

Marquette University

e-Publications@Marquette

Economics Faculty Research and Publications

Economics, Department of

12-2009

The Capabilities Conception of the Individual

John B. Davis

Marquette University, john.davis@marquette.edu

Follow this and additional works at: https://epublications.marquette.edu/econ_fac



Part of the [Economics Commons](#)

Recommended Citation

Davis, John B., "The Capabilities Conception of the Individual" (2009). *Economics Faculty Research and Publications*. 144.

https://epublications.marquette.edu/econ_fac/144

Marquette University

e-Publications@Marquette

Economics Faculty Research and Publications/College of Business

This paper is NOT THE PUBLISHED VERSION; but the author's final, peer-reviewed manuscript. The published version may be accessed by following the link in the citation below.

Review of Social Economy, Vol. 67, No. 4 (December 2009): 413-429. [DOI](#). This article is © Taylor & Francis (Routledge) and permission has been granted for this version to appear in [e-Publications@Marquette](#). Taylor & Francis (Routledge) does not grant permission for this article to be further copied/distributed or hosted elsewhere without the express permission from Taylor & Francis (Routledge).

The Capabilities Conception of the Individual

John B. Davis

University of Amsterdam and Marquette University, The Netherlands

Abstract

This paper advances a capabilities conception of the individual, and considers some of the problems involved in developing such a conception. It also makes claims about the nature of the capability space as a whole, frames personal development in terms of the idea of moving through the capability space, and argues that people are alike in being increasingly heterogeneous. A key problem for a capabilities conception of the individual is that some capabilities, such as belonging to social groups and having social identities, can undermine individuality. The paper discusses an example in which people can have social identities but can nonetheless be relatively independent when seen as self-organizing. Brief comments on one goal of social economic policy as being identity-promoting conclude the paper.

Human beings are thoroughly diverse. (Sen [1992](#): 1)

Human good is heterogeneous because the aims of the self are heterogeneous. (Rawls [1971](#): 554)

Introduction

I take replacing the standard individual conception in economics by a conception of the individual as a social being to be fundamentally important to the task of redeveloping economics as a realistic and humane social science. The standard conception is highly problematic and does not adequately reflect our understanding of

what individuals are. But what kind of conception ought we to put in its place? I propose that we draw on Amartya Sen's capabilities framework, and replace the standard preferences conception of the individual with a capabilities conception of the individual. People would then be seen as collections of capabilities rather than as collections of preferences. What would then distinguish individuals from one another at any one point in time is the distinct collections of capabilities that make them up. And what would then make individuals distinct beings through time is the different ways in which they develop as distinct collections of capabilities. That is, on a capabilities conception of the individual people are individualized by the capabilities they have and develop.

Note, then, that since capabilities are generally understood as what people are able to be and do, and as what people can be and do depends on the relationships between them, a capabilities conception of the individual is a social conception of the individual. In contrast, then, to how the preferences conception of the individual explains individuals atomistically apart from society, a capabilities conception of the individual explains them in terms of social relationships. Consequently, we ought to be able to develop a genuinely social conception of the individual if we can explain how individuals can be understood to be collections of capabilities. This paper seeks to outline what such a view might involve.[2](#)

Individuals as Collections of Capabilities?

The difficulties involved in setting out a capabilities conception of the individual, however, should not be underestimated. The preferences conception of the individual, despite all its problems, is rigorously defined in terms of a set of standard axioms that allow us to characterize individuals' preferences as well-behaved and thereby their behavior as rational in the sense of being consistent. Individuals whose preferences are not well-behaved and whose behavior is irrational and inconsistent (as for example in not having transitive preferences) function as money-pumps—they can be traded out of all their resources—and can thus be arbitrated out of existence. Thus the formal requirements placed upon individual preferences in standard analysis are not just there to explain rationality; they are necessary to be able to say that individuals understood as collections of preferences even exist. Are there, then, any such requirement that can be said to apply to individuals' capabilities which in similar fashion ensure that individuals understood in this way exist?

Note one way in which a similar existence problem also applies to the conception of individuals understood as collections of capabilities. Among the various capabilities of individuals are having social identities. Just as individuals have the capability to do mathematics or to ride a bike, so they have the capability to identify with others and belong to social groups. Indeed, belonging to social groups is one of the most important kinds of human activity. But a problem this raises is that some social identities are *non*-individualizing in that individuals who belong to them act as others wish them to act rather than under their own direction, and thereby lose their status as independent individuals. Individuals could moreover belong to many such social groups. Then, just as individuals understood as collections of preferences can be arbitrated out of existence when others treat them as money pumps, so individuals understood as collections of capabilities could in effect be socially arbitrated out of existence should the social groups to which they belong treat them, in effect, as identity pumps. Rather than be single persons, they would fragment over all their social affiliations. Individuals could still be explained as collections of capabilities, but they would not act *as* individuals. What must we say about how individuals have capabilities, then, if we are to say that people are collections of capabilities who act *as* individuals?[3](#)

To begin we ought to recognize an important difference between the preferences conception and the capabilities conception. When we speak of preferences, we speak of states of the individual, and explain behavior in terms of how changes in prices and incomes cause changes in the state of the individual to produce different choices—although there is nothing in this explanation that explains choice as an action originating in the individual. Indeed, it is treating preferences as states of the individual that makes it possible to describe a set of axiomatic requirements for preferences that should they hold ensure that preferences are well-behaved and

the individual thus understood exists. In contrast, when we speak of capabilities, it is not enough to refer to states of the individual. The key thing about having capabilities—and a crucial difference from the preference conception—is that they enable one to originate action. Assuming people have capabilities presupposes they have a capacity to initiate action. Accordingly, whether we can say individuals are distinct and independent beings when understood as collections of capabilities is not a matter of saying what conditions apply to capabilities as states of individuals, but rather a matter of explaining how having capabilities specifically allows people to *act* as individuals. Thus I ask: what is it about having capabilities that might lead individuals to act in such a way in interaction with others as to not dissipate themselves across all their different social identities, but interact with others in such a way as to rather reinforce their individuality?

Interestingly, the idea that agency itself can generate individuality has been developed in recent evolutionary economics and especially complex adaptive systems theory in terms of the idea of an agent that acts as a *self-organizing system*. This idea draws on thinking developed earlier in postwar physics, biology, mathematics, and especially automata theory in cybernetics, and has begun to be employed in economics and social science in order to treat agents as persisting through time despite various effects upon them from their environments.⁴ The basic idea is that the agent's action not only affects the world but also affects the agent itself through feedback effects that specifically individualize the agent rather than dissipate its individuality. That is, the agent's nature includes a particular kind of homeostatic feedback response mechanism that processes feedback from the world in this individualizing sort of way. Thus, in contrast to the preferences conception with its set of conditions for preferences as states of the individual and its absence of any account of the individual initiating action, this type of agency conception explains individuality in terms of specific types of 'mechanisms' said to operate in certain kinds of agents.

If we consequently take this idea of the agent as a self-organizing system as our basis for understanding individuals as agents in economics, then the important question facing the capabilities conception of the individual is: can individuals understood to be collections of capabilities be said to be self-organizing systems? I take whether they can be to be a matter of whether individuals possess certain types of—not "mechanisms"—but capabilities that enable them to function in this way, and argue that two capabilities in particular—learning and empathy—are necessary in this regard.⁵ People generally do possess these capabilities, but are not always successful in exercising them for reasons I will discuss below. At the same time, their varying success in this regard can be influenced by a social economic policy that emphasizes individuals' personal development, and thus one important consequence of adopting a capabilities conception of the individual is that it leads us to reconceptualize the goals of economic policy. Economic policy, that is, needs to have as one of its chief objectives enabling people to be individuals, if indeed economics is to say that individuals count. What, then, are the two capabilities that underlie individuals acting as self-organizing types of agents?

Two Key Capabilities: Learning and Empathy

First, consider the type of learning capability people in particular possess. In simple forms of animal life, learning simply is a process of gathering information about the world that directs hardwired behavior in the animal. It can be argued, in fact, that it is this learning model that standard theory applies to human beings. But a view of learning more appropriate to human beings is one in which learning is capable of producing changes in behavior as a result of individuals learning about themselves in the process of their learning about the world. That is, when human beings learn something about the world, they also discover, perhaps unconsciously but often quite consciously, that they themselves did not know what they have just learned. "*I now know something I previously did not know.*" Thus, implicitly or explicitly, learning changes individuals' understanding of themselves which in turn changes their subsequent behavior. Learning in this more developed sense constitutes a reflexive kind of activity in that individuals take themselves as an object simultaneously in taking things in the world as their

objects. The important consequence of this kind of dual learning for the individual conception in economics is that it implies that, if we are to incorporate a realistic understanding of how individuals learn for the individual conception in economics, we need to include in the idea of the individual as an agent that individuals possess some sort of representation of themselves, albeit one that is also constantly being revised in the learning process. I recommend that we follow psychologists in calling this representation the individual's self-concept, and then say that human beings' special capability for learning has associated with it a further special capability, namely, of being able to act on the basis of some sort of self-concept.[6](#)

This takes us considerable distance toward saying that people understood as collections of capabilities are relatively autonomous beings in that their learning about the world causes them to self-organize themselves around individual self-concepts. Yet this cannot be the whole of the explanation, since an individual's self-concept might come to be that one is simply a member of various social groups, thus not an independent being over and above this, so that one's individuality is fragmented and dissipated as being nothing more than a collection of memberships. But human beings have a second important capability that in fact governs how they relate to one another that can be argued to reinforce rather than undermine their having relatively autonomous self-concepts.

Second, then, consider the capability people have of seeing the world from others' point of view, or the capability to empathize with others. Empathy is often confused with sympathy. In the standard framework, both sympathy and antipathy are externalities. One gets utility if someone else is better/worse off. But empathy is neither an externality nor easily reconciled with the utility function framework. It is simply an imagined adoption of another's point of view, and this is independent of whether or not one favors or disfavors the other's perspective. Science, in fact, offers considerable grounds for thinking that this capability is especially well developed in human beings as higher animals. Neuroscience attributes a "mind reading" function to the prefrontal cortex (cf. Goldman [2006](#)), and evolutionary psychologists argue an important result of human evolution is our being able to understand people's intentions by imagining their thinking and motives (cf. Cosmides and Tooby 1992). The important thing about this particular capability for the argument here is that imagining another person's thinking also involves imagining how others imagine one's own thinking. Consider what this means in connection with individuals' learning capability. As human learning involves reflexively employing some sort of self-concept, imagining how others imagine one's own thinking then also involves seeing one's self-concept from others' point of view. This then has an objectifying effect on individuals' understanding of their self-concepts, so that interaction tends to reinforce rather than undermine their individuality.

Individuals, then, can be understood to be collections of capabilities structured especially by two key capabilities, learning and empathy, which together enable them to self-organize themselves as relatively distinct and independent beings in terms of representations they develop of themselves in the form of self-concepts all in the process of interacting with others. These self-representations, of course, are subject to change and revision. Indeed the idea of a self-organizing agent is of an agent in an evolutionary process, and thus a capabilities conception of the individual as an agent also needs to explain how individuals evolve and constantly *re*-self-organize themselves as individuals. Individuals' representations of themselves and their self-concepts are not something arrived at once and for all, but more like dynamic narratives they make and re-make about themselves. How, then, are we to add this further important content to the capabilities conception of the individual to capture its character as an evolutionary conception?

My explanation makes use of two assumptions. First, I assume that individuals continually develop the collections of capabilities that make them up over their lifetimes, and are accordingly not tied to one given set of capabilities from birth to death. Thus the definition of the individual as a collection of capabilities is better stated as: "individuals are self-organizing evolving collections of capabilities." Second, I assume that we can explain broadly how individuals develop their capabilities by reference to the nature of the human capability

space as a whole, in particular that it possesses an evolutionary structure itself whereby individuals' achievement of what might be referred to as basic capabilities generally leads them to pursue and develop other capabilities that might be referred to as complex capabilities. To further explain this, the following section discusses the nature of the human capability space as a whole, and in the section thereafter I discuss how people develop their individual capabilities in terms of it.

The Capability Space as A Whole: Basic and Complex Capabilities

Sen has distinguished basic, or elementary, and complex functionings in terms of the different ways that people value them:

Some functionings are very elementary, such as being adequately nourished, being in good health, etc., and these may be strongly valued by all for obvious reasons. Others may be more complex, but still widely valued, such as achieving self-respect or being socially integrated. Individuals may ... differ a good deal from each other in the weights they attach to these different functionings—valuable though they may all be. (1993: 31)

Sen also defines capabilities in terms of functionings—“The *capability* of a person reflects the alternative combinations of functionings the person can achieve, and from which he or she can choose one collection” (*Ibid.*, emphasis in original). I suggest, then, that analogous to the distinction between basic and complex functionings, we distinguish basic and complex capabilities. On this understanding, basic functionings and capabilities are like human needs, and as such are universally valued, while complex functionings and capabilities go beyond need, and are accordingly valued differently by different people, though they must all be valued by someone in order to exist. How are we to understand this important difference? And what does it tell us about the human capability space as a whole?

Regarding basic functionings and capabilities, it seems fair to say that they are really beyond being valued in that they are simply necessary for survival. Anyone who values survival must value basic capabilities. This then leads us to ask why complex functionings and capabilities which are not essential to survival are valued; or rather, since they are not all valued by all, the question is, why do people value and choose to develop *different* complex capabilities? Sen's answer is simple and final, and I think contains an important insight. For him people value different complex functionings because people are diverse in what they value. As he puts it: “Human beings are thoroughly diverse” (Sen [1992](#): 1). That is, people are simply different. Full stop. Thus we really cannot say much more about the range and variety of different complex capabilities people believe are worth developing, because people are so fundamentally different in what they ultimately value.

I take this to imply a central claim about human nature that I frame as follows: *once* the common needs for survival are addressed, people are inescapably heterogeneous. Let me try to say in broad historical terms what this seems to mean for our understanding of the capabilities space as a whole. Survival and concern with basic capabilities has been and will remain a defining feature of human life, but much of human history has been and is about far more than this. Human history is a long record of developing social institutions and ways of organizing how people live together by means of government, science, and culture. Consequently it is a long record of the multiplication and extension of the range of human occupations and kinds of activities people can pursue. That is, it is very much about the continuous creation of social structures that organize and support development of a wide array of complex capabilities. I thus suggest that history is fundamentally about the sustainable pursuit and promotion of increasing human heterogeneity and diversity. Indeed, should rising wealth levels and better social distribution of wealth reduce our common concern with survival and basic needs in the future, from the perspective of the evolving composition of the human capability space sustainably increasing human heterogeneity through further development of complex capabilities would approach becoming our exclusive human concern.

Taking human capabilities, then, to be the basis on which human production and the activity of maintaining human life occurs, that complex capabilities constitute a rising share of all capabilities in the human capability space is tantamount to there being an increasing social division of human labor based on a greater heterogeneity of human activity. People are doing many more different things than ever before (something that is manifest in the evolving sectoral character of forms of production in advanced economies), and we will continue on this path of change indefinitely on into the future, unless of course we are driven back to preoccupation with survival by social or ecological disaster. Historically speaking, then, the human capability space has as its most fundamental characteristic an evolutionary trajectory toward an ever increasing human heterogeneity.

We might say it constitutes a kind of “inverted pyramid” that is unbounded and continually widens at the top with an ever increasing number of differently valued complex capabilities, and narrows at the bottom where there exists a relatively small number of more homogeneous universally valued basic capabilities. In effect, the capability space is the opposite of Maslow's more familiar pyramid of human activities that is larger at a base made up of many widely shared activities, and narrows at the top with a small number of more rare, highly developed activities (Maslow [1970](#)). Maslow's view makes human commonality a matter of the broad base of human activity. But on the alternative understanding of the capability space based on the difference between basic and complex capabilities, while people of course share the need to survive, in the world we live in and in the one that lies in the future before us, the essential common ground between people lies in their being different from one another. That is, our commonality and what we share as human beings are that we are different from one another, and increasingly so. We are alike precisely in our being different, not in being the same.

Individuals as Evolving Collections of Capabilities

With this understanding of the capability space as a whole, we now turn to the question of how individual people evolve as collections of capabilities. Over their lifetimes people continually develop new capabilities, both basic and complex. Although it is not always clear how we distinguish basic and complex capabilities,⁷ it seems fair to say that people are constantly involved in developing both kinds: their complex capabilities in order to further pursue their interests and develop their skills and their basic capabilities in order to maintain the skills that ensure their survival in the changing circumstances of life. At the same time, people develop their capabilities in different combinations, such that the respective shares of these two types of capabilities in the collections of capabilities individuals have and develop over their lifetimes varies between individuals. Thus individuals in or close to poverty or who, from social exclusion, are primarily involved in developing the basic capabilities necessary for survival, while individuals with sufficient wealth to be free from poverty concerns and escape social exclusion are primarily involved in developing complex capabilities which secure and further increase their distance from the problems of survival.⁸

Consider what this means in connection with the emphasis that a capabilities conception of the individual places on learning and empathy as key capabilities. As the exercise of complex capabilities tend to be interconnected in the social division of human labor, individuals who primarily develop complex capabilities will tend to interact with other people who primarily develop complex capabilities. Social interaction between them consequently brings people into contact who are generally different from each another. This requires they integrate and assimilate unfamiliar and new information associated with each other's different capabilities to understand each other's activities. Given, then, that learning in people is reflexive, this requires significant development of these individuals' self-concept representations of themselves, as people learn more about themselves as they learn more from others. Contrast this, with the situation of individuals who primarily develop basic capabilities. They are more likely to interact with people who also primarily develop basic capabilities, and who are accordingly

generally like themselves. They learn from others things that they mostly already know or could learn relatively easily, and as a result their self-concept representations of themselves are little changed as they accordingly also learn little that is new about themselves.⁹

Thus, under the influence of differences in wealth and social exclusion practices, we have two broad paths of development for individuals defined as changing collections of capabilities. Although the collections of capabilities that make up individuals change over their lifetimes, the difference between basic and complex capabilities in the overall capability space and the different roles they have in the social division of labor create two quite different kinds of pathways for individuals' personal capability development. This has many undesirable social and ethical consequences, and constitutes an important cause of social stratification—a social stratification based on differences in acquired capability sets—which arguably reinforces the effect that wealth and social exclusion independently have on how people develop different capability sets. It also acts as a serious barrier to social policies that aim to achieve social equality through capability equality, and may also put individuals whose capability development primarily emphasizes basic capabilities at relative disadvantage in terms of access to resources and social opportunities. Anti-poverty and anti-discrimination programs seek to reduce this, but they often concentrate on enhancing people's basic capabilities, and thus do not address the further issue of people's long-run different paths of capability development.

But there is an even more serious problem I wish to highlight for those individuals who primarily develop basic capabilities, namely, that their particular capability development pathway may additionally be non-individualizing, and actually undermine their status as individuals. Recall at the outset I described an existence problem for the capabilities conception of the individual whereby individuals may be socially arbitrated out of existence if the social groups to which they belong treat them as identity pumps. I now want to explain how this can happen, and how a pathway in capability development chiefly devoted to acquiring basic capabilities can also be non-individualizing in many social group settings. In such circumstances individuals cease to act as self-organizing agents, and rather find that their capability sets tend to be organized for them by others. To understand how this can happen, let us look more closely at individualizing and non-individualizing social identities.

Individualizing and Non-Individualizing Social Identities: the Indian Woman

Sen provides a stylized example of a social identity that is non-individualizing in connection with the case of the Indian woman whose capability development is framed by the needs of her family (Sen [1990](#)). I think it is important to interpret this example carefully. The kinds of capabilities she believes she personally ought to develop are those which are means to advancing her family's well-being. Her family, however, is not the relevant social identity here. Acting as a means to their well-being is not the same as identifying with them, and her family relationships are individual—individual relationships whereas social identity is defined as an individual—group relationship (cf. Brewer [2001](#); Brown [2000](#)). The Indian woman's social identity—who she identifies with to understand her role in the family—is other women who have the view that women should devote themselves to their families. Thus, in order to determine how she should fulfill the role in the family she believes appropriate to her, the Indian woman identifies with other women who also accept the same role in their families—perhaps her mother and her mother, other women relatives, women friends, but generally women who adopt traditional values. Understanding her social identity in this way, we can now see how it biases her toward developing basic capabilities. The women with whom she identifies have experience much like her own, and so are essentially like herself. Thus, her learning from them teaches her things that are not much different from what she already knows (“‘you cook food this way rather than that way,’” “‘you wash clothes this way, not that way,’” etc), and as one has little to learn about oneself when learning little from others, her self-concept undergoes little development. Indeed it is characteristic of learning in traditional culture that one learns

things that are already familiar, and that one has little reason to think of oneself any differently as a result. Further, given that learning from others who are essentially like oneself is associated with developing basic capabilities, it follows that the Indian woman's personal capability development emphasizes basic capabilities. Thus Sen's Indian woman still develops as a collection of capabilities, but she does not develop as a collection of capabilities *as* an individual. That is, she does not self-organize herself as a collection of capabilities, but *is* organized as a collection of capabilities appropriate to the idea of being a traditional Indian woman. She consequently acts as an identity pump in that her identity is not understood as a personal identity but is interpreted strictly in terms of her social group identity.

Of course people can evaluate and re-examine their relation to traditional values too, and so we might extend Sen's example to consider how this might happen to the Indian woman. Suppose she attends a school, then, perhaps initially with only the goal of learning skills that can be used to add to the support she provides her family. She remains in her instrumental relationship to her family, but attending a school changes how she identifies with other women. The women in the school may all have begun with the same level of knowledge and basic skills, but in the school they learn differently and also often learn different things. Thus they soon cease to be essentially all alike. This means that the woman who attends a school now also interacts and identifies with women from whom she learns different things, and this then means that her self-concept undergoes more significant development, as people learn more about themselves when they learn more from others different from themselves. Of course this does not tell us that the Indian woman who goes to school will cease to place herself at the service of her family. However, as she becomes more aware of herself through the development of her self-concept, it means that she is more likely to *self-organize* her personal capability development, and also that her personal capability development is likely no longer strongly biased toward developing basic capabilities. Indeed, while she still suffers from unfairness in terms of responsibilities in the home, she may still develop as a collection of capabilities *as* an individual. And she is less likely to act as an identity pump, and interpret her personal identity strictly in terms of her traditional social group identity.

Thus, while people whose capability development is socially biased toward basic capabilities are vulnerable to being used as identity pumps by social groups with which they identify, they can also combine and offset the non-individualizing effects of one social identity with the individualizing effects of another, and this may make it possible for them to act as collections of capabilities as individuals. When should we say that they are successful in this regard, and are not functioning as identity pumps? When a person has two or more conflicting social identities as in the Indian woman example, then both the non-individualizing and individualizing types of effects operate upon her self-concept account of herself, generating dilemmas of self-understanding that mirror the competing social demands operating upon her that derive from her competing social identities. Given this, it seems straightforward to say when we judge, a person is successfully acting as an individual. If the Indian woman can give an account of how she understands herself as organizing and ordering these conflicting demands upon her, then she acts as an individual. We may argue, of course, over what such an account of oneself should involve, and also about whether a person is really giving such an account of him or herself. But I claim that her simply adopting a self-organizing type of thinking, where this involves *her* view of how *she* reconciles and orders the different aspects of her life, is sufficient to say she is acting as an individual—even if her account favors traditional over non-traditional choices. In essence, one must be able to give an account of oneself *as* an individual.

This conclusion may seem counter-intuitive to some, since were the Indian woman to explain herself as needing to continue devoting herself to her family, she would seem to not be acting as an individual. But I say explaining herself as making this choice is different from her simply devoting herself to her family without being able to give an account of why she chooses to do so, something she is likely to learn how to do in going to school, and something she is unlikely to be able to do if she does not. The Indian woman's freedom may indeed be quite

limited, and the issue of what freedoms she has is an independent question and should not be neglected. But I regard whether she is even able to be an individual as more fundamental. It is the question of her having a personal identity apart from her social identities, where this makes personal identity specifically the individual's own self-concept representation of herself, rather than an identity ascribed to her by others. Having a personal identity, that is, needs to be understood reflexively as something one produces for oneself as a result of one's interaction with others. And, since people continually develop and change as collections of capabilities, having a personal identity is a matter of their being continually able to self-organize themselves as individuals throughout their lifetimes. In this respect, I suppose it is the central human capability and one necessary for saying that individuals can be understood as collections of capabilities.

Social Economic Policy

I close by commenting on one thing that re-defining individuals in economics as collections of capabilities implies about social economic policy. Recall that as I have set out this conception, learning and empathy are the two key human capabilities that people possess and employ to produce self-concepts of themselves. I argue that these two capabilities are necessary but not sufficient for explaining individuals as collections of capabilities, since people are not always successful in exercising them. This is where the issue of social economic policy arises, since society can adopt measures that improve individuals' ability to exercise these capabilities and act as individuals. The general rationale for such policy, I suggest, is that individuals count; the general goal is to increase the likelihood that people are self-organizing agents motivated by their own values and objectives. In social economic terms, this is a policy motivated by the aim of securing human dignity, and has as the values underlying it treating people with decency and in a non-humiliating way (cf. Margalit [1996](#); Davis [2006](#)).

Two issues arose regarding how successful people are in exercising these two capabilities. One concerns the different paths of personal capability development, and the other concerns the risk of losing individuality altogether. Regarding the first, wealth differences and social exclusion tend to segregate people's paths of personal capability development, and tie some people to basic capability development, and others to complex capability development. The two-class society that results is in some respects more deeply rooted and intractable than past class societies, since it holds a special potential for transmitting advantage and disadvantage across generations. Regarding the second issue, those tied to basic capabilities development may also function as identity pumps. They are then effectively dropped out of a society made up of people who acts as individuals, yet as they appear to be individuals in being made up of collections of capabilities, this may go unrecognized and ignored.

The policy response to the first problem, I suggest, is still capabilities equality, but not only as this policy is usually understood. Generally those who emphasize capabilities equality as a policy talk about basic capabilities on the argument that they enable people to achieve the essentials of life and are thus human rights (cf. Vizard [2005](#)). This is an important argument, but it is largely silent on the issue of complex capabilities equality, personal capability development, and the different normative principles developing complex capabilities arguably involves. An "expanded capabilities equality" policy also needs to address inequality in different paths of personal capability development. But such a policy should address the identity pump problem as well, since people locked in to a basic capabilities development in this way often do not even secure the status of being individuals. An "expanded capabilities equality" policy, that is, is concerned with both what it means to be and develop as an individual. There is much that could be said about how these goals might be approached. But I must leave saying more about this to another occasion.

Notes

Presidential Address to the Association for Social Economics, 4 January 2009. Thanks go to Ricardo Crespo, Wilfred Dolfsma, Zohreh Emami and Tom Wells for comments on previous versions. I also thank those who attended the 2009 Association for Social Economics Breakfast, particularly those who made comments and raised questions in the discussion, and an anonymous referee for this journal.

The capabilities literature is extensive, but good introductions to the concepts of capabilities, capability sets and functionings are Sen ([1993](#)) and Robeyns ([2005](#)).

A parallel problem arises in intersectionality theory, the race–class–gender framework that explains individuals' as intersections of their many social identities. See Shields ([2008](#)) and Anderson and Collins ([2004](#)).

Ashby ([1947](#)) originated the modern usage of the term “self-organizing.” Hayek ([1945](#)) described the market as a self-organizing system. See Wiener ([1961](#)) for development of the idea in cybernetics. For an influential sociological application, see Niklas Luhmann ([1984](#)). Mirowski's ([2002](#)) argues that von Neumann's theory of automata as self-organizing systems underlies the development of contemporary economics.

Binmore ([2005](#)) emphasizes these same two capabilities—although he regards them as natural human capacities—in his evolutionary analysis of social norms. I have revised and re-interpreted his treatment of these capacities in order to be able to explain a basis on which individuals can be said to act as self-organizing agents—a concept he does not employ.

The literature in psychology on the self-concept is also extensive, but see the paper that originated recent interest, Epstein ([1973](#)), and recent surveys of Markus and Wurf (1987), Banaji and Prentice ([1994](#)) and Oyserman ([2001](#)).

One reason is that the meaning of survival is not transparent. One might not be clearly on the edge of survival, such as when going without food, when tied to work which if lost ruins one's health and may cause early death. But such work, even when it involves complex activities, may be seen as exercising basic capabilities because its interruption causes risk to the person. Another reason is that the exercise of basic capabilities can involve complex activities and the exercise of complex capabilities can involve simple activities.

These different paths in capability development then also provide one basis for explaining preference endogeneity.

I have drawn the difference between these two cases quite sharply—perhaps too sharply—in order to distinguish two polar extremes of personal capability development. Real world cases of personal capability development are more complicated, involving less segregation in social interaction, less clear dividing lines between complex and basic capabilities, and less clear effects on individuals' learning about their self-concepts from social interaction.

References

1. Anderson M. Collins P. 2004 “Introduction” *Race, Class, and Gender*, 5th ed. Belmont, CA Wadsworth/Thomson
2. Ashby, W. R. 1947. “Principles of the Self-Organizing Dynamic System”. *Journal of General Psychology*, 37: 125–128.
3. Banaji, M. and Prentice, D. 1994. “The Self in Social Contexts”. *Annual Review of Psychology*, 45: 297–332.
4. Binmore, K. 2005. *Natural Justice*, New York: Oxford University Press.

5. Brewer, M. 2001. "The Many Faces of Social Identity: Implications for Political Psychology". *Political Psychology*, 22: 115–125.
6. Brown, R. 2000. "Social Identity Theory: Past Achievements, Current Problems and Future Challenges". *European Journal of Social Psychology*, 30: 745–778.
7. Cosmides, L. and Tooby, J. 1992. "Cognitive Adaptations for Social Exchange". In *The Adapted Mind*, Edited by: Barkow, J. 163–228. Oxford: Oxford University Press.
8. Davis, J. 2006. "The Normative Significance of the Individual in Economics". In *Ethics and the Market: Insights from Social Economics*, Edited by: Clary, J., Dolfsma, W. and Figart, D. 69–83. London: Routledge.
9. Epstein, S. 1973. "The Self-concept Revisited or a Theory of a Theory". *American Psychologist*, 28: 405–416.
10. Goldman, A. 2006. *The Philosophy, Psychology, and Neuroscience of Mindreading*, Oxford: Oxford University Press.
11. Hayek, F. 1945. "The Uses of Knowledge in Society". *American Economic Review*, 35: 519–530.
12. Luhmann, N. 1984. *Soziale Systeme: Grundriß einer allgemeinen Theorie*, Stanford, CT: Stanford University Press. Frankfurt: Suhrkamp; trans. as *Social Systems*
13. Margalit, A. 1996. *The Decent Society*, Cambridge, MA: Harvard.
14. Markus, H. and Wurf, E. 1987. "The Dynamic Self-concept: A Social Psychological Perspective". In *Annual Review of Psychology* Edited by: Rosenzweig, M. and Porter, L. Vol. 38, 299–337.
15. Maslow, A. 1970. *Motivation and Personality*, 2nd edn, New York: Harper.
16. Mirowski, P. 2002. *Machine Dreams: Economics Becomes a Cyborg Science*, Cambridge: Cambridge University Press.
17. Oyserman, D. 2001. "Self-concept and Identity". In *Blackwell Handbook of Social Psychology*, Edited by: Tesser, A. and Schwarz, N. 499–517. Malden, MA: Blackwell Press.
18. Rawls, J. 1971. *A Theory of Justice*, Cambridge, MA: Belknap Press of Harvard University Press.
19. Robeyns, I. 2005. "The Capability Approach: A Theoretical Survey". *Journal of Human Development*, 6(1): 93–117.
20. Sen, A. 1990. "Gender and Cooperative Conflicts". In *Persistent Inequalities*, Edited by: Tinker, I. Oxford: Oxford University Press.
21. Sen, A. 1992. *Inequality Reexamined*, Cambridge, MA: Harvard University Press.
22. Sen, A. 1993. "Capability and Well-Being". In *The Quality of Life*, Edited by: Nussbaum, M. and Sen, A. 30–53. Oxford: Clarendon Press.
23. Shields, S. 2008. "Gender: An Interdisciplinary Perspective". *Sex Roles*, 59: 301–311.
24. Vizard, P. 2005. "The Contributions of Professor Amartya Sen in the Field of Human Rights". Center for Analysis of Social Exclusion paper, London School of Economics
25. Wiener, N. 1961. *Cybernetic Systems*, 2nd ed., Cambridge, MA: MIT Press.