

MEMORANDUM

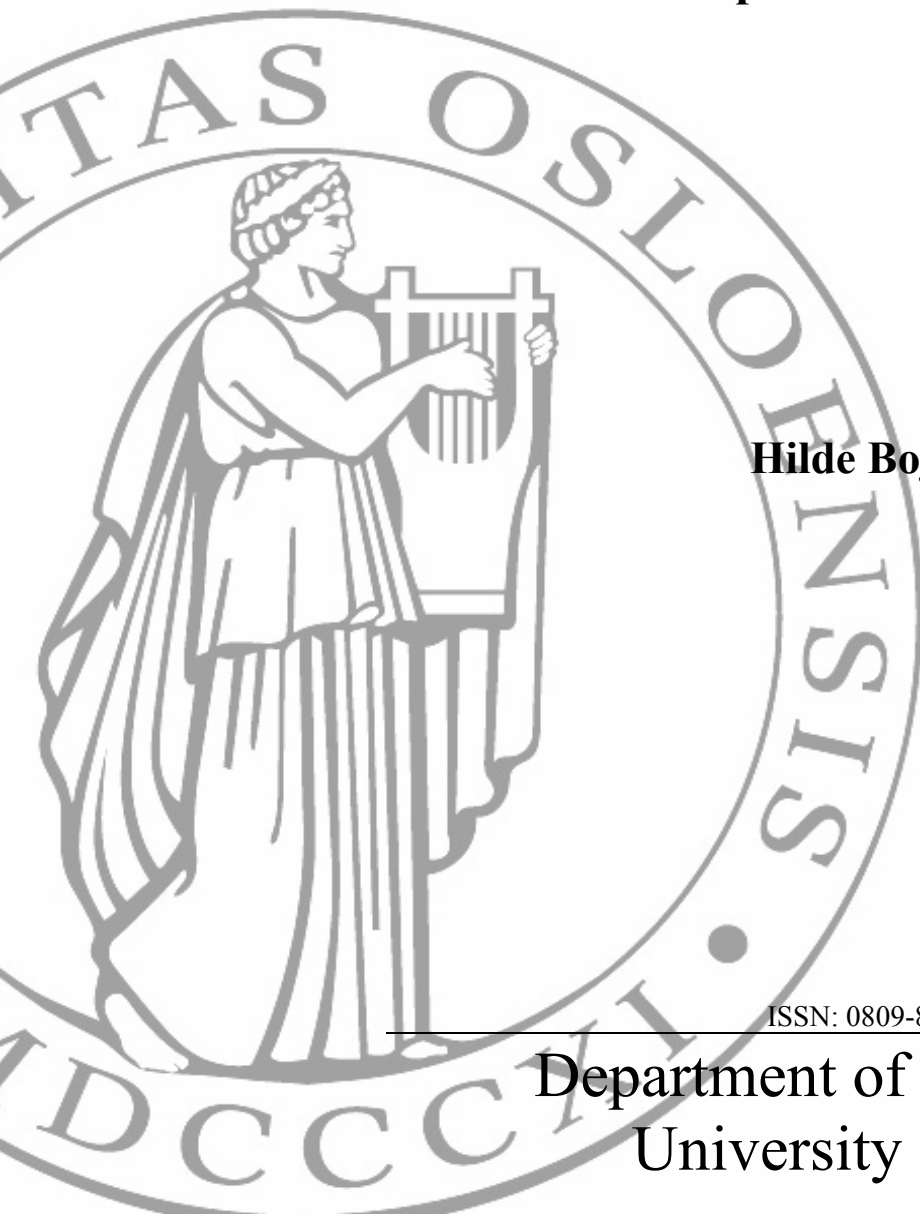
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Resources versus capabilities: a critical discussion

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Resources versus capabilities: a critical discussion¹

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¹ Helpful comments from Aanund Hylland are gratefully acknowledged.

Resources versus capabilities: a critical discussion

Abstract

This paper discusses the concept of "resourcism" as an alternative to the capability approach. It argues that the term economic resources covers too many different concepts for the term "resourcism" to be useful when analysing distributional justice. In particular, the "resourcism" of Dworkin is radically different from that of Rawls, because resources in Dworkin's usage are not the same as Rawls's "income and wealth". The term "economic goods" is proposed as a more precise term than resources. Furthermore, it is argued that, since all theories of distributional justice concern the distribution of economic goods, they are all in some sense "resourcist." The paper then discusses in the concept of resourcism defined by Thomas Pogge (2004), and concludes that his concept of resourcism is not logically consistent. Pogge also maintains that the just distribution of economic goods should take into account only standard human needs. The paper argues that taking natural human diversity into account is both possible and desirable as far as valuable human functionings are concerned, and that Pogge's criticism of the capability approach in this respect therefore is unfounded. Finally, it is argued that the relation between capabilities and access to economic goods merits investigation.

1. Introduction

The term resourcism is used by several writers to denote some kind of alternative to the capability approach. The present paper is an attempt to investigate the concept of "resourcism", and in particular to discuss whether such a concept constitutes a logically coherent school of thought. In the discussion, I shall refer to Thomas Pogge's paper "Can the Capability Approach Be Justified?" (Pogge 2004) since Pogge there both defines and defends resourcism. In other contexts, I have only seen the term used by people who claim to be opponents of resourcism. My conclusion will be that I do not find a discussion for or against resourcism useful, since the term covers many different approaches with very little in common. This, I think, is because philosophers tend to use the term resources and/or economic resources too loosely.¹ I suggest that the term "economic goods", which I define and explain in section 2 below, be used instead; furthermore, I claim that all theories of distributional (or distributive) justice must by their very nature be resourcist in some sense, since they all concern the just distribution of economic goods.

In section 3, I discuss two so-called resourcist positions, those of John Rawls and Ronald Dworkin, and show that they are too different to be usefully covered by the same label. I then go on to discuss two aspects of resourcism as defined by Thomas Pogge, namely the inclusion of relative economic position (section 4) and access to health care (section 5).

Section 6 discusses Pogge's claim that taking natural diversities into account leads to stigmatisation of certain kinds of people, and of women in particular. I do not find this argument persuasive.

Let me start with Thomas Pogge's definition of resourcism. He writes: "A plausible resource metric must include all and only the resources human beings need to function adequately and must weight these resources according to their importance in fulfilling standard human needs. Resourcists may even grant that what ultimately matters is that opportunities to pursue human goals be distributed equitably in some sense. But, such resourcists will maintain, the correct sense in which the distribution of opportunities ought to be equitable must be defined in the space of resources. (2004: 34-35)"

There are two main ideas here. The one is that distributional or social justice should be defined in the metric of resources. The second is that a just distribution should take into account only "standard human needs", as distinct from taking into account what Amartya Sen calls "pervasive human diversity". (Sen 1992: xi) These two ideas are logically distinct, and I shall discuss them separately, starting with a discussion of the "metric of resources".

2. Economic goods

As an introduction to discussing the meaning of the term "resourcism", I wish to introduce the concept of economic goods.² By an economic good, I mean more precisely a good that is scarce. It is a *good* if somebody, somewhere, prefers more rather than less of it. The good is *scarce* if more of it can only be obtained at the cost of less of some other good. Note that scarcity in this context is defined for society as a whole. The point is not whether some individual has to pay for the good. A government paid, freely available good can still be a scarce good. A healthy environment is a scarce good in this sense to the extent that it is necessary to curtail production of some other good (driving cars, say,) to keep it healthy. Both health care and education are economic goods, whether they are provided privately through the market or free of charge by the state.

Economic goods may be consumption goods, or they may be inputs in a production process; however, the ultimate end of production is always human consumption. By economic goods in the following, I shall for the most part mean consumption goods, thereby excluding considerations of the distribution and ownership of the means of production.

Economists distinguish between two kinds of economic goods: public goods and individual goods. Individual goods are rivaling: more to one person necessarily means less to another. They are also *transferable*: it is technically possible to take the good from one person and transfer it to another. Public goods are non rivaling. This definition is a purely technical one: public goods may well be privately provided. Distributional policy thus takes two forms: one form is the distribution of individual goods, the other is the distribution between individual goods and technically public goods. Note that government paid goods may well be individual: again health care and education are typical examples.

It is a further property of economic goods that most of them³ are produced by human effort, and that the total available (the size of the pie) therefore can change. In particular, there may be a connection between the total available for distribution and the way it is distributed. This property

entails that there are issues connected to the distribution of economic goods that do not arise in connection with political rights. There may be a trade-off between the just distribution of the pie and its size.

Pogge writes:

"Resourcists believe that individual shares should be defined as bundles of goods or resources needed by human beings in general, without reference to the natural diversities among them. These goods might include certain rights and liberties, powers and prerogatives, income and wealth, as well as access to education, health care, employment, and public goods -- with different lists and different weights specified by different resourcist views. (2004 p. 33)"

Here, the concept of resources comprises both economic and non-economic goods. I do not find this broad definition of resources useful; I feel that economic equality should be treated as a separate issue from equality of political rights, and that the term distributional justice should concern the just distribution of economic goods. One reason is that I do not believe that there is disagreement between "resourcists" and adherents of the capability approach as far as non-economic, political rights are concerned. In particular, there is no disagreement that such non-economic goods as the right to vote, freedom of religion, freedom of expression should be equal for everyone, irrespective of natural diversities.

A further reason is that Pogge seems to imply that an index could be made of the various rights and liberties on the one hand, economic goods on the other hand. But such an index would imply that substitution is possible; for instance that lack of political rights could be compensated for by income, or vice versa. Such a position is clearly controversial, and should be kept separate from a discussion of "resourcism" as such.

Finally, as I wrote above, economic goods differ from political rights by being produced, and by the connection that therefore may arise between the total available and the way it is distributed.

Neither welfare nor capabilities are economic goods since they are individual, but not transferable from one individual to another. Nor can they be directly reached or manipulated by social institutions or public policy. But they are determined or at least influenced by *inter alia* the individual's access to economic goods: economic goods are instruments for achieving welfare or capability or whatever other good is deemed desirable.

It follows from the above that in order for *any* theory of distributional justice to be of practical use, the just distribution must *also* be defined in the space of economic goods. If by resources we mean a bundle of economic goods, all theories of distributional justice are, by their very nature, resourcist. They differ in their reasons why economic goods are important, and in the criteria they use for judging the justice or otherwise of a given distribution. It is in my opinion quite clear that Amartya Sen thinks of capabilities as criteria for the distribution and allocation of economic goods (commodities). But the correspondence between an individual's access to economic goods and the capabilities he or she derives from them is not well spelled out in Sen's writing on capabilities, nor is it at all adequately analysed, as far as I know, in other writings on the capability approach.

Even so, the term resourcism, by the first part of Pogge's definition, seems to comprise every conceivable theory of distributional justice. But there is an ambiguity in Pogge's definition of resourcism: he could mean that the equitable distribution of opportunities must be defined in the space of resources *only* or in the space of resources *also*. If in the space of resources also, then every theory of distributional justice must be resourcist. If in the space of resources only, the implication must be that no criterion for judging the justice of a given distribution may be used (apart from its degree of inequality?). But this definition does not sit well with another statement he makes. Pogge writes: "Criteria of social justice that employ a resource metric are not, for this reason, insensitive to age-specific needs. (2004: 27)" His reason is: "If participants are conceived as persons over a complete life, age-specific variations in needs are not a personal heterogeneity." And further: "...resourcists can specify the standard needs of human beings in the various phases of their lives and can then define the adequacy of a person's lifetime share as an intertemporal aggregate of how adequate the resources she has access to in each phase of her life are relative to the age-specific standard human resource needs during this phase. (ibid.)"

Here, Pogge clearly uses a metric, needs, to be transformed into resources according to age. But the concept of "human needs", whether standard or not, is a criterion for the distribution of resources in the same sense that welfare and capability are criteria. Pogge's resourcism thus turns out to be logically structured in the same way as welfarism and the capability approach. The real issue therefore seems to be whether the best criterion is "needs", "welfare", or "capabilities", and, perhaps, to what extent these criteria differ.

3. Different resourcisms

There are at least two kinds of resourcism: the resourcism of Ronald Dworkin and the resourcism of John Rawls. They are in my view too different to be usefully covered by a single term. A resource in economic terminology is a stock of some scarce good, and usually conceived of as an input in the production of some final good. In his well known "What is Equality: Equality of Resources (1981)", Ronald Dworkin uses the concept of resources in this sense. He advocates equality of external resources in the sense of inputs into production, and in particular natural resources such as land, minerals etc. He also discusses an imagined insurance market to compensate for inequality in internal resources (talents). Resources in Dworkin's sense can be used to create income. Equality of resources in this sense will not in general imply equality of income, inter alia because of different choices, different talents and differences in brute or option luck. It should also be noted that the fair or equal distribution of resources in Dworkin's sense is defined as being envy-free: no one prefers another person's bundle of resources to her own. The just equality of resources therefore depends on the preferences of the individuals. In this sense, then, Dworkin's resourcism differs from what Pogge calls resourcism, since individual preferences vary, they are not "standard human needs".

John Rawls, on the other hand, applies the difference principle to a bundle of primary goods, one of which he calls "income and wealth".⁴ Rawls does not relate the just distribution of this primary good to human needs or preferences, standard or otherwise. "Income and wealth" is a primary good because it is a good every person would want to have more of, whatever rational ends of life he or she pursues. Economic equality for Rawls must be defined independently of preferences, so here too Rawls differs from Dworkin.

Dworkin's resourcism is close to being a theory of equality of opportunity, while Rawls's equality of primary goods is a theory of equality or fairness of outcome. The two theories give very different places to ideas like choice and responsibility. If Dworkin may reasonably be called a resourcist, then Rawls is something else. It follows from Pogge's definition of resourcism as concerned with inter alia "income and wealth" that his position is closer to Rawls than to Dworkin

4. Resourcism and relative positions

Many thinkers claim that economic inequality is a problem in itself, independently of the actual level of resources. (What Sen (1999: 73) rather clumsily calls "differences in relational perspectives".) The European Union defines poverty as relative poverty. Sen writes: ".. the

absolute satisfaction of some of the needs might depend on a person's *relative* position vis a vis others. (1984: 333) " If we substitute the term capabilities for the term needs in this quotation, we see that the phenomenon is easily handled by the capability approach, indeed, I think it is a basic reason behind the capability approach: absolute levels of a capability such as social participation depend on relative levels of wealth. Pogge claims that "even a simple income resourcist can accept Sen's point (p 20)", and adds, in a footnote on the same page: "Within Rawls's theory, for instance, there is strong reason to include persons' relative income - expressed perhaps as the ratio of income over median income - as among the social bases for self respect. (p. 20, footnote 56)"

But accepting relative income as a primary good is not immediately compatible with Rawls's difference principle. The difference principle states that divergence from total equality is only permissible when to the advantage of the least favoured. Now, with full equality as the benchmark, any divergence from full equality will reduce the relative income of the least advantaged, however much the absolute income increases. Indeed, every person below the average (or median) will see her relative income reduced by comparison with equality.

In Dworkin's scheme, stressing relative positions does not make sense, since he defines the equal distribution of resources as being envy-free. By envy-free, he means that no individual would prefer someone else's bundle of resources to her own. In such a distribution, if relative positions count, they must already be taken into account.

Returning to Rawls, it is of course logically possible to construct an index combining absolute and relative income. But to construct the index, we would have to know something about exactly why and when relative income matters. The weights of the index would decide not only the relative importance of absolute versus relative income, but also whether this relative importance should be independent of the level of absolute income or not. Let me explain. I imagine that if you are starving, it does not really matter whether you are better or worse off than your neighbour: what matters is getting food. So, relative income would seem to become less important the lower your income is absolutely. But this intuition of mine may be wrong. It ought to be supported by some insight into which needs or capabilities are important in which situation: in other words, an outside criterion for ordering absolute and relative positions should be available. What I am saying is once more that arguing about justice from knowledge of the access to economic goods *only* is not feasible.

Nor am I arguing here about a logical quibble. The assumption that relative economic positions count, and - perhaps- count more, the richer the society one lives in - have implications for the economic relationships between rich and poor nations to which I shall return in the last section.

5. Resourcism and access to health care

Rawls and Pogge both define a just distribution of economic goods as one independent of natural diversities. Even so, Pogge (but not Rawls) singles out education and health care as economic goods to be distributed apart from the other "resources". But if the distribution of other resources is a just one, it is not clear, from a resourcist point of view, why e. g. health care should be treated differently from other economic goods that are acquired by means of income and wealth. Neither education nor health care is technically a public good in the sense of being a non-rivalling good. They are both individual: more to one person means less to another.

Consider the distribution of health care as an example. There are two ways of distributing it separately from income: in kind or by vouchers. By in kind, I mean free or strongly subsidised access to health care as in most European welfare states, paid for by the government through taxes. In this case, health care, including medication, is distributed according to individual, not standard, needs. Medical resources are allocated to individuals during their life span according to how much they are considered by the medical staff to need in order to achieve health, or as much health as they are capable of achieving. In other words, resources are allocated according to the individual rates at which persons with diverse physical and mental constitutions can convert resources into valuable functionings. In this case, I can see no quarrel between what Pogge calls resourcism and the capability approach.

Vouchers are worth a certain amount of cash which may only be used to pay for health care. A distribution where every individual is given vouchers worth the same amount, corresponding to some computed standard need, seems to correspond to what Pogge calls resourcism. The vouchers could either be used to purchase health insurance, or to pay medical bills direct. In either case, outcomes would be highly unequal in terms of achieved health, precisely because of differences in medical needs. It should be noted that outcomes would be unequal also if the vouchers purchased medical insurance: private insurance firms demand different premiums according to perceived risks. But this is not what most people would mean by equality of access to health care. On the other hand, free access to health care according to need is inconsistent with Pogge's definition of resourcism as taking into account standard needs only.

To sum up this discussion of the concept of "resourcism", I claim that it is too imprecise to be a useful tool for analysing distributive justice. In particular, the theories of Ronald Dworkin and John Rawls are too different to be usefully characterised by the same term "resourcist". Furthermore, Pogge's definition of resourcism is neither entirely clear nor entirely consistent.

I next consider Pogge's arguments against taking particular needs into account in distributive justice.

6. Natural diversity

Women and men

One of the justifications for the capability approach is that different people need different amounts of economic goods (commodities) to achieve a certain capability of functioning. Since the capability approach means to ensure what Sen calls the capability to achieve valuable functionings, there is no question of securing every conceivable capability, just a limited number. I find it difficult to discuss the justice or otherwise of taking differences between people into account in the abstract, without knowing which differences we are talking about. Sen, as we know, refuses to specify which capabilities are valuable, he just gives some examples. The relationship between Nussbaum's famous list and access to economic goods is on the other hand not clear: it is more a list of rights.

But there is one natural difference that it is possible to discuss without having a precise list of valuable capabilities and their relationship to access to economic goods, namely the natural difference between women and men. I shall argue that certain biological differences between the sexes can and ought to be taken into account in the distribution of economic goods in a just society.

Pogge writes: "...if our social institutions assured women of equal and equally effective civil and political rights, of equal opportunities, of equal pay for equal work, women could thrive fully even without any special breaks and considerations. (2003: 24) " Not so. The biological facts of pregnancy and birth demand a number of special "breaks and considerations" for women who are mothers if they are to thrive and flourish on an equal footing with men who are fathers. This is so because parenthood places very different burdens on women and men however justly society is

organised in other respects. It might be argued, perhaps, that having children is a voluntary decision and therefore of no concern to justice in distribution. But what I wish to discuss here is not distribution between parents and non-parents, but between mothers and fathers.

Sen uses the example of pregnant and breastfeeding women needing more food as an example showing that different kinds of people need different amounts of resources to achieve equal capability of being nourished. But this is only one example of the special needs of mothers, and, in a reasonably affluent society, not the most important one. Pogge (p 23) considers these needs as morally derived from the needs of infants, born and unborn, and that infants' needs of course must count equally with those of adults. But this line of argument assumes that the needs of pregnant and breastfeeding women can be calculated as the sum of "standard needs" and the needs of the infant. This may be true as far as nutrition is concerned, as far as I know, though it does not seem immediately obvious. But pregnant women (and their new born babies) have several kinds of other special needs. Some of them are health care; not least care and assistance during delivery. There are risks to the mother's health even in developed societies with advanced health care systems. Pogge may argue that these needs are covered by his including "access to health care" as one kind of resource. But, as I pointed out above, resourcism is then no longer strictly resourcist. And there are also other special needs to consider. A pregnant woman needs special protection at work; not only to protect her foetus, but also herself. If she is to have a right to employment and economic independence on an equal footing with men, she must also have a right to paid maternity leave of some duration.

Again, these needs cannot be immediately derived from the needs of the child. In order for them to be morally relevant, we need to state that meeting the needs of the child should not economically disadvantage mothers relative to fathers even though mothers as mothers have special needs that fathers do not have.

Pogge continues the sentence quoted above as follows: "So why detract from this irresistible demand for equal treatment by staking claims to compensation for greater needs or special disabilities?" Being able to bear a child is manifestly not a disability, nor is it shameful. The stigmatisation problem of claiming compensation for special needs, discussed by Pogge on pages 54 -- 57, therefore does not apply.

Stigmatisation

Pogge is worried that free government provision for special needs stigmatises the recipient. To put it bluntly: his worry is wide off the mark. I live in a welfare state where hearing aids, wheelchairs, special cars for the disabled, special care for disabled children and a wide range of other equipment for the disabled are provided free of charge or at nominal prices. There is absolutely no stigma attached to such provision as long as there is no stigma attached to the disability catered for.⁵ Indeed, the problem is rather that the disabled and their organisations press for ever more special care and more special equipment to be provided.

Since resources are not infinite, there is a running public debate on what should be included in public health care and public provisions, and what the priorities should be. But no one disagrees that for instance plastic surgery should be provided in certain cases.

I conclude that taking at least certain natural diversities into account, is both just and practically possible.

7. Conclusion: resources and the capability approach

I have argued that so called resourcism is not a plausible alternative to the capability approach simple because there exists no such thing as **the** Resourcist Theory. Nor do I find convincing those of Thomas Pogge's arguments against the capability approach that concern natural diversities. On the other hand, I have argued that all theories of distributional justice, including the capability approach, ultimately concern the just distribution of economic goods, whether we prefer to call these resources or not.

Now, this is where I find the real weakness of the capability approach as it at present stands. There is, to my knowledge, no systematic account of the relationship between the development of capabilities on the one hand, and on the other hand the production and distribution of economic goods. The Human Development Index, which is inspired by the capability approach, has shown that economic growth (above a certain level) is not necessary for developing literacy and a functioning health service. This is surely a kind of insight that could be developed further, and with interesting applications to the rich part of the world.

In 2003, Richard Layard of the London School of Economics gave a series of lectures on happiness as a goal of economic policy. In these lectures, and in a following book, *Happiness* (2005), Layard cites a number of surveys from the US, Japan and Europe showing that happiness is not correlated

with economic growth. In particular, he cites a study purporting to show that , "once a country has over \$ 15,000 per head, its level of happiness appears to be independent of its income per head. (Layard 2003: 17)". Layard claims that "... happiness is a real scalar variable that can be compared between people (2003:21)". He goes on to argue that several of the conventional policy measures for promoting economic growth have social costs that reduce happiness.

We do not have to accept happiness as the final goal of economic policy in order to find interesting many of the points Layard makes. He argues, for instance, that above the minimum level, it is relative, not absolute, income that creates happiness. This insight easily translates into saying that valuable capabilities depend on relative income. Layard also argues that secure employment and a safe environment are preconditions for happiness: again, arguments that could be expressed in terms of valuable capabilities.

It is time, in my view, for adherents of the capability approach to address these and similar topics seriously. The answers have relevance to development theory, since they could indicate that there are riches, and to spare, for rich countries to share with the world's poor.

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¹ As does, I am sorry to say, Amartya Sen himself in *Inequality Re-examined* (1982) pp: 36-37

² The concept of economic goods is discussed in more detail in Bojer 2003 chapter 9.

³ The exceptions are certain stocks of natural resources, like metals and oil; these also are, however, only made accessible for human use by means of labour.

⁴ See e.g. Rawls 1982.

⁵ I am wearing a publicly provided hearing aid as I write this.