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Advancing Human Development: Values, Groups, Power and Conflict

Séverine Deneulin¹

Introduction

In one of my first doctoral supervision meetings with Frances, I found a recurring comment pencilled throughout my abstract philosophical discussions on the capability approach: 'What does this mean for the real world?'. During subsequent doctoral supervisions, she often emphasised three points. First, humans are not free individual agents who decide and act on the basis of their own reasoning. They are profoundly social and embedded into layers of complex social relationships. Human actions are never disconnected from the wider networks of social relations and institutions in which people are historically situated. In other words, human existence entails belonging and this provides the condition for the exercise of freedom and agency. Another point that Frances was always quick to make was that policy decisions were the result of differences in power between groups, whether political parties, social movements, international organisations, civil society organisations, global corporations, companies or business associations. One final point, linked to the latter, which she ensured was not neglected, was conflict. When one makes an individual decision about one's life, there are often conflicting claims which are equally valuable. This is even more so when collective decisions are made. Collective decision-making is fraught with conflict which cannot always be resolved in a straightforward way through reasoning.

This chapter explores these three points further, and focuses on an analysis of the dynamics of value formation and its influence on policy. It begins by discussing how values shape development policies and how the human development and capability approach conceives of the role of values in policy-making. Section 6.3 reviews some literature from psychology, sociology and philosophy which offers further insights into value formation and the policy influence of values. Section 6.4 puts forward some analytical tools that help us better understand the dynamics of value change and its policy impact. In particular, it discusses the role of groups as drivers of value change, and the power that these different groups command. It argues that policy change is often the result of conflict between groups which embed different value frameworks. Section 6.5 applies these analytical tools to the case of development policy-making in Costa Rica. The chapter concludes by discussing the implications of taking into account groups, power and conflict in the formation of values for advancing human development.

Values in Human Development

Policies and values are inextricably linked. For example, slavery was abolished because some people endorsed the value of equal dignity of all human beings, whatever the colour of their skin. Women were granted equal political, civil, economic and social rights with men because they refused to endorse the value of women's subordination to men and adopted instead the value of equality. Labour rights were introduced because workers campaigned for society to recognise the value of labour and the dignity of workers. Undoubtedly, certain economic, social and political preconditions were necessary for slavery to be abolished and labour and women's rights to be guaranteed, but nonetheless, anti-slavery, women's and labour movements, and their values regarding equality and dignity, played a significant role in shifting policy and in enshrining these values into law. A better understanding of why people endorse certain values and not others, and of the processes that lead to value change, is therefore crucial for advancing human development and providing the conditions for human flourishing.

After decades of neglect due to the dominance of positivist economics on development economics, there has been a recent interest in taking values seriously in development. In that regard, the works of Amartya Sen and the capability approach have played a significant role in bringing the ethical dimensions of economics to the fore, and as a consequence, in bringing ethics and the question of values to the heart of development economics and development studies.² This renewed interest in values extends to development policy circles.

In November 2008, the UK Department for International Development, in collaboration with the UK Foreign Office and the Ministry of Defence, organised a seminar entitled 'Values 2020: How Will Changing Values and Beliefs in the UK and Key Regions Influence Development and Foreign Policy in Practice?'.³ The motivation for the seminar was a growing awareness that policies were not likely to succeed if they did not respond to, people's values. For example, trying to make a country implement environmental policies while the majority of its population does not value environmental care is bound to fail if people's values are not changed to include protection of the environment as a central value guiding their lives. In the same way, democratisation policy will be a challenge unless people uphold values traditionally associated with democracy such as tolerance, equality, fairness, respect for others and the rule of law. A clear understanding of people's values and how they change is thus essential for policies to succeed.

The seminar discussions led to some interesting conclusions for the arguments of this chapter. Values were widely regarded as relating to how people should live and behave. It was recognised that values were not static but constantly responded to influences and economic and social processes. These latter were termed 'drivers of values'. The seminar identified several: global capitalism (materialism and a conception of the good life as linked to material wealth); environmentalism (a shift away from consumerism); class and inequality (one's position in the economy shapes one's values in life); religion and secularism (religion may shape people's values); ethnicity and identity (how one identifies oneself as belonging to a specific group); immigration and the diaspora (immigration may change the dominant values of a society, and may also change the values of immigrants' countries of origin), and urbanisation (cities change people's values).

In addition to recognising that values are shaped by political, economic and social processes and vice versa, the seminar noted that values were heterogeneous within societies, albeit with some degree of homogeneity. Speaking of British values or Muslim values in the aggregate, as if every British or Muslim person held the same values, masks a huge variety of views among the British or Muslim population. Yet, there is some relative homogeneity of values within a society so that one can state that there are values which characterise British society, which are different from those which characterise, say, Nigeria or Japan.

That policy needs to respond to people's values in order to succeed – the initial concern of the seminar discussed above – has been one of the core arguments of the human development and capability approach. In his version of the capability approach, Amartya Sen has left open the question of precisely which values development policy should be based upon – the approach only affirms that policies have to be judged within the space of capabilities or freedoms.⁴ It falls short of specifying 'valuable' capabilities beyond saying that policy ought to promote the 'capabilities of persons to lead the kind of lives they value – and have reason to value' (Sen, 1999a: p. 18). However, while the approach does not specifically define valuable capabilities, it states that the 'capabilities people have reason to choose and value' are, or should be, in line with the values implicit in the universal human rights declaration (Sen, 2004).

In her version of the capability approach, Martha Nussbaum has put the case for policies to promote an open-ended list of central human capabilities (Nussbaum, 2000). She entitles the second chapter of *Women and Human Development* 'In Defense of Universal Values'. She argues that certain 'very general values' such as 'the dignity of the person, the integrity of the body, basic political rights and liberties, basic economic opportunities and so forth'

(Nussbaum, 2000: p. 41) should be the universal norm for assessing women's lives – and development – worldwide. Her central human capabilities reflect these values.

The secondary literature on the capability approach extends Sen and Nussbaum's analysis of values. Qizilbash (2002) reviews the different conceptualisations of advantage in development (primary goods, incomes, resources, capabilities, needs, etc.), and observes that all these share common values such as concern with human beings and the quality of human lives, universality (every human being should be able to live a good human life) and 'component pluralism' (a good human life cannot be reduced to one dimension). Qizilbash distinguishes capabilities from values. Capabilities are the objects of values – e.g. the 'capability to play' is a specific instantiation of the value of 'enjoyment' or the 'capability to gain employment' an instantiation of the value of 'accomplishment'. Alkire (2002) similarly makes a careful distinction between values and capabilities, and separates the exercise of valuing from capabilities. Values are what allow people to prioritise capabilities. They are what enable people to judge what is important in their lives and what dimension of human wellbeing it is more worthwhile to pursue in given contexts.

However, despite the centrality of values, the capability literature does not say much about the values which come into play during the valuation exercise. Alkire (2002) does not examine the reasons why people value certain dimensions of wellbeing and not others. In other words, she does not analyse the values, or value frameworks, which her respondents use in their value judgements. In the opening page of *Valuing Freedoms*, she writes that one of the beneficiaries of an Oxfam project in rural Pakistan 'values the income the rose project produces', and values the fact that her clothing smells nicely of roses and the inner peace that she derives from using the roses in religious ceremonies. Other respondents value the greater confidence that working in the rose project has given them.

Thus, while emphasising the importance of values in development, what the capability approach actually stresses is not so much values in themselves as the act of valuing, which it closely associates with the act of reasoning. Democracy is the place *par excellence* where the act of reasoning takes places. According to Sen, democratic practice is a crucial mechanism for constructing people's values, and determining policy decisions (Sen, 1999a; 1999b). For example, the practice of democracy might construct the value of solidarity, which will then serve as a criterion for the democratic reasoning exercise about what policy priorities should be established. This may lead to policy decisions which extend public health services or improve the quality of state-provided education. Inversely, democratic practice may construct other values such as the value of individual choice. This may lead to policy

decisions which privatise public utilities and allow for greater private sector involvement in the health and education sectors.

Despite stressing the importance of people's values for development and policy (in terms of values shaping the reasoning process and outcomes), the capability approach falls short of offering a detailed analysis of what values are, how they are formed and how they change. What values are used as criteria for value judgements? How is it that certain countries use the value of 'individual choice' as a criterion for policy decisions, while others use the value of 'solidarity'? How is it that at a certain point in time a country may have made decisions according to the criterion of solidarity but has now changed this for individual choice? An examination of some literature from psychology, sociology and philosophy may help answer these questions.

Values in the Wider Social Sciences

Social psychology provides a more precise conceptualisation of values than the human development and capability approach. Values 'are concepts or beliefs, pertain to desirable end-states or behaviours, transcend specific situations, guide selection or evaluation of behaviour and events, and are ordered by relative importance' (Schwartz, 1992: p. 6).⁵

From this definition, one can attribute two core characteristics to values: they refer to what is believed to be good (it is assumed here that something is desirable because it is thought to be good); and they guide human action. Research in social psychology has tried to identify which values guide people's behaviours and has found that there are some which guide people's actions universally, and that societies and individuals prioritise and express these universal values differently. On the basis of evidence from 20 countries, Schwartz (1992) singles out ten values which are universal but prioritised differently across societies and individuals: 1) self-direction (creativity, freedom, independence, curiosity, choosing one's goals); 2) stimulation (seeking an exciting life, taking risks, seeking novelty); 3) hedonism (pleasure and enjoyment in life); 4) achievement (seeking success, ambition and influence); 5) power (authority, wealth, social recognition); 6) security (social order, harmony, family security, national security); 7) conformity (obedience, self-discipline, politeness, honouring parents); 8) tradition (respect for symbols and practices that represent the shared experience of groups); 9) universalism (social justice, equality, peace, beauty, protecting the environment); and 10) benevolence (honesty, helpfulness, forgiveness, loyalty, responsibility).⁶

One can object that the link between values and behaviour is not as straightforward as the above definition of values suggests. One might value honesty but behave in dishonest ways, e.g. by failing to pay a train fare because one knows that it is very unlikely that the ticket will be checked. Research in social psychology has widely documented the so-called 'value-action gap'. On the basis of experimental research and a review of the literature, Verplanken and Holland (2002) have concluded that there is a strong link between value and behaviour but that a value is more likely to influence behaviour if it is central to the conception of self (one might say that one values honesty but one may not identify oneself as an honest person); if the specific case calls for the value of honesty (being honest in paying one's train fare is not the same as being honest with one's spouse); and if there are no other values which come into consideration (one might lie to one's children about the terminal disease of one's spouse in order to protect them).

Whereas psychology is more concerned with the individual than society, the discipline of sociology emphasises the role of social norms in the translation of values into behaviours. As in social psychology, values 'define what is considered important, worthwhile and desirable' (Giddens, 2004: p. 22), but sociology adds to this the importance of social norms, which are 'the rules of behaviour which reflect or embody a culture's values' (*ibid.*: p. 22). Giddens gives as contrasting examples the values of achievement and hospitality. In some cultures, there are strong social norms which put pressure on people to be professional high achievers. Failing to be professionally successful might inflict on the person a sense of guilt, social disapproval or personal failure. Other cultures may have strong social norms regarding the values of hospitality and redistribution. Failing to honour guests adequately may result in a similar sense of guilt, social disapproval or personal failure.

Structuration theory has shown (Giddens, 1984) that there is a two-way relationship between structures and social norms on the one hand, and individual agency on the other. Individuals act within the constraints of certain social norms and structures, but these norms and structures are themselves changed by people's individual actions.⁷ For example, the way in which Western societies value the institution of marriage has undergone radical changes over the last 50 years through the actions of individuals, such as feminist writers. A society's values, and its corresponding enforcing social norms, are thus not unchangeable. As the next section will illustrate, some individuals, and the groups they form, are agents of change, and have the power to alter a society's core social norms and the values they represent. But why are values different across cultures, and why do they change? Some literature from political philosophy may give us some further insights.

Like sociologists, some political philosophers have stressed the links between values and social practices (Raz, 1999; 2003) – what sociologists called social norms. For example, values such as 'solidarity' or 'freedom' would be meaningless without the shared social practices which sustain them (taxation, distribution of benefits, freedom of expression, freedom of association, etc.). Values are what the philosopher Charles Taylor calls 'irreducibly social goods' (Taylor, 1995: pp. 127-45). They inhere in social relationships, whether in specific groups, such as the values which are sustained by the social practices of a family, trade union or a women's institute group, or wider communities, such as the values which are sustained by the social practices of a religious community or those bound by a common history or language.

There are many groups from which people derive their values. One of the first groups into which humans are born is the family, which is itself moulded by many other groups. The child grows up endorsing the values embedded in the social practices which surround him or her – even the language that one learns is a social practice which contains certain values, for example with regard to gender relations or respect for elders and people in authority. The social practices of the family themselves may be influenced by other groups, such as religious groups and their view of what constitutes a 'family'. The child may also endorse the values of the education system which contains its own distinctive set of practices and values. In addition to schools, the media is also an important influence on people's values.

Unlike sociology, which limits itself to analysing the social influences on people's values, philosophy addresses ethical questions regarding the 'goodness' of values, and whether some expressions of values are better than others, e.g. whether giving the value of 'achievement' a higher priority than that of 'solidarity' is better, or whether expressing the value of 'achievement' through competition is more, or less, desirable than expressing it through good craftsmanship. In other words, philosophy examines the moral claims which underpin a society's core values and social norms.

There are many different ethical theories leading to different conclusions or answers to the question 'What should one do?' or 'How should one live?'. The same ethical theory may also have different interpretations. What is perceived as 'good' is hence constantly debated across individuals and changes over time, and so are the values and social practices which support these. For example, laws against the unfair treatment of women represent a social practice which has changed over time because society has come to understand equality in different ways following a change in the conception of what a 'good life' (for women) should be about.

These insights from psychology, sociology and philosophy – that values are connected to what people perceive as good, that there are universal values which societies and individuals prioritise differently, and that people draw their values from the various groups to which they belong – help us answer some questions that the human development and capability approach had left unanswered. They also help us understand better how values are formed and change. The next section examines further the dynamics of value change within the context of human development policy.

Policy and the Dynamics of Value Change

Analysing the dynamics of value formation and change is central to advancing human development, for there are values which are more conducive to providing the conditions for human flourishing than others⁸ – assuming here an objectivist interpretation of human wellbeing. This section analyses two core ingredients of the interaction between the dynamics of value change and policy: groups as 'drivers of values' (what structuration theory referred to as the 'agency/structure' dynamics); and the power that these groups command in society, which often leads to situations of conflict.

Groups as 'drivers of values'

In a study on group behaviour and development, Stewart (2002) examined the dynamic interaction between the macro-environment, groups and development thinking. She argued that the mode of functioning of groups, whether groups tended to operate on a 'power/control', 'quasi-market' or 'cooperative' basis (Heyer *et al.*, 2002), was greatly influenced by their social environment. Although she did not explore the extent to which groups in turn affected the macro-environment, her analysis gives us some insights.

She alludes to the importance of 'claims groups'⁹ in challenging prevailing social norms and the social order, and the distribution of assets in society, such as trade unions in 19th-century Europe or the suffragette movement. Other groups whose influence in shaping the macro-environment Stewart (2002) highlights are international financial institutions. She also notes that these groups have often been met with opposition and that the resulting social environment, and its characteristic norms and distribution of assets and benefits, is often the outcome of power struggles between groups.

She makes a similar argument in an article on 'Groups and Capabilities' (Stewart, 2005) where she emphasises the importance of groups in human development, not only in directly

promoting human freedoms through collective action (such as credit union groups offering better economic opportunities to the marginalised) but also in shaping what people value. In that respect, she notes that some groups may shape people's values in ways which might not be conducive to human development, e.g. groups which make people value respect for 'national' security over respect for human life, as in the case of some nationalist groups.

These groups can be seen as 'drivers of values', or agents of value change. To recall, the DFID seminar discussed in Section 6.2 included among these drivers of values the global capitalist economic system, environmentalism, class, religion, ethnicity, and urbanisation. But beyond these drivers of values are certain powerful groups. Global capitalism is a system sustained by groups of people, such as multinational companies, international financial institutions and, most fundamentally, by academic groups which practise a certain type of economic theory.¹⁰ Similarly environmentalism is driven by environmental groups, by 'claims groups' which confront other groups that prioritise other values, such as economic profits, over environmental care. Urbanisation changes people's values when they migrate to the cities, because cities are dominated by groups that uphold different values, or a different prioritisation of values, to those of the dominant groups in rural areas.

This analysis of groups as agents of value change has remained absent from the human development and capability approach literature so far. There is a lot of talk about democracy as an important space where people reason on the basis of their values and where values are constructed, but there is little on the many groups which inhabit the democratic space and which construct people's values too, groups like religious communities, the education system, global corporations or the media. When Alkire (2002) mentioned that women in a Pakistani village valued the rose project because they could use the roses in religious ceremonies, she implicitly made the claim that religion was a significant source of values in people's lives. The human development and capability approach would be enriched by a more substantial analysis of the relational spaces which shape people's values, and the groups which dominate them.

In a critique of the individualism of the capability approach, Evans (2002) cites the empires of Coca-Cola and MTV as shaping people's values and what they consider to be 'valuable'. Sandel (2005) discusses how market practices and commercial pressures may corrupt civic institutions.¹¹ When commercial advertising is used to finance education, it risks introducing a consumer attitude among students. Similarly for the health sector, seeing medication as a market product to boost companies' profits damages people's perception of healthcare as a

public good. When the logic of markets and marketing is introduced into democratic institutions, their underlying civic values might be under threat. As he puts it:

When government leans too heavily on the borrowed appeal of cartoon characters and cutting-edge ads, it may boost its approval ratings but squander the dignity and authority of the public realm. And without a public realm in good repair, democratic citizens have little hope of directing the market forces and commercial pressures that quicken by the day and shape our lives in untold ways.

(Sandel, 2005: p. 80)

Thus, a value-based approach to development, which the human development and capability approach is, needs to include an analysis of the groups or communities which foster or nurture certain kinds of values. But another point must be taken into consideration: that value change is often the result of conflict between groups.

Power and Conflict

Changing the prevailing values in a given society is often confrontational, for it entails direct opposition to the dominant groups which promote, and have an interest in promoting, these values. Power – and its frequent consequence, conflict, whether overt or hidden – lies at the core of agency and structural change (Giddens, 1984; Lukes, 2005). The French Revolution and American Civil Rights movement are good examples of this.¹²

Eighteenth-century France was characterised by a well-ordered society divided between the aristocracy and landless peasants. The prevailing values of French society at the time were respect for authority and tradition. These values were mainly promoted by two powerful groups which had an interest in maintaining that prioritisation of values: the king and his entourage of aristocratic landlords, and the Catholic Church, which had a strong association with the monarchy and aristocracy. The change towards a social order in which the values of 'solidarity, fraternity and liberty' prevailed was accompanied by massive power struggles and conflicts. We should note here that there is not necessarily always a correspondence between a group's values and interests. The elite groups might indeed have an interest in prioritising the value of achievement over that of solidarity and willingness to redistribute, attributing poverty to a lack of effort on the part of poor people instead of the result of structural inequality and injustice for which the elite groups are responsible. But in some instances, people in impoverished conditions might uphold values and respect their related social norms against their own interests, irrespective of the power of the elite. The

widespread practice of dowry in Southeast Asia, and its devastating consequences on poor family's lives, is a good example of this. Yet, poor people continue to prioritise the value of 'tradition' and 'honour', despite the negative impacts of these values on their wellbeing.

The civil rights movement in the United States is another illustration of the conflicts which often accompany value – and policy – changes in society. The idea of a 'good society' as one in which blacks and whites were segregated according to a God-given social order was questioned by groups of blacks (and sometimes whites). This entailed conflict between different groups with competing visions of the good society, and hence competing value systems or frameworks. The values upon which policies were based in the United States in the 1970s were the direct outcome of that power struggle between conflicting groups with competing value frameworks or value prioritisation.

Other countries which have known similar conflicts between groups with competing visions of the good society and values have experienced less fortunate human development outcomes. Guatemala and El Salvador were both engulfed in conflicts between groups of landowners and landless farmers during the 1970s and 1980s, each trying to impose their own values and their vision of the 'good society'. After nearly two decades of neo-liberal policies in El Salvador, and a policy scene dominated by the landed elite and business class, the leader of the group which campaigned for land rights in the 1980s has recently come peacefully to power through democratic elections, signalling a likely change in the dominant values which underpin policy-making in El Salvador. Guatemala, in contrast, remains dominated by the whites and *mestizos*, leaving nearly half of its population marginalised and in conditions of acute poverty.

The promotion of human freedoms is often not a peaceful enterprise. In a paper which provides a sociological reading of the capability approach, Feldman and Gellert (2006) write:

The welfare states, which perhaps come closer to providing for the capability(ies) that Sen and Nussbaum advocate, did not emerge in the abstract world in which people decided to 'assign responsibilities' to institutions that promoted social welfare programmes (Nussbaum, 2004: p. 15). Rather, welfare states were historically produced in Western Europe and North America in the early decades of the twentieth century through struggle and negotiation by working-class and women's movements.

(Feldman and Gellert, 2006: p. 429)

But value changes need not always be the result of violent conflict and power struggles. Conflict may be hidden. This is especially the case for value changes triggered by capitalism and global markets. In the *Challenge of Affluence*, Avner Offer (2006) provides a history of the changes brought about by a mass consumption society. He argues that affluence is driven by novelty or, in other words, that a consumerist capitalist system has made a priority of the value of 'stimulation' (using Schwartz's classification), leading people to want new things all the time. This constant search for novelty, made possible by expanding consumer choices, nurtures impatience, and impatience, Offer concludes, undermines human wellbeing (through, among other things, increased addiction, levels of depression, family breakdown and stress).

Consumerism is also changing people's values in developing countries. Research conducted by the ESRC Wellbeing in Developing Countries group (WeD, 2007) reported that poor households in rural areas in Thailand favoured humility over attaining status through job achievement or consumption of goods, while households in urban areas favoured gaining status and adopting a highly consumerist lifestyle. This conflict of values was very apparent when urban migrants came back to their villages.

To sum up, the human development and capability approach needs to provide, in addition to an evaluative framework for states of affairs, an analysis of the dynamics of value formation, of the different groups which shape these values, of the degree of power they command, and of their consequent influence on policy. The next section shows how such an analysis might explain human development achievements, taking recent history in Costa Rica as an example.

Values and Policies in Costa Rica

Costa Rica has long stood out as an exception in Central America, where its neighbours perform less well in terms of human development. The country has achieved high levels of human wellbeing, with education and health indicators nearing those of industrialised nations (Mesa-Lago, 2000). The policies that made these achievements possible did not emerge from a normative vacuum but rested on certain values that were the outcome of a particular configuration of groups and the power they commanded. This section discusses Costa Rica's history in the light of the above analysis of the dynamics of value change, group interaction and policies.¹³

Phase 1: Compulsory Education

A first set of policies that played a crucial role in Costa Rica's development path was introduced at the end of the 19th century. In 1886, the Costa Rican Constitution declared primary education free and compulsory for both sexes, and sanctions were imposed on parents who did not comply. The impact of the policy was dramatic and illiteracy fell sharply; it was reduced by more than half in both urban and rural areas.

The government's decision to introduce universal primary education was the result of interaction between groups and the values they held. The dominant political group at the time was the bourgeoisie. Costa Rica had experienced a coffee boom which led to the emergence of a politically prominent coffee elite. That group endorsed the values of liberal capitalism and saw education as necessary to building a skilled workforce that would lead the country to a higher path of economic development (Ameringer, 1982). Unlike other Central American countries, the Costa Rican elite did not endorse values of domination and power over the workforce because the population was ethnically homogenous – the indigenous population at the time of colonisation was low, which meant that European settlers had to cultivate the land themselves (Wilson, 1998) and, because there was labour scarcity, wages could not be kept low. We can observe here the importance of the macro-environment in shaping the kinds of values that groups will endorse. The values endorsed by the Costa Rican bourgeoisie radically differed from those of, say, the Guatemalan bourgeoisie because of the different macro-environment of these two countries in terms of the indigenous population.

Another feature of the Costa Rican bourgeoisie was its strong commitment to the values of secularism, following the lead of the French bourgeoisie during the Enlightenment. Having introduced universal state-sponsored primary education, the government also banned religious schools and closed the Church-run university (which reopened as a state university in 1948). The bourgeoisie saw education as a means of pursuing freedom and reason, central values of the Enlightenment, and they feared that an education based on religion might conflict with this (Ameringer, 1982). There was some conflict here with the Catholic Church, but not to the extent that there would have been elsewhere in Central America. This was because the Church in Costa Rica was not linked to the colonisation enterprise in the way that it was in neighbouring countries, in which there was a strong alliance between the military, the Church and the elite to exploit the indigenous population. The power configuration of the time in Costa Rica thus allowed for the liberal and secular values of the bourgeoisie to prevail and to be embodied in concrete educational policies.

Phase 2: Social Security

The values of liberal capitalism were tested after World War I. The country experienced economic and social collapse due to a sharp fall in coffee prices, Costa Rica's main export. Laissez-faire policies failed to re-establish economic and social stability. A political party, the Reformist Party, was created in the 1920s around the values of social democracy, which prompted the government to introduce a range of social policies never used before, such as school meals. The party was created by a Catholic priest trained in Belgium, where he had encountered the Catholic Church's 'social doctrine'.¹⁴ The social doctrine comprised a set of values developed in late 19th-century Europe by priests who were close to the workers' struggle during industrialisation. They were officially promoted by Pope Leon XIII with his 1891 encyclical *Rerum Novarum*, which condemned unbridled capitalism and called for social protection and recognition of workers' rights.

We can see here again how a certain community, the Church, formed certain values and how this formation of value interacted with the macro-environment. The Costa Rican terrain was receptive to the values expressed in the social doctrine, unlike other neighbouring countries, where the local Church was more resistant to this interpretation of the Gospel because of its direct alliance with the elite. Because of the relatively egalitarian nature of Costa Rican society, the translation of these social values into policy did not require violent conflict, as would later be the case in other Central American countries.

This path of social reform took another turn with the election of Rafael Calderón Guardia as president in 1940. He introduced a social security scheme which incorporated social insurance and social welfare programmes for the poorest. He also introduced other social guarantees, such as an eight-hour working day, a minimum wage, protection against arbitrary dismissal and the right of workers to organise (Ameringer, 1982; Wilson, 1998).

The introduction of these policies, as with previous policies, reflects the values of some groups and their respective power. Once again, one influential group was the Catholic Church and its social doctrine. Calderón was a paediatrician who trained as a doctor in Belgium and there he saw the impact that the Church's social doctrine had on social action – Belgian Cardinal Joseph Cardijn introduced the 'see-judge-act' methodology for social action from which many Christian political groups sprang.

Another influential group behind the introduction of the social security scheme was the Community Party, which had become politically strong in Costa Rica by the late 1930s. Calderón encountered opposition from the elite, who were reluctant to make such generous social rights available. But he was able to bypass this opposition by forming a coalition

between the Communist Party and the Catholic Church, as both endorsed the values of solidarity and protection of the workers. However, one should note here that this power configuration between groups – the alliance between Catholics and Communists against the elite – was shaped by the macro-environment. This power configuration in Costa Rica would have been totally different a decade later, during the Cold War, and no such alliance would have been possible. Communists and Catholics would then be in conflict over the value of atheism instead of united around the value of solidarity.

Phase 3: Expansion of the Welfare State

A third decisive period in Costa Rica's development story was the post-war decades. In 1949, President José Figueres introduced compulsory secondary education, making both primary and secondary education free and state-financed. Food and clothing for poor students were provided by the state and adult education programmes were organised for those left out by the educational system. Figueres also introduced a law that allocated 6 per cent of GDP each year to public expenditure in education. He nationalised the banking system, abolished the army and imposed a wealth tax. These measures allowed the state to plan economic development, and they also led to a political weakening of the coffee elite. By weakening the power of the coffee elite and strengthening the role of the state in the economy, Figueres determined the subsequent conditions for the economic and social development of the country (Ameringer, 1982; Mesa-Lago, 2000).

His party, the *Partido de Liberación Nacional* (PLN), won the most votes throughout the post-war period. Among the policies implemented were education policies, which further improved child and adult education and increased rural educational coverage, and an expansion of the health system. A special health programme, involving a network of health centres and mobile clinics, was established for those living in rural areas. This emphasis on primary healthcare led to a significant improvement in health (Garnier *et al.*, 1997). These policies were based on the core value of solidarity – that no-one should be in want – and on the belief that the state was the best keeper of this value.

The reason these values prevailed in post-war Costa Rica has again to do with the power configuration of different groups, the values they held, and their interaction with the macro-environment. José Figueres was influenced by socialist intellectual groups. Ameringer (1978) reports that, when studying engineering in the United States, Figueres spent time in libraries reading the socialist theories of Charles Fourier and Saint-Simon. But unlike in other Central American countries, the power configuration of Costa Rica enabled socialist ideas to prevail. There was no strong alliance between the elite and the military which led to the overthrow of

socialist regimes in other Latin American countries in the post-war period. At the same time, the creation by Figueres of the PLN and its underlying social democratic values shaped the values that Costa Rican citizens held, engendering a virtuous circle of policy-value construction policy.

As well as political parties, trade unions have been another important group for nurturing social democratic values. Sanchez-Ancochea (2005) emphasises that, in addition to the PLN, the trade unions of public sector employees were crucial in expanding the welfare state in Costa Rica. Once again, the macro-environment in Costa Rica during the post-war era, facilitated by earlier developments, was conducive to a harmonious power configuration between trade unions and socially oriented political parties and the nurturing of social democratic values within Costa Rican society, unlike other Central American neighbours where the elite and military groups (and the United States) banned trade unions and overthrew socially oriented political parties.

Phase 4: Neo-liberalism

This social democratic model underwent a profound crisis in 1980-2 due to the oil crisis and the subsequent rise in interest rates. The Costa Rican economy no longer benefited from low-interest loans from international banks to finance its welfare institutions. Its external debt increased sharply, GDP per capita fell, unemployment doubled, inflation soared, real wages contracted and poverty increased. Drastic structural adjustment policies were needed to deal with the crisis. The World Bank and USAID pressed the Costa Rican government to reduce its protectionism and increase the share of the private sector in the economy (Clark, 2001).

The crisis of the 1980s introduced a structural change in the macro-environment which in turn led to a different power configuration of groups within Costa Rica, and hence different value prioritisation – the values of achievement and freedom took precedence over the values of solidarity. This change in macro-environment also led to a change in values within each dominant group. While the PLN had been characterised by social democratic values during the post-war period, the economic crisis brought an ideological change inside the PLN's own ranks. The PLN became a party which supported greater private sector participation in the economy and the liberalisation of markets. The banks which had been nationalised in the late 1940s were privatised in 2002. The pension and health systems have also been progressively privatised since the 1990s.

Section 6.3 argued that values are linked to what people believe to be 'good'. Value prioritisation changes because people come to understand 'how to live well together'

differently. While the post-war era was characterised by a consensus that a strong welfare state was the best guarantee for 'living well', the economic crisis of the 1980s challenged that vision. Given soaring interest rates, state intervention and the expansion of welfare institutions could no longer be financed through borrowing. Continuing to hold the values of state-sponsored solidarity was now perceived as an obstacle to 'living well'. Instead, facilitated by certain economic theories and the groups which followed them, the dominant political group in Costa Rica, the PLN, changed its conception of what was 'good', that is, certain members of the party started to believe that the prioritisation of the values of achievement and freedom – the major values inherent in market liberalism – would bring about a better society than one centred around the value of state-sponsored solidarity.

Rovira Mas (2004) talks of a 'new style of development'. The consensus that development is about expansion of the welfare state is being slowly replaced by a consensus that development is about market freedom. He argues that this new style is the result of historic struggles between groups. Among them, he highlights the group of economists trained in neo-classical economics, the international financial institutions, and the Costa Rican political parties which have chosen to endorse the dominant values held by these groups. However, there are also groups which are resisting the policies implemented by these dominant groups. The most striking example of this has been the popular protests throughout Costa Rica in 2000, carried out by a coalition of trade unions, student organisations and many popular organisations, to prevent the privatisation of the telecommunication company, which they saw as a symbol of Costa Rica's social democratic heritage.

Today, that heritage remains strong. For example, in 1994 an independent body was created to monitor progress on human development. The *Estado de la Nación* (State of the Nation) publishes yearly politically independent accounts of Costa Rica's social and economic achievements, the health of its democracy and the protection of its environment. The latest *Estado de la Nación* (2008) notes that Costa Rica remains a social exception in Central America but that inequality, as measured by the Gini coefficient, is rapidly rising. Also, the rate of social investment has still not recovered to its 1980 peak in real terms. Since 2000, FODESAF (Fond de Desarrollo Social y Asignaciones), a key welfare institution, has lost 28 per cent of its real income and 30 per cent of its spending capacity. Which policy, based on whose values, will dominate in the next decade will depend on the power configuration of dominant groups and on the macro-environment in which they operate. The 2008 financial crisis might generate new dynamics of change, and question people's current prioritisation of values.

Conclusion

In her analysis of groups in the capability approach, Stewart (2005) concluded that:

Given their importance in determining whether people lead good lives (i.e. adopt valuable capabilities) it is important to support groups that encourage valuable capabilities as against those that do the opposite. The implication of this is that priority should be given to researching group capabilities from a conceptual, empirical and policy perspective.

Stewart (2005: p. 199).

This is what this chapter has tried to do: to offer an analysis of the dynamics of value change and its impact on policy, within the context of the human development and capability approach. This requires paying careful attention to the groups from which individuals draw their values, and the respective power they command. This also entails acknowledging the reality of conflict as a positive force for social change.

Today, consumerism, or a capitalist economic order based on mass consumption, is no doubt one of the major drivers of values shaping policies in the world. But this does not automatically lead to the fatalistic conclusion that nothing can be done about the power of unfettered global markets in shaping people's lives and what they value. Other groups can shape what people value in other directions. I have named religious groups as important groups which nurture certain values and which can counteract the dominant values carried by a global capitalist system. Trade unions, environmental groups and political pressure groups are other groups where other values may be formed.

Advancing human development rests on a certain class of values. So far, writings on the human development and capability approach have neglected the importance of nurturing the kinds of values which are conducive to human development and a more just social order. This chapter has emphasised the importance of the formative role of groups in shaping people's values in certain ways. The Human Development and Capability Association, the Human Development Report Office and universities that teach human development in their curriculum can act as such formative groups or communities in shaping people around the values that are necessary for promoting social justice and human flourishing. Whether these groups can challenge the power of others that promote values at odds with human flourishing – such as those related to consumerism and materialism – is a matter of perseverance and hope.

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² See Sen (1987) and Alkire and Deneulin (2009) for a summary of the capability literature.

³ The event was organised by the Overseas Development Institute. A seminar report, not for public circulation, was drafted by Bhavna Sharma of ODI.

⁴ 'In the capability-based assessment of justice, individual claims are not to be assessed in terms of the resources or primary goods the persons respectively hold, but by the freedoms they actually enjoy to choose the lives that they have reason to value' (Sen, 1992: p. 81).

⁵ See Rohan (2000) for the various definitions of values in social psychology.

⁶ The value of spirituality (meaning and harmony through the transcendence of everyday reality) is a value which was found in some countries but not all the 20 countries studied by Schwartz.

⁷ As Marx famously claimed, 'Men [sic] make their own history but not in circumstances of their own choosing'.

⁸ For example, Kasser and Kanner (2004) document the negative impact of materialistic values on people's wellbeing.

⁹ Heyer *et al.* (2002) attributed three functions to groups: 1) overcoming market failures; 2) advancing claims to power and/or resources; and 3) altering distributions of benefits in society (pro-bono functions).

¹⁰ For the ways in which studying economics shapes the values of economics students, see Frank *et al.* (1993).

¹¹ He also discussed this theme in his Reith Lectures on BBC radio in June 2009. The lectures can be heard www.bbc.co.uk/radio4/reith/.

¹² For an analysis of such 'dynamics of contention' and the mechanisms through which groups are successful in changing the existing social order, including a detailed analysis of the French Revolution and the American Civil Rights movement, see McAdam, Tarrow and Tilly (2001).

¹³ This section is drawn from material in Deneulin (2005; 2006).

¹⁴ Internal conflicts led to the dissolution of the Reform Party in the late 1920s (Ameringer, 1982).