

This is a repository copy of *External capabilities and the limits to social policy*.

White Rose Research Online URL for this paper:

<https://eprints.whiterose.ac.uk/102521/>

Version: Accepted Version

Book Section:

Jackson, William Anthony orcid.org/0000-0001-5194-7307 (2014) External capabilities and the limits to social policy. In: Otto, H.-U. and Ziegler, H., (eds.) *Critical Social Policy and the Capability Approach*. Barbara Budrich , Opladen , pp. 125-142.

Reuse

Items deposited in White Rose Research Online are protected by copyright, with all rights reserved unless indicated otherwise. They may be downloaded and/or printed for private study, or other acts as permitted by national copyright laws. The publisher or other rights holders may allow further reproduction and re-use of the full text version. This is indicated by the licence information on the White Rose Research Online record for the item.

Takedown

If you consider content in White Rose Research Online to be in breach of UK law, please notify us by emailing eprints@whiterose.ac.uk including the URL of the record and the reason for the withdrawal request.

EXTERNAL CAPABILITIES AND THE LIMITS TO SOCIAL POLICY

William A. Jackson

Department of Economics and Related Studies,
University of York, York YO10 5DD, UK

Email: william.jackson@york.ac.uk

Abstract

This chapter discusses the nature of external capabilities and how they bear upon social policy. Alternative definitions of external capabilities are compared and a simplified version suggested. It is argued that the issues surrounding external capabilities can be resolved only if the capability approach loses its individualistic slant by according higher status to social context. A layered, non-reductionist social theory would be helpful here, and a layered scheme for the capability approach is suggested. Such a scheme can show up the narrowness of traditional social policy and its muted impact on external capabilities. Despite endeavouring to fight poverty, social policy cannot guarantee the benign external conditions under which a person's lifetime opportunities will flourish.

Chapter written for:

H.-U. Otto and H. Ziegler (eds), *Critical Social Policy and the Capability Approach*, Opladen: Barbara Budrich, 2014.

Introduction

The capability approach has obvious relevance for social policy, though it was never intended to guide policy design. It originated in Amartya Sen's disquiet with orthodox welfare economics based on utility maximisation and his desire to focus on the potential to do things and choose one's own lifestyle (Sen, 1982, 1985, 1993). If adopted instead of other ethical viewpoints, it switches welfare appraisal away from a psychological or material dimension towards activities and the capacities to undertake them. Its practical emphasis strengthens connections with social policy, but they remain implicit. Essentially it is an ethical stance with no manifesto for fostering capabilities through social policy.

As an evaluation method, the capability approach would approve any actions that enhance capabilities, so it cannot be allied with particular welfare programmes. Capabilities are multiple, and their variation over time and place complicates the search for universal rules about how they should be promoted. Social policy, as just one amid several possible responses, might not be enough to generate capabilities, which depend on the economic and social environment. Often social policies mitigate existing disadvantages without removing the sources of disadvantage. A thoroughgoing effort to raise capabilities would need to go further to be truly successful.

Measures labelled as social policy – welfare benefits, retirement pensions, state education, public health care, housing policies, and so forth – predate the capability approach by many decades and may not be entirely in tune with it. Their initial objective was to prevent absolute poverty. Attention has since turned towards relative poverty and social exclusion, but policy measures still have a material flavour centred on goods and services rather than capabilities. Social policies improve material welfare but will not necessarily improve capabilities in the way that Sen envisages: they may, for example, be implemented in a top-down manner that jars with Sen's liberal spirit. Heavy-handed, authoritarian social policy could lessen physical hardship but at the same time damage capabilities by sponsoring an inactive, stigmatised group of welfare recipients. Tensions arise between paternalism and the wish for people to make choices about the capabilities they fulfil.

While social policy can lay the groundwork for higher capabilities, its contribution is limited by the social context. To do more would require a transformed context that creates better conditions for developing capabilities. The capability approach in its current guise has

said little about institutions and prefers to discuss the internal capabilities possessed by individuals. It recognises social context through external capabilities that lie beyond the characteristics of the person, but these fall outside the core of the capabilities literature. Engrossment with the individual person at the expense of institutions has been a weakness of both social policy and the capability approach. Dwelling too much on the individual may (paradoxically) harm the ultimate goal to spread capabilities.

The present chapter looks in more detail at external capabilities and how they bear upon social policy. Alternative definitions of external capabilities are compared and a simplified version suggested. It is argued that the issues surrounding external capabilities can be resolved only if the capability approach loses its individualistic slant by according higher status to social context. A layered, non-reductionist social theory would be helpful here, and a layered scheme for the capability approach is set out below. Such a scheme can show up the narrowness of traditional social policy and its muted impact on external capabilities. Despite its endeavours to fight poverty, it cannot guarantee the benign external conditions under which a person's lifetime opportunities will flourish.

Internal and external capabilities

Orthodox welfare economics assesses social welfare using individual utilities as the only information. Sen's critique rejects utility as the informational basis for assessment, proposing capabilities as a replacement, but leaves the individualism intact. The capability approach rests upon an individualistic ethics that judges social outcomes by their consequences for individual capabilities, which have precedence over utility, consumption or any other dimension (Robeyns, 2005). In line with orthodox welfare economics, the individualism embodies a liberal position: no ethical judgements can override capabilities. Sen is careful not to specify capabilities too narrowly, lest this should prescribe an official list of activities to be promoted in all cases (Sen, 1993). Policies to raise capabilities should respect the individual's space to decide which capabilities to fulfil. An individualistic ethics of this kind need not bypass the social aspects of behaviour, but it values them only in so far that they sustain capabilities. Social relations and structures play a secondary, instrumental role as the means to enlarge the capability set. Neglect of social matters has been among the main criticisms of the capability approach (Deneulin and Stewart, 2002; Evans, 2002; Jackson,

2005; Stewart, 2005; Ibrahim, 2006; Zimmermann, 2006; Carpenter, 2009; Dean, 2009; Deneulin and McGregor, 2010; Sayer, 2012). Although it is not wedded to blanket individualism, it has a bottom-up, individualistic frame of reference that colours its analysis.

The capability approach acknowledges social context through a distinction between internal and external capabilities, which appears in Martha Nussbaum's earlier writings (Nussbaum, 1988). Internal capabilities are conditions of body, mind and character that prepare a person to choose valued functionings. External capabilities merge these internal conditions with external material and social ones that make valued functionings an available option. Critics have argued that it would be better to talk about external conditions or opportunities, rather than external capabilities, so as to clarify the distinction between external and internal (Crocker, 1995). In her later writings, Nussbaum has avoided the word 'external' and used a threefold scheme with basic, internal and combined capabilities (Nussbaum, 1997; 2011, Chapter 2). Basic capabilities are the innate physical and mental equipment of the individual. Internal capabilities are all the personal states, acquired or innate, that permit choices of valued functionings. Combined capabilities, as the name implies, bring together the person's internal capabilities and the external material and social conditions that make functionings possible.

Other writers on capabilities have used different terminology in trying to capture social influences. An example is the distinction between S-capabilities, based on skills, and O-capabilities, based on the options available to the individual (Gasper, 1997, 2002; Otto and Ziegler, 2006; Lanzi, 2007). S-capabilities stem from the individual's internal abilities, skills and know-how; O-capabilities include the external material and social conditions to represent the actual range of potential functionings. Compared with Nussbaum's scheme, S-capabilities are equivalent to the internal type and O-capabilities to the combined type. O-capabilities can be attributed to a mixture of individual skills (S-capabilities) and the external conditions comprising economic and social institutions, sometimes described separately as E-capabilities (Lanzi, 2007). Seen this way, an internal component (S-capabilities) combines with an external component (E-capabilities) to yield the capability set (O-capabilities). Diminished capabilities could be due to either lack of individual skills or lack of opportunities to utilise skills. The internal/external division may be clouded by the interdependence between individual skills, the external environment and achieved functionings.

A novel classification is introduced by Foster and Handy (2009), who define external capabilities as abilities to function that depend on personal interactions: people develop external capabilities through relationships, allowing them access to the capabilities of their associates. These external capabilities can be differentiated from individual ones, which reflect skills and abilities that the individual can call upon unassisted by anyone else. They differ too from group or collective capabilities created through formal organisation, where the individual is a group member with an assigned role (Evans, 2002; Stewart, 2005). External capabilities revolve around informal, unstructured personal relations. The Foster and Handy definition of external, narrower than the others in current usage (combined capabilities, O-capabilities, E-capabilities), has the virtue of drawing attention to informal social influences on a person's functionings, but sets up an awkward threefold scheme of individual, external and group capabilities. The external category does not embrace all external influences, only the informal social ones, leaving group capabilities in a third category. If anything, they are the most external of the three, as they incur the least personal involvement from the individual.

The notion of external capabilities has never had a unanimous definition, with different versions competing. In view of the ambiguities, it would perhaps be wiser to refer to the internal and external conditions that underlie capabilities, thereby evading a subdivision of capabilities themselves. The present chapter will, nevertheless, adhere to the custom of distinguishing internal and external capabilities. They are defined in a simplified, twofold scheme (as against the threefold scheme of Nussbaum or Foster and Handy) that mirrors the everyday meaning of the words and conforms to their dictionary definitions. The unqualified term 'capabilities' can be regarded as a composite of internal and external capabilities – the nearest equivalent in the literature is the combination of S-capabilities (internal) and E-capabilities (external) to give O-capabilities (life chances in general). Capabilities have internal and external elements that together determine the individual's potential functionings.

Internal capabilities reside in the individual, unattached to any unique social context: if people migrate or change employment, then they bring their internal capabilities with them. Examples of internal capabilities would be physical and mental health, literacy, numeracy, general knowledge and transferable skills. Some internal capabilities, especially on the physical side, may be innate, but most can be amplified through education, training, health care and other social provision. From a policy angle, the acquired internal capabilities are the

most important and the chief concern of the capability approach. The internal/external division is often hazy, however, as is the innate/acquired division. Many internal capabilities, such as literacy and numeracy, can be practised only within a social setting, even if this is a broad, generic one. Social context is never absent, given that we do not live as solitary, self-contained individuals.

External capabilities rely on a certain social context and would be lost if the context was withdrawn or if the individual moved to a different social context. Job-specific skills, for example, require appropriate employment in order to be realised – when jobs are scarce, the skills lie dormant and capabilities dwindle. Managerial or professional skills can be utilised only when employment is gained at a suitable level and would be wasted if their possessors were in lower grade jobs. Rather than existing in themselves, external capabilities need a close fit between individual skills and institutions. Outside formal employment, all social participation thrives upon stable relationships, so that economic and social activities have an external, contextual element. Human welfare hinges on having support from family and personal networks; if these are weak, then welfare suffers and capabilities are denied. A full summary of capabilities must incorporate both internal and external elements, which are hard to keep apart. Few if any capabilities take a pure, internal form.

Sensitive handling of the capability approach can allow for how social factors influence capabilities. They enter directly into external capabilities, which encompass a person's social circumstances, and may affect internal capabilities as well, for they create the conditions in which capabilities can be acquired. The capability approach has never ignored the social background to capabilities, even when it addresses capabilities internal to the individual. It tends, all the same, to give secondary status to social relations and structures because its reference point remains the individual. When theories become preoccupied with the individual, they play down the idea of culture as a process, in other words the cultivation of people within society (Jackson, 2009, Chapter 2). Social context is only the stage set for the individual actor, who has star billing in the theoretical model. Institutions and social relations, not topics of interest in their own right, enter the model only when they impinge on the individual's capabilities. The result is a restricted, selective image of social context as something that empowers or constrains the individual but otherwise has a shadowy existence.

By defining itself around the individual, the capability approach leaves little room for debate about social structures and institutions – they are shrunk to their share in external

capabilities. In terms of the classic agency-structure question at the heart of social theory, the capability approach comes down on the side of human agency, encouraging a lop-sidedness that favours agency over structure. The tacit social theory behind the capability approach has much to say about the individual agent and far less to say about social structures. A remedy would be to found the capability approach on social theory that deals overtly with the agency-structure question. The social background to capabilities could then be discussed more adequately and awarded its due place in the reckoning of how capabilities can be improved.

The need for a layered theory

If the capability approach is to elude latent individualism, it should be rooted in a layered or stratified social theory that has structural layers as well as individual ones and considers how they influence capabilities. Layers should be interdependent but conceptually distinct, with no reductionism that gives primacy to one layer and relegates the rest to subordinate rank. Unlike orthodox economics, which is committed to individualism, social theory has aimed for a non-reductionist outlook and an equal treatment of agency and structure. Numerous theories of this sort have been put forward, in different terminology and with different arguments but agreeing on the pitfalls of individualistic or structural reductionism (prominent examples are Bourdieu, 1977; Bhaskar, 1979; Giddens, 1984; Archer, 1995; Mouzelis, 1995). For present purposes, the requirement is to add structural layers to the theory and let them interact with the individual layer. One way to do so is to identify structural and social capacities to act, putting them alongside individual capacities (Jackson, 2005). The theoretical underpinning of the capability approach can then draw upon three layers, two of which have a social and structural nature.

Structural capacities to act derive from roles or positions within an organisation or social setting (Callinicos, 1987, Chapter 2). They are impersonal in that they pertain to the role rather than its occupant and continue if someone else performs the role. Roles are not mere constraints on action, imposing duties and reducing choices, but afford opportunities not previously available. Senior managers at the top of big organisations have great capacity to act and plan ahead; seniority is accompanied by high monetary and non-monetary rewards, along with other advantages. Conversely, workers lower down the hierarchy follow orders

from above and have little authority to act independently. People holding senior posts should have the skills and personal qualities for successful role performance, though this depends on how posts are allocated. Most employment roles are defined legally, with wages/salaries and official duties, subject to incomplete employment contracts and gaps to be filled by informal, negotiated arrangements (Budd and Bhave, 2009). Other roles, such as those within the family, are less formal but no less substantial. Parental roles carry major structural capacities and responsibilities for the welfare of children, even if they remain imprecise and unpaid.

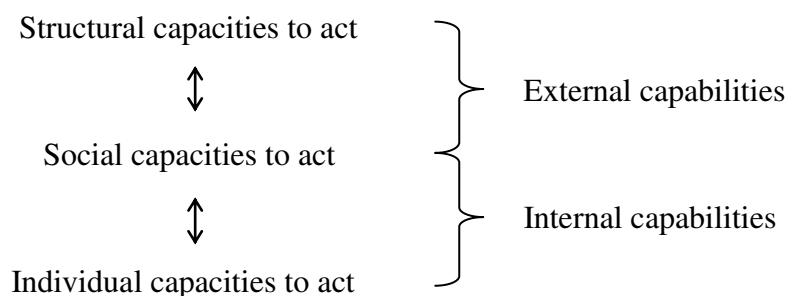
Social capacities to act are based on personal relationships. Many human activities cannot be undertaken by individuals alone but demand social interactions, support and advice, teamwork and collective goals. This is true for formal employment, as well as informal activities, family life and leisure pursuits. An organisation with formal roles must still have cooperative personal relations if it is to function smoothly – problems ensue if relations are distant or hostile. Those in command normally have the largest personal networks, within and outside their own organisation, in which case they have high structural and social capacities to act. The unemployed or those doing menial jobs have smaller personal networks but may get support (and social capacities to act) from family relationships. Loss of employment and income reduces social participation, diluting the assistance provided by families (Gallie and Paugam, 2003; Aldridge, Kenway, MacInnes and Parekh, 2012). Structural and social capacities to act often arise in combination, the disadvantaged having low levels of both, yet they are distinct and may vary independently. People with low structural capacities could have high social ones, and vice versa.

Individual capacities to act are possessed by the individual regardless of institutional roles or personal relations. They stand apart from a person's external circumstances and persist when the person changes locations – included in this category are general, non-specific skills, physical abilities and health. Some of them may have been nurtured within society, but once acquired they belong to the individual and keep their value in any social context. Other abilities may be innate and genetically determined, albeit with the usual difficulties in separating genetics from environment. The individual capacities brought to bear when someone performs a role are aloof from the role itself and the structural capacities it confers. Individual capacities can be exercised in personal relationships without being subsumed in social capacities to act. Anyone who has extensive capabilities obtains them from a medley of structural, social and individual capacities to act, seldom from a single source. The three

layers reinforce each other. Raising individual capacities to act is likely to be necessary but not sufficient for raising capabilities.

How does this layered, three-tier scheme relate to internal and external capabilities? Interdependence of the layers ensures that they do not exist in isolation and cannot be easily categorised as internal or external to the individual. Figure 1 compares capabilities and capacities to act. The simplest case is individual capacities to act, which sit within the individual and would be counted as internal capabilities (though they can be shaped by social and structural capacities). Structural capacities to act emerge from impersonal roles and in that sense correspond to external capabilities. Roles must be incomplete, performed in a personalised way by role occupants who acquire internal but role-specific skills that blur the internal/external boundary. Social capacities to act are the hardest to categorise, as they are personal but involve relations with others for whom they are also personal. By blending the internal and external, they straddle the boundary and can be interpreted either way. Unlike capabilities, capacities to act refer explicitly to social structures and have no ties to individualism. The individualism behind the capability approach puts the emphasis on internal capabilities, which feature more prominently than their external counterparts.

Figure 1: Capabilities and capacities to act



Almost all capabilities come from an amalgam of the three capacities to act. Without individual capacities, a person has low capabilities even when social and structural capacities are high – the clearest example is people suffering from severe physical disabilities. On the other hand, a person with high individual capacities will be hampered in expressing them when social and structural capacities are curbed by lack of social support or exclusion from career openings. Individual, social and structural capacities are frequently correlated; those with the greatest capabilities have high capacities to act in all three layers, while the opposite is true for those with the smallest capabilities. In between come those with an uneven distribution of capacities, marked by deficiencies in one or more layers, who are frustrated in reaching their potential. Capacities to act can vary independently, and having capacities in one layer does not bestow capacities in others. It only takes capacities to be denied in one layer – individual, social or structural – for a person to have restricted capabilities and life chances. Assessment of capabilities should acknowledge all three capacities to act.

As capacities to act are layered, any social policies hoping to improve capabilities have to be layered and plural. It is not enough to direct policy solely at internal capabilities or individual capacities to act. Action in this area may be a staple ingredient of social policy but fails whenever the other areas are undervalued. If individual capacities to act are to bear fruit in an enlarged capability set, then social and structural capacities must be present as well. A thoroughgoing campaign to raise capabilities would have to go beyond the individual to deal with social matters. Dismantling social and structural barriers to capabilities may be a slow process, slower than building up individual capacities, but it remains crucial for progressive social change. Whether social policy can ever travel this far is a moot point that merits further discussion.

Problems of social policy

Traditional social policy has picked out the individual level, aiming for minimum standards of material welfare through poverty relief and income maintenance. Most welfare programmes pay cash benefits linked to low incomes or personal characteristics that indicate needs. Public services branch out to cover education, health care, housing and social care, all of which come within the borders of social policy and the welfare state (Barr, 2012, Chapter 1). Other public activities, such as the legal system, policing, public utilities, public

transport, environmental measures and cultural services, also add to welfare but are not included within social policy. These benefits and services, if comprehensive, can supply everyone with key entitlements essential for welfare. A materially prosperous, healthy, well educated, well housed populace should have solid internal capabilities and individual capacities to act.

The difficulty is that sustaining individual capacities may not suffice to expand capabilities. Within a layered scheme, capabilities and functionings arise from the interplay of structural, social and individual capacities, not from individual capacities alone. Social policies that bolster entitlements are working on the individual layer and stay away from the social and structural layers. Capabilities could still be improved through individual capacities, but the net outcome will be disappointing if the other capacities are stagnant or declining. Social policies raise structural and social capacities, beside individual ones, only if they contribute to institutional and social change that can open up life chances. Since few social policies are so broadly conceived, their influence is restricted to the realm of individual capacities.

Figure 2 uses the three-tier scheme to show the routes by which social policies can increase capabilities. The normal route, observed in most welfare programmes, is to improve individual entitlements and prevent them from dropping below a minimum. Cash benefits guard against income losses, giving everyone at least basic material consumption that guarantees subsistence. Public health care, state education and housing policies all aspire to universal provision of key services important for quality of life. Improved entitlements are always vital to social policy: within Figure 2, they operate primarily on the lowest tier to strengthen individual capacities to act. Welcome as they are, they can do little for capabilities if structural and social capacities are low. Boosting structural capacities means overcoming economic problems (especially unemployment) that require institutional changes outside the usual remit of social policy. Likewise, boosting social capacities implies social and cultural changes unattainable through policy devices. Social policy seldom attempts to reshape institutions, which it treats as being fixed, so any changes it makes to structural and social capacities are small. The largest pass indirectly through improved entitlements, as higher individual capacities may have a (minor) positive effect on structural and social capacities, given their interdependence.

welfare (Marcuzzo, 2010). Social policies went together with full employment as twin planks in a wider welfare strategy. The bond was broken during the neoliberal era from the 1980s onwards, when the abandonment of Keynesian economics weakened employment policies and left social policy struggling to cope with mass unemployment. Deficiencies in employment provision have erected a structural obstacle to external capabilities that social policies are powerless to prevent or remove.

The current predicament within the European Union offers a stark example of these policy frictions. In typologies of social policy, European countries are deemed to have the most generous welfare states, by contrast with the US and Asia (Esping-Andersen, 1990; Arts and Gelissen, 2002). European citizens receive staunch public support for the development of their individual capacities, leading to high, evenly distributed internal capabilities. At one time their external capabilities were protected by Keynesian macroeconomic policies, now no longer in place. Recent economic philosophy of the European Union has followed neoliberal doctrines, visible in the desire for fiscal austerity and budget balancing, which have imparted a deflationary bias to macroeconomic adjustments. Economic and social policies, once harmonious, have become increasingly conflictive, as demonstrated on the largest scale by the financial crisis of 2008 and its aftermath. A surge in public spending to rescue the banks put pressure on government budgets, whereupon a financial crisis was transmuted into a fiscal one accompanied by public spending cuts and welfare retrenchment (Gough, 2011; Bieling, 2012; Greve, 2012). Sudden, sharp recession worsened by fiscal austerity brought soaring unemployment among younger age groups, which has had severe consequences for external capabilities. In the long term, internal capabilities too will suffer if welfare spending is curtailed. Reviving a flawed financial system has been prioritised over social policy, with costs falling on the public sector instead of private capital, cutbacks in welfare programmes when they are sorely needed, and no sign of fundamental reforms in the financial sphere where the crisis began (Arestis and Pelagidis, 2010; Heise and Lierse, 2011; Hill, 2011; Farnsworth and Irving, 2012). Economic policies that harm external capabilities are jeopardising the erstwhile successes in promoting capabilities through the welfare state.

Social attitudes block capabilities whenever certain groups cannot gain positions commensurate with their individual capacities. Discrimination in recruitment by gender, age, race, religion or any other personal characteristics acts in this way. Capabilities go to waste if people are denied career progression because they are refused entry into the personal

networks within firms and other organisations. Social policy has little purchase on these networks, which can threaten the external capabilities of someone with high internal ones. Governments have the power to make formal discrimination illegal, but informal social attitudes are harder to dislodge. There is no easy policy fix: a transformation of attitudes would entail cultural changes that occur slowly over long periods.

Another social influence on capabilities is personal relations within the family or community. If relations are supportive, then family and neighbourhood ties should underpin social participation and raise social capacities to act. Children, the dependent elderly, the chronically sick and the disabled have low individual capacities and rely on personal relationships for their well-being. Disadvantages in childhood and early adulthood come not only from poverty but from a complex web of economic, social and cultural factors (Drilling, 2010). Anyone without a supportive family gets a bad start in life and has trouble with their individual, social and structural capacities (Ermisch and Francesconi, 2001; Fomby and Cherlin, 2007; McLanahan and Percheski, 2008). Issues related to the family are generally consigned to the domestic sector of the economy, where most activities are informal – missing from formal economic accounts, they lie outside standard economic analysis. Social care and housework make up a significant part of the total economy, in tandem with formal economic activity, but orthodox economics has underestimated their value (Wheelock, 1992; Elson, 1998; Folbre and Nelson, 2000; Himmelweit, 2007). Since even the most developed economies can never be entirely formal, neglecting informal activities within the domestic sector presents a distorted view. In order to understand how capabilities are generated, one must look beyond the formal economy at the hidden contributions from unpaid social care and other informal activities.

Social solidarity and communal attitudes have sometimes been included among the objectives of social policies, notably by R.H. Tawney and Richard Titmuss who saw an expanding welfare state as a stage in the evolution from capitalism to socialism (Tawney, 1920, 1964; Abel-Smith and Titmuss, 1987; Alcock et al., 2001). Official espousal of welfare goals was supposed to encourage a gradual change towards more caring, less acquisitive behaviour, greater egalitarianism, weaker class boundaries and reduced discrimination. Social policy could rise above its function as a safety net to become an agent of progressive social transformation. This remains an attractive picture, but the march of social democracy and socialism has been halted in recent decades and reversed by the shift

towards neoliberalism. Under the current, neoliberal circumstances, any case for stronger communities is liable to be motivated by cuts in welfare expenditure, not a yearning for social change. Do-it-yourself welfare replaces formal social policies. Portraying social capacities as substitutes for individual or structural ones creates a false impression that capacities can be traded off against each other. A full-blooded quest to enhance capabilities should treat individual, social and structural capacities as complementary and raise them simultaneously.

Social policy has acted at the individual level to provide poverty relief, pensions, education and health care, while being less active in redressing social and structural disadvantages. The capability approach echoes this individualism by speaking mostly about internal capabilities and having less to say about social background. Limits to social policy come about because it is reactive – it mollifies problems engendered by the prevailing institutions but overlooks the source of the problems. The limits have been highlighted by radical and Marxian critics of the welfare state (Ginsburg, 1979; Gough, 1979; Mishra, 1981, Chapter 5; Offe, 1984; Pierson, 2006, Chapter 2). From their perspective, social policies are embedded in a larger capitalist system, which they legitimise by softening its harsher edges. Welfare measures, appealing as they seem through their assistance to the poor, perpetuate an economic system that allows poverty to happen in the first place. For radicals, the preferred option is not to extend social policies but to move towards alternative, non-capitalist arrangements with fundamental changes in property ownership, economic institutions and employment. Any talk of revolutionary change seems utopian in today's political climate, but the point about the inadequacy of social policy survives. Important in defending the poor from hardship, it leaves untouched the institutions that fabricate and endorse inequality.

Like social policy, the capability approach has been reactive in aiming to offset social deprivation without tackling its deeper causes. The timing of Sen's work on capabilities, from the late 1970s onwards, coincides almost exactly with the neoliberal era. In many respects the capability approach is at odds with neoliberalism: capabilities (both Sen's and Nussbaum's versions) transcend the materialistic mindset associated with neoliberal values, and a stalwart push to promote capabilities would challenge deregulated capitalism. Sen (1993) declares that diffusing capabilities should not be mistaken for the human capital accumulation in orthodox economic modelling. With all its social conscience, though, the capability approach still has an ambivalent relationship with neoliberalism. Its individualistic roots and enthusiasm for personal choice have neoliberal overtones, and its reticence about

political economy poses no threat to neoliberal dominance in the economic sphere. Some see it as being accommodated to neoliberalism, deflecting attention from more critical standpoints (Cameron, 2000; Navarro, 2000; Sandbrook, 2000; Evans, 2002; Dean, 2009); others see it as a platform for finding alternatives to neoliberalism (Fukuda-Parr, 2003; Jolly, 2005; Walker, 2006; Carpenter, 2009; Orton, 2011; Sayer, 2012). It has never ratified the neoliberal status quo, but it keeps quiet about the economy as a whole and, by omission, seems to go along with current arrangements. Having a sparse account of the economy, it is open to dramatically different interpretations of its practical implications, from the radical to the conservative (Robeyns, 2005, 2006). This indeterminacy means that it can be enlisted to diverse causes, hence its huge popularity in academic and policy-making circles.

Conclusion

The capability approach has made a worthy contribution to broadening welfare discussion and providing a clearer rationale for social policy. More down-to-earth than orthodox welfare economics, it values the practical matters (being and doing) that lie behind welfare. Social policy can be justified on various grounds (equity, efficiency, positive freedom, etc.), but the motive in most cases has been humanitarian worries about poverty and social exclusion. Capabilities offer an effective means of representing these formally in a general framework. The accent on capabilities rather than functionings leaves space for choice over which capabilities are fulfilled and discourages a prescriptive or authoritarian manner. By adopting the capability approach, one can champion social policies that avoid undue centralisation and let people decide how to live their lives.

Yet the affinities between the capability approach and social policy bring out their shared limitations. In particular, their common emphasis on the individual leads them away from the social context of welfare problems. Social policy seeks to ensure minimum welfare standards within a fixed institutional setting, but takes the setting for granted and stops short of fundamental institutional change. The notion of external capabilities recognises social context while retaining the individual as reference point – it lingers on the margins of the capability approach, which is more comfortable with internal capabilities, and gives only a partial view of the economy; a complete view would examine structural and social factors directly, not through the eyes of the individual. Both the capability approach and social

policy, absorbed with the individual level, lack the depth needed to investigate how and why welfare problems happen. Serious intent to spread capabilities would venture beyond social policy to embrace structural changes, such as actions to tame financial instability and prevent mass unemployment. These big issues of political economy could easily be broached by the capability approach, but it somehow never quite gets to grips with them and stays on the familiar territory of social policy. It is prey to radical critiques that, despite its ambitious language, it remains content with palliatives for the social difficulties spawned by capitalism.

In its zeal to help the individual, the capability approach is ill-equipped to reveal the economic origins of poverty and deprivation. It would be strengthened if it moved on from amending orthodox welfare economics to base itself on a richer, layered social theory. One way to do this, as in the present chapter, would be to have a three-tier theoretical base with individual, social and structural capacities to act. Other non-reductionist social theories, which abound in the academic literature, could do the same job. With augmented theoretical foundations, the capability approach could ask more incisive questions about why capabilities are denied. Traditional social policy has been limited to coping with localised individual hardship under the prevailing institutions. The capability approach, if it is to live up to its promise, should be ready to escape these limits by considering how promotion of capabilities may necessitate institutional and social change.

References

Abel-Smith, B. and Titmuss, K. (eds) (1987), *The Philosophy of Welfare: Selected Writings of Richard M. Titmuss*, London: Allen and Unwin.

Alcock, P., Glennerster, H., Oakley, A. and Sinfield, A. (eds) (2001), *Welfare and Wellbeing: Richard Titmuss's Contribution to Social Policy*, Bristol: Policy Press.

Aldridge, H., Kenway, P., MacInnes, T. and Parekh, A. (2012), *Monitoring Poverty and Social Exclusion*, York: Joseph Rowntree Foundation.

Archer, M.S. (1995), *Realist Social Theory: The Morphogenetic Approach*, Cambridge: Cambridge University Press.

Arestis, P. and Pelagidis, T. (2010), Absurd austerity policies in Europe, *Challenge*, 53(6), 54-61.

Arts, W. and Gelissen, J. (2002), Three worlds of welfare capitalism or more? A state-of-the-art report, *European Journal of Social Policy*, 12(2), 137-158.

- Barr, N. (2012), *Economics of the Welfare State*, 5thedn, Oxford: Oxford University Press.
- Beveridge, W.H. (1942), *Social Insurance and Allied Services*, London: HMSO.
- Beveridge, W.H. (1944), *Full Employment in a Free Society*, London: Allen and Unwin.
- Bhaskar, R. (1979), *The Possibility of Naturalism*, Brighton: Harvester Press.
- Bieling, H.-J. (2012), EU facing the crisis: social and employment policies in times of tight budgets, *Transfer: European Review of Labour and Research*, 18(3), 255-271.
- Bourdieu, P. (1977), *Outline of a Theory of Practice*, Cambridge: Cambridge University Press.
- Budd, J.W. and Bhawe, D. (2009), The employment relationship, in Wilkinson, A., Bacon, N., Redman, T. and Snell, S. (eds), *The Sage Handbook of Human Resource Management*, London: Sage, pp. 51-70.
- Callinicos, A.T. (1987), *Making History: Agency, Structure and Change in Social Theory*, Cambridge: Polity Press.
- Cameron, J. (2000), Amartya Sen on economic inequality: the need for an explicit critique of opulence, *Journal of International Development*, 12(7), 1031-1045.
- Carpenter, M. (2009), The capabilities approach and critical social policy: lessons from the majority world?, *Critical Social Policy*, 29(3), 351-373.
- Crocker, D.A. (1995), Functioning and capability: the foundations of Sen's and Nussbaum's development ethic, in Nussbaum, M.C. and Glover, J. (eds), *Women, Culture and Development: A Study of Human Capabilities*, Oxford: Oxford University Press, pp. 153-198.
- Dean, H. (2009), Critiquing capabilities: the distractions of a beguiling concept, *Critical Social Policy*, 29(2), 261-278.
- Deneulin, S. and Stewart, F. (2002), Amartya Sen's contribution to development thinking, *Studies in Comparative International Development*, 37(2), 61-70.
- Deneulin, S. and McGregor, J.A. (2010), The capability approach and the politics of a social conception of wellbeing, *European Journal of Social Theory*, 13(4), 501-519.
- Drilling, M. (2010), Capability deprivation and capability enlargement: rethinking the role of welfare, in Otto, H.-W. and Ziegler, H. (eds), *Education, Welfare and the Capabilities Approach: A European Perspective*, Opladen: Barbara Budrich, pp. 51-70.
- Elson, D. (1998), The economic, the political and the domestic: businesses, states and households in the organisation of production, *New Political Economy*, 3(2), 189-208.
- Ermisch, J.F. and Francesconi, M. (2001), Family structure and children's achievements, *Journal of Population Economics*, 14(2), 249-270.

- Esping-Andersen, G. (1990), *The Three Worlds of Welfare Capitalism*, Cambridge: Polity Press.
- Evans, P. (2002), Collective capabilities, culture, and Amartya Sen's *Development as Freedom*, *Studies in Comparative International Development*, 37(2), 54-60.
- Farnsworth, K. and Irving, Z. (2012), Varieties of crisis, varieties of austerity: social policy in challenging times, *Journal of Poverty and Social Justice*, 20(2), 133-147.
- Folbre, N. and Nelson, J.A. (2000), For love or money – or both?, *Journal of Economic Perspectives*, 14(4), 123-140.
- Fomby, P. and Cherlin, A.J. (2007), Family instability and child well-being, *American Sociological Review*, 72(2), 181-204.
- Foster, J.E. and Handy, C. (2009), External capabilities, in Basu, K. and Kanbur, R. (eds), *Arguments for a Better World: Essays in Honour of Amartya Sen, Volume 1: Ethics, Welfare, and Measurement*, Oxford: Oxford University Press, pp. 362-374.
- Fukuda-Parr, S. (2003), The human development paradigm: operationalizing Sen's ideas on capabilities, *Feminist Economics*, 9(2-3), 301-317.
- Gallie, D. and Paugam, S. (2003), *Social Precarity and Social Integration*, Luxembourg: Office for Official Publications of the European Communities.
- Gasper, D. (1997), Sen's capabilities approach and Nussbaum's capabilities ethic, *Journal of International Development*, 9(2), 281-302.
- Gasper, D. (2002), Is Sen's capability approach an adequate basis for considering human development?, *Review of Political Economy*, 14(4), 435-461.
- Giddens, A. (1984), *The Constitution of Society: Outline of the Theory of Structuration*, Cambridge: Polity Press.
- Ginsburg, N. (1979), *Class, Capital and Social Policy*, London: Macmillan.
- Gough, I. (1979), *The Political Economy of the Welfare State*, London: Macmillan.
- Gough, I. (2011), From financial crisis to fiscal crisis, in Farnsworth, K. and Irving, Z. (eds), *Social Policy in Challenging Times: Economic Crisis and Welfare Systems*, Bristol: Policy Press, pp. 49-64.
- Greve, B. (ed.) (2012), *The Times They Are Changing? Crisis and the Welfare State*, Oxford: Wiley-Blackwell.
- Heise, A. and Lierse, H. (2011), The effects of European austerity programmes on social security systems, *Modern Economy*, 2, 498-513.

- Hill, M. (2011), The economic crisis and paradigm change, in Farnsworth, K. and Irving, Z. (eds), *Social Policy in Challenging Times: Economic Crisis and Welfare Systems*, Bristol: Policy Press, pp. 31-47.
- Himmelweit, S. (2007), The prospects for caring: economic theory and policy analysis, *Cambridge Journal of Economics*, 31(4), 581-599.
- Ibrahim, S.S. (2006), From individual to collective capabilities: the capability approach as a conceptual framework for self-help, *Journal of Human Development*, 7(3), 397-416.
- Jackson, W.A. (2005), Capabilities, culture and social structure, *Review of Social Economy*, 63(1), 101-124.
- Jackson, W.A. (2009), *Economics, Culture and Social Theory*, Cheltenham: Edward Elgar.
- Jolly, R. (2005), Human development and neo-liberalism: paradigms compared, in Fukuda-Parr, S. and Shiva Kumar, A.K. (eds), *Readings in Human Development*, 2nd edn, New Delhi: Oxford University Press, pp. 106-116.
- Lanzi, D. (2007), Capabilities, human capital and education, *Journal of Socio-economics*, 36(3), 424-435.
- Marcuzzo, M.C. (2010), Whose welfare state? Beveridge versus Keynes, in Backhouse, R.E. and Nishizawa, T. (eds), *No Wealth but Life: Welfare Economics and the Welfare State in Britain, 1880-1945*, Cambridge: Cambridge University Press, pp. 189-206.
- McLanahan, S. and Percheski, C. (2008), Family structure and the reproduction of inequalities, *Annual Review of Sociology*, 34, 257-276.
- Mishra, R. (1981), *Society and Social Policy: Theoretical Perspectives on Welfare*, London: Macmillan.
- Mouzelis, N. (1995), *Sociological Theory: What Went Wrong? Diagnosis and Remedies*, London: Routledge.
- Navarro, V. (2000), Development and quality of life: a critique of Amartya Sen's *Development as Freedom*, *International Journal of Health Services*, 30(4), 661-674.
- Nussbaum, M.C. (1988), Nature, function and capability: Aristotle on political distribution, *Oxford Studies in Ancient Philosophy*, Supplementary Volume, 145-184.
- Nussbaum, M.C. (1997), Capabilities and human rights, *Fordham Law Review*, 66(2), 273-300.
- Nussbaum, M.C. (2011), *Creating Capabilities: The Human Development Approach*, Cambridge, MA: Harvard University Press.
- Offe, C. (1984), *Contradictions of the Welfare State*, London: Hutchinson.

- Orton, M. (2011), Flourishing lives: the capabilities approach as a framework for new thinking about employment, work and welfare in the 21st century, *Work, Employment and Society*, 25(2), 352-360.
- Otto, H.-U. and Ziegler, H. (2006), Capabilities and education, *Social Work and Society*, 4(2), 269-287.
- Pierson, C. (2006), *Beyond the Welfare State? The New Political Economy of Welfare*, 3rd edn, Cambridge: Polity Press.
- Robeyns, I. (2005), The capability approach: a theoretical survey, *Journal of Human Development*, 6(1), 93-114.
- Robeyns, I. (2006), The capability approach in practice, *Journal of Political Philosophy*, 14(3), 351-376.
- Sandbrook, R. (2000), Globalization and the limits of neoliberal development doctrine, *Third World Quarterly*, 21(6), 1071-1080.
- Sayer, A. (2012), Capabilities, contributive injustice and unequal divisions of labour, *Journal of Human Development and Capabilities*, 13(4), 580-596.
- Sen, A.K. (1982), Equality of what?, in Sen, A.K. (ed.), *Choice, Welfare and Measurement*, Oxford: Blackwell, pp. 353-369.
- Sen, A.K. (1985), Well-being, agency and freedom, *Journal of Philosophy*, 82(4), 169-221.
- Sen, A.K. (1993), Capability and well-being, in Nussbaum, M.C. and Sen, A.K. (eds), *The Quality of Life*, Oxford: Oxford University Press, pp. 30-53.
- Stewart, F. (2005), Groups and capabilities, *Journal of Human Development*, 6(2), 185-204.
- Tawney, R.H. (1920), *The Acquisitive Society*, New York: Harcourt Brace and Howe.
- Tawney, R.H. (1964), *Equality*, London: George Allen and Unwin.
- Walker, M. (2006), Towards a capability-based theory of social justice for education policy-making, *Journal of Education Policy*, 21(2), 163-185.
- Wheelock, J. (1992), The household in the total economy, in Ekins, P. and Max-Neef, M. (eds), *Real-Life Economics: Understanding Wealth Creation*, London: Routledge, pp. 124-136.
- Zimmermann, B. (2006), Pragmatism and the capability approach: challenges in social theory and empirical research, *European Journal of Social Theory*, 9(4), 467-484.