

B Schools of Economic Thought and Methodology

Against Injustice: The New Economics of Amartya Sen. Edited by Reiko Gotoh and Paul Dumouchel. Cambridge and New York: Cambridge University Press, 2009. Pp. x, 317. \$90.00. ISBN 978-0-521-89959-8.

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Reiko Gotoh and Paul Dumouchel's aptly titled volume *Against Injustice: The New Economics of Amartya Sen* provides a series of critical essays in economics, philosophy, law, and anthropology about the principles and implications of the Nobel Prize winner's economic theory of justice.

Sen's economic theory of justice is, really, a theory of injustice, or perhaps an anti-theory of justice. As the editors emphasize in their own remarkably substantial introduction of the volume, and as Sen reasserts in both his opening essay and closing statement, one of the central claims of his philosophy is that we do not need blueprints for an ideal social arrangement to work on correcting patent injustices such as endemic famines or the exploitation of women. Against past and contemporary moral and political theorists—John Rawls being the primary target—Sen argues that “the question ‘What is a just society?’ is neither a good starting point for a useful theory of justice, nor a plausible end point to it” (pp. 52–53). Instead, Sen argues—and the rest of the contributors to the volume follow suit—what we need is a comparative theory of injustice based on amended economic principles.

Among other achievements, the volume successfully demonstrates that what Sen calls “transcendental” theories of justice (in contrast with his own comparative approach) and classical economics fail for the same reason: they hold a fundamental misconception about the nature of human rationality. For Sen, all attempts to define the best possible social arrangement—the Holy Grail chased in vain by theories of justice from Plato to Rawls—are conceptually doomed. It is both impossible for human beings and unnecessary as well as insufficient for the identification of injustice to rank all possible social orders and corresponding public policies. Similarly, the classic economic paradigm of rationality cannot capture the nature of human reasoning. Not only

is the economic concept of rationality unable to account for genuinely disinterested and altruistic behavior, but it wrongly assumes that individuals have perfect knowledge of their own preferences and that they can achieve a transitive and complete ranking of them.

Amartya Sen's “new economics” instead combines amended economic principles, including a revisionist account of economic rationality and a comparative, nontranscendental theory of justice. According to Sen's view, rationality is simply a discipline of thinking or a systematic use of reason (Sen 2002, p. 19), a definition compatible with altruism, fairness, and more generally non-self-interest maximizing behavior. Rationality, in Sen's view, also accepts incompleteness in evaluations and abandons the quest for optimal solutions. In a similar spirit, Sen's theory of justice does not seek to rank all possible social arrangements so as to identify the ideally just one. It simply consists of comparing known states of the world, ranking them as more or less just than each other. Sen does, however, allow for the possibility of identifying “patent injustices” characterized by a lack of basic capabilities. For a society, the minimal threshold of justice is to provide basic capabilities for all. Above that threshold, however, the just society can take many forms.

Sen's theory of justice forms a research program that the contributors to the volume set out to develop, complicate, and fulfill in different respects. The first part of the volume consists of an original essay by Sen defending the idea that moral philosophers should learn from the comparative method of economics and social choice theory while legal theorists in the field of Law and Economics should, by contrast, distance themselves from the narrow concept of rationality they imported too uncritically from economics. Sen's essay is followed by two responses by Philip Pettit and Marcel Hénaff. The second part consists of six essays by Philip Pettit, Martha Nussbaum, Marcel Hénaff, Reiko Gotoh, John Broome, and Prasanta Pattanaik and Yongsheng Xu. These essays share a concern for the way deliberation and the use of public reason in a democracy can transform individuals' preferences, keeping with Sen's belief that public deliberation ought to shape our individual and collective choices. The third part consists of three more technical essays.

The first two by Andrea Brandolini and Flavio Comin propose new conceptual refinements and measurements of the key Senian concepts of functionings and capabilities, while the third one by Jean-Luc Dubois consists of an argument that development must be not only economically and environmentally but also socially sustainable. The fourth part consists of Sen's selective answer to a series of points made by the contributors to the volume, with a focus on the more philosophical approaches.

The contributions all shed very interesting light on various aspects of Sen's new paradigm. One may regret, however, that none of the authors in the volume take up the gauntlet thrown at transcendental philosophers by the economist. Pettit argues that his own philosophy of freedom as nondomination is an ideal fit for Sen's criteria of a nontranscendental theory of justice (a claim gracefully put in question by Sen in his reply). The anthropologist Maurice Hénaff's response to Sen consists in the analysis of a parable from Indian mythology, which, although fascinating, mostly reinforces Sen's point of a crucial distinction between genuinely disinterested behavior and the internalization of other people's welfare into one's own utility function (the closest version of altruism that classical economists can seem to get to). Martha Nussbaum's fierce and thoroughly enjoyable essay on the "challenge of gender justice" prolongs rather than questions the Senian perspective. Only Xu and Paitanek raise some questions as to the compatibility of Sen's model with our intuitions about justice, specifically the notion of individual rights. That leaves the more empirically or formally oriented authors busy with contributions that will be of interest to many but leave some of the big questions unaddressed.

One concerns the difference between Sen's approach and transcendentalism. Where transcendentalism, which characterizes on Sen's view most of Western moral philosophy, focuses on the identification of a fully just society, comparativism concentrates on ranking alternative social arrangements (whether some arrangement is "less just" or "more just" than another). Sen, however, goes beyond this purely comparative approach. His is in fact an impure—the editors call it "extended"—version of the comparative

economic approach. By introducing a standard of injustice—a lack of basic capabilities for at least some individuals—Sen's theory shares with transcendental theories of justice the goal of determining a fixed rather than purely relative threshold of injustice. One may wonder, then, whether the difference between Sen's and transcendentalist theories is not just one of degree rather than kind, that is a mere difference in how high the threshold of injustice is. Whereas Sen is concerned with "patent injustice" and meeting a minimal threshold of justice, the Rawlsians, among others, set the bar higher: at primary goods for all and an organization of inequalities to the benefits of the least well-off. This ambiguity is sensed by the editors who ask early on whether we can introduce "without contradiction in a comparative approach an ethical criterion [basic capability] that directly judges if a social state constitutes a 'patent injustice' or not?" (p. 11). This problem is not really addressed in the volume. Yet, for all the emphasis on the comparative and negative nature of Sen's theory—"Against Injustice" as the title of the volume has it—Sen's program still corresponds to the promotion of an absolute, positive goal: "Basic Capabilities for All."

Another question left unaddressed is: "What happens past the threshold?" On the face of it, it seems that Sen is committed to the view that there are no a priori criteria for justice beyond those outlining patent injustices or perhaps that figuring out these criteria is not a question worth pursuing while there are still people suffering from malnutrition or lacking an access to clean water. Yet, all societies, including developing countries, face at some point the need to choose between social policies that offer trade-offs between different, nonbasic capabilities. Should we then consider that these trade-offs are simply a matter of collective preferences, over which moral philosophy has nothing to say? It seems that Sen might agree with this view, provided the collective preferences at stake are of the reflective kind—shaped by and passed through the filter of public reason in a democratic context. In that case, Sen's opposition to transcendental theories would really be a democratic stance against any attempt to think up the principles of the ideally just society from a moral philosopher's armchair. Short of bringing in Habermas and other deliberative democrats, it

would have been nice to see the contributors in part 2 take a position in this old debate opposing philosophy and democracy.

All in all, while slightly more disagreement with the main premises of Sen's theory would have been enjoyable, the volume offers a very engaging, useful, and welcome addition to the literature, clarifying many points and developing the implications of his theory into new directions.

REFERENCES

Sen, Amartya. 2002. *Rationality and Freedom*. Cambridge and London: Harvard University Press, Belknap Press.

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C Mathematical and Quantitative Methods

Statistical Models and Causal Inference: A Dialogue with the Social Sciences. By David A. Freedman. Edited by David Collier, Jasjeet S. Sekhon, and Philip B. Stark. Cambridge and New York: Cambridge University Press, 2010. Pp. xvi, 399. \$90.00, cloth; \$29.99, paper. ISBN 978-0-521-19500-3, cloth; 978-0-521-12390-7, pbk. JEL 2010-0375

In the last three decades, considerable research on causal inference has emerged in statistics, artificial intelligence, epidemiology, and the social sciences. *Statistical Models and Causal Inference: A Dialogue with the Social Sciences* collects twenty papers by David A. Freedman and his coauthors in which this research is scrutinized. This book demonstrates how and why naive use of certain statistical methods may yield misleading causal inference. The book emphasizes the importance of a deep and substantive understanding of how data is generated. It argues for a careful study of the validity and consequences of failure of the assumptions underlying statistical models for causal inference.

Statistical Models and Causal Inference is relatively self-contained; however, knowledge of basic probabilistic, statistical, and causal concepts is certainly helpful. The book presents precise arguments fluidly. The language is direct, uncompromising, and witty. Deep and formal probabilistic, statistical, and causal concepts and their

interrelations are carefully explained in pedagogical terms. A particularly attractive and distinctive feature of this book is the plenitude of empirical work studied and referenced. This grounds the discussed statistical methods for causal inference in relevant contexts. When reading this book, one learns not only about the foundations of statistics, identification of causal effects from observational studies, and algorithms for causal discovery but also about cholera, the U.S. census, earthquake forecasts, salt consumption and blood pressure, and the swine flu vaccine and Guillain-Barré syndrome, among other things. Together, all these topics are coherently presented to demonstrate the essential roles of qualitative reasoning and obtaining data useful in making causal inference. Often, this requires exerting significant effort on field work or expending "shoe leather," as Freedman puts it (pp. 45, 337). Graduate students and researchers in statistics, social sciences, epidemiology, demography, public policy, artificial intelligence, as well as law will benefit from reading *Statistical Models and Causal Inference*. Remarkably, the empirical and historical studies in the book are drawn from all these fields, as documented next.

The book is divided into four parts. Part 1 is comprised of the first three chapters examining the foundations and limitations of statistical models. Chapter 1 discusses statistical models and objectivist and subjectivist views on the foundations of statistics. Chapter 2 studies problems that may arise when generalizing findings to a population from a "convenience sample," as opposed to a "random sample." In chapter 3, Freedman argues that statistical techniques, such as regression, can seldom substitute for "good design, relevant data, and testing predictions against reality" (p. 45). He discusses Snow's work on Cholera as an example of using "logic and shoe leather" (p. 53).

The next eight chapters form part 2 of the book. There, Freedman and his coauthors examine empirical studies from political science, public policy, and epidemiology that use statistical models to draw causal conclusions. Chapter 4 studies methods for the U.S. census and argues that statistical adjustment of imperfect census data collection can introduce more error than it corrects. Chapters 5 and 6 use test data to study