



Cumbers, A. and McMaster, R. (2018) Social welfare and social control. In: Jo, T.-H., Chester, L. and Carlo, D.I. (eds.) *Routledge Handbook of Heterodox Economics: Theorizing, Analyzing and Transforming Capitalism*. Routledge: London and New York, pp. 499-512. ISBN 9781138899940

There may be differences between this version and the published version. You are advised to consult the publisher's version if you wish to cite from it.

This is an Accepted Manuscript of a book chapter published by Routledge in *Routledge Handbook of Heterodox Economics: Theorizing, Analyzing and Transforming Capitalism* on July 28 2017 , available online:

<https://www.routledge.com/The-Routledge-Handbook-of-Heterodox-Economics-Theorizing-Analyzing-and/Jo-Chester-DIppoliti/p/book/9780367356828>

<http://eprints.gla.ac.uk/245084/>

Deposited on 30 June 2021

Enlighten – Research publications by members of the University of Glasgow  
<http://eprints.gla.ac.uk>

[2<sup>nd</sup> draft, April 14, 2016] [A few missing references—for this see highlighted below]

## **Social Welfare and Social Control**

Andrew Cumbers and Robert McMaster

### **Introduction**

This chapter provides an illustration of the elements of what may be considered to be heterodox economic thinking on the nature of social welfare and social control, and the relationships between them. We assume that social welfare relates to a class of functions, such as education, economic security, health care, and housing, which are provided by, or associated with the welfare state in developed or high income capitalist economies.<sup>1</sup> This is not to say that the state necessarily delivers services in those areas, but is responsible for their provisioning, implying also some varying forms of financial commitment. Our description departs from the neoclassical economic interpretation of social welfare, which is largely delineated by welfare economics, following utilitarian and/or Paretian reasoning in attempting to establish and measure well-being (Mandler 1999). Heterodox economic approaches reject the philosophical basis of this notion of social welfare (Lawson 2006). Instead, according to Lawson, heterodoxy is concerned with the analysis of the social structures and processes that influence material well-being.

Notions of social control are problematic in individualist mainstream and neoclassical economics, given the limited conceptualizations of power, which tend to center on the notion of

market power. In contrast, heterodox economic schools of thought are closer to other social science disciplines in acknowledging the roles of specific institutions in establishing controlled, and to some degree predictable, patterns of behavior in society that serve the interests of certain groups or classes over others. The prominent institutions identified include markets, the legal system (including policing), religion, education, and the welfare state (Jessop 2002). It is the welfare state's potential function of social control in contemporary capitalist society that provides a source of controversy in some heterodox economic analyses. Studies in the Marxian tradition highlight the contradictions of the welfare state within capitalism: it represents an advance for the proletariat and the indigent in the form of protection from the inherent crises of capitalism and an extension of opportunity, and at the same time it acts to preserve and reproduce the underlying relations of capital (O'Connor [1973] 2002; Jessop 2002). Moreover, radical political economy and feminist economics refer to the potential for overt coercion and even violence as means of social control. Indeed, such a possibility is acknowledged in Kenneth Boulding's (1973) *The Economy of Love and Fear*.

We consider there are three fundamental propositions stemming from a heterodox economic analysis of social welfare and choice. First, the economy is a system of social provisioning. As Lee (2009: 8-9) states, social provisioning relates to "[t]he structure and use of resources, the structure and change of social wants, structure of production and the reproduction of the business enterprise, family, state, and other relevant institutions and organizations, and distribution." Lee's invocation of 'structure' and 'change' emphasizes the relationship between economies, power structures, cultural values, and hence ethical frames. Culture and power imbue social control. The economy as a social provisioning system is nested in wider society. Following this, the second proposition is of the socially embedded individual. Individuals inhabit

systems of institutions that simultaneously constrain, enable, and partly constitute the individual, and *vice versa*. This implies that individuals are to some degree malleable. Third, systems and institutions are subject to evolutionary change—that is, historical processes of change and development that are partly influenced by technological innovations. Therefore, evolution embodies: the existence of variation among a species or population; heredity or continuity, whereby individual characteristics are passed on to future generations through processes of social reproduction; and selection which, for example, influences the ability of an entity to survive and reproduce within their environment, and is influential on the durability of institutions and systems at other levels of socio-economic reality (Hodgson 2008). In short, historical and geographical contingencies matter.

Amidst the range of perspectives from heterodox economics, some parts of the literature privilege a particular proposition ahead of others. Radical political economy arguments following a Marxian orientation tend to emphasize dimensions of social provisioning to a greater degree than some social economic or institutionalist work. Some institutionalists have been critical of Marxian contributions as veering towards determinism, submerging the individual in a class analysis, and challenge Marxian interpretations of the welfare state (for example, Hodgson 2004). Nonetheless, while there are differences and areas of contestation, it is important to acknowledge that there are affinities and complementarities. This chapter identifies and illustrates some of these. The chapter demonstrates that the essential precepts of heterodox thinking generate extensive insights into the relations between the institutions of social welfare and social control. In illustrating our argument, we show how age is socially constructed and therefore possesses certain institutional properties. From a critical perspective, this is important for understanding classifications of dependency and the medicalization of what are ultimately

social problems. Through the generation of particular meanings, the social construction of age helps promote and protect the interests of certain classes over others.

The remainder of the chapter is set out as follows. The second section outlines and contrasts institutionalist references to social control through Veblen's ([1914] 2000) conceptualization of habit, the 'hidden persuader' (Hodgson 2003). The third section surveys a Marxian-oriented study of the welfare state in later capitalism, noting its inherent tensions and contradictions. We draw on the important work of O'Connor ([1973] 2002), Gough (1979), and Offe (1984)—and the so-called 'O'Goffe's Tale' (Klein 1993). The fourth section turns to our examples of age and medicalization, and discusses a social economic analysis of individual dignity. The final section of the chapter outlines the institutionalist notion of the instrumental valuation principle with a view to argue for an alternative framework of social welfare. The literature in these fields is vast, and the presentation is necessarily selective, but our aim is to illustrate the breadth of heterodox analysis and the synergies within this corpus of work.

## **Social control**

Marxian and radical contributions to understanding the nature of social control in capitalism are well known. Marxian scholars have long investigated how the state has supported the interests of capital in shaping class relations and establishing various institutions to ensure the reproduction of those relations (Jessop 2012). For instance, Marx's (1970) analysis of class established the notion of a social pyramid where the forces and relations of production were supported by a social superstructure, which through the aegis of the state, the legal system, and religion ensured the disciplinary apparatus necessary to reproduce the relations of production. Of course,

subsequent scholars have developed the notion of the social superstructure as a conduit of social control. Most notably, Gramsci's ([1971] 2007) conception of hegemony intimated a nuanced exercise of power through vehicles of coercion and active consent. There have been numerous substantial contributions within this tradition, including Lukes' (2005) development of power as capacity, which is not necessarily exercised.

Such ideas of social control are predicated on a reading of the individual as socially embedded. Lukes' (2005) nuanced argument that power is capacity resonates with institutionalist thinking that institutions—as social rule systems—may simultaneously constrain and enable individuals' frame of thought and behaviors. This may be traced to Veblen's reasoning that there are feedback effects between the individual (agent) and institution (structure)—institutions have the power to partially shape an individual's aspirations, preferences, beliefs, and capacities. By doing so, they potentially change that individual. However, institutional reproduction is reliant upon individuals who through either accident or design have the capacity to change rules. Specifically, rules and norms necessarily require individuals to interpret them. Indeed, the term 'reproduction' in evolutionary thinking is suggestive of some sort of change in contrast to 'replication,' which is not.

Veblen and other institutionalists drew from American pragmatist philosophy and instinct psychology (Twomey 1998; Hodgson 2013). Instinct psychology conceives the human mind as possessing a multi-layered structure—instinct, habit, and conscious deliberation. Instinct psychology therefore emphasizes the hierarchical nature of thought in creating knowledge. Instincts are inherited propensities and drives to behave in particular ways when subject to an assortment of triggers, such as emotions, urges, and/or reflexes. As such, instincts provide the platform for higher thinking.

Habits, unlike instincts, are learned. Like instincts, habits are propensities to behave in specific ways subject to cues or triggers, such as situations in which individuals find themselves. Importantly, habit, as a propensity to behave, need not be repetitive but may lie dormant for some time, and be triggered not only by some conditioned reflex but also by ‘conscious resolve’ (Hodgson 2003). Critically, habits, as learned dispositions arising from repeated actions or thoughts, are formed in particular institutional settings. They are predicated on our unique experiences of such institutions. Thus, institutions are embedded within us through acquired habits and at the same time are beyond us in that they exist independently of any particular individual.

Given this, there are two important dimensions to how institutions structure individual behavior. First, because rules have an established character in the sense that they are generally enduring and well recognized, they frame people’s behavior by encouraging people to act repeatedly in particular ways. Habit, then, is essential to following rules consistently; as a recurring way of acting it replaces the need to deliberate over the appropriate action each time new occasions call for some act (Twomey 1998; Hodgson 2003). In effect, as a repository of knowledge, habit possesses a powerful economizing characteristic. This is made possible by the fact that rules are typically accompanied by cues, such as ‘when in X do Y,’ which inform people when they apply.

Second, because rules create settled patterns of behavior, they create expectations about how individuals ought to act in various circumstances. If people do not act as expected, not only does this disrupt other individuals’ habitual behaviors, but it also calls into question an institution’s rules. There is the potential for an act to be perceived as illegitimate given the boundaries established by the rules. In other words, institutions establish right and wrong, good

and bad. Institutions therefore possess and convey specific arrays of values, and given the central role of habit in institutionalist theory; habits facilitate the absorption of values, and act as a conduit of those values. Habits are ‘the hidden persuaders’ (Hodgson 2003).

Veblen ([1899] 1994, [1904] 2005) argues that the institutional framework could encourage certain instinctive behavior and suppress others and by doing so prompt particular patterns of habits of thought, and therefore value systems. The crux of his analysis was that early twentieth century American capitalism, through ‘business enterprise’ favored the accumulation of wealth and conspicuous consumption. The basic drive was predatory: instinctive behavior associated with predation was privileged by simple pecuniary gain. Investment for profit dominated investment for technical efficiency. By contrast, engineers and industrialists are driven partly by the instincts of idle curiosity and workmanship, which manifest in the industrial process as a habitual search for “mechanical efficiency” (Veblen [1904] 2005: 15). In echoes of Marx’s analysis of the division of labor, values of standardization and precision came to be valued ahead of craftsmanship with the advent of mass production. There is also an interesting development of the categorization of exchange value over use value here. With the evolution of the business enterprise the pursuit of pecuniary rewards tends to dominate industrial concerns. With this Veblen demonstrates how institutional change reconfigures habits of thought and therefore the prevailing system of values over which way of doing things is acceptable.

More generally, some institutionalist work highlights the distinction between ceremonial and instrumental values: the so-called Veblenian dichotomy. The former represent those sets of values that are oriented in past ‘tribal legends’ that may encourage invidious distinctions between individuals on the basis of class, ethnicity, and gender: attitudes and conduct that may be associated with ‘master-servant’ relations. There is a clear affinity with Marxian accounts of

social control (O'Hara 2000). In contrast to ceremonial, instrumental values are technology (in the broadest sense) and problem-solving oriented and devoid of the mendaciousness potentially engendered by overly-ceremonial values.

Given this, instincts are prior to habit and habits are prior to beliefs (about right and wrong), and belief proceeds deliberation (Hodgson 2004). It is the inculcation of values through habits of thought within a particular institutional setting that is central to Veblenian institutionalist analysis. Nonetheless, institutions through habits do not completely 'brainwash': humans are not robots. Agency partially resides with the individual; control of an individual is only partial. Institutions are reproduced through individuals, and individuals are not necessarily passive vessels: they interpret, potentially resist, and through their actions and creativity have the capacity to change institutions. This sets institutionalist thought apart from more orthodox forms of Marxism, where the individual agency tends to be subsumed under the collective class interest.

### **The political economy of (the) social welfare (state)**

An institutional arrangement that may be a source of social control and conditioning is the welfare state. This issue vexed radical political scholars in the 1970s and 1980s (O'Connor [1973] 2002; Gough 1979; Offe 1984) and has to some degree sporadically continued to generate discussion (Fine 2002; Jessop 2002; Hill 2012), and critique (Klein 1995). Indeed, it was Klein (1995) who coined the term 'O'Goffe's Tale' in his attempt to aggregate these works and offer a common line of criticism.

O’Goffe’s Tale arguably provides a prescient explanation of the tensions in Western welfare state systems. For all three authors (O’Connor, Gough, and Offe), the welfare state contributes to the contradictory pressures in capitalism: the need for capital accumulation but also issues of social reproduction, and legitimization, which in the longer term undermine the foundations for accumulation. In short, capitalism is unsustainable without the welfare state, even although the latter is perceived to be the source of fiscal crisis.

O’Connor ([1973] 2002) is recognized as providing a functionalist explanation. For him, the state attempts to fulfill two contradictory functions: to create and maintain the conditions for capital accumulation, whilst simultaneously ensuring social harmony, that is, legitimization. Correspondingly, state welfare spending reflects those tensions. O’Connor identifies expenditure on ‘social capital’ and ‘social expenses.’ The former is directed to ensuring the generation of private profit and capital accumulation, and is composed of ‘social investment’ and ‘social consumption.’ Social investment relates to those activities aimed at increasing labor productivity, such as state financed industrial development sites and education. Social consumption consists of those projects aimed at reducing labor ‘reproduction costs,’ such as social insurance (O’Connor [1973] 2002). ‘Social expenses’ refer to those expenditures required for ‘social harmony,’ such as welfare payments to unemployed workers. In contrast to social capital, social expenses are not directed at labor productivity improvements, but serve as a legitimizing function of the state. O’Connor acknowledges that there is a degree of ambiguity between the two categories, and that state expenditure can serve the two functions simultaneously.

In his account, O’Connor ([1973] 2002) alludes to the socialization of the costs of what he terms ‘social capital’ and the privatization of its benefits. This has strong resonance with

Galbraith's (1967) thesis, and those of other institutionalists (for example, Kapp 1950; Dugger 1989). Again, such arguments have a remarkable prescience and relevance to the financial crisis of most Western governments and often depicted as 'socialism for the rich and capitalism for the poor' (see Cumbers 2012).

While there is agreement with much of the tenor of O'Connor's analysis, institutionalists and other radical political economists depart from his functionalism. Gough (1979), for example, explores the emergence of the welfare state in more evolutionary terms, acknowledging that it also represents a source of progressive reform that advances the entitlements of the poor through the expansion of education, social security, health care, and equal opportunities legislation. Similarly, Jessop's (2002) documenting of what he terms the post-war 'Keynesian National Welfare State' (KNWS) notes the extension in welfare rights, the emergence of a universalist narrative in state paternalism, as well as a means of demand management supporting Fordist mass production.

Since the 1980s, a 'Schumpeterian competition state' has evolved following the breakdown of the Keynesian consensus and the rise of neoliberalism. Jessop (2002) powerfully argues that this reorientation is typified by a repertoire that: subordinates social policy to economic policy; exerts downward pressure on 'social wages;' shifts from welfarist to workfarist modes, and exhibits a propensity to move from state intervention to correct for market failure to public-private partnerships, and/or some form of self-organization. Thus, the Schumpeterian state focuses on individual innovation in the supply-side, and economic policies should be tailored to promote the production of knowledge and entrepreneurship. Moreover, citizens' automatic rights to welfare benefits have been eroded (Navarro *et al.* 2004). For instance, welfare-to-work reforms typical in many Western countries, compel welfare benefit recipients to

enroll in (re)training programs in order to qualify for benefits, whilst the precariousness of employment has increased (Peck & Theodore 2000; Wisman 2013). This transformation in the welfare state has also been accompanied by growing disparities in the distribution of income and wealth as the state has been ‘captured’ by a (neoliberal) elite (Galbraith 2008; Varoufakis 2015), as the costs of the nefarious activities of the financial sector have been socialized (Crotty 2009). Thus, in short, the socialization of costs and the privatization of benefits generate a deficit between state expenditures and revenues. Moreover, there is a tendency for this to grow as state expenditures grow more rapidly than revenues, as the state is appropriated by powerful actors, such as corporations and the finance sector, and expenditure is skewed in their favor (John K. Galbraith 1967; O’Connor [1973] 2002; Glyn 2006; James K. Galbraith 2008).

These analyses conceive of the economy as a social provisioning process subject to endogenous evolutionary change in historical time. This is clearly evident in heterodox reasoning in apprehending the evolution in social welfare, such as charting the recent transfer of risk-bearing from the state to the individual. This reflects a broader transformative movement in the globalizing ‘knowledge economy,’ which has converted capitalist modes of production from Fordist mass production to Post-Fordist processes, where the latter is described in terms of increasing flexibility, especially of the labor force, and changes in transactions based on information and communications technologies (Harvey 2010). Accompanying this evolution in production is a segmentation of labor: some groups will experience job enrichment and multi-skilling, but for others it can entail de-skilling, low wages and indigence resulting from the outsourcing of tasks. The capture of the state and the welfare state by the elite has arguably served to extend social control as the welfare state is more obviously aligned to the promotion of particular interests. This potentially has an impact at an individual (as well as class) level, which

is arguably overlooked in some Marxian accounts where a class focus crowds out consideration of the individual (for a critique, see for example, Hodgson 2004).

Social economists have supplemented the heterodox literature in this area through an analysis of individual dignity conceiving of the economy as a social provisioning system and process. Figart (2007), for example, observes that the notion of social provisioning goes beyond the material, embodying emotional, social and interpersonal activities. This lends itself to contemplating the individual as profoundly socially embedded (Davis 2003), and seeks to address issues of individual living standards, poverty, and dignity.

The sense of self and the social aspect of the individual contribute to an individual's sense of dignity: dignity possesses personal and social qualities embodied in feelings of self-esteem and self-respect (Davis 2006). Self-esteem, associated with the personal aspect of dignity, arises from an individual's feelings and self-opinion. Self-respect, the social aspect of dignity, is a matter of how an individual believes that they are entitled to regard themselves in virtue of their membership of social groups and other bodies. Thus, dignity is similar to pride as an articulation of self-esteem. It is also an expression of the respect individuals feel towards themselves as human beings derived from personal and moral integrity that result from being a fully accepted community member possessing equal rights to any other individual. Given this, social economists describe humiliation as the undermining of dignity. Systematic humiliation, as an outcome of a system of institutions conveyed by, for example, habits, corrodes an individual's self-respect by discriminating against them by either denying them membership or diminishing their status (Davis 2006).

We demonstrate how social welfare conceived in a specific way as a form of social control potentially through habits of thought and narrative leads to the stigmatization of individuals and the individualization of social problems.

### **Age as dependency and the medicalization of social problems**

Conventional economic ‘wisdom’ in much of the mainstream and heterodoxy represents an ageing population as the demand-side source of increased expenditures on health care and social support, and therefore a source of dependency, unproductiveness, and a potential drag on the economy. As Dugger (1999) and Jackson (2001, 2006) argue, this is predicated on a simplistic association between ageing and state expenditures; reality is more nuanced. Dugger and Jackson offer important insights into the social construction of age. Physical ageing is a continuous process; yet the delineation between young and old is frequently founded on what can appear to be spurious and potentially insidious foundations.

Contemporary capitalism divides people’s life into various stages, principally, education, work, and retirement. These stages are socially constructed. For Jackson (2001) this process of periodization creates the basis for misplaced social attitudes towards the elderly, who are frequently perceived to be dependent on younger working age groups, even when they are physically and mentally capable and not in receipt of state benefits, such as health care. This further provides the basis for the promotion of a ‘depoliticized’ case that the welfare state requires to be constrained as the so-called ‘dependency ratio’ is set to rise. Thus, by exaggerating the economic impacts of ageing on state expenditures the notion of a perpetual fiscal crisis of the state is reinforced, and ideological choices disguised (Jackson 2001). In other words, through the

social construction of age-related dependency the state is able to exert social control over the agenda to shape the welfare state in particular ways. Of course, similar arguments are made regarding the unemployed and working-indigent.

From the perspective advanced here the foregoing carries implications for individual dignity. Dignity is associated with individual autonomy, responsibility, and freedom from stigma. From a social economics' position all welfare state benefits and services *should* be provided in a manner that at least preserves an individual's dignity and be without stigma. Indeed, the founding ideals of the KNWS are aligned to this: citizenship of a state entitles an individual to benefits, such that a person can feel that they are receiving benefits not as charity, but as a right. Yet with the transformation to the Schumpeterian competition state (Jessop 2002), risk is passed from the state to the individual: rights are eroded and the potential for stigmatization heightened.

Dugger (1999) presents an institutionalist analysis of ageing. For him, discrimination against older workers in United States (US) corporations is institutionalized through premature retirement, which conveys status loss on these individuals through commonly held perspectives of dependency. However, the ageing process is complex, with a socially constructed constituent as well as a biological one. Individuals do not choose to grow old.

The twentieth century human lifespan has steadily increased, with infectious diseases being overhauled by diseases associated with wealth, such as over-consumption. Ageing may therefore be delineated between: intrinsic ageing—life course as determined by an organism's internal constitution, and extrinsic ageing—external influences that lead to a departure from intrinsic influences. This makes the relationship between ageing and illness complex and not reducible to biological factors: the social has a considerable role (Dugger 1999; Jackson 2001).

Jackson (2001) claims that there are grounds to query any simple association between age and illness. Importantly, age related physical decline is strongly related to social factors, such as indigence. The importance of poverty and consumption patterns on health status is well recognized. With adjustments in diet, lifestyle, and preventative screening a concentrated morbidity pattern may emerge at the end of an individual's life. Hence, reduced morbidity rates would act to further attenuate the presumed impact of population ageing on medical expenditure (Jackson 2001).

In his analysis of the 'consumer society,' Galbraith (1973) observes that modern illnesses are a consequence of over-consumption, and the stresses of endeavoring to increase income and wealth arising partly from the pressure of emulation and expectation and seeking economic security. Galbraith (1973) argues that with the increasing demands of working arrangements and consumption patterns, which necessitated the enlistment of women into full-time working, the emphasis in domestic life became one of convenience, given the transformation of traditional female roles. This was portrayed as the emancipation of women who were generally believed to possess greater economic autonomy, despite the wage discrimination that persists against women. The evolution of capitalist work conditions prompted the rise of the 'TV dinner,' and the agri-corporation. Agricultural production has become dominated by large corporations that attempt to increase their profit partly through the manipulation of price along the supply-chain, and in the production of high fat, sugar and salt long-lived convenience products. Accordingly, the incidence of diet-related morbidity in the form of obesity-induced heart disease and diabetes, for example, has accelerated alarmingly. In spite of this knowledge, the corporate domination of food production remains largely unchecked, although recent resistance to the incursion of genetically-modified food production in much of the EU and an emergent alternative sustainable

food discourse (Crossan *et al.* 2016) may be indicative of some rethinking of the dominant production mode. Nonetheless, changing diets in India and China favoring the increased consumption of meat, and the persistence of mass agricultural production may suggest otherwise.

The domination of large-scale corporate production extends to medicine (Filc 2014). The Marxian-informed literature identifies three typical (but not exhaustive) modes of production in medicine: home, ‘petty commodity,’ and ‘monopoly-capitalist’ (Navarro 1983). Home production is only provided for family members. The petty commodity mode of production refers to the situation where an individual’s medical skills can be sold, and hence commodified, as a means of livelihood. ‘Monopoly-capitalist’ refers to both the private sector employment of salaried staff and the production of commodified care as well as state provision that offers a range of services that may be subsidized through taxation and partly provided on a commodity basis. Such categories assist in identifying the commonalities across medical provision in contemporary society in that, with the exception of home production, they involve: a carer-patient relationship, which has become more distinct with the commodification of medical services engendered by a ‘hegemonic struggle’ in institutions leading to increased recourse to markets (Filc 2014). For some Marxians, all medical activities involve some reference to the market, whether it is the pursuit of medical training to gain employment, or the supply of pharmaceuticals and equipment, or increasing consumerism (Han 2002). In this type of analysis there is appreciation of the tendency of medical providers to medicalize disease and illness whilst relegating pertinent social factors (Doyal with Pennell 1979; Singer 2004).

The process of defining disease and illness is to some extent socially constructed in that it rests with a professional medical practitioner who is likely to be influenced by the biomedical paradigm. This approach assumes that illnesses and disease are only a consequence of a

distortion, or malfunction of the biological process (Wade & Halligan 2004). Health is, therefore, functionally described in terms of freedom from disease. Moreover, the way the biomedical approach tends to define 'illness' is the most subjective element as it relates to how the individual feels, and therefore clearly refers to the person. 'Disease' follows from pathology and is attributed to science and objectivity. However, there are grounds for challenging the 'objectivity' of diagnosis (Wade & Halligan 2004).

Following the pioneering work of Frankenberg (1980), the process of diagnosis may be conceived as three phases: the first, 'the making of disease' is the physician's assemblage of available evidence. The operation is subject to potentially significant inaccuracies, for example, there is extensive interpretation involved, which may be subject to the underlying dispositions of particular medics (Groopman 2007). The second, 'the making individual of diseases,' refers to the influence exerted by the physician, using their position of authority, to persuade the patient to accept the biomedical reading of their condition. Finally, the third phase, 'the making social of disease' refers to the effect of the power relations of the first two processes in ensuring the superiority of a biomedical approach to illness and disease. This for critics of the biomedical approach underpins its reductionist and exclusionist properties in, at worst, denying a social dimension to disease, or, at best, relegating it (Syme 2007). For example, if an individual experiencing job-related stress consults their physician, the symptoms may be manifest in a host of ways (Groopman 2007). The physician, following the biomedical approach, could, for example, prescribe sedatives. As opposed to addressing the causes of the individual's condition the physician's action merely masks the symptoms. In this way the physician's actions are not neutral (Doyal with Pennell 1979). For Singer (2004: 15), this "involves clinical acts of privatization, with diagnosis and intervention focused at the individual level, whatever the social

origin of the disease in question.” By masking the symptoms from a narrowly based diagnostic framework, a physician may inadvertently reinforce existing patterns of social relations.

Social control, then, can be seen to operate in complex and subtle ways. The configuration of ageing, the corporate control of food supplies, and the medicalization of illness and disease, combine in different ways to influence habits of thought, and therefore establish what is legitimate and what is not. The social construction of age creates a notion of dependency that potentially stigmatizes a particular group, and therefore may shape the narrative around the fiscal crisis of the state. The supply and content of food has contributed to the evolution of disease, which, combined with the practice of the medicalization of social problems, acts as a further route of social control. The social is relegated in a process of shifting responsibility and risk to the individual. This is not necessarily replicated in medical provision, but here some heterodox studies signal the perhaps unintended consequence of the dominance of biomedicine in that, by relegating the social aspects of disease and illness, medical professionals (inadvertently) facilitate the enablement of the reproduction of existing power relations. Of course, the expansion of universal medical provision through many advanced industrialized economies may be nested in the overarching evolution of the welfare state, especially the emergence of the KNWS, as a progressive development for the poor and the working class, more generally. Therefore, medicine is not immune to the tensions and contradictions highlighted in many heterodox economic analyses of social welfare. What heterodox studies indicate is that professional medicine, through its position of authority, has the potential to instill a set of relations and actions that augments an agenda of social control thereby perpetuating a particular form of social reproduction. In doing so, it highlights the potentially significant role of specialized or expert knowledge in social welfare and social control.

## **An alternative framing of welfare? The instrumental valuation principle**

Drawing from the pragmatist philosophy of Dewey, and Veblen's notion of progressive institutional change, Tool (1993, 1995) is among those institutionalists advocating the instrumental valuation principle (IVP) (Cumbers & McMaster 2010). Tool outlines the IVP as: "Do or choose that which provides for the *continuity* of human life and the *non-invidious* re-creation of community through the *instrumental use* of knowledge" (1995: 23, emphasis added).

In his approach, Dewey described 'instrumentalism' in terms of the continuum between means and ends; more specifically, how thought functions in influencing subsequent actions (Tool 1993). Tool further interprets this as a technological continuum—a 'tool and idea' combination in the pursuit of greater understanding. Indeed, such thinking is found in Marx and Veblen in their analysis of the shaping of production—the mode of production—by science and technology, and therefore on the social relations of production.

The IVP embodies three inter-related and mutually supporting conceptual elements: continuity, non-invidiousness, and the instrumental use of knowledge (Samuels 1995; Tool 1995; Bush & Tool 2003). The first element concerns the necessary conditions for continuity, which may include fiscal arrangements that promote and maintain human rights. Thus, given O'Goffe's Tale, and O'Connor's notion of the fiscal crisis of the state, decision-making framed by the IVP places an explicit normative emphasis on arrangements that ensure the protection of rights. Therefore, the transformation to the Schumpeterian competition state, and recent austerity may be viewed as contrary to the IVP.

The second element, non-invidious discrimination, draws from Veblen's analysis of the distinctions between classes of institutions, and Tool's invocation of a 'Veblenian dichotomy.' The latter distinguishes between instrumental judgments—those concerning the application of warranted knowledge—and ceremonial judgments—reflecting deference to custom, tradition, or established power structures. Evaluations based on a 'Veblenian dichotomy' may be invidious as they potentially discriminate individuals or classes of individual on the basis of race, ethnicity, gender, indigence, religion, age, and so forth, and therefore attach a 'value' to a person, which may not enhance that person's dignity. Accordingly, the instrumental use of knowledge avoids ceremonial evaluation criteria.

Third, the IVP is an evolving patterned *framework* for discourse and policy analysis, which embodies pluralistic values acknowledging diverse and competing forms of knowledge (Samuels 1995, 1998). It is not absolute, but it does endeavor to furnish conceptual criteria for the enhancement of just process and hence consequence in that it is disparaging of 'invidious' inequalities, and it seeks empowerment of the individual through democratic participation. It does not imply a particular pattern of ownership or governance, and, on this basis, institutionalists are resistant to those value systems that are locked into specific institutional arrangements regardless of historical and geographical contingencies. For example, Dugger (1995) is typical in asserting that 'ism-ideologies' are frequently employed to defend existing hierarchies and power structures, and detract from the potential of inquiry to address social problems. Instead, the IVP is claimed to furnish *criteria* for the selection of alternative institutional structures: regardless of ownership the promotion of individual empowerment remains central to the IVP. It demonstrates a clear association between scientific inquiry and social well-being, with institutions evaluated on the basis of the instrumental use of knowledge.

For Dewey, intelligence is an instrument for the advancement of social well-being (Samuels 1995). Hence, institutional change *should* be governed by intelligent action guided by desired future consequences of that action (ends-in-view), and that this should be facilitated by widespread participation in decision-making processes that reflect the pluralism of society, and ensure the human rights and dignity of the individual (Cumbers & McMaster 2010).

Bush & Tool (2003) attempt to show the power of the IVP through differently configured exercises of authority in capital-labor relations. Employment contracts typically exhibit elements of both ceremonial and instrumental valuation. Thus, for example, if a ‘superior’ directs a ‘subordinate’ to a task, even if it is erratic, the subordinate may have little choice but to comply with the instruction, given the underlying power relation. For Bush and Tool the authority legitimizing the ‘superior’s’ instruction is founded in a ceremonially warranted invidious distinction redolent of the ‘master-servant’ relation. Yet a superior may offer instruction to a subordinate, again by virtue of position, but also on the basis of the former’s experience and skills, and as a means of transferring knowledge enabling the employee the opportunity to acquire additional capabilities. This latter case represents Dewey’s instrumental use of knowledge, and therefore corresponds with the IVP (Bush & Tool 2003). Thus, within the archetypical capitalist production relation, there is likely to be some potential for the elements of the IVP. Yet, this is undermined by the insidious nature of ceremonial hierarchies prevalent in capitalist systems that stymie the exercise of a lack of participation in decision-making.

While the IVP may hold some appeal for heterodox economists, generally, it is ambiguous and sensitive to definitional issues. For instance, the basis of judgment is unclear. Moreover, whose judgment counts? Klein (1995) notes various judgmental criteria from Veblen’s ‘enhancing human life,’ to Tool’s Veblenian invidious-non-invidious distinction. There

are ambiguities in the term ‘non-invidious.’ As Klein observes, for Hayek this could mean avoidance of ‘serfdom,’ for Marx a classless society, and for some contemporary economists the ‘freeing’ of the market. It seems that some form of hierarchy is inevitable; yet this must be tempered by a toleration of pluralism in competing knowledge claims, and ensure adequate avenues for deliberation.

Perhaps such ambiguity is inevitable given that the principle refers to a process of valuation: value emerges following inquiry and discourse. Inquiry is framed by notions of ‘reasonableness,’ which Samuels (1995) contends are guided by Veblen’s notion of progressive change. Arguably, social economists’ stress individual dignity may augment the IVP, and ensure the safeguarding of basic economic and social rights. Davis (2006: 81), for example, argues that “[m]aking human dignity a central value of socio-economic policy, then, means changing social institutions to eliminate humiliating institutions.”<sup>2</sup>

Our IVP framework represents a radically challenging narrative and value frame to the power relations at work within mainstream welfare approaches which act as social control mechanisms to reproduce the status quo. The elimination of the basis of invidious distinctions suggests a rather different institutional array to that observed in many Western economies. On this basis there is a strong normative case for universal benefits as a means of social solidarity against invidious social comparisons that can engender stigmatization of individuals and certain groups. For instance, many heterodox economists have advocated a basic income funded by the state, where all citizens qualify for an income level that ensures freedom from indigence and that they receive regardless of their working income (Glyn 2006) as a tool in combatting poverty and offering people greater flexibility in their working arrangements, *inter alia*. Such an approach

could lead to the abolition of the state pension (and other forms of welfare payments), and hence removes the explicit economic institutions signaling dependency.

More conceptually, heterodox economic analyses of social welfare and social control highlight the importance of the socially embedded individual: we are always mutually dependent and equally deserving of dignity. This has some resonance with the likes of Sen (2009) who argues that there may be a lack of consensus about what constitutes social justice or the goals of a society, but by removing sources of injustice considerable progress may be made. For us, the framing effects of the IVP offer a powerful means of advancing this agenda. The process may involve a radical institutional reconfiguration of what may be taken to be the welfare state (especially the Schumpeterian competition state), where the last three decades have witnessed the steady transfer of risk to the individual. We do not advocate a complete return to the KNWS in the sense of its hierarchical and potentially overly paternalistic approach to social welfare. Rather, we wish to promote the universalism that featured as a key objective in the KNWS, and consider that a basic income is a means of progressing this agenda but in a way that also offers a certain liberation and empowerment of the individual. A basic income is no panacea, but it does offer the prospect of a simplified universalism, and a means of enhancing individual dignity. Moreover, as a potential approach in addressing issues associated with indigence, a basic income may also act as a counterweight to the tendency to medicalize social problems, which we alluded to above. Yet there are critical questions: what would be the geographical coverage of such a system of welfare? If the basic income is a necessary, but insufficient means of promoting welfare and justice, what are its necessary conditions? In our view, heterodox economists need to investigate these issues as a matter of urgency.

References [book chapters need pages numbers in the book; see highlighted below]

- Boulding, K.E. 1973. *The Economy of Love and Fear: A Preface to Grants Economics.*: Belmont, CA: Wadsworth.
- Bush, P.D. & Tool, M.R. (eds) 2003. *Institutional Analysis and Economic Policy*. Boston: Kluwer Academic Press.
- Crossan, J., Cumbers, A., McMaster, R., & Shaw, D. 2016 (forthcoming). 'Contesting neoliberal urbanism in Glasgow's community gardens: the practice of DIY citizenship.' *Antipode*.
- Crotty, J. 2009. 'Structural causes of the global financial crisis: a critical assessment of the 'New Financial Architecture'.' *Cambridge Journal of Economics*, 33 (4): 563-580.
- Cumbers, A. 2012. *Reclaiming Public Ownership: Making Space for Economic Democracy*. London: Zed Books.
- Cumbers, A. & McMaster, R. 2010. 'Socialism, knowledge, the instrumental valuation principle, and the enhancement of individual dignity.' *Economy and Society*, 39 (2): 247-270.
- Davis, J.B. 2006. 'The normative significance of the individual in economics: freedom, dignity, and human rights,' in: B.J. Clary, W. Dolfsma, & D.M. Figart (eds), *Ethics and the Market: Insights From Social Economics*. London: Routledge, page numbers.
- Doyal, L. with Pennell, I. 1979. *The Political Economy of Health*. London: Pluto Press.
- Dugger, W.M. (ed) 1989. *Radical Institutionalism*. Westport, CT: Greenwood Press.

- Dugger, W.M. 1995 'Beyond technology to democracy: the Tool legacy,' in: C.M.A. Clark (ed.), *Institutional Economics and the Theory of Social Value: Essays in Honor of Marc R. Tool*. Norwell, MA: Kluwer, page numbers.
- Dugger, W.M. 1999. 'Old age is an institution.' *Review of Social Economy*, 57 (1): 84-98.
- Figart, D.M. 2007. 'Social responsibility for living standards.' *Review of Social Economy*, 65 (4): 391-405.
- Filc, D. 2014. 'The role of civil society in health care reforms: an arena for hegemonic struggles.' *Social Science and Medicine*, 123 (December): 168-173.
- Fine, B. 2002. *The World of Consumption: The Material and Cultural Revisited*, 2<sup>nd</sup> edn. London: Routledge.
- Frankenberg, R. 1980. 'Medical anthropology and development: a theoretical perspective.' *Social Science and Medicine*, 14B: 197-202.
- Galbraith, John K. 1967. *The New Industrial State*. Harmondsworth, UK: Penguin.
- Galbraith, John K. 1973. *Economics and the Public Purpose*. Harmondsworth: Penguin.
- Galbraith, James K. 2008. *The Predator State: How Conservatives Abandoned the Free Market and Why Liberals Should Too*. New York: Free Press.
- Glyn, A. 2006. *Capitalism Unleashed: Finance, Globalization, and Welfare*. Oxford: Oxford University Press.
- Gough, I. 1979. *The Political Economy of the Welfare State*. London: Macmillan.
- Gramsci, A. [1971] 2007. *Prison Notebooks*, translated and edited by A. Buttigieg. New York: Columbia University Press.
- Groopman, J. 2007. *How Doctors Think*. Boston: Houghton Mifflin.

- Han, G.-S. 2002. 'The myth of medical pluralism: a critical realist perspective.' *Sociological Research Online*, 6 (4). Available from <http://www.socresonline.org.uk/6/4/han.html>  
[Accessed April 14, 2016]
- Harvey, D. 2010. *The Enigma of Capital and the Crises of Capitalism*. London: Profile Books.
- Hill, M. 2012. 'Re-reviews: *The Political Economy of the Welfare State* by Ian Gough.' *Social Policy and Administration*, 46 (5): 582-587.
- Hodgson, G.M. 2003. 'The hidden persuaders: institutions and individuals in economic theory.' *Cambridge Journal of Economics*, 27 (2): 159-175.
- Hodgson, G.M. 2008. 'How Veblen generalized Darwinism.' *Journal of Economic Issues*, 42 (2): 399-405.
- Hodgson, G.M. 2013. *From Pleasure Machines to Moral Communities: An Evolutionary Economics Without Homo Economicus*. Chicago: University of Chicago Press.
- Jackson, W. 2001. 'Age, health and medical expenditure,' in: J.B. Davis (ed), *The Social Economics of Health Care*. London: Routledge.
- Jessop, B. 2002. *The Future of the Capitalist State*. Cambridge, UK: Polity Press.
- Jessop, B. 2012. 'The state,' in: B. Fine, A. Saad-Filho, & M. Boffo (eds), *The Elgar Companion to Marxist Economics*. Cheltenham, UK: Edward Elgar.
- Kapp, K.W. 1950. *The Social Costs of Private Enterprise*. Cambridge, MA: Harvard University Press.
- Klein, P.A. 1995. 'Instrumental valuation in a democratic society,' in: C.M.A. Clark (ed.), *Institutional Economics and the Theory of Social Value: Essays in Honor of Marc R. Tool*. Norwell, MA: Kluwer.

- Lawson, T. 2006. 'The nature of heterodox economics.' *Cambridge Journal of Economics*, 30 (4): 483-505.
- Lee, F.S. 2009. *A History of Heterodox Economics: Challenging the Mainstream in the Twentieth Century*. London: Routledge.
- Lukes, S. 2005. *Power: A Radical View*, 2<sup>nd</sup> edn. London: Palgrave Macmillan.
- Mandler, M. 1999. *Dilemmas in Economic Theory: Persisting Foundational Problems of Microeconomics*. Oxford: Oxford University Press.
- Marx, K. 1970. *A Contribution to the Critique of Political Economy*. Moscow: Progress Publishers.
- Navarro, V. 1983. 'Radicalism, Marxism, and medicine.' *International Journal of Health Services*, 13 (2): 179-202
- Navarro, V., Barrell, C., Benach, J., Muntaner, C., Quirog, A., Rodriguez-Sanz, M., Vergés, N., Gumá, J., & Pasarin, M. I. 2004. 'The importance of the political and social in explaining mortality differentials among the countries of the OECD, 1950-1998,' in: V. Navarro (ed.), *The Political and Social Contexts of Health*. Amityville, NY: Baywood, page numbers.
- O'Connor, J. [1973] 2002. *The Fiscal Crisis of the State*, updated edn. New Brunswick, NJ: Transaction Publishers.
- O'Hara, P.A. 2000. *Marx, Veblen and Contemporary Institutional Political Economy*. Cheltenham, UK: Edward Elgar.
- Samuels, W.J. 1995. 'The instrumentalist value principle and its role,' in: C.M.A. Clark (ed.), *Institutional Economics and the Theory of Social Value: Essays in Honor of Marc R. Tool*. Norwell, MA: Kluwer, page numbers.

- Samuels, W.J. 1998. 'The historical quest for principles of valuation,' *in*: S. Fayazmanesh & M.R. Tool (eds.), *Institutionalist Method and Value: Essays in Honour of Paul Dale Bush*. Cheltenham, UK: Edward Elgar, page numbers.
- Sen, A. 2009. *The Idea of Justice*. Cambridge, MA: Belknap Press of Harvard University Press.
- Singer, M. 2004. 'The social origins and expressions of illness.' *British Medical Bulletin*, 69 (1): 9-19.
- Syme, S.L. 2007. 'The prevention of disease and promotion of health: the need for a new approach.' *European Journal of Public Health*, 17 (4): 329-333.
- Tonelli, M.R. 1998. 'The philosophical limitations of evidence-based medicine.' *Academic Medicine*, 73 (12): 1234-1240.
- Tool, M.R. 1993. 'The theory of instrumental value: extensions, clarifications,' *in*: M.R. Tool (ed.), *Institutional Economics: Theory, Method, Policy*. Dordrecht, NL: Kluwer.
- Tool, M.R. 1995. *Pricing, Valuation and Systems: Essays in Neoinstitutional Economics*. Cheltenham, UK: Edward Elgar.
- Twomey, P. 1998. 'Reviving Veblenian economic psychology.' *Cambridge Journal of Economics*, 22 (4): 433-448.
- Varoufakis, Y. 2015. *The Global Minotaur: America, Europe, and the Future of the Global Economy*. London: Zed Books.
- Veblen, T.B. [1899] 1994. *The Theory of the Leisure Class*. London: Penguin.
- Veblen, T.B. [1914] 2000. *The Instinct of Workmanship and the State of the Industrial Arts.*: Whitefish, MN: Kessinger Publishing.
- Veblen, T.B. [1904] 2005. *The Theory of Business Enterprise*. New Brunswick, NJ: Transaction.

Wade, D.T. & Halligan, P.W. 2004. 'Do biomedical models of illness make for good healthcare systems?' *British Medical Journal*, 329 (7479): 1398-1401.

## Notes

---

<sup>1</sup> While recognizing the welfare state also exists in lower income and less developed countries, our analysis here addresses the advanced welfare state found most extensively in the wealthier high-income capitalist economies of North America and Western Europe.

<sup>2</sup> By humiliating we refer to those institutions that are a source of stigmatization and engender feelings of shame.