**Online Appendix, Chapter 11**

**Endnotes**

1 For a critique of Sen’s view that capabilities are what social justice requires us to equalize, see Cohen (1993). One of us finds the criticism persuasive.

2 In rational choice theory, ‘well-being’ is usually conceptualized in terms of an individual’s subjective perception of his or her own well-being, as utility. We could, following this, define capabilities as the health, skills, and motivation that enable one to increase utility for oneself or others. However, some argue that all that is of value to humans is not well captured by the term “utility”. For example, if development of some capability by women reduces wife-battering, would we not want to say that having this capability increased the women’s well-being, even in those cases where the women claim that they don’t mind being beaten and that husbands should discipline their wives with violence? We do not need to resolve this debate here, since we think the empirical claim that the broad capabilities we discuss here produce utility for someone is quite uncontroversial.

3 Mentioning leisure raises a question. Is our concept of capabilities implicitly a notion of what is useful in production, as in economists’ theory of human capital, but with production broadly construed (as in the new home economics) to include household production but to exclude leisure? Or does it include what is useful ‘in consumption’, i.e., in leisure? We think that the question is ill formed because it assumes we can make a clean division between production and consumption, i.e., between work and leisure. Although economists often distinguish between work and leisure, a closer look at neoclassical theory shows that this dichotomy cannot be sustained even within orthodox theory. For example, the theory of compensating differentials in labor markets says that if doing a certain kind of work is a nonpecuniary amenity (i.e., it is fun or interesting) to the marginal worker, employers will have to pay less to get workers to take the job because some of the compensation is the intrinsic enjoyment of doing the task. Being profit maximizers, they will not pay any more than they have to. In such a job, work and leisure are combined in one activity. But no one would claim on this basis that the skills needed to do the job are not human capital. (See Pollak and Wachter (1975) for a related argument that one cannot separate leisure and work in household production.) Thus, in our view, capabilities that are necessary to be able to engage in what would commonly be called leisure, which produces utility or well-being directly (rather than indirectly through what can be bought with the earnings), should be included in the capabilities of interest here.

4 Herrnstein and Murray’s (1994) The Bell Curve received much media attention for its claim that intelligence affects many outcomes, including earnings, and that differences in intelligence between individuals and groups (including racial groups) are largely innate. They provided no convincing evidence that race differences in test scores are innate, so we agree with criticisms of that aspect of the book. However, the book does provide evidence that individuals’ test scores (from tests measuring basic vocabulary, reading, and math skills) are related to many outcomes, such as earnings, poverty, nonmarital teen births, and incarceration, even controlling for the socioeconomic level of the families they grew up in. Empirically-based critiques of The Bell Curve (Fischer et al. 1996 and Korenman and Winship 1995) have demonstrated that it exaggerates the size of the effects of cognitive skills relative to social class background by employing inadequate measures of the latter, but they do not dispute that cognitive skills have large effects. While we disagree entirely with the policy thrust of Hernnstein and Murray, we believe that the one thing one can take from their empirical analysis is the broad significance of cognitive skills to individuals’ lives.

5 For a discussion of such ‘soft skills’ see Moss and Tilly 1996.

6 For exceptions, where economists or other rational choice theorists have discussed self-regulation, see Schelling 1984, chapters 3 and 4; and Lindenberg 1993, 1996.

7 Even the extreme lack of self-control entailed in an addiction has both a “preference” and a “skill” aspect: As compared to a non-addict, a drug addict both wants the drug more and has less of the “muscle” that it takes to resist taking the drug. The physical metaphor of the “muscle” also raises the question of whether self-regulation overlaps with the category of physical skills or health. We could see the lack of self-control entailed in physiological addiction as a kind of physical illness. Or we could see it as a “mental health” issue; part of addiction is that it creates delusional thoughts that erase any knowledge of the ill effects of taking the substance and exaggerate the good effects. Another part may be that the substance is being taken to medicate emotional pain. Many capabilities cross these boundaries between what we usually think of as physical, emotional, and mental in this way.

8 That is, the contact is face-to-face. Or, at least the contact is ‘voice to voice’ or entails some other means of communication. (Care services could be provided over the phone.)

9 Bringing up the emotions raises the issue of whether all types of capabilities might be classified as physical, cognitive, or emotional. To put it more colloquially, might we say that humans have a body, a mind, and a heart? As metaphors, these are fine. Actually, when one closely examines the experience of what we call emotions, they are really a combination of thoughts (in the “mind”) and feelings in the body. For example, the experience of anger is generally a combination of thoughts like “That jerk, I should kill him! How dare he do that!” and uncomfortable sensations in the body. But if the “heart” is just a combination of the “mind” and “body”, and we have argued above that dichotomizing mind/body doesn’t really make sense, we are left with the notion of the unified person as what we have to work with to develop capabilities. To repeat, we see the four categories here as overlapping. Dividing the discussion into them is heuristic — they seem to identify thematic clusters of capabilities.

10 Using the case of children with attachment disorders to illuminate tacit assumptions made by economists, Jennifer Roback Morse (1995) writes: “Who is this child? Why it is homo economicus. The person who considers only his own good, who is willing to do anything he deems it in his interest to do, who cares for no one. Punishments matter, loss of esteem does not... [He] behaves opportunistically on every possible occasion, breaking promises if he deems it in his interest to do so. Plainly, this is a person who is not fit for social life... Most normal people would just call this person a sociopath, and not dignify this character by calling him homo economicus. While it is a stark picture, deliberately drawn, I believe it illuminates a valuable point. The very starkness of this completely unattached person shows us that we economists have been, all along, counting on some feature of human nature other than pure self-interest, to hold society together. Even the purely economic realm itself cannot be held together with purely self-interested, unattached people.

11 Although some developmental psychologists have recognized the importance of having been cared for with love, major lines of theory in developmental psychology have the same bias seen in economics and other disciplines of ignoring the importance to human development of capacity for connection and intimacy, usually developed in relation to a female caretaker. Carol Gilligan (1982) points out that Freud, Jung, Erikson, Piaget, and Kohlberg, despite their differences, all viewed individuation as synonymous with maturation, but viewed emotional connection to others as developmentally regressive. Their views are deeply sexist in that they assumed women would do the caring work necessary to children’s healthy development, yet they did not acknowledge learning the capacity for caring as part of maturation.

12 In a personal communication to us, Robert Pollak has argued that if parents are altruistic toward their children and know that the characteristics of their discussions we have mentioned have effects on their children’s learning, then they will take them into account in deciding how much to talk in ways that will promote the children’s learning in front of them. A more general way to put his point is this: if the known benefits of some option go up (or the costs go down), this option will be chosen more. Our response is twofold: First, we think that while parents may have a vague idea that, for example, their children learn good grammar by hearing it spoken, they don’t always know what aspects of cognitive or other capabilities they are modeling and the effects of this modeling. Second, in cases where they do know the effects, we agree that, at the margin, this knowledge will increase such behavior, and this increment can be seen as investment. Our claim is that much of the variation between families in the infra-marginal range.

13 Sociological rational choice theorists generally assume exogenous preferences (see, e.g., Friedman and Hechter 1988). The assumption of exogenous preferences is also standard in microeconomic textbooks. However, Becker’s (1996) later work allows preferences for specific commodities (e.g., apples, listening to classical music, marriage to a particular partner) to change over time in response to an individual’s social connections or consumption experiences, because either of these may increase one’s propensity to appreciate the specific items. For example, having parents who expose one to classical music may allow one to learn to appreciate it, and consuming some things may be habit-forming. In this sense, Becker thinks tastes are endogenous and can change, although he sees an ‘extended utility function’, which he sees as a formula for how experiences affect tastes for specific commodities, as unchanging for each person. Despite now admitting the endogeneity of tastes for specific commodities, Becker has not recognized the intertwining of skills and preferences explicitly.

14 We do not deny that compensating differentials may explain some wage differences. We are simply arguing that the theory does not explain everything (i.e., we claim that everything is not equalized at the margin). The theory says that whether a job offers a negative, positive, or no compensating wage differential is determined by the tastes of the marginal worker. Kinds of skills, and their co-varying preferences, may differ in how many people have them relative to demand for the type of labor. Our view that skills and preferences co-vary does not preclude compensating differentials for some capabilities. But there is nothing in the theory that requires an oversupply of caring preferences compared, for example, to preferences for exercising authority or doing intellectually challenging work, to pick two job characteristics with positive returns. Unfortunately, since we never observe which worker is ‘at the margin’, much less his or her tastes, it is impossible to simultaneously test for whether a job characteristic is an amenity or a dis-amenity to the marginal worker and for whether the theory is true. If we assume we know whether the marginal worker likes or dislikes a characteristic (say, danger of loss of life, because we assume virtually everyone views it negatively), then we can use this information to test the theory. If one assumes the theory is true, then any job characteristic with a negative (positive) return must be an amenity (dis-amenity) to the marginal worker. This is essentially what neoclassical commentators who observe the wage penalty for caring labor and explain it in terms of compensating differentials are doing. The negative return is also consistent with other explanations, such as various kinds of gender discrimination in labor markets. We are simply warning against applications of the theory that serve to mask gender bias.

15 Folbre (1995) catalogues various possible explanations for the low reward (offered in either market wages or by the state) for caring labor. One possibility is gender bias — that caring has been culturally devalued because of its association with women (England 1992; England et al. 1994; Kilbourne et al. 1994). Comparable worth policy initiatives are directed at this bias. Folbre (1995) argues that, from a neoclassical framework, one could explain the lower wage for caring services in terms of information problems. If both the worker’s performance and the quality of services given are more difficult or expensive to monitor in caring than other jobs, then paying a lower wage may self-select workers who will give better care (to a greater extent than paying a lower wage will get workers willing to exercise the relevant capability without extensive monitoring in jobs that are easier to monitor). Altruists can be relied upon to ‘really care’ about the client since their altruistic stance toward the service receiver is part of the motivation for taking the job. Folbre (1995) also suggests a possibility that harmonizes much less well with neoclassical sensibilities: That altruism and caring labor are socially necessary in that they produce a public good (a well-behaved, productive next generation of workers, spouses, citizens and parents), but that the power and collective action of men may have led to a system of providing this public good that allows men to be free riders: A social construction of norms of caring that gets women to do more than their fair share, and political decisions to collectively provide little for those who do this work.

16 The policy issues are considered by England (1992); Folbre (1995); and Folbre and Weisskopf (1998).

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