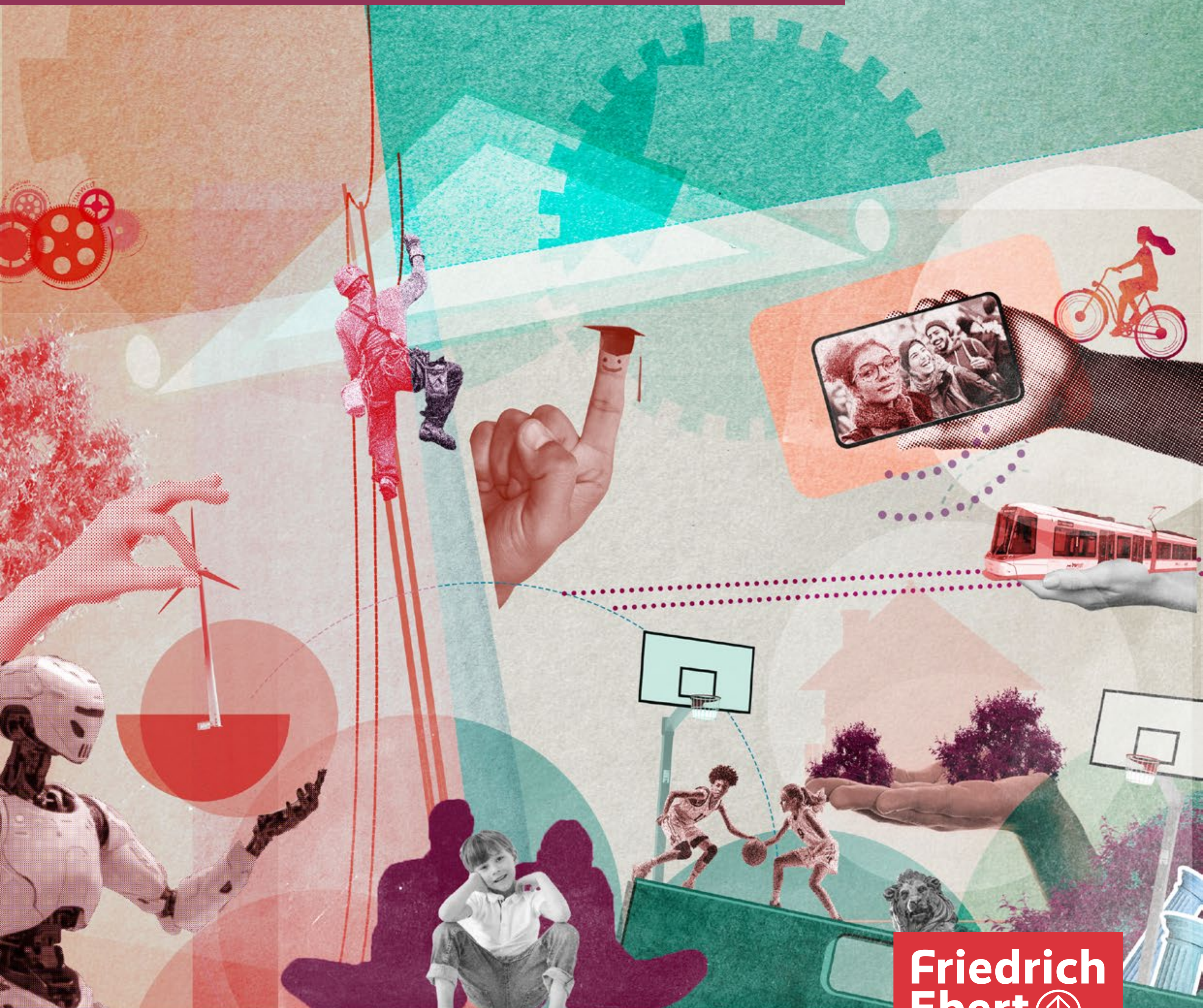
ANALYSIS

Henning Meyer

June 2026

The Capability State

A Progressive Vision for the 21st Century



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Introduction

We are living through a time of profound political crisis and disorientation. Across Western democracies and beyond, there is a palpable sense that the state has lost its way. It's not just that public services are straining under the weight of new challenges, government practices and technologies seem outdated, and politicians' promises seem increasingly detached from the reality of governance. The more profound issue is that our mental model of a progressive, democratic state is becoming obsolete precisely at the moment when its very foundations are being attacked by authoritarian and illiberal forces. We constantly debate state reform without first taking a step back to answer the fundamental question:

"What is the state actually for?"

This essay argues that progressives need a new approach – one that treats administrative effectiveness, personal opportunity and community cohesion as mutually reinforcing capabilities.

In 2025 and 2026, the Friedrich-Ebert-Stiftung and *Social Europe* collaborated on a series of articles examining global debates about progressive state reform. The articles revealed a high level of confusion and a lack of solid philosophical foundation in the face of vicious attacks on democratic statehood. A common theme emerges from contemporary governance: a profound disconnect between the state apparatus and the lived reality of its citizens. In Botswana, for example, citizens are losing faith in the traditional "parent state" that once provided for them, but which now fails to deliver in an era of scarce resources. Meanwhile, in Chile – long considered the most efficient country in Latin America – bureaucratic bottlenecks and rising insecurity have paved the way for anti-state populism, proving that even impressive macroindicators cannot insulate a democracy from a crisis of legitimacy.

The article series also revealed that neither the remnants of New Zealand's failed neoliberal experiment, for which the country was long celebrated as a global poster child, nor the promise of pure technocratic modernisation, offer a sustainable path forward. Estonia, the world's first fully digital state, is discovering that digital efficiency can breed emotional distance, creating a system that is technically accessible, yet socially exclusionary. Similarly, Albania's experiment with a virtual AI minister highlights the hollowness of technological solutions when they are disconnected from the genuine political will required to tackle corruption and inequality. The general lesson is clear:

We need an efficient state, but efficiency without personal opportunity and mutual connection leads to alienation.

Yet, amid this disorientation, the green shoots of a new direction are becoming visible. In the United States, the "Abundance" agenda, popularised by Ezra Klein and Derek Thompson, calls for a shift from a politics of constraint and veto points towards one centred on building and delivering on a large scale: more housing, more clean energy and more infrastructure. Meanwhile, in Spain, the deployment of a social shield has demonstrated that the state can still act as a guardian of personal progress, providing it moves swiftly and decisively to protect the material conditions of its citizens. These diverse struggles and experiences point to a common conclusion: we need a state that does more than manage the status quo. We need a state that actively builds the future.

For the last quarter-century, progressive thinking about the state has been fragmented. It has been conducted in largely self-enclosed camps, with little consideration given to the insights of other groups. In one camp, economists and technocrats have debated state capacity and industrial strategy, focusing on efficiency and often overlooking personal aspirations and the human need for belonging. In another camp, sociologists and political theorists are concerned about the erosion of community and social trust, but rarely propose practical ways in which a central administration should operate. A third camp focuses on individual rights and welfare, often without adequately addressing the administrative machinery or institutions required to secure them. The result is a disjointed progressive agenda, or none at all. We are attempting to resolve a systemic problem with isolated patches.

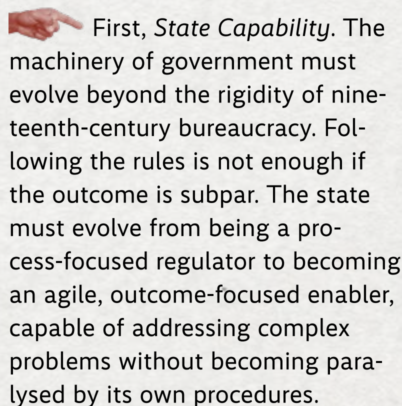
This essay argues that the way forward is not to choose between these perspectives, but to integrate them. We need a new synthesis. We must stop viewing administrative efficiency, individual emancipation and community cohesion as competing values that must be traded off against one another. Instead, they must be conceptualised as mutually reinforcing capabilities.

To understand why this synthesis is necessary, we must consider the central currencies of governance: trust and effectiveness. Although often treated as separate goals, these two dimensions are deeply intertwined with the social fabric. It is widely accepted that trust is a prerequisite for effectiveness. A state cannot implement ambitious projects without the voluntary cooperation and trust of its citizens.

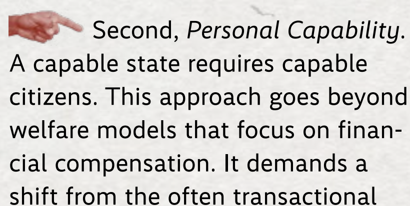
Public vaccination campaigns illustrate this dynamic. When health systems are reliable and accessible, citizens are more likely to trust public health guidance, which increases uptake, improves outcomes, and strengthens the case for public provision. The reverse is also true: when services are unreliable or difficult to access, distrust grows, rates of compliance drop, and the case for public action is weakened. Therefore, effective delivery can sustain and deepen trust, but it can also erode it when it falls short.

However, this feedback loop operates on top of a deeper foundation. While it can reinforce or deplete existing trust, it cannot create it from scratch. Foundational trust – the kind that enables citizens to give a new policy the benefit of the doubt, or comply even when the personal cost is high – does not emerge from state performance alone. Rather, it is a social product, generated through lived experiences of connection, mutual reliability, opportunity and community.

The proposed model is the *Capability State*. The aim is to conceptualise the state as a platform that helps society to build the capabilities needed to effectively address its problems. This requires action in three distinct but mutually reinforcing areas.



First, *State Capability*. The machinery of government must evolve beyond the rigidity of nineteenth-century bureaucracy. Following the rules is not enough if the outcome is subpar. The state must evolve from being a process-focused regulator to becoming an agile, outcome-focused enabler, capable of addressing complex problems without becoming paralysed by its own procedures.



Second, *Personal Capability*. A capable state requires capable citizens. This approach goes beyond welfare models that focus on financial compensation. It demands a shift from the often transactional relationship between the state and its citizens to a more relational one – a principle that was originally at the heart of the Beveridgean and Scandinavian welfare states. The state must provide the conditions and frameworks that enable individuals to take risks, adapt to change and exercise genuine control over their lives.

Third, *Community Capability*. Democracy cannot survive on institutions and procedures alone. It also exists in the relationships between people. A state that is efficient but socially hollow will eventually lose its legitimacy. Therefore, the state must actively cultivate social infrastructure and participatory spaces where mutual trust can develop, recognising that strong, resilient communities are a prerequisite for sustainable democratic governance and statehood.

The following sections outline these three dimensions and explain how they are interconnected. They demonstrate that we do not need to choose between a strong state, personal opportunity and a resilient civil society. In a genuine *Capability State*, these three dimensions reinforce each other.

State
Capability

The state must be able to fulfil its promises effectively, whether that involves building green energy infrastructure, providing affordable healthcare or ensuring physical safety and the rule of law – without which no society can flourish. This is fundamentally what *State Capability* is all about. While effective delivery alone is insufficient to rebuild broader trust in the state, it is nevertheless a necessary condition. Conversely, it is inconceivable that trust in the state can be rebuilt without keeping political promises.

Today, in the mid-2020s, the perception that the state is delivering too little is widespread. All too often, the results of state activities do not meet citizens' legitimate expectations. If we are to overcome the great challenges of our time, we need a more effective state.

This is not to suggest that the state is inherently unproductive. On the contrary, it delivers essential public goods on a scale and with a level of universality that no private actor could match. Therefore, the challenge is not to replace or disparage state action, but to sharpen and modernise it. We must conceptualise a state that functions as an architect of a common future rather than as a repair shop of the status quo.

Comprehensive administrative modernisation is crucial in this context. The problem is that the administrative state still works primarily within rigid, hierarchical structures largely based on nineteenth-century principles. These structures of a bygone era lead to inadequate results and, to make matters worse, often demotivate public administrators instead of encouraging them to actively shape outcomes.

Why are state administrations so crucial? They are at the heart of statehood because they fulfil two key roles. Firstly, they act as the direct interface between citizens and the state. This is where direct contact occurs, particularly on the local level. It is also here that divergences between personal experiences with the authorities and the remainder of everyday life become apparent. Digital tools, not to mention artificial intelligence (AI), which are widespread in the private sector, are still underused in public administration. This creates the perception of an inefficient and outdated state, eroding the personal relationship between citizens and public institutions – a relationship that urgently needs to be rebuilt (see *Personal Capability*).

However, administrations are not just citizen interfaces. Secondly, they are also the executive bodies of governments. There is a widespread belief that newly elected governments move into ministries and start implementing their political agenda on day one. However, this is not how things work in reality, since the wheels of government turn slowly.

Without adaptable and effective administrations, however, political priorities and programmes simply cannot be realised. When political promises to the electorate are inadequately fulfilled, this leads to frustration and a further loss of trust in the state, resulting in the erosion of democratic substance. This is a vicious circle that needs to be broken.

Process hampers progress

So, the big question is: why do administrations not function as they should? At the beginning of the twentieth century, the sociologist Max Weber analysed bureaucracy as a form of governance, contrasting it with monarchy and charismatic leadership. The core of his typology was the primacy of rationality and transparent, rule-governed administrative procedures. A century later, the state system remains primarily process-oriented, despite the fact that the tasks and complexities that states have to deal with have changed dramatically.

All too often, the focus of government action is on the process rather than the outcome that needs to be delivered.

This privileging of process over outcome is a fundamental issue for administrations and a critical obstacle that *State Capability* seeks to address.

In his book on political leadership, former UK Prime Minister Tony Blair, who has advised governments across the world since leaving office, made the same observation when he wrote that "above all, [bureaucracies] deal in process. Process is their game. Before anyone is sniffy about process, it does matter. It is a worthy means to an end. The trouble is its tendency to

become the end, to take on a life of its own, thereby extinguishing creativity and innovation and embroiling the desired objective of policy in a continuous loop of deliberation not decision."

The multitude of actors involved in most policy issues inevitably leads to lengthy procedures and a culture of objection-raising. George Tsebelis's veto player theory offers a straightforward explanation. Veto players are individuals or groups whose agreement is required to change the status quo. The greater the number of veto players and the more ideological differences they exhibit – as is often the case when different ministries are involved – the more difficult it becomes to implement significant changes to existing policies, regardless of the policy's subject matter. This is precisely how the status quo becomes entrenched, resulting in a sluggish, change-resistant system. Given that the same players who created the status quo in the first place are the ones required to alter it, resistance to change is hardly surprising.

What the administrative state usually delivers are comprehensive regulations in more and more areas of life. This is part of the problem. Fundamentally, regulations are simply the definition of rules-based processes for others. In essence, the logic of a state administration's framework is transferred to the outside world.

Granted, individual regulations are usually well justified in isolation, reflecting the rationality of the administrative system. However, this does not change the fact that, on aggregate, overly comprehensive and detailed regulation often stifles the delivery of outcomes.

Paradoxically, this practice also hinders the state itself. For example, if planning procedures or building codes are so extensive and intricate that it takes several years to initiate construction projects, political objectives, particularly in the realm of public housing – a critical policy area in many countries – become increasingly difficult to achieve. For instance, despite the growing need for affordable housing, especially in urban areas, Germany today builds significantly fewer flats per year than it did in the 1970s. The Scholz government set ambitious housing targets but fell far short of meeting them, highlighting the structural nature of the delivery problem.

Problems arising from an over-regulated, process-oriented system are less significant when the task is to manage the status quo. Ultimately, veto players also provide political stability. However, defending the status quo is precisely what is not needed today. Progressive governments should assume office with ambitious, transformative agendas and the capacity to implement them. The Herculean task of addressing the defining issues of our time simply cannot be achieved with a process-oriented state.

Therefore, the entire administrative system is in urgent need of reform to focus on quality of results rather than processes. This does not mean abandoning political goals or reducing the size of the state for its own sake. Political slogans such as "Cut Bureaucracy" or "Slash the State" – in the manner of DOGE – do not constitute a credible reform agenda. It is therefore no surprise that DOGE was quietly abandoned after a few chaotic months of creating havoc. Identifying real delivery bottlenecks and reforming outdated structures is fundamentally different from the ideological assertion that the public sector is inherently unproductive. The former is a prerequisite for progressive governance, while the latter is a right-wing myth that the *Capability State* explicitly rejects.

Outcome orientation involves pursuing political goals using flexible means, and empowering well-educated public administrators to make bold decisions, collaborate with the wider stakeholder community and develop new approaches. This is the core of *State Capability*.

What needs to be done?

In concrete terms, new approaches must be developed in four areas in particular: institutional structures, human resources policy, technology, and service delivery. Firstly, the hierarchical structures and thematic silos that characterise many administrative structures must gradually be opened up to new ways of working, with a greater focus on projects and fewer hierarchies. This is a protracted undertaking that cannot succeed overnight. However, there are potential quick wins that could be implemented swiftly.

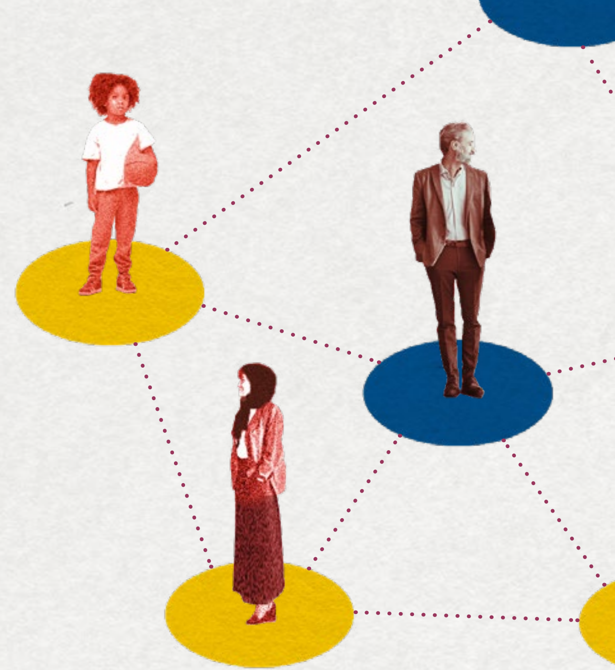
Based on the work of Mariana Mazzucato, the approach of consolidating the most important political priorities into "missions" is, in principle, an attempt to overcome existing structural obstacles through relentless focus on core goals and achieving them. This is precisely the idea behind the Mission Delivery Boards proposed by Keir Starmer at the beginning of his term in office. The limited progress made in the meantime only underscores the depth of the structural challenge.

Mission Delivery Boards must be adapted to their respective national contexts and established to pursue key political priorities. They cut across institutional structures, break up silos, encourage quick decision-making and monitor progress. If set up effectively, Mission Delivery Boards can be highly effective, as they are one of the few short-term measures that governments can implement to deliver significant improvements. If set up incorrectly, they become just another layer of process without driving outcomes. Therefore, Mission Delivery Boards require temporary support structures to shield the work on key strategic objectives from the day-to-day tactical pressures that usually dominate the work of government. Put simply, at the end of a government's term, what matters is having made significant progress on the key issues, not the political scandals or news cycle issues that prevented you from doing so.

Another effective short-term measure that can improve government performance is disseminating best practice more efficiently. The siloed and inward-looking nature of many administrative institutions also leads to organisational and transferable knowledge being locked in. Better diffusion of best practices can create significant improvements, especially in highly decentralised countries. Crucially, this requires external entities – for example, an Institute for Government – to systematically analyse domestic and international political practices and turn the lessons learned into actionable knowledge. Effective government delivery requires political leadership. However, this leadership requires inputs that administrative bodies are usually unable to provide themselves. In reality, even the most ambitious political leadership is often hamstrung by a lack of usable information. This needs to change.

In the medium to long term, sustainable institutional reform is only possible through cultural change within administrations themselves. This requires new hiring practices, among other things. In many countries, public administration careers are too inflexible due to insufficient personnel exchange between the public, private and academic sectors. In future, the rigid civil service career path should no longer be considered the immovable cornerstone of administrative human resources policy.

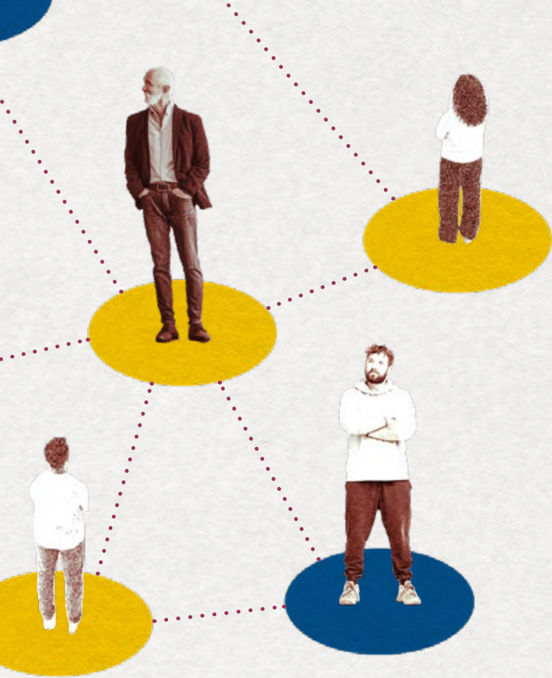
There is extensive evidence that organisations benefit from a variety of personnel profiles and personal experiences. In public administrations, however, people often spend their entire professional lives on largely predetermined career paths that often set the wrong personal incentives. To become more results-oriented, administrations must become more innovative and entrepreneurial, as Mariana



Mazzucato rightly suggests. This cultural change must also be reflected in human resources policies.

Structural reform also requires the careful introduction of modern technologies. This includes making more effective use of digital tools, especially autonomously controlled AI. In the state context, the "autonomously controlled" aspect is critical: the introduction of digital tools must be accompanied by digital sovereignty, rather than technological dependency, vendor lock-in, or loss of control over critical data. Using free and open-source software to secure technological sovereignty will be essential in this transition.

Technology deployment involves two stages. Initially, AI will support existing process-oriented administrative workflows. This is necessary to ensure the state's general operational capacity, given the impending retirement of the baby boomer generation. Accord-



ing to a study by the consultancy firm PwC, the German public sector alone will face a shortage of at least one million skilled workers by 2030.

In the second stage, AI, together with a reformed human resources policy, must act as a catalyst for a cultural shift towards outcomes. One of the most important features of AI is its ability to evaluate large amounts of data and make them usable for strategic decision-making. In the medium term, this will enable a new standard of evidence-based policymaking and data-driven administration, provided that the tendency to seek policy-based evidence rather than evidence-based policy is kept in check. Both of these steps are necessary steps in moving from process orientation to outcome orientation.

In this context, it is crucial to include all staff in the process. Cultural change can only succeed if people are motivated and equipped to participate in the transformation. It never works if it is forced upon people.

Reintegrating services around citizen needs

In addition, the shift in the orientation of governance towards outcomes requires a fundamental rethink of how public services are designed and delivered. This is where the concept of Digital Era Governance (DEG), as set out by Patrick Dunleavy and Helen Margetts, becomes particularly relevant. DEG marks a departure from the fragmented, process-driven approaches characteristic of traditional public administration, as well as from the New Public Management (NPM) approaches of the 1990s. In contrast to these approaches, it emphasises three core principles: the reintegration of services, a needs-based holism and comprehensive digitisation.

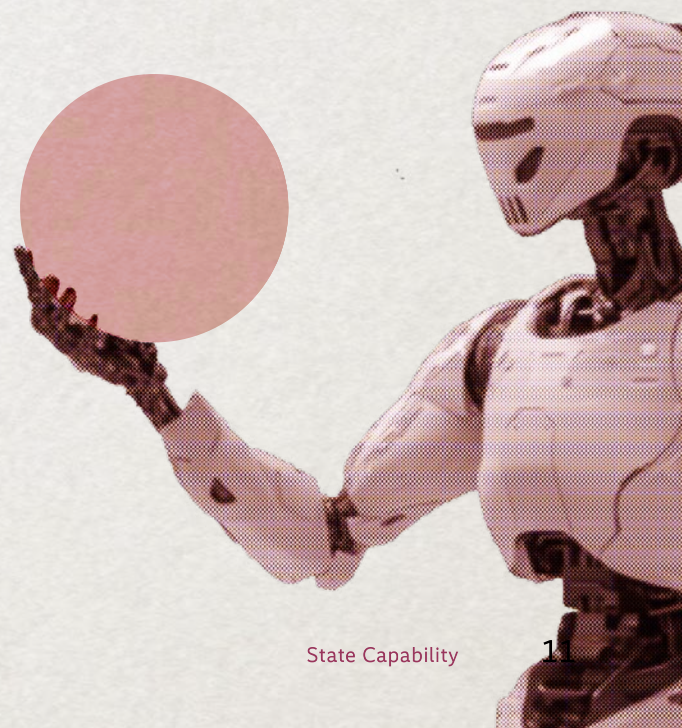
Reintegration involves breaking down the artificial barriers between government departments and services to create seamless experiences for citizens, rather than forcing them to navigate bureaucratic mazes. Needs-based holism shifts the focus from administrative convenience for governments to the actual requirements of citizens, organising services around life events and citizen journeys rather than administrative portfolios and silos. The design of frontend digital government services must not be dictated by outdated backend structures.

In this context, digitisation is not merely about putting existing processes online. It is about fundamentally redesigning how government operates in order to take advantage of digital capabilities. These principles empower governments to become genuinely responsive to the needs of their citizens, rather than expecting them to adapt to existing governmental structures.

Implementing DEG principles requires government portals and digital platforms that serve as single points of access, enabling citizens to interact with the state without needing to understand its internal organisation. This approach directly addresses the aforementioned disconnect between the digital experiences people have in their everyday lives and the often-outdated interfaces of public administration. More fundamentally, it represents a philosophical shift from viewing citizens as subjects of bureaucratic processes to treating them as users whose needs should shape how services are designed and delivered. As will be explained in the section on *Personal Capability*, this is crucial for the state to become a true enabling force.

Another important step is opening up structures to participatory methods. These procedures foster trust in the state and facilitate practical solutions. Technology can also play a significant role here by implementing digital participation methods. These approaches increase the transparency and legitimacy of state decisions, reducing the distance between the state and its citizens. However, it is crucial that participation should not be limited to digital participation only, as will be discussed in under the heading of *Community Capability*.

As Jan Zielonka has argued, new service co-delivery models with non-governmental organisations (NGOs) can further enhance the state's capacity to meet citizens' needs while building social capital and trust. This also links *State Capability* directly to the dimension of *Community Capability*. Zielonka's argument is based on the idea that the state does not need to be



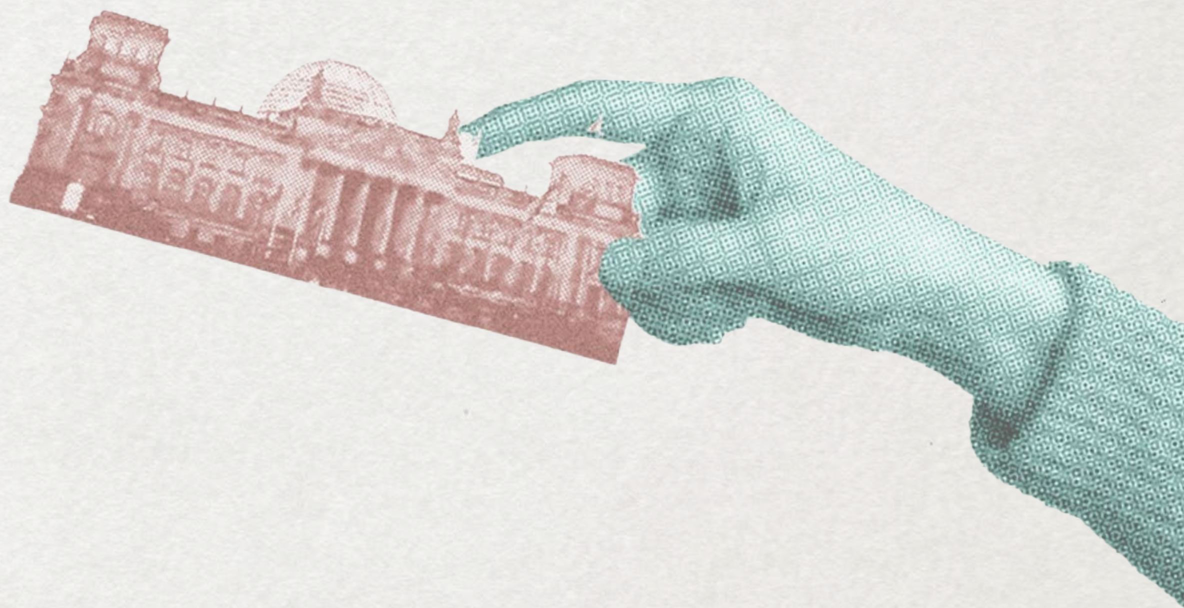
the sole provider of public services in order to remain the guarantor of public goods. NGOs and civil society organisations often have local knowledge, flexibility and community trust, which traditional state bureaucracies lack. By entering into genuine co-delivery partnerships with these organisations, rather than simply outsourcing or contracting out services, governments can leverage these strengths while maintaining democratic accountability and strategic direction.

The potential of co-delivery goes far beyond mere efficiency gains. When executed effectively, it can bolster democratic participation by providing citizens and communities with a direct stake in the design and delivery of services. It can also foster innovation by allowing multiple approaches to flourish, rather than imposing a single, uniform model. This approach also has the benefit of unlocking the potential of learning from best practice. Furthermore, co-delivery can build resilience by creating diverse networks of provision, rather than relying solely on state capacity.

As discussed above, reforms to institutional structures, human resources policies, technology and service delivery must be interlinked and implemented iteratively in order to modernise outdated systems and practices. Focusing on outcome-oriented delivery – sometimes also referred to as "deliverism" in recent debates – is essential and represents a necessary correction to decades of process-focused governance. Without the ability to deliver tangible results efficiently and on a large scale, the state will be unable to meet the challenges of our time.

However, outcome orientation does not mean eradicating all friction. *State Capability*, as conceived here, does not only refer to a state that delivers efficiently, but also to one that delivers democratically. The existence of highly capable yet non-democratic states demonstrates that administrative competence alone is insufficient to satisfy progressive aspirations. For progressives, the kind of capability that matters is one that is embedded in democracy and public accountability. This distinction is important because democratic input legitimacy itself generates friction by imposing constraints on policy design and implementation, which can slow delivery and complicate execution. Therefore, this kind of friction is a key feature of democratic governance, not a bug.

However, *State Capability* represents only one dimension of a renewed progressive understanding of the state. It must be complemented by the other two equally important dimensions: *Personal Capability and Community Capability*.



Personal Capability

While *State Capability* focuses on the administrative side of the *Capability State* model, *Personal Capability* shifts the focus to the human element of statehood, moving beyond the conception of citizens as passive recipients of public services. It reconfigures the relationship between the state and the individual, which is then expanded to encompass a new understanding of the relationship between the state and citizen communities in the final dimension of *Community Capability*.

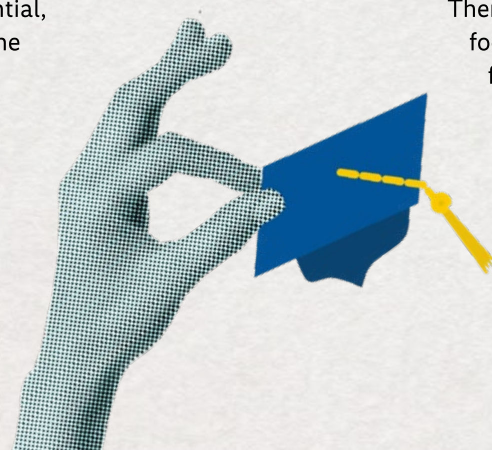
Personal Capability envisions citizens as active agents, rather than transactional actors, who require specific forms of support to navigate an increasingly complex world and fulfil their personal potential within a thriving society based on community spirit and social reciprocity. In this context, *Personal Capability* builds on the historical social democratic promise of emancipation – the right and ambition to lead a life of self-determination. It argues that the state should not be constructed as either a paternalistic manager of lives or a hands-off provider of rudimentary services. Rather, the state must be an active enabler of genuine personal freedom, embedded in collective institutions based on solidarity.

Therefore, we must move away from a transactional view of the citizen–state relationship and adopt a relational understanding instead. *Personal Capability* provides a robust platform upon which individuals can build self-fulfilled lives. However, this relationship is not one directional. It involves reciprocity: through *Community Capability* and participatory governance, citizens are expected to play an active role in the public realm. They are not just recipients of state services; they are active participants in the state.

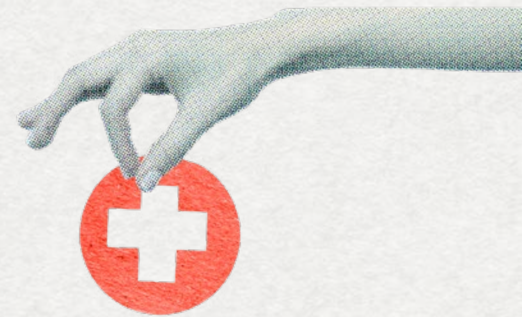
Building a *Personal Capability* platform calls for a new combination of the philosophical concepts of liberty and capability with the political economy of the contemporary welfare state. This ranges from Isaiah Berlin's distinction between negative and positive liberty, to the capability approach of Amartya Sen and Martha Nussbaum, and finally to the institutional architecture of the social investment state, as described by Anton Hemerijck. *Personal Capability* is based on the idea that the state should enable personal emancipation throughout a citizen's life.

The foundations of freedom

In order to articulate a concept of *Personal Capability* that is suitable for state governance, the tension between protecting the individual from the state and empowering the individual through the state must first be resolved. This tension can be best understood through Isaiah Berlin's famous distinction between negative liberty ("freedom from") and positive liberty ("freedom to"). Negative liberty is defined as the absence of obstacles or coercion. This concept underpins the classical liberal view of the night-watchman state, in which the government's primary role is to ensure non-interference. In contrast, positive liberty reflects the opportunity to be the master of one's own life; that is to say, to exercise self-determination and realise one's desired purpose and potential, without the state sliding into paternalism or tyranny by claiming to know what its citizens should want or strive for. Enabling is not prescribing.



Personal Capability operationalises a vision of positive liberty by building a platform that enables citizens to lead fulfilled and emancipated lives. This approach posits that genuine positive liberty requires enabling conditions such as health, education, material security and social capital to be present. Rather than imposing a singular vision of the "good life", the state should provide a robust platform that enables diverse individuals to construct and pursue their own visions.



The capability approach, pioneered by Amartya Sen and Martha Nussbaum, provides a theoretical foundation for the general functioning of this enabling function. This approach differs from standard welfare economics, which traditionally measures well-being through material metrics such as income or other forms of utility.

Amartya Sen argued that resources are merely means to an end, not ends in themselves. Equality of resources can still lead to significant inequality of capability because individuals differ in their ability to convert resources into well-being. Therefore, the state should focus on capabilities as real freedoms, rather than solely on the (re)distribution of income and commodities, although the latter remains indispensable.

Building upon Sen's work, Martha Nussbaum provided a minimum normative foundation for this framework by arguing that certain human capabilities are so fundamental to human dignity that they must be guaranteed by the state. Her list of these capabilities therefore provides a normative basis on which *Personal Capability* can build.

Capabilities and the social investment state

Philosophical ideals require political and economic tools for their realisation. This raises the crucial question of how a state can effectively build a platform for *Personal Capability*. The answer lies in the evolution of the welfare state, transcending both Beveridgean and Bismarckian traditions.

The distinction between the Beveridgean system and Bismarckian continental models hinges on whether the state's primary goal is universal enablement or earnings-related insurance. Continental systems were designed as occupational insurance, offering benefits related to earnings that were directly tied to a worker's payroll contributions. The aim was to ensure that their standard of living would be maintained. By contrast, the original Beveridge Report proposed a radical, universal system funded primarily by general taxation. The goal was to establish a flat-rate subsistence minimum for all citizens.

In recent decades, discussions about the welfare state have shifted towards the concept of a social investment state, which prioritises "preparing" over "repairing" and is therefore closely linked to the capability approach. This shift represents more than a change in policy emphasis. Both the Beveridgean and Bismarckian welfare states were designed primarily around adult working lives and retirement, mirroring a model that took the male breadwinner as its default.

This narrow focus became untenable as family structures, gender roles and labour markets underwent transformation from the 1980s onwards. In response to these profound demographic and social changes, the social investment state anchors welfare in the entire life course, from early childhood to old age. In doing so, it also paves the way for genuine gender equality. Policies such as universal early childhood education and care not only invest in children's capabilities; they also enable greater female participation in the labour market and help dismantle the structural disadvantages inherent in the traditional male breadwinner model that were built into the very architecture of the welfare state.

In terms of effectiveness, social investment outperforms alternative approaches, making it the economically sound choice. The main goal of social policy should be to maximise life chances for everyone. The employment and productivity gains resulting from life-course-sensitive social investment reforms are vital for the future prosperity and social well-being of ageing knowledge economies.

Anton Hemerijck has conceptualised this approach in terms of a triad of policy functions: stocks, flows and buffers. Stocks (human capital) refer to policies that invest in the quality of capabilities, such as early childhood education, lifelong learning and good health. Flows (life-course transitions) include policies that facilitate transitions between life stages, such as moving from school to work, from work to caring for others, and between jobs. Buffers (social protection) provide adequate income safety nets and social security.

Importantly, there is no inherent trade-off between these three functions. Although the rhetoric of an active state often emphasises stocks and flows, *Personal Capability* also highlights the importance of buffers. In the 1990s and 2000s, there was a misguided tendency in progressive thinking to view buffers as passive or unproductive. This contradicts a capability approach because it assumes that economic coercion is required to motivate people to stop claiming benefits. While benefit system abuse should always be prevented and sanctioned, one does not need a metaphor such as a "social trampoline" instead of a "safety net" if one believes that it is a natural human ambition to lead a self-determined life. Adequate buffers are a prerequisite for personal agency and should be conceptualised as such.

Without reasonable income protection, individuals cannot take the risks

often necessary to invest in themselves. For instance, they cannot leave a bad job to retrain for a better one if the associated risks are too high. Poverty and insecurity consume cognitive bandwidth. A citizen under the strain of potential social decline cannot engage in long-term planning or active citizenship.

Therefore, the social investment model must not be exploited as a neoliberal tool to force people into low-quality work. Rather, it should be an emancipatory project that enables individuals to take risks through collective security. The welfare state is a collective institution that absorbs major life risks, freeing individuals to focus on life choices. From this perspective, a generous welfare state with the right incentives is not a hammock that induces laziness; rather, it is an enabling platform that allows people to bounce back and achieve more. The buffers ensure that, when citizens encounter difficulties, they are not left to fall into a void, but are supported by a system that helps them rebuild their capabilities.

Deconstructing barriers: Gender and adaptive preferences

To realise the full potential of *Personal Capability*, we must confront the fact that the state has never been neutral. Traditional welfare state models have shown that state institutions have not only reflected, but also actively reproduced gendered power relations through laws, policies and administrative practices. Therefore, a *Capability State* for all cannot rely on a purely theoretical universalism that treats all citizens as if they start from the same baseline. Instead, it must recognise that life realities are profoundly unequal and focus its efforts accordingly. Gender intersects with class, migration history, and other factors to create specific starting conditions that determine an individual's access to economic security, political participation, and personal agency. Consequently, the state must combine universalist principles with targeted interventions to actively level the playing field. Equality of opportunity is an aspiration, not a reality, and it will not be achieved automatically.

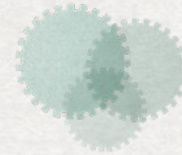
One of the most significant structural barriers to Personal Capability is the unequal distribution of care work.

Currently, the "care economy", a euphemism for unpaid domestic work and often poorly paid professional care, is overwhelmingly shouldered by women. This systemic imbalance severely restricts time sovereignty, the fundamental resource required for exercising freedom. Without control over one's time, positive liberty largely remains a theoretical concept. Consequently, gender-just public services must go beyond standard transfers. They must provide a robust care infrastructure, including high-quality childcare, nursing and mobility services, as set out in the social investment approach. The reorganisation of care is not just a labour market issue; it is also a prerequisite for *Personal Capability*, creating the enabling spaces that are necessary for individuals to pursue self-determination, independent of traditional gender roles.

Furthermore, the state must address the psychological and physical safety nets required for individuals to exercise their agency. The concept of "adaptive preferences" alerts us to the fact that people often adjust their desires to fit their limited circumstances. For example, women may not "choose" leadership roles if they have internalised the idea that these are not genuine options. True *Personal Capability* must therefore disrupt these adaptive preferences by altering the structures that form them.

Bureaucracy vs. capability

Finally, we must address a paradox related to, but not fully captured by *State Capability*. The state often attempts to deliver services through mechanisms that ultimately actively destroy capabilities where they are needed most.



In the traditional administrative state, as described in *State Capability*, citizens are viewed as cases to be processed. Access to public services is often hindered by complex forms, strict compliance regimes and punitive sanctions. This creates an administrative burden that falls disproportionally on the most vulnerable. People who seek support because they lack security should not have to navigate a maze of bureaucratic requirements that treat them with suspicion.

Personal Capability therefore also requires a transformation in the way citizens interact with the state. In a new relational model, the frontline public servant is not a gatekeeper enforcing compliance, but rather a connector fostering empowerment. Services are designed around citizens' life courses, integrating into a seamless support system. As outlined in the *State Capability* principles of DEG, digital tools should facilitate citizen-centred access and automate tedious bureaucratic processes, freeing up human professionals

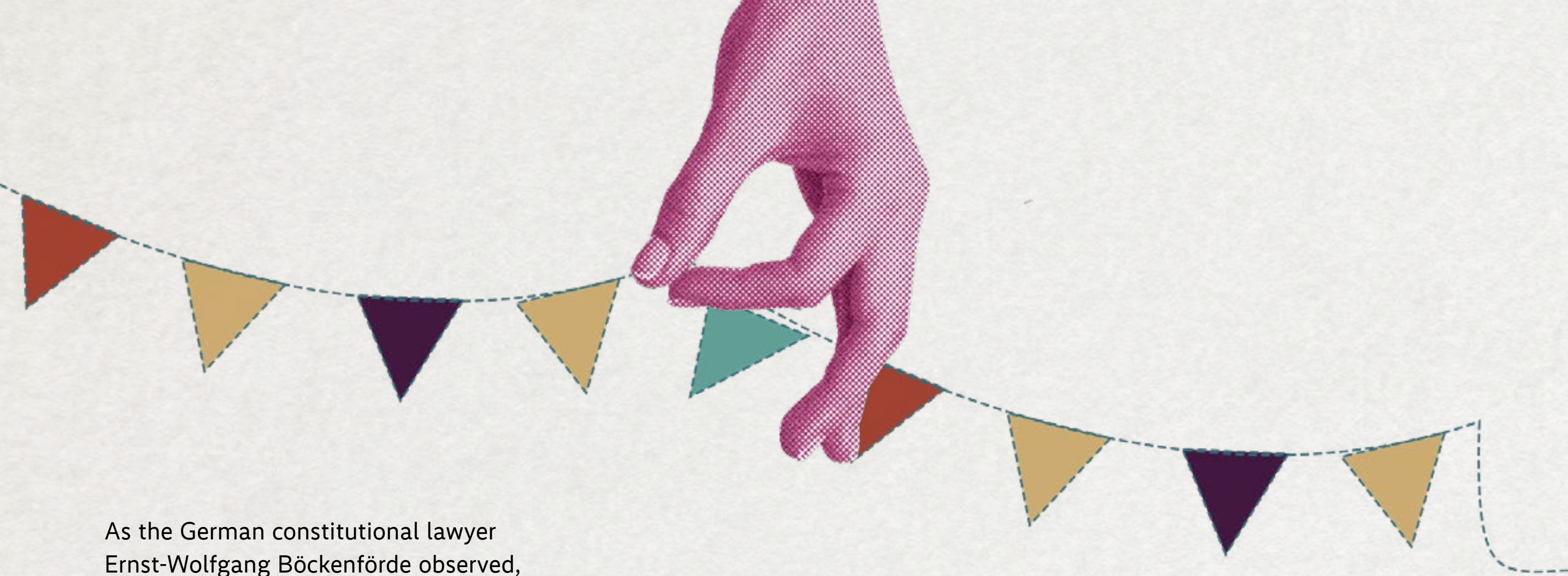
to prioritise listening, mentoring, and problem-solving. This is the personal dimension of the state's enabling role that also needs to be reflected in the adjusted public sector recruitment strategies, so that the relational model becomes lived organisational culture.

> *The ultimate ambition of Personal Capability is to reconfigure the relationship between citizens and the state.*

This entails not only a new conception of the state as a social investment state and a reform of the way the state interacts with citizens, but also requires a change in citizens' attitudes towards the state. We must move away from the transactional model in which citizens ask, "What can the state do for me?" towards a model of participatory citizenship, as indicated above.

State Capability provides the structure and capacity for delivery. *Personal Capability* ensures that every individual has an adequate platform from which to shape their own destiny. However, this comes with the understanding that citizenship also requires active participation in democratic statehood. This leads to *Community Capability*, which is the critical third pillar of the *Capability State* and is essential for the stability of a sustainable, progressive state model.

Community
Capability



As the German constitutional lawyer Ernst-Wolfgang Böckenförde observed, the liberal, secular state relies on premises that it cannot itself guarantee. He argued that the democratic constitutional state depends on civic virtue, a sense of responsibility, solidarity, and moral orientation; however, it cannot compel these qualities without endangering freedom. This is a criticism that echoes Isaiah Berlin's concerns. Thus, it remains dependent on pre-state binding forces that generate these civic virtues in order to function in a stable and liberal manner.

Since 1967, when Böckenförde made this observation, our understanding of these premises has evolved. While the state still cannot guarantee its own premises, it can purposefully create the societal conditions under which a sense of responsibility, solidarity and moral orientation can naturally emerge and become effective.

Against this backdrop, *Community Capability* refers to the collective ability of people living in shared social and geographical spaces to foster a sense of belonging, mutual care and meaningful participation in democratic life, thereby sustaining the democratic state itself. This concept is based on a humanistic, relationship-oriented view of human beings as socially embedded actors whose well-being and agency stem from their interactions and the institutions that structure public life.

Drawing on a rich interdisciplinary tradition in political theory, sociology, institutional economics and democratic innovation, this concept even extends into neuroscience. It brings together the democratic principles of social relationality and democratic practice with social infrastructure, agency and participatory processes.

Social relationality and democratic practice

At the heart of *Community Capability* lies a normative conception of humans as fundamentally relational beings. Rather than being isolated, self-interested actors, human beings are socially embedded individuals who develop agency, identity and dignity through interaction with others and participation in shared institutions. This view deliberately contrasts with atomistic models of the self, supporting an integrated understanding of democracy as both a political system and a lived social practice. Democracy is a way of life and must not be reduced to organisations and processes alone.

Jürgen Habermas's theory of communicative action and deliberative democracy provides a comprehensive account of this relational foundation. According to Habermas, the legitimacy of democratic systems does not rest solely on elections or institutional design; rather, it depends on citizens' ongoing capacity to engage in rational-critical dialogue in public forums. For Habermas, this kind of communicative interaction is not just desirable, but a prerequisite for democratic legitimacy. For the outcomes of democratic processes to be normatively legitimate, people must be able to deliberate freely and equally, without dominance or coercion.

This ideal of communicative rationality means that legitimacy emerges from a process in which those affected can participate in decision-making through discourse guided by reason. However, Habermas views communicative action not only as a source of legitimacy but also as a mechanism of social integration. Shared norms and mutual understanding arise through horizontal, dialogic interactions within the public sphere, which are anchored in civil society, the media and voluntary associations.

Without these relational and discursive foundations, democracies risk becoming hollow: procedurally intact, yet substantively disconnected from the lived realities of citizens. This can lead to alienation and withdrawal, resulting in an erosion of legitimacy – precisely the democratic deficits that *Community Capability* seeks to address.

While Habermas elaborates on the rational-normative dimensions of deliberative democracy, Richard Sennett and Michael Sandel provide crucial ethical and practical insights. Sennett has analysed the emotional and embodied skills necessary for democratic life. While Habermas focuses on discourse, Sennett emphasises the affective and interpersonal dimensions of cooperation – what he calls the "craft" of togetherness. Trust, empathy, active listening, patience and the ability to deal with ambivalence

are not just social virtues, but political competencies that must be practised through experience.

According to Sennett, these skills develop through continuous and often challenging engagement with difference, be it ethnic, social, generational, or ideological. However, modern societies undermine these skills through the acceleration of daily life, relentless pursuit of efficiency and increasing segmentation. Public spaces are declining, work is becoming more isolated, and digital filters are reinforcing homogeneity. The loss of shared rituals and informal encounters in this context not only weakens mutual understanding, but also the foundations of democracy and the democratic state itself.

Community Capability therefore aims to preserve or restore everyday democratic competence – those slow, quiet processes through which strangers become fellow citizens, and the notion of "active citizenship" acquires meaning. Therefore, investing in the community means promoting participation and social cohesion, as well as rebuilding the emotional foundations of collective life in complex and diverse societies.

Michael Sandel offers an additional critique of liberalism and establishes a robust normative basis for *Community Capability*. He criticises the liberal ideal of the "unencumbered self", the idea that individuals are autonomous decision-makers whose identities exist independently of history, community or moral ties. Sandel argues that this abstraction undermines the prerequisites for democratic solidarity. A democracy based on formal neutrality and market logic cannot generate shared obligations, civic virtues, or communal bonds. According to Sandel, democracy requires more than just procedures; it also demands a conception of the common good that is anchored in community and moral responsibility.

His concept of the "encumbered self" emphasises that people are shaped by their social roles, attachments and obligations. Rather than constraints, these are sources of meaning. This suggests a conception of politics that recognises the importance of cultivating relationships as essential for sustaining democratic life and, consequently, the democratic state. From this perspective, *Community Capability* becomes a site of moral education where people develop a sense of responsibility for one another, reflect on the notion of the "good life", and contribute to the common good.

However, the common good is not a fixed or predetermined concept. Moreover, it is continually shaped through democratic practices. The German-American political scientist Ernst Fraenkel offered a useful framework for this democratically constructed common good based on a distinction between a basic consensus (*Grundkonsens*) and democratic competition. In this model, competing interests and values vie for democratic approval based on a common foundation. Democratic polarisation is positive as long as the basic consensus remains intact. By attacking this fundamental consensus, modern-day populists undermine democracy and state

legitimacy, thereby undermining the very foundations of democratic statehood. *Community Capability* combats this by reinforcing the democratic processes required to solidify the basic consensus and encourage constructive, value-driven debate about the concept of the common good.

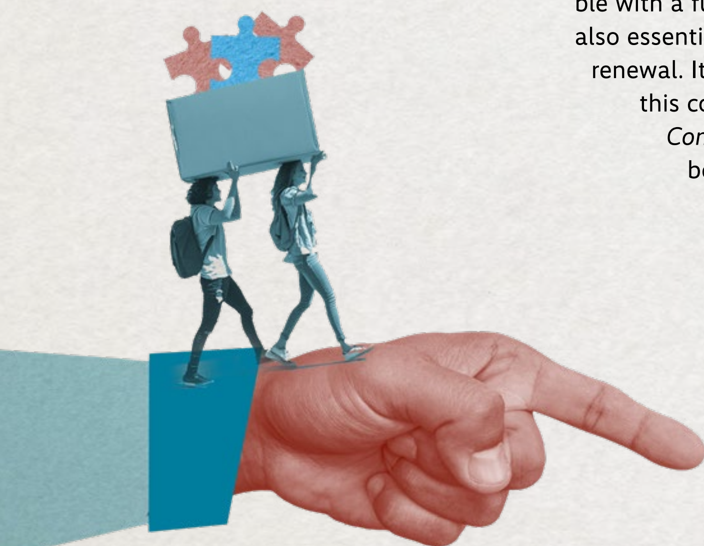
Societal interaction and lived democratic practice foster familiarity, recognition and cooperation in everyday life. Openness also subverts the cognitive patterns underlying ideological rigidity and susceptibility to extremism by strengthening empathy, tolerance of ambiguity and social judgement. Those who engage in such practices overcome the psychological and neurological patterns of extremism identified by neuroscientist Leor Zmigrod. Cognitive flexibility, emotional self-regulation and the ability to take each other's perspectives, all skills strengthened by social diversity and open interaction, directly counteract the psychological and neurological bases of ideological narrow-mindedness. In this respect, *Community Capability* enhances the personal cognitive resilience of citizens, making them more resistant to political extremisation.

Based on the above argument, it is evident that democratic statehood encompasses far more than just a set of rules, institutions, administrations, and procedural rituals. Rather, it is a social and moral way of life, sustained by the quality of our relationships and our mutual engagement. Within this framework, *Community Capability* is the indispensable relational and cultural prerequisite for a functioning democratic state. It achieves this in three ways: first, by enabling community and rational deliberation; second, by encouraging democratic practices in everyday life; and third, by strengthening personal resilience against radicalisation and ideological entrenchment.

Social infrastructure, agency and participation

In order to realise this vision of social relationality and democratic practice, communities require material, institutional and procedural conditions that facilitate mutual care and democratic participation. *Community Capability* is realised not only through values, community, and lived practice, but also through infrastructure, collective agency, civic trust and participatory design.

Jürgen Habermas's model of rational deliberation, for example, presupposes material and institutional conditions such as accessible public spaces, pluralistic media, civil rights and political education. In this sense, developing *Community Capability* through social infrastructure, agency and participation is not only compatible with a functioning democracy, it is also essential for its survival and renewal. It is precisely in virtue of this connection that fostering *Community Capability* must become a central task of the democratic state itself.



As Eric Klinenberg demonstrates in his research on social infrastructure, thriving and resilient communities depend on physical resources such as libraries, parks, community centres and public schools, which facilitate social interaction and the development of social capital. Such places encourage personal encounters, a sense of belonging and shared responsibility. If neglected, the social fabric frays; if strengthened, these places become the supporting structure of democracy.

It is important to note that Klinenberg refers to analogue, physical infrastructure. As will be discussed in more detail below, digital tools can complement civic life, but they cannot replace the rich relational context of personal encounters. Klinenberg's work demonstrates that investments in social infrastructure are, in fact, also investments in democratic substance and resilience. Within the framework of the *Capability State*, the type of social infrastructure described here can serve a dual purpose. If designed properly, social infrastructure can strengthen communities and act as part of the physical delivery mechanism for *Personal Capability*, i.e. care, training or social support, simultaneously. Investing in one piece of infrastructure can thus deliver on both capabilities.

Building on this, Elinor Ostrom's research on the management of common-pool resources (CPRs) demonstrates that, when given responsibility and the appropriate institutional structure, communities are capable of effectively managing public goods. Her principles, such as participatory rule-making, local

control and nested institutions, demonstrate that collective agency can be achieved through careful design and support. Therefore, *Community Capability* encompasses not only social bonds but also the ability to act together, make joint decisions, and govern shared resources sustainably. This goes beyond the co-delivery of public services, as described in *State Capability*, and links community empowerment, institutional effectiveness, and meaningful agency to the local quality of life. Participation and self-governance ring hollow if there is nothing worthwhile to be done.

In his seminal work on the links between effective governance and social cohesion, Robert Putnam emphasises the importance of networks of civic associations and active cultures of civic engagement. His concept of social capital, which is based on networks, norms of reciprocity, and mutual trust, explains why some communities interact productively with institutions, while others become alienated. Using Italy and the US as examples, Putnam shows that civic life is based on practised cooperation through associations, rituals and shared experience. It is this that generates mutual trust.

Without civic trust, communities disintegrate and participatory instruments remain ineffective. However, with it, even small institutional reforms can have a significant impact. This dimension of horizontal trust and vertical legitimacy is central to translating *Community Capability* into viable democratic structures. Putnam's work also demonstrates how social relationality and lived democratic practice strengthen effective government, linking *Community Capability* directly to *State Capability*.

For *Community Capability* to transition into a form of co-governance, especially on the local level, citizens need institutionalised and meaningful opportunities for participation that go beyond the joint governance of public goods, as explained by Ostrom. This is where participatory democracy becomes part of the procedural implementation of *Community Capability*. Well-designed formats such as planning cells, citizens' assemblies and trialogues demonstrate that citizens can address complex issues fairly and with foresight. These processes incorporate public reasoning and personal experience into politics, closing the gap between state expertise and everyday experience.

Digital innovations are also opening up previously unimaginable, transformative ways to scale up participatory democracy. Taiwan is a particularly advanced example of this evolution: Audrey Tang, the nation's first Digital Minister, has pioneered digital platforms that have fundamentally reshaped the way citizens engage with governance. The vTaiwan platform, developed in collaboration with civic hackers, and Pol.is, a consensus-building tool, are interesting approaches to facilitating public deliberation on contentious national issues.

These platforms operate on a principle that Tang describes as democracy as a "social technology". They combine the breadth of mass participation with substantive depth of engagement, enabling thousands of citizens to contribute meaningfully to policy discussions. These tools stand out due to their ability to make consensus visible through data visualisation and algorithmic clustering of opinions. This identifies areas of agreement, even amid diverse viewpoints. Crucially, the insights generated through these platforms feed directly into political decision-making processes, bridging the gap between citizen input and governmental action.

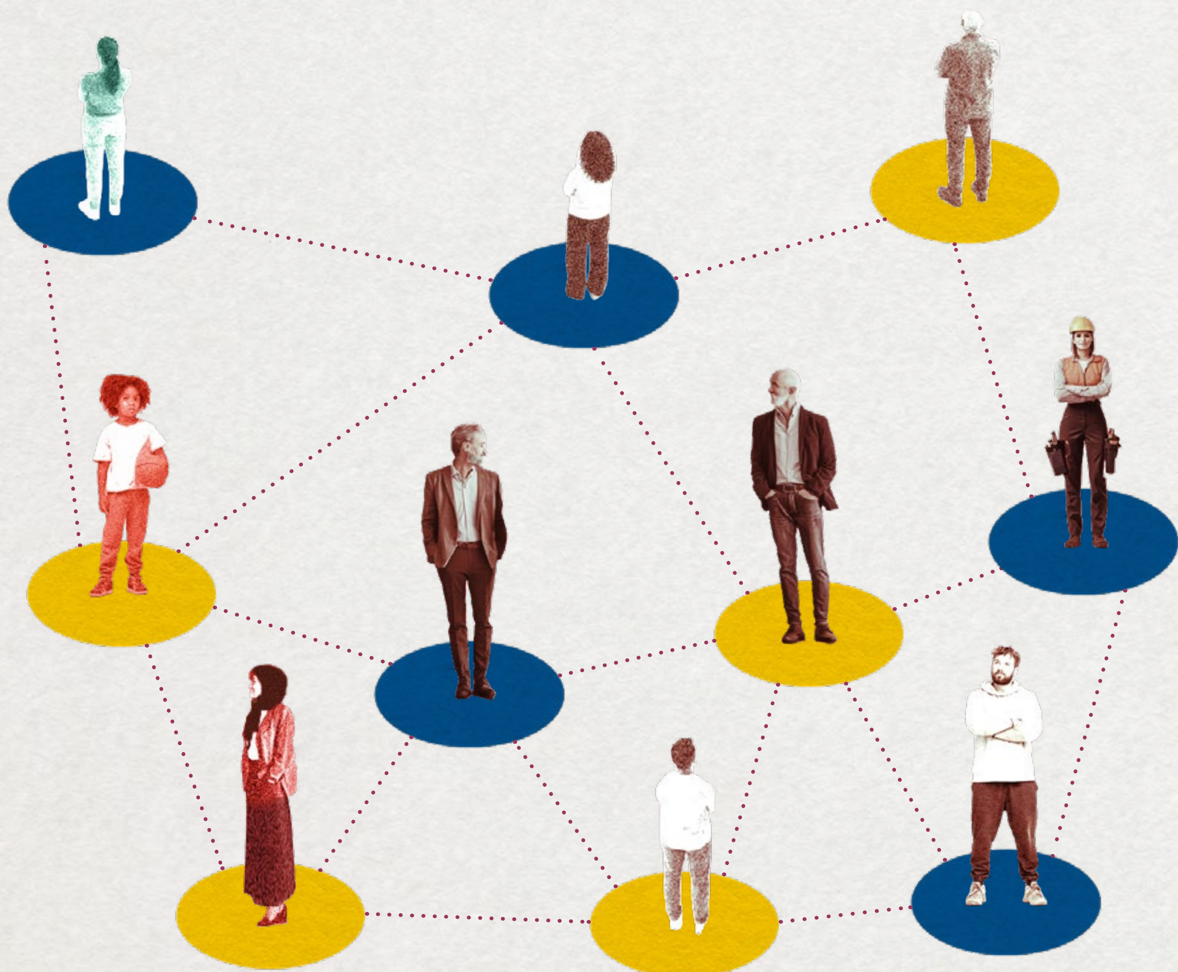
However, as digital democracy tools proliferate, it becomes essential to distinguish between the digital extension and the digital replacement of democratic processes. Although digital tools have tremendous potential to enhance civic engagement and transparency, their effectiveness ultimately hinges on the existing foundations of analogue trust, established democratic norms and robust social infrastructure. Digital platforms cannot create a democratic culture from scratch. They can only amplify and expand upon what already exists within communities.

Therefore, the future of democratic innovation does not lie in wholesale digitisation, but in the intelligent integration of digital instruments to

expand and enhance the place-based, relational capabilities that form the bedrock of healthy communities. This involves using technology to strengthen face-to-face connections, improve the effectiveness of local organising, and provide communities with better tools to articulate their needs. This approach recognises the irreplaceable value of physical presence, local knowledge, and interpersonal trust, rather than attempting to substitute digital interaction for them.

This approach is also necessary because the concept of digital sovereignty, as discussed in *State Capability*, encompasses the need for a healthy digital public space. To be clear, there is an urgent need to protect the digital public sphere from algorithmic manipulation by private actors who are driven by both profit and political agendas. It is simply not possible to have a healthy democratic discourse if the digital space is owned by techno-capitalists who are increasingly playing an active role in tearing society apart. At its present level of development, digital technology is primarily used to polarise and fragment communities rather than enhance their sense of belonging. It seems that the hopes embodied in the Arab Spring were short-lived, while “alternative facts” and disinformation have become the norm in the digital realm.

Community Capability therefore makes it clear that democracy must be protected not only by procedures, but also by practices that extend into the digital realm. In an era of growing social fragmentation, polarisation and institutional erosion, this concept offers a normative and practical framework for restoring the foundations of democratic life. It integrates political theory, social practice and empirical findings to provide a holistic perspective that recognises the human being as a socially embedded and cooperative entity. Therefore, a central task of the state is to purposefully create the capacity for communities to develop and engage in the way described. While the democratic state cannot yet guarantee its own foundations, it can create the conditions for these to emerge and grow organically far more deliberately than before. In doing so, it can strengthen democratic foundations, trust, and effectiveness.



Conclusion: A New Progressive Framework for the State

The *Capability State* model is more than just a set of administrative reforms. It offers a new, comprehensive framework for conceptualising the state in the twenty-first century. For too long, progressive thinking has been fragmented and on the defensive, either trying to protect the welfare state of the past or making minor improvements to the managerial state of the present. Redefining the state as an active capabilities platform rather than a passive provider or paternalistic manager provides an updated philosophical foundation.

This framework addresses the fundamental question: "What is the purpose of the state?" by integrating three key capabilities: *State Capability* to deliver results; *Personal Capability* to ensure individual agency; and *Community Capability* to foster belonging, anchor democratic practice, and establish statehood. Together, these capabilities form a holistic vision of an effective state that empowers its citizens and at the same time revitalises its own legitimacy. In the face of vicious attacks against the very foundations of democratic statehood, the *Capability State* model offers a new politics that strengthens democracy's core.

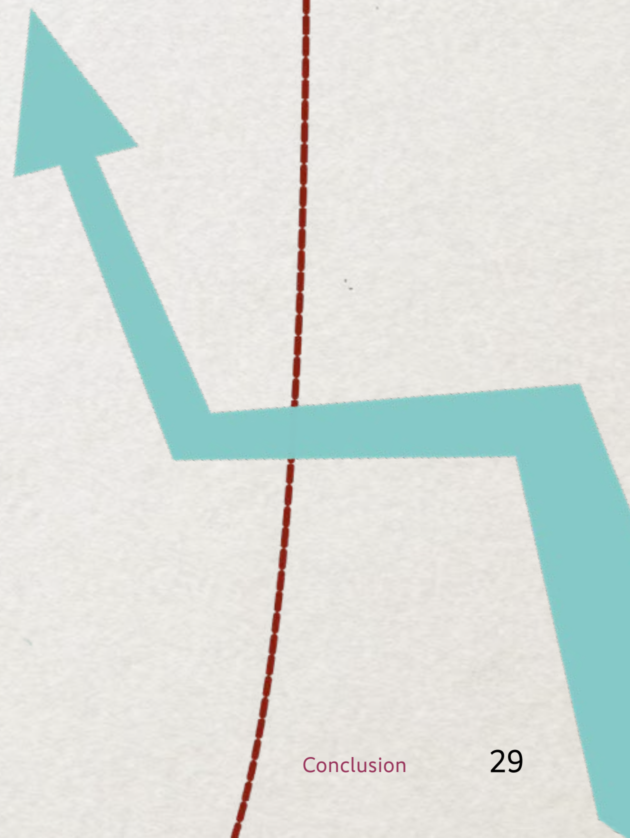
However, a new model is only as good as its practical application. For the *Capability State* to be effective, it must not be treated as a rigid blueprint, but rather as a set of guiding principles that can be adapted to different national realities. In this respect, implementation strategies should mirror the approach of the OECD Corporate Governance Principles or the Sustainable Development Goals (SDGs). Just as these international frameworks set out universal goals while explicitly recognising the need to adapt implementation to varying legal, economic and cultural circumstances, the *Capability State* provides a flexible way forward.

As the Friedrich-Ebert-Stiftung and Social Europe articles series has shown, different nations will approach this transformation from different starting points. For example, a country with a strong but rigid bureaucracy may need to prioritise the agility of *State Capability*. A nation with high levels of inequality may need to prioritise the enabling platform of *Personal Capability*. This framework's strength lies in its ability to diagnose country-specific deficits while maintaining a coherent vision of overall progress.

Implementing this vision requires reconciling competing priorities. Although the capabilities are designed to be mutually reinforcing, policymakers must openly acknowledge any tensions that arise between them. Just as the *Capability State* must manage trade-offs within each of its three dimensions, it must also navigate those that arise between them. While there is no guaranteed way to avoid such conflicts in all circumstances, country-specific strategies should be able to manage such tensions if they arise.

Finally, this new model also requires new metrics. In order to operationalise the *Capability State*, we must develop a multidimensional measurement framework that tracks the health of all three capabilities. We need to measure how easy it is to interact with the state, how many life choices individuals have, and how much civic trust exists in communities. Only by measuring what truly matters can we change the government's incentives from process compliance to outcomes and human flourishing.

The crisis of democratic statehood is real, but not terminal, and there is no predetermined path towards



illiberal democracy or autocracy – although there are already too many negative examples. The crisis of democratic statehood is, in many respects, a crisis of imagination. This is why it was necessary to take a step back from ongoing debates about state reform and consider the actual purpose of the state.

The *Capability State* offers a potential way out of the crisis of democracy. It provides progressives with a robust, coherent narrative: the purpose of the state is to build the capabilities of its people, by its people and through its people

About the author

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The Capability State

"What is the actual purpose of the state?" – this central question is the focus of the analysis developed in "The Capability State". At a time when bureaucratic processes are making life difficult for citizens, the paper proposes a three-part model. It aims at a conception of the state as a platform that helps society build the capabilities it needs to address its problems effectively. The text also criticizes the fragmented reform efforts of recent decades and provides global examples – ranging from a virtual AI minister in Albania to digital democracy platforms in Taiwan – which demonstrate that technological innovations only work when they are embedded in a relational, trust-based understanding of the state. The analysis provides both a theoretical foundation and practical "Mission Delivery Boards", as well as tools for managing and evaluating progress.

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