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The Application of the Capability Approach to High-Income OECD Countries: A Preliminary Survey

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Abstract

The goal of this paper is to provide a preliminary overview of empirical Capability Approach (CA) applications for high-income OECD countries. The survey aims at a basis of mutual exchange on relevant CA issues among researchers analyzing well-being in affluent countries. It focuses on CA applications related to general well-being, inequalities, poverty and human development in affluent countries. Based on this literature survey and an illustration of procedures and challenges of selecting relevant dimensions and referring to ongoing projects commissioned by the German and British government, the authors conclude that a stronger emphasis should be on assessing capabilities, autonomy, agency and responsibility.

JEL-Code: B410, I300, I310, I320, O150.

Keywords: capability approach, high income countries, general well being, poverty, human development, assessing capabilities.

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1. Introduction: Aims, selection criteria and proceeding of this overview

In recent years the number of empirical studies based on the Capability Approach (CA) has been increasing considerably. Although the capabilities-based approach to measuring human development is predominantly used in the South (Burd-Sharps et al. 2010), more and more empirical analyses and other applications are not only focusing on the developing world but also on affluent countries. Our paper is a first attempt to give an overview, hence our goal is to review the topics and issues that have been discussed in CA-applications to affluent countries. Our paper also aims at providing a basis for mutual exchange of ideas among CA-researchers working on affluent countries. Here, we are interested in the foci and challenges of applications to countries with widening life opportunities and how researchers have dealt with associated questions and challenges. It is important to emphasize that we do not assume that concepts and methods will differ substantially in comparison to applications in the developing world. However, we will show that some of the topics, open questions and challenges may have to be even more in the focus for affluent than for poorer countries.

Due to the remarkably large number of CA studies we applied selection criteria to keep this first overview limited to certain topics. Hence, we have included papers

(1) with a regional focus on affluent, specified as high-income OECD countries[1];
(2) that explicitly use the CA as a theoretical framework;
(3) which aim at empirical analyses and applications;
(4) focusing on general well-being issues such as well-being, inequality, poverty and human development in high-income OECD countries; and
(5) that do not apply the CA to specific groups and issues. We are well aware that a lot of highly relevant work has been carried out using the CA for group specific studies (like women and gender issues, children and young people, disabled, unemployed, old people) or specific issues such as health, education and general policy issues

However, although we attempt to provide a relatively comprehensive overview, given the highly interdisciplinary, scattered CA-literature, we are aware that a number of relevant publications will be missing. Therefore, we would like to encourage CA authors to inform the corresponding author on missing publications meeting the above mentioned criteria to be included into this survey before its subsequent publication.

[1] High-income OECD countries include Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Republic of Korea, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, United Kingdom and the United States. See http://data.worldbank.org/about/country-classifications/country-and-lending-groups#OECD_members

The paper is structured in the following way: after a very brief chapter 2 on theoretical issues of the Capability and Human Development Approach, we devote our attention to basic questions of applying the CA in chapter 3. We concentrate on the use of capabilities versus functionings in 3.1 and on the selection of relevant dimensions, capabilities and functionings in section 3.2. However, we do only briefly address measurement and weighting techniques that have been assessed in other surveys and studies and would have exceeded the scope of this paper.[2] In 3.3. we discuss tasks, open questions and challenges that may be particularly relevant for applications in high-income OECD countries. Chapter 4 provides an overview of applied CA research on general well-being and human development issues for affluent countries. We illustrate and discuss the selection of relevant dimensions and its challenges in chapter 5 using the official German Poverty and Wealth Reporting as an example and briefly compare it with the proceeding of the British Equality and Human Rights Commission project. Chapter 6 concludes with a discussion of achievements, challenges and perspectives.

2. Theoretical Foundations of the Capability Approach (CA)

2.1 Basic Foundations of the CA

The CA focuses on well-being in the sense of real freedom that people have to lead the kind of lives they (have reasons to) value (Alkire 2010). This focus on real freedoms has been established by the CA, based on a critical discussion of concepts related to achievements and means for freedom. Achieved happiness has been one of the concepts discussed in the CA literature. Utility and satisfaction criteria of well-being are criticized as these concepts tend to neglect intrinsic claims of the value of rights and freedoms as well as distributive differences. Furthermore, relying on happiness will hide adaption of expectations and desires and fails to take account of prerequisites (like education) that provide real opportunities to the people of reflecting and determining the kind of lives they would like to lead. This is criticized to distort the scale of utilities in the form of happiness and desire fulfillment.[3] For the CA happiness is supposed to be *one* thing that we have reasons to value and not the only metric for measuring what people value.

Although recognizing the value of consequentialism, the CA is also concerned with the utilitarian focus on outcomes because it misses the reasons of people’s behavior. An

[2] For instance in Robeyns (2006a).
[3] Sen (2009: 286) illustrates these effects with the perception of and satisfaction with one’s own health status. Although this internal view of the patient is also important we may not exclusively rely on it because the patient’s own view may be seriously limited by his or her knowledge and social background. People living in communities with a high number of diseases and little medical facilities may tend to accept certain symptoms and diseases which an educated and informed individual with access to health care would hardly accept.

important step into the direction of overcoming the exclusive focus on achievements has been the shift of evaluation criteria from achieved happiness and preference satisfaction to resources and means to achievement.[4] However, means do not adequately reflect the extent of individual freedom, because personal and group-specific characteristics may result in remarkable interpersonal and intergroup variations in the conversion of income and other resources or primary goods into the freedom to achieve alternative lives. Individuals do neither have the same needs for resources nor the same abilities to convert resources into real freedoms.[5] Robeyns (2005: 99) has categorized the factors that enable an individual to convert means into freedoms as “personal conversion factors (sex, reading skills, intelligence, disabilities etc.), …,” social conversion factors (e.g. public policies, social norms, discriminating practices, gender roles, societal hierarchies, power relations) and, third, environmental conversion factors (e.g. climate, geographical location).”

As personal, social and environmental conversion factors are decisive to bridge the gap between means and freedom, the CA distinguishes freedom not only from achievement but also from resources and means to freedom. It does so by judging individual advantage based on a person’s capability to do things he or she has reasons to value and not by income, resources, utility or other achievements. The CA asks what an individual can do and be, relating the well-being of a person to the person’s beings and doings - the so called functionings – that an individual *can* achieve.[6] Thus, the ‘capability set’ in the functioning space reflects the person’s freedom to choose from possible livings.[7]

The CA concentrates on freedoms and not on achievements because freedom may have intrinsic importance as being able to choose may matter in itself (‘process aspect of freedom’).[8] The idea underlying the process aspect is that there is a normative difference between choosing a preferred alternative out of a set of opportunities and being forced into the (preferred) alternative without any other options. In addition, more choices may be instrumentally better than less making better alternatives available (“opportunity aspect of

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[4] In economics achievements like happiness or preference satisfaction have been often substituted by means like income, GNP or GDP or commodities as main criteria of success. Regarding philosophy the same holds for Dworkin’s focus on the distribution of resources as well as for the Rawlsian introduction of primary goods into his theory of justice; see Nussbaum (2006: 71) and Sen (2009: 225-233).

[5] See among others Nussbaum (2006: 75), Sen (1987: 7) and Sen (1992).

[6] These beings and doings may include ‘being adequately nourished’, ‘being in good health’, ‘having ‘self respect’, ‘appear in public without shame’, ‘taking part in the life of the community’, ‘having fulfilling work’ and many others.

[7] See among many others Sen (2009: 225-252; 1992: 39-40 and 110), Volkert (2006: 361-362).

[8] Nussbaum (2006: 88) and Sen (1993: 39). Nussbaum illustrates this own value of choice with the example of the Amish population in the United States who are in favor of the right to vote although they do not vote (Nussbaum 2006: 79).

freedom”). Moreover, giving priority to capabilities and not functionings is supposed to reflect the CA’s liberal pluralistic conception and its respect in people and their choices.[9]

For a further analysis of these well-beings and choices the concepts of standard of living, well-being and agency have to be distinguished. The ‘*standard of living*’ is restricted to the personal well-being – only as far as it is related to one’s own life (Robeyns: 2005: 102; Sen: 1987: 29). ‘W*ell-being* comprises of the goals with respect to one’s own life and of other-regarding goals that are driven by sympathy (or antipathy).[10] The concept of agency goes even further. It stands for all goals and values a person has reasons to pursue and may also relate to “other-regarding goals” that are driven by commitments and not by sympathy and antipathy. In short, we can move from agency to well-being by ignoring commitments and move further back to the standard of living by excluding other-regarding goals motivated by sympathies and antipathies. These distinctions are further specified, relating them to (well-being or agency) freedom or (well-being or agency) achievement. Each of these specifications can be relevant for different purposes.

2.2 From the Capability to the Human Development Approach (HDA)

Based on the CA Amartya Sen has developed an understanding of development as expansion of real freedoms and capabilities. The human development reports published by the United Nations Development Programme since 1990 have used Sen’s CA as a conceptual framework to analyze development challenges.[11] Sen perceives human development as enlarging a person’s capabilities and functionings which has been expressed in the Human Development Reports as “expanding choices.” While Sen’s CA is more an evaluation approach (Gasper 2007), the Human Development Approach carried Sen’s work further by assessing the policy implications of this perception of development (Fukuda-Parr 2007). After twenty years of human development assessment and reporting, Alkire (2010) has worked out the following definition of human development: “Human Development aims to expand people’s freedoms – the worthwhile capabilities people value – and to empower people to engage actively in development processes …” (Alkire 2010: 24).

As Human Development focuses on expanding intrinsically valuable ends, the HDA has to analyze also effective means like economic growth, stability and good governance to find out how to best advance these ends. Selection criteria for capabilities, which are relevant, should

[9] See Nussbaum (2006: 79 and 87-88) and Sen (2009: 38). For example, if a person has access to employment but still freely decides with full knowledge, not to make use of that opportunity and to prefer more free time and less work instead of income then there may be less social concern than in the case of an exclusion from the labor market.

[10] Sen (1987: 28).

[11] Other researchers, notably with a basic needs background, have also contributed to the idea of human development. However, Fukuda-Parr (2007: 329) emphasizes that Sen’s work on capabilities “provided the strong conceptual foundation of the new paradigm.”

be universally valued and basic.[12] All this requires an assessment of multiple dimensions of human capabilities. Alkire (2010: 9) gives an overview of 24 different dimensions that have been covered explicitly in the Human Development Reports up to now. Given the variety of dimensions that are relevant for the HDA – as well as for the CA – the value-added and the risks and shortcomings of condensing this multidimensionality into a single "Human Development Index (HDI)" have been and are still controversially discussed among researchers. Proponents of an index refer to the political attractiveness of a single index.[13] Indeed, subsequent human development reports have attracted significant attention by policy makers to human capabilities, notably to knowledge and health for which indicators have been introduced into the HDI (besides income). However, it has never been the intention to restrict the meaning and scope of human development to the few dimensions captured by the HDI, recognizing that the HDI is a very incomplete measure – for OECD-countries even more than for the developing world – leaving out a lot of central issues.[14]

3. Core Decisions and Resulting Challenges

3.1 Assessing Capabilities or Functionings?

As we explained in the last chapter the CA distinguishes beings and doings that a person *has* achieved – these are called functionings – and capabilities, i.e. the valuable beings and doings a person *can* achieve. The informational base that matters for the CA, is the capability set – and not achieved functionings. Moreover, focusing on freedoms and not on outcomes is a sign of the CA's liberal, anti-paternalistic nature. Therefore, the central importance of capabilities is motivated by a strong respect of people and their choices. Putting freedoms into the centre often calls for explicitly assessing capabilities in empirical studies. Restricting the analysis to functionings due to limited data availability and measurement problems – as it is often done in practice - may therefore fail to capture central ideas of the CA .

Nevertheless, the CA's focus on capabilities, does not at all mean that functionings are irrelevant. In some cases, assessing functionings may be sufficient or even more adequate to investigate real freedoms. In other cases a combined analysis of capabilities and functionings may be necessary.

[12] Fukuda-Parr (2007) argues, that they should be universal as the reports cover a very wide range of countries all over the world. They should be basic in the sense that a lack of these basic capabilities would put at risk a variety of other capabilities (Fukuda-Parr 2007).
[13] Sen had concerns due to the difficulties of capturing the variety of human capabilities in a single index. However, he was persuaded by Mahbub Ul Haq's insistence that a single number was needed to shift attention of policy makers to human well-being and capabilities as a measure of progress (Fukuda-Parr 2007).
[14] Ranis,Stewart & Samman (2006).

Assessing functionings may be sufficient when people are suffering from a lack of real freedom and are not able to choose according to their life plans. For example, violations of human rights are not supposed to be a result of a rational, well-informed decision based on thorough reflection; hence, functionings deprived by such violations can be assumed to indicate capability failure without further investigations of the capability set. Moreover, even when the formal freedom to take decisions freely is guaranteed by society, personal characteristics may restrain some people from the real freedom to take optimal decisions in their own interest. Therefore, an assessment of functionings may be adequate when an informed rational choice is not possible for the respective persons. For children, care-persons will have to ensure central functionings that make children realize and exercise their (future) capabilities as long as the children cannot make fully rational choices. Moreover, society will have to provide for the well-being achievement of mentally disabled people as far as these are not able to decide and realize functionings such as living a healthy life, have social contacts etc.

Addressing functionings may also be adequate for some issues that are beyond people's control, for instance in case of very complex and decisive decisions (Robeyns 2005: 101). Governments may have reasons to establish regulations that prevent citizens from hasty or insufficiently informed decisions that might end up in hazard for their long-run capabilities. The regulation of health and safety by many states which focuses on functionings and not on capabilities provides an example.[15] A related argument holds when outcomes reflect a strong influence of adaption or lack of information even if individual preferences and values also explain a part of the outcome. Homelessness, lack of literacy and numeracy are examples. In these cases it may be legitimate for public policy to assume (also) differences in capabilities. Furthermore, in a number of cases it will be most adequate to analyze functionings together with capabilities. This holds when capability sets include freedoms that also depend on other people's choices (Robeyns 2006a: 354). The absence of functionings for specific groups can be a first sign of a lack of capabilities that requires further investigation. Group inequalities in functionings are supposed to reflect unequal capabilities as long as no reasons can be given why a certain group systematically chooses different functionings from the same capability set. With respect to gendered outcomes Robeyns (2007: 96-97) has emphasized that, as long as it is not clear whether gender inequalities are caused by different preferences or have been socially constructed and imposed on women and men, the burden of proof falls on those who claim that there are group based "innate" preference inequalities.[16] Such a proof

[15] In these cases a certain tension arises between the CA's anti-paternalistic respect for personal decisions on the one hand side and the bypassing of personal choices by the government, when achieved functionings are subject to legislation. Therefore, the latter may cause controversies and must be determined democratically (Nussbaum: 2000: 90-95).

[16] Robeyns (2006a: 354) has argued that differences of large groups may also allow restricting the analysis to functionings. However, her own arguments stated above show that this is arguable. Her

requires analyzing the capabilities (of women and men) after having identified differences in functionings between groups.

A combined analysis of functionings and capabilities is also necessary in the case of complex capabilities such as civic or political participation. In these cases different outcomes can make it necessary to investigate how far either differences in values and preferences or hidden personal or social constraints are driving forces. Like for gender differences, the burden of proof will lay on those who claim that there is no difference in substantive freedom despite different outcomes.

Finally, Sen's concept of a "refined functioning" also represents a kind of combined perspective on functionings and capabilities. Analyzing a refined functioning includes the consideration of alternatives or of an assessment of the exercise of choice as a relevant finding, thereby integrating the process and opportunity aspect of capabilities (Sen 1987: 36-37 Standard of Living; Stewart 1995).

3.2 How to identify relevant capabilities or functionings?

After having discussed whether to use capabilities, functionings or even both to assess capability sets the question arises how researchers can identify and select those capabilities and functionings that are valuable to the people. The choice of valuable dimensions, capabilities and functionings is a central issue in the CA. This is so because the selection of (dimensions and) capabilities may be of instrumental importance, e.g. as a determinant of poverty or well-being, they may matter as intended outcomes of projects or activities (the dimension of health for health centers) or they may directly indicate (lack of) well-being.

A central question is whether using an underlying general list might be helpful for this purpose. Martha Nussbaum's (2006, 2000) list of "Central Human Capabilities" contains "life, bodily health, bodily integrity, senses, imagination, and thought, emotions, practical reason, affiliation, (being able to live with concern for) other species, play, control over one's political and material environment. Nussbaum sees here 'timeless' central human capabilities as general goals that can be specified by different societies in various ways. She considers her list as open-ended including various ways of revision, supplementation – and (more recently even) deletion[17] – depending on how different societies want to specify their central human

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position suffers from the possibility that a large group (e.g. the majority of women) may as well suffer from a lack of real freedoms or have group specific preferences.

[17] A certain tension arises in Nussbaum's more recent version of the list as she leaves it open to every single society to delete some of the central human capabilities but at the same time claims that the lack of one of these central capability would violate justice and the dignity of human life (Nussbaum 2006: 76-78).

capabilities.[18] Nussbaum (2009) argues that the existence of a list of domains or central capabilities is important for the critical force of the CA and to avoid that non-trivial capabilities of very little or even negative value are selected.

Sen (2004) is not entirely against the use of lists but has emphasized the problems of a fixed and finally given list. He argues that any selection of capabilities must be left to a democratic process. Sen (2004) stresses that public discussion and reasoning can help to better understand the value and role of different capabilities and pay sufficient attention to people's present values that may change over time. Moreover, he has emphasized that a given list may not be helpful as different purposes may necessitate different lists.[19] According to his view, openness to criticism and public consent are central for the non-arbitrariness of valuation in a democracy.

The value of Nussbaum's list has been disputed – even as a point of departure – particularly with respect to the diversity of different (and sometimes very narrow) purposes.[20] It is also not clear whether and how the openness that Nussbaum claims for her list can be convincingly achieved. Without a broad and ongoing public discussion major functions of participation do not become effective and progresses in the provision of relevant information, value clarification and social understanding cannot emerge. This could result at least in a failure to adequately specify a list for a certain region and time and/or for the beings and doings that the people concerned do really value.

Sen avoids some of these risks by an intentional under-specification of relevant dimensions, capabilities and functionings (only providing illustrative examples) that he insists to be specified and selected by public discussion and reasoning. Robeyns (2005: 106) has criticized that not all applications of Sen's CA allow for fully democratic processes among all affected citizens. Even if this is possible, Sen`s position (like Nussbaum's) suffers from the fact that he leaves it open how to establish a fair process involving all affected citizens. Moreover, without a list, public discussions will not necessarily prevent that the resulting dimensions or capabilities may be ill-specified or misguided.

In spite of the theoretical disagreement on the role of a list and public discussion for the selection of capabilities, when operationalizing the CA for affluent countries, researchers have tried to rely on democratic public discussion or participation of the respective people while others have used Nussbaum's list as a point of departure. Alkire (2007: 97) categorizes

[18] See Nussbaum (2009: 24; 2006: 78). As an example for a country-specific interpretation of the list Nussbaum (2000: 78) mentions Germany's specific right to free speech that regulates anti-semitic speech more than other countries because of historical reasons.
[19] Sen (2004).
[20] The difference between Nussbaum's goal to attempt providing a philosophical foundation of core human entitlements to be respected and implemented by governments and Sen's interest in rational choice, comparative assessment of well-being and effective opportunity can explain a part but not all differences in their positions.

five methods that researchers use to identify relevant capabilities and functionings. These methods consist firstly of a selection by convention and relying on existing data or, secondly on a selection based on assumptions about what people do or should value. Thirdly the selection of relevant capabilities may be based on the legitimacy of a public consensus, fourthly on ongoing deliberative participatory processes that clarify stakeholder's values and perspectives and fifth, on the use of empirical data to select dimensions. These methods are often used in different combinations and they all have their specific strengths and shortcomings.[21] Therefore, it is important that the methods to identify relevant domains, capabilities or functionings are made transparent and open to an ongoing public discussion. Ingrid Robeyns (2007) proposes procedural criteria for the identification procedure. They consist of:

1. "Explicit formulation" meaning that the selection should be explicit, discussed and defended.
2. "Methodological justification" including clarifying and scrutinizing the method used to establish the list.
3. Sensitivity to Context: the level of abstraction should be appropriate in a given context to use the language of the debate that may be different in philosophical, political or economic discussions, also depending on the generality of the issue.
4. Different levels of generality: the selection process should at least include a two-stage process. The first stage may involve an ideal list, unconstrained by any data, measurement, socio-economic or political limitations. In a second stage a more pragmatic list can be established, taking into account the constraints and feasibility. Confronting both lists may enable to advocate for more and better data.
5. "Exhaustion and non-reduction": the list should include all important elements and these should not be reducible to other elements. A certain overlap may be acceptable, e.g. when a subset is supposed to be of such a high importance that it requires being entirely considered, independent of the full list.[22]

A further important step following the identification of relevant dimensions and capabilities is the question of weighting procedures. Here, the first main question is whether capabilities should be aggregated intrapersonally for an individual or interpersonally over individuals. If both are desired a decision has to be made whether to first aggregate intra- and then interpersonally or vice versa. Intrapersonal aggregation may not be adequate when - like in the case of Nussbaum's (2006) central human capabilities – these are supposed to be

[21] See Alkire (2007). Regarding the specific strengths and weaknesses of different methods to identify relevant capabilities and functionings refer to Alkire's (2007: 97-107) discussion.
[22] Robeyns (2007: 81-95) has demonstrated the application of these criteria for gender inequality assessment.

incommensurable or not substitutable. An index is also not desirable when a detailed analysis of well-being or inequality and the resulting political challenges are at stake.

If different weights are to be attached, three kinds of weighting systems can be classified. The first requires specifying and justification of weights. Secondly, weights may be derived statistically from the variance of the indicators. Thirdly weights may be chosen by social choice procedures of the relevant groups. Robeyns provides small-scale participatory techniques or political debates for large scale policy contexts as examples. She argues that questionnaires could be used to get information on the weights for large scale measurement applications, although this has not been done yet. Another important decision for an operationalization is the choice of – qualitative or quantitative methods to assess capabilities or functionings. The discussion of measurement methods and issues is beyond the scope of this paper but has been discussed in more detail elsewhere.[23] However, we will illustrate and discuss the choice of dimensions and resulting challenges in chapter 5, based on German and British projects commissioned by the respective governments.

3.3 Characteristics of CA applications in high-income countries

The CA claims that income alone is not sufficient to adequately assess individual well-being, because non-financial issues may be even more decisive. At first glance, it could be imagined that the CA may have less value-added when applied to affluent countries with their higher share of market transactions. Therefore, also for affluent countries quite a number of studies have tried to find out whether well-being analyses focusing on functionings and capabilities produce different results compared with assessments based on means like income or commodities.[24]

Affluence in high income countries is characterized by a higher number of beings and doings that many people can achieve, producing longer and more diverse lists of (potentially) valuable doings and beings. How many and which beings and doings affluent people will value, will vary remarkably with preferences. The more important preferences are, the more will it become necessary to analyze capabilities and not functionings, as differences in outcomes may be driven either by variations in preferences or by inequality of opportunities. Given the wide range of outcomes that affluent individuals can decide to strive for, functionings may be less suitable as a predictor of individual freedom. Affluence can enable people to devote more means and time to fulfill other-regarding obligations. Based on the World Values Surveys Welzel and Inglehart (2010) have shown for 80 societies in developed and developing countries that in response to widening life opportunities, people attach a higher importance to emancipative values which makes feelings of agency more important

[23] Among others Robeyns (2006a) discusses measurement issues.
[24] We will further address this question in the following chapters.

for life satisfaction thereby increasing the level of satisfaction. Thus, issues of agency may be of relatively higher importance and deserve special attention in high-income countries. To give an example: well-educated affluent citizens may better understand global and environmental challenges. Consequently, they may more often feel a personal obligation to devote a substantial fraction of their time and means to foster sustainability initiatives in favor of future generations, endangered species etc. (Sen 2009). Therefore it is necessary to broaden the perspective from functionings related to well-being achievement to agency freedom in order to capture the real agency freedoms of affluent citizens in high income countries.

However, living an affluent life, well above a biological subsistence level, need not always result in an extension of one's aspirations to other regarding obligations. Affluence also goes together with the opportunity to freely decide in favor of a life plan that is less ambitious and of lower complexity compared with what others (want to) achieve. Someone could freely decide to accept a very low income (still above the subsistence level) and humble standard of living to satisfy his or her comparatively high preferences for leisure time. Given that this person would have sufficient opportunities to earn more income and reach a much higher living standard, the low income cannot be classified as income poverty. Sen (1992) emphasizes that to identify income poverty in the sense of "insufficient income" the capabilities of low-income earners have to be analyzed. The CA's anti-paternalism can be helpful to analyze these kinds of (self-) constrained choices more carefully with respect to the consequences for the real freedoms that people do actually enjoy.

Although voluntary self-constraints play a more prominent role in affluent countries, affluence does not only provide more choices and opportunities for self-restraint. It can also increase the number and diversity of potential inequalities resulting in discrimination or in privileges above minimum standards. For instance, a husband can voluntarily decide to aim at a less ambitious professional career to have more time for a fulfilling family life. While spending more time with the family and less for professional career often reflects a kind of self-determination for men, The same pattern can indicate socially imposed restraints, when wives are concerned. Measures of autonomy (and socially imposed restraints) can therefore be of special importance in affluent countries to identify how far other people's choices shape formally free decisions – by relying on a combined functionings and capability assessment as sketched out in chapter 3.1.1.[25] The more prominent role of self-determination together with

[25] It has been shown for Germany that the *causes* of persistent inequalities can vary for different groups: in Germany, more than half of all CEO positions of Germany's top corporations go to an elite of 3.5 % of the population. Major reasons for these different outcomes are strong and persistent social inequalities in the opportunity to be well educated. However, also almost no woman from the social elite has made it into German top management in the last years. For them, education cannot explain their unequal functionings. For in Germany, women have become better or at least almost equally well educated as men in the last years – even when controlling for relevant study backgrounds for top

various inequalities and social restraints as well as the relativity of well-being (and poverty) with respect to social norms, expectations and obligations (Volkert 2006) requires to take account of beings and doings the people value to assess how well off they are. In affluent societies, individual values, preferences, agency and responsibility shape outcomes more than in countries under conditions of extreme poverty. The substantive freedom which is central to the CA is most important to analyze with greater scrutiny how far differences in outcome are driven by the diversity of values, preferences, and life plans or by unequal opportunities resulting in an inequality of well-being.

Although substantive freedoms and the assessment of capabilities may play an especially prominent role in high-income countries, even there an assessment of functionings can sometimes be a promising way to proceed due to the reasons specified in 3.1.1. Human rights provide an example. Although violations of human rights are less frequent in high-income countries, a lack of human rights related functionings can occur even in rich democracies – e.g. due to a lack of transparency guarantees as a result of bureaucratic complexity of public institutions. In these cases, functioning failure may be a sufficient reason to better safeguard human rights and real freedoms without a further capability analysis.

Moreover, like in all countries, adults have to enable children to acquire those functionings that are fundamental for developing future capabilities as long as children are not old enough to act in a (fully) rational way. Furthermore, sufficient well-being for the mentally disabled who are not able to decide on a comprehensive life plan will require a lifelong guarantee by society for functionings like a healthy life, social contacts etc. High-income countries have become knowledge societies in the last decades where functional literacy at higher levels and numeracy are absolutely basic requirements of the capability to choose. Hence, prevailing functional illiteracy and lack of numeracy have to be interpreted as a lack of functionings that cannot be a sign of a well-informed, rational decision process and call for political action (Volkert et al. 2003). Furthermore, affluent societies are often increasingly complex. Therefore, even for citizens with a high level of skills and education, a remarkable number of – rather complicated – issues may be beyond people's control. Governments will then have to prevent hazards and loss of long-run capabilities by safeguarding functionings with regulations of major decision processes, for instance with respect to health and safety.

In Chapter 4 our overview of CA literature on well-being in affluent countries demonstrates the topics that researchers have investigated in affluent countries and at least very briefly mention some of their findings.

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management positions. Persistent family and role models, a glass ceiling, lack of child infrastructure are only some of the reasons why women did not succeed to convert their educational advantages into a better access to top labor markets. (Arndt et al. 2010; Noll et al. 2011, 2007).

4. Overview of CA applications to high-income OECD countries

4.1 Well-Being in Affluent Countries

In 2009, a "Commission on the Measurement of Economic Performance and Social Progress", consisting of international economists and social scientists, has submitted a report analyzing how to adequately assess economic performance and social progress on behalf of the French President, Nicolas Sarkozy (Stiglitz, Sen, Fitoussi 2009). The commission emphasizes the multidimensionality of well-being, which requires broadening the view from measures of income to non-market activities and quality of life that both depend on people's capabilities. This multidimensionality of well-being in the sense of real freedoms and capabilities has always been in the centre of the CA. This has resulted in a relatively high number of CA-studies analyzing well-being in affluent countries.

Brandolini and D'Alessio (1998) have analyzed the extent of deprivation for different Italian population groups in several dimensions (health, education, employment, housing and social relationships), restricting their analysis to (refined) functionings. They show that and how descriptive statistics can be used to identify deprivation in different dimensions. Balestrino and Sciclone (2001) assess the well-being of Italian regions with two income-based measures (average income per-capita and relative income poverty) and compare the results with an index of functionings. They find that, despite a positive correlation between functionings- and income-based rankings, using only income-based measures would run the risk of misjudging a large number of situations.[26]

Lelli (2008) analyzes the influence of measurement techniques on the results for well-being with Belgian household survey data. Van Ootegem and Spillemaeckers (2010) use a different way to identify well-being dimensions and indicators for Belgium. They establish focus groups to determine most important dimensions and capabilities. The results indicate that Belgian participants attached the highest priority to health, followed by social environment, income and work. Political environment and education were also perceived to be important but ranked lower. Like the Belgians, Germans do also attach the highest value to health when asked for the most valued dimensions of wealth, defined as a very extensive capability set (Glatzer et al. 2008).[27]

[26] Financially, Lombardy was supposed to be the most affluent region; however eight out of 20 Italian regions had a more educated population, experienced higher health standards, enjoyed better housing conditions, a safer social environment, and suffered less from unemployment and pollution (Balestrino & Sciclone 2001: 15).

[27] The Swiss have also given highest importance to health as a dimension of wealth, although the survey for the Swiss population had no explicit CA background (Volkert et al. 2003).

Further areas of research cover the process of converting means into functionings or capabilities and the dynamics of conversion processes. An early study of Lovell et al. (1994) for Australia has identified a remarkable variation in the efficiency to convert resources into functionings. More recently, Binder and Broekel (2008) have used the British Household Panel Survey to assess how easily individual resources can be converted into functionings ("conversion efficiency"), which reflects welfare-reducing institutional constraints. They find that the conversion efficiency is higher for women, people who are young, not unemployed, self-employed, not separated, divorced or widowed.[28] Grasso (2002) aims at testing system dynamics to operationalize Sen's capability approach. In order to stress the importance of personal and social characteristics, he establishes a "Conversion Factors Model" (CFM), based on functionings such as physical and psychological health, education and training and social interactions. He finds that the ranking of Italian regions depends on the use of functionings values or other metrics. As resources, conversion factors and valuable functionings may be mutually endogenous and inter-related, Binder and Coad (2010) investigate this "circularity problem" using a vector autoregression approach and apply this to a BHPS data set for Great Britain. They find that some of the basic functionings are resources for a number of other functionings while other are more independent – at least in the scope of the analyzed functionings.[29] Moreover, Chiappero-Martinetti, Grasso and Pareglio (2008) highlight the conceptual dynamic structure of conversion processes, also taking into account political inputs (health care secrives etc.). Earlier, Grasso (2002) had shown potential differences in the capacity of different Italian regions turning public expenditure into well-being improvement.

Recognizing recent contributions of the economics of happiness, a growing number of empirical well-being assessments explore the relations between capabilities and satisfaction. Lelkes (2005) has shown for 21 European countries that certain human functionings and capabilities are actually desired by individuals. This is consistent with findings of Paul Anand and colleagues. They have assessed how far capabilities, derived by a further developed version of Nussbaum's list, are covariates of a life satisfaction measure of utility. Using the British Household Panel Survey they find that – even when controlling for personality traits – a wide spectrum of capabilities exhibit statistically relevant relations to well-being. They find life satisfaction to be highly multivariate with respect to capabilities as well as light quantitative (though not qualitative) gender differences. Like Lelkes (2005) they conclude that people value more than just income and financial means. They stress that a capability perspective is particularly important when preferences are at least partially heterogeneous

[28] See also Chiappero-Martinetti's (2008) analysis with Italian data.
[29] Binder and Coad (2010) include basic functionings such as "being healthy", "being nourished" , "moving about freely", being well-sheltered", "having satisfying social relations", and "being happy".

which is confirmed by their studies with respect to gender and – to a lesser extent – age (Anand et al. 2009; Anand, Hunter & Smith 2005).

Boehnke (2008) uses Sen's CA as a framework to assess the social embeddedness of life chances as, as according to her, the CA makes the importance of political decisions and institutional frameworks more explicit and emphasizes the role of social settings for well-being. Using the European Quality of Life Survey for the enlarged Europe and in Turkey, she attempts to empirically assess the interplay of individual living conditions (access to resources and emotional support) and their societal imbeddedness. She finds that people realize that institutional and cultural arrangements determine their opportunities and restrictions. Citizens' perception of life chances – all over Europe – is not only determined by "objective" access to resources but also how people view their societal circumstances. Life satisfaction is shown to be negatively influenced by people's distrust in political institutions, doubts in the reliability of the welfare system, when people do not trust their fellow men and when they perceive tension between social groups.

Moreover, based on interviews of a random sample of English voters Anand and van Hees (2006) have concluded that perceptions of others' capabilities can be related to own capabilities and that satisfaction with capabilities may be negatively related to objective measures of opportunity. They propose to distinguish between achievement and sense of achievement because people may be either happy with their achieved happiness or with their opportunities to achieve happiness – even when they live in misery. Further studies of Anand, Santos and Smith (2009, 2007) for the UK and Anand and Santos (2007) for England and Wales explore relations between violence, capabilities and happiness. They identify a group with low health and income that suffers from low all-around capabilities. They analyze causal impacts of violence on well-being and find that fear for future violence can be more significant for subjective well-being than past experience of violence. Furthermore, they address consequences of violence and crime for capabilities and gender inequalities. Their findings confirm that diverse non-financial dimensions of capability have a detectable impact on subjective wellbeing. With respect to politics, Hodgett (2008) discusses for Northern Ireland how Sen's approach can be applied to the practice of international (EU) interventions and their contribution for peace building in times of unrest.

Beyond the micro-analyses sketched out above, an international study of McGillivray (2005) is worth mentioning. He has searched for measures that best capture non-economic well-being across different samples of countries. It confirms adult literacy – despite its correlations with income – to be a suitable measure to assess non-economic well-being and adds youth literacy and a gender empowerment variable as recommendable indicators.

4.2 CA: Assessing Inequalities in Affluence

The CA is not only interested in the level but also in the distribution of well-being. Thus, some CA studies have also assessed general inequality, others – to be discussed elsewhere[30] – investigate group-specific inequalities. Lovell et al. (1994) have provided one of the first empirical inequality studies based on the CA. Referring to data for Australia they found different extents of inequality of income, economic resources and functionings. Moreover, their data showed no correlation between one's score on an economic resources index and the score on a functionings index. They concluded that resources cannot or at least do not buy functionings.

Brandolini's (2007) results underline the importance and potential impacts that multidimensionality may have for the findings of inequality analyses.[31] He shows for France, Germany, Italy and the UK that introducing a further dimension into an inequality analysis can even reverse the result: while Germany has the least unequal household income distribution of the four countries it turns into the most unequal country when well-being is represented by health status and the logarithm of income. National human development reports of the new OECD high-income countries for Hungary and Czech Republic have also been used to monitor inequality by Fóti et al. (2003) and Havasi (1999) for Hungary and by Kroupa et al. (1999) for the Czech Republic.

As already mentioned in chapter 3, the analysis of group specific differences in capabilities is intensively discussed in the CA. However, a discussion to the abundant literature on specific group inequalities (women and gender issues, children and young people, disabled, unemployed , old people) it would go beyond the scope of this paper and will be provided in Volkert and Schneider (2011).

4.3 CA-perspectives on poverty and social exclusion

Inequality of well-being does not show us whether relatively low well-being is associated with absolutely insufficient real freedoms and capability failure. To find out more about poverty in the sense of capability failure, numerous studies have been carried out. They emphasize the need for a multidimensional understanding of poverty that goes well beyond income poverty.

One of the earliest poverty studies using the CA goes back to Balestrino's (1996) analysis for income poor Italian households showing that the group of income poor is remarkably different from the group of functioning poor.[32] The fact that groups suffering from income poverty and capability deprivation may differ substantially has been confirmed in further

[30] Forthcoming in Volkert and Schneider (2011).
[31] Moreover, Brandolini (2007) emphasizes the considerable influence of measurement assumptions.
[32] Measured in terms of health, nutrition and education failure.

studies, for instance by Wagle (2009a,[33] 2008) for the US, and for Germany by Arndt et al. (2006) and Arndt & Volkert (2006). Vero (2006, 2002) shows for French school leavers that the ranking of people on a poverty scale depends on the concept of poverty used: when poverty is operationalized using refined functionings and social outcomes, almost the same poverty patterns emerge. However, these differ remarkably from the results produced by primary goods operationalizations of poverty.

Chiappero-Martinetti (2000) measures functionings for the Italian population, including health, education, knowledge, social interaction and psychological conditions. Despite the similarity of her results to traditional income analyses she shows differences in the intensity of income and functionings deprivations. Moreover she highlights deprivation of housewifes that used to be hidden by income inequality or poverty analyses due to the limitations of the household income concept. Wolff and de Shalit (2007) analyze the poors' (versus experts') perceptions of the (three) functionings that deprived people in Britain valued most. They find that some functionings in the Nussbaum list are valued more than other and have also extended Nussbaum's list. Yaqub (2008) addresses dynamic causes of capability deprivation by exploring literature results on long-run consequences of poverty at different stages over the life course for a variety of (mostly) OECD-high income countries. Yaqub concludes that functionings become increasingly determined by past achievements as the life course progresses. Busch and Peichl (2010) re-affirm the significance of exploring the breadth, depth and severity of poverty for Germany. They show that a decrease in the (multidimensional) poverty rate may go hand in hand with a worsening of living conditions of the poor.

The results of the above mentioned empirical poverty analyses often have important political implications. For instance, the fact that the group of income-poor is not identical with that of people suffering from capability or functioning failure calls for directly improving non-monetary capabilities or functionings instead of intensifying income redistribution that is unlikely to be successful. Wagle (2009: 528) stresses that targeting based on deprived capabilities may result in larger improvements than targeting based on low income. Busch and Peichl (2010) criticize the German government for neglecting measures of breadth, depth and severity of poverty in its official Poverty and Wealth Reports. Although Yaqub (2008: 10) calls for not neglecting adult poverty, his analyses recommend an optimal timing of anti-poverty interventions in the life course, which tends to result in early measures. In a similar political context Kynch (2009) has outlined the breadth of Sen's contributions and its value-added for social policy for the youth.

[33] Using educational attainment, degree, health condition and occupational prestige as indicators.

Beyond the political implications of empirical studies, a considerable number of CA-publications on poverty discuss exclusively anti-poverty strategies and policy issues. For instance, Deprez and Butler (2007) identify policy outcomes by addressing impacts that post-secondary education can have for low-income women with children in the USA. They find that positive impacts are not restricted to employment opportunities, but include new friends, ideas and ambitions, expanded life choices, new relationships to their children but also enhanced motivation to contribute to and participate in communities. Schischka, Dalziel and Saunders (2008) investigate the potential of focus groups to let the beneficiaries themselves identify the changes in their capabilities produced by a poverty alleviation program in a low-income neighborhood in New Zealand. Eiffe (2010) and Volkert (2006) analyze poverty assessments in the context of EU policies. Eiffe (2010) uses Sen's approach as a foundation for a proposal to further develop poverty analyses in the EU. Volkert (2006) has criticized the EU' reliance on a purely relativist income poverty concept that does not inform adequately on what people "at risk of poverty" can actually (not) do or be. However, insufficient poverty measurement and resulting deficits in anti-poverty strategies are not restricted to the EU. Burd-Sharps, Lewis and Martins (2008) criticize the official poverty line measurement in the United States that was developed in the 1960s and neglects non-cash benefits (e.g. food stamps), tax liabilities and essential costs of working, such as child care and transportation.

In Germany considerable attention[34] has been devoted to establishing a CA reporting framework for the Federal German government's official Poverty and Wealth Reports[35] which will be discussed in more detail in chapter 5. In the UK, the think tank Demos referred to the CA when addressing political issues of poverty and resulting consequences (Cooke & Gregg 2010).[36]

Finally, poverty and anti-poverty strategies have also been addressed in some human development reports that served East European countries which have meanwhile become high-income OECD countries to monitor their social and economic progress in the transition to a democratic society and market economy[37]. Furthermore, Papadopoulos and Tsaklogou (2009) develop a methodology to identify people at high risk of social exclusion, conceptualizing social exclusion as relational capability deprivation. Analyzing data for 13 EU countries, they find the highest risk of social exclusion in Greece, Portugal and the UK. Lack of full-time employment and education, non-EU citizenship, bad health and lone parenthood

[34] See Arndt & Volkert (2009, 2007), Arndt et al. (2007), Volkert et al. (2003).
[35] German Government (2008, 2005).
[36] DEMOS has also announced launching a multi-dimensional measure of poverty to overcome the severe problems of existing income-poverty indicators based on Sen's CA. The goals are, inter alia, to find out and understand more about depressed life chances and the importance of access to quality service and track the impact of public spending cuts and changes to the tax system on multi-dimensional poverty.
[37] See the national Human Development Reports by Dzambazovic et al. (2000) for the Slovak Republic, Fóti et al. (2003) and Havasi et al. (1999) for Hungary.

have been most and significantly associated with increased risk of social exclusion. Moreover, social exclusion has been monitored together with poverty in a National Human Development Report of the Slovak Republic (Dzambazovic et al. 2000).[38]

4.4 Human Development Reports and Indices for affluent countries

Well-being in affluent countries has also been assessed from a Human Development point of view.[39] A first set of publications investigates the characteristics of the HDI and alternative measures to assess well-being (also) for high-income OECD countries.[40] International comparisons were done in the study of Ranis, Stewart and Samman (2006) who analyze the potential of the HDI to capture the comprehensive idea of human development and establish some critical findings, notably for OECD countries.[41] Osberg and Sharpe (2005) show for six OECD high-income countries[42] that giving a weight to inequality and insecurity by replacing the index of the log per capita incomes with a command over resource component[43] in the HDI affects the level of and trend of the HDI even in affluent nations. Baliamoune-Lutz (2004) downgrades the influence of income and incorporated required minimum and upper (diminishing returns) bounds, finding that after this procedure some high human development countries score much lower on the human well-being front. Ramos and Silber (2005) find – based on the British Household Survey Panel – that different categorizations of Human Development reviewed by Alkire (2002) yield a remarkable empirical resemblance.[44] Their study also shows that in the case of Great Britain material well-being – including income – is only weakly correlated with human development.

Agostini and Richardson (1997) have made an attempt to create a human development index for US cities, also based on non-financial aspects such as employment opportunities, health and education. The index should capture the success and relevance of urban economic development policies. As their index suffers from severe data constraints and lack of regular timely data the authors admit that its use might be restricted to long-run impacts. Constantini and Monni (2005) aim at identifying a measure that combines human development more with specific environmental issues in order to produce a Sustainable Human Development Index and to compare this with the traditional HDI and GNP measures.

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[38] Social exclusion of children in OECD countries has been analyzed by Klasen (2002).

[39] We do not refer to the annual Human Development Index results as this would by far exceed the scope of this paper. Instead we concentrate on national reports for OEDCD high-income countries and other specific work on Human Development focusing on affluent countries and cities.

[40] International human development studies have been included, provided that they have explicitly focused on high-income OECD countries or yielded specific findings for affluent countries.

[41] Their further results are discussed below.

[42] The US, UK, Canada, Australia, Germany and Sweden.

[43] Their command over resources component includes current effective per capita distribution flows, net societal accumulation of stocks of productive resources, income distribution and economic security (Osberg and Sharpe (2005).

[44] Based on Alkire's (2002) comparison, Ramos and Silber (2005) compare categorizations based on Sen, Cummins, Narayan and Allard.

For the United States Burd-Sharps et al. (2008) have published an “American Human Development Report 2008-2009”. They use the traditional HDI dimensions of health, knowledge and standard of living to calculate a “modified[45] American HDI”. Results are generally further disaggregated geographically and by gender and race/ethnicity. The strengths of the report can be seen in these disaggregations that emphasize the diversity beyond averages as a central issue of human development analyses.[46] However, it is questionable why the report focuses on the four traditional HDI dimensions for calculating the US-index which is a kind of anchor for subsequent arguments. The authors emphasize that “many different capabilities are essential to a fulfilling life” (Burd-Sharps et al. 2008: 15) and that the HDI is much more restricted than the concept of human development. Although the authors supplement other data, notably on economic, social, political, military and environmental issues in their report, it is questionable whether the implicitly exclusive role of standard of living, health and knowledge is convincingly defended by referring to the thesis that the three traditional dimensions can be “objectively measured and compared across regions and nations” (Burd Sharps et al. 2008: 22). The concentration on the HDI is even more surprising as Ranis, Stewart and Samman (2006) indicate that for OECD countries the HDI is even less suitable than for the developing world to represent a more comprehensive perspective of human development, represented by 11 categories of human development.[47] Moreover, Balimoune-Lutz’s (2004) findings indicate – notably for high income countries that separate indicators could be more useful than a composite index. For the assessment of the US human development and for the Burd-Sharps (2008) study, issues like those mentioned above might have also been important as well as human rights, physical security and violence, housing and employment. These might have deserved to not only be additionally discussed but to get a weight exceeding 0 if an index is desired.

Burd-Sharps et al. (2010) are aware of these critical issues in their human development study of six affluent countries,[48] Therefore, they do not only replace traditional HDI indicators

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[45] The UNDP’s HDI is modified with respect to the indicators used: knowledge is measured by a combination of school enrolment for the population aged three years and older and educational degree attainment for the population twenty-five years and older. Standard of living is identified by median earnings of workers sixteen years and older; Burd-Sharps et al. (2008).

[46] Regionally, Mississippi has the lowest index, while Connecticut is leading: between both states a thirty-year gap in human development is identified. Further disaggregations to congressional districts show a gap of half a century in human development between California’s 20th district and New York’s 14th district with the highest index value. Regarding health, regional gaps of more than a decade are identified between states, international comparisons show the US infant mortality rate to be higher than in almost all Western European and Nordic countries and being comparable with results for Croatia, Cuba, Estonia and Poland. With respect to gender, race and ethnicity Asian males have the highest human development, African American males lowest.

[47] Moreover findings of Ranis,Stewart and Samman (2006) show that per capita income is generally less representative of other dimensions than the HDI (and child mortality).

[48] Australia, Canada, Japan, New Zealand, the United Kingdom, and the United States.

by alternatives that seem to be more relevant for affluent countries,[49] but do also analyze further dimensions of human development beyond the HDI which are central to the concept of human development and capabilities. These include inequality, agency, empowerment, and environmental sustainability. Like in many other studies they find the necessity to go beyond income measures, for instance as the US as the greatest spender on health care among the six countries shows the lowest life expectancy, but Japan as the lowest spender has the highest life expectancy. However, with respect to the broader perspective that they take, they conclude: the "HDI "does not pick up major differences among the six countries that we see in indicators like net worth per capita, political participation, or rates of violent crime" (Burd-Sharps et al 2010, 90).

Another comprehensive Human Development assessment has been carried out by Stewart (2010), who examines levels and trends of human development in the 27 European Union member states and four neighbor states (Iceland, Switzerland, Norway and Turkey). Going beyond education, health and income she also analyzes overall income inequality, agency and empowerment in politics and in employment, social trust and environmental sustainability. She emphasizes that political engagement and agency is an area of concern as voting turnout rates have fallen much across Europe, in particular in Eastern Europe since the transition in the early 1990s, although some countries show more favorable records.[50] Issues of inequality, among them rising relative poverty and income inequality in most of the region, and more specifically the dramatically worse health, educational and well-being status of Roma, Gypsy and Traveler groups impose a second area of concern. Further EU challenges according to Stewart (2010) include the ongoing unemployment challenge in most countries, issues of an aging population and a sufficiently effective sustainability strategy including the mitigation of climate change.

How the wide scope of the human development approach can be used to monitor country specific social and economic developments to also inform policy makers is documented in some of the National Human Development Reports of those Eastern European countries that more recently have become high-income OECD countries. These National Human Development Reports for the Czech Republic, the Slovak Republic, Hungary and Poland reflect a kind of human development monitoring device in the years of social and economic transition. They include foci on poverty and income inequality[51], gender inequality,[52] labor

[49] They replace literacy with educational attainment and expand the gross-enrollment ratio to include pre-school students.
[50] Notably Scandinavia, Switzerland and the Netherlands.
[51] See Dzambazovic et al. (2000) for the Slovak, Kroupa et al. (1999) for the Czech Republic, Foti et al. (2003) and Havasi et al. (1999) for Hungary.
[52] See Dzambazovic et al. (2000) for the Slovak Republic and Kroupa et al. (1999) for the Czech Republic.

markets and (un-) employment,[53] education,[54] environmental issues,[55] human rights,[56] health,[57] housing,[58] liberties and democracy[59] and combine their analyses with conclusions for further policies.[60]

Although an initial motivation of these reports has often been to monitor the challenges of transformation, using the comprehensive framework of the Human Development (and Capability) Approach might provide further insights also for the states after their transition to high-income OECD countries.

As has been shown before, many empirical studies do also address political implications of their findings. However, in the last years a remarkable number of CA-based contributions to the policy debate have been published, notably in Europe. Referring to the various contributions in these debates would go beyond the scope of this paper.[61]

5. Selecting dimensions, valuable beings and doings: a focus on CA-based official reporting

In chapter 3 we have emphasized the significance of procedures and methods to select relevant dimensions and capabilities or functionings. However, the majority of the studies presented in the last chapter do not devote remarkable attention to the questions why and how relevant dimensions have been selected and specified. It is beyond the scope of this paper to even discuss the proceedings at least in those studies and projects that make their selection processes transparent.

Instead we will focus on illustrative examples and review the procedures that have been applied to select dimensions and valuable beings and doings for the German Federal Government's Poverty and Wealth Reports that explicitly apply the CA as a theoretical

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[53] See Dzambazovic et al. (2000) and Haulicova et al. (1999) for the Slovak Republic, Kroupa et al. (1999) for the Czech Republic, UNDP (2007) for Poland, Havasi et al. (1999) and UNDP (1995) for Hungary.
[54] See Haulicova et al. (1999) for the Slovak Republic, Potucek et al. (2003) for the Czech Republic, UNDP (2007) for Poland and UNDP (1995) for Hungary.
[55] Haulicova et al. (1999) and Bella et al. (1995) provide information for the Slovak Republic and UNDP (1997b) for the Czech Republic.
[56] See Butova et al. (1998) for the Slovak Republic, UNDP (1998) for the Czech Republic and Foti et al. (1998) for Hungary.
[57] For the Slovak Republic refer to UNDP (2001-2002), Kroupa et al. for the Czech Republic and Kollanyi (1996) for Hungary.
[58] Bella et al. (1998) provides information for the Slovak Republic, Kroupa et al. (1999) and UNDP (1997b) for the Czech Republic.
[59] For an analysis focusing on the Czech Republic refer to UNDP (1998, 1997b).
[60] Explicitly by UNDP (1997a) for the Slovak Republic, Potucek et al. (2003) for the Czech Republic and Foti et al. (1998) for Hungary.
[61] For instance, Leßmann, Otto & Ziegler (2010), Schneider and Otto (2009) and Salais & Villeneuve (2004) provide a collection of contributions to political debates and applications.

framework for the reporting process.[62] We explain the reasons and shortcomings of the chosen (and neglected) methods and procedures and do also briefly compare what they have in common and where they differ from the UK's Equality and Human Rights Measurement Framework that is also based on the CA.[63]

For these kinds of official reports commissioned by elected governments well-established procedures and methods are of particular importance. Martha Nussbaum (2000) has emphasized the important role of an official adoption of CA-applications by national governments to avoid CA implementation strategies that bypass the deliberations of a democratically elected parliament. However, even when CA-publications are officially adopted by governments, the degree of legitimacy associated with the adoption will depend on how the underlying selection of well-being dimensions and capabilities has been carried out.

5.1 Establishing an "ideal list"

One of the first decisions is to decide on the use of an existing list as a point of departure. Neither the UK Equality and Human Rights Project nor the German Poverty and Wealth Report Project have used Martha Nussbaum's list[64] for this task. In Germany, the CA framework has been established oriented at the reporting goals set out by the German Federal government. As the goals oft he German Poverty and Wealth Reporting system were rather specific, it was not clear whether some of the items of Nussbaum's list might have the same importance for this specific task as other issues that were not mentioned explicitly in Nussbaum's list. Moreover, the topic of poverty and wealth reporting was new on the political agenda in Germany. Therefore, it seemed important not to start with an existing list, but to enable all relevant stakeholders to develop preferences and values, construct shared values and reach agreement about needs and thresholds by democratic engagement deliberation, engagement, reflection and debate.[65] Given the need to reflect, discuss and agree on a German list, it has been perceived important to analyze the conditions and processes more closely that have led to the selection of dimensions.

Following Robeyns' principle of "different levels of generality" in the German and in the UK case the lists have been tailored in various steps from an ideal to more pragmatic lists. In Germany, the first step to establish an ideal list was a study tendered by the German government to analyze and recommend a theoretical framework for the poverty and wealth reporting system, which was neither restricted by pre-structured theoretical priorities nor by

[62] See German Government (2008, 2005) and Arndt & Volkert (2009, 2007).
[63] See Burchardt & Vizard (2011, 2007a, b) Alkire et al. (2009), and Burchardt (2006).
[64] See section 3.2.
[65] See the presentation of this and further critical arguments inthe UK context in Burchardt & Vizard (2007b) and the further references mentioned there.

political or data restrictions. The study recommended to use Sen's CA as a theoretical framework for the poverty and wealth reporting system. Furthermore, the study called for academic, political and public discussions as well as for deliberative participation of affected groups, notably the poor, to achieve sufficient democratic and public legitimacy *and* avoid ignoring the values, interests and problems of affected groups (Volkert et al. 2003). The government established a broad institutionalized political discussion process including academic research, civil society organizations, representatives of governments and political administration, a regional forum as well as a national poverty conference to enable relevant stakeholders to articulate their positions and participate in the reporting process. Moreover, each of the Poverty and Wealth Reports[66] has caused a remarkable public discussion on this topic.

Democratic, academic and stakeholder debates resulted in the adoption oft he CA as a theoretical framework for the second report in 2005 and for subsequent poverty and wealth reports. Moreover, the theoretical framework, built on a variety of determinants of capabilities has been confirmed in these discussions. However, although it had been recommended several times by academics (Volkert et al. 2003, Arndt et al. 2006, Arndt & Volkert 2009) there was neither an implementation of an ongoing deliberative consultation and participation of groups at risk like the poor nor a systematic consultation of the public besides the debates following each of the reports. Therefore, it can be argued that the German reporting system has still not assessed capabilities in the sense of doings and beings that (also and notably the affected) people do value. This may result in a lack of legitimacy and of foregone potentials to include all relevant stakeholders and develop preferences and values, construct shared values and reach agreement about needs.

In the UK's Equality and Human Rights Measurement project human rights play a more explicit and prominent role than in the German reporting system. Taking account of that the project used the international human rights framework as a point of departure for the development of an irreducible core of an ideal capability list that was not restricted by data requirements or political restrictions. This core is also supposed to serve as a kind of a minimum threshold (Burchardt & Vizard 2011, 2007a, b). It has been supplemented and refined by deliberative consultation with the general public and individuals and groups at risk of discrimination and disadvantage. The goal of this deliberative consultation was to find out perceptions of the public of central and valuable capabilities that should be included in a capability list. Moreover, the intention was to enhance the legitimacy and the substantive content of the proposed capability list. The ideal list resulting of this (international) political

[66] See German Government (2008, 2005, 2001)

consensus (on human rights) and deliberative participation processes inlcuded ten domains.[67]

5.2 From the ideal to pragmatic lists

To transform an ideal into a more pragmatic list requires taking into account political and data restrictions. In Germany, a tendered feasibility study had to clarify how far German databases allowed for an adequate assessment of determinants of capabilities, propose measures and indicators for operationalization and identify the need for more and better data. The indicators and measures recommended by the study where again critically discussed, further specified and supplemented by the institutionalized public debate, mentioned above. These discussions also took account of political interests, e.g. to (also) use EU-Laeken indicators that had been applied to monitor European Member States' strategies against poverty and social exclusion whereever possible. Subsequent tendered studies, aim at improving theoretical understanding as well as further developing indicators and measures. They use to be followed by respective institutionalized political debates and are published together with the official reports.[68]

In the UK, the ten dimensions, established as an "ideal list" in a two-stage-process were regarded as fixed for transforming this ideal list into a pragmatic list by selecting indicators and measures. For the latter task specialists where consulted in a five stage process preset to conclude on measures and indicators to further operationalize the 10 preset dimensions. This process of selecting dimensions, measures and indicators was applied to determine and specify main dimensions for adults and for children.[69]

5.3 Aggregating and weighting decisions

Both, the EHRC as well as the German Poverty and Wealth project rejected the idea to establish an overall index, although in both countries, such an index might have had also advantages from a political and communication perspective. Instead, spotlight indicators have been identified for the UK in a consultation with stakeholders and subject specialists. For the German Poverty and Wealth Reporting the idea was to use headline and core indicators for different addressees.[70] The decision to refrain from an index resulted of a number of arguments, many of which had to do with the reporting function of the German capability assessment. It seems to be necessary to, at least to a certain extent, preserve the variety of different results and developments with respect to the different determinants of

[67] See Burchardt and Vizard (2011, 2009) and Ipsos Mori (2007) on the deliberative participation processes.
[68] See Glatzer et al. (2008), Noll/Volkert/Zuber(2007), Arndt et al. (2010).
[69] See Burchardt and Vizard (2011), Alkire et al. (2009).
[70] Core indicators have been introduced in the 3rd Poverty and Wealth Report (German Government 2008); for a critical analysis of the core indicators refer to Arndt et al. (2010).

capabilities. This transparency of the diverse dimensions should also take account of the different importance and weights different people might attach to the dimensions. Moreover, little use might be seen in the loss of information due to aggregation when one of the main goals of these reports was to serve as the base of a broad and informed discussion – which might be difficult with public attention focusing on a single index outcome. Moreover, as the reporting system also aims at informing diverse policies and ways to fight poverty, improve equality of opportunity and analyze social exclusion and privileges, condensing various outcomes into an index might have been misleading, in particular when the situation in some political fields improved and deteriorated in others.

The selection of relevant dimensions in Germany has been established mainly by assumptions based on existing national and international research findings followed by institutionalized academic and political discussions. In a later stage data restrictions have been decisive to decide on adequate indicators and measures and need for other or better data. From the beginning the importance of deliberative participation has been emphasized by researchers, however, no deliberative consultation has been carried out yet. Institutionalized political and academic debates have further converted the ideal into a pragmatic list by taking account of political and data restriction.

The procedure has tried to satisfy Robeyns' criteria of "different levels of generality" in various subsequent steps from an ideal to a more pragmatic list, "explicit formulation" by explaining and discussing the choice of the approach and potential dimensions in the foundational study (Volkert et al. 2003) and for recommendable data by Arndt et al. (2006) thereby also scrutinizing the methods of establishing the list ("methodological justification"). Sensitivity to context shall be achieved by using different types of information in different contexts, ranging from core indicators, official reports, short versions and summaries of the report for the media and the public to a more detailed data appendix in the report to specific tendered research studies aiming at informed, professional readers.

Nevertheless, although the choice of dimensions and the reports themselves can claim democratic legitimization (as they also officially have to pass the Federal German Parliament), public legitimacy still lacks due to missing systematic deliberative participation of the public and notably of the poor and of other people at risk. The procedure in the UK showed commonalities as well as differences, particularly with respect to the creation of an ideal list. Taking account of the prominent role of human rights in the British case the method applied in the first step was based on an (international) political consensus (of human rights) supplemented by the outcome of deliberative consultation of the public and people at special risks.

In both cases, transforming the ideal to a pragmatic list with respect to data restrictions has been carried out by consultation of experts and political discussion, although to a certain extent also this stage might have been subject to deliberative participation. However, both cases emphasize the difficulties of implementing ongoing deliberative participation processes. In Germany deliberative participation has not been implemented at all, though it has been called for repeatedly. In the UK, the implemented participatory processes did not achieve a representative size. This is a crucial challenge as deliberative participation can be seen to be decisive for public legitimacy. Moreover, deliberative consultation is indispensable to achieve a clear picture of the really valuable beings and doings of the respective population, particularly as these need not coincide with what political, academic and social organizations‘ decision makers think should be valued.

6. Summary and Outlook: Achievements, Challenges and Perspectives

6.1 We summarize

(1) Our survey reveals a considerable increase of CA-based applications for high-income OECD countries. Studies based on the CA as well as Human Development assessments investigating a variety of questions have confirmed that the CA's multidimensionality can produce a considerable value-added for the assessment of well-being which cannot be captured by income measures alone.

(2) It is remarkable that quite a number of East European countries have monitored the multidimensional impacts of their transition process to high-income OECD countries with several National Human Development Reports. The CA's applications for "Western OECD high-income countries" indicate that a continuation of a CA or Human Development-based assessment can produce further insights after the transition stage.

(3) The results of studies investigating the suitability of the HDI recommend a comprehensive human development analysis for country-specific purposes that should at least not be restricted to the dimensions of the traditional HDI if an index is supposed to be useful.

(4) Confirming the value-added of multidimensionality by CA and Human Development analyses has been and will certainly continue to be a valuable task: using multidimensional analysis is important from an evaluative perspective to highlight the main determinants of major issues related to (a lack of) well-being. Moreover identifying the multiplicity of causes helps to develop an optimal policy that takes account of underlying multidimensional causes and developments.

(5) Although the CA's multidimensional perspective can produce remarkable value added also in the future, multidimensionality is not the feature that makes the CA's important

difference compared with other approaches. The CA similarities to the Swedish Approach to Welfare Research and to the German Conditions of Life Approach provide illustrative examples of comparable multidimensional assessments.[71]

6.2 Which achievements, challenges and perspectives can we observe?

(i) In section 3.3 one conclusion that has been drawn is that what makes the capability approach unique for applications in affluent countries is its interest in capabilities and real freedoms as a central feature. It has been argued that to take account of the longer lists of potentially valuable beings and doings of affluent people, a focus has to be on capabilities and not functionings. This is important to take account of the more prominent role of preferences, self-constrained choices, but also the potentially larger number and diversity of inequalities. In front of this background it is astonishing that the majority of studies for affluent countries is not concerned with capabilities, but is restricted to functionings or determinants of capabilities. For many applications in affluent countries this is a severe shortcoming that may severely reduce the CA's advantage in comparison to other approaches. To prevent this, applications have to take more account of the tension between self-constrains and socially determined inequality of opportunities. This may be captured by a closer analysis of the characteristics of certain constraints, of individual agency and autonomy. These topics that – to a certain extent – have already been addressed by some researchers[72] deserve considerably more attention in applications to affluent countries.

(ii) This does not mean that functionings are not relevant for a well-being assessment in affluent societies. In section 3.1 it has been emphasized that an assessment based on functionings may be suitable for analyzing human rights as a kind of basic threshold. The applications in the UK provide an illustrative example for that.[73] The majority of studies use functionings for purposes that theoretically call for an analysis based on capabilities (alone or in combination with functionings). This may be due to the fact that many studies rely on survey data which are often better suited to assess functionings than capabilities. One reason for the dominance of survey data may be that they use to be easier to get than results from deliberative consultation and participation. The importance of deliberative participation is very clear in the theoretical literature. However, *ongoing* deliberative participation turns out to be rather difficult to implement and to realize on a sufficiently large scale as the discussion in chapter 5 has illustrated. Despite these

[71] For the Swedish Approach to Welfare Research, refer to Erikson (1993). Leßmann (2009) has highlighted the theoretical foundations of the German Conditions of Life Approach and its remarkable similarities to the CA.
[72] See for example Burchardt (2009, 2005a,b), Burchardt and LeGrand (2002), Alkire (2009) Teschl and Comim (2005).
[73] See the case of the Equality and Human Rights Commission project as mentioned in chapter 5 and highlighted in Burchardt & Vizard (2007a,b), and Alkire et al. (2009).

difficulties we argue that democratic and deliberative participation of affected groups may be both necessary to achieve sufficient democratic and public legitimacy, notably when the perceptions of valuable beings and doings of political decision makers diverge from those of the public or groups at risk. Given the time and effort that have to be devoted to deliberative participation it is useful to combine deliberative participation where this is indispensable (e.g. to assess which dimensions and beings and doings are valued)[74] with an improved set of surveys that is better suited for further capability analyses.[75]

(iii) However, it is not only remarkable that functionings are often assessed where an analysis of capabilities might be more suitable. It is also interesting that a further analysis of CA-applications to specific groups and topics based on functionings shows that almost none of the studies based on functionings are directed towards groups and topics like functional illiterate people, mentally disabled, homeless, most vulnerable people at risk of violence of human rights, (illegal) immigrants etc. that might rectify an analysis of functionings. The fact that these groups are neglected can also be – at least partially – explained with the researchers' preference for survey data by which the respective groups are hardly covered. Obviously not only the selection of dimensions and capabilities (Schokkaert 2009: 554, Alkire 2007) by CA researchers but even the selection of topics tends to be data-driven. This may lead to a problematic situation in which the topics that are assessed are operationalized with measures (of functionings) that are not adequate for the given purpose but might be suitable for other – but neglected – purposes.

(iv)Overcoming these severe challenges by assessing capabilities and functionings with adequate measures and where appropriate is an important pre-requisite to further explore potentially important topics in affluent countries. It has been mentioned in section 3.2 that other-regarding goals and agency have been shown to become more important with widening life opportunities in affluent countries. Therefore, agency requires more attention in analyses for affluent countries, not only because agency is related to autonomy but also to responsibility. This is so as more agency may result in more (and asymmetric) power which is linked to a higher degree of responsibility.[76] Sen (2009: 248 -252) has illustrated this connection with respect to sustainability in the sense of "sustainable freedom." In this case, our power on the existence of other species and generations creates a responsibility towards them that links with this asymmetry of power. Therefore,

[74] See Burchardt & Vizard (2011, 2009, 2007a, b), Wolff & de-Shalit (2007) and van Ootegem & Spillemaeckers (2010).
[75] Anand et al. (2009) have used a separate survey to assess capabilities and identified an overlap with suitable questions that are included in the British Household Panel Survey (BHPS) to carry out ex post checks of their sample with the BHPS.
[76] For an overview of subjective quantitative studies of agency refer to Alkire (2005).

the more prominent role of agency may increase the importance of responsibility[77] as well as the issue of sustainability[78] for analyses in affluent countries. Finally, as agency also has a politically relevant constructive role in the creation of values and norms (Alkire 2009: 456) and given the high importance of political freedoms and participation (Volkert & Schneider 2005), relatively little work has been carried out with respect to issues of political democracy and political participation in affluent countries from a CA point of view.

(v) Finally, a further data-driven restriction of the selection of topics can also be discovered with respect to the upper-bound distribution exceeding the scope of regular surveys. We could expect the CA that gives a central role to the analysis of human flourishing to analyze whether high-potential men and women have equal opportunities not only to overcome capability deprivation but to achieve a comparably extensive capability set as other individuals; or whether an elite has created new inequalities, asymmetric power and privileges. However, only a very small number of studies refers to the question of inequalities due to privileges and elites in affluent countries.[79] Given the importance of this issue with respect to political freedoms and participation and new inequalities this can certainly be seen as a topic for future research in affluent countries.

6.3 Finally we conclude

In the last decade CA research has confirmed impressively that the CA can be operationalized and deliver a value-added for well-being assessments also in affluent countries. In a next step it seems to be important to operationalize the CA in more conformity with the requirements of affluent country assessments to successfully explore future topics.

[77] Fleurbaey (2009)
[78] See for instance, Robeyns & van der Veen (2007) for the Netherlands and Volkert & Schneider 2011.
[79] In the UK Reeves and Collins (2009) call for empowering people instead of interpreting the ‘good society’ as a perfect shape to be carved by the elite. Noll/Volkert/Zuber (2011, 2007) provide an example with respect to a privileged access to economic top management positions for Germany.

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