

UNITY AND DISCORD IN SOCIAL DEVELOPMENT¹

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I feel very privileged to be here at the opening session of this symposium of the ICSD which does such excellent work for advancing the momentous cause of social development in the world.

The importance of economic development and of raising of the gross national product has become very widely recognised across the world. But the equally relevant understanding that social - not just economic - development is central to the progress of humanity is only very slowly receiving the recognition that it deserves. And yet the growth of economic indicators, seen on their own, can be a very limited way of assessing the betterment of human lives. Social concerns, such as health care, schooling and education, adequate and affordable shelter, basic security and safety, can make a huge difference to the lives that we are able to lead. How we interact with each other in society can also be critically significant for good human living - with freedom and well-being.

The understanding that economic development alone cannot be adequate is not, of course, new. Indeed, more than two thousand years ago, Aristotle noted the contrast between wealth and well-being in very clear terms. In fact, at the very beginning

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of the Nicomachean Ethics, Aristotle made the far-reaching point: "wealth is evidently not the good we are seeking; for it is merely useful and for the sake of something else."² Economic development is certainly an important means of achieving social betterment, but we must, first of all, distinguish between, on one hand, the fundamental importance of human lives, and on the other, the instrumental and derivative value of economic opulence and prosperity, which serve as means to advancing social lives but are not valuable in themselves. We may have reason to want wealth, but that is only because it is "useful" in making our lives better, not because wealth is in itself important. What is ultimately important to human beings are the freedoms - and capabilities - that we have to lead the kind of lives we have reasons to live.³

As Hong Kong has shown over many decades now, and as China as a whole has demonstrated since its economic reforms of 1979, economic growth can be made very fast indeed by good choice of economic policies. The rewards of economic growth can lead to many other achievements, in particular in making human lives more comfortable and fuller, removed from persistent deprivation. The percentage of the population in China who live under grinding

² Aristotle, The Nicomachean Ethics, Book I, section 5; in D. Ross's translation (Oxford University Press, 1980), p. 7.

³ I have discussed these issues in "Equality of What?," in S. McMurrin, ed., Tanner Lectures on Human Values (Cambridge: Cambridge University Press), and more fully in Commodities and Capabilities (Amsterdam: North-Holland, 1985), and Inequality Reexamined (Oxford: Oxford University Press, and Cambridge, MA: Harvard University Press, 1992).

poverty and privation is now a small fraction of what it was at the time of the economic reforms 28 years ago, and this has been possible to a great extent because of China's extraordinarily rapid economic growth - first in agriculture and then in industry.

In contrast, there are other countries in the world, particularly in Latin America, where the rise in average incomes has not led to a corresponding reduction of deprivation and hardship. We have every reason to want economic growth, not for its own sake, but, as Aristotle put it, "for the sake of something else," to wit, the bettering of human lives. We have to look beyond economic advancement.⁴ This is where social development provides a fuller and more far-reaching perspective than economic development seen on its own can possibly provide. I think as an economist it is very much my duty to make this point clear at the beginning of this momentous conference on social development.

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There is another, perhaps more operationally important reason, for which economic development has to be seen to be only conditionally or contingently important. The extent to which economic prosperity helps the enhancement of human lives would depend very much on social policies, including the building up of facilities of education, health care, social insurance, and social work, and the cultivation of good social relations between

⁴ On this see the essays included in Martha Nussbaum and Amartya Sen, eds., The Quality of Life (Oxford: Oxford University Press, 1993).

different people within the society and across the world. Through good social policies, human lives can be made much longer, richer and fuller even with low income levels. On the other side, if we do not pay adequate attention to social development, then the rewards of even very high rates of economic growth can be far less than they could have been with well aimed social policies and practices.

China's experience offers interesting and important lessons in both respects. Consider health care. China has made a major contribution in demonstrating how a giant enhancement in health and longevity can be achieved through good policies of social care and social distribution, even when a country is relatively poor. China had a life expectancy of well below 40 years at birth at the time of the revolution, but within three decades, even before the reforms of 1979, that figure had moved quite close to 70 years. While China was still quite poor in economic terms, it had already begun by then to compete in health achievements with countries that were a great deal richer than China. Indeed, China had a big role in showing to other countries that health achievements need not be hopelessly constrained by economic means even when the means are quite limited. The understanding that human lives depend on a great many social policies, and not just economic development, was well established by China's massive achievements very early in its development process.

All this happened in a period in which economic growth was

in fact rather moderate in China in comparison with what has happened after the reforms of 1979. But, oddly enough, after the economic reforms, which produced a super-rapid economic expansion in China, not only much higher than earlier, but also the highest - and indeed unprecedented - in the whole world, the progress in life expectancy has actually slowed down quite significantly. We have to ask why this has happened.

We must of course first note that some slowing down in the progress of life expectancy can be typically expected as life expectancy moves towards the maximum average figures known in the world, of around 85 years or more. But the fact is that China's life expectancy (around 68 years in 1979 and around 72 years now) is still relatively moderate in comparison with many other societies, like Japan, or West Europe, or for that matter its own province of Hong Kong. These considerations must direct our attention to social causes of slowing down, rather than seeing the deceleration as an indication that some kind of a maximum is being reached. A progress of mere 4 years in life expectancy in more than a quarter century, despite extraordinarily high economic growth, is a good indication that social policies have to be re-examined and scrutinized with the greatest of care.

When I presented the issues at a seminar at Beijing University last year,⁵ I could see from the discussion that followed that

⁵ This symposium was arranged by the newly created Centre for Economic and Human Development at the Beijing University, led by Professor Minquan Liu.

the existence of this problem is widely acknowledged in China today, both among the people and among those in charge of government policies. Indeed, in that very seminar I had the privilege of listening to the Deputy Minister of Health of China who had clearly given much thought to the problems on the social side that have to be faced to keep China in the position of being the exemplary success it has been in the past. Since those days, I have also had the opportunity to read some of the internal discussion that is going on right now in China, and the importance of social development is receiving much greater attention than it typically got in the past two decades (I have some experience of trying to draw attention to this problem, without tremendous success, in my past visits).

What are the social policies that need attention in this context? One policy that is crucially important is the coverage of health insurance. Perhaps the pivotal issue in explaining China's slow down of progress in health achievement relates to the privatization of health insurance in China following the economic reforms in 1979. The economic reforms were, of course, immensely successful in liberating agricultural production and in building a very dynamic industrial economy and they helped to make China the world leader in economic progress and in fruitful use of the opportunities of globalized trade and commerce. And yet the social benefits of that economic progress, while very large in general (including in the reduction of the number of

people with below-poverty-level income), have sharply slowed down, most probably related to the sudden abolition of universal public insurance of health care.⁶ While in those pre-reform days the quality of health care was often very variable, nevertheless everyone had health coverage of some sort, even in deeply rural areas, through the working of the system of communal economic arrangements. The slow-down of progress of longevity seems to be largely congruent in time with the abolition of universal health insurance, and the new need to buy private health insurance with one's own money, which the economic reforms brought in.

This social policy change is, of course, reversible, and there is much to indicate that these issues are receiving considerable attention in public discussions and in policy analysis within China. There are many other issues of social policy that would also be worth re-examining in this context in China - a country that has for many decades been a huge source of experimentation in public policy making. Some of the particular issues on which this Symposium is concentrating, for example the role of social work, the importance of social education, understanding of how the so-called "social capital" works, the operation of micro-credit systems for the poorer borrowers, would be particularly important for the largest country - and in many ways

⁶ On this see my "Passage to China," New York Review of Books, December 2, 2004; The Argumentative Indian (London and Delhi, Penguin Books, 2005; New York: Farrar, 2005; New York: Picador, 2006), Chapter 10 ("China and India").

the most exciting place for policy thinking - in the world.

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What applies to China applies also, sometime a great deal more, to the rest of the world as well. The need for universal health insurance is, for example, a global need. Let me comment briefly on the experience of my own country, India. At the time of the Chinese economic reforms in 1979, India's life expectancy was only about 54 years, that is, 14 years lower than that of China's figure of 68 years. As it happens, since 1979 India's life expectancy has grown three times as fast as that in China, and China's lead over India in longevity has been cut down by half in this period, with India's number at 65 years while China's is 72. Some Indian commentators tend to take too much credit for this achievement. India's progress was much slower than China's up to 1979, but it continued at roughly the same rate after 1979 as well, when a combination of policies made the Chinese progress slow down, so that India's rate of progress from being lower than China's became much higher. The change in the relative position is not so much because India introduced some brand new policies of social insurance and social change, but rather that India continued to move slowly but firmly forward as the progress of longevity in China sharply slowed down.

Now that India's economic growth rate has also speeded up a great deal, often through changes of economic policies directly inspired by China's experience, it has to address the social side

much more deeply than it has so far done. The gaps within India, between different states, with distinct social policies, remain extraordinarily large. Take first the best performing state in India, namely Kerala, with its 30 million people. Like in the pre-reform period in China, Kerala has universal health coverage for all. Even though with growing economic prosperity more than half the health care is delivered through private medicine in Kerala, everyone in the state still has secure health coverage from the state. Kerala's life expectancy was 67 years in 1979 when China's was 68 years. By now Kerala is well ahead of China in life expectancy (around 75 years), largely because the universal health insurance has stayed on in Kerala, as it has also in some parts of China, with similarly good results (even better in the big cities), but not in China as a whole.

Even more telling comparisons can be found in looking at mortality rates at particularly vulnerable ages. Infant mortality rates were comparable in Kerala and China in 1979 - around 37 per thousand live births at both places. But by now the infant mortality rate of the rural-urban mixed population of Kerala - now about 12 per thousand (it seems to vary between 10 and 14) - has fallen much below the Chinese figure, which is still around 28 per thousand. But if that is a positive indication of what social insurance of health care can do, we can get the negative side of the same picture by looking at the Indian states with not much social insurance of health at all and not much good public

health care either. For example, the infant mortality rate in the Indian state of Madhya Pradesh is 76 per thousand, with figures quite close to that in the states of Orissa, Uttar Pradesh and Bihar. Indeed, India's average infant mortality of 58 per thousand is itself very much higher than China's 28, but this is made up of some states doing much better than the Indian average (Kerala's rate of 12 per thousand is very much the other extreme from Madhya Pradesh), while others do far worse than the country mean.

There are similar contrasts right across the world. Indeed, there is a huge gold mine for fruitful research on social development in this particular field that needs to be pursued.⁷

My strong hope is that symposiums of this kind that we are currently having here in Hong Kong can provide a strong impetus in the direction of further work on social development which can make an enormous difference to human well-being and freedom.

I have the privilege of working at the moment in a Commission, chaired by Professor Sir Michael Marmot, appointed by the WHO on "social determinants of health." Even though the final report is not ready yet (and when it is finalized, it will be for the Chair of the Commission to talk about it), some of the general conclusions that seem to be emerging should be worth sharing, since the Commission has been very keen on public discussion.

The Commission is trying, as its name suggests, to look at

⁷ See particularly Paul Farmer, Pathologies of Power (Berkeley: University of Californian Press, 2003).

the social aspects of health achievement. The underlying motivation, in line with focusing on social development, is the recognition that health is valuable in itself, not just for the indirect effects it has on the economy, on social peace, and so on, though these too can be important (as has been clearly brought out by the previous WHO Commission on health, chaired by Professor Jeffrey Sachs).

The Marmot Commission has been viewing the advancement of health in terms both of the overall picture of achievements and freedoms, and of the equity in the distribution of health achievements and freedoms across the population. More ambitiously, the arguments presented at the Commission indicate that the human right to health cannot be adequately understood in terms exclusively of the right to health care only (though that too is inter alia important as a major influence on health achievements), but they have to be seen in the broader terms of entitlements to health achievements or capabilities (to the extent to which they are within the domain of social leverage), taking into account all influences that bear on health, including of course health care, but also disparities in incomes and social status, education and knowledge about the ways and means of pursuing health, income levels, and so on.

We know from earlier works of Michael Marmot and others that inequality is relevant to all this in two quite distinct ways.

Not only is inequality in health achievements ethically

problematic, and has to be taken into account, in the evaluation of health of a nation or a group, but inequality in economic circumstances and social freedoms itself has a negative effect on health achievements. Being at the bottom of a hierarchy and being ordered around by others - the so-called "superiors" - evidently elevate mortality rates, to some extent because of its enhancing effects on reckless behaviour of the underdogs (in the form, for example, of excessive drinking or smoking). The phenomenon of health-unfriendly behaviour appears to be partly but significantly associated with the unfreedom - and the sense of powerlessness - of working at the bottom of a hierarchy.⁸ This consequential social influence is part of the subject matter of social development, and its importance seems to be enormous, in terms of the difference it makes to health and longevity. The presence of social inequality seems, therefore, to adversely affect both (i) overall health achievements, and (ii) their distribution over the people involved. And both can be big issues in social development.

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The broad field of social development is so far-reaching and so rich in terms of lessons and significance that I can go on talking about a great many different areas of relevance. But since I must leave time for discussion, which, I think, is

⁸ See Michael Marmot, Status Syndrome (London: Bloomsbury, 2004).

extra-ordinarily important for making a meeting fruitful, I shall pick only one other substantial issue in social development before I end. Let me talk a little about the prevalence of crime across the world on which much research is going on right now. The connection between poverty and crime has been, rightly, explored a great deal. I want both to endorse this concern, and also to argue for some sophistication in understanding the nature, reach and possible shapes of that connection.

It is good that much focus has been placed in recent years on the case for poverty removal based on the causal connection of poverty with crime. There is much plausibility in emphasizing this connection, since poverty can certainly make a person outraged and desperate, and a sense of injustice can be a good ground for rebellion - even bloody rebellion. This type of emphasis tends to place economic considerations at the base of the social ailment of crime, and many social commentators have favoured this approach in wanting to go beyond the immediate and more obvious reasons for crime. There is certainly a case for looking for "underlying causes" of crime that include the economics of deprivation and inequality. The belief that the roots of discontent and disorder have to be sought in economic destitution has, thus, been fairly widely favoured by social analysts who try to look beyond the apparent and the obvious.

This concentration has another usefulness: it is available for use in the humane - indeed very humane - political and moral

advocacy of concerted public action to end poverty. Dedicated workers fighting against poverty in the world are, naturally enough, tempted to seek support from the apparent causal connection that ties violence to poverty, to seek the support of even those who are obtuse enough not to be moved by nastiness of poverty itself. In fact, there has been an increasing tendency in recent years to argue in favour of policies of poverty removal on the ground that this is the surest way to prevent political strife and turmoil. It is clear enough that generic physical violence seems to be more widely loathed and feared, especially by well-placed people, than social inequity and the deprivation - even extreme deprivation - of others, and so it is tempting to be able to tell all, including the rich and those well-placed in society, that terrible poverty will generate terrifying violence, threatening the lives of all. Given the visibility and public anxiety about wars and disorders, the indirect justification of poverty removal - not for its own sake but for pursuing peace and quiet - has become, in recent years, a dominant part of the rhetoric of fighting poverty, through the invoking of the need for social development. This co-existence and apparent symbiotic relation between violence and poverty make it not at all unnatural to ask whether poverty kills twice - first through economic privation, and second through political and social carnage.

What we have to investigate in this context is this: is this

connection as robust as would be needed for powerful use of this approach to advocate poverty removal because of its criminal connection? I have to argue that the picture is rather murky in this respect, at least at the level of immediacy that is sometimes presumed in these causal reasonings. The claim that poverty is responsible for crime and violence draws on an oversimplification of empirical connections that are far from universal. The relationship is also contingent on many other factors, including political, social and cultural circumstances, which make the world in which we live far more complex. More generally, economic reductionism is not a good way of examining social problems.

Let me try to illustrate my point. When, a few months ago (it was in last March), I had to give the Lewis Mumford Lecture at the City College of New York, entitled "The Urbanity of Calcutta," I had the opportunity to comment on the rather remarkable fact that Calcutta or Kolkata is not only one of the poorest cities in India, and indeed in the world, it so happens that it also has an exceptionally low crime rate - indeed absolutely the lowest crime rate among all the Indian cities. It occupies an extreme position, by a very substantial margin, in the lowness of crime rate among all the Indian cities. This applies by a long margin to the incidence of murder. The average incidence of murder in Indian cities (including all the 35 cities that are counted in that category) is 2.7 per 100,000 people -

2.9 for Delhi. The rate is as low as 0.3 per hundred thousand in Calcutta. There is a similar lowness of crime rate in the total number of all violations of the Indian Penal Code put together. It also applies to crime against women, the incidence of which is very substantially lower than that in every other Indian city.

As it happens, Calcutta is not only the lowest murder-rate city in India, it seems to be so in the world, as far as the major cities all over the world are concerned. I have not yet been able to find reliable figures of homicide rates for Beijing or Shanghai, but London has a murder rate of 2.4, Buenos Aires of 4.7, New York of 5.0, Los Angeles 8.8, Johannesburg 21.5, Sao Paulo 24.0, and Rio an astonishing 34.9, compared with the poverty-stricken Calcutta's murder rate of 0.3 per thousand. Even the famously low-crime Japanese cities have more than three times the murder rate of Calcutta, with 1.0 per thousand for Tokyo and 1.8 for Osaka, and only Hong Kong and Singapore come close to Calcutta, just a little higher, at 0.5 per thousand, compared with Calcutta's 0.3.

If all this appears to us to be totally mysterious, given Calcutta's globally notorious poverty, that may be a reflection of the limitation of our thought, rather than a paradox of nature.

It must be emphasized that Calcutta has a long distance to go to eradicate poverty and to put its material house in order, and its low crime rate does not make those nasty problems go away.

And yet there is something also to celebrate in the fact that poverty does not inescapably produce violence, independently of political movements as well as social and cultural interactions.

What is the reason for poor Calcutta's exceptionally low crime rate in general and murder rate in particular? Explanation of crime is not an easy subject for empirical generalizations, but there are some plausible connections that seem suggestive, which dissociate social development from economic prosperity. It is possible that Calcutta has benefitted, I have been inclined to argue, from the fact that it has a long history of being a thoroughly mixed city, where neighbourhoods have not had the feature of ethnic separation that some cities - in India as well as elsewhere - have. There are undoubtedly many other social and cultural features that are relevant in understanding the relation between poverty and crime. For example, it is clear to me in trying to understand the high rate of crime in South Africa, which I visited in April, that some of it is connected with the legacy of the apartheid - not just the inheritance of racial confrontation, but also the terrible effects of separated neighbourhoods and families that were split up for economic reasons, which went with apartheid policies. But it would not be easy to explain why the belated attempts to generate mixed communities have also had the immediate effect of fostering crime committed within the newly mixed neighbourhoods. And I am baffled by the peculiarly high murder rates in Brazil - the cities where

such splendidly festive carnivals are held when the love of humanity seems to be in full display, in chaste as well as carnal forms.

I have to confess that even though I have one or two guesses about Calcutta's exceptionally low murder and crime rates, I do know enough about the complexity of empirical relations and their fragility and robustness that I cannot be at all confident of what the exact causal connections are. More generally, I am acutely aware that there is need for humility that the social sciences invariably invite and frequently do not get. And yet it is absolutely clear that the tendency to see a universal and immediate link between poverty and violence is hard to sustain.

That may seem like one of the easy generalizations about social development, but the empirical picture does not confirm its veracity.

To accept all this is not, of course, the same as denying that poverty and inequality can - and almost certainly do - have far-reaching connections with conflict and strife, but these connections have to be investigated and assessed with what I would call empirical strongmindedness. Indeed, empirical strongmindedness is absolutely necessary for fruitful generalizations about social development, and we should not be tempted to wander away from it, moved by what might look like plausible connections on theoretical grounds. As is clear in the case of murder rates and crimes, the temptation to summon

what we can call "economic reductionism" may be terribly misleading. Furthermore, even if invoking that alleged connection can do good work in getting support for poverty removal, we do not have a license to use empirically unsupported presumed connections for advocacy for good causes. Social development as a subject demands more exacting standards than that.

At a more general level, we may well be inclined to argue that the injustice of inequality and poverty can generate intolerance and that the suffering of poverty can provoke anger and fury. There is clearly much plausibility in seeing a connection between violence and poverty. For example, it would be hard to think that the outbursts of political violence in France in the fall of 2005 had nothing to do with the economic and social deprivation of some people living in parts of the country, often in the outskirts of Paris and other cities, who felt badly treated and neglected. And yet it would be a huge mistake to see that only as a poverty-related violence. The categories of the poor and the non-poor are separated by economic distinctions, but there is correspondence, in France, between these economic contrasts and the social and ethnic contrasts related to culture and immigration.

It is extremely important for poverty research to pursue the congruence of different categories of distances - economic, social, cultural and ethnic. Adam Smith already set the ball rolling in 1776, in his Wealth of Nations, by talking about the connection

between social circumstances and the sense of deprivation that different segments of the society have. In our pursuit of the importance of social development, we have reason to continue what Adam Smith had started two centuries and a quarter ago: short cuts are not going to help here.

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I must end this lecture, to allow time for discussion. I have argued today both for the need for recognising the significance of social development and for the necessity of considerable sophistication in pursuing the connections that make social development so important. We have to avoid the twin danger of assuming, if only implicitly, that (1) economic development is all that ultimately matters in advancing human lives and freedoms, and that (2) the connections in social development are obvious enough to be invoked without adequate empirical examination. On the latter point, we have to be prepared to be surprised by the results of probing research on social connections.

Indeed, empirical strongmindedness is as important for the scrutiny of social development as it is for the investigation of economic growth and development, on which much more empirical probing has already gone in.

And the former point, about the importance of social development, makes the need for probing empirical scrutiny that much more crucial. As I have argued earlier in this lecture, the world has suffered a little from putting too much emphasis

on economic development, detached from social development, and there is a remedying that is needed in the making of policies and in the fostering of social relations. But that remedying calls for much more extensive empirical scrutiny and assessment than there has been an opportunity to do so far - and this gap needs to be corrected. What I have tried to illustrate with particular problems of health and longevity and crime and murder applies, I believe, much more widely in the general field of social development.

I end with noting again that I am very fortunate to be at this conference where the general approach of social development will, I hope, receive both championing, which it needs, and strict scrutiny, which it also needs. I wish you all a wonderful symposium!