

# Chapter 4

## Qualitative Freedom



Our previous studies have shown: Freedom cannot be analyzed from a value-neutral standpoint. Whereas the options of robots can be adequately described in purely quantitative terms, the freedom of humans requires that we transcend talk of “overall amounts,” i.e., the sheer “quantity of freedom.”<sup>1</sup> This is increasingly recognized today, and the importance of qualitative considerations is thus evermore frequently acknowledged.<sup>2</sup> Yet, often only as a small concession by a still predominantly quantitative way of thinking, according to the motto that one could privately live out qualitative moments in that space opened up by a policy orientated by the quantitative conception of freedom.<sup>3</sup> One only needs to create enough space for variety to let a thousand flowers bloom, including the flower of qualitative freedom. But manifoldness is not a quantitative concept. *Multiplicity* (*Vielzahl*) is quantitative. *Variety* (*Vielfalt*), in contrast, aims at *diversity* in the multiplicity: at a multitude qualitatively classified.

This can be illustrated by the example of the relation between public and private transport. Whenever, for instance, someone in the USA is thinking about commuting to work, in most cases they only have a choice between different cars; the possibility of cycling or taking the train frequently does not exist for lack of bike paths or efficient public transport options; often simply because the only connection between two places is a highway. Assuming that the automobile market in the USA is flooded with considerably more brands and models than in Europe, purely quantitatively (in the sense of sheer multiplicity), the multitude of options for the freedom of private transport would be greater. Qualitatively, on the other hand (in the sense of significant variation), the choice appears deplorably narrow. In many places there is no real choice between different means of transport. The morale of the story:

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<sup>1</sup> Miller, *Constraints on Freedom*, 83.

<sup>2</sup> The idea of “qualitative freedom” has already been taken up in the political discourse. See, for instance, the introduction by Christian Linder in Philipp Rösler & Christian Lindner (eds), *Freiheit: geführt – gedacht – gelebt: Liberale Beiträge zu einer Wertediskussion* (Wiesbaden, 2009).

<sup>3</sup> See Eric Nelson, “Liberty: One Concept Too Many?,” *Political Theory* 33:1 (2005), 58–78.

Whoever wishes for a genuine variety of opportunities is demanding qualitative, not just quantitative, freedom. Only the qualitative difference makes colorful variety out of colorless multiplicity.

But *which* freedoms belong within that sphere of possibilities worth protecting? All of them? Even destructive ones? There must be a choice<sup>4</sup>; therefore – as the previous chapter has shown – even theories expressly committed to a quantitative model of thinking ultimately fall back upon qualitative distinctions. Something similar also occurs in the opposed case. Every qualitatively directed theory must also pick out certain freedoms which should first be realized from a set of competing alternatives, and then indicate the extent to which these should be protected and the point at which other freedoms should be given a chance. Qualitative freedom has therefore to quantify the freedoms with which it deals. Quantitative and qualitative conceptions of freedom therefore both complement one another, albeit in different ways.

In quantitative thinking one must, without fail, always pick out from competing freedoms that one which leads to more options now and in the future. It is a question of an *absolute* measure between options and their assumed consequences. The highest numerical value of options is automatically awarded the highest freedom value. Yet wherever quality results from quantity alone, the former is ultimately reduced to the latter. In the framework of quantitative theories of freedom, quantity turns out to be the (only accepted) quality of freedom.

Not so in qualitatively orientated theories. They recommend giving priority to those options that fulfill certain material criteria, like, for example, human dignity, reasonableness, reciprocity, universalizability, autonomy, promotion of capabilities, etc.<sup>5</sup> For such a comparison, *relative* relations of rank suffice. A proponent of a qualitative theory must therefore not precisely *weigh* (*abwiegen*) the liberty content of certain options to the nearest gram; he will, however, *weight* (*abwägen*) the attractiveness of different possibilities. One can, for instance, meaningfully say that the freedom to express a certain opinion is more essential than the freedom to drive upon a certain side of the motorway, yet without measuring exactly *how much* better the first option is than the second.

In terms of econometrics, quantitative freedom demands cardinal scales with commensurable measures, whereas qualitative freedom establishes ordinal taxonomies which also allow for comparisons between incommensurable goods. This theoretical difference has noticeable practical consequences. For example (and to anticipate the following chapter), while, in the framework of quantitatively directed types of freedom, an increase in private options – for instance within a free market economy – is to be approved per se, qualitatively directed liberalisms are more discerning and can also take account of the nature of those options (as well as their opportunity costs). Mass is not class, and freedom is therefore also not to be simply equated with market freedom.<sup>6</sup> While theories directed towards quantitative

<sup>4</sup> See John Christman, "Saving Positive Freedom," *Political Theory* 33:1 (2005), 79–88.

<sup>5</sup> See Martha Nussbaum, *Creating Capabilities*, 32.

<sup>6</sup> See Eric MacGilvray, *The Invention of Market Freedom* (2011).

freedom, for instance, normally paint the market as a paradise of economic freedom, since it, according to their definition, is nothing other than the location and aggregate of voluntary acts of exchange,<sup>7</sup> there is something decidedly more terrestrial about theories of qualitative freedom. They ask about the quality of market transactions and investigate how free those ‘voluntary’ acts of commercial exchange really were. Was necessity in play or did manipulation take place?<sup>8</sup> Are we also to accept voluntary transactions that undermine human dignity?<sup>9</sup> How, moreover, do things stand with unethical and dishonorable deals?

Because of such reflections, qualitative freedom will not approve of every increase of options and will not consistently define economic aims in the sense of a purely quantitative growth.<sup>10</sup> Rather, a balance *between* freedoms ought to be found: certainly, between economic freedom on the one hand, and political and cultural freedoms on the other. Yet also between the economic freedom of this and that citizen, as well as, of course, likewise between different forms of economic freedom, for example between economic aims that are short-term or long-term, or are more or less ecologically and socially sustainable (see Sect. 5.2). When, accordingly, tendencies of economic maximization are being curtailed, we are not – in contrast to common neoliberal and libertarian stereotypes – witnessing an assault upon freedom,<sup>11</sup> but rather – as we will presently show from the theories of freedom of John Kenneth Galbraith and Amartya Sen – different forms of freedom competing with one another.

Qualitatively oriented liberalism demands a primacy of the political and the societal debate about which targets our economic freedom should satisfy. It thus re-establishes upon a liberal foundation the deference of economics to politics and of politics to ethics, recognized as mandatory from Aristotle to Adam Smith, but subsequently noticeably displaced in economic thinking. Of course, economic freedom is not to be abolished in the name of political freedom.<sup>12</sup> Yet, conversely, as Galbraith and Sen stress, the freedom of some to engage in wild transactions may also not undermine the freedom of all to participate in economic life and sociopolitical cooperation. Freedom will only be defended by all, if it funds for the liberty of all.

So, indeed: “Freedom does not only belong to the rich.”<sup>13</sup> Some may sleep under the open sky, possibly because they are admirers of the firmament, or perhaps also because they lack the means for providing a roof over their head. The former have the freedom to make use of shelter, the latter not. Therefore, since freedom *de facto*

<sup>7</sup> See John Thrasher, “John Tomasi: Free Market Fairness,” *Public Choice* 159:1–2 (2014), 309–311.

<sup>8</sup> See Richard Arneson, “Meaningful Work and Market Socialism Revisited,” *Analyse und Kritik-Zeitschrift für Sozialwissenschaften* 31:1 (2009), 139.

<sup>9</sup> See Martha Nussbaum, *Creating Capabilities*, 35.

<sup>10</sup> See Philip Mirowski & Esther-Mirjam Sent (eds.), *Science Bought and Sold: Essays in the Economics of Science* (Chicago & London, 2002).

<sup>11</sup> See Colin Crouch, *The Strange Non-death of Neo-liberalism* (Cambridge, 2011).

<sup>12</sup> See Parijs, *Real Freedom for All*.

<sup>13</sup> See Herzog, *Freiheit gehört nicht nur den Reichen*.

depends upon conditions – whoever involuntarily sleeps outside is unfree – the theory of qualitative freedom shifts attention towards the *enabling conditions* of real freedoms and socio-economic capabilities. The philosophy of qualitative freedom therefore reformulates the concept of economic freedom so that it comprises not only the transactional freedom of some, but rather the participatory freedom of all.

## 4.1 Fair Freedom (John Kenneth Galbraith)

With Milton Friedman (1912–2006) and John Kenneth Galbraith (1908–2006) there passed away, a decade ago, the two most influential U.S. American economists of the twentieth century. Although, in the German perception, Milton Friedman played a greater role, internationally the title “most widely known American economist of the twentieth century” is typically being awarded to his intellectual antagonist, Galbraith.<sup>14</sup> With his theoretical writings and socio-critical novels, Galbraith acquired worldwide fame, from Russia, through India, to Latin America. In public life in the USA, he took up the glove for Keynesianism. In the academic world, Galbraith made a name for himself through modifying Keynesian doctrine with regard to applied economics and organized politics. Furthermore, as US-Ambassador to India as well as John F. Kennedy’s ghostwriter and personal as well as political advisor, he exerted significant influence upon American politics.

In the last few years, research on Galbraith has been revived.<sup>15</sup> Particularly as a result of his crystal-clear studies concerning the nature of global financial crises, the economic aspects of his works have received the most attention. Galbraith’s contributions to the socio-political philosophy of the present and the relevance of his economic theory for the philosophy of freedom have, up to now, been studied less. Yet, here too he has much to offer. John Kenneth Galbraith connected economics to the discourse on individual freedom and social justice, developing a qualitatively directed concept of freedom; not via reflections on abstract philosophical principles, but rather by means of an analysis of concrete socio-economic issues.

Galbraith’s theory of freedom takes its departure from a critique of the prevailing methodology in economics. His core thesis is that economics could far better grasp and employ the potential for economic emancipation if it were only to proceed with more self-reflexivity. Neoclassical axioms are to be questioned, in order to scrutinize the recommendations for political action of a neoliberal conservative nature

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<sup>14</sup>Richard Parker’s biography (*John Kenneth Galbraith: His Life, His Politics, His Economics* [New York, 2005]) surpasses in precision and detail all the other presentations of Galbraith’s life and work provided up to now; its particular merit lies in its competent arrangement of Galbraith’s intellectual biography in connection with recent economic and political history.

<sup>15</sup>See Stephen P. Dunn, *The Economics of John Kenneth Galbraith: Introduction, Persuasion and Rehabilitation* (New York, 2010); Blandine Laperche, James K. Galbraith & Dimitri Uzunidis (eds.), *Innovation, Evolution and Economic Change: New Ideas in the Tradition of Galbraith* (Cheltenham & Northampton, MA, 2006); Kevin Mattson, *When America was Great: The Fighting Faith of Postwar Liberalism* (New York, 2004).

resting upon them. It is imperative to confront those doctrines with a concept of economic and political freedom that relates affirmatively to its legal preconditions, to its social and ecological obligations, and to its cultural presuppositions, thus aiming to harmonize personal autonomy with economic reality. Galbraith strives for an economics, not of quantitative maximization, but of qualitative optimization, which orientates the economy not only towards material aims, but also towards aesthetic, moral, social, cultural, and ecological goals.

### 4.1.1 *Democratized Economics*

According to Galbraith, economics has the noble goal of emancipating citizens so that they may autonomously co-determine their economic environment. To that end, economics, the doctrine of the economy, must be conducted in such a way that the public can form an informed judgment about decisive political and economic questions. Yet it is precisely with this demand, Galbraith complains, that economics does not comply. Instead of providing enlightenment about reality and transparency about what's truly decisive, within the economic guild theorizing often tends towards the trivial or fictional. In the constant rehashing of conventional wisdoms, academic economics constructs theories, whose popularity can be explained less objectively than subjectively, i.e. as resulting less from relevant disclosures than from the “vested interest in painfully acquired error” accepted within them. Academic economists, Galbraith notes derisively, have been all too willing to pay homage to “what is closest in belief and method to the scholarly tendency of the people who already have tenure in the subject” (AAL 135).<sup>16</sup> Instead of serving the truth, they prefer to serve their own careers.

How could this happen? When and where did economics lose its compass? In search of an explanation, Galbraith tracks the history of economic thinking and shows that, in the endeavor to become more scientific, in the eighteenth and nineteenth centuries, economics separated from moral philosophy and the social sciences. Economics, which, formerly, as *political* economy or national economy dealt with concrete economic conditions and their legal directives, has, according to

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<sup>16</sup>The quotations follow the following scribal abbreviations: AAL: *Annals of an Abiding Liberal* (New York, 1979); AC: *American Capitalism: The Countervailing Power* (New York, 1993); AP: *The Anatomy of Power* (New York, 1985); AS: *The Affluent Society* (New York, 1958); AU: *The Age of Uncertainty: Points of Departure* (New York, 1978); CC: *The Culture of Contentment* (New York, 1993); CCC: *Capitalism, Communism, Coexistence: From the Bitter Past to a Better Prospect* (New York, 1988); ED: *Economic Development* (Cambridge, 1964); EIF: *The Economics of Innocent Fraud: Truth for our Time* (New York, 2004); EPL: *A Contemporary Guide to Economics, Peace and Laughter* (New York, 1971); EPP: *Economics and the Public Purpose* (New York, 1973); GC: *The Great Crash 1929* (New York, 1954); GS: *The Good Society: The Humane Agenda* (New York, 1996); LT: *Life in our Times: Memoirs* (New York, 1983); M: *Money, Whence it Came, Where it Went* (New York, 1975); NIS: *The New Industrial State* (New York, 1986); VS: *A View from the Stands: Of People, Politics, Military Power, and the Arts* (New York, 1986).

Galbraith, restricted itself to increasingly abstract questions. The goal of this undertaking – to work on economic problems free from values and experience, and to find universally valid solutions for them – was, however, never achieved, according to Galbraith. The reason: Economists followed the wrong paradigm, a scientific model inappropriate for their epistemic object, “the economy,” as it abstracts the economic life from its historical and socio-political contexts.

In being orientated by a formally quantitative ideal of science borrowed from physics, especially mechanics, economics increasingly proceeded to measure the scientific status of theories against the ability to quantify their elements and to mathematicise their discoveries.<sup>17</sup> Yet, this orientation can cloud the view of descriptive findings as well as of normative arguments. Certain realities can only be grasped qualitatively, and not quantitatively – and yet, in the end, they are no less real or meaningful. Some arguments will only be formalized late in the day and others perhaps never – notwithstanding being just as significant. Nevertheless, within established economics, as a rule, everything offered in “oral rather than mathematical” presentation becomes “readily dismissed by the men of scientific reputation or pretension” (EPL 96). And that, Galbraith explains, leads to a questionable self-immunization against all information that does not fit with prevailing convictions.

In particular, in the face of drastic social changes, the mechanical paradigm of conventional economics obscures the view: “Thus does a scientific or pseudoscientific posture direct economics away from accommodation to underlying social institutional change. And it does so with the blessing of presumptively scientific attitude, method and conscience” (EPL 96). Galbraith explicates this by means of the basic model of neoclassical economics: The competition of multiple suppliers. While instructive for the period from 1750 to 1850, this model unsatisfactorily reflects the modern reality of large oligopolies with influence on macroeconomic frameworks. Yet Galbraith is keenly interested in those structures of modern industrial society and their historical formation, because they led to a transfer of economic power – with far-reaching consequences for the moral evaluation and political coordination of economic relations.

Galbraith’s critique of academic economics: Instead of being orientated by contemporary facts, until far into the 1970s, economic theories preferred to be orientated at bygone constellations, for instance, small agrarian family businesses, which, because of their tiny size, are in no position to distort the equilibrium prices (postulated by neoclassicism) on the job market (NIS 411). Yet the marked pressure that, in their agreements about collective pay, unions and large corporations exerted upon societal price developments, was, for a long time, not studied in detail, or even dismissed as theoretically irrelevant. Thus economics denied itself the possibility of

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<sup>17</sup> See George Lennox Sharman Shackle, *Epistemics and Economics: A Critique of Economic Doctrines* (Cambridge, 1972), 360; Deidre McCloskey, *Knowledge and Persuasion in Economics* (Cambridge & New York, 1994), 9ff.; David Colander & Arjo Klamer, “The Making of an Economist,” *The Journal of Economic Perspectives* 1:2 (1987), 95–111; Lawrence Summers, Nils Gottfries & Birgit Grodal, “The Scientific Illusion in Empirical Macroeconomics,” *The Scandinavian Journal of Economics* 93:2 (1991), 129–148; Robert M. Solow, “How Did Economics Get That Way and What Way Did It Get?,” *Daedalus* 126:1 (1997), 39–58.

appropriately describing the *actual* trends in wages and prices. This adversely manifested itself in the stagflation crisis of the 1970s, when stagnation and inflation appeared together, although this was ‘theoretically impossible.’ As a result, this crisis intensified as academic economics, guided by unrealistic models, formulated policy recommendations highly inappropriate for the actual conditions.

Such clumsy treatment of historical change and political contexts, is, Galbraith believes, largely the fault of economics’ aping the epistemic model of the natural sciences. The object of physics remains the same; scientific advance thus results from an increasingly exact and evermore specialized description of the given. By emulating this model, academic economics hoped for a better comprehension of its object and sought to force this through by means of an ever-further specialization and ever-finer division into sub-disciplines (NIS 411). In the event, however, this simply produced an inoculation of the economic disciplines against important information from surrounding fields, inside as well as outside economics, and consequently increasingly estranged economists from the facts and facets of real life. Quantitative calculations displaced qualitative thinking and mathematical constructs supplanted phenomenological reconstructions.

Yet, of course, ‘the economy’ nowhere exists as a timeless and forever established entity. In all places, economic activity appears in different forms, subjected to manifold, often simultaneously emerging, cultural and political influences. Trains of economic events are, furthermore, reciprocal and reflexive in the highest degree. Abstracting from all of that is a source of inevitable error (NIS 403). If, for example, social change appears at the same time in many economic subsystems, the application of *ceteris paribus* rules must yield to a more comprehensive perspective, which, as far as possible, includes all entities undergoing change. If that is not done, the actually causal factors become obfuscated and causality is instead ascribed to – in and for themselves – irrelevant phenomena. This then results in doubly erroneous recommendations for action: Initially, one recommends that factors be acted upon which do not at all causally influence events in the hoped-for sense. Finally, from the failure of such measures, one concludes that they were not enforced strongly enough: moderate measures are intensified; thus producing dramatically accumulating failures (NIS 405).

A case in point is market theory: A market, where trade takes place under fair competitive conditions, does not fall from the sky, but rather is often the result of centuries of cultural efforts and legal policies to eradicate individual or organizational *free-rider* behavior.<sup>18</sup> A theory that, for methodological reasons, obscures all such social and cultural influences, however, must make the market appear as a quasi-natural phenomenon producing its own equilibrium. When such a market is disrupted, one will tend to attribute this to undue interference on the part of society and thus seek to optimize the market through deregulation. When this fails to work,

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<sup>18</sup> See Marshall David Sahlins, *Stone Age Economics* (Hawthorne: New York, 1972), 85f.; S. Todd Lowry, *The Archaeology of Economic Ideas: The Classical Greek Tradition* (Durham, 1987); Karl Menninger, *Number Words and Number Symbols: A Cultural History of Numbers* (Cambridge, MA, 1969), 212f.

one must conclude that the market was not yet deregulated enough; and that is then repeated, until the previously still partially intact market collapses completely. The blame for this is consequently (*ex post*) attributed to grave asymmetries of power and information (for example, oligopolies), whose fateful effect, however, was first of all (*ex ante*) made possible by massive deregulation.

Whoever, on the other hand, like Galbraith, includes the market's social and cultural conditions into the analysis, would not strive to reestablish that (at any rate, fictional) natural condition of the market. Rather, a socially and culturally embedded economics would demand an adjusting of the framework and environmental conditions of markets so that free and fair relations of exchange prevail. Such an economics would thus bid rather than forbid economic policies aiming at market design.

### 4.1.2 *Democratic Economy*

John Kenneth Galbraith wishes to liberate economics from its self-induced alienation from politics. He sees and shows that the mathematical narrowness of economic theory is in no way simply a matter of innocent academic abstraction. Whenever non-quantitative factors drive economic activity, their theoretical occlusion leads to erroneous conclusions. An economics, for instance, which, through its methodological commitments (for instance to the *homo oeconomicus* as a strictly rational pursuer of given preferences) is prevented from understanding how and from whom (through advertising, marketing, etc.) citizens are influenced in their (often irrational) decisions, does not serve the common interest. It serves, as Galbraith never tires of reminding us, identifiable – yet thus far unidentified – special interests.

Similarly, the conventional exclusion of the topic of 'power' from economics lets the influence of organized interests upon economic regulation and redistribution vanish only from theory, but not from practice (AL 136). Wherever this influence takes place without being thematized, economics does not present – but rather veils – reality. Consequently, economics easily becomes the ideology of the establishment, or – as Galbraith sharply formulates it – the “influential and invaluable ally of those whose exercise of power depends on an acquiescent public” (AAL 151). Only where economists identify economic power – and the dangers it may pose for freedom – can politicians regulate it.

Whoever deceives, robs freedom. False information makes subjects capable of autonomy into heteronomously controllable objects. People can effectively pursue their own ends only on the basis of a sufficiently adequate picture of reality. Whoever manipulates this picture, subsumes persons – as mere means – under the aims of others. Illusion is damaging (*schädlich*), deception disgraceful (*schändlich*), for the first instrumentalizes people unwittingly, whereas the second does so wittingly. Scholars therefore have an important societal responsibility whose evasion is morally culpable.



This flies in the face of the customary refusal of economists even to recognize that the object of their investigation is co-created by themselves through conceptual constructions.<sup>19</sup> The real influence of economics upon the economy and society is strengthened through that denial, according to Galbraith, as it leads to economics being subjected to far too little skepticism, first by its proponents and consequently also on the part of society. Their recommendations, when presented as solely ‘scientific,’ appear unpartisan. That is awkward for the social responsibility of economists: The less economics takes itself to be shaping reality, all the more indifferently to the societal consequences of its counsels will it proceed. Economists like to let themselves and others believe that they merely describe, never prescribe, economic ‘laws.’

Yet since recommendations for economic and political action are supported by the theoretical descriptions of economics, it is, according to Galbraith, imperative to recast economics as a self-critical social science so as to make it democratically accountable.<sup>20</sup> Many economists object that they would – and could – not be doing normative scientific work. In the course of the *Werturteilsstreits* at the beginning of the twentieth century, the majority of economists embarked on a positivist course. They sided with the view that economics did not have to consider the aims of economic activity, but only served to explain the most intelligent employment of multiply usable, scarce means for given ends.<sup>21</sup> Until today, many economists refuse to discuss the appropriate (individual and societal) ends of economic action. This they mostly legitimate by an outwardly modest abstinence from ultimate justifications and/or a resolute reference to the non-quantifiable nature of the qualitative valuations inevitably involved within determining aims.

According to Galbraith, economics thereby pulls the wool over its own eyes. Even if it avoids explicit (categorical) orientations, economics nevertheless must at least implicitly (hypothetically) align itself with certain aims and measurements in order to make even the simplest strategic recommendations as well as to formulate a research perspective integrating its sub-disciplines. That indeed occurs, of course, and thus economics opts in general for “more” (in questions concerning supply of goods, production, employment, etc.) rather than “less” (NIS 408). After all, it is not so long ago that microeconomic success was evaluated predominantly by means of the gross domestic product and macroeconomic success measured merely by means of a plus in the ‘bottom line.’

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<sup>19</sup> Galbraith is not alone in holding this view: “In natural science, what is thought is built upon what is seen; but in economics, what is seen is built upon what is thought” (Shackle, *Epistemics and Economics*, 66); for more detailed information about this thesis see Warren J. Samuels, “Galbraith on Economics as a System of Professional Belief,” *Journal of Post Keynesian Economics* 7:1 (1984), 67–76.

<sup>20</sup> Similarly also: Kenneth E. Balding, “Economics as a Moral Science,” *The American Economic Review* 59:1 (1969), 1–12.

<sup>21</sup> See, for instance, Lionel Robbin’s classic formulation: “Economics is the science which studies human behavior as a relationship between ends and scarce means which have alternative uses” (Lionel Robbins, *An Essay on the Nature and Significance of Economic Science* [New York, 1984], 16). See Milton Friedman (ed.), *Essays in Positive Economics* (Chicago, 1953), 3–43.

Hiding behind the claim that economics would merely guarantee that society has available sufficient means for the ends it pursues, the *growth of production* was advanced as the stealthy aim of economic theory and practice. Thus was an overt working hypothesis surreptitiously transformed into a covert economic and political imperative. The *quantitative* premise, however, that lies at the bottom of that approach, i.e. the assumption that without exception, human ends are served by a 'more' rather than a 'less' in material goods, is tantamount to a *qualitative* devaluation of all alternative aims. Economists subject political options, for instance, to a *cost/benefit* analysis and typically advise against everything which costs more than it accrues. Nevertheless, as only aspects that are quantitatively measurable enter into the economic evaluation, these kinds of decision-making processes tend to a materialist bias. Ideal entities are generally far more difficult to quantify than physical things. The sense and meaning of non-instrumentalized natural and cultural spheres enter only ever so partially into economic value-calculations. They consequently receive less consideration. For this reason alone, society should be wary to proclaim the economist the "highest arbiter of social policy" (NIS 408).

The focus upon more and more production and, consequently, in order to sell it, upon more extensive and intensive consumption, represses alternative life-plans. Aims like "more sharing of work," "more relaxed conditions of toil or less air and water pollution," "a large amount of leisure," etc., which, among other things, would depend upon a slowing down of the growth of production (NIS 408), automatically fall victim to this commitment. For, through the lens of the gross domestic product, a gain in leisure cannot be measured, while an increase in privately possessed goods can. Thus, econometrically, the private purchase and maintenance of an automobile is equated with a gain in social welfare. Even an absurdly high density of private vehicles leads, through the resulting tasks of regulation (administration, traffic-safety), the necessary infrastructure (road-building, automatic control technology), and the increased consumption of raw materials and measures to overcome damages (cost of accidents, environmental damage) to an increased gross domestic product (EPL 100). But what for?

The abstraction of the economy from its humane objective therefore leads to a "progress toward the wrong goals" (NS 409). Galbraith thus pleads that, in the interest of its moral, aesthetic, and political values, society should sacrifice some of its economic prosperity (EPL 104). Certainly, in very poor countries, the more narrowly defined economic aims are also the politically most important; every society has ultimately to secure the sustenance of its members. But the more affluent a society, the less it should surrender its politics and culture to the imperative for endless economic growth. Questions concerning the quality of life must increasingly retain primacy in the face of the positing of purely quantitative ends (EPL 98). Ultimately, the human being is the end of economic activity – and not vice versa (EPL 101). Hence Galbraith pleads that economics be open to societal discourse about the good life, and develop an economics related to values and the environment (NIS 407).

The economic guild still demurs. A depotentialization of purely economic goals within societies' priorities inevitably results in economists' knowledge losing its

significance. But economists do not want to become obsolete (EPL 93) and perhaps for that very reason, Galbraith surmises, they obstinately hold on to the paradigm of growth (EPL 95); a trend which is further reinforced by the increasing privatization of the academic sector. Many economists today receive their bread – or, at least, very lavish entremets – from the private economy (NIS 373). In addition to the tendency, observable in all sciences, of granting superiority to conventional wisdom as opposed to awkward innovations, many economists still tend to repress the expression of inconvenient truths in order not to bite the hand that feeds them (AP 130).

The greatest chance for a turn away from the idolization of production growth thus lies in a general realization of the failure of the prevailing paradigm. Insofar as, in the long run, economics is measured by the feasibility of its practical recommendations, it cannot survive a glaring distance from reality and blatant governance failures unscathed. If the course of the world would belie the discipline's "conventional wisdoms" so drastically that an academic career could be made from a call for reform, more and more economists might eventually warm to a paradigm shift. The "march of events" (AS 13) could thus ultimately compel that which hitherto was not to be had by way of collegial criticism and good words: The supersession of the neoclassical evangelism of the market.

### 4.1.3 Critique of Neoclassical Economics

*The customer is king!* – thus reads the fundamental thesis of those economists who believe that the course of commercial events always and only is controlled "from below," i.e. from the free choice of consumers, and, hence, quasi-democratically (NIS 210). The philosophical foundations of this view originate with Jeremy Bentham (1748–1832) and James Mill (1773–1836). Their economic elaboration begins with David Ricardo (1772–1823). It receives canonical form with Ludwig von Mises (1881–1973) and, subsequently, protection against contradictory experience by means of the *revealed preference theory* with Paul Samuelson (1915–2009). One must have this intellectual movement before one's eyes in order to understand precisely why Galbraith deals so severely with neoclassical economics. *In nuce*, it concerns the basic philosophical decision to exclude long-standing debates concerning the (objectively) good from the research field of economics. According to British utilitarianism and the subsequently arising Austrian marginalist school, the good is that which one (subjectively) holds to be so. End of debate. In Bentham's famous words: "Prejudice apart, the game of push-pin is of equal value with the arts and sciences of music and poetry. If the game of push-pin furnish more pleasure, it is more valuable than either."<sup>22</sup>

What follows? Since no one knows his ideas of the good as well as the subject in question, every externally arising behavioral control must necessarily provoke sub-optimal results. Insofar as one, like Bentham and his followers, equates without

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<sup>22</sup>Jeremy Bentham and John Bowring, *The Works of Jeremy Bentham* (New York, 1962), II, 253f.

hesitation the common good with the sum of the pleasure of all individuals, any such interventions must impair the common good. The paradoxical result: Whoever wishes to promote the common good will damage it; it can only be advanced by whoever refers individuals back to their own interests. Under this presupposition, any limitations of individual license can only be legitimated insofar as one makes the affected subjects appreciate that these are merely clever detours on the path to their pleasure – like, for example, legal coordination rules, which, although occasionally burdensome, nevertheless without a doubt aid the avoidance of conflicts. Politics, in the sense of wise statecraft, has had its day. It only has to be ensured that individuals can direct political actors with their votes so that they, or rather their preferences, can play the part of the true sovereign. Accordingly, the best policy would be one which reaches the conceivable maximum of freedom of choice through a minimum of arbitrary limitations. *Voilà*, the theory of quantitative freedom upon a utilitarian foundation.<sup>23</sup>

In parallel with this concept of politics, modern economics formulates its theory of “consumer sovereignty,” according to which the economy is directed solely by consumers through their purchasing decisions (NIS 211). In pursuit of individual utility individuals purchase that which pleases them (most, in relative terms) – and in so doing inform the market which needs are (most pressing, relatively speaking) to be fulfilled. Only consumers have intimate knowledge of the catalogue of their needs. Therefore, only they will optimally mobilize their financial means and, certainly, always in such a way that the marginal utility of all acquired goods is the same. For example, one will therefore not be so irrational as to buy an extra quantity of salt if an increase in the domestic sugar reserves would produce greater happiness. Every intervention in the purchasing decisions of individuals on the part of the government must distort that formula of marginal utility and will therefore *per definitionem* distribute the resources of individuals less efficiently, consequently reducing their happiness and the welfare of society, which is defined as the sum of everyone’s happiness (NIS 213). One should thus simply leave the economy alone (*laissez faire*) and not politically interfere with the market.

Following the model a few steps further: Businesses are ‘coerced’ by the return of information communicated in prices to attend to fulfilling society’s needs. Suppliers compete with one another, after all. In order to survive, they strive after the constant improvement and increase in what they can offer. Businesses consequently reinvest their profits in more modern and efficient production-technology. And since the competition does not abate, it is a question of maximizing profits in order to come out on top in the race towards the best technologies. Unit-costs hence continually sink and this saving is, as a further result of the competition among suppliers, given back to consumers in the form of price reductions. The ultimate consequence is that the market therefore always offers for sale at what, at the time, is the cheapest feasible price, that which consumers want most of all, and everyone thus attains the highest possible maximum of utility. Uninhibited capitalism creates the best of all possible worlds.

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<sup>23</sup> See Conrad Waligorski, *The Political Theory of Conservative Economists* (Lawrence, Kansas, 1990).

This model certainly functions on occasions, for instance, if businesses appear in the style of late eighteenth century manufacturers working with their own capital. *Market competition* then confirms “Say’s Law of Markets”<sup>24</sup>: If a commodity is overproduced, nothing remains for the producers to do than to constantly reduce its price until it again finds purchasers. The falling price informs other producers that investing in this commodity is not worthwhile. Overproduction is reduced; and soon there prevails a renewed equilibrium between supply and demand (NIS 220). Everyone is satisfied.

Similarly, *monetary policy* can steer entrepreneurial activity in the public interest. If the state artificially reduces the amount of money to cool down overheated speculation, entrepreneurs receive capital investment on the financial market only against higher prices because of raised interest rates. Many previously marginally profitable investments no longer pay their way and are thus abandoned. The market cools down. Harmony prevails anew.

Galbraith does not dispute that, even today, there are markets like this: the communal vegetable market of local suppliers for instance. He maintains, however, that the “accepted sequence” of “economic control from below” does not at all take place in the sphere of industrial and post-industrial production. A “revised sequence” is rather to be observed, where the essential control does not lie with consumers, but with corporations (NIS 212ff). No longer the isolated choice of consumers, but rather the organized power of suppliers, proves decisive, which obviously changes the assessment as to whether politics should handle commercial freedom with kid-gloves or not. For it is certainly now no longer a question of an increase or decrease in economic freedom as such, but rather one of an evaluation of whether either the freedom of consumers or the freedom of business is granted priority.

The reasons for the historical shift in market power from consumers to producers are practical in nature: With continual modernization, both the production and sale of industrial commodities have radically changed in the past decades. The intensified application of technology has led to a sharply growing need for capital and qualified personnel. At the same time, production time and planning requirements have considerably increased. An airline carrier, for instance, will produce with an incomparably higher, technical, personnel, and financial expenditure than a manufacturer of horse-drawn carriages. That brings along important consequences for the industrial and political economy, which have to be addressed by economic policy (AP 141).

Businesses have reacted to the increasing complexity in the production-sector with an internal, functional differentiation. In the place of the private capital provider who, as a business proprietor, at once acts as founder and director, today the *financial* burden is the responsibility of the shareholders, the *technical* construction the responsibility of a specialist staff, and the leadership of the *personnel* the responsibility of management. The directors of modern large corporations are subject to far less financial coercion than a private capitalist. They are not – or are only

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<sup>24</sup> See Jean-Baptiste Say, *Traité d’économie politique, ou simple exposition de la manière don’t se forment, se distribuent, et se composent les richesses* (Paris, 1803), 138f.

slightly – liable for the corporation, and that alone already changes their attitude towards profit-maximization and leadership (EPP 266). The management can thus often and with impunity deviate from the neoclassical postulate of proportionally adjusting its wages in proportion to profits, and instead simply decide upon their level and composition discretely for themselves (EIF 27). Galbraith believes that this helps explain the much-discussed phenomenon that, as a rule, the salaries of CEOs still increase, even when their businesses hang in the balance (CC 74).

The shareholders, to whom legally speaking the business belongs, may well be frustrated, but are generally powerless.<sup>25</sup> That forces a reevaluation of the concept of free enterprise (EIF 31). If, in contrast to neoclassical assumptions, their pay cannot necessitate managers to specific actions, how are they to be influenced? Outside of the ideal worlds of mathematics, managers have very real practical leeway,<sup>26</sup> which, according to Galbraith, they use in order to fulfil expectations of corporate as well as societal roles (*identification*), or also to adapt the business to their own interests (*adaption*).<sup>27</sup>

For a long time, the neoclassical theory neglected such phenomena. On the one hand, such maxims are “not easily adapted to the simplifications of mathematics and symbolic logic” (NIS 146). On the other hand, they upset the argument that businesses cannot assume any moral responsibility for their actions, since (pressured by the market and shareholders) they are lacking in freedom. Recognizing, however, that management is very much in the position to pursue its own interests, not only means to throw into question the neoclassical dogma that private businesses always provide their consumers with an optimum of quality for a minimum of societal costs. Moreover, one must concede: Wherever there exists the freedom to detract from the logic of maximization egoistically, there is also a freedom for socially orientated commerce. In short: Freedom establishes the obligation towards its responsible use.

The demand for *Corporate Social Responsibility* is thus not – as Milton Friedman still wanted us to believe<sup>28</sup> – an unruly attack upon the profitability of business and, by extension, upon the rights of its shareholders and the interests of its consumers, but, rather simply an expression of the socially responsible nature of corporate freedom. Management itself often shares this view, Galbraith shows. The *corporate*

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<sup>25</sup> See Richard Michael Cyert and James G. March, *A Behavioral Theory of the Firm* (Cambridge, MA, 1992); Robin Laphorn Marris, *The Economic Theory of “Managerial” Capitalism* (London, 1964); Michael Useem, *Investor Capitalism: How Money Managers are Changing the Face of Corporate America* (New York, 1996).

<sup>26</sup> See Stephen A. Marglin, “John Kenneth Galbraith and the Myths of Economics” in Helen Sasson, Derek Curtis Bok and Andrea D. Williams, eds., *Between Friends: Perspectives on John Kenneth Galbraith* (Boston, 1999), 114–138, especially 134.

<sup>27</sup> See Oliver E. Williamson, *Corporate Control and Business Behavior: An Enquiry into the Effects of Organization Form on Enterprise Behavior* (Englewood Cliffs, New Jersey, 1970); Adrian Wood, *A Theory of Profits* (Cambridge, England, 1975); Harvey Leibenstein, *Inside the Firm: The Inefficiencies of Hierarchy* (Cambridge, MA, 1987).

<sup>28</sup> See Milton Friedman, “The Social Responsibility of Business Is to Increase Its Profits” in *New York Times Magazine*, 33, September 13, 1970.

*bureaucracy* of modern large corporations is interested in the stability of their jobs and, therefore, in their societal acceptance. An enlightened management will hence not always maximize profits.<sup>29</sup> For the all too radical pursuit of profit gets business into hot water in three different ways: First, it can introduce a perilous price war with the competition. Second, an all too aggressive wage-policy (to keep down costs) leads to conflict with the (often organized and quarrelsome) workforce. Third, if the business all too rabidly sacrifices stakeholder interests for the benefit of the balance sheet, it ultimately brings together both legislature and society against it. Much to the detriment of long-term business activity and, hence, the job security of managers.

Yet, if the corporation pursues profits with more moderation, it can quietly grow without fierce competition, street-protests, and clashes with society. Mergers and acquisitions secure managers' professional positions; their personnel increase alongside their salary and prestige. Furthermore: Wherever the management considers the incentives and aims of its stakeholders, it can reduce legal costs, avoid reputation costs, and increase the benefits of its employers and suppliers. Social recognition also creates a greater inflow of capital. The success of modern management is thus evaluated on capital markets not in the least by the extent to which corporate practices mesh with prevalent values. All of this has effects on the balance sheet. Ethics, in short, can be profitable.<sup>30</sup> Accordingly, management-lead businesses thus find themselves in no way always in opposition with the workforce and the public. Within the management-lead firm, freedom of business has, consequently, not ceased to exist but merely altered its form and appearance. With this theory of corporate behavior, Galbraith provides important theoretical foundations for current debates about *Corporate Social Responsibility*, *Corporate Citizenship*, *Social Entrepreneurship*, etc., since he explains why it can be viable for firms to move away from the axiom of short-term profit maximization in favor of socially as well as ecologically sustainable strategies.<sup>31</sup>

Yet, all is not well. The spheres of activity of management can also be less civilly employed – for which the current state of the economy provides many incentives. Say's Law, that with decreasing prices every commodity ultimately finds buyers, may still be true of scarce essential commodities. But what today takes place is evermore a trade in commodities the consumer does not urgently need, like prestige goods, branded products, and home electronics. The subjective opinions of consumers about their assets and the world in general noticeably influences the demand for

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<sup>29</sup> Upon its publication, this thesis provoked fierce resistance. See Marris, *The Economic Theory of "Managerial" Capitalism*, 37–45; as well as Eli Goldston & Harold Demsetz, "Discussion," *The American Economic Review* 60:2 (1970), 479–484. A little later it was, however, empirically and analytically supported: See Williamson, *Corporate Control and Business Behavior*, 93ff.

<sup>30</sup> See Geoffrey M. Heal, *When Principles Pay: Corporate Social Responsibility and the Bottom Line* (New York, 2008) and Simon More Elise Webley, *Does Business Ethics Pay? Ethics and Financial Performance* (London, 2003).

<sup>31</sup> See Stephen Dunn, "John Kenneth Galbraith and the Multinational Corporation (The New Industrial State)," *Challenge* 48:2 (2005), 90–112 and John Adams, "Galbraith on Economic Development," *Journal of Post Keynesian Economics* 7:1 (1984), 91–102.

such commodities and thus constitutes a share of their objective market value. Because of a liquidity preference one sometimes does *not* purchase even when – and often precisely when – prices sink. At the same time, it is incomparably more difficult for modern corporations to adapt to fluctuations in demand than it was for their early capitalist predecessors. Unlike in the pre-industrial era, fluctuations in demand for planning-intensive and capital-intensive commodities (like cars for example) cannot be controlled by either drastic changes in the quantity or mode of production, or by radical price reductions. The obedience to the market postulated by Say is, as a result, defied by businesses as well as consumers.

Yet wherever businesses prefer to back a stabilization of demand to maximum profits, they must influence the purchasing decisions of individuals as well as the whole of society. It is in the systematic interests of businesses to manipulate the individual's 'free' purchases, and so to undermine the very consumer sovereignty neoclassicism places on a pedestal. We would not have advertising if it were completely ineffective. Whoever nonetheless wishes to uphold the thesis of 'consumer sovereignty,' must consequently maintain that advertising is merely informative – for instance by increasing the *rationality* of purchasing-decisions by providing relevant information about products (for a better calculation of their utility). But does not the advertising industry boast of *suggestively* appealing to our *irrational* motivational forces, in order to intensify existing wants, as well as to create new ones (EIF 35)?

Consumer-sovereignty is thus undermined twice; first, overtly, in regard to the individual purchasing-decision: If, for instance, poorly paid citizens decide to invest their limited financial means on a pair of designer sunglasses in preference to a healthy diet, they satisfy an artificially created want to the cost of a natural need. Neoclassical economics finds that unproblematic. Because of its abstraction from questions concerning qualitative values, it equates artificially generated demand with all other preferences.<sup>32</sup> Yet, even in societies massively overrun with advertising, consumption of luxury goods only rarely produces the same satisfaction curves as the satisfaction of basic needs. And even if, once upon a time, it were otherwise, *descriptively*, the *normative* question would still remain, as to whether society then should equate the one with the other; especially if the satisfaction with luxury goods comes at the cost of public goods or brings with it further opportunity costs (AS 128). Products that are marketable only through advertising ultimately have a sharply decreasing marginal utility, for "since the demand [...] would not exist, were it not contrived, its utility or urgency, *ex contrivance*, is zero" (AS 131). The production of ultimately 'useless' goods nevertheless stands in stark contrast to the neoclassical postulate that deregulated economic activity automatically leads to maximal efficiency in the use of society's resources (AS 129). It squanders otherwise useful means and consequently reduces the economic freedom of the population as a whole.<sup>33</sup>

<sup>32</sup> See George J. Stigler & Gary S. Becker, "De Gustibus non est. et disputandum," *American Economic Review* 67:2 (1977), 76–90. For an opposing view see Kenneth E. Boulding, "The Economics of Pride and Shame," *Atlantic Economic Journal* 15 (1987), 10–19.

<sup>33</sup> For this reason, I consider Jean Baudrillard's critique of Galbraith off the mark, according to which Galbraith follows a naively naturalistic and/or an equally naively idealistic concept of value



Yet – defenders of the *status quo* argue – can we not emancipate ourselves from marketing and refuse to purchase so many advertised products? Occasionally, yes. It remains, however, still the case that upon another subtle level, the unrestrained effect of suggestive advertising impairs the autonomy of individuals and society, insofar as it assaults the social presuppositions of reasonable self-orientation. The capacity critically to evaluate one’s own preferences is not innate, but the outcome of the formation of mature subjects that can be culturally favored or impaired. Now, since preciously little truth can be expressed about the rise in quality of life through an ever-larger quantity of products, advertising subservient to the stimulation of ever more purchases has much to lie about. “Social distinction must be associated with ... a swimming pool, sexual fulfilment with a particular shape of automobile, social acceptance with a hair oil or mouthwash, improved health with a hand lotion ...” (EPL 104).

In a society in which all public spaces are flooded with messages promising that consumption is the answer to all questions in life, a truthful discourse about the good life becomes more difficult. This undermines the cultural presuppositions of moral and political autonomy.<sup>34</sup> Moreover, the obstruction of all natural and artificial spaces with appeals to consume ruin the chances of an environment with a humane aesthetic. The more we subject our lifeworld to the dictates of commercial interests, comfortable consumptions, and effective product-advertising, the uglier it becomes (EPL 104); a horrible troll prancing around in the garb of economic freedom.

Certainly, people clamor ever louder to be protected from unwanted influences, dangerous products, avoidable environmental damage, and the toil of unnecessary production-processes. Yet, ironically, that is ignored by an economics that is methodologically premised entirely upon the individual. Neoclassicism reinterprets the citizen’s explicit demand for protection as a wish for paternalism, to concede to which would mean – according to Mises, Hayek, Friedman, Stigler, Becker, and many more – an inadmissible turn away from the principle of freedom. The *conscious* use which citizens make of their qualitative freedom of expression is thus

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(see Jean Baudrillard, *La société de consommation: ses mythes, ses structures* [Paris, 1970], 17–26). In his role as advisor to a discursively construed political public, Galbraith recommended that which he considered good and correct – in this case a dependence upon biologically provided or rationally justified needs. In the ordering of economic priorities to be decided by society, he championed relief from hunger and need, recognizing that the satisfaction of such needs had priority over the desire for luxury goods. This appeal to nature and reason is, however, not naturalistic, but rather political. Galbraith recommends such an orientation for societal debates, but does not prescribe it metaphysically, while, on the other hand, the neoclassical and neoliberal doctrine refuses such a discourse about the quality of freedom by making quantitative freedom absolute. A concept of basic human needs that is very similar to Galbraith’s was already employed by, among others, John Maynard Keynes in *Essays in Persuasion* (London, 1931), 358–373.

<sup>34</sup>See Richard L. Lippke, “Advertising and the Social Conditions of Autonomy,” *Business & Professional Ethics Journal* 8:4 (1989), 35–58. Lippke agrees with Galbraith’s argument and expands upon it; so does Roger Crisp and Vance Packard: See Roger Crisp, “Persuasive Advertising, Autonomy, and the Creation of Desire,” *Journal of Business Ethics* 6:5, 413–418 and Vance Packard, *The Hidden Persuaders* (Brooklyn, New York, 2007).

devalued in the name of a merely assumed (and, by many, very consciously contested) *unconscious* desire for quantitatively unbounded consumer freedom. *Honi soït qui mal y pense*.

Paul Samuelson's theory of "revealed preferences," for instance, proclaims (as we shall see later in the subsequent chapter on Amartya Sen) that our purchasing-behavior always exposes what we mostly aspire to, otherwise we would – as, by definition, rational consumers – certainly acquire something else. Nevertheless, it is foolish to say that with their purchasing decisions citizens give their blessing to the consumerism they are talked into, solely because, with these, they react affirmatively to advertising-messages. Galbraith objects that one could just as well fell a man with an axe and then maintain that this was quite obviously something which he had longed for: ultimately, he has, after all, clearly reacted to the impulse visited upon him (NIS 349).

We should prefer to dispel the myth that our current economic system rests completely upon consumer sovereignty (NIS 218). As long as there persists the illusion that the market-economic system merely neutrally expresses the free decisions of all affected individuals, a pseudo-liberal pseudo-legitimacy is granted to the prevailing conditions. This, however, stands in the way of political reform; to the disadvantage of the common good – as well as to the advantage of a privileged few. Galbraith's critique of neoclassical microeconomics thus culminates in the demand for society's economic and philosophical self-enlightenment, which should pave the way for an autonomous political qualification of its societal freedoms.

#### ***4.1.4 Critique of Neoliberal Economic Policy***

The modern corporation pursues certain systemic interests which do not automatically converge with the common good. Instead of fantasizing within mathematical ideal-worlds about a fictional compulsion towards profit-maximization, Galbraith believes economics should give preference to studying the real displays of entrepreneurial freedom. *Contra* neoclassicism, businesses are certainly not machines run by algorithms, which can be analyzed and optimized from the outside. Businesses are, rather, self-reflexive, idea-driven decision-making systems. To the extent to which it is present in the minds of managers, the idea of entrepreneurial freedom can affect their actions. So, since economics determines to what degree freedom and responsibility are a part of economic theory-construction and pedagogy, it influences the impact of those ideas upon managerial practice.

That can be illustrated with the example of the entrepreneurial endeavor to minimize planning-uncertainties by the manipulation of demand. Marketing is not only geared at individual customers, it is also often aimed at the state and the society as a whole as guarantors of aggregate demand. For many firms, erosion of societal demand through recession, inflation, etc., is more dangerous than a fluctuation in the purchasing tendencies of isolated market participants. It is therefore essential to influence the overall societal purchasing power and, by implication, the state's economic policies

as well. Corporations, especially those in technology-intensive industries, seek proximity to the state. If capital-investments are high and sales opportunities uncertain – as, for instance, with new armament technologies – the producer hardly likes to accept the risk of failing demand. For instance, whoever produces a complex missile-launching system must – on pain of bankruptcy – know that they have definite buyers for it. The producer will therefore ensure through all licit (and, occasionally, illicit) means that the state will take up in the long-term a foreseeable and possibly growing number of goods (CC 136). The upshot is an intricate entwinement of heavy industry and armament producers with politics, culminating in co-authoring international policy on the part of the industrial decision-makers (EIF 54).

But if politics already extensively cooperates with the economy – as *mutatis mutandis* is also to be observed in other capital-intensive sectors (aeronautical industry, construction) – what, asks Galbraith, are we to make of the neoclassical and neoliberal demand that politics should keep out of the economy? Why should the visible hand of democracy be denied access to an economy which is already shaped and molded at pleasure by the invisible hands of lobbyists? Whose freedom and which freedom does this actually protect, and why? *Contra* neoclassicism, which categorically separates state and private-economy and likes to close its eyes to their factual approximation, Galbraith views the overlapping of the public and private sectors as the rule, not the exception, within modern economic practice, and thus would not release firms into a policy-free arena (CC 75).

Let us consider the economic background of this argument more closely: Cyclical crises constitute an inverted image of the transformed structural conditions of the modern economy. On the one hand, it is necessary for every technology-intensive production that much is saved on the part of business so that the sums kept aside can be handed over by the credit market to corporations and cost-intensive investments can be undertaken. Yet, the more that is saved, all the greater is the leverage upon economic events, if that money is for once *not* fed back into the economic cycle.

Only within narrow limits, can large corporations react to falling demand with price elasticity. Apart from the already described intricacies of production technology, there is also the fact that the stock market as a rule punishes a reduction in the rate of profit; consequently, businesses lose investment capital and equity proportional to the amount of shares they hold in themselves. In order to raise its equity quota, management will be induced to cut down on operating costs. That can be achieved through reducing production as well as redundancies. Rational micro-economic action then leads, however, to a suboptimal allocation of resources and thus to manifestly disadvantageous macro-economic outcomes: With unemployment and wage cuts the purchasing power of society is further reduced, which intensifies even more the trends giving rise to the problems. Underemployment equilibria result.<sup>35</sup>

Galbraith thus champions an anticyclical economic policy. Unlike John Maynard Keynes (1883–1946), he does not, however, believe that job-creation programs are

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<sup>35</sup> See N. Gregory Mankiw (ed.), *New Keynesian Economics* (Cambridge, MA, 1991), 412.

a blessing. They work too slowly, and once called into life cannot so easily be removed from the world. Yet Keynes precisely presupposed just that: in the case of high inflation the state was to slow down the economic cycle artificially. If that does not happen, then, in the long-term, stagflation results. Galbraith thinks the state fares better when operating with the more flexible system of taxation. As long as taxes are progressive, they tend to auto-correct the economic situation. Whenever especially large profits appear, progressive taxation siphons off a disproportionate share for the state; an overheating of the economy through continuing reinvestments becomes, consequently, less likely. If profits fail to appear, on the other hand, then the burden of taxation placed upon entrepreneurs is, conversely, disproportionately reduced, partially balancing out their loss in investment capacity.

To enable the fruits of taxation to return into the economic cycle, a public sector is needed. Galbraith underlines that the times in the twentieth century when the public hand intensively interfered in American economic life (during the two world-wars and during the moon-race) were also the very epochs when the American economy most intensively prospered. Nowadays, he notes, that economic stabilization effect falls to the American weapons industry (EPP 284f.). One should, therefore, give up the neoclassical illusion that government's intimate linkage to weapon producers and heavy industry would merely constitute a somewhat (too) large form of private entrepreneurship with incidentally always filled order-books (AP 142). Together with that illusion would then also evaporate the conclusion that the state may in no way intervene (EIF 54ff.). If in truth economic policy is made via the USA's military budget, it should also be subject to democratic controls. In this way one could then gradually reduce the military budget in favor of investments in civil demands, which are just as suitable for stabilizing the economy, yet entail fewer questionable results in the arena of international politics.

In general, according to Galbraith, it is a question of translating the abstract quantitative freedom of a virtual consumer state (preached in the textbooks) into the concrete qualitative freedoms of the real civil society. The economic scandals of the previous decades illustrate, however, that quite the opposite occurs. The close cooperation of creative bookkeepers, careless private economic auditors, and indulgent public supervising committees could only take place because it operated in the dark shadows of neoliberal politics and neoclassical economic theory (EIF 50), which rejects regulation and control, in principle, as contrary to freedom and detrimental to efficiency (EIF 8). The striking coincidence between the deregulation of the American security sector and the consequent *savings-and-loans* debacle, between the deregulation of investment banking and the following WorldCom-bankruptcy, as well as that between the deregulation of accounting law and the Enron/Arthur Andersen scandal, suggest the following lesson<sup>36</sup>: Government and administration

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<sup>36</sup> See David Bailey, George Harte & Roger Sugden, "Corporate Disclosure and the Deregulation of International Investment," *Accounting, Auditing and Accountability* 13:2 (2000), 197–218; Gerald Vinten, "The Corporate Governance Lessons of Enron," *Corporate Governance: The International Journal of Business in Society* 2:4 (2002), 4–9; C. Richard Baker, "Investigating Enron As a Public Private Partnership," *Accounting, Auditing and Accountability* 16:3 (2003), 446–466.

in no way proceed inefficiently per se, and, conversely, businesses do not per se present productive entities which one must thus spare from all societal oversight. But since, for the proponents of neoclassicism, the free market is “a semireligious totem” (CC 135) they close their eyes to the fact that businesses only operate productively and in support of the common good under certain conditions, which are by no means always a given, says Galbraith.

The conflict between the concept of freedom supported by Galbraith, which examines the qualitative value of socially constructed freedoms, and the merely quantitatively directed neoclassical concept of freedom, comes especially to the fore in the dispute between fiscalism and monetarism. Instead of an anti-cyclical fiscal policy which is directly of benefit to citizens and only indirectly (by way of strengthening demand) of benefit to businesses,<sup>37</sup> a quantitatively liberal agenda prefers economic policy favoring monetary measures which directly serve solely business (planning security) whose increased profits reach, if at all, the citizens indirectly (*trickle-down economics*).<sup>38</sup> In economics lead by monetarism, the poorer strata not only continually lose out on relative income, they also thereby gradually lose sociopolitical weight in the contest for public opinion as against the active financing of politicians and opinion makers on the part of business (EPP 255).

It is therefore especially cynical when – like on the part of the *Chicago School* economists – monetary policies are attacking fiscal social policy in the name of economic freedom. The opposite is much closer to the truth: “Income rising above the level of mere subsistence is [...] a liberating force. [...] It is one of the curiosities of much social comment that such welfare measures are regularly seen as limitations on freedom – the freedom presumptively inherent in the free enterprise system” (AP 51). Serious liberalism especially protects the freedom of the economically weak (CCC 151).

When “countervailing powers” (CCC 128) like trade unions, associations, cooperative ventures, charitable organizations, etc. do not succeed in assuring an economy catering to basic human needs, the law, creating entitlement to a minimum wage (EPP 262) and social-security measures, has to support the poor (AP 187). Failing that, the “social balance” is forfeited; “private opulence” and “public squalor,” i.e. “public penury and private affluence” come into ever-starker contrast, and the community disintegrates, ultimately even politically (EPL 93).<sup>39</sup> Nothing damages capitalism’s sustainable success and outlook, Galbraith concludes, as much as the regency of its apologists (M 312). Still, the class of the “contented and [...] comfortable” constantly opposes the crucial reforms (CC 144). Galbraith thus sees himself forced towards the following grim prognosis: “The past age of contentment will come to an end only when *and if* the adverse developments that it fosters

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<sup>37</sup>About this, see also: Giovanni Andrea Cornia, *Inequality, Growth and Poverty in an Era of Liberalization and Globalization* (2004), 3–26.

<sup>38</sup>See James Bradford De Long, “The Triumph of Monetarism?,” *The Journal of Economic Perspectives* 14:1 (2000), 83–94.

<sup>39</sup>See Thomas Karier, “The Heresies of John Kenneth Galbraith,” *Challenge* 36:4 (1993), 23–28.

challenge the sense of comfortable well-being.” This, though, is only to be expected of an economic catastrophe (CC 156f.).

What would apt alternatives look like? Certainly, at times policy can ensure that businesses internalize the negative external effects they produce. That is successful when the legal order – through taxes on expenditure and duties on emissions, for instance – brings it about that businesses include the public cost of their production-processes in their balance-sheets and are thus urged towards a more careful engagement with the environment. Nevertheless, one must not lose sight of the fact that the language-game of the internalization of externalities does not cover one particular issue. If society’s only allocation mechanism is merely the market, then that negatively affects all of those commodities that cannot be sold on the market even under optimal frameworks. Local environmental damages can be quantified only to some extent, and at high taxonomic costs to boot, being implemented in entrepreneurial cost-calculations then only via political pressure. Things look even worse for, e.g., aesthetic and moral goods, the qualitative nature of which far less allow of quantitative accounting. The hasty answer that these kinds of goods have then instead to be procured by society is as correct as it is insufficient. The potential of national laws and regulations lags noticeably behind the reality of the world economy. Globalized economic-practice over-strains domestic politics’ governance competency, not merely selectively but rather structurally.

The formative power for a kind of ‘World Domestic Policy’ (*Weltinnenpolitik*) today no longer lies solely with the world’s states. Rather, a global public engaged in all political and economic niches plays an ever more important role. This planetary public operates not at all solely against firms, but also together with a growing number of businesses, which in evident seriousness and with striking success try to live up to their responsibilities as corporate citizens and are, for that reason, preferred in the market by mature consumers and selective investors. Which corroborates Galbraith’s thesis that businesses, when adequately directed, do indeed have the requisite space for decision-making and forms of commerce corresponding to the responsibility growing out of their economic freedom.

Nevertheless, civil-society initiatives and economic initiatives (e.g. the *UN Global Compact*) cannot completely replace state action. Galbraith believes that the enormous inequalities in the global distribution of wealth require a coordinated initiative on the part of all nations. An alliance of public opinion and enlightened commercial self-interest cannot make state-controlled global economic policy superfluous, since, as *ultima ratio*, they lack the means of legal coercion. Yet, wherever policy has created the conditions for poverty by destroying embedded structures of governance, it must also accept responsibility for the reestablishment of rights. This is true of large parts of the developing world, where previous colonial injustice and the accompanying destruction of a formerly autochthonous community enabled the subsequent dictatorship of large corporations. The fact that industrialized nations now point to the limited possibilities of national politics in regard to the very lawless conditions they themselves caused, is, in Galbraith’s eyes, but a hollow “formula for selfishness” (GS 131). In order to assist the economically disadvan-

taged on this earth, the wealthy must ultimately be prepared to establish a socially and ecologically well-balanced global economic order.

Galbraith thus provides important building-blocks for a timely theory of responsible freedom: His economic philosophy enables the reconceptualization of the demands for social and ecological sustainability as qualitative increases as opposed to quantitative reductions of our economic freedom. From the perspective of a critique of its physicalist self-understanding, Galbraith pleads for an economics *qua* self-critical social science. Since the economic sciences directly (via economic policy recommendations) and indirectly (by forming opinion) contribute to the realization of their conceptions, they must open up to society's discourse on values. Yet, as long as economics does not reflect upon its practical influence, its effects will be, in the best-case scenario, conservative – insofar as it is oriented towards present phenomena – and in the worst case, reactionary – when oriented by superannuated premises. To correctly grasp and measure the actuality to which it needs to react, a change in the prevailing materialistic economic paradigm is required.

In the face of corporations' organized power to distort the market and to influence public decision-making – and the correspondingly weakened position of both the individual and the state – many of the axioms of neoclassical economics can no longer be honestly maintained. An economics doing justice to the real structural changes of today can, for instance, no longer trust the market to be a panacea and guarantor of freedom. In the structures of economic activity and decision-making transformed by multinational corporations, economics finds, though, a new arena for the analysis of economic freedom and responsibility. From now on, through targeted economic policy and prudent *Corporate Social Responsibility*, it ought to aim at dismantling those conditions which, supposedly in the name of freedom, rob humanity – against its express will – slowly but surely of the foundations of a life worth living. Therefore, economists should no longer only conceive of freedom as the “maximum range of choice” (NIS 217) but rather recognize freedom as reasonable autonomy. Yet our freedom can only be reasonably orientated when it does not methodologically deprive itself of its anthropological perspectives, its psychological insights, and its moral views. Therefore, in order to enable an emancipative and sustainable economy, Galbraith wishes to advance an economics established upon qualitatively orientated freedom.<sup>40</sup>

## 4.2 Responsible Freedom (Amartya Sen)

Amartya Sen (1933–) developed his theory of freedom over many years in close collaboration with Martha Nussbaum (1947–). Both criticized the inadequacy of the current state of liberal political philosophy, looked for alternatives, and thus

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<sup>40</sup>See the assessment of Sen, Heilbrunner, and Marglin in Helen Sasson, Derek Curtis Bok and Andrea D. Williams (eds.), *Between Friends: Perspectives in John Kenneth Galbraith* (Boston, 1999).

proposed the capability approach, which today enjoys worldwide reception. Although the historical development of Sen's work is closely connected with Nussbaum's, I have primarily concentrated upon the former, indicating parallel positions in Nussbaum's work in the footnotes.<sup>41</sup> This occurs for two reasons: First, for Martha Nussbaum, the idea of freedom is not as significant as it is for Sen. Second, in contrast to Nussbaum's much broader works, Sen's texts concentrate far more upon the very questions of the philosophy of economics that are pivotal for our investigation. I thus only examine the relationship between Nussbaum and Sen in more detail when dealing with their dispute about how the idea of freedom should be specified into concrete concepts of freedom.

Sen's works seamlessly connect with those of John Kenneth Galbraith. First, Sen reinforces Galbraith's view that economics is not able to be limited to contents and questions amenable to quantitative formalization. The object should determine the method and not vice versa: Mathematics and logic have to be the servants and not the masters of economics.<sup>42</sup> Second, Sen, too, is concerned with the economic and political emancipation of the public. Like Galbraith, he endeavors to make the structural contexts of economics so transparent that they can be shaped democratically. Third, Sen also wishes to forge a path leading away from an abstractly quantitative concept of freedom towards a theory of freedom ("substantive freedom"), which investigates the concretely qualitative opportunities of citizens.

Yet Amartya Sen deals with these concerns in a different manner than John Kenneth Galbraith. Whereas Galbraith tracks economic upheavals and is led to theoretical problems from practical ones, Sen frequently inverts that sequence, concentrating, time and again, on the axiomatics of economics. The high practical relevance of his works notwithstanding, on the whole Sen's works focus predominantly on theoretical principles. Where Galbraith historicizes, contextualizes, and personalizes, Sen generalizes and formalizes.

I reconstruct Sen's notion of freedom by showing how he developed it in critical contrast to traditional economic theories and their underlying concepts of rationality. I then move on to extract the practical consequences of his theory of freedom for economics and politics. This sequence follows the system of Sen's thinking: In the course of his academic career, Sen reached a point where he could no longer carry out his intended research program without finding a new, freedom-oriented criterion for evaluating current economics. His desire to eliminate blind spots from the methodology of the economic sciences ultimately forced him to analyze the economic lens as a whole. Sen recognized the intimate relation between a liberal *economy* and a critically self-reflexive *economics* freely choosing its own methods and themes. Whoever demands liberal *economic practices* must promote a freedom-based *economic theory*. For the image of the economy arises in our minds. It is there

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<sup>41</sup>For more detail about the similarities and differences of both conceptions, see Nussbaum, *Creating Capabilities*.

<sup>42</sup>See Amartya Sen, "Galbraith and the Art of Description" in Helen Sasson, Derek Curtis Bok & Andrea D. Williams (eds.), *Between Friends: Perspectives on John Kenneth Galbraith* (Boston, 1999), 139–146, for the advantages of Galbraith's qualitatively described economics.



that economic experiences are selected, sorted, and sequenced. Our thinking directs the lenses of economics, and economics should make and employ this very choice of perspectives consciously. Economics is not a passive product of its object, but rather a construct of active subjects. And as such – as the work of human freedom – it should also be studied and practiced, lest it fall victim to the dictatorship of supposed inevitabilities.

### 4.2.1 Critique of the Neoclassical Paradigm

Many utilitarian and welfarist economists of the nineteenth and twentieth centuries attempted to replace the forever contentious debates about the qualitative aim of the economy with a quantitative decision-making logic. Sen is skeptical of these undertakings, since the hereby envisioned maximization of *utility* stands and falls with the functionality of utility-comparisons. From the 1920s on, it became, after all, increasingly apparent to an increasing number of leading economists, like e.g. Alfred Marshall (1842–1924), Arthur Cecil Pigou (1877–1959), and John Hicks (1904–1989), that, strictly speaking, personal utility does not allow for inter-subjective comparisons. Therefore, one has since rather defended the postulate of utility-maximization *analytically* (RF 364).<sup>43</sup> Paul Samuelson's (1915–2009) attempt to establish on solely conceptual grounds the usefulness of the utility focus through his *revealed preferences theory* (which we already touched upon in the chapter on Galbraith, see Sect. 4.1.3) was particularly important.<sup>44</sup> Samuelson simply turned the tables. Instead of proving that market choices optimally realize the preferences of market participants, he *postulated* it. If it is true by definition that all purchasers are rigorously rational decision-makers according to the *homo oeconomicus* model, then their purchasing decisions must reveal and realize their respective preferences. Accordingly, Samuelson promoted his theory as being “freed from any vestigial traces of the utility concept.”<sup>45</sup>

The methodological program “to explain behavior without reference to anything other than behavior” is, however, according to Sen, comparable to the attempt “to get an empirical rabbit out of a definitional hat” (RF 364). People who receive what they choose do not always thereby obtain what they desire. The inference from choices to desires overlooks that one always has to choose from a set of extant options, whereas what is desired may often be outside that set. One must thus consider – in James

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<sup>43</sup> Amartya Sen's works are referenced according to the following abbreviations: (DF) *Development as Freedom* (New York, 1999); (IV) *Identity and Violence: The Illusion of Destiny* (New York & London, 2007); (CWB) “Capability and Well-Being” in Martha Nussbaum & Amartya Sen, *The Quality of Life* (Oxford, 1993); (RF) *Rationality and Freedom* (Cambridge, MA & London, 2002); (IJ) *The Idea of Justice* (Cambridge, MA, 2009).

<sup>44</sup> See Paul A. Samuelson, “A Note on the Pure Theory of Consumer's Behavior,” *Economica* 5:17 (1938), 61–71.

<sup>45</sup> *Ibid.*, 71.

Buchanan's formulation – not only the *choice within constraints*, but also the *choice of constraints*.<sup>46</sup> If the latter (trans-systemic, i.e. meta-systemic) choice is conflated with the former (inter-systemic) choice it becomes difficult to question the *status quo*; it is consequently presumed that everyone who participates in market activity therefore *eo ipso* finds happiness and prosperity. The trick with the “revealed preferences,” designed as an obsequious theoretical service, thus surreptitiously turns into an obnoxious defense of established practice. Just as John Kenneth Galbraith had already noticed and denounced (see Sect. 4.1.3).

Besides, the value of options not only lies in their realization, it also consists in the fact that they exist at all: they provide people with alternatives.<sup>47</sup> Freedom is, consequently, in no way exhausted by the sum of manifested choices, but rather also encompasses “spurned options” (RF 593n.) and “options forgone” (RF 608). Merely measuring the utility of instantiated choices does thus not suffice to attain the true value of freedom.

Amartya Sen criticizes furthermore the assumption that subjective perceptions of happiness present a necessary and sufficient criterion for objective well-being. The poor who accept their lot; the sick who are uninformed about their condition, the uneducated who are unable to picture a better life and so accept what fate grants them all reconcile themselves to the manner of their existence, perhaps even finding modest personal happiness therein (DF 62). But subjective accommodation establishes neither objective well-being nor genuine autonomy (FR 90f.). The measure of “pleasure and desire” is thus “too malleable to be a firm guide to deprivation and disadvantage” (DF 63).<sup>48</sup> Whoever views individual perceptions of happiness as the *only* measure for welfare-provision, must, consequently, also be ready to reject donations to the modest poor, in order to slip them into the hands of the greedy rich; people who are unhappy solely because they cannot get enough (RF 82).

According to Sen, one does not escape this objection by combining utilitarianism with egalitarianism. Certainly, one can conceive of granting everyone the same entitlement to money as an all-purpose means so that everyone could attain their respectively desired utility. One would acquire bread, the other a mink coat; would not the happiness of all thus be served? Could this rescue the old utilitarian and welfarist axioms?

Hardly. Welfare-egalitarianism is frustrated by the “diversity of human beings,” says Sen. “Differences in age, gender, special talents, disability, proneness to illness and so on can make two different persons have quite divergent opportunities and quality of life even when they share exactly the same commodity bundle” (DF 69). Disability makes life costlier. The same is true of age and sickness. Furthermore, disadvantages are often felt twice, not only from the perspective of costs, but also

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<sup>46</sup> See James Buchanan, “The Domain of Constitutional Economics,” in *Constitutional Political Economy* 1:1 (1990), 1–18.

<sup>47</sup> See Martha Nussbaum: “Thus the Capabilities Approach departs from a tradition in economics that measures the real value of a set of options by the best use that can be made of them. Options are freedoms, and freedom has intrinsic value” (*Creating Capabilities*, 25).

<sup>48</sup> See Martha Nussbaum, *Creating Capabilities*, 54f.

from the perspective of income. Because of limited possibilities for employment, a disabled person has, as a rule, a lower income. This “coupling of disadvantages” (DF 70ff.) must be legally accounted for in distributive processes. Equal distribution fails here. To assume that all are the same rather means to treat unequals equally. It violates precisely that demand for fairness that egalitarian theories wish to satisfy (II, 255–259).<sup>49</sup>

People with disabilities therefore present a special case of a universally valid assessment: Individuals are, objectively, too unequally constituted and, subjectively, too unequally oriented for measuring them all with the same economic yardstick. A humane economics is therefore one which accounts precisely for that difference in objective want and subjective need. Hence one has to free oneself of the fixation with the distributional aspect of economic means and rather consider which capabilities and life-chances these create for the persons in question; a perspective that cannot be attained without recourse to values and norms.

This critique of the foundations of utilitarianism and egalitarianism shakes the welfarist superstructure of neoclassical economics which rests on these two pillars. For while German economists at the turn of the nineteenth century still allowed a *Methodenstreit* (methodology dispute) as well as a *Werturteilsstreit* (value-judgment dispute), about the status that moral norms and empirically inductive (historical, statistical) knowledge should have in economics, Anglo-American economists were by the middle of the twentieth century almost unanimously conforming to the program of a purely descriptive as well as primarily deductive economics.<sup>50</sup> This positivistic economics was said to operate from a few, clearly defined axioms and thereby – it was claimed – describe and make predictable economic behavior in accordance with laws similar to those paramount in the natural sciences.

The *homo oeconomicus* model is at the heart of these aspirations.<sup>51</sup> In order to be able to construct algorithms it reduces economic behavior to the simplest elements: rationality and self-interest. From this foundation, neoclassical economics proceeds to explain the economic world at large. Sen has no objection to the axiom of rationality as a scientific hypothesis, but he does object to its connection with a “presumption of ubiquitous selfishness” (DF 118). *Either* this prescription does far too little and is prognostically unproductive, if one – as in Paul Samuelsson’s “*revealed preferences theory*” – conflates it with actual market behavior. *Or* it does much too much; i.e. whenever it ventures towards the “highly restrictive and thoroughly dubious empirical assumption that people, in fact, choose entirely according to their respective personal interests and well-beings” (RF 589). The belief that pure

<sup>49</sup> Authors who insist on egalitarianism, like Thomas Pogge, have of course already reacted to this objection by appropriate differentiations and modifications of their “basic goods” theories: for a critique of these differentiated positions (and a strengthening of Sen’s core-argument) see Johnathan Wolff and Avner De-Shalit, *Disadvantage* (Oxford & New York, 2007).

<sup>50</sup> For more information, see Claus Dierksmeier, “The Freedom-Responsibility Nexus in Management Philosophy.”

<sup>51</sup> For a description and defense of the model see Gebhard Kirchgässner, *Homo Oeconomicus: The Economic Model of Individual Behavior and Its Application in Economics and Other Social Sciences* (New York, 2008).

egoism governs the economic world is, empirically, just as untenable as the converse presumption that human beings act only from altruism. Whoever rejects the latter view of things as “high-minded sentimentality,” must also, Sen declares, disown the former as a mirror-inverted “low-minded sentimentality” (RF 26).

While contractualists and game-theorists stubbornly attempt “to make us accept the peculiar understanding that rational choice consists only in clever promotion of self-interest,” phenomenologically there is little to be said in favor of this “remarkably alienating belief” (IJ 32).<sup>52</sup> Whoever reduces the rationality of the *homo oeconomicus* to self-interest, construes a “rational fool,” i.e. someone who in the most rational manner acts deeply *unreasonably*. Because this commits the individual decision makers to selfish preferences alone, it reduces without need the radius of their legitimately “rational” choices. Being self-interested need not be foolish, but not to have the freedom to consider whether to be self-interested (and to what extent) is a serious limitation of rationality” (RF 7n.). The axiom of self-interest therefore does not present a harmless working hypothesis, but rather a misleading “*a priori* prejudice” (RF 26).

Against it, Sen champions a model of economic rationality which includes our critically reflexive freedom “to reason about what we should pursue” (RF 46). Sen thus takes a position against Lionel Robbins’ almost canonical formulation of economics as a “science which studies human behavior as a relationship between ends and scarce means which have alternate uses.”<sup>53</sup> That economic positivism which focuses only upon the appropriateness of the chosen means, but not upon their goals, is characterized and caricatured by Sen by means of the following image: A man who zealously works at cutting off his toes with a blunt knife hardly behaves more rationally as soon as he – after analyzing the relative inefficiency of the chosen means – finally reaches for a sharp knife (RF 39). He wishes to illustrate that one cannot meaningfully talk about economic rationality while avoiding the debate about its appropriate goals and ends.

Sen intends “to reclaim for humanity the ground that has been taken from it by various arbitrarily narrow formulations of the demands of rationality” (RF 51). He holds onto the postulate of rationality but shows that it is thoroughly compatible with an ethical reflection upon economic ends: “a selfless person who wants to maximize, say, the aggregate social welfare, or some feature of equity or social justice, need not, for that reason, depart from maximizing behavior” (RF 37). The rationality of human behavior does not depend upon utilitarian or egoistic premises but rather could also be retained among other – e.g. moral – indicators.

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<sup>52</sup> See also Hilary Putnam, *The Collapse of the Fact/Value Dichotomy and Other Essays* (Cambridge, MA, 2002).

<sup>53</sup> See Lionel Robbins, *An Essay on the Nature and Significance of Economic Science* (London & New York, 1932), 16. A (critical) evaluation of Robbins’ contribution to the development of positivistic theories within current economics as well as an (affirmative) appreciation of Sen’s opposing contribution can be found in Pressman & Summerfield, *The Economic Contributions of Amartya Sen*.

Sen's example: At a garden party, we would perhaps prefer to sit in the most comfortable seat and snatch the last fruit from the fruit bowl (RF 161). Yet, we often hold back out of consideration for others. We not only consider the situation from the point of view of our interests, but rather plan our behavior with reference to the social context (RF 161). Defenders of the *homo oeconomicus* model object that such considerations might still proceed from self-interest, because, for instance, one always has one's mind set upon one's own image in the eyes of the other. That is possible but misses the point of Sen's critique. According to him, we commonly want something for ourselves only if, in so doing, we do not thereby improperly violate the interests of others. According to Sen we thus leave the best chair and the last fruit in the bowl to others, not only because we *indirectly* care about our own interests, but rather at least at times also because we take a *direct* interest in the preferences of others (RF 161).

Authors like Gary Becker have also sought to ward off this objection: by postulating some other-orientated, yet nevertheless egotistic, joy in the well-being of others. The everyday experience that we are glad about making others happy is thereby reinterpreted such as that, first, we wish to be pleased with ourselves and, then, mindful of our charitable form of self-enjoyment, are ready to do good for others. Self-advantage remains – *quod erat demonstrandum* – the decisive factor. Sen, however, counters that sportsmen often only wish to emerge victorious from a game insofar as they have *fairly* won it, regardless of whether they are lauded for this self-commitment to fairness or not. Although our desires do not always heed a normative logic and pursue private benefit solely in forms of *decent* agency (RF 12), often they do,<sup>54</sup> and occasionally – and here the logic of self-interest ultimately collapses – even to our own disadvantage.<sup>55</sup> We strive for what is normatively correct not exclusively because of its advantages *for us*, but also because we aspired to it *in itself*. The *rational agent* postulated by economics thus in truth behaves – at the very least occasionally – as a *reasonable* person with moral orientations.<sup>56</sup>

This has important consequences for economists' understanding of rationality and science:

The first and most direct use of rationality, it can be argued, must be normative: we want to think and act wisely and judiciously, rather than stupidly and impulsively. If the understanding of rationality is firmly tied to the systematic use of reason, the normative use of rationality is easily placed at the center of the stage. (RF 42)

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<sup>54</sup> Sen follows the view of Thomas Scanlon that, in general, we (should) be orientated by principles "that others could not reasonably reject" (Thomas Scanlon, *What We Owe to Each Other* [Cambridge, MA, 1998]) in that, along with Scanlon, he localizes the descriptive and normative core of current decisions (DF 92).

<sup>55</sup> See Paul J. Zak, "Neuroeconomics," *Biological Sciences* 359:1451 (2004), 1737–1748; Timothy Killingback & Etienne Studer, "Spatial Ultimatum Games, Collaborations and the Evolution of Fairness," *Biological Sciences* 268:1478 (2001), 1797–1801; Peter A. Ubel, *Free Market Madness: Why Human Nature is at Odds with Economics – and Why It Matters* (Boston, MA, 2009).

<sup>56</sup> See Vivian Walsh, *Rationality, Allocation, and Reproduction* (Oxford & New York, 1996).

For the justification of this demand, Sen appeals to the work of Hilary Putnam.<sup>57</sup> The latter had – for his part building upon Willard van Orman Quine’s (1908–2000) critique of the fact/theory distinction, a staid dogma of analytic philosophy<sup>58</sup> – critically scrutinized the fact/norm dichotomy in economics. According to Putnam, physicalism within economics fails, first because of its unsophisticated understanding of physics. The clean separation – still instructive in the late eighteenth and early nineteenth centuries – of empirical observation and analytic statement can hardly be maintained today. Witness the not directly observable, but merely indirectly inferred, negatively curved time-space continuum (on a large scale) or quantum dynamics (on a small scale). As a close study of the wave-particle duality of electrons reveals, that which one perceives depends in each case upon how one observes. And results from how the respective object is conceptualized. Experience follows observation, and this, for its part, is orientated – consciously or unconsciously, willingly or not – by theory. In the same way as how in contemporary physics one can seldom speak of theory-free events, economics often lacks value-free actions.<sup>59</sup> Just as in physics, theory (all the more so, the more sophisticated physics becomes) defines what serves as a *datum*, so in *economics* (implicit rather than explicit) values define what counts as a *fact*.

Those who, overlooking this, attempt to give economic realities a purely positivistic interpretation confuse the hall of mirrors of their own projections with the world. The economic positivists see themselves compelled to deprive people of motives they possess, and instead to substitute these with preferences that they lack. Normativity belongs to the theory of economic facticity, simply because normativity belongs to the facticity of what economic theory is about. Normative values and ego-ideals orientate our life. The *Ought* has an *Is* – in our aspirations. It is therefore to be objected against the *homo oeconomicus* that it is not *realistic* enough, since it does not speak *idealistically* enough about people.

To reiterate: If human rationality were to consist only in cost-benefit calculations, how is it that we sometimes let our morality cost us something?<sup>60</sup> Some economists, it is true, reinterpret peoples’ moral expenditure as refined forms of care for oneself – set upon social recognition or transcendent salvation.<sup>61</sup> With the

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<sup>57</sup> See Hilary Putnam, *The Collapse of the Fact/Value Dichotomy*, 7–45 and Hilary Putnam, “For Ethics and Economics without the Dichotomies,” *Review of Political Economy* 15:3 (2003), 397.

<sup>58</sup> See Willard van Orman Quine, “Main Trends in Recent Philosophy: Two Dogmas of Empiricism,” *The Philosophical Review* 60:1 (1951), 20–43.

<sup>59</sup> See also Vivian Walsh, “Fact/Value Dichotomy” in Jan Peil & Irene van Staveren (eds.), *Handbook of Economics and Ethics* (Cheltenham, UK & Northampton, MA, 2009).

<sup>60</sup> See Paul Pecorino & Mark Van Boening, “Fairness in an Embedded Ultimatum Game,” *Journal of Law and Economics* 53:2 (2010), 263–287. Francesco Guala, “Paradigmatic Experiments: The Ultimatum Game from Testing to Measurement Device,” *Philosophy of Science* 75:5 (2008), 658–669. Catherine Eckel, Martin Johnson and Rick K. Wilson, “Fairness and Rejection in the Ultimatum Bargaining Game,” *Political Analysis* 10:4 (2002), 376–393; Killingback & Struder, *Spatial Ultimatum Games*.

<sup>61</sup> See Gary S. Becker, *The Economic Approach to Human Behavior* (Chicago, 1976); Gary S. Becker, *Accounting for Tastes* (Cambridge, MA, 1996); Gary S. Becker & Richard A. Posner, *Uncommon Sense: Economic Insights, from Marriage to Terrorism* (Chicago & London, 2009).

help of secret motives unknown to the agents, usual altruism is reconstructed as unusual egotism. But if such scientifically questionable ad-hoc assumptions are required in order to not simply dismiss moral action to one's own disadvantage as *irrational*, what does that say about the theory employed here? What, asks Sen, are we to make of an economics that declares "Ghandi, Martin Luther King Jr., Mother Theresa and Nelson Mandela" to be "huge idiots" (IV 21)?

With the dogma of self-interest collapses an essential buttress of neoclassical economics. Another stands and falls with the mathematization of all economically relevant phenomena. The program of quantitative maximization requires the commensurability of all utility functions. This, in turn, presupposes the exchangeability of all goods and services; and that, according to Sen, does not exist. At one and the same time people constantly aim for different kinds of – and often incommensurable (hedonistic and moral, material and ideal, practical and aesthetic, etc.) – goods, and flexibly evaluate, in each case, which should have priority. This consideration, for its part, leads to qualitative questions of value, which, not only *in part* but *in principle*, transgress the quantitative logic of conventional economics.

Even one and the same person often cannot reduce all relevant aspects of one and the same object to a single nominal value. The value of a car, for instance, cannot be measured *only* in terms of either its top speed, or its comfort and safety functions, or its environmental friendliness, or its design, look, or brand-status. The different criteria of evaluation can also not always be reduced to a common denominator. Nevertheless, without fulfilling these conditions of rationality presumed by the *homo oeconomicus* model, we can make more-or-less reasonable purchasing-decisions on the automobile market.<sup>62</sup> But if individuals do not even make one-dimensional benefit-assessments in respect of particular objects, how does it stand then with the overall societal assessment of multiple – intersubjectively relevant and independently assessed – goods? Who still seriously believes that, in such scenarios, society could simply adhere to simple cost-benefit comparisons?

The idea of an ultimate incommensurability of economic goods certainly provokes "anxiety and panic among some valuational experts," who would prefer to live in a world which is "agreeably trivial" so that all-important decisions could be evaluated "simply by quantity" (IJ 240). Sen objects, though, that in our everyday actions – when shopping for instance – we handle this incommensurability of various goods pretty well (IJ 241). To reduce complex societal decisions to simple cost-benefit analyses is hence equivalent to a "daydream," he believes, which one had better dismiss with waking eyes: "To insist on the mechanical comfort of having just one homogenous 'good thing' would be to deny our humanity as reasoning creatures" (DF 77). We should therefore break away from the, in any case, mythical maximization of one-dimensional goods in favor of a more realistic balancing of multi-dimensional values. Since the economic "cost-benefit-analysis" subjects all options to the quantitative dictate "more is better than less," it has, for its part, to be hedged in by "social choice judgments." Political reason must bring the wayward economic ratio to heel.

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<sup>62</sup>See Nicholas Rescher, *Ethical Idealism: An Inquiry into the Nature and Function of Ideals* (Berkeley, 1987), 55ff.

The societal role and appreciation of the market is a case in point. The market serves well as a discovery process of scarcity and preferences, but only with regard to commensurable goods. If the part is taken for the whole here, and the market as well as the Pareto-efficient<sup>63</sup> it promotes are declared the arbiter of everything, the extolled informational capacity of the market founders. It produces misallocations. In Sen's sharp and terse words: "a Pareto efficient outcome may well be thoroughly unequal and nasty" (RF 524). Moreover, even within the vocabulary of commensurability the market splutters, when only a select few are getting a say. As indicators, markets function the better the more citizens participate through payments in the societal discourse about prices. But no Pareto-efficient equilibrium achieved by unregulated markets can establish the *ideally* requisite economic capacity of strictly all citizens to take part in that communication.<sup>64</sup> Left to its own devices, the market can neither create nor reproduce its own efficiency-conditions.<sup>65</sup>

Sen demands the demystification of the market; it should come down from heaven to the earth. The "oddly common presumption that there is such a thing as 'the market outcome,' no matter what rules of private operation, public initiatives, and nonmarket institutions are combined with the existence of markets" (IV 136) must yield to a recognition of the social construction of market-economics. *The* (free) market does not exist; there only are various forms of a socially regulated exchange of goods, growing out of a reciprocal play of interests and values. Markets and the options they offer are creations of the values inherent in their arrangement and environments; without the latter the former could not exist. Markets ought to be designed in such a way as to not undermine their own social, cultural, moral, and ecological presuppositions. For this market-design, however, purely *quantitative* imperatives are insufficient.

In order to evaluate the pros and cons of markets *qualitatively*, pre-modern economics had recourse to the ethics of theological and metaphysical providence. But that avenue is barred, factually and normatively, by today's plurality of individual and social self-conceptions. The fundamentals of our social reality must conform to everyone's free decision about the merits or demerits of their options. Also, in economics, there must be no regress behind the idea of freedom (DF 30). The consequence of Sen's approach is to decide questions of economic orientation through a

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<sup>63</sup>The concept 'Pareto-efficient' designates (following the economist Vilfredo Pareto) a condition of the allocation of goods in which the welfare of some people cannot be improved through redistribution without, at the same time, reducing the welfare of others. A condition beneath this level expresses a lack of allocational efficiency (some goods are distributed in such a way that they generate less than the maximal aggregated utility and could therefore be substituted with others so that some persons are put in a better position, but no one is put in a worse one). Pareto efficiency fulfills a minimal demand of technical rationality but says nothing about substantial questions (beyond technical efficiency); about this see E. J. Mishan, "The Futility of Pareto-Efficient Distributions," *The American Economic Review* 62:5 (1972), 971–976.

<sup>64</sup>See Partha Dasgupta, "Positive Freedom, Markets and the Welfare State," *Oxford Review of Economic Policy* 2 (1986).

<sup>65</sup>See Jens Beckert, *Beyond the Market the Social Foundations of Economic Efficiency* (Princeton, NJ, 2002).



“‘social choice’ exercise” by means of “public discussion” (DF 78f). Economics owes citizens the possibility “to discuss and debate – and to participate in the selection of – values in the choice of priorities” (DF 30). Economics should therefore be open to “public scrutiny and criticism” (ibid.). Everyone must be concerned with what concerns everyone.

*Democratically* agreed upon aims should lead to econometric benchmarks – instead of, conversely, letting *technocratic* benchmarks dictate economic policy (ibid.). The values and aims which should guide policy are not given a priori but must be negotiated anew from society to society, from place to place, and from time to time. The search for a mix of broadly agreeable values is, Sen admits, sometimes “extremely messy.” And he knows that “many technocrats are sufficiently disgusted by its messiness to pine for some wonderful formula that would simply give us ready-made weights that are ‘just right’” (DF 79). But unfortunately, there exists no such “magic formula” which would absolve us from the dispute about the values guiding our (economic) life; that’s a matter of “judgment,” not for “some impersonal technology” (DF 79). The freedom of individuals to actively co-design the conditions influencing their life-chances must be protected against all the tendencies of economics to hermetically seal itself off and – through “cultivated opaqueness” – to hide its indwelling “choice of values and weights,” in the interests of simpler procedures of calculation and decision-making (DF 110).

Thus, instead of hiding economic standards of value in the premises and axioms of econometrics, they should be debated through “public participation” so as to be endorsed or rejected by the society through “responsible social choice” (DF 110).<sup>66</sup> Because these procedures make explicit the implicit values of the discourse’s participants (DF 80), this process enables at the same time also their public critique (DF 81). It is the burden of freedom that such “social choice”-procedures only produce workable results when purposes are found or formed which appear acceptable to all concerned (DF 79). In this weight (*Bürde*) nevertheless lies precisely the worth (*Würde*) of those procedures (RF 526). For by means of them one might bridge, Sen speculates, the unsightly chasm between the abstract “freedom-invoking rhetoric” of some economists and their disinterest in the concrete emancipation of indigent individuals (DF 26).

Before economics can successfully remove moles from reality, it must be conscious of the beam in its own eye. Since, for the sake of the *economy’s* targets, those of *economics* are also at issue, economics must free itself from the quantitative paradigm of physics and reestablish itself as a social and humanist science in which qualitative “value judgments” neither can nor should be avoided (DF 110). And, in order to offer – with the turn from the previous one-dimensional economic targets to a multidimensional idea of freedom – precisely that democratic transparency he finds lacking in his colleagues, Sen neither wishes nor allows himself simply to impose his own set of values. He instead has to justify to everyone the concept of freedom his economic theory employs: through a critique of competing concepts of freedom.

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<sup>66</sup> See Tapas Majumdar, “Amartya Sen in Search of Impure Welfare Economics: Finding New Space,” *Economic and Political Weekly* 33:45 (1998), 2860–2862.

### 4.2.2 Critique of Reductionist Concepts of Freedom

Sen worked out his own understanding of freedom in joint seminars and discussions with Nozick, Rawls, and Scanlon. At first, he merely wanted to counterbalance the one-sidedness of prevailing theories. He set about this, however, so thoroughly that out of the sum and unity of those critical strivings a new theory of freedom grew which Sen also declared as such in 1998, in his seminal book *Development and Freedom*.<sup>67</sup> This theory primarily gains its contours from its opposition to the utilitarian and libertarian positions.

Against utilitarian theories of freedom, completely determining the value of freedom according to its utility, Sen argues that, although freedom is not the only value, it is a value in itself. On one hand, freedom certainly has to relate to objectives, but, on the other hand, it is not consumed by them. The respect for freedom as an end-in-itself is to be distinguished from its value as a means to reach the goods it can achieve (CWB 39). The intrinsic and the instrumental appreciation of freedom are to be distinguished.<sup>68</sup>

Furthermore, freedom extends not only to given first order preferences (like, for example, the desire to smoke), but also to “second order preferences,” like, for example, the meta-preference “not to have the preference for smoking” (RF 18). Instead of robotically pursuing an order of preferences fixed according to the strength of desires it comprises, freedom can critically ask, “what preference should I have” (RF 619). True freedom does not uncritically maximize what certain desires demand, but rather evaluates and optimizes how they ought be consummated.

The idea of freedom thus encompasses two distinctive aspects. First, the *internal* conditionality of preferences. The mere wish to have no craving to smoke cigarettes does certainly not immediately extinguish the latter. Second, this very reflection throws light also upon the *external* conditions influencing our preferences: an environment, for instance, which portrays smoking as particularly attractive or especially repulsive. Therefore, from the *direct* demand for freedom, there follows an *indirect* desire to influence freedom’s contexts.

Freedom is, consequently, political from the outset. It manifests itself not merely in a choice *between* (given) alternatives, but rather also always in opting and searching for (better) alternatives.<sup>69</sup> For this reason Sen thinks highly of the tradition of theories of “positive freedom” (for the genealogy of “positive freedom” in Thomas Hill Green and German Idealism see Sect. 1.2.1).<sup>70</sup> These contain an – always

<sup>67</sup>See Malcolm Bush, “Amartya Sen, Development as Freedom,” *Social Service Review* 75:3 (2001), 514–517.

<sup>68</sup>Martha Nussbaum also agrees with this: “Freedom to choose and to act, however, is an end as well as a means, and it is this aspect that the standard utilitarian position cannot capture.” As a result, very much like Sen, she thus concludes: “In short, the utilitarian approach undervalues freedom” (*Creating Capabilities*, 56).

<sup>69</sup>See Paul Streeten, “Amartya Sen: Rationality and Freedom,” *Economic Development and Change* 52:4 (2004), 889–891.

<sup>70</sup>Sen very approvingly refers to Thomas Hill Green (see RF 586 etc.). Sen’s citation-praxis clearly reveals his sympathy for proponents of theories of positive freedom; he often approvingly

implicit, sometimes explicit – commentary on the value of given options, and consider the societal presuppositions of a life in liberty. In agreement with this tradition, Sen does not doubt that social policies securing fair opportunities for all belong to freedom in the full sense of the word. After all, the abstract right to the (“negative”) defense of property is unhelpful to those who do not possess anything valuable to begin with.<sup>71</sup> In such cases, curtailing the freedom to property of some in favor of the (“positive”) participatory freedom of all would surely be advisable.<sup>72</sup>

Hence Sen’s demarcation from libertarian positions: Theories of negative freedom, Sen holds, misunderstand that the *private control* over our life’s settings is often far less essential than their *design*.<sup>73</sup> Whereas libertarians believe that every quantitative *increase* in state control necessarily propagates a *decrease* in individual freedom, exactly the opposite can be the case. Contrary to the conventional wisdoms of libertarians, the private autonomy of citizens is surely better protected in a district where police patrol than one where citizens, wielding private fire arms, try to take care of peace and quiet themselves (RF 397).<sup>74</sup> This example illustrates that in Sen’s eyes the *primary* distinction of relevance for freedom does not turn out to be quantitative (a *plus* or *minus* in state authority), but is rather qualitative: It depends upon *how* and *for what* that authority is established. Only *secondarily* to this evaluation can one plausibly discuss its quantitative dimensions.

Both demarcations – the one from utilitarian positions just as much as the one from libertarian conceptions of freedom – must be kept in view. Against the utilitarian standard of “cumulation outcomes,” i.e. measuring summarily *material* end-states, Sen proposes a concept of “comprehensive outcomes,” which holds on to the liberality of the *formal* procedures leading to the respective results. In this regard, then, Sen enters a coalition with defenders of negative freedom, when he, like them, denies any eudemonistic dictatorship that grants people opportunities at the expense of their civic freedoms (RF 510). Nevertheless, Sen does not wish to thoroughly

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mentions, for instance: Ronald Dworkin, *Taking Rights Seriously* (London, 1977); Partha Dasgupta, *The Control of Resources* (Oxford, 1982); Partha Dasgupta, “Positive Freedom, Markets and the Welfare State,” *Oxford Review of Economic Policy* 2 (1986); Alan P. Hamlin & Philip Pettit, *The Good Polity: Normative Analysis of the State* (Oxford, 1989); Dieter Helm (ed.), *The Economic Borders of the State* (Oxford, 1989).

<sup>71</sup> See Ann Neville, “Amartya K. Sen and Social Exclusion,” *Development in Practice* 17:2 (2007), 249–255.

<sup>72</sup> “This is a curtailment of a certain kind of freedom of control. But it is motivated by considerations of freedom of another kind: freedom to achieve things” (Partha Dasgupta, “Power and Control in the Good Polity” in Alan P. Hamlin & Philip Pettit (eds.), *The Good Polity: Normative Analysis of the State* (Oxford, 1989), 191).

<sup>73</sup> See Skinner, *Liberty Before Liberalism*, 86.

<sup>74</sup> “If, as libertarians believe, every individual has the right to own his person and property, it then follows that he has the right to employ violence to defend himself against the violence of criminal aggressors [...] Gun prohibition is the brainchild of white middle-class liberals [...]. If we wish to encourage a society where citizens come to the aid of neighbors in distress, we must not strip them of the actual power to do something about crime” (Murray Newton Rothbard, *For a New Liberty* [New York, 1973], 86–88).

reduce the idea of freedom to that procedural dimension. *Attention* to the procedures in which rights and commitments are to be spelled out is in no way to be equated with an *inattentiveness* in respect of the foreseeable consequences of those procedures (IJ 232f): “Even if [procedural, C.D.] liberty is given a special status, it is highly implausible to claim that it would have as absolute and relentless a priority as libertarian theories insist it must have” (DF 67).

The right to property and ownership, for example, “must not necessarily be taken as being just as momentous as my right not be tortured and killed” (RF 636). Precisely such differentiations are refused, however, when libertarians treat both rights on the same level as “side constraints” of liberty (RF 636). Absolute insistence upon the formal dimension of rights to freedom can lead to material losses in freedom (RF 511). Against Nozick and Gauthier,<sup>75</sup> Sen points out that “institutional fundamentalism” (IJ 83), i.e. a protection of freedom which *only* pays attention to the procedure and *never* the end-results can produce counterintuitive results: “even gigantic famines can result without anyone’s libertarian rights (including property rights) being violated. The destitute such as the unemployed or the impoverished may starve precisely because their ‘entitlements’ – legitimate as they are – do not give them enough food” (DF 66).

Yet, who would dare to maintain that individuals who are starving are not losing out on freedom, when they are lacking the most elementary of all freedoms, namely, the “basic freedom to survive” (DF 15)? Such “sledgehammer reasoning” (RF 561) heedless of consequences should thus be thrown into doubt. Robert Nozick perceived the force of this objection. In a (not only by Sen) much-noticed footnote of a later edition of his work, *Anarchy, State, and Utopia*, he qualifies his theory of freedom as the sum of all legitimate “entitlements”. To avoid “catastrophic moral horrors,” perhaps sometimes limitations of those “entitlements” might nevertheless be legitimate.<sup>76</sup> Nozick does not, however, enlighten us about what this *exception* to the rule says about the validity precisely of that *rule* of a purely procedural protection of freedom. Sen comments: “But once such an exception is made, it is not clear what remains of the basic priorities in his theory of justice” (IJ 85). For Nozick’s statement *either* marks a genuinely intended relativization of his hitherto absolute notion of negative freedom (but then one can confidently pass over his theory and turn towards conceptions which – like Sen’s own contribution – attempt from the outset to balance out the formal and material aspects of freedom); *or* – and this certainly seems more probable – Nozick installs this statement only as a valve within his theory so that social pressure cannot explode it. Then this statement

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<sup>75</sup> See Nozick, *Anarchy, State, and Utopia*; David P. Gauthier, *Morals by Agreement* (Oxford & New York, 1986).

<sup>76</sup> Nozick writes “The question of whether these side constraints reflecting rights are absolute, or whether they may be violated in order to avoid catastrophic moral horror, and if the latter, what the resulting structure might look like, is one I hope largely to avoid” (Robert Nozick, *Anarchy, State, and Utopia*, 30). In a personal discussion on April 22, 2008, Sen pointed out that before he had had no personal contract with Nozick that might have provoked this concession; and, then, clearly and concisely sketched his own position once again with the words: “I am no big fan of property rights. Property must be justified by what it does.”

would be as objectively injurious as it appears subjectively ignominious. In both cases, however, the conception of negative freedom turns out to be unsatisfactory.

Why then is the theory of negative freedom, despite its striking flaws, nevertheless still so widespread? Like Galbraith (see Sect. 4.1.3) Sen attributes this to exogenous grounds. A purely formal concept of freedom is easier to quantify and adjust to a mathematicised economics. If one simply enumerates options and identifies their increase with a gain in freedom, then one already finds oneself in the familiar fields of maximization logic. But one is thus kidding oneself (see also the introduction to Chap. 3). Whoever views freedom “as a matter of the size of the set from which one can choose” overlooks to their own detriment that the extent of individual freedom cannot be meaningfully judged “without reference to the person’s values and preferences” (RF 514). A choice must be judged “not just in terms of the number of options one has, but with adequate sensitivity to the *attractiveness* of the available options” (DF 117). The quantity of options attains meaning only secondarily: in terms of the primarily to be evaluated quality of the same (CWB 33f).

A purely formal theory of freedom gets us nowhere. Not only are a few good options to be preferred to a choice of innumerable horrible possibilities (RF 13). Often only a quantitative reduction of options leads to qualitative improvements (RF 602). Autonomously enacted limitations of the “freedom to act” can, for instance, produce a gain in the “freedom to achieve” (RF 597). By more people coming to coordinate their actions, it becomes possible for all to reach certain common targets. Collective forms of action and social structures do not only bound individual freedom, they also broaden it, by instantiating some possibilities which otherwise would not exist. Having access to meaningful options clearly stands and falls with the possibility of evaluating one’s own preferences and opportunities in coordination with others and of changing them in collaboration with them (RF 12).

Sen maintains that positions solely oriented by negative freedom – the right to fend off all interventions into property rights and entitlements – are not sophisticated enough. He instead holds that “both negative and positive freedom can be simultaneously valued” (RF 12n.). Still, a clear hierarchy is a presupposition of this agreeable harmony. Sen does subordinate the concept of negative freedom *to* the concept of positive freedom instead of merely coordinating it *with* it – let alone, allowing the latter to reign above the former. We should protect *negative* freedom precisely *because* we respect *positive* freedom (RF 646).

I have found it more useful to see “positive freedom” as the person’s ability to do the things in question *taking everything in account* (including external restraints as well as internal limitations). In this interpretation, a violation of negative freedom must also be – unless compensated by some other factor – a violation of positive freedom, but not vice versa. (RF 596)

A complete conception of freedom should encompass all socially conditioned “capabilities to do things that a person has reason to value” (DF 56). But since the twofold distinction between “negative” and “positive” freedom makes the articulation of this idea more difficult, Sen ultimately replaces it with his own threefold model. The latter distinguishes an “opportunity aspect,” directed towards our opportunities, from a “process aspect,” which investigates how these come about. Both

aspects are subsequently brought together and conjoined in the concept of a “substantive freedom.” As a result of this conception, individual and collective freedoms inseparably refer to one another. Institutions codetermine the preferences and opportunities of individuals. We must therefore also evaluate and reform these institutions “in the light of their contributions to our freedom” (DF 142). Whoever makes use of socially imputed freedom must not refuse collaborating in the social construction of the freedom of others: “we have to see individual freedom as a social commitment” (DF XII).<sup>77</sup>

John Rawls is a thinker who had insisted upon just that. The emancipatory moment of his theory of justice consists in the social-liberal preoccupation with giving everyone the “basic goods” they require in order to be capable of a real use of freedom, both materially and ideally. As was discussed in the previous chapter, this attempt was undertaken in Rawls’ *Theory of Justice*, which is supposed to outline *how much* (quantitatively), within ideal societal institutions, everyone owes everyone else so that everyone can live in freedom. But in Sen’s judgement this approach fails because Rawls attempts to tie up the idea of freedom with his own Rawlsian concept of justice. Sen, however, maintains that Rawls’ search for a perfect norm of justice is “neither necessary, nor sufficient” (IJ 15). It is not required because – not only an absolute, but rather – a comparative concept of justice suffices to address glaring “capacity deficits.” And it is insufficient because even a concept of optimal justice does not enable us to evaluate concrete grievances. Sen illustrates this critique with vivid examples. Even if one could agree, say, on Leonardo’s Mona Lisa being the best painting in the world, that alone would still provide us with no appropriate criterion to evaluate the work of, for instance, Picasso and Dalí.<sup>78</sup> Applied to questions of social justice that means: Rawls’ attempt to find a single fixed criterion of justice overlooks the fact that different systems of distribution can rest upon diverging measures of value – and legitimately so. While differences in political forms of justice from society to society will certainly not always express legitimate divergences over values, quite often they may (IJ 52ff.).

Freedom is recursive, according to Sen; it must liberate people – also and especially for finding new and innovative answers to what constitutes or what enables freedom (e.g., by means of distributive justice) in any given scenario (IJ 232ff.). The capacity and readiness of individuals to examine their values critically from the perspective of an unbiased observer (IJ 108, 125, 138) is thus of decisive importance. It allows the replacement of the *rational choice* theory Rawls employs with a *social choice* practice. Instead of, like the former, reconstructing the reasonableness of the chosen options merely quantitatively, namely “simply as smart maximization of self-interest” (IJ 179), the latter can also process qualitative criteria.

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<sup>77</sup> Just like Martha Nussbaum, *Creating Capabilities*, 22.

<sup>78</sup> In the same way, Sen also rejects the Platonic doctrine of “methexis” (= participation) (IJ 16) for determining justice, with the following example: Whether one now views white or red wine as the ideal, a wine-connoisseur will always prefer his or her second choice to a fusion of the two, although as a mixture, it is closer to the ideal. Therefore, it is not always the best method for reaching optimal results to reduce different standards to but one metric.

Broadening the perspective to encompass qualitative viewpoints is of decisive importance. As previously demonstrated (in the Rawls-chapter) in regard to people who can never benefit or harm us, the models of quantitatively symmetrical reciprocity fail. What obligates us is not an abstract thought-experiment in which we contractually negotiate conduct advantageous to everyone with all persons concerned. It is rather the very concrete fact that we seriously influence the life of future generations (RF 535). We feel obliged to take account of the needs of those people, not only in the sense of a “benign humanitarianism,” but rather for reasons of fairness (IJ 129). But neither as “social contractor” nor as “utilitarian in camouflage” (IJ 138) can we explain why we imagine ourselves as having such unilateral responsibility.

The shipwreck of symmetry-fixated social-philosophies upon the rock of temporary or geographical asymmetries is a secret blessing for further advances in theory (IJ 129, 145ff.).<sup>79</sup> It helps us recognize that the idea of freedom requires a normative vanishing point lying beyond the “limited – and limiting – framework of social contract” (IJ XI). And that prompts us to also pay attention to asymmetrical interests. Distantly dwelling peoples, or those who have yet to be born, do not qualify as contractual partners for interactions based solely on quantitative advantage-seeking, but they do qualify as claimants from a qualitative concern for fairness. In the place of commercial reciprocity there enters ethical mutuality.

But what remains of conventional socioeconomic philosophy if, as Sen demands, the self-interest orientated axiomatic of the *rational-choice* model is extended to moral dimensions (IJ 32) and the preference-formalism (and the accompanying instrumentalist reduction of freedom to choice) is rejected (IJ 83)? The postulate of rationality, i.e. the irrevocable “interdependence of rationality and freedom” (RF 52), according to which the true quality of freedom can only be outlined in communal, political quests for its reasonable direction (IJ 232ff.). The step from the calculations of symmetrical reciprocity to theories of unilateral and asymmetrical commitments is, after all, meant to express and not negate reasonable freedom. The formulation of such a theory of responsible freedom – by means of which, correctly understood, individual freedom when contributing to the emancipation of others is not reduced but realized, and not contradicted but completed – requires, however, according to Sen, the capabilities approach.

### 4.2.3 Freedom Through “Capabilities”

Sen complains that libertarians, utilitarians, and Rawlsians have all inappropriately conceptualized the “freedom to achieve actual livings that one can have reason to value,” which is so decisive for people’s real lives (DF 73). Only Martha Nussbaum has achieved this (ibid.). Taking her departure from Aristotle, Nussbaum had closely

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<sup>79</sup>See Harry Brighouse & Ingrid Robeyns, *Measuring Justice: Primary Goods and Capabilities* (Cambridge & New York, 2010).

scrutinized the various human “capabilities to function” (CWB 32) and investigated their respective contribution to an empirically complete and philosophically coherent conception of freedom.<sup>80</sup> In this “capabilities approach,” established by Nussbaum, Sen welcomes the opportunity to reclaim “some of the old heritage of professional economics” (DF 25) in order to reassess the tradition of qualitatively directed economy neglected since the end of the eighteenth century (DF 24f.).

Sen explains that: “A person’s ‘capability’ refers to the alternative combinations of functionings that are feasible for her or him to achieve. Capability is thus a kind of freedom: the substantive freedom to achieve alternative functioning combinations (or, less formally put, the freedom to achieve various lifestyles)” (DF 75). Rich people who fast, for example, may well endure the same privations as poor people who are starving. Yet, despite the same “functionings,” both groups clearly have a different “capability set”; the former choose that condition, the latter do not (DF 75). The distinction between “functionings” and “capabilities” is, first of all, epistemic: “The two give different types of information – the former about the things a person does and the latter about the things a person is substantively free to do” (DF 75). Second, that distinction is employed to differentiate the “value of choosing” (DF 76) from the options between which one chooses. “While the combination of a person’s functionings reflect her actual *achievements*, the capability set represents the *freedom* to achieve: the alternative functioning combinations from which this person can choose” (DF 75).

Important is not only the abstract quantity of formally and universally granted possibilities, but rather primarily the concrete quality of the life-chances people can realize here and now, i.e. the “substantive freedoms – the capabilities – to choose a life one has a reason to value” (DF 74). And the question concerning which kind of increase in freedom certain “functionings” achieve, leads, according to Sen, to different answers in different cases: On one hand because persons with distinct *objective* needs draw different benefits from the same goods, but on the other hand because, as a result of *subjective* preferences, even needs-based allocations of goods mean something different to different individuals.<sup>81</sup>

The “substantive freedom” Sen is striving for is characterized by multiple components and their interaction. His conception includes “(1) political freedoms, (2) economic facilities, (3) social opportunities, (4) transparency guarantees, and (5) protective security” (DF 38ff.). Sen thus not only demands traditional rights to freedom, he rather at the same time says that these will only come into effect when, for example, there exists protection from corruption and fraud (4) and individuals have effective access to the economic (2), pedagogical, and medicinal (3) as well as

<sup>80</sup> See Giovanola, *Re-Thinking the Anthropological and Ethical Foundation of Economics and Business: Human Richness and Capabilities Enhancement*; Paul Anhand, Graham Hunter and Smith Ron, “Capabilities and Well-Being: Evidence Based on the Sen-Nussbaum Approach to Welfare,” *Social Indicators Research* 74:1 (2005), 9–55.

<sup>81</sup> See Douglas A. Hicks, “Gender, Discrimination, and Capability: Insights from Amartya Sen,” *The Journal of Religious Ethics* 30:1 (2002), 137–154; David A. Clark, “Sen’s capability approach and the many spaces of human well-being,” *The Journal of Development Studies* 41:8 (2005), 1339–1368.



social (5) conditions necessary for reflexively critical self-determination (ibid.). The different aspects of this “substantive freedom” strengthen and reinforce one another. The more political freedom a community possesses, the more effectively it can, for instance, democratically organize its economic institutions and enable social participation. Conversely, a high degree of institutional transparency, for example, serves to free the functioning of economic transactions and political deliberations from corruption. The various moments of “substantive freedom” are therefore not only intrinsically but also instrumentally important (DF 37).

So far, Sen and Nussbaum are in complete agreement. Their views diverge, however, concerning the status of procedural freedom within those “substantive freedoms.” For in Aristotle, the spiritual father of her approach, Nussbaum makes out “just *one* list of functionings [...] that do in fact constitute human good living” (NFC 152).<sup>82</sup> Similarly today one would also have to define this *one* basic set as exactly as possible. Nussbaum consequently finds that Sen lacks an “*objective* normative account of human functioning.” She criticizes his model for lacking a “procedure for *objective* evaluation by which functionings can be assessed for their contribution to the good human life” (NFC 176).

Martha Nussbaum views her own approach to capabilities-theory essentially in terms of a Rawlsian “commitment to *political liberalism*” (CC 75); like Rawls she wishes to make use only of arguments that she may assume are already backed by the “overlapping consensus” of the actual community: “my capability-based theory of justice refrains from offering a *comprehensive* assessment of the quality of life in a society, even for comparative purposes, because of the role of political liberalism in my theory requires me to prescind from offering any *comprehensive* account of value” (CC 19). She, therefore, on the one hand, finds that Sen’s liberalism goes *too far* in vigorously professing the necessity of “capability fulfilment as freedom,” as though it were a self-contained “*comprehensive doctrine*” (ibid.). On the other hand, according to her, Sen does *not go far enough*, since he does not establish a list of the irrevocable basic capabilities (CC 76).

The “capabilities approach,” Nussbaum explains, deals with “substantial freedoms” (CC 18). It is therefore incumbent upon it to state precisely which these are. (*Nota bene*: As we will later discuss, she does not talk about “substantive freedoms,” like Sen, but rather of “substantial freedoms”). According to Nussbaum, Sen simply never gives us an answer to the question, “Which capabilities are the most important?” (CC 27) Rather than providing one, he simply contents himself with suggestions: “Sen takes a stand on the valuational issue by emphasis, choice of examples, but he does not attempt anything like a systematic answer” (CC 27). One gets the impression that, although Sen had set off in the right direction, he ultimately failed to jump as far as required.

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<sup>82</sup>Martha Nussbaum’s writings are cited in accordance with following abbreviations: (NFC): Martha Craven Nussbaum, *Nature, Function, and Capability: Aristotle on Political Distribution* (Oxford Studies in Ancient Philosophy, 1988); (FJ): Martha Craven Nussbaum, *Frontiers of Justice: Disability, Nationality, Species Membership* (Cambridge, MA, 2006); (CC): Martha Craven Nussbaum, *Creating Capabilities: The Human Development Approach* (Cambridge, MA, 2011).

Sen, conversely, is disturbed by Nussbaum's elimination of interpretative leeway in favor of a fixed conception of "well-being" (CWB 47). For Sen conceives of his concept of "substantive freedom" as embracing not only the material results of freedom, but also its procedural dimensions. For the sake of this "process aspect" Sen wishes to keep the "capability approach" open to diverging answers to the question concerning which freedoms deserve priority (CWB 47). The last word about this should be had by neither economists nor philosophers, but rather by all concerned. Instead of one single answer to the question concerning which "capabilities" place people in the position of possessing "substantive freedom," there should be just as many answers as there are political communities: here and now they are possibly quite different ones from those at different places and different times. Sen thus defends the openness of his approach as one of "*deliberate incompleteness*" (CWB 47, italics, CD).

It is certainly not the case, as Sen sometimes suggests, that Martha Nussbaum simply sits in an ivory tower drafting a "blueprint" (IJ 232) which once and for all declares what every person at every time and place requires to be free – and that's that. But although Nussbaum certainly does establish a list with ten "capabilities" (CC 33f) that she claims are essential for any living human being, her approach also aims at a certain openness to the respective political and cultural contexts of human life: First, she conceives of her list as "open ended" and open to "ongoing revision"; second, she is decidedly open to differentiated concretization within different societies; third, she draws up a "modular" conception which can be applied to the most varied "comprehensive doctrines"; fourth, she grants individuals important scope for decision-making by typically demanding only that "capabilities," but not the realisation of "functionings," be safeguarded; and, fifth, she integrates flexible classical civil-liberties into the list, as well as, sixth, clarifying that she aims more at a "justification" of the capability concept than at a blueprint for its "implementation" (see FJ 296ff.).

This displays significant flexibility and dynamism. Nonetheless, it cannot satisfy Sen's demand that each and every *polis* must always be able to opt out of individual points on the list and place quite different ones on the agenda. In my view, this constitutes the decisive difference between both thinkers. In Sen's conceptualization, freedom is quite clearly a good through which the basic capabilities enabling it are transcended and integrated. *Contra* Nussbaum, Sen does not see this prioritizing of freedom above its conditions of realization as a weakness of his theory, but rather as its particular strength. Hence the radical procedurality of his approach: The procedural freedom defining the concrete freedoms established by a community indispensably belongs to the idea of freedom. And that in turn explains why Amartya Sen *partout* does not write up a definitive list of inviolable basic capabilities.

It is from methodological as well as material considerations, therefore, that Sen refuses Nussbaum's attempt "to move on relentlessly until one [...] arrives at exactly one interpretation of the metaphysics of value" (CWB 48). *Methodologically* much speaks against deciding questions of value before "an agreement is reached on the choice of an evaluative space" (ibid.), i.e. before it is clear who has the right to make decisions or mistakes. And, in Sen's eyes, this systematically antecedent question in

turn has to be decided democratically, not technocratically. This argument goes hand in hand with the *material* consideration that freedom of choice surely presents a good in itself – and certainly not only for liberals, but rather also for teleological theorists of “well-being,” for, strictly speaking, the “freedom to choose our life can make a significant contribution to our well-being” (IJ 18). Therefore, instead of specifying an absolutely optimal canon of substantial freedoms from an ivory tower, Sen wishes to ensure that citizens themselves can decide this sort of thing. Only the population as a whole is called upon both to determine the procedures by means of which they will negotiate and then settle that issue. Sen believes that both decisions – the *procedural* decision as well as the *substantial* decision about the manner and prioritization of substantial freedoms – must ultimately be decided by the people and not by professors.

This indirect access to *capability*-promotion wishes to ensure that freedom is not reduced to one single good and its maximization, but rather is respected as “an inherently diverse concept” (DF 298).<sup>83</sup> Sen’s idea of freedom allows – even demands – that differences of a social, cultural, political, and institutional nature are inscribed into it. This is why Sen does not demand equality in the actual operationalization of the idea of freedom, but rather that this be entrusted to liberal, i.e. participative procedures. In Sen’s conception, that is, the “capability perspective” remains “inescapably pluralist” (DF 76). Sen leaves the concretization of the “capabilities” entirely to the actual political communities (IJ 232). Here, then, lies the parting of the ways between the liberal Aristotelianism of Nussbaum and the Aristotelian liberalism of Sen.

Sen’s theory consequently operates (in substance, if not in name) with the distinction, employed within our study, between an (abstractly universal) *idea* and (concretely situated) *concepts* of qualitative freedom. Yet precisely for that reason Sen’s terminology appears unfortunate. The adjective “substantive” certainly abstracts more important from less significant aspects, and thus passably serves, looked at from a merely lexical angle, to call for a qualitatively differentiated treatment of freedom. But the word is so dangerously close to the word “substantial” as to be potentially confused with it or its meaning. For example, as previously observed, one finds in Nussbaum’s critique a description of Sen’s position as a theory of “substantial freedoms” (CC 18). Yet, the adjective “substantial” connotes independent attributes enduring throughout change. That is to say, it very precisely highlights what is at issue with the “capabilities approach” for Martha Nussbaum – but less so for Amartya Sen: the establishment of a definite core of basic faculties. Formulated differently: Semantically “substantial” is a diametrically opposed concept to “procedural.” The whole point of Sen’s “substantive freedom” was, however, to assign the procedural moment a central instead of marginal role.

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<sup>83</sup>In my view, therefore, Nussbaum’s objection does not ring true: “Sen sometimes speaks as if all capabilities were valuable zones of freedom and as if the overall social task might be to maximize freedom. He speaks of a ‘perspective of freedom’ – as if freedom were a general, all-purpose social good of which the valued capabilities were simply instances” (*Creating Capabilities*, 70).

On this reading, it would probably be more expedient to call the idea of liberty sketched by Sen *qualitative* freedom and to contrast it with quantitative approaches. The attribute “qualitative,” after all, only evokes a general concern for the content of options, yet not certain specific qualities (quiddities). It has, moreover, the connotation of goodness, without the undertone of that being unique and unchangeable (as is, however, suggested by the concept of substance). In short, the expression “qualitative freedom” achieves what, according to Sen, the “capability approach” was meant to provide: insisting upon a meaningful direction of freedom on the one hand without, on the other hand, predetermining it once and for all. “Qualitative freedom” thus appears to me to be both a simpler and more accurate appellation for what Sen means by “substantive freedom.”

Be that as it may, in any case Sen’s approach entails that liberal economics does not ontologically deal with *goods*, but rather axiologically negotiates *opinions* about goods. Its subject matter is not values *in themselves*, but rather values *for us*. We are to investigate not *the* economy, but rather *our* economic activities in *this* political community.<sup>84</sup> An economics doing justice to this idea must work with diverse and for the most part incomparable information, and therefore stands in express contradiction to the methodological ideal orientated by the analytic mechanics of the early nineteenth century.<sup>85</sup> It has to deviate from the aim of an absolute commensurability of all values in favor of a more pragmatic view, and, where necessary, has to exchange abstract precision for concrete relevance. As a consequence, economics should not strive for the status of a discipline with universal and eternal variables and target-figures to the detriment of cultural and historical differences. Rather, economics must learn to perceive the change of societal values and institutions in freedom.

Such a discipline would arrive at the “conceptualization of ‘needs’” (DF 148) democratically, not technocratically. Accordingly, Sen rejects as a “significant mistake” the attempt to see the “capacity approach” as expressing or continuing “methodological individualism” (IJ 244). For this overlooks that individuals constitute themselves in and through society. Social institutions and collectives make up an integral part of the individual’s conception of self and of liberty (IJ 246). Instead of atomistic holders of private rights constituting society by negotiating a social contract promoting their respective and unconnected interests, the opposite is the case: Subjects find their identity through social roles and political deliberation; only in and through society do they develop and articulate their personal interests.

The Other is the interpretative horizon of the Self. “Individual freedom is quintessentially a social product” (DF 31). Through the “interactive formation of public perceptions and collaborative comprehension of problems and remedies” the privately-individual sphere and the politically-general realm reciprocally constitute themselves. Hence Sen’s theory of freedom culminates in questions concerning how much social justice open societies owe themselves and others. That is to say, Sen’s philosophical liberalism requires a cosmopolitan culmination. In the commitment of

<sup>84</sup> See Pressman & Summerfield, *The Economic Contributions of Amartya Sen*.

<sup>85</sup> See Dierksmeier, “The Freedom-Responsibility Nexus in Management Philosophy.”

helping all global citizens to substantial freedom, the idea of freedom rids itself of all false arbitrariness and determines itself in and by global responsibility (IJ 138, 248ff.).

#### 4.2.4 *Cosmopolitan Freedom*

In an increasingly borderless and networked world, ethical theories that only function under the premise of geographical isolation lose plausibility. This is why Sen criticizes Rawls' premise of a "closed society: [...] self-contained and [...] having no relations with other societies [...]" (IJ 151). He counters Rawls' defense of methodological nationalism – as a device supposedly indispensable for concentrating philosophically on the essential – simply with the question, "whether considering ideas and experiences from elsewhere are matters of 'distracting details' that are somehow to be shunned" (IJ 151)?<sup>86</sup> Would one not rather have to say that whoever lives in a globalized world must also think and act globally?

The undifferentiated universalism of a "gigantic global social contract" (IJ 71) espoused by some of Rawls' disciples is just as unhelpful as globalization-blind nationalism. Sen regards the vision of a world-state established by global social contract as "deeply unrealistic – now or in the foreseeable future" (IJ 140). Sen, that is, rejects globalism just as much as he dismisses local chauvinism, and, in place of both, he strives for a cosmopolitanism open to difference. In place of that golden mean, however, Sen admits, there is thus far, merely a wide lacuna: theoretically and practically (IJ 141). How is it to be filled? Which form of *Global Governance* should humanity strive for? Based on which philosophy?

Sen has doubts about all philosophizing that is not self-critically situated. Questions of *Global Governance* are able to be answered neither simply within local parameters nor from a utopian perspective – for instance in the sense of Thomas Nagel's demand for "position independence" through a "view from nowhere."<sup>87</sup> Sen declares himself rather for a middle way, for a theory of "positional objectivity," which proceeds "person-invariant but position-relative" (IJ 157). This alternative takes account of the *relativity* of the respective standpoint in historical time and cultural space, without taking it to the extreme of an ethical *relativism*. Although through their integration in roles, geographical locations, and physical conditions, people will never be able to gain an absolute, ultimate perception of the world, Sen believes a sufficiently nonpartisan thinking for all practical purposes is well within reach. Positionality must be distinguished from partisanship; conditionality must be differentiated from arbitrariness. The latter always ruins fair judgments, but the former does not.<sup>88</sup>

Quite the opposite: Sometimes it is precisely concrete positions (cultural regions, climatic zones) and stations in life (parenthood, offices, roles, etc.) which make us

<sup>86</sup> See also Rawls, *Political Liberalism*, 12.

<sup>87</sup> See Thomas Nagel, *The View from Nowhere* (New York, 1986), 5.

<sup>88</sup> See Streeten, *Amartya Sen, Rationality and Freedom*.

perceptive and competent for certain questions. One has thus to differentiate between legitimate (nonpartisan and general) and illegitimate (privately contingent) influences upon our value-judgments. The former survive the critical challenge of reciprocity and generalizability tests, whereas the latter do not. Schematic universalism overlooks the former; ethical relativism ignores the latter (RF 469–471). A self-critically liberal reason will therefore plead for a kind of globalization which does not flatten all local and regional particularities, but rather allows legitimate culturally-specific differentiations (DF 18).<sup>89</sup>

Sen therefore engages his globalization ethics on two fronts: on the one hand against the “identity disregard” of crude universalists, but also, on the other hand, against cliquish communitarians who think that salvation lies in turning their backs on all things global, since they suffer, as he believes, from a “singular affiliation” neurosis (IV 20). Their models tend to bleach the colorfulness of human life “in a single-minded celebration of only one community” (IV 38). Yet people are “diversely different” (IV XIV); they distinguish themselves according to religion, career, sex, taste, political convictions, hobbies, etc. That is why the human lifeworld is also “diversely divisive” and the classification of the “global population into distinct ‘nations’ or ‘peoples’” (IJ 141) is neither the only one possible, nor the most important category for our thinking about global affairs.<sup>90</sup> The philosophy of freedom must not reduce the global attachments of peoples only to one single – national or religious – affiliation. It ought to remain open to multiple roles and dynamic identities.

One should not, like “many communitarian thinkers,” consider cultural and religious identity to be static, “as if it were a purely natural phenomenon” (ibid.). Instead, Sen stresses the dynamic malleability of our “different affiliations and associations” (IV 5). Our passport is not our destiny, our nationality is not our vocation, for “the preservation of something with which a person is stamped, simply because of birth, can hardly be, in itself, an exercise of freedom” (IV 116f.). People are not firmly stuck in their cultures and contexts like sausages in their skin, but rather encounter “choices that continue to exist in any *encumbered* position one happens to occupy” (IV 35). To the idea of freedom there also belongs the dimension of a “*cultural liberty* [...] to preserve or to change our priorities” (IV 113). That means: The value of cultural differences results from an (affirmative or negative) evaluation on the part of cultural freedom and not vice versa (IV 116). Because of this cultural liberty, we should reject any form of diversity that can only be secured against the freedom to question the “cogency and relevance” of particular identities (IV 4). Difference does not have dignity in itself; rather the dignity of human freedom bestows value on difference.

<sup>89</sup>In this connection Sen approvingly quotes the pleas for reasonably justified differences in Bernard Arthur Owen Williams, *Ethics and the Limits of Philosophy* (Cambridge, MA, 1985), 133 and John Gray, *Two Faces of Liberalism* (New York, 2000), 139.

<sup>90</sup>See also David A. Crocker, *Ethics of Global Development: Agency, Capability and Deliberative Democracy* (Cambridge & New York, 2008); Kwame Anthony Appiah, “Sen’s Identities” in Kaushik Basu & Ravi Kanbur (eds.), *Arguments for a Better World: Essays in Honor of Amartya Sen*, vol.1 (Oxford & New York, 2009), 488.

Strictly speaking, therefore, cultural relativism contradicts itself (RF 477). In every society there are eventually “dissenters,” “skeptics,” and “minorities” (RF 476). *Whose* cultural specificity does the cultural relativist advise us to respect, that of the majority or that of the minorities? *Which* freedom is decisive, the dominating or the dissenting one? Whoever does not simply want to battle on the side of supremacy must make sure that the tolerance to let the other be other does not transform itself into indolence in the face of their possible intolerance against a third (RF 477). If cultural relativism is prepared to become a tolerance of militant intolerance, it sins against precisely that cultural freedom it promises to defend. Outright skepticism against all “global ideas (such as democracy and personal liberty)” as supposedly purely Western creations gets us nowhere (IV 89). A turn from the idea of universal human rights, i.e. of rights, which precisely address not the regional-particular aspects but rather the transpersonal-universal side of human existence (IJ 143), gives expression to the very intellectual provinciality and partiality the cultural relativists sought to evade. For the universality of human rights arises from the personality and not the particularity of individuals serving as the basis for their rights.

For this reason, too, Sen pits a cultural history of his own against narratives about an alleged schism between Asian and European, i.e. Eastern and Western values (IJ 227f.).<sup>91</sup> “Valuing liberty or defending public reasoning” is not “exclusively ‘Western’” (IV 84). In a penetrating excursion through intellectual history, Sen shows that both values are rather “part of our global past” (IV 84). Instead of succumbing to the “temptation of solitary identities and priorities” and – from this point of departure – musing about a “clash of civilizations” (IV 99), one should rather extricate oneself from this homespun ‘intellectual straitjacket’ (IV 11). Otherwise one stands to advance the social entrenchments of such rubrics and the antagonisms they feed on (IV 27). Reductionism in the airy heights of philosophy can thus aid and abet violent demarcations in the political lowlands (IV XVI). For “theories of civilizational clash” – unintentionally perhaps, but no less effectively still – do the preliminary work for those who have an interest in “cultural bigotry and political tyranny” (IV 105). When academic theories provide ammunition for world-views charged with resentment, they share in the guilt of those who extract ideological ammunition from them. Hence the “extraordinary naiveté” of monolithic cultural associations “must at once come to an end” in a world of obviously plural affiliations (IV 175).

Sen opposes all provinciality of thinking with a plea for its planetary expansion. In step with the growing worldwide commerce and encounters, we should strive for a globalization of the mind (IV 99) and our sense of justice (IV 147). Sen does not tire, therefore to take ethical relativism to task, denouncing it, not only theoretically, as the “lazy resolution” of a reason in decline (IJ X), but also for being practically dangerous. The fatalism of cultural relativism weakens our sense for our duties to humanity and thus ushers in a spurious self-righteousness: For instance, starving people are not free. It is cynical to interpret their situation as an expression of cultural

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<sup>91</sup> See Emanuela Fornari, *Modernity Out of Joint: Global Democracy and Asian Values in Jürgen Habermas and Amartya K. Sen* (Aurora, Colorado, 2007).

specificity (RF 88). Instead of construing poverty as a form of cultural self-determination, its systematic causes – deficiencies in structural justice and the failure of global institutions – must be fought.

The impoverished of this world seldom get to taste the carrot of a deregulation of financial markets, but they are familiar with the stick of wildly fluctuating speculation (IV 139–141).<sup>92</sup> Here lies the decisive problem to be solved, according to Sen. And it would be hypocritical to hide behind the argument that, through the past course of globalization, the poor would still economically be better off now than they were before. Whereas authors like Thomas Pogge question the empirical premises of this argument based on sound statistical analyses,<sup>93</sup> Sen criticizes its logic. What is at issue is not whether globalized collaboration brings about better results than economic isolation. The decisive question is rather whether, from all the extant possibilities for global cooperation, those most appropriate for the poorest have been chosen (IV 135). And since the answer to that is an embarrassed *No*, one may in no way content oneself with the *status quo*:

The consideration on which many of the debates on globalization have concentrated, to wit, whether the poor too benefit from the established economic order, is an entirely inadequate focus for assessing what has to be assessed. What must be asked instead is whether they can feasibly get a better – and fairer – deal with less disparities of economic, social, and political opportunities, and if so, through what international and domestic rearrangements this could be brought about. This is where the engagement lies. (IV 136)

A truly consistent philosophy of freedom thus leads to the mandate to work for fairer conditions of *Global Governance*. According to Sen, this does not require a world-state but certainly a thoroughgoing reform of our global institutions (IV 184). So that on the global level the “vexation without representation” comes to an end, we must follow up on economic globalization with a political globalization, reckons Sen. In particular, an honest democratization of the global decision-making bodies is called for (IJ 139). That demand goes along with the hope that, in the future, under more favorable geopolitical auspices, global citizens will enter into firmer legal connections with one another.<sup>94</sup> But at any rate, even within the context of the current institutional global governance structures, we must do everything possible

<sup>92</sup> See Nevile, *Amartya Sen and Social Exclusion*; David B. Grusky, S. M. Ravi Kanbur & Amartya Sen, *Poverty and Inequality* (Stanford, CA, 2006).

<sup>93</sup> See Thomas Pogge (ed.), *Freedom from Poverty as a Human Right: Who Owes What to the Very Poor?* (New York, Oxford & Paris, 2007). Pogge shows that intentional or unintentional erroneous assessments as well as unjustified changes in assessment standards (undertaken over time) has led to an incorrect, disproportionately positive presentation of the development of global poverty in the last decades; see also: Brighouse & Robeyns, *Measuring Justice*.

<sup>94</sup> In his publications, Sen is very cautious about questions concerning a possible future global government. In a personal conversation (in summer 2008), he nevertheless revealed a preference for the ideas of a democratically constituted global government operating federally and subsidiary, but at the same time laid down that it is currently more prudent to only speak in favor of more *global governance* instead of a *global government*, for: (1) one thus concentrates upon something achievable and (2) one would endanger such achievable advances in regard to more *global governance* with a too open advocacy of the idea of *global government*, thus inviting conceivable fears of a global Moloch.



to make a life in substantive freedom possible for every person upon this earth (IV 136). And Sen declares this the responsibility of absolutely all (individuals, institutions, states) that can help – unilaterally, simply since and inasmuch they can. No one may argue their way out of this duty to humanity.<sup>95</sup>

Sen finds it intolerable that we live in a world in which “unprecedented opulence” and “remarkable deprivation, destitution and oppression” exist side by side (DF XI). With “constructive impatience” he observes how we do not make full use of our technical and political possibilities to alleviate human suffering (DF 11). Worldwide misery is not the fault of globalization itself, though, but rather due to its mismanagement (IV 121). And the latter is, according to Sen, not least the result of misunderstandings about the meaning and end of economic activity. We ought to exchange our material concepts of well-being for conceptions directed towards the substantial freedom of all people.<sup>96</sup> “Freedom – rather than well-being” must assume the “foundational role” (RF 9) in socioeconomic philosophy.

The individual and institutional demands of freedom must be brought into a cosmopolitan balance so that the freedom of one does not hinder – but rather promotes – the liberation of the other. Although, or perhaps precisely because, freedom is universally desired and experienced (DF 118), one cannot, therefore, simply – like in the case of the “Washington Consensus” – globalize one particular concept

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<sup>95</sup>What this means in practice becomes clear(er) in the work of Martha Nussbaum. Worldwide people vote with their feet against their respective political and economic systems and direct their hopes upon the global community. “One of the things people themselves might want out of international relations is help in overthrowing an unjust regime, or winning full inclusion in one that excludes them” (FJ 234). We should therefore not let a false relativism delude us into believing that we only have moral obligations towards our fellow citizens. Streams of refugees compel the affluent world to adopt a cosmopolitan perspective. One cannot practically treat them with fairness without being theoretically fair to their human rights. For Nussbaum that entails renouncing the naïve belief (fueled by Rawls among others) that every nation is the architect of its own well-being. For even when states continue to strive for good governance, they are not always successful. Other forces contribute towards their destiny. “The global economic order and the disadvantages it imposes upon poorer nations” (FJ 262), for instance, are to be born in mind, according to Nussbaum. Global trade federations and the powers standing behind them change and curtail the possibilities of national politics. Thus even states adequately governed on the inside, when from the outside afflicted by severe economic disadvantages, may fail to provide their citizens with sufficient chances to flourish economically. In addition, there is the influence of powerful “multinational corporations” (FJ 225), whose logistic and financial power outranks many state institutions, without being subject to procedures of political legitimation. On a global scale, therefore, the contractualist hypothesis that an intelligent striving of all nations for their “mutual advantage” alone will suffice to bring about acceptable socioeconomic conditions for all world citizens thus fails (FJ 270). Ultimately some states are “just too poor for the richer nations to gain anything from treating them as rough equals” (FJ 249). But what should the global community do with societies which – observed from a purely economic perspective – appear as a “drag on the whole system?” She agrees with Sen about the fact that “different principles will have to be chosen to deal with them” (FJ 249). Instead of reciprocal advantage, the principle of global justice should be found in mutual recognition, “human fellowship and human respect” (FJ 270).

<sup>96</sup>See George Mavrotas, Anthony F. Shorrocks and World Institute for Development Economics Research, *Advancing Development: Core Themes in Global Economics* (Basingstoke & New York, 2007).

of freedom and mold all local politics in its image. If one does not wish to circumvent methodologically the core concerns of liberal thinking, then one must rather always keep in mind that “freedom is an irreducibly plural concept” (RF 585). As much as consistent liberalism requires a theory of those “capabilities,” the presence or lack of which indicates the degree of substantive freedom a person can access, just as little may said theory be simply decreed top-down. It is essential that the “capabilities” in question are determined by citizens’ democratic will – and not from the lectern. And with this turn, Sen’s approach subjects itself to precisely that reflexive recursivity it demands of others. Sen’s theory thus survives its critical self-application and thereby, in form as well as substance, conclusively lives up to its claim to be a philosophy of and for freedom.

### 4.3 Results and Implications

Whereas the previous studies of Hayek and Rawls showed *that* philosophies based on models of quantitative freedom are insufficient and necessarily drift into qualitative distinctions, Galbraith and Sen demonstrate *how* a modern theory of qualitative freedom can be brought into being. Both focus upon the social lifeworld: People are dependent upon the help and support of their fellows. Their freedom requires sociality in ideal as well as in material dimensions: *ideally*, in order to ascertain what are the true needs and interests of human life – and *materially*, in order to fulfill these. Whereas quantitatively orientated freedom aims to maximize autonomy (*Selbstbestimmung*) and minimize heteronomy (*Fremdbestimmung*), qualitative freedom sets out to optimize personal autonomy through social co-determination (*Mitbestimmung*). It views others and society as *spheres* rather than *limitations* of individual freedom. It reads the world of societal coordination as the eulogy of socially mediated freedom, and not as an elegy about conditions of unavoidable coercion.

Galbraith and Sen insist upon a just differentiation of personal and political freedom; from this angle, they develop their critique of prevailing *neoliberal fashions* in economics and politics as well as of the *libertarian models* in economic and political theory that buttress them. Galbraith and Sen demonstrate that our practices are always already both construed and polarized by theories of freedom. Both stress that our socioeconomic realities are not natural constants but vary under the direct influence of individual as well as institutional liberties, and thereby, indirectly, also from the various theories of freedom determining these. For this reason, it would be too simplistic merely to thematize distributive conflicts between *factual* instantiations of freedom. Rather, *counterfactual* considerations must also be factored in: We need to ask, for example, which *alternative freedoms* are thwarted by the current economic and political *status quo* and which *alternative conceptions of freedom* are blocked by the intellectual *status quo*.

Communitarianism and feminism formulate similar objections against the quantitative paradigm of liberal theory. As expressions of the philosophy of the present, which take kindly to the idea of freedom while being critical of modern liberalism, they too are informative for our project. Both camps criticize liberalism for soaring into the airy heights of conceptual abstraction, far beyond the specific concerns of the subjects it affects. According to a typical objection, liberal politics often disregards the concrete lifeworlds of those individuals whose freedom it supposedly furthers.<sup>97</sup> If regional ways of life, the cultural practices of traditional communities, as well as certain behavioral patterns colored by, e.g. gender roles, are illuminated in the cold light of a merely functional, quantitatively maximizing rationality, then what follows? Does not such abstraction, with its chilly *cost-benefit* analyses, shock-freeze the fluid support of personal freedom and social autonomy (like, for instance, through “*care*” and “*community*”) ordinarily provided in socially embedded forms of life?

Such concerns mostly attach to the *homo oeconomicus*-theorem, the central figure of quantitatively orientated theories like game-theory and contractualism: According to feminist critique, under the cover of value-free science, this model of a rational utility-maximizer encourages behavioral expectations along a certain, selfish line.<sup>98</sup> Conversely, it brands socially directed behavior as a “moral failure,”<sup>99</sup> for instance, by depreciating “participation in nonreciprocal relationships; low privacy needs; a greater willingness to seek the approval of the group, [...] and irrationality (defined as a failure to seek utility maximization; in other words, extraordinary and even ordinary acts of altruism and benevolence).”<sup>100</sup> Feminists therefore support the thesis that the *homo oeconomicus*-doctrine impedes women’s self-assertion “with their unchosen dependency relationships with children and others in need, their alleged proclivity towards moral decisions based on partial and contextual grounds, their putative lack of respect for rights in the face of needs, and their supposed tendency to define identity through relationships with others rather than through the values of separation and self-realization.”<sup>101</sup>

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<sup>97</sup> See Debra Satz & Rob Reich (eds.), *Toward a Humanist Justice: The Political Philosophy of Susan Moller Okin* (Oxford & New York, 2009); Onora O’Neill, “Justice, Gender, and International Boundaries” in Pablo Greiff & Ciaran Cronin (eds.), *Global Justice and Transnational Politics: Essays on the Moral and Political Challenges of Globalization* (Cambridge, MA, 2002), 303–323.

<sup>98</sup> See the debate in Ann E. Cudd & Nancy Holmstrom, *Capitalism: For and Against* (Cambridge, 2011).

<sup>99</sup> See Riane Eisler & Daniel Loye, “The ‘Failure’ of Liberalism: A Reassessment of Ideology from a New Feminine-Masculine Perspective,” *Political Psychology* 4:2 (1983), 375–391 for further evidence.

<sup>100</sup> See Lisa Cohen Elliot D. Hill, “Homo Oeconomicus, Different Voices, and the Liberal Psyche,” *International Journal of Applied Philosophy* 13:1 (1999), 21–46.

<sup>101</sup> *Ibid.*

Yet, according to the critique, in quantitative thinking, men also would be locked into clockwork behavioral patterns through stereotypical role-models.<sup>102</sup> For, in a society directed by this model all who do not comply with the maximization imperative will ultimately have access to fewer resources; and according the logic of the model of inherent self-interest, they will then also have to blame themselves for this outcome to boot.<sup>103</sup> Whether people *do not want* to conform to that rationality or whether they *are not able* to conform to it, the logic of selfish maximization – even where tempered by the welfare state – in effect disadvantages them just the same.

For those unable to play along, it is in no way simply a question of physical disabilities. Mind and character also be factored in. Industriousness does not fall from the heavens but is rather acquired upon earth. Its cultivation depends upon social and cultural preconditions among other things, to which not everyone has the same access. Not only ability but also attitude is in large part a cultural construct. Theories suppressing cultural contexts consequently invite a misreading of socially construed distinctions, together with the privileges and discriminations they entail, as but natural delimitations. Thanks to this blunder, inequality easily acquires a Social Darwinist alibi – according to the motto: “The secret of success is hard work!” When deliberately ignoring, though, that in a deregulated market-driven society not everyone is equipped and positioned to deliver such hard work, the fact becomes obfuscated that therefore people do not always deserve what they earn. Economic liberalism thus fails its very own ideal of meritocracy.<sup>104</sup>

The systematic reason for these distorted outcomes lies in the matrix of quantitative thinking. For quantitative freedom aspires towards the maximal realization of subjective preferences, i.e. the minimization of their restrictions; and those preferences are viewed as naturally given. But that is short-sighted according to communitarians and feminists.<sup>105</sup> What applies, for example, if a person’s preferences have been developed under oppressive conditions? A woman born into a culture that degrades her, so that after decades of socialization she reacts to maltreatment with servility, may perceive her situation as hopeless, perhaps even as just.<sup>106</sup> Even if (for instance, through a move into a society which fosters equality) there is a change in her physical options (in the sense of quantitative freedom) for an emanci-

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<sup>102</sup> See also Okin & Mansbridge, *Feminism*; Martha Fineman & Terence Dougherty, *Feminism Confronts Homo Economicus: Gender, Law and Society* (Ithaca, NY, 2005).

<sup>103</sup> See Jennifer Chan, “Between Efficiency, Capability and Recognition: Competing Epistemes in Global Governance Reforms,” *Comparative Education* 43:3 (2007), 359–376.

<sup>104</sup> See Herzog, *Freedom gehört nicht nur den Reichen*.

<sup>105</sup> See Nancy J. Hirschmann, *The Subject of Liberty: Toward a Feminist Theory of Freedom* (Princeton, NJ, 2003), 236 f.

<sup>106</sup> For the discussion about “adaptive preferences” forced by Sen and Nussbaum see Ann E. Cudd, “Oppression by Choice,” *Journal of Social Philosophy* 25 (2005), 20–49 and Serene J. Khader, *Adaptive Preferences and Women’s Empowerment* (Oxford, 2011).

pated life, she may not necessarily realize, theoretically or practically, the (qualitative) freedom to use these increased options.

Communitarians argue likewise: What applies if the individual's preferences are characterized by corrupt contexts, e.g. in an unlawful state like that of the Third Reich? Are such preferences to be respected in the same way as those developed in a community characterized by mutual respect and responsibility? Are both types to be measured as quantitatively equal? Or is one not forced to switch to a logic that can qualitatively differentiate between the formative conditions of subjective preferences (for example, as helping or hindering autonomy).<sup>107</sup>

That at least is the argument of the American philosopher, Joseph Raz, who evaluates freedom according to its contribution to the development of reasonable self-determination.<sup>108</sup> Against the assumption of a normatively empty world – prevailing in quantitative models of freedom – into which our choices alone first inscribe values, Raz proposes that the “ability to respond appropriately to (perceived) normative aspects of the world” essentially belongs to freedom.<sup>109</sup> Freedom does not flourish by unleashing individualist caprice, but by acting appropriately to the situation, and responding justly to the respective ‘nature of things.’ The latter statements are as metaphysically intended as they are worded. Yet that should not startle us; these arguments were not formulated as *policy* papers, but rather as philosophical contributions to the civil *discourse* concerning their shared freedoms. According to Raz, government ultimately cannot and should not decide which options are “valuable or valueless.”<sup>110</sup> For that it usually lacks the competence and always lacks the legitimacy. It is rather incumbent on society to lead a pluralistic debate from which the government can learn which forms of public life more than others strengthen the cultivation of individual and institutional autonomy.

At times, after all, it is precisely state coercion and interference with individual freedom which grants citizens genuine liberty for “some options one is better off not having.”<sup>111</sup> Also the *deselection* of unwanted possibilities contributes to personal and political autonomy and its development. The *polis* has little reason “to provide, nor any reason to protect, worthless let alone bad options,” if these do not make anyone capable of autonomy (*ibid.*). For that reason, philosophical liberalism must give up its “blind obsession with the avoidance of coercion” (*ibid.*) as well as the quantitative fixation on a content-neutral maximization of options. State action on behalf of cultural and regulatory frameworks must obviously respect the freedom and autonomy of the individuals they are to foster. Raz therefore limits the state's activity to securing the “background conditions which enable a person to be auto-

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<sup>107</sup> See Christman, *Saving Positive Freedom*.

<sup>108</sup> See Raz, *Morality*, 407ff.

<sup>109</sup> See Raz, *Engaging Reason: On the Theory of Value and Action* (Oxford & New York, 1999), 77.

<sup>110</sup> Raz, *Morality*, 410.

<sup>111</sup> Raz, *Morality*, *ibid.*

mous.” Since these are of an intellectual and cultural, pedagogical and medicinal, as well as social and material nature the state must, however, many a time be active “far beyond the negative duties of non-interference.”<sup>112</sup> In this respect, government’s role on behalf of freedom is definitely “extensive and important,” while in all cases “confined to maintaining framework conditions conducive to pluralism and autonomy” (ibid.).

Such liberalism based on qualitative distinctions leads neither to a conception of a minimal state nor to the vision of maximal statehood. These quantitative specifications rather take a backseat in favor of the qualitative deliberation concerning the extent of the citizens’ consensus about their obligations to one another and to the common good. The state should promote individual autonomy only by measures already endorsed by “a large measure of social consensus.” Whoever has freedom as a goal must desist from using “coercive and of greatly conforming measures” as a means, and thus find “gentler measures,” according to Raz (ibid.). Citizens with a zest for political change thus ought to develop a theory of non-coercive forms of motivation and recognition, graduated according to the intensity and relevance of the freedoms respectively to be promoted; something already demanded by Kant (Sect. 2.1.4) and Krause (Sect. 2.3.4) as the culmination of liberal political culture.

Qualitative liberalism is both sensitized to and reliant on the assimilation of contextual differences. As a result, it can treat traditional forms of culture and ethical communities in a rather relaxed fashion. A qualitative conception of freedom must not per se combat communitarian limitations of individual agency. Some of them it can affirm – in the form of voluntary qualifications. To quantitative liberalism, though, this sort of thing is anathema. Objections from virtue ethicists and advocates of the common good are devalued in most cases as but expressions of misplaced sensitivities or even as narrow-minded attempts to blunt the edge of the sword of universalism. But this misjudges the liberal concerns articulated in that critique. As we had learned from Kant, freedom consists quite centrally also in evaluating and transforming one’s own preferences (see Sect. 2.1.1).

To repeat: Not only first-order preferences, but also their transformation by second-order preferences, belong to freedom. Therefore we also have to recognize as a genuine object of liberal thinking the social and cultural contexts among which such reflexive appeals as well as the capacity for self-criticism and self-control are shaped.<sup>113</sup> But wherever the inner freedom for self-legislation becomes a theme, its descriptive chronicling inevitably also involves prescriptive elements. In order to correctly *describe* freedom, we must understand what we always already *prescribe* to ourselves in the name of freedom. Ultimately, the actuality of freedom can only

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<sup>112</sup>All following quotes from Raz, ibid. 407–429.

<sup>113</sup>See Dworkin, *The Theory and Practice of Autonomy*, 15.

be conceived of from culturally mediated normative goals. Our ideals belong to the reality of our freedom.

Whereas the model of quantitative freedom arises from a freedom appealing to independence and indifference, which can isolate itself from social, moral, or religious commitments at discretion,<sup>114</sup> from the perspective of qualitative freedom, autonomy can also be spotted in dependent as well as interdependent life-circumstances.<sup>115</sup> That makes a huge practical difference. Questions concerning a liberal formation of life-circumstances can consequently no longer be answered by the simple qualitative equation: more independence = less dependence = more freedom. They rather demand a qualitative answer regarding *which* forms of dependence and interdependence most aptly promote our autonomy. Some directives may curtail permissiveness and yet thereby enable freedom by catering to the integrity of our civilization as well as the values and virtues supporting it.

The philosophy of qualitative freedom, consequently, better captures the phenomenon of religious dedication. Instead of a purely quantitative and entirely exterior observation of the options of religious people, the theory of qualitative freedom takes seriously the phenomenon of religious self-commitment. Moreover, it views the religious urge towards “responsible freedom” as a valuable ally.<sup>116</sup> People conceiving of freedom as a gift from above perhaps tend less to measure the value and being of freedom solely with the calculi of utility-maximization<sup>117</sup> and might find themselves ready to promote the freedom of others wherever possible, even when and where this appears detrimental to their own self-interest.<sup>118</sup> And whoever thus conceives of freedom as an obligating mission may wish to help others attain the same kind of freedom, as illustrated by the example of Latin American liberation theology.<sup>119</sup>

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<sup>114</sup> See Christman, *Saving Positive Freedom*, 123 & 143.

<sup>115</sup> See O’Neill, *Autonomy, Coherence, and Independence*, 212–221, especially 220.

<sup>116</sup> See Benedict XVI, *Charity in Truth – Caritas In Veritate: Encyclical Letter* (San Francisco, 2009).

<sup>117</sup> See Karl Rahner, *Freiheit und Manipulation in Gesellschaft und Kirche* (München, 1970).

<sup>118</sup> See Karl Lehmann, *Frei vor Gott: Glauben in öffentlicher Verantwortung* (Freiburg i.Br.), 2003.

<sup>119</sup> Departing from the works of Thomas Aquinas (1225–1274), who appealed to the reasonable capability of *all* human beings, even non-believers and those of other faiths, at the beginning of the sixteenth century the theologians of the “Escuela de Salamanca” developed a cosmopolitan philosophy and globalization ethics with a view to indigenous peoples. The writing of Francisco de Vitoria (1483–1546) and Domingo de Soto (1494–1560) were above all decisive for further theory development. Vitoria defended the political freedom and autonomy of the Latin American population (Francisco de Vitoria, Luciano Pereña & C. Baciero, *Relectio De indis. Carta Magna de los Indios: 450 aniversario, 1539–1989* [Madrid, 1989]); de Soto also addressed questions of personal property and of economic freedom (Domingo de Soto & Venancio Diego Carro, *De Iustitia et lure [De la justicia Frontiydel derecho]* [Madrid, 1967]). Their writings first served as the foundation of a critique of political suppression and economic exploitation of the native population. Bartolomé de las Casas (1484–1566) and Alonso de la Vera Cruz (1507–1548), who both campaigned against colonial injustice and for the right to liberal self-determination of the Latin Americans with philosophical as

Moreover, when resolving societal problems and conflicts of interest, a spiritual hermeneutic often turns out to be a helpful heuristic device even for secular problems. For since religious conceptions of self and world often declare even the furthest to be the nearest and treat the whole world with a respect grounded by a theory of being or creation, they have already for a long time anticipated the present cosmopolitan extension of our perspectives compelled by globalized economic relations and environmental crises. Even politics committed to ideological neutrality can derive inspiration from the spiritual answers to questions about the orientation of human life.<sup>120</sup>

Meanwhile, qualitative liberalism adopts a critical stance whenever opportunities are canceled for supposedly religious reasons. Religious communities must, for instance, tolerate divergent world-views and forms of life so as not to negate the very freedom they claim for themselves. The perspective of qualitative freedom therefore allows a differentiated treatment of spirituality. While quantitative freedom fosters suspicion of religions in principle since and inasmuch as they reject some options and plead for certain forms of individual or collective self-commitment, qualitative freedom only excludes fundamentalist forces aiming to allow freedom merely for their own message, but not for that of competing denominations and faiths.<sup>121</sup> Qualitative liberalism does not pose as a secular judge of religious wisdom and belief, but it does examine the procedures of religious decision-making and self-articulation according to their compatibility with society's freedom. Thus religions are, for instance, obligated to respect that people are free to educate themselves and decide about spiritual things for themselves, also and especially where this involves that people inform themselves about alternative – not least, irreligious – world-views, and follow them.

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well as political arguments, stand out above all others (see Bartolomé de las Casas, *An Account, Much Abbreviated, of the Destruction of the Indies, with Related Texts* [Indianapolis, 2003] and Alonso de la Vera Cruz, *De dominio infidelium et iusto bello, I–II* [Mexico, 2000]). In the twentieth century the liberation movement in Latin America appealed once again to the intellectual heritage of a tradition (theologically) viewing human freedom as a gift from God, i.e. (philosophically) encouraging all persons to employ their own reason and freedom. That is especially true of the writings on liberation theology of Gustavo Gutierrez (Gustavo Gutierrez, *A Theology of Liberation: History, Politics, and Salvation* [Maryknoll, NY, 1973]) and Ignacio Ellacuria (Ignacio Lee Michael Edward Ellacuria, *Ignacio Ellacuria: Essays on History, Liberation, and Salvation* [2013]), as well as of the works on liberation pedagogy by Paulo Freire (Paulo Freire & Antonio Fernandez, *Learning to Question: A Pedagogy of Liberation* [Geneva, 1989]) and last but not least the liberation philosophy of Enrique Dussel (Enrique D. Dussel, *Philosophy of Liberation* [Maryknoll, NY, 1985]).

<sup>120</sup> See Guilherme Baraúna & Viktor Schurr, *Die Kirche in der Welt von heute: Untersuchungen und Kommentare zur Pastoralkonstitution "Gaudium et spes" des 2. Vatikanischen Konzils* (Salzburg, 1967). There are similar arguments in Jörg Dierken, *Selbstbewusstsein individueller Freiheit: Religionstheoretische Erkundungen in protestantischer Perspektive* (Tübingen, 2005).

<sup>121</sup> See Claus Dierksmeier, *Noumenon Religion*. A similar standpoint is championed in Martha Nussbaum, *Frontiers of Justice*, 182–185.



Conversely, it belongs to freedom to grant a hearing also to “disparate voices, even those who endorse traditional and authoritarian values.”<sup>122</sup> But where is the limit? Up to what point, does a tolerance of religious forms of life correspond to the ideological neutrality of the state, and when does it contradict it? In terms of a qualitative liberalism, the answer must run: As long as the formation and expression of religious opinions remains free from “hypnotic suggestions, manipulation, coercive persuasion, subliminal influence, etc., we have no reason to maintain that people with spiritual commitments are less free or more in need of protection than atheists and agnostics.<sup>123</sup> Liberalism’s mandate to take care of peaceful plurality in the political sphere is thus not the same as an imperative to secularization. Liberalism has to protect freedom of religion, just as much as it has to protect freedom from religion. The theory of qualitative freedom is, consequently, in harmony with self-enlightened forms of religiosity.<sup>124</sup> Not only *secular* but also some spiritual self-conceptions, after all, demand the ideological *neutrality* of the state: as an expression of a respect for the inviolability of personal convictions.<sup>125</sup>

Quantitative liberalism, on the other hand, lacks an adequate criterion for such a careful demarcation. Quantitative liberalism treats all commitments of a spiritual and traditional kind generally with mistrust. For, strictly speaking, quantitative thinking allows no differentiation in regard to the application of the idea of freedom. More options must be preferred *always* and *everywhere*.<sup>126</sup> But where cultural or religious communities oppose this imperative of maximization with a profile of their own comprising fewer options, sooner or later there will be friction. Qualitative freedom is more liberal. It limits tolerance only in regard to the tolerance of intolerance. It evaluates the use of freedom according to whether and how it protects and increases the disparate but uniform freedoms of others. The criterion for the examination of religious freedom thus concerns whether and how its respective use leads to alternative forms of spirituality being accepted or attacked.

Metaphorically speaking: Quantitative liberalism identifies itself solely with the white light of freedom and spots political opponents in each and all other hues of the

<sup>122</sup> See John Philip Christman, *The Politics of Persons: Individual Autonomy and Socio-historical Selves* (Cambridge & New York, 2009), 173.

<sup>123</sup> See Dworkin, *The Theory and Practice of Autonomy*, 19.

<sup>124</sup> See Claus Dierksmeier, “Bundesrepublikanisches Staatskirchenrecht aus kantische Perspektive,” *Rechtstheorie – Zeitschrift für Logik und Juristische Methodenlehre, Rechtsinformatik, Kommunikationsforschung, Normen- und Handlungstheorie, Soziologie und Philosophie des Rechts* 30:1 (1999), 110–112.

<sup>125</sup> See Jon Kabat-Zinn and Richard Davidson, *The Mind’s Own Physician: A Scientific Dialogue with the Dalai Lama on the Healing Power of Meditation* (Oakland, 2012); Dierken, *Selbstbewusstsein individueller Freiheit*.

<sup>126</sup> See Flathman, *The Philosophy and Politics of Freedom*, 92: “It makes good sense to talk of more and less freedom, but the notion of complete, or full, or perfect freedom is a misunderstanding.”

color spectrum. Qualitative liberalism recognizes that these spectral colors are but aspects of the white light of freedom in the prism of everyday specificity and symbols. While quantitative freedom combats the colorfulness which qualitative freedom celebrates, qualitative freedom directs itself merely against the black of fundamentalists.

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