely as opulence or utility, but primarily in terms of the lives people manage to live and the freedom they have to choose the kind of life they have reason to value. The basic idea here is to pay attention to the actual ‘capabilities’ that people end up having. The capabilities depend both on our physical and mental characteristics as well as on social opportunities and influences (and can thus serve as the basis not only of assessment of personal advantage but also of efficiency and equity of social policies). (Sen 1999a)

In a review of Sen’s *Inequality Reexamined* (Sen 1992b), Robert Sugden elaborates on the view to which Sen had moved:

Sen’s objection is that equal command over resources does not necessarily imply equal opportunities in the domain of functionings—the domain that really matters. Equal command over resources can coexist with unequal real opportunities because individuals differ in their ability to convert resources into functionings. For example, a person with serious kidney disease needs more resources than a healthy person in order to achieve the basic functioning of survival. Someone who is confined to a wheelchair needs more resources than someone who is able-bodied in order to take part in the life of the community. In Adam Smith’s time, women in England needed more resources than women in Scotland in order to appear in public without shame. And so on. (Sugden 1993, p. 1956)

Sugden also writes:
Sen hints at the possibility that, even when we take account of functionings that go beyond basic survival, levels of well-being might be lower in Harlem than in Bangladesh. Although people in Harlem have much greater command over resources, the costs of such social functionings as ‘appearing in public without shame’ and ‘taking part in the life of the community’ are much greater there too ([Sen 1992b,] pp. 114-16). This kind of analysis is an important challenge to the common view that the ‘wealth-creating’ effects of competitive markets offer a long-term solution to the problem of poverty. (Sugden 1993, p. 1954)

Relative to an income- or wealth-focused approach, then, the capabilities approach to measuring inequality could sometimes be used to justify greater redistributionist interventions, particularly if we expect that policy operates at the national rather than international level.

But, in at least some contemporary policy debates, Sen’s allowance for greater complexity in gauging inequality has led him to advocate less radical interventions. For instance, Sen (2002) ascribes importance to the broad goal of “health equity,” but his section addressing “substantive claims about the content of health equity” (Sen 2002, 663f.) comprises a critique of policy proposals by Alan Williams (1998) and Anthony Culyer and Adam Wagstaff (1993). The substance of Sen’s criticism is that each of these proposals advances an inappropriate “unifocal criterion” (Sen 2002, 665) for health equity, and in each instance Sen rejects an intervention implied by the unifocal criterion. Sen writes:

Williams point [sic] out, using this line of reasoning, “We males are not getting a fair innings!” ([Williams 1998,] p. 327). The difficult issues arise after this has been acknowledged. What should we then do? If, as the fair innings approach presumes, this understanding should guide the allocation of health care, then there has to be inequality in health care, in favor of men, to redress the balance. Do we really want such inequality in care? Is there nothing in the perspective of process equality to resist that conclusion, which would militate against providing care on the basis of the gender of the person for an identical ailment suffered by a woman and a man? (Sen 2002, 664)

Culyer and Wagstaff [conclude] in their justly celebrated paper on ‘equity and equality in health and health care’ that ‘equity in health

74. The reader may object that Sen’s comments can be construed not as a rejection of an intervention, but rather as merely a prescription for the allocation of state resources in health care. I note, however, that Sen is not in favor of an entirely public health care system (“Private health care can have a role to play on the foundations laid by public healthcare,” quoted by a staff reporter for The Hindu (2013); see also Sen 2009).
care should … entail distributing care in such a way as to get as close as is feasible to an equal distribution of health’. But should we really? A gender-check, followed by giving preference to male patients, and other such explicit discriminations ‘to get as close as is to an equal distribution of health’ cannot but lack some quality that we would tend to associate with the process of health equity. (Sen 2002, 664-665)

Sen has recently cited his college membership in the AISF as evidence of his lifelong sympathy with “Left parties” (Dutta 2013). But today’s “left” is of course not the same as the left of even thirty years ago. The sociopolitical shift over Sen’s lifetime has been so dramatic that he has found it necessary to scold contemporary left-wing parties in India for paying insufficient attention to the interests of the poor, as evidenced by a newspaper report on a speech given by Sen in Kolkata during 2013:

In response to a question from the moderator of the session, actor Sharmila Tagore, on who represents the interests of the common man, Professor Sen said there seemed to have been a “redefinition of ordinary people.”

“Ordinary people are [now] the relatively poor of the privileged in India,” he said, adding that issues such as the withdrawal of the subsidy on LPG [liquefied petroleum gas] did not affect many people in India, “because most people do not have an instrument into which a gas cylinder can be fit.”

Citing another example, he pointed out that when newspaper headlines “hollered” last year during a major power black-out in north India, many missed out on the fact that for a third of the population, “it was not a black out on that particular night” but an everyday reality.

“I feel particularly upset when I see the Left parties going for [issues such as] cooking gas and electricity prices…rather than the broader picture,” he said. (Dutta 2013)

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Lloyd S. Shapley
by Daniel B. Klein, Ryan Daza, and Hannah Mead

Lloyd Shapley (1923–) was born in Cambridge, Massachusetts, a son of the distinguished astronomer Harlow Shapley. As a student at Harvard University he was drafted in 1943 to serve in World War II. As a sergeant in the Army Air Corps in China he earned a Bronze Star for helping crack the Japanese weather code (Ferguson 1991, ix). After the war, he went to Harvard University where he earned his bachelor’s degree, and then to Princeton University for his Ph.D. in mathematics. Shapley has taught at Princeton University and the University of California at Los Angeles. He also worked at the RAND Corporation, where he met his wife, Marion Ludolph, a fellow mathematician and co-worker (ibid.).

In 2012, Shapley shared the Nobel Prize in Economics with Alvin Roth “for the theory of stable allocations and the practice of market design.” In presenting the Nobel Prize, Torsten Persson (2012) told Shapley: “Your contributions to cooperative game theory are legendary among game theorists and economists. You and David Gale are the founders of matching theory, and the deferred-acceptance algorithm you discovered is the cornerstone on which theory and applications rest.”

Shapley and David Gale wrote a seminal paper on matching theory, in which they laid out a theory of matches in marriages and college admissions (Gale and Shapley 1962). They created an algorithm for optimal, stable matches based on preferences of both sides of potential matches. Alex Tabarrok describes their findings: