The Internet and poverty in developing countries: Welfare economics versus a functionings-based approach

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Abstract

There are many reasons why the impact of the Internet on poverty in developing countries is poorly understood. Not the least of these reasons has to do with alternative modes of thinking about the issue. In this paper, we examine the theories of consumption underlying two important evaluative frameworks, namely, traditional welfare economics on the one hand and Sen’s notion of functionings on the other. Using a number of actual examples, we find that in at least two major respects, the former approach is far too limiting and needs to be replaced by the latter (which, in particular, focuses on the actual use that is made of the Internet and embraces, rather than excludes, disciplines other than economics). The functionings approach has a close affinity with ethnographic research, which, as we tried to show, reveals much about the less visible impact of the Internet on poverty.

1. Introduction

As information and communications technologies (ICTs) become ever more prevalent in developing countries, so too does it become increasingly necessary to understand how these technologies bear on the well-being of those living in poverty, mainly, but not entirely, in the rural areas of those countries. (Because there are so many new ICTs, it would be impossible within the scope of a single paper, to deal with all of them. Accordingly, we have chosen to focus our attention on just one of them, namely, the Internet). Yet, despite this growing necessity for improving our understanding of whether and to what extent the Internet alleviates poverty, one can point to remarkably little
progress in the area. And while it is not difficult to find plausible reasons for this state of affairs, surely one of the most fundamental is the absence in the literature of a realistic analytical framework for mapping the connections between the Internet and poverty at the micro level.

Our goal below is to make the case for using Sen’s functionings approach [16] to fill part of this analytical void. Part of the case is made in the following section, which argues that the theory of consumption embodied in this approach is infinitely more realistic than the theory underlying traditional welfare economics. Then, in the sections thereafter, the case for the former approach is further advanced by drawing on selected case studies where the Internet has been introduced in poor, rural areas. For, what will hopefully become apparent is that Sen’s approach provides a framework within which such cases can fruitfully be explained and understood. The one essential point that we try to make is that the benefits (or what Sen calls ‘functionings’) of the Internet are not only broad-based, but also vary dramatically with the way in which this technology is actually used. The other is that the denotation of the relevant functionings demands much more than the monodisciplinarity of traditional welfare economics.

2. The functionings approach vs. traditional welfare economics

The most obvious of the differences between these two approaches is the way in which they interpret individual well-being. In particular, according to Alkire [1]

“Sen argues that functionings—that is, ‘the various things a person may value doing or being’—taken together create a better conceptual space in which to assess social welfare than utility or opulence. Functionings are ‘beings and doings’, such as being nourished, being confident, or taking part in group decisions. The word is of Aristotelian origin and, like Aristotle, Sen claims, significantly, that ‘functionings are constitutive of a person’s being’. So when [say] Oxfam undertakes to evaluate an individual’s or group of persons’ well-being (in the course, perhaps, of assessing their quality of life, standard of living, social welfare, or level of poverty), Sen would argue that it must have in view their functionings. How did the ‘beings and doings’—expand and contract?” (p. 5).

No less important than this difference in focus between functionings on the one hand and utility on the other, however, is that whereas the former is a highly conditional concept, the theory of consumption underlying welfare economics, allows of no such uncertainty. This crucial distinction is captured in Table 1, which juxtaposes the main assumptions about consumption that are made in the one theory as against the other.

Note from the first row of Table 1 that the functionings in question need not be confined to a particular set, thought be relevant initially. Rather, there is scope for the possibility that certain functionings may emerge after a new good or technology is introduced, while others, conversely, turn out to be less important than initially anticipated.

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1 This part of the paper draws in part on James [11].
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