Contribution to Beyond GDP „Virtual Indicator Expo“

http://www.beyond-gdp.eu

Name of the indicator/method: **Capability Index**

Summary prepared by (name; institution):
Ingrid Robeyns, Radboud University Nijmegen, The Netherlands
Robert van der Veen, University of Amsterdam, The Netherlands

Date: 15 November 2007

Need for a *capability approach* to quality of life

Several approaches exist to conceptualise and measure ‘quality of life’ (as is reflected in the large diversity of indicators in this Virtual Exhibition) What quality of life is, is not merely a philosophical issue. The practical implications of different theories on what constitutes quality of life lead to diverging recommendations on what, if anything, government should undertake to promote it, and also give rise to distinct ideas concerning the design of social and economic institutions. Three theoretical approaches to quality of life can be distinguished that argue for a distinct interpretation of the substantive content of life quality.

The first of these approaches is the liberal *resource approach*: people need access to certain resources, in order to become capable of developing and pursuing their own conceptions of the good life, by deploying their resource shares autonomously within the boundaries of equitable social institutions. An example of an index representing a narrow view of resources is GDP

In opposition to this view, the utilitarian tradition identifies quality of life (or in effect synonymously: well-being) with a metric of subjective utility – which is often measured as *happiness* or alternatively *life satisfaction*. The happiness indices in this Virtual Exhibition are examples of the utilitarian approach.

The third approach understands life quality as a *set of capabilities*, that is to say of real possibilities for people to function effectively in diverse domains of social life, in accordance with their own views of the valuable life in terms of one’s ‘doing and being’. According to the capability approach, the government is tasked to make available the resources which are necessary for the capabilities of individuals. This concerns both individual and collective resources. We claim that on theoretical grounds the capability approach is to be preferred as the foundation for a measure of quality of life. At the request of the Netherlands Environmental Assessment Agency (MNP), we have developed initial

ideas for a capability index that measures quality of life (see Robeyns and van der Veen, 2007, http://www.mnp.nl/en/publications/2007/Sustainablequalityoflife.html).

Situating the *capability approach*

Figure 1 presents the causal relations between the three approaches to quality of life.

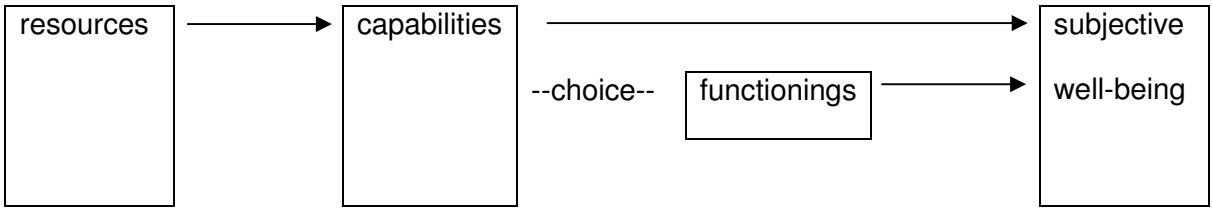

Figure 1: The direction of causal relations between resources, capabilities, and subjective well-being.

The resource-based approach holds that the 'quality of life' is what people do with their resources. Questions about the content of the quality of life are not considered to be a legitimate task of the government, which needs to be neutral between the divergent views that people have about the good life. The government needs to restrict its care to guaranteeing access to collective resources and to regulate entitlements to individual resources, and it ought not to impose its own views about the appropriate use of those resources.

The capability approach holds that resources are important *inputs* for the quality of life, but that the quality of life itself is captured by the functionings and capabilities of individuals. In contrast to liberalism, which doesn't want to go beyond identifying resources that can be used for a wide range of goals, the capability approach argues that a debate about the general and specific opportunities to shape our lives surely lies within the legitimate domain of the government. The subjective well-being approach agrees with the view that resources are means for multiple goals, but in addition holds that the only neutral indicator for judging how well people fare in their achievement of those goals, is their life satisfaction. This is why the subjective well-being situates quality of life at the righthand end of the causal scheme of figure 1. Thus the subjective approach holds that it is the government's duty to advance 'happiness' or 'life-satisfaction', even though not all variants endorse giving an absolute priority to the utilitarian master principle of maximizing average life satisfaction. Against this, the capability approach argues, on ontological grounds, that subjective well-being cannot be regarded as the ultimate measure of the quality of life, but should rather be seen as a (undoubtedly desirable) by-product. In the scheme in figure 1, capabilities and functionings, but also subjective well-being, are presented as *outputs* of the all-purpose means at the resource end. However, there are two differences. First of all, capabilities and functionings are outputs that can be intersubjectively identified only within a given society, in open discussion. We should debate and discuss their relevance, for the notion of life quality is not interculturally and universally determinable by philosophical reflection. By contrast, happiness, life satisfaction, or satisfaction on domains, are purely subjective outputs of persons' resource utilisations. However, secondly, in so far as life satisfaction issues from the way in which people experience their opportunities to function, and their actual functioning levels, it is also a causal output of functionings and capabilities. For as figure 1 shows,

functionings and capabilities are situated as *intermediating* between resources and subjective well-being.

Next, it is important to note that capabilities - the real opportunities to function effectively - can have a strong effect on life satisfaction, independently of the satisfaction that people derive from their actual functioning. Even the secure knowledge that certain opportunities are open to persons can have a positive effect on their happiness. The presence of these capabilities subsequently produces subjective well-being, quite apart from the choices that citizens actually make to divide their time over political participation and other activities that generate life satisfaction. The capability approach thus allows that causal relations between resources and subjective well-being follow different chains. Thus, even if one ultimately prefers a subjective approach to the quality of life, it may still be important to examine functionings and capabilities, as is in fact being done in some of the literature. A similar observation holds for those who prefer the resource-based approach to life quality. For it is by no means immediately evident what types of resources are actually required for people to realize their own and diverse conceptions of the good life.

Towards a *capability index*

We propose the following list of capabilities in a range of domains that we believe should be included in a policy-relevant index of life quality (see Robeyns and van der Veen, 2007, http://www.mnp.nl/en/publications/2007/Sustainablequalityoflife.html):

Table 1: Domains for a capability-index: a first attempt.

1. physical health
2. mental health
3. knowledge and intellectual development
4. labour
5. care
6. social relations
7. recreation
8. shelter
9. living-environment
10. mobility
11. security
12. non-discrimination and respect for diversity
13. political participation

Early attempts of concretising and quantifying the *capability approach*

The literature on the capability approach evolves rapidly: a survey written today may be outdated in six months from now. A recent survey of empirical applications shows that at present, no scholar even has worked out the theoretical foundations of a capability-index of life quality, let alone engaged in the work of operationalizing and testing empirically such a quality index (Robeyns, 2006). Thus in the prevailing state of the art, developing a capability-index is a pioneering task. Nevertheless, current literature does offer two important insights.

The first insight is that we need to distinguish between the design of an index based on existing secondary statistics, versus an index constructed against a background of sufficient time and resources to collect most of the data on the capability-domains. Existing empirical applications are strongly determined by the available datasets, both with respect to the selection of capabilities, as well as the possibilities to measure capabilities rather than levels of realised functionings. Almost all these applications work with datasets constructed with other purposes in mind. This is a disadvantage. If we are limited by available datasets, then it is likely that we will remain far removed from an adequate capability-index of life quality. Since in this chapter we are primarily interested in a conceptual exploration, we assume that there are no constraints on the data that can be gathered.

Another insight from the existing literature concerns the character of the index itself: at what level of abstraction and aggregation would one like to construct an index? One of the criteria an index should meet is that it be useful for policy design and evaluation. A capability-index which seeks to inform governmental policies should be formulated at a lower level of abstraction than the very general dimensions that have typically been worked out ni the literature.

State of play and work left for the future

If we consider all advantages and disadvantages of the different approaches that were discussed in this chapter, our conclusion is that *on theoretical grounds* the capability approach is to be preferred as the foundation for a measure of the quality of life. However, it must be kept firmly in mind that the *empirical* development of the capability approach is still in an early stage. It is possible that further research will reveal disadvantages of a capability-based life quality-index that are insufficiently appreciated at present. The full construction of a capability-index will still involve a lot of hard and detailed work.

References

Robeyns, I. (2006) The capability approach in practice. *Journal of Political Philosophy* 17(3), 351-376.

Robeyns, I. and van der Veen, R.J. (2007) *Sustainable Quality of Life: Conceptual, Analysis for a Policy-Relevant Empirical Specification*. MNP Report 550031006. Bilthoven and Amsterdam: Netherlands Environmental Assessment Agency and University of Amsterdam, http://www.mnp.nl/en/publications/2007/Sustainablequalityoflife.html.