

# Inclusion in Asset Building: Research and Policy Symposium

## Assets in The Context of Welfare Theory: A Developmentalist Interpretation

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Since the publication of Michael Sherraden's *Assets and the Poor* about ten years ago (Sherraden, 1991), interest in asset programs and their contribution to social policy has increased significantly. These programs have been widely discussed in the academic literature; large foundations have supported research and demonstration projects in the field; and legislative initiatives have fostered their wider implementation. In addition, variations on the asset approach have emerged to extend the original asset development idea both in this country and abroad (Ackerman & Alstott, 1999; Nissan & Le Grand, 2000).

Although these developments represent a remarkable innovation in social policy, discussions about assets have been primarily concerned with technical matters and relatively little attention has been paid to their wider theoretical implications. Sherraden did devote a chapter to theoretical issues in *Assets and the Poor*, but he noted that more work was needed to give the asset approach a sound conceptual grounding. Unfortunately, there has been little subsequent discussion on how assets fit into broader systems of theoretical social policy analysis, or how they reflect the normative preferences inherent in welfare theories.

While a preoccupation with the practicalities of program design, implementation and outcomes often results in an understandable neglect of theoretical considerations, theory plays a vital role in social welfare and should not be disregarded. A consideration of theory is not merely an academic exercise but an important component of effective social policy formulation and implementation. Theory is important for programmatic purposes because it frames particular social programs such as assets within a wider social, economic, cultural and political context. By conceptualizing these complex realities, it facilitates an understanding of the way specific programs relate to this context. Complex realities are thus more readily comprehended and can be made more manageable. Theory also permits a more effective assessment of the social and economic impact of these programs, and facilitates an appreciation of the way social programs can be linked to broader agendas. It enhances understanding of how social programs reflect deeper values and ideological beliefs. By situating these programs within the context of normative theory, social policy advocates are better prepared to respond to the ideological challenges of their critics.

An appreciation of theoretical issues also reveals that particular social programs can be linked to different normative orientations to give expression to very different objectives. For example, asset accounts may be viewed quite differently by policy makers of different ideological inclinations. While those on the right may see assets as an effective tool for promoting self-reliance, those on the left may view them as a means of redistributing resources. An understanding of how a particular social program, such as assets, is related to ideological agendas is, therefore, important if its potential use is to be fully comprehended. Indeed, it is only possible to properly understand the full implications of social programs such as assets for issues of welfare, progress, social justice and social solidarity when they are incorporated into broader systems of normative theory.

As was noted earlier, the normative implications of the asset approach have not been adequately dissected nor linked to wider ideological debates in social policy. Indeed, discussions about assets have been ideologically muted. They have not generated the same degree of fervor as have debates about welfare and social security. It may be claimed that asset programs are

ideologically neutral and, in fact, it seems that asset programs have been met with benign approval from those on the right as well as the left of the political spectrum. For this reason, some may argue that there is no need to link assets to normative preferences. Asset programs are concerned with practical issues of human welfare and should not be sullied by ideological controversy.

While this may be an appealing argument, it is an inescapable fact that social policies and programs invoke values and ideological convictions. They are invariably linked to beliefs about what is good and bad and right and wrong, and they are evaluated in terms of these criteria. This is true of even the most pragmatic social policy proposals. An understanding of ideologies and the way they find expression in contemporary normative theories of social welfare helps to clarify preferences and explain the way ostensibly pragmatic proposals reveal deeper beliefs about how human affairs should be organized.

This chapter seeks to contribute to a broader understanding of asset programs by linking them to the normative perspectives of contemporary social welfare theory. These normative perspectives have been formulated by academics and social policy analysts at universities, research institutes and policy centers in an attempt to capture and interpret, at a conception level, the complexities of current social welfare realities. Although they invoke ideological preferences, these preferences are subsumed under the abstract formulations of normative theory. They reflect diverse beliefs about the role of government, the market, individual responsibility and other institutions in social welfare. While some of these normative perspectives have been adequately documented in the literature, others are less well known. Nevertheless, they challenge previously accepted social policy models and offer conceptually compelling opportunities for redirecting social policy thinking today.

## INSTITUTIONALISM AND THE EXPANSION OF STATE WELFARE

A century years ago, governments played a relatively small role in social welfare. It was generally believed that individuals and their families were responsible for their own well-being and, if unable to cope, relatives, friends, neighbors, churches and charities were expected to help. It was accepted that government aid should be provided as a last resort and should be limited, meager and given only to those who were unable to work. Many approved of this austere public welfare system, believing that government social programs would encourage indolence and irresponsibility. These attitudes were widespread not only in the United States but in Europe and other parts of the world as well.

However, by the end of the 19th century, efforts to expand government involvement in social welfare were already well underway. In Europe, the labor movement and liberal and socialist political parties urged the expansion of state social welfare provision. In the United States, the federal government was already providing pensions to large numbers of Civil War veterans, and many states had constructed residential institutions to house the mentally ill, orphaned children, the destitute elderly and others in need (Herrick, 2000). Public bodies to regulate the charities and residential welfare institutions had also been established, and government policies to regulate working conditions and protect those who were vulnerable to economic exploitation were being implemented.

These activities laid the foundation for the substantial expansion of state involvement in social welfare which took place during most of the 20th century. In most of Europe, North America and other industrial nations, governments involvement in health care, education, income security, housing and community and family social services expanded rapidly. Despite vocal opposition from traditionalists, the business community and parties of the political right, the statist 'tide' which crested with the institutionalization of the so-called 'welfare state' in the middle decades of the century seemed irreversible.

Academics who have researched the rapid expansion of government involvement in social welfare during the 20th century have offered numerous explanations for this trend. In addition, some have provided conceptual models which are less concerned with explanation than with characterization. Of these, the residual versus institutional model formulated by Harold Wilensky and Charles Lebeaux (1965) and Richard Titmuss (1974) has been widely cited. Although this model was intended to serve as a classificatory device, it also had the implicit normative purpose of declaring the superiority of the institutional over the residual approach.

In the normative sense, the residual model posits that government social welfare institutions should only come into effect when individual effort, family support, the market and non-formal welfare systems fail to meet human need. Residualism requires that state provisions should be conditional, targeted and limited. On the other hand, the institutional model proposes that government social programs be universal, generous and, in short, be 'institutionalized' in the cultural fabric of modern societies.

Titmuss (1958, 1968, 1971, 1974) was the most eloquent and persuasive proponent of the institutional conception of social welfare. He elevated social welfare debates to a moral level, stressing their role in motivating altruistic sentiments and creating a just and caring society. He also believed that the economic and social welfare domains should be separated. While economic goods should be bought and sold on the market, social welfare should be provided through collective mechanisms. For Titmuss and other social democratic thinkers of the time, this meant the state. Titmuss believed that the state is the most effective collective institution for the provision of social welfare in complex industrial societies. The state represents its citizens and gives expression to their collective desires to care for each other. The state is thus the arena in which altruism find expression. Echoing Durkheim, he argued that government social programs increase reciprocity and, because of their redistributive consequences, create a more equal and solidaristic society. Titmuss's ideas were well received and for many, his writings provided a credible normative rationale for state welfarism.

Titmuss's institutionalism also drew on the work of T. H. Marshall (1950) whose conception of social rights also offered a popular legitimation of state welfarism. Marshall argued that the historical struggle for civil and political rights had culminated in the 20th century with the acceptance of the principle that citizenship also required social rights. People who are in poverty, ill-health, inadequately fed, poorly educated and badly housed cannot be regarded as citizens in the proper sense of the term. The state should, therefore, ensure that all citizens have rights to an adequate income, health care, education, housing and other social goods. It must establish these rights in law and create mechanisms that guarantee their implementation. This

involves the provision of extensive social programs and the institutionalization of state responsibility for social welfare.

Midgley (2000) believes that institutionalism dominated social policy in Europe, North America and elsewhere during the middle decades of the last century. Coupled with the adoption of Keynesian economic policies, environmental planning and other forms of interventionism, it legitimated the expansion of social programs and the rapid increases in public expenditures these programs required. It permeated academic thinking about social policy, exerted a powerful influence on social policy makers and administrators, created what has been derided as an 'entitlement culture' and spurred activist organizations concerned with promoting the welfare rights of poor people. It also facilitated a political consensus on state welfare during the post war decades which was only successfully challenged in the 1970s, and finally dissolved in the 1980s.

As a result of high unemployment, stagnating incomes, and other economic difficulties in the 1970s, many voters were persuaded by the claims of radical right wing politicians such as Mr. Reagan and Mrs. Thatcher who attributed these difficulties to excessive government spending and an overly generous welfare system. Middle class disillusionment with political protest and strikes fostered a swing to the radical right which promised a return to stability and traditional values. By the end of the 1980s, it was clear that the dominance of the institutionalist approach had been effectively challenged. The election of a Democratic President in the United States in 1992 and the return to office of social democratic parties in many European nations during the 1990s did not resurrect institutionalism. Despite the efforts of scholars such as Theda Skocpol and her colleagues (1995) to formulate a revitalized version of institutionalism, many social policy experts believe that it has now run its course and no longer serves as a useful social welfare paradigm.

### THE NEW PLURALISM AND ITS REFORMULATIONS

Although scholars dispute the extent to which the Reagan counterrevolution actually resulted in the retrenchment of state welfare, most agree that institutionalism has been fatally debilitated and replaced by a new disposition in social policy inspired by what is variously described as neo-liberal, neo-conservative or radical right thought. This approach emphasizes far greater individual and family responsibility for social welfare and stresses privatization, contracting out of services and a greater role for religious, voluntary and commercial providers. It advocates more devolution and an enhanced focus on local decision making in social policy. The new disposition also requires greater cost containment and budgetary control over social expenditures.

Various attempts have been made to conceptualize this new disposition. Some scholars have emphasized its residual features contending that government social programs have been emaciated as a result of a concerted attack on the welfare consensus by the radical right (Abramovitz, 1992; Fabricant and Burghardt, 1992; Piven and Cloward, 1982). Others believe that the post-institutional era is characterized by an almost atavistic recapitulation of the Poor Laws. They stress the punitive elements in contemporary welfare pluralism contending that welfare programs now function primarily as a mechanism for social control; the welfare state,

they believe, has been replaced by a coercive 'workfare' or 'disciplinary' state (Davey, 1995; Jessop, 1994; Jones and Novak, 1999).

While recognizing the retrenchments that have taken place, particularly in social assistance, others contend that recent policy developments are hardly indicative of a return to Poor Law residualism. For example, they point to the survival of key institutional programs such as social security and the introduction of new programs which utilize the tax system and employer mandates for social purposes (Herrick and Midgley, 2001). Similarly, some scholars have observed that public expenditures on social welfare remain high in most industrial nations, and that far from being passive, the state actively fosters privatization and the contracting out of services (Gilbert and Gilbert, 1989; Gilbert, 2000).

For these reasons, the post-institutional disposition may best be characterized as a new form of pluralism that has halted the apparently inexorable expansion of state welfare and, at the same time, found an equilibrium that rejects the totalizing intentions of institutionalism as well as the insensitivity of residualist thinking. This interpretation offers a plausible interpretation of the complex developments which have taken in social policy since the 1980s. However, the essential elements of the new pluralism have not yet been explicated. The issue is further complicated by the fact that pluralism has, to a greater or lesser extent, always characterized social welfare. Non-statutory sources of welfare including the family, market and voluntary sector functioned even during the apogee of institutional welfarism. However, their role was de-emphasized by institutionalists who believed that state collectivism would eventually replace these provisions. It was only in the 1980s that social policy writers pointed to the existence of what was described as the 'mixed economy of welfare' (Kammerman, 1983; Johnson, 1987).

The issue is further clouded by the normative advocacy of different forms of pluralism. While the dominant emphasis in the New Pluralism is neo-liberal, other approaches offer various formulations of pluralist thinking. For example, Gilbert and Gilbert (1989) favor a more activist welfare system in which the state plays an 'enabling' role. Another attempt to shape welfare pluralism was the infusion of communitarian ideas into social policy during the Clinton administration in the hope of providing a basis for New Democrat thinking (Etzioni, 1993). More recently, Anthony Giddens (1998, 2000) has promoted a 'Third Way' approach that seeks a balance between the institutionalism of the social democratic left and the residualism of the neo-liberal right (Giddens, 1998). His approach reinforces the notion that the new pluralism has fostered a congenial equilibrium suited to the needs of the time. Third Way pluralism has helped define the social policy agenda of the British Labour Party since its landslide election victory in 1997, and it was subsequently endorsed by President Clinton and several European social democratic leaders (Giddens, 2000). Another important contribution comes from scholars such as Jill Quadagno (1993) and William Wilson (1999) who have emphasized the role of gender and race in the dynamics of welfare. These and other writers have infused a multicultural dimension into social welfare debates that confounds a simple conceptualization of contemporary welfare pluralism.

While pluralism now dominates social policy thinking, proposals that transcend the apparent equilibrium of the new pluralism have also emerged. These more decisive proposals may be seen as challenging the institutionalization of pluralism, and offering radically new directions for

social policy. On the other hand, they may also be viewed as reformulations of pluralism. Although they are more activist, and place varying degrees of emphasis on state involvement, they recognize the role of diverse sources of welfare in modern society. These alternatives to pluralism include abolitionism, regulationism and developmentalism. Although other normative approaches such as populist radicalism, ecologism and traditionalism can also be identified, they will not be elaborated here.

### ABOLITIONISM AND THE ABROGATION OF STATE WELFARE

Abolitionists propose that all government social programs be scrapped. These programs, they believe, have not only failed to enhance people's well-being as the institutionalists had promised, but have exacerbated poverty, fostered dependency and increased the incidence of illegitimacy, crime, drug taking and other social ills associated with the 'underclass'. Murray's (1984) contention that American social policy has 'lost ground' was accompanied by the then radical proposal that social programs for working age people be abolished. Government social programs, he recommended, should be replaced by local programs operated by the churches, charities and to a limited extent by local governments. Local welfare programs would ensure that help was given only as a temporary resort to those who were in genuine need.

Since then, proposals for abolition have been made with greater frequency. Arguing that government social programs have stifled religious and charitable effort, Marvin Olasky (1992, 1996) proposes that the state's responsibility for welfare be transferred to the churches and non-profit organizations. In addition to funding these organizations directly, tax subsidies, vouchers and other policies that encourage the expansion of the non-profit sector should be introduced. Michael Tanner (1996) agrees, proposing that civil society's responsibility for social welfare be strengthened by eliminating government social programs. In this way, the capacity of civil society to respond to social need will be enhanced. While abolition may result in hardship, its effects will be temporary and in the long run, future generations will be saved from the destructive effects of state welfarism.

Although these proposals have not been implemented, they have been well-received in some Republican circles. Former speaker Newt Gingrich (1995) praised Olasky's recommendations and supported Congressional proposals to allow taxpayers to check their tax returns and allocate \$100 of federal funds to their favorite charity, just as they are allowed to allocate funds to presidential election campaigns. This, he reckoned, would result in the transfer of up to nine billion dollars of federal funds to the non-profit sector. It would also encourage ordinary citizens to be more directly involved in social welfare issues. These developments are indicative of a growing political pressures for the greater involvement of religious organizations in the provision of social services. As Ram Cnaan and his colleagues (2000) suggest, these organizations will play a more significant role in social welfare in the future. Indeed, during the 2000 presidential election campaign, candidate George W. Bush promised that, if elected, he would encourage greater religious and charitable responsibility for social welfare. Since coming to office, President Bush has taken steps to promote this agenda such as creating the Office of Faith Based and Community Initiatives.



Discussions about the greater involvement of religious and charitable organizations in social welfare are suggestive of a commitment to residualist pluralism rather than abolitionism among Republican leaders. However, there is no doubt that these proposals are being driven by an abolitionist impulse which ultimately seeks the total abrogation of government involvement in social welfare.

### REGULATIONISM, ECONOMIC INTEGRATION AND WELFARE CAPITALISM

Another approach that offers an alternative to the new pluralism is regulationism. The term 'regulationism' is inspired by analytical accounts of contemporary social policy by writers such as Bob Jessop (1994) and Chris Jones and Tony Novak (1999) which stress the way governments now proactively use social welfare programs to promote desirable social behaviors among welfare clients and the poor, and to foster their integration into the capitalist economy. Although they do not describe themselves as regulationists, proponents of this approach include Lawrence Mead (1986, 1992, 1997) and David Stoesz (2000). Both believe that the problem of poverty is the result of economic marginalization and the exclusion of the poor from enjoying the benefits of capitalism. Although the lack of integration into the capitalist economy is the result of many factors, a major cause is the social service system which has discouraged participation and fostered welfare dependency on a large scale. The best way of addressing the problem is to ensure the absorption of welfare clients and the poor into labor markets and their involvement in other economic activities. Governments, these scholars believe, should not adopt a laissez-faire attitude but implement measures that actively integrate poor people and those receiving welfare benefits into the capitalist system. Similar arguments have been made with reference to the developing world by writers such as Hernando de Soto (1989, 2000).

Mead's (1986) account begins with a critique of institutionalism. He castigates the notion of unconditional entitlement in Marshall and Titmuss's writings arguing that citizenship rights are contingent on duties, obligations and reciprocity. Those who receive help from the community should be expected to behave responsibly, strive to become independent and contribute to the common good. The entitlement culture of institutionalist welfare has, Mead believes, undermined these precepts and fostered the emergence of an indolent and deviant underclass. The greatest challenge to American society is not poverty or inequality or a lack of economic opportunity, but worklessness. The future welfare of all requires that this problem be solved.

Mead recommends that the government addresses the problem of worklessness by adopting a stern, paternalistic posture that imposes strict conditionality requirements on those who receive social benefits. His 'new paternalism' demands that they engage in productive employment. He stresses the need for self-reliance and social conformity, and is insistent that the state promote behavioral and attitudinal change among welfare clients. In addition to attacking entitlement programs, Mead and his colleagues are critical of welfare to work programs that emphasize the role of education and the acquisition of employment skills (Mead, 1997; Bardach, 1997). The most effective programs, they believe, involve immediate job placement. By insisting on 'work-first', welfare recipients learn positive work habits, engage in employment and ultimately obtain the skills they need to enhance their careers. As is well known, Mead's ideas, and particularly his insistence on 'work first' have been incorporated into the so-called welfare reform legislation enacted in 1996.

While Mead's behavioral regulationism involves the use of punitive sanctions, Stoesz (Stoesz, 2000; Stoesz & Saunders, 1999) proposes a gentler, incentive-driven approach that promotes the integration of welfare clients and the poor into the capitalist economy through what is described as 'welfare capitalism' or 'bootstrap capitalism'. Arguing that the American welfare system has become inept, corrupt and ineffective, Stoesz blames the importation of 'European style' institutionalist ideas that, he believes, are unsuited to the realities of American culture. Social policies that are compatible with the cultural ethos of American society are more likely to remedy the problems of welfare dependency and poverty. Accordingly, he advocates the adoption of social policies that diffuse the capitalist ethic and actively integrate welfare clients into the nation's capitalist culture. Specific policy proposals of this kind include the greater use of wage supplements through the Earned Income Tax Credit, the creation of asset accounts and the promotion of programs that foster capitalist enterprise in low income communities. Like Mead, Stoesz believes in the primacy of labor market attachment as a central element in social policy.

It is perhaps ironic that these scholars fulfill the claims of Marxist and other critics who have long argued that the prime purpose of social policy is to serve the interests of capitalism (Gough, 1979; O'Connor, 1973; Offe, 1984). This claim has been stoutly resisted by institutionalists who contend that the modern welfare state was the product of working class mobilization and a genuine commitment to improve social conditions. Similarly, by giving formal expression to the idea that the state should use social welfare as a means of behavioral regulation, Mead's work gives expression to the view that social policy is little more than a means of exerting social control over the poor. This view was most persuasively articulated by Frances Piven and Richard Cloward (1971), but it has since been restated in numerous accounts based on the ideas of Michel Foucault and other post-structuralists. These writers emphasize the role of social welfare in 'ordering lives' and exerting social control (Carter, 1998; Hughes and Ferguson, 2000; Margolin, 1997).

Jessop (1994) contends that the replacement of the institutional 'welfare state' approach based on Keynesian assumptions with a 'workfare state' approach based on Schumpeterian assumptions is revealed in the activist role governments now play in regulating both the economy and the citizenry to promote capitalist economic development and maintain competitiveness in the global economy. In the social policy domain, governments have replaced programs that previously sought to maximize employment and provide comprehensive social services with social programs that ensure the active absorption of welfare clients into the labor market.

The work of Mead and Stoesz can be viewed, in terms of Jessop's analysis, as comprising a contemporary regulationist approach to social welfare. Both are vigorously opposed to the entitlement elements of institutionalism, believing that government social programs have had a deleterious impact on the work ethic, incentives and economic progress. But, far from rejecting state intervention, they urge governments to use their authority and resources actively to promote the integration of the poor into the capitalist system. Mead proposes the use of sanctions while Stoesz recommends incentives that encourage economic integration. Both reject the institutionalist commitment to entitlements and social rights, and reveal an obsession with work and capitalist economic integration.

## DEVELOPMENTALISM, ECONOMIC PROGRESS AND SOCIAL INVESTMENT

Another alternative to the new pluralism is developmentalism. Also known as social development, it first emerged during the 1950s to promote what was known as 'unified socio-economic development' (United Nations, 1971). This term referred to the efforts of the developing countries to foster economic growth and simultaneously raise standards of living. Social development has since been actively promoted by international development agencies such as the United Nations. These efforts are exemplified by the World Summit on Social Development which was held in Copenhagen in 1995 (United Nations, 1996). Developmentalist ideas have been applied to social policy debates in the United States by writers such as Midgley (1995), Sherraden (1991) and their colleagues.

Developmentalism offers a macro-perspective on social policy and, as was suggested earlier, purposefully links economic and social policies within the framework of a planned development process. It regards economic development as a desirable and essential element in social welfare, and proposes that social programs support the developmental imperative. It also proposes an activist role for the state in promoting economic development and raising standards of living.

Developmentalism is based on three requirements. First, it proposes the creation of organizational arrangements at the national level that harmonize economic and social policies within a comprehensive commitment to sustainable and people centered development. It should be noted that this approach is appreciative of ecological concerns and sensitive to the interests of Green social policy thinking (Estes, 1993; Hoff & McNutt, 2000). Second, it urges the adoption of macro-economic policies that promote employment, raise incomes and attain other 'people centered' economic development outcomes. Third, it recommends that social programs be 'productivist' and investment oriented by promoting economic participation and generating positive rates of return to the economy. The term 'productivism' comes from Esping-Andersen's (1992) characterization of Swedish social policy which, he points out, has long sought to enhance human capital and promote full employment. Developmentalists today define productivist social welfare in similar terms. A social program is productivist if it focuses on material needs, invests in what Amartya Sen (1999) calls human capabilities, promotes effective participation in the economy and contributes positively to economic development. By linking productivist social investment programs to a comprehensive development process that is sustainable and people centered, developmentalism offers a comprehensive approach to social welfare that is universalistic, interventionist and committed to progressive social change.

Productivist social services include a repertoire of 'social investment' interventions that enhance human capabilities and foster economic participation. Midgley (1999) has identified a variety of these programs. They include human capital programs which seek to inculcate knowledge and skills and prepare social welfare clients for productive employment or self-employment. Although these programs are not new, they are attracting more attention as efforts to encourage needy people to become active in the labor market are given greater prominence. Closely related to human capital programs, are programs that facilitate productive employment or self-employment. Job referral, placement and mentoring programs designed to help welfare clients engage more effectively in the labor market are now well established. The promotion of self-employment for welfare clients through micro-enterprise and micro-credit programs are also

becoming more popular. Social capital programs that promote the development of social networks can also be used, particularly in poor communities to foster a variety of local development projects and involve more people in cooperative endeavor. Social investment also includes programs that remove barriers to effective participation in the productive economy. These programs play a vital role if welfare clients and the poor are to engage effectively and benefit from the economy. Proponents of social investment require that social programs be cost effective and that their outcomes be assessed. Efficiency in program design and implementation is an essential part of productivist social welfare. Of course, social investment programs also include asset development programs which extend opportunities for wealth accumulation to welfare clients and low income families.

Despite its unique features, developmentalism has similarities with institutionalism. Indeed, it has been characterized as neo-institutionalist since it has an obvious statist inclination, and is universalistic and even redistributive (Miah and Tracy, 2001; Midgley, 1999). On the other hand, it differs significantly from institutionalism by rejecting the bifurcation of economic and social policy. It also places less emphasis on entitlement rights as a rationale for social welfare, and instead stresses the enhancement of human capabilities through social investments. These investments facilitate the effective participation of welfare clients in the productive economy.

Developmentalism's emphasis on productivist social welfare is also reminiscent of the regulationist's demand that the beneficiaries of social programs be required to work. While developmentalism does encourage economic participation, it is not narrowly focused on employment placement, and it is hardly coercive or paternalistic. Unlike regulationism, it is not primarily concerned with the promotion of capitalism or the integration of the poor into the capitalist economy. Instead, it promotes economic participation to enhance the material well-being of clients within the context of national policies that promote sustainable, people-centered economic development. It also stresses the role of social investments. Indeed, the importance of human capital and other social investments in developmentalist thinking may be contrasted with Mead's insistence on work-first. In addition, while developmentalists may share elements of the bootstrap regulationist's recipe for enhancing economic participation, these proposals are systematically linked to wider macro-economic policies that transcend a preoccupation with workfare and require government interventionist at the national level. It also requires the redistribution of resources (Midgley, 1999). These factors clearly differentiate developmentalism from regulationism. By seeking to harness the dynamic of the market for social ends, developmentalism thus offers the prospect of transcending the generalities of 'Third Way' pluralism and of reconstructing social democracy.

### ASSETS, WELFARE THEORY AND DEVELOPMENTALISM

It was noted earlier that asset programs are not generally associated with any particular ideological approach. Indeed, it was suggested that these programs are acceptable to policy makers of quite different political persuasions. Those on the right may commend assets for being compatible with America's cultural traditions of hard work and self-reliance. Supporters of free market capitalism will approve of asset programs because they encourage poor people to save and participate in the market economy. Those who believe that the state has a positive role to play in promoting social welfare will also approve of asset programs since they involve public

matching funds and offer an opportunity for governments to ameliorate poverty through redistributing resources.

It would be gratifying if everyone could agree that asset programs are ideologically uncontroversial. However, this is unlikely. Closer scrutiny reveals that assets, like other social policy innovations, invite sharp differences of opinion. While those on the right will question their redistributive implications, those on the left will express their distaste of the use of assets to promote the interests of capitalism. They will also ask how the asset approach addresses wider issues of inequality and injustice in society. Despite these differences, asset programs can be embraced by the proponents of different normative social policy approaches. Pluralists will regard them as yet another component of a multifaceted set of social provisions while abolitionists may favor their use by non-profit organizations. As was noted earlier, both regulationists and developmentalists have claimed that assets comprise an integral part of their agenda.

### ASSETS AND DEVELOPMENTALISM

While it is true that asset programs may be applied in different normative contexts, it will be argued here that asset programs are most meaningful when linked to the developmentalist approach in social policy. It has been noted already that proponents of developmentalism have in the past included assets within the programmatic ambit of this approach (Midgley, 1995; 1997). Similarly, in a recent publication, Sherraden included asset accounts as a key programmatic component of the social development perspective (Midgley and Sherraden, 2000). Nevertheless, since no systematic exposition of the developmentalist commitments of the asset approach has yet been offered, further elaboration may be helpful.

First, the asset approach is compatible with developmentalism because it links assets with economic development. It views assets as an integral part of an overall development strategy that seeks to raise incomes and standards of living for all. Asset programs are not isolated from economic development efforts but complement and support them. Advocates of asset programs approve of the integration of social policies and programs within a comprehensive development framework at the macro-level. In his account of social and economic policy in Singapore, Sherraden (1997) describes the importance of asset accumulation policies in the country's overall development policies. Asset accumulation through the institution of the Central Provident Fund has supported the country's spectacular economic development record, and reveal the positive benefits of combining economic and social policies within a wider, national commitment to development.

Second, the asset approach is compatible with developmentalist thinking because it gives expression to developmentalism's interventionism. Advocates of asset programs do not simply recommend that low income people acquire assets through market mechanisms, but require that their efforts be actively encouraged and supported by government and other agencies. This involves the allocation of matching funds from public sources. Proponents of the asset approach justify this intervention on the ground that middle class individual currently have access to various tax incentives that allow them to accumulate assets. These include mortgage interest deductions and the increasing use of tax sheltered retirement accounts. Nevertheless, asset

programs should not be exclusively managed by the state but, as Sherraden (1991) suggests, should be promoted by business corporations and the non-profit sector as well.

Third, like developmentalism, the asset approach emphasizes the need for investments in human capabilities. It is not narrowly concerned with employment placement or behavioral change. While there is evidence to show that behavioral changes accompany the creation of asset accounts (Yadama and Sherraden, 1996), the asset approach is not concerned with behavioral or social regulation. Instead, assets are investments that facilitate educational attainments and improved housing conditions. The developmentalist emphasis on assets as investments can be distinguished from the bootstrap capitalism approach which views assets as a means for diffusing capitalist values. On the other hand, the notion of assets as investments stands in contrast to the excessive reliance on consumption-based income transfers in institutionalist thinking. Assets promote savings and investments as part of wider development efforts to raise raising standards of living for all. Maintaining needy people on welfare benefits does little to end poverty.

Finally, the asset approach is compatible with developmentalism because, as Sherraden (1994) points out, a commitment to strengthening individual capabilities takes place within a wider framework of programs and interventions that enhance people's well-being and promote social solidarity. While asset programs may be compatible with the culture of American individualism, they do not invalidate tendencies towards social integration. Despite the institutionalist's claim that social programs enhance social solidarity, consumption-based programs such as social assistance have, in fact, been divisive. On the other hand, by enhancing opportunities and economic participation, the asset approach is compatible with the developmentalist goal of promoting integration (Midgley, 1998). The experience of Singapore may again be cited to show that assets can support individual functioning within the framework of a strong interventionist state committed to economic and social development.

### ASSETS AND NORMATIVE SOCIAL POLICY DEBATES

As this account suggests, linking assets programs to the developmentalist approach explicates important normative assumptions that, in turn, reveal wider ideological and value commitments. Viewed in this way, debates about asset programs are not narrowly preoccupied with technical and programmatic matters, but involve issues of social progress, solidarity, citizenship, social justice, individual responsibilities and other weighty concerns. Indeed, it may be argued that it is only by linking assets to wider normative theories such as developmentalism that debates around these issues can be effectively pursued.

By linking assets to developmentalism, it is possible to tackle complex normative questions. Do assets replace caring and an altruistic concern for the needy which was such a powerful motive in institutionalist thinking? Or do they promote individualism and wider capitalist interests, ultimately legitimating the argument that social needs are best met through individual rather than collective effort. Do assets foster social integration, reduce inequality and promote social justice or do they merely facilitate wealth accumulation among those who already have the resources and abilities to save? This is a major weakness of current asset policies in the United States which promote asset accumulation among the middle class but largely ignore the poor.

Locating the asset approach within developmentalism offers a framework for answering these and other questions in a meaningful way. For example, developmentalists believe that asset programs are an integral component of efforts to promote positive social change. They also believe that assets function to enhance people's participation not only in the economy but in society as a whole. In this way, assets promote social integration and solidarity and foster the ideal of citizenship. While it is true that assets enhance individual responsibility, they also foster stakeholding and engender wider sense of social participation which, in turn, strengthens citizenship. A developmentalism interpretation of the role of assets thus seeks to reconcile the historical polarization of individualist and collectivist elements in social policy. The notion of citizenship through stakeholding also reflects a wider commitment to social and economic rights within developmentalist thinking. As a component of the developmentalist agenda, assets involve redistribution and thus foster equality and social justice. Assets, developmentalists believe, thus offer new opportunities for the expression of altruistic motives through redistributive policies. However, they link these motives with productivist social investments that enhance human capabilities and opportunities for economic participation.

Although these and other questions about the wider normative implications of asset programs need further discussion and elaboration, they can best be answered when linked to normative theories such as developmentalism. In this way, the strengths and weaknesses of the assets approach can be better comprehended and its goals and underlying values can be clarified. The criticisms leveled against assets programs can also be better understood and countered. As was suggested earlier, framing asset programs within the context of welfare theory is not an indulgent academic exercise but a necessary step in formulating policies that are enduring, responsive and effective.

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