

The Capability Approach as a
Normative Framework for Welfare
Reform in Europe.
The Case of Social Investment.

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The Central Argument

Welfare reform constructed as a merely **economic problem** impeding to think at it in ethical terms.

Economics: value neutral; social justice: ideological.

However, economics too is based on some normative assumptions that can be challenged in order to treat welfare reform in an *alternative* way.

The capability approach (Amartya Sen)

- Starting point: re-thinking the meaning of development (\neq economic growth). Development is a 'good social change', assessed in terms of its 'human consequences'. Its final goal is to improve the quality of human life.
- Re-establishment of the dialogue between ethics and economics.

Between Ethics and Economics

Against the tendency to ‘treat values and ethics as beyond the scope of reason’ and **the ‘reluctance to discuss conceptions of the good, of well-being or human flourishing in social science’**, the capability approach explicitly uses a normative ‘informational basis’ to assess policies (Sayer, 2009).

“Social science needs ethics to clarify what we should mean by human ‘deprivation’, ‘well-being’, ‘standard of living’, ‘quality of life’, and ‘development’. And ethics needs empirical investigation to know what is happening (and why) in the world and what can be effective in making the world better” (Crocker, 1992)

Challenging Economic Doxa

Doxa: “**unexamined frame for all further cognition**”
(Bauman, 2000)

They present themselves as evidence so that are not discussed: ‘**there is no alternative**’.

However, no natural laws and determinism: what economy/social policy do we want for society?

The CA allows to think to an alternative, overcoming the ideologies that reduce people to human capital, making the case for an economy serving human beings rather than the opposite.

The Social Investment Strategy

- Adopted by the European Commission in 2013 as a guideline to reform national welfare states. Attractive alternative to austerity (social policy as productive factor).
- Two kinds of SI: social-democratic (protection and activation, in Nordic countries) and the Third Way (activation without protection, dominant at EU-level).
- Main idea: “recalibration” of welfare states expenditures from “unproductive”, “passive” and “reparative” instruments towards “active” and “preventive” ones.

The Social Investment Strategy

- Policies: investment in human capital; work/family balance (women can enter and stay in the labour market); high quality childcare services guarantee the interruption of the transmission of social disadvantage; activation policies.

Question

What is the idea of social justice implicit in the social investment?

- The sole source of justification and legitimacy of social policy is its contribution to economic growth.
- Hence, the traditional justification for the welfare state based on an idea of social justice and on a vision of the good society (Mau, 2003; Becker and Jöst, 2006; Zimmermann, 2006b; Ebert, 2012) is replaced by economic categories.

The economization of welfare state justification

‘Redistributive arguments based on conceptions of need, altruism, equality and social rights no longer provide a sufficient rationale for the welfare state. Instead, **the social or humanitarian rationale for social policy has been replaced by an economic rationale**’ (More et al., 2012, p. 16);

‘It is acceptable for the state to spend generously when, and only when, it is behaving like a good business would, seeking to increase the promise of future profits. The goal, as that of any good business, is to increase the profit margin. [...] An investment model implies that **social expenditures should have a payoff**, a return on investment. Investments are generally undertaken to make profits’ (Jenson and Saint-Martin, 2003, pp. 83 and 92).

What about those policies motivated by reasons of justice that do not have an economic return???

The economic rationale

Public action, elevating the market 'over all else' and adopting 'market logics to guide its own conduct', **is led by the search of what is profitable rather than of what is just** (Brodie, 2007).

Social investment denies the tension existing between the market and social justice, the argument being that '**economic prosperity and social justice are two sides of the same coin**' (Prescott, 2004, cited in Davies, 2012, p. 8).

What Idea of Social Justice in the Social Investment?

Justice: equality of opportunity + contribution principle.

The problem of justice is limited to that of equalizing the chances of participating in the market: once this is guaranteed, then the market results are just (justice as inclusion).

Market: guarantor of justice.

Social policy: make people fit for the market and include in it as many people as possible (max employment rate)

The Traditional Conception

This is in contrast with the traditional conception: market outcomes are unjust; aim of social policy is to correct them in order to meet social needs and the social justice objective (Ebert, 2012) and to protect society from the market, following a completely different logic: reciprocity (Mau, 2003), close to the gift logic (Baldock, 2005), beyond the 'contract-versus-charity' trap (Fraser and Gordon, 1992).

A Critique of the Social Investment

- Human beings are reduced to human capital: instrumentalization of children and of education, exclusion of less productive people from recognition,
- exclusion of other valuable activities (e.g. caregiving) from social recognition. Feminists: *right to choose between work and care, self-determination/autonomy*, critique of the concept of welfare dependency. Critique of the new paternalism: work imposed for its own sake.

- Social exclusion narrowly defined as exclusion from the labour market ignoring social exclusion within the labour market (e.g. working poor).
- Employability: 'supply-side fundamentalism', causes of unemployment conceived in individualistic and behavioural terms (Peck and Theodore, 2000). Personal failure, microeconomic problem (individual resp.) vs. market failure requiring political macroeconomic solutions (social resp.). However, employability cannot create jobs.

- Lack of democratic legitimacy: developed by experts in a top-down way, treating ‘citizens as customers, consumers or clients – not political beings capable of participating in democratic deliberation about how Europe can or should develop’ (Rogowski et al., 2011, p. 15). Technical solution, *necessary* to gain the confidence of the markets (Streeck, 2011 and 2012) – ‘there is no alternative’ based on ‘scientific’, apolitical knowledge: economics.

The CA as Source of Alternative Doxa

What is the **final purpose** of development?

(no technocratic solution but democratic debate).

This reconsideration of societal goals may significantly influence the direction of welfare reform in Europe.

The question is: **how would social policy change if the purpose would be human flourishing rather than economic growth?**

Social investment

Final purpose: economic growth, enhancement of international competitiveness;

Anthropological Conception: human capital;

Social exclusion: exclusion from the labor market (overlooks poverty and inequality within it)

Cause of unemployment: lack of skills.

Role of the state: adopting market logic, intervening only if there is a payoff, a profitable investment and not for social reasons

Democratic involvement: no, technocratic, top-down, narrow economic approach developed by “experts”.

Capability approach

Final purpose: human development, human flourishing, capability-enhancement;

Anthropological Conception: human beings as final purpose of economic activity. Human beings are capable of agency.

Social exclusion: incapacity to fully participate in society (possible also within work).

Cause of unemployment: lack of capabilities (lack of jobs, skills,...)

Role of the state: regulate the economy in order to meet social needs (peoples' values and human wellbeing).

Democratic involvement: yes, participatory democratic process, capability for voice.

Social investment

Social policies: work-first policies (paid employment as sole source of value, exclusion of other activities – e.g. caregiving – and of less productive people); Investment in skills; work/family balance policies (caregiving an obstacle to employment).

Capability approach

Social Policies: life-first approach (Dean, 2003) : work as part of human life, possibility to choose to work and to choose a valuable job, recognition of the importance of other human activities beyond paid employment such as care-giving.
Improvement of education (for the democratic citizen) and health (for human wellbeing).
Social policies for the reduction of poverty.
Policies aiming at expanding human freedom and human richness.

Welfare Reform Proposals

