

# Human Potential, Security and Freedom, and the Good Society

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Human security has many dimensions, and the human security agenda is intertwined with another agenda in which I have been much engaged in recent years, the idea of freedom. My most recent book, *The Road to Freedom: Economics and the Good Society*,<sup>1</sup> provides an economist's perspective on the multiple dimensions of freedom.

In the United States, where freedom is central to the founding myth that the country was born from a demand for freedom, the Right has tried to claim the agenda as their own. But their interpretation of the Revolutionary War in which the US gained its independence is incomplete. The war was a fight for self-governance, for freedom from British rule, but it was not a fight about individuals' freedoms. If that had been the case, it would have required granting freedom to the enslaved, who, in some parts of the country, represented the majority of the population. And even today the policies of the Right, including a group within the US Congress that calls itself the "freedom caucus," would not expand the freedom of most citizens in the most meaningful ways.

To me, one of the most important aspects of freedom is the freedom to live up to one's potential. This can be rephrased: A critical dimension of human security is the security—the knowledge—that one can live a life in which one realizes one's potential.

Another critical aspect of freedom was emphasized by one of America's truly great presidents, Franklin Delano Roosevelt, who, in his "Four Freedoms" speech, talked about

*freedom from fear*.<sup>2</sup> This freedom is even more intimately related to human security. Insecurity is often expressed as *fear*: fear of physical violence, fear of not having the resources one needs to live a decent life, fear of the loss of one's standard of living.

We often dwell on both the negative and positive aspects of security and freedom: the freedom *to do* and the freedom from restraints that might stop us from doing what we might want to do. We do the same with insecurity: the insecurity arising from a potential loss and the security that arises from knowing that we are protected, even were an adverse event to occur.

If we were to ask someone what the most important sources of insecurity and of fear, are, the list would include physical violence, a loss of a job, insufficient income in retirement, or insufficient income to provide for education, nutrition, or health care for children, an illness, especially if one lacked the resources to pay for the necessary medical care and if that illness deprived one of the income one needed to live. And because we care about others, insecurities experienced by others, particularly members of our families, become *our* insecurities. Indeed, this list highlights that a lack of resources can prevent one's children from living up to their potential. *Their* deprivations are a source of *our* insecurity.

Today in the US there are other interrelated sources of insecurity and fear: a loss of democratic processes, a loss of voice, of due process, of academic freedom within the

<sup>1</sup> Stiglitz, Joseph E. 2024. *The Road to Freedom: Economics and the Good Society*. W. W. Norton & Company.

<sup>2</sup> Roosevelt, Franklin D. 1941. "Annual Message to Congress on the State of the Union." January 6. National Archives, RG 46, SEN 77A-H1.

universities, and of freedom of the press within the media. Such insecurity is understandable. People have been snatched off the street, deported without due process to countries where they may lose every aspect of their freedom. The thing about insecurity is that it is contagious. Even if it is only a few people who have been treated in this way, when one person loses his or her freedom we all lose it. The fear and insecurity is palpable. On campuses, students and faculty are afraid to speak out, to sign petitions and to write opinion columns in newspapers. They worry about what they can say in class.

It should be obvious that individuals want security in all its dimensions, including to be able to live up to their potential, as well as freedom from fear, hunger, and economic deprivations. And it should be obvious, too, that a good society would deliver on this agenda of freedom and human security—limited, of course, by the availability of resources.<sup>3</sup>

Over the past century, the world has made great strides at times in advancing this agenda. But at other times, there has been backsliding, at least in some countries. The advances have been enabled, of course, by the great increases in productivity that have occurred over the past two hundred years. And these, in turn, have been largely a result of the Enlightenment, the change in mindsets that said that progress was possible, that we could come to understand nature better through science, and we could harness science in turn to increase productivity. Scholars during the Enlightenment period of the 17<sup>th</sup> and 18<sup>th</sup> centuries argued, too, that we could and should think about social organization, arrangements that could enhance our ability to work together and to cooperate. We can create institutions that enable us to work together for the betterment of all—ideas like democracy, the rule of law, appropriately defined property rights, systems of checks and balances.<sup>4</sup>

Part of that progress was the creation of *rules*, for instance

ensuring competition, providing minimum working conditions, protecting the environment.<sup>5</sup> Part of that progress was the creation of systems providing social protection, health, and universal education.

These advances enhanced human security and enabled more of our society to live up to its potential. These social innovations increased productivity, which together with those enabled by science, provided the resources that made all of this possible.

While an abundance of resources makes it easier to achieve the agenda that I have just set out, it is neither necessary nor sufficient. There are rich countries with poor people, where all of the resources are hoarded by a relative few and large portions of the population face high levels of insecurity and are not able to live up to their potential. And there are countries with limited resources where the vast majority live a decent life, with access to the basic necessities—not a life of luxury, but still, without the deprivations faced by many in much richer countries.

There are two critical differences among these countries. The first is the extent of inequality. As I have argued extensively, most expansively in my book *The Price of Inequality*,<sup>6</sup> inequality is a political choice, it is not inevitable. Excessive inequality of the kind found, for instance, in the United States is actually bad for economic performance (an important aspect of the “price” we pay for inequality).

The second (related) difference is the role of government, not just in curbing inequalities in the market distribution of income (referred to as pre-distribution) and through redistribution, but also in providing basic services like education and health.

There are those who worry about going *too far* in providing security, that in doing so one will enervate incentives. And while in theory that might be a possibility, today most countries are at risk doing too little. There is ample evidence that those who face insecurity and food or health deprivations are less productive and students in such situations learn less well. Without adequate health care, nutrition, and education, it is

<sup>3</sup> As the US Declaration of Independence put it, “We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.”

<sup>4</sup> See Stiglitz, Joseph E. and Bruce C. Greenwald. 2015. *Creating a Learning Society: A New Approach to Growth, Development, and Social Progress*. Columbia University Press and Mokyr, Joel. 2010. *The Enlightened Economy: An Economic History of Britain 1700–1850*. Yale University Press.

<sup>5</sup> See, for instance, Stiglitz, Joseph E. 2015. *Rewriting the Rules of the American Economy: An Agenda for Growth and Shared Prosperity*. W. W. Norton & Company.

<sup>6</sup> Stiglitz, Joseph E. 2012. *The Price of Inequality: How Today's Divided Society Endangers Our Future*. W. W. Norton & Company.

obvious not only that people will not live up to their potential, but that the overall productivity of the economy will be lower.

## Measurement of success

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It should thus be clear that some societies have done a better job in enabling more of their citizens to live up to their potential than others. They have done a better job in addressing the multiple sources of insecurity.

I co-chaired an international commission of experts<sup>7</sup> and a follow-up OECD High Level Expert Group on the *measurement of economic performance and social progress*.<sup>8</sup> We emphasized that one cannot summarize anything as complex as a society in a single number; rather, we argued for a dashboard that uses multiple indicators. Some societies might do better in one dimension, others in others. There was much we could learn from each other.

There have been, of course, multiple efforts at creating indices and a few efforts at creating dashboards. What these initiatives have made clear is that there are in fact enormous differences among countries—and the richest countries do not always perform best. Most striking, for instance, is the fact that the United States, among the highest countries in per capita GDP, ranks 29<sup>th</sup> of 193 countries in 2023 year in the inequality-adjusted human development index (IHDI), an index that incorporates health and education.<sup>9</sup>

We know from a variety of studies that countries differ markedly in mobility. That is, in some countries the chances of a child born to parents at the bottom of the income distribution

ladder or whose parents have limited education ending up at the top (or even middle) of the income distribution are much lower than in others. These are countries in which such children are less likely to live up to their potential. These are societies that are wasting their most important resource—the talents of their children.

It is, I believe, important for all countries to look carefully at the “mobility matrix,” to assess where there might be bottlenecks in individuals living up to their potential. In some (many) societies, there are poverty traps, with those born in certain poor communities having an especially low probability of getting ahead. In other countries, the segmentation may arise further up the income distribution, or there may be a broad urban/rural divide or regional or linguistic divides.

## Insecurity: subjective and objective measures

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Societal wellbeing depends in part on the perceptions of individuals—if they feel insecure, if they suffer from a sense of fear, if they feel that they are not being allowed to live up to their potential, this itself is part of the social reality. There is something wrong when individuals have such perceptions.

While perceptions can and do differ in many contexts from *reality*,<sup>10</sup> in fact, at least in these domains, there is a close correspondence. Individuals who are experiencing vulnerability—for whom, for instance, there is a significant chance of a loss of income and a lowering of standards of living—typically are aware of this; their perceived insecurity corresponds to their lived experience. And conversely, individuals who feel insecure typically do so with good reason. So too, individuals who feel that they are being thwarted in their aspirations to live up to their potential often are, and those who are, are typically aware that that is so. As our Commission on the Measurement of Economic Performance and Social Progress concluded, there is considerable congruence between

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<sup>7</sup> The report of this Commission was published as Stiglitz, Joseph E., Amartya Kumar Sen and Jean-Paul Fitoussi. 2011. *Mismeasuring Our Lives: Why GDP Doesn't Add Up*. New York: New Press.

<sup>8</sup> Their report was published as *For Good Measure: An Agenda for Moving Beyond GDP, Report of the OECD High-Level Expert Group on the Measurement of Economic Performance and Social Progress*, Joseph E. Stiglitz, Jean-Paul Fitoussi and Martine Durand, eds., New York: New Press, 2019; Stiglitz, Joseph E., Jean-Paul Fitoussi and Martine Durand. 2019. *Measuring What Counts: The Global Movement for Well-Being*. New Press.

<sup>9</sup> United Nations Development Programme. n.d. “Inequality-Adjusted Human Development Index (IHDI).” *Human Development Reports*. Accessed September 2, 2025. <https://hdr.undp.org/inequality-adjusted-human-development-index>.

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<sup>10</sup> Alesina, Alberto, Stefanie Stantcheva and Edoardo Teso. 2018. “Intergenerational mobility and preferences for redistribution.” *American Economic Review* 108(2): 521–554.

measures of subjective wellbeing<sup>11</sup> (what people feel about their situation, as reflected, for instance, in systematic responses to well-designed surveys) and their actual situations.

That that is so helps draw attention to those things that individuals care the most about. For instance, as the early behavioral economists and psychologists, the late Amos Tversky and Danny Kahneman, emphasized, individuals exhibit loss aversion. They are not only risk averse, but care more about their losses from *any* initial situation than the gains from that situation.<sup>12</sup> We can measure, objectively, an individual's vulnerability, the chance that there will be a loss in income or a reduction in standards of living; and we can measure their subjective perceptions of their vulnerability, their fear of a reduction in standards of living. There is again a close congruence. We can also assess the sources of these fears—the loss of a job, inflation taking away purchasing power, the risk of an illness depriving them of the ability to work. Such analyses can be very helpful in structuring policies that provide greater security.

Here, an analysis of *resilience* and the bases of such resilience and the impediments to it, is crucial. What matters most is not only the exposure to risk but the capacity to cope with it. The consequences of a loss of income, say in pushing an individual into poverty, may not be so serious if the individual can then climb quickly out of poverty. But if there are poverty traps, such that once an individual slips into poverty, it becomes extremely difficult to climb out, that's a different matter. Once again, understanding the mobility matrix is crucial, and so is constructing policies that enhance resilience to enable those who are vulnerable to cope better and to quickly return to where they were before being hit by an adverse shock.<sup>13</sup>

<sup>11</sup> Sandvik, Ed, Ed Diener and Larry Seidlitz. 1993. "Subjective well-being: The convergence and stability of self-report and non-self-report measures." *Journal of Personality* 61(3): 317–342.

<sup>12</sup> Kahneman, Daniel and Amos Tversky. 1979. "Prospect theory: An analysis of decision under risk." *Econometrica* 47(2): 263–292. <https://doi.org/10.2307/1914185>.

<sup>13</sup> I should emphasize that individual's state (say their income) next period may not be fully dependent on their state this period. History matters. If an individual, for instance, remains in a state of deprivation for an extended period of time, it may be more difficult for him or her to climb out of poverty. Policy needs to be particularly sensitive to such effects: quick interventions may be far more effective.

A similar analysis applies to perceptions/objective realities of an individual's ability to live up to her potential, though here the evidence on congruence may be weaker and individual's attempt to self-justify failures may be greater. In the US, for instance, some sociologists have suggested that many attribute part of their failure to get ahead to others cutting in line, a "rigged" system in which others are treated more favorably.<sup>14</sup>

Such perceptions can be particularly harmful for the functioning of society. They can undermine social cohesion and solidarity, making cooperation and collective action particularly difficult. Societies are more prone to such perceptions when, of course, there is some grain of truth—where, for instance, those at the top have achieved their position through the exploitation of others or are there because of their parents' status or position. And this is even more likely to be the case when there are extremes of inequality, of the kind observed, for instance, in the US.

## Concluding comments

I have argued here that a first priority for any society aspiring to be a good society is that it seek to enable all citizens to live up to their potential as much as possible and that it provide a modicum of security—of freedom from fear. The former requires good public education, health, and nutrition programs, and almost surely significant efforts at limiting ex-post inequalities in income, both through pre- and redistribution. There has been, I suggest, too little emphasis on the role of pre-distribution—on setting the rules of the game such that inequalities in market income are limited. Providing security requires good systems of social protection.

As we look across countries, we see marked differences in policies and outcomes, with some countries showing more insecurity, with more individuals unable to live up to their potential. It is apparent that both are a matter of "choice." One would have thought that a good society would strive to enhance human security and ensure that all lived up to their

<sup>14</sup> See, for instance, Hochschild, Arlie Russell. 2018. *Strangers in Their Own Land: Anger and Mourning on the American Right*. The New Press.

potential. But evidently that is not the case today.

While there are understandable concerns that *excessive* redistributions and provision of public services required to attain both goals might enervate incentives and weaken economic performance, almost surely today, most government's err on the other side, providing too little security, with too little efforts in ensuring that all can live up to their potential, with too little pre- and re-distribution; and that providing more security and more collective assistance in enabling individuals to live up to their full potential would actually improve economic performance.

How can we understand the disparity, the gap between what we could and should be achieving and what we are? To put it simply: politics and the role of vested interests. There are those who gain from the current system—the oligarchs and plutocrats, who benefit from an economic system where some have the ability to exploit others and can get away with it; and from political systems that are far from democratic, where money matters, where those with more money have their voices heard more clearly in the political process. The US has become exhibit A in this picture of dysfunctional democracy: the citizens with more wealth have more voice

and write the rules of the game to protect and extend existing inequalities. There can be multiple equilibria: one equilibrium being a truly more democratic system, with the voices of those at the bottom and middle being heard more clearly, enshrining economic rules that engender for themselves a larger share of the national pie, and political rules that lead to outcomes more aligned with democratic principles of one person one vote; and the other equilibrium marked by political and economic inequalities.

Measuring success in ensuring that all have at least the chance to live up to their potential and that we have succeeded in reducing fear, and especially fear of economic insecurity, is not easy, but we have detailed good indicators that confirm the impression that some countries are doing markedly better than others.

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