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Inequalities, agency, and well-being: Conceptual linkages and measurement challenges in development

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Inequalities, Agency, and Well-being

Conceptual Linkages and Measurement
Challenges in Development

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May 2004

Abstract

The capabilities approach has emphasized that inequalities can be analyzed in various dimensions of human functioning. Indicators of these inequalities can be incorporated into assessments of well-being. The capabilities approach also highlights the intrinsic importance of agency and demonstrates empirically that agency is instrumentally valuable for achieving various functionings. This paper draws together these discussions to delineate the relationships among inequalities, agency, and well-being of disadvantaged persons. A person's relative deprivation (e.g., being illiterate or being in ill-health) negatively affects her well-being and contributes to her lack of agency. Conversely, some (but not all) expressions of agency by disadvantaged persons can help reduce inequalities. This model provides a complex understanding of the dynamics of deprivation—and its alleviation. The paper closes by considering ways agency and inequalities could be incorporated alongside well-being into indicators of development.

Keywords: development, inequality, gender, well-being, agency, capability, distribution, Sen

JEL classification: I32, J16, D63

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1 Introduction: inequalities and the capabilities approach

Inequality, agency, and well-being are three fundamental, inter-related concepts for understanding human and economic development. The capabilities approach, particularly the work of Amartya Sen, has helped to specify each of these complex terms. Although much of this paper addresses conceptual issues, the central real-world problem that guides this analysis is the high level of inequality in many nations as well as inequality at the global level, the scale of which, in terms of income, is roughly that of the most unequal nations in the world (Milanovic 2002, Hicks 2000: 46-8). What is the impact of inequality on disadvantaged persons' well-being and agency?

Inequalities exist and can be analyzed in various dimensions, including income, health, education, and others. Scholars and policymakers employ different metrics, such as money, primary goods, or functionings, to frame and analyze such inequalities (Sen 1992, 1997, 1999). Even within the capabilities approach, analysts and activists differ over which functionings and which inequalities to value (including how much to value them, and whether negatively or positively). Which inequalities matter economically, socially, or morally—and why? Sen's own perspective intentionally leaves open the question of the naming and relative weighting of particular functionings. At the personal level, he believes that individuals should have the freedom to determine what they themselves value, and at the society-wide level, he holds that open, pluralistic debate should shape which basic functionings are to be valued by the collective (Sen 1993, 1999). This paper is not about which inequalities policymakers or critics should address.¹ The paper, rather, assumes that a few functionings—e.g., having basic income, being well-educated, being in good health, and being able to appear in public without shame—are normatively desirable.

Inequalities in these and other functionings can be analyzed in multiple ways: through a comparison across individuals in a society (e.g., the Gini coefficient of income for individuals in Finland or some other country); as a differential-based comparison between social groupings, such as the difference between the average income of men and the average income of women in Finland; or as the comparison of inequality between such groups (such as comparing the degree of income inequality among men in Finland to the degree of income inequality among women in Finland). This paper refers most frequently to the first two types: inequalities across all individuals in a society and differential-based inequality along gender-based lines.

The remaining sections of the paper proceed as follows. Section 2 analyzes the conceptual linkages between inequality and well-being, and Section 3 offers a parallel analysis of inequality and agency. Section 4 considers ways in which the conceptual issues of attending to inequality and agency, alongside well-being, can be employed to expand development indicators. Section 5 presents conclusions and implications.

¹ I have elsewhere argued for the moral significance of the negative effects that severe inequalities of certain functionings have on persons at the lower end of those distributions (Hicks 2000, 2001, Hicks and Price 1999).

2 Inequality and well-being

Inequality, unlike absolute deprivation, is a relational phenomenon, concerning individuals across a distribution as a whole. In order to delineate how inequality—of income, for instance—affects an individual's well-being, that person's social or communal frame of reference must be named. It is possible, indeed likely, that a person's frame of reference entails more than one group: one's neighbourhood (as in observing one's next-door neighbour, famously depicted in James Duesenberry's [1962/1949] account of 'keeping up with the Joneses'), one's village or city, one's nation, and perhaps the 'globalizing' world as a whole (see Hicks 2001). If inequality is to be included in assessments of well-being, then relational, contextual factors must be taken into account. That is, an accurate understanding of personal well-being in the capabilities approach concerns not what one is able to achieve in some abstract location but, rather, it concerns what a person can attain within his or her own social context(s).

The question of the relationship between inequality and well-being raises the fundamental issue of individual-level versus society-level well-being. It is important to note that a diverse set of indicators of development, including income per capita and the Human Development Index (HDI), can each be calculated by the same general method for individuals or for societies.² Society-wide indicators offer a vision of the aggregate or 'average' level of development for citizens of that society. While income figures focus on one sphere of development, the HDI expands the assessment to three spheres—basic income, education, and health/longevity. Neither income-per-capita nor the HDI directly incorporates information about inequalities.³ How income, health outcomes (affecting life expectancy figures), or school enrolments and literacy figures are distributed is not included in these measures. These distributional concerns can be incorporated in a variety of ways, but doing so requires adapting the standard approach.

Information about inequality can be added in different ways into a society-wide or an individual-based assessment of well-being. For a society-wide assessment, such as the *Human Development Reports'* determination of an HDI value for each nation, attention to inequality of one form or another can be included as an indicator of its impact on the society as a whole. In most cases, the incorporation of inequality into development measures has had as a moral presumption that less inequality is preferred to more inequality.⁴ As a prominent example, the *Human Development Report 1993* (UNDP 1993) employed a country's Gini coefficient of income inequality to *discount* that country's average or aggregate income-per-capita figure within the HDI. In other words, for two countries with equal income-per-capita figures, the one with less income

² For the HDI, the component index for education, when calculated for a sole individual, would take on either a 0 or 1 value: '1' if the child is enrolled in school or if the adult is literate, and '0' otherwise. Purchasing-power-parity adjusted income could be discounted (for values above gross world product per capita) in the same way it is for the national figure. Life expectancy at birth might require employment of society-wide medical figures (and thus it would be a relational exercise in a limited sense) but the individual's particular features (e.g., gender, health at birth) could be incorporated into this determination. The calculation of the HDI is explained in UNDP 2002: Technical Note 1, p. 253.

³ For a fuller discussion of the HDI and distributional concerns, see Hicks (1997).

⁴ Often, however, the moral or social reasons to support the claim that less inequality is preferred to more inequality are not fully presented. I have offered my own normative account for constraining inequality in Hicks (2000).

inequality is (relatively) rewarded vis-à-vis the other. In my own work (Hicks 1997), I have incorporated inequalities in all three spheres of functioning in the HDI, and demonstrated, employing data for twenty developing countries, that Gini coefficients for education and health/longevity can be calculated. These inequality measures were employed, analogously to the income-based discounting of the income indicator in the *HDR 1993*, to discount the aggregate education and health/longevity components of the HDI. This method led to an Inequality-Adjusted Human Development Index (IAHDI).

Using a differential-based method of attending to gender-based inequalities, the UNDP introduced, within the *Human Development Report 1995* (UNDP 1995), the Gender-related Development Index (GDI). The GDI is calculated by reducing a country's HDI figure according to the degree of gender-based inequalities in the three relevant spheres of well-being. This differential-based approach adapts the HDI to penalize countries with relatively high gender inequalities.⁵

In contrast to these society-level evaluations that attend to inequality, individual-based measures of well-being focus more directly upon the impact of inequality on a person's overall capability and specific freedoms and achievements. Individuals fall on a particular point of a society's distribution of any particular socioeconomic good.⁶ That is, a person is located at the 10th, 50th, 90th, or some other percentile of an income distribution (or an educational attainment distribution, etc.). Analysts can ask whether and how an individual's location as a relatively poor, a middle-class, or a relatively wealthy person affects his or her well-being.

Critics of this approach could maintain that one's location in a socioeconomic distribution does not directly affect one's well-being. Rather, in the objector's view, the relevant question is how much, in *absolute* terms, of a given good that a person holds. Does the person have enough money, for instance, to meet one's basic material needs? It should not directly matter if the person falls at the 10th or the 50th percentile; it is important, instead, to know what the person is able to buy with his or her income. Knowing what a person is able to buy with his or her income is indeed a crucial dimension of determining well-being. But 'what a person is able to buy' is contingent on a number of contextual factors. The critic is likely to concede that an adjustment for purchasing-power-parity (PPP) is reasonable, since it is less important how many euros or dollars a person has than what kind of housing and food the person is able to acquire with that money.

Beyond this type of contextual factor, however, what is required for adequate functioning in a given context is a matter of relational, indeed distributional, factors. For instance, it is necessary in the contemporary United States, as in many other countries, to have a telephone in order to experience adequate functioning in that social context. Indeed, it is by now arguably necessary to have Internet access as well in order to be a

⁵ For a fuller discussion of the calculation of the GDI, see Anand and Sen (1995). For discussions of the GDI's shortcomings, see Bardhan and Klasen (1999) and Saith and Harriss-White (1999: 485-8).

⁶ Of course, a society's own figure—whether aggregate (e.g., GDP/capita) or distributional (e.g., Gini coefficient for income)—can be compared inter-nationally. For instance, Finland's GDP/capita can be placed on a distribution of income-per-capita (with each country's figure being weighted either equally or according to population), or its Gini coefficient for income can be ranked with that of other nations.

full participant in many societies. Ready and regular access to both a telephone and the Internet requires money-based expenditure. In general terms, as the average income of a society increases, the general social norms also change, requiring more financial expenditure, for instance, to purchase goods needed for any given level of functioning. The relationship between one's own holding of goods and the norms of the population are even more closely related when public goods are considered. In societies in which most people use public transportation, mass transport can be provided at some relatively low cost per passenger. As some or many people can afford and choose to use private transport (e.g., automobiles) the high fixed cost of mass transport is now spread among fewer users, and services are often either cut or made more expensive for riders, who tend to be the relatively poor. If these assertions are correct, then as the average income of a society increases, persons whose income does not go up, other things equal, see their well-being decrease.⁷

The functioning 'having adequate income,' in contrast to the simple good 'income,' can incorporate inequality directly. That is, the determination of precisely what income is adequate in any given context is influenced by the relational-relative factors noted above. Similarly, the functioning 'being well educated' can also vary by social context. As with income, being located at some percentile of educational attainment is not in itself a direct indicator of whether a person is well educated in that society or not. But in general terms, the duration and quality of education needed to attain any particular level of that functioning is affected by the mean and other characteristics of the distribution of years of education for a society.

One functioning that is often cited in the capabilities literature is what Sen, drawing upon Adam Smith, calls 'being able to appear in public without shame' (Sen 1983, see also Hicks 2000: 192). Smith explains:

By necessities I understand not only the commodities which are indispensably necessary for the support of life, but what ever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without. A linen shirt, for example, is, strictly speaking, not a necessary of life. The Greeks and Romans lived, I suppose, very comfortably though they had no linen. But in the present times, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty which, it is presumed, nobody can fall into without extreme bad conduct. (Smith 1976 [1776]: 869-70)

Smith's observation about the difference between eighteenth-century Europeans and more ancient peoples makes the point that this functioning varies by culture. In contemporary times the norms for appearing in public without shame clearly differ by culture and by level of affluence.

⁷ It may well be the case that less relevant than one's location at a percentile is some other measure of disparity—for instance, one's standard-deviation distance from the mean. This technical question is worthy of further work, but it does not affect the general point about relative position and well-being.

Consider a society with some degree of inequality of income, for instance, a level indicated by a Gini coefficient approximately 0.30. Person L (Lazarus) is at the 10th percentile and Person D (Dives) is at the 90th of the income distribution. Under the current economic conditions, Lazarus is having a very difficult time of making ends meet. He is barely able to afford the jacket that is customary in his society. Now consider that this society and economy changes so that every person in the lower half of the distribution retains the same PPP-adjusted income but everyone in the upper half of the distribution doubles their PPP income.⁸ The Gini coefficient and other indicators of inequality, thus, have increased dramatically. In this new situation, Lazarus can still afford what used to be the customary jacket. (Let us assume for this illustration that it is still possible to buy this jacket. If the market shifts in such a way that this older, simpler jacket is no longer produced, or produced only with a higher market cost, the situation is more grave for Lazarus.) Now Dives and his colleagues in the top half of society are wearing a new, sleeker jacket, one like the old one but with built-in connections and pouches for electronic devices, including cell phones, pagers, radios, etc. Lazarus cannot afford the new jacket, let alone the new electronic devices that everyone else seems to have. The new situation raises more than ‘merely’ the question of Lazarus’s feelings of social exclusion, significant as they may be. Indeed, the important role of social goods for achieving participation and social inclusion is a key point (Douglas and Isherwood 1979). It also leads to difficulty in more tangible terms for Lazarus, for without the new jacket, he appears dishevelled and inappropriately dressed when Dives interviews him for a job. He is unable to find a job. In broader terms, Lazarus finds it harder in this situation of increased inequality to participate in the life of his community.

As in this example, inequality often has a negative impact on the poorer person’s well-being in direct and indirect ways. Some critics might object to assessing as part of well-being what could be considered ‘only’ mental states like a person’s sense of stake or participation in society. Or, even if it is agreed that these states are important, the critic could maintain that it is impossible to measure in any meaningful, empirically defensible way a person’s sense of inclusion. In a similar vein, the functioning ‘being able to appear in public without shame’ is generally seen to be difficult to assess, even by those who concede it is an important part of well-being. In these views, it is preferable to focus on more tangible (even material) outcomes of a person. The crucial point, in an inequality-incorporating perspective, is to acknowledge that relational-distributional factors do play a role in a persons’ well-being, whether subjectively or objectively measured. The practical evaluation of such factors is admittedly difficult, but to note this fact is different than to state that these factors are not worthy of attention. As possible measurements of well-being are considered below, this point will be revisited.

⁸ In nominal terms, the incomes of persons in the lower half may well have increased in order to maintain their purchasing power.

3 Inequality and agency

The question of what degree of participation a person perceives herself or himself to have—and actually has—is a matter not only of well-being but also of agency. Agency can be defined in this discussion as a person’s capacity to achieve, within his or her social context, those things that he or she values. Agency (like well-being) can be analyzed in terms of freedom to achieve and in terms of achievements. Agency freedom is ‘what the person is free to do and achieve in pursuit of whatever goals or values he or she regards as important’ (Sen 1985b: 203), and agency achievement is the actual attainment of those ends. One of the principal things that a person can (and should) value is his or her own well-being. But he or she can also value other things, including the well-being of family members, friends, or even strangers, as well as aspects of life not necessarily directly connected to any specific person’s well-being.⁹

Sen contrasts the concept of the *agent* ‘as someone who acts and brings about change’ with the *patient*, who is merely acted upon, albeit for that patient’s own benefit (Sen 1999: 19). Throughout his corpus Sen emphasizes the value of agency, particularly for poor women and men, on intrinsic grounds as well as for its instrumental benefits for contributing to other vital functionings (Sen 1990, 1999, see also Nussbaum 2000). Indeed, along with the intrinsic value of agency, this literature has emphasized that women’s increased agency contributes to increases in well-being of others, especially their children (Sen 1999, Buvinić 1997).

Since agency has to do with the ability to bring about all of those things that a person values, and not only one’s own well-being, the issue arises of how persons attribute relative value, or weight, to their various ends.¹⁰ Much of the human development literature assumes that persons take their own well-being into account and give it some priority in their valuing of goals. But we must here take into account the criticism that Sen, Elster, and others aim at utilitarianism, namely, that persons adjust their mental states and attitudes according to what is possible (Elster 1983, Sen 1999). Sen recognizes the problem of adjusting one’s preferences to accept deprivation. He goes on to note the moral importance of creating social and economic conditions under which persons can make genuine determinations of value, free from oppressive conditions that constrain what they see as possible. This point suggests that along with considerations of persons’ achievement of well-being, attention should also be paid to the social, cultural, and economic factors that lead persons to give too little weight to their well-being in relation to other values they have. Thus, when speaking of agency goals in

⁹ Sen lists ‘commitment,’ such as to moral ideals or to a religious community, as an influence that can lead persons to pursue activities that are not beneficial to their own well-being (Sen 1985a). He contrasts commitment with sympathy, by which one’s concern for other persons is also (positively) related to one’s own well-being. Importantly, Sen’s usage of the word ‘commitment’ and its contrast with ‘sympathy’ should not be taken to mean that religious or moral commitments in the more common usage of the term cannot also positively influence one’s own well-being. Actual commitments (in contrast to Sen’s usage) can certainly entail the sense of sympathy that Sen (following Adam Smith) invokes.

¹⁰ Sen acknowledges that one’s agency might not be judged exclusively in terms of what that person values. He notes that one’s agency-based ‘achievements can be judged in terms of her own values and objectives, whether or not we assess them in terms of some external criteria as well’ (1999: 19).

addition to well-being, it is important to try to distinguish those agency ends from ones that are imposed by oppressive social conditions.¹¹

On this point of determining what agency is, Naila Kabeer (1999) rejects the view in which agency is readily equated to decision-making. It is not possible simply to count the number of decisions, for example, that women-as-housewives make within the household. It is, rather, a matter of how significant those decisions are and whether they merely perpetuate unjust social roles (see also Razavi 1999). Kabeer cites an Egyptian study that finds men typically make the fundamental decision of whether or not the family will use contraception; if and when that decision is made in the affirmative, then (and only then) does the woman typically have the power to choose the form of contraception (Kabeer 1999: 447). She draws a distinction between *efficient agency* (making decisions within the given social constraints) and *transformatory agency* (making decisions that can change one's social or economic status) (Kabeer 1999: 452). Only the latter form of agency, in her schema, can lead to poor women's empowerment.

Focusing on women's roles vis-à-vis men's roles in differing social contexts illuminates the impact of agency on inequality. It is now well established that increasing women's agency, including through education and entrance into the formal labour market, has a significant effect on women's well-being (Nussbaum 2000, Sen 1999). Sen argues that when women have the opportunity to enter the formal labour market, their agency tends to increase. This can be understood in terms of an increase in relative 'negotiating power' vis-à-vis their husbands or others within the 'cooperative conflicts' of the household (Sen 1990, see Hicks 2002). In a related, but broader understanding, access to educational institutions and the formal labour market expand one's understanding of, and ability to engage with, social contexts beyond the household.

A converse question concerns whether persons in situations of greater relative deprivation (e.g., in situations of more severe inequality) are more likely to have adapted their attitudes and to have internalized unjust conditions, instead of standing up for their own well-being. The literature on the role of women's relative empowerment or disempowerment supports an affirmative answer. One difficulty of measurement on this question is the fact that many potential indicators of lack of agency are also indicators of inequality—women's relatively low school enrolments or literacy, for instance. By the framework of cooperative conflict and negotiating power, women with the lowest relative status vis-à-vis their husbands (and vis-à-vis society as a whole) are in the worst position to effect change.

In making her distinction between effective agency and transformatory agency, Kabeer notes the finding that women's increased agency is seen to improve (i.e., reduce) excess female mortality vis-à-vis the boys' rate (while the boys' rate does not go up). This is a clear example of an increase of transformatory agency for females as a whole that leads to a reduction in gender-based inequalities. Indeed, the value of local women's

¹¹ This task, by definition, requires some external means of valuation that reflects a set of normative assumptions about what is to be valued. This external means need not be a universal or even fully objective one; it might be based, for example, upon the statements and convictions of local persons whom other local persons consider to be wise. These issues strike at the heart of the standard economic assumption that each individual person is the best judge of his or her own well-being, but this rethinking is necessary in order for these social influences upon agency to be taken into account.

cooperative and micro-lending initiatives—at least those that reshape structures—can be cast in broad terms of the effect that women’s increased agency has on reducing gender-based disparities. Such programmes also have a direct effect on the well-being of many persons.

4 Incorporating agency and inequalities in development indicators: challenges of measurement

If the previous sections are correct in asserting that both inequality in various forms and agency are important components of understanding development and are related in complex ways to well-being, there still remains the issue of how to attend to them empirically. This section discusses the challenges confronted in designing development indicators that adequately take account of agency and inequality. Consistent with this paper’s attention to the agency and well-being of persons at the lower ends of socioeconomic distribution, this section focuses on poor persons. It pays particular attention, however, to poor *women*, for two reasons: First, it is clear that many of the most prominent forms of discrimination in various societies are gender-based. Second, this focus on one group of persons (i.e., females) vis-à-vis another group (i.e., males) is illustrative for other kinds of differential-based analysis as well.

One important effort to measure women’s agency within discussions of development is the Gender Empowerment Measure (GEM) introduced by the UNDP, along with the Gender-related Development Index (GDI), in 1995. The emphasis of the GEM is to evaluate the participation of women in economic and political life, particularly high-level decision making (UNDP 1995, 2002). But the kinds of participation measured are those that, in almost all cases, only elite women are able to attain: seats in parliament, positions as legislators, and senior officials and managers. Variables for these forms of participation—high-level, formal leadership—make up two-thirds of the index. The additional component, counting as one-third of the index, is based upon the comparison of income shares for men and women; this is indeed an important variable that incorporates information about women vis-à-vis men across the socioeconomic distribution (see UNDP 2002: 257). But since it compares the mean estimated earned income for each sex, this indicator is not reflective in a specific way of the relative situation of *poor* women. The GEM’s innovative focus on women’s empowerment, then, sheds very little light on the agency of the most disadvantaged women.¹²

The challenge remains to focus on *poor* women’s ability to have a positive impact on achieving what they value. As noted above, Kabeer demonstrates the problematic nature of the most relatively straightforward way of developing such an indicator, that of measuring the decision-making roles (e.g., through self-reporting surveys) that women hold. In order to reflect the ability of women to pursue what they would value if they did not unduly adapt to or accept social injustice, an indicator must not include those decisions that simply perpetuate a woman’s position of relative deprivation.

The society-wide and individual-level distinction, noted above for discussions of inequality and well-being, is also relevant for agency. If the interest is to incorporate

¹² See Bardhan and Klasen (1999) for a related criticism of the GEM.

agency concerns into a society-level indicator, the question becomes: whose agency? Which persons (from the whole population or the population of all women) are included? The case of the Gender Empowerment Measure serves as an example of an agency-based indicator *not* particularly sensitive to persons with the least agency. What is needed, in contrast, is a measure most sensitive to the change in decision-making and voice-making power of persons who begin with little power in the first place.¹³ In response to Kabeer's caution against including non-transformative decisions, it is necessary to make a choice about which decisions or actions reflect genuine voice and control over one's own life. This determination is likely to be highly context dependent, varying from one society to another (and perhaps even from village to village).

As a whole, such an exercise is necessarily and inescapably normative, both in the decisions and actions that are seen to be agential and in any weighting across a population to reflect greater sensitivity to the most disadvantaged. This is not especially controversial, for all discussions about which indicators to employ—even if one values only income per capita (a valuation that gives 100 per cent importance to income and 0 per cent direct importance to any other indicator of well-being)—are based on some assumption about what counts and what does not in social, economic, or moral evaluation. Analysts of inequality have shown that the standard measures of inequality have normative assumptions built in (see Hicks 2000: 247-51).

A further note about constructing an indicator of agency is in order. Section 3 suggested that persons at the lower end of severely unequal socioeconomic distributions are more likely than better-off persons in that distribution (or persons at the same place in a less severe distribution) to have adapted their attitudes to accept injustice, specifically, to devalue their own well-being relative to concern for others. It would be a mistake, however, to imply that analysts should design an indicator that relates decreased concern for others as somehow desirable for well-being. In other words, the goal is not to decrease concern for others; it is to create social, economic, and cultural conditions in which persons can properly attend to their own well-being and to pursue other ends they value, including concern for others. Self-regarding and other-regarding behaviour need not be mutually exclusive, and analysts should not view the relationship as such in their modelling. At the same time, however, it should also be borne in mind that persons sometimes do make tradeoffs between their own well-being and the well-being of others.

Alongside the consideration of agency, especially as it is affected by one's socioeconomic position, development indicators can also attend directly to inequality. Should inequality itself be considered in development indicators—for example, either in the GDI (a female-and-male differential-based approach, as in UNDP 1995) or in the IAHD (based on Gini coefficients for the whole population, as in Hicks 1997)? Or, alternatively, if analysts devise a way more directly to assess agency, especially that of disadvantaged persons, then would it be no longer necessary to incorporate inequality

¹³ If a choice were made to look at the women in the bottom 20 per cent (or 40 per cent or 50 per cent) of a distribution—thus focusing on those experiencing the most disadvantage—there would be a problem of monitoring progress over time, because persons who acquire agency tend to move out of the bottom portion of the population. For this reason, it is preferable to choose indicators that attend to all women (or the population as a whole), but with weighting that gives preferential attention to persons closer to the bottom of a distribution.

information in development measures? This paper has suggested that inequality can have negative effects on both the well-being and the agency of persons at the lower end of socioeconomic distributions. It may be possible to refine present indicators to assess more directly some of these well-being and agency effects. Although a precise account of inequality's myriad influences on a given society is context-dependent and therefore beyond the scope of this paper, severe disparity can have negative effects on social relations that in all likelihood cannot be completely captured in any other indicators. Importantly, rich and poor alike arguably experience the impact of severe inequalities on social solidarity.¹⁴ Given the complexity of inequality's effects on social or communal life, data on inequalities of important social goods continue to provide important information for society-wide indicators of development.

In terms of individual (as opposed to society-wide) assessments of well-being or agency, the influences of inequality can be evaluated by more direct means. The decisions that persons make, and the ability to participate more generally in society, can be determined in terms of functionings. More simply stated, for a given person in a specific social context, the response to the question, 'Is she well educated?' will take into account the relational information, along with other information, about that person. The contextual factors are also built into determination of more complex functionings, such as being able to appear in public without shame.

The assessment of functioning level is made more readily at the individual level than at the society-wide level because for individuals, these functioning determinations can 'build in' relevant relational information. It is conceptually possible at the society-wide level as well to aggregate individual information in such a way as to focus on functionings and not goods. But in practice, given the limitations on data availability as well as the importance placed on easy cross-national comparisons, the human development approaches continue to focus on goods—such as basic income or years of education—as proxies of functioning.¹⁵ Inequality-based information about how income, schooling, or years of life are distributed in a population can help improve the estimation of actual functioning and capability for society-wide determinations of agency and well-being. This same kind of information is needed for individual-level assessments of development, but it may be incorporated into the functionings themselves.

¹⁴ As one possible example, wealthy persons in a society of vast inequality may experience a lack of agency in terms of their ability to help reduce poverty. Public discourse in the United States about global and domestic poverty often includes reference to the belief that even if persons had the conviction to help the poor, their own efforts would be nearly futile. It would be valuable for scholars to undertake further study on the effects on agency of rich and poor alike of increasing (or decreasing) inequalities.

¹⁵ Life expectancy is admittedly a closer reflection of (projected) functioning than income figures are an indicator of having basic access to goods and services.

5 Conclusions and implications

This paper has sought to delineate the complex interrelationships of inequality, agency, and well-being, especially as they pertain to the efforts by policymakers and activists to understand and evaluate development. One way to harness effective efforts against absolute and relative deprivation is located in the positively reinforcing circle between reducing inequality and improving agency. In Sen's language, the best hope for improving human well-being of the most disadvantaged persons in our societies and globalizing world is not for leaders and development experts to rescue patients; rather, development efforts should equip persons to be agents of their own improvement.

Language of agency, empowerment, and even participation is currently not as precise as it could be in the development literature (see Cleaver 1999). Agency is more fundamental than simply decision-making; it is about ability to make those decisions and to exercise one's voice in ways that can help persons and groups remove disadvantage. While there is good reason to value increasing agency in terms of (elite) women's participation in high-ranking leadership positions, such as in the GEM measure of the UNDP, attention must also be paid to the less obvious shifts in the lives of persons with little or no voice as they incrementally develop their ability to participate in the life of their society.

The analysis of this paper helps to show that the capabilities approach, although it is based upon what *individuals* can and do achieve (see Gore 1997, Craig 2003), certainly can incorporate focus upon social structures. Indeed, to examine Sen's and Nussbaum's respective writings on gender-based discrimination is to see that the capabilities approach is concerned centrally with questioning (and transforming) social structures of injustice that keep individuals and groups from attaining agency and well-being (Hicks 2003). This paper builds upon the capabilities approach to clarify ways in which person's concern for others, within structures of injustice, sometimes negatively impact their own well-being. The emphasis on the positive relationship between the agency of women and the well-being of their children (see Sen 1999: 195-8) must remain where Sen and Nussbaum intend it—within a framework that acknowledges the *intrinsic* importance of women's well-being and agency. This framework requires critical reflection on discrimination and social justice.

This paper has not specified particular indicators of agency that can be used—either at the society-wide or individual levels. More work—theoretical and empirical—is needed to find specific indicators of agency. Which decisions and actions reflect genuine voice and influence? More important than any list of agency indicators is the social reflection about what conditions must be necessary for agency to exist. Indeed, the very creation of public discussion in local contexts about what agency, participation, and empowerment look like is a way to increase the agency of those who take part in it.

Finally, alongside attention to agency, the paper calls for an expanded use of inequality indicators within measures of development. At the society-wide level, inequality indicators can be integrated (in different ways) with indicators of aggregate achievement. At the individual level, distributional information—specifically, information that accounts for one's location at a point in the distribution—can be incorporated into the determination of particular functionings. Viewed together, inequality and agency expand our understanding of development. The admittedly complex task of modelling development in ways that account for these concepts will yield more precise accounts of who benefits, and in what ways, from the processes of development.

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