



Kia māia: Be bold

Improving the wellbeing of children living in poverty

NZIER public discussion paper
Working paper 2019/1, May 2019

About NZIER

NZIER is a specialist consulting firm that uses applied economic research and analysis to provide a wide range of strategic advice to clients in the public and private sectors throughout New Zealand and Australia and further afield.

NZIER is also known for its long-established Quarterly Survey of Business Opinion and Quarterly Predictions.

Our aim is to be the premier centre of applied economic research in New Zealand. We pride ourselves on our reputation for independence and delivering quality analysis in the right form and at the right time for our clients. We ensure quality through teamwork on individual projects, critical review at internal seminars and peer review at various stages through a project by a senior staff member otherwise not involved in the project.

NZIER was established in 1958.

Authorship

Each year NZIER devotes resources to undertake and make freely available economic research and thinking aimed at promoting a better understanding of New Zealand's important economic challenges. This paper was funded as part of this public good research programme.

This paper was prepared by Peter Wilson of NZIER and consulting economist Julie Fry.

The assistance of Derek Gill, Marco Sebastianelli, Jess Berentson-Shaw, Eugene Isack and Michael Fletcher is gratefully acknowledged. All remaining errors are the authors.



ISSN 1176-4384 (online only)

Keywords: Poverty, wellbeing, capability approach

JEL codes: I31, I32

L13 22–28 Willeston St | PO Box 3479, Wellington 6140
Tel +64 4 472 1880 | econ@nzier.org.nz

© NZ Institute of Economic Research (Inc). Cover image © Dreamstime.com
NZIER's standard terms of engagement for contract research can be found at www.nzier.org.nz.

While NZIER will use all reasonable endeavours in undertaking contract research and producing reports to ensure the information is as accurate as practicable, the Institute, its contributors, employees and Board shall not be liable (whether in contract, tort (including negligence), equity or on any other basis) for any loss or damage sustained by any person relying on such work whatever the cause of such loss or damage.

Key points

Wellbeing and children living in poverty are Government priorities

This paper is about how to improve the wellbeing of children living in poverty.

We propose a framework for thinking about child poverty that supplements a focus on resource adequacy with insights from Amartya Sen's capability approach to wellbeing.

Wellbeing is not a new name for an old idea

Wellbeing is not just a trendy name for income or standard of living. It is a powerful normative idea that goes to the heart of what a successful life requires.

But to use wellbeing as a guide for policy requires new techniques in measurement and new ways of thinking about what constitutes success.

The New Zealand Government is now using a version of wellbeing as the basis of much of its decision making. The Treasury and Statistics New Zealand are developing new measures of wellbeing at the national level. Significant research is being undertaken here and overseas on how to measure the effects of policies on how people judge their own wellbeing (called subjective wellbeing).

There is a serious gap in our understanding of what works

There is, however, little guidance available on how to design policies and programmes that explicitly target wellbeing as opposed to income and consumption.

This needs to change quickly to ensure that decisions on strategy and resource allocation are based on clear economic principles and evidence.

Directly addressing wellbeing is a better way of tackling child poverty

To Sen, wellbeing is the freedom to live the life one values and has reason to value. Increasing wellbeing requires more than just increasing the incomes of families with children.

The capability approach focuses on the real choices people have

The focus of Sen's capability approach is on the real choices people have to use resources. Some people struggle to convert resources into a good life. For them, increasing access to resources might only be a necessary but not sufficient condition for increasing wellbeing. They might also need additional support to develop the capabilities that will enable them to flourish.

More resources are not always enough; how people use resources matters too

Programmes that increase both the level of resources that whānau with children have and their capabilities to use those resources are likely to be more effective at addressing the negative effects of child poverty.

Contents

1.	Introduction.....	1
1.1.	Human nature.....	1
1.2.	Motivation.....	2
1.3.	The New Zealand child poverty literature.....	6
1.4.	A better way.....	7
2.	Capabilities versus command over resources.....	8
2.1.	Achievements.....	10
2.2.	The freedom to achieve.....	11
2.3.	The means to achieve.....	11
2.4.	The capability approach: a summary.....	16
2.5.	What is different about the capability approach?.....	17
2.6.	What should be in a capability set?.....	18
2.7.	What is important for policy?.....	20
2.8.	Some policies go further than providing resources.....	20
2.9.	Looking to the future.....	21
3.	How people achieve good lives.....	22
3.1.	Societal factors.....	22
3.2.	Environmental factors.....	23
3.3.	Behavioural factors.....	24
3.4.	Human factors.....	26
4.	Governments still must make choices.....	27
4.1.	Fixing child poverty is costly.....	27
4.2.	The wellbeing budget.....	29
4.3.	Acting at scale.....	29
4.4.	A test of the concept.....	30
5.	Conclusions.....	35
6.	References.....	37

Figures

Figure 1	Child poverty has been persistently high.....	2
Figure 2	Income is not a good indicator of wellbeing.....	3
Figure 3	Income varies across deprivation levels.....	3
Figure 4	What a clear relationship between income and wellbeing would look like.....	4
Figure 5	Spending on families with children has increased since 1980.....	5
Figure 6	Percentage of children living in low-income households.....	5
Figure 7	The capability approach.....	9
Figure 8	Conversion factors help determine the type of life you lead.....	12
Figure 9	Functionings result from the features of resources and people.....	13
Figure 10	A hierarchy of policy tractability.....	16

Tables

Table 1	A taxonomy of conversion factors.....	15
---------	---------------------------------------	----

1. Introduction

[P]overty must be seen as the deprivation of basic capabilities rather than merely lowness of income (Sen 1999b, 87).

In this paper, we consider child poverty in New Zealand based both on resources and the real opportunities that children can achieve. We draw our inspiration from the capability approach of Nobel Prize-winning economist Amartya Sen.

It is likely that the government's child wellbeing strategy will involve considerable new expenditure, as this has been a consistent theme of the debates on child poverty in New Zealand and the near-universal recommendation of all those who have considered the matter.¹

By drawing on the capability approach, we suggest that the government will be able to make greater headway in improving the wellbeing of children living in low-income households than if it simply focussed on increasing incomes.

While children live in families and what happens within those families can have a material impact on them, consistent with Sen's view, we have deliberately chosen to focus on the wellbeing of children as individuals. Sen notes that the intra-family division of resources, not just the level of those resources, is important in determining the wellbeing of all family members (Sen 1999b, 139).

Under the capability approach, the goal of policy is to allow people to live lives they value and have reason to value. While outcomes, like quality of life, employment, health status and material possessions are important, the capability approach measures success in terms of the real choices that people have to lead good lives.

1.1. Human nature

One attraction of the capability approach is that it is morally neutral and does not view poverty as resulting from the failings of people. Terms like "laziness", "poor parenting skills" or "not taking personal responsibility" are not used to describe the causes of poverty. This is consistent with Jess Berentson-Shaw's view that the form of the narrative used to discuss poverty has an important influence in how messages are understood (Berentson-Shaw 2018). At the same time, it recognises that improving the wellbeing of children living in poverty requires more than increasing income.

At its core, this paper is about human nature and how people, as members of their particular society, live their lives. Designing and implementing effective policies requires some uncomfortable aspects of some people's lives to be discussed openly, without judgement, sentimentality or despair.

1 The Welfare Expert Advisory Group stated in its newly-released report that: "The Government must urgently increase the incomes of people in receipt of a benefit and in low-wage work and maintain these increases over time so that they keep pace with the incomes of the rest of the community" (Welfare Expert Advisory Group 2019, 8). The Group estimated the fiscal cost of improving the adequacy of the income support system at \$5.2 billion per year.

1.2. Motivation

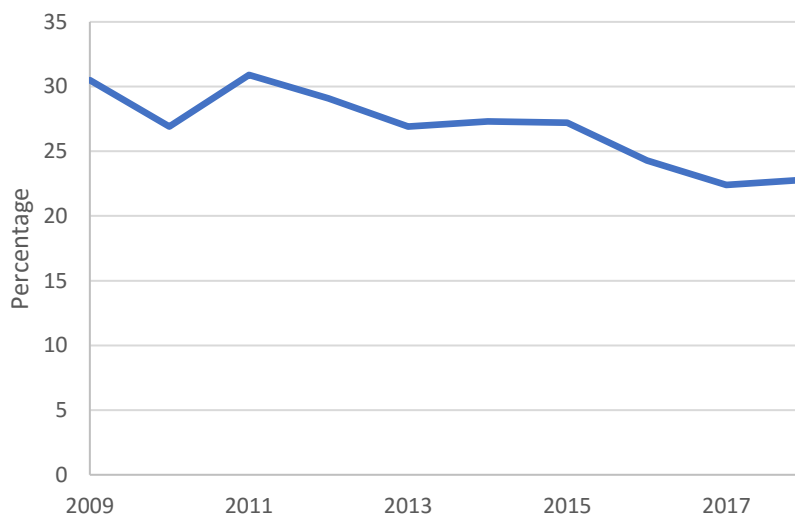
We have been motivated to undertake this study by both the persistence of child poverty in New Zealand and by evidence that shows that income is not a good proxy for wellbeing.

Figure 1 shows that while there has been a steady decline in the proportion of children living in low-income families, that level is still high.

Persistence matters because the stresses that parents and children living in resource-poor settings experience harm family relationships and dynamics, negatively affect how parents interact with their children during key development periods, and directly damage children’s neurological and physical development (Berentson-Shaw 2018, 4). Long-term intergenerational, poverty can ingrain unhelpful coping strategies that can endure even after material increases in resources.²

Figure 1 Child poverty has been persistently high

Percentage of children in households with less than 50% of median income after housing costs for the 2017/18 base year³



Source: Statistics New Zealand

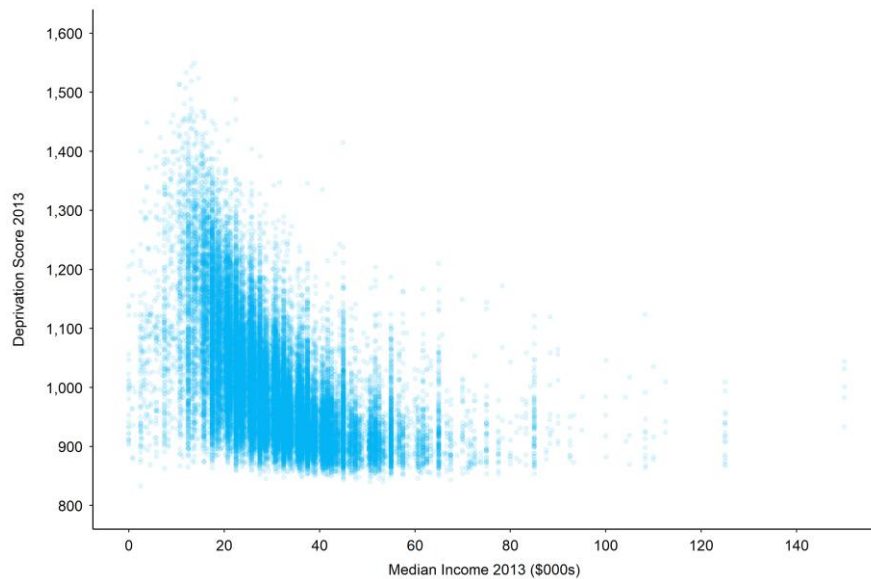
Figure 2 shows the relationship between wellbeing, as measured at the meshblock level by the University of Otago’s index of deprivation, and household income.⁴ In this figure, the lower the index, the higher a household’s wellbeing.

² *Hillbilly Elegy* tells the story of families from West Virginia who moved to Ohio after the Second World War and who, despite working in well-paying jobs and essentially living the American Dream, were plagued by behavioural habits that had developed through generations of disadvantage. (Vance 2016).

³ See Perry (2017) for a description of this and other measures.

⁴ A meshblock is the smallest geographical unit used to report Census data in New Zealand and comprises about 100 households.

Figure 2 Income is not a good indicator of wellbeing

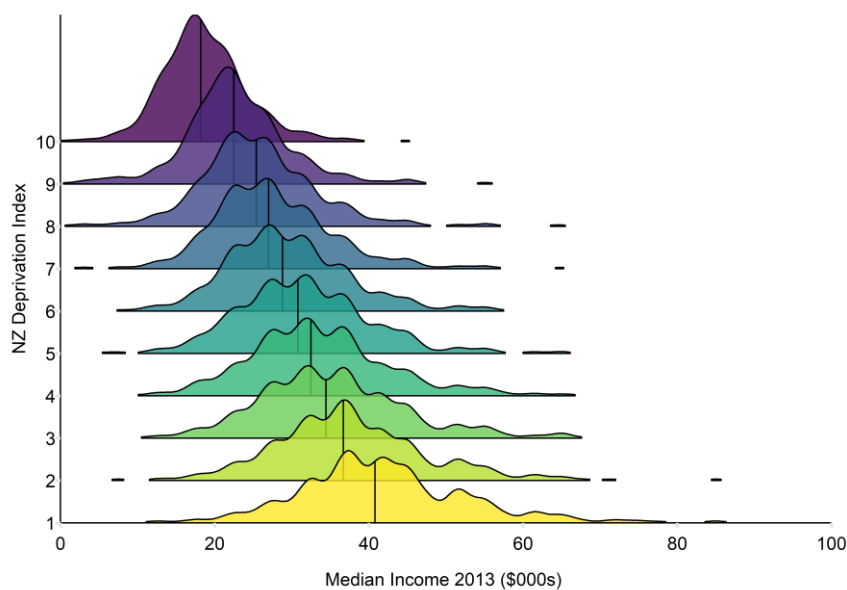


Source: Atkinson, Salmond and Crampton (2014) and Statistics New Zealand

Although there are some households with very low income and high wellbeing, for the most part, a minimum level of income seems necessary to ensure high wellbeing. Above that very modest threshold (around \$18,000 pa), we can see a lot of low-income families with high wellbeing and a few high-income families with low wellbeing.

Figure 3 presents the same data a different way, showing the distribution of income for households with the same deprivation index. The spread of incomes increases as deprivation falls.

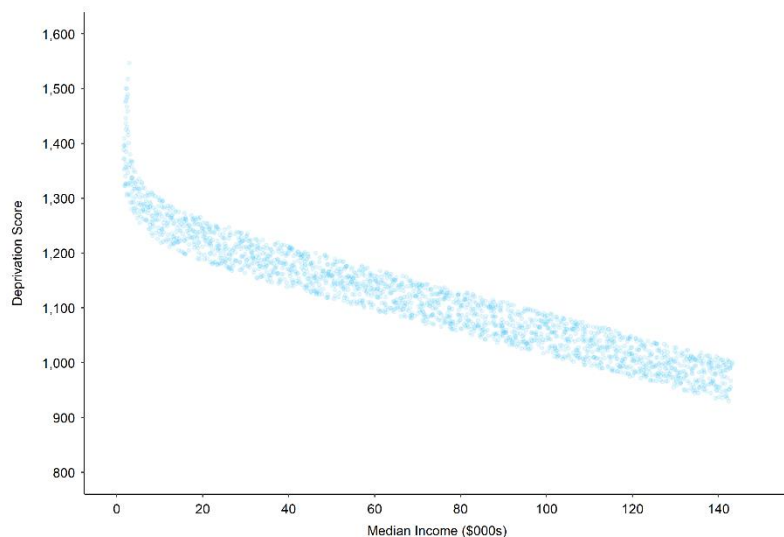
Figure 3 Income varies across deprivation levels



Source: Atkinson, Salmond and Crampton (2014) and Statistics New Zealand

The policy implication of this finding is that increasing income is not enough to increase wellbeing for at least some New Zealanders. If it were, we would expect to see a relationship between deprivation and income closer to that stylised in Figure 4.

Figure 4 What a clear relationship between income and wellbeing would look like



Source: NZIER

A recent study by Oranga Tamariki concluded that:

*Although a large body of research shows a link between income and child outcomes, the majority of this work cannot be used to understand whether low income **causes** poor outcomes for children (Oranga Tamariki Evidence Centre 2018, 6. Emphasis in the original).*

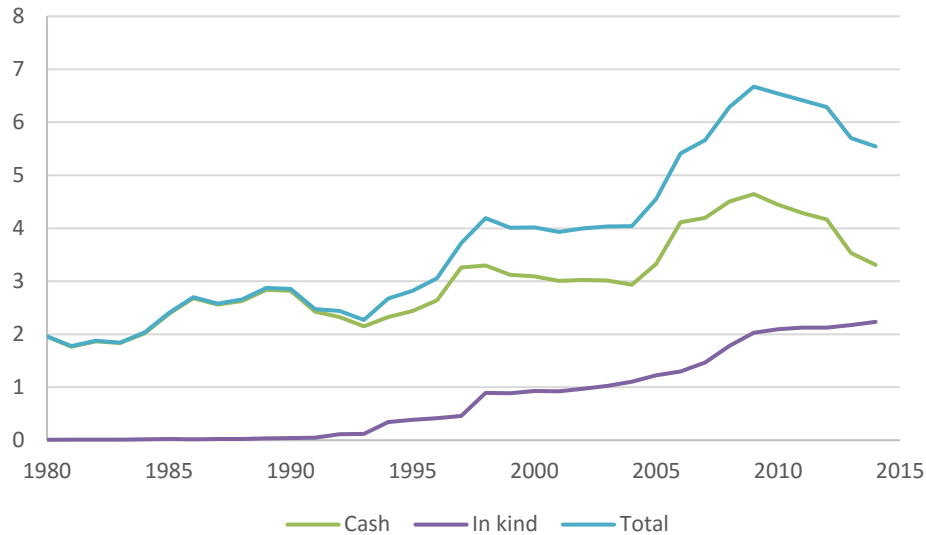
Over 30 years ago, in its 1987 *Briefing to the Incoming Government*, The Treasury said:

There are many people in various forms of distress who together constitute worrying symptoms that all is not well in New Zealand society (The Treasury 1987, 395).

Many commissions, committees and working parties have addressed the issue of child poverty since 1987. Ministerial taskforces have met, and billions have been expended in social assistance (Figure 5).

Figure 5 Spending on families with children has increased since 1980

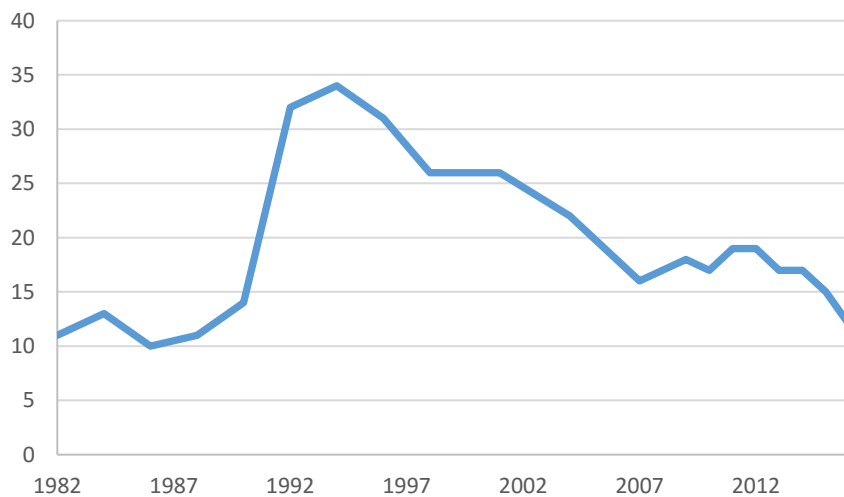
Real total spending specifically targeted to families with children, \$ billion⁵



Source: OECD

Despite these efforts and despite the New Zealand economy being considerably larger in value than it was in 1987,⁶ all is still not well in New Zealand society. While much reduced from the peak of the early 1990s, the proportion of children living in low-income households is only now approaching the 1987 level (Figure 6).⁷

Figure 6 Percentage of children living in low-income households



Source: Perry (2017)

5 We freely acknowledge that not all government spending on children with families is directed at reducing poverty. We use this statistic to illustrate that government spending on social assistance has increased significantly since 1980 without greatly reducing child poverty.

6 In 1987, real gross domestic product per person in New Zealand was \$33,779, and in 2018, the comparable figure was \$50,425.

7 Figure 6 is from Perry 2017, which contains a longer time series than the official estimates shown in Figure 1.

In its latest State of the Nation Report (Johnson 2019), the Salvation Army has presented a range of material on the wellbeing of New Zealand children. It paints a mixed picture. For example, while the proportion of children in households receiving benefits fell from 19.1 percent in 2013 to 16 percent in 2018, total notifications or referrals of possible child abuse or neglect increased from 148,659 to 158,921.⁸ The proportion of students attending decile 1 schools (those serving localities with the greatest socio-economic need) who did not achieve NCEA level 1 increased from 2012 to 2017, while the proportion fell in schools in all other deciles.

1.3. The New Zealand child poverty literature

A primary focus in debates about child poverty in New Zealand is on income inadequacy. The main emphasis in the literature is on measuring the level of income that households with children earn and the effects that low income has on factors such as health, education and employment outcomes.

The framework underlying this literature is summarised in various “poverty lines”, with the policy objective being to raise household income to above a preferred threshold.⁹ Implicit in this framework is the idea that increases in income will automatically lead to better wellbeing outcomes and that, if everyone has a minimum level of income, the adverse effects of low income will, axiomatically, be eliminated. The minimum wage, the living wage and the idea of a guaranteed minimum income (Hoynes and Rothstein 2019) are all manifestations of this approach.

At the definitional level, the focus is almost exclusively on incomes:

Children living in poverty are those who experience deprivation of the material resources and income that is required for them to develop and thrive, leaving such children unable to enjoy their rights, achieve their full potential and participate as full and equal members of New Zealand society (Expert Advisory Group on Solutions to Child Poverty 2012, 2).

Boston and Chapple (2014, 21) use the term “poverty” to describe a lack of money or insufficient resources. But they also recognise that child poverty outcomes are not only driven by incomes:

*While there may be no single cause of poor child outcomes, it is clear that both poverty **and** other factors influence the way children grow up. There is a robust body of evidence that suggests that the income of children’s families directly causes important future outcomes. There is a complementary body of evidence that suggests other influences are also important, including parenting quality, and they serve to diminish the raw impact of income (Boston and Chapple 2014, 49 – emphasis in the original).*

8 Increases in notifications need to be treated with some caution, as they can be the result of either more actual abuse or neglect, increased reporting, or both. Over the same period, substantiated abuse findings fell from 22,984 to 14,802 (Ministry of Social Development n.d.). But 14,802 cases are 14,802 too many.

9 While rarely expressed as such, most of the New Zealand policy literature takes what is technically called a “welfarist” approach. A welfarist approach equates wellbeing with utility and only utility, and anything that increases utility increases wellbeing (Sen 1979b, 538).

That said, they suggest that increasing incomes should be the focus of policy, at least in the short term, partly because low incomes are more amenable to government intervention. They note that, “with appropriate changes to our tax-benefit system, we could halve child income poverty virtually overnight in New Zealand” (Boston and Chapple 2014, 49). Indeed, the 2017 Families Package, through changes to Working for Families, resulted in dramatic reductions in the number of households with low income and is expected to result in significant flow-on reductions to child poverty, as defined in the Child Poverty Reduction Act.¹⁰

1.4. A better way

An alternative view is that:

Income and consumption are only rough measures of the quality of life because they are not able to fully describe what people can really achieve with these resources, because they can hide strong differences and inequalities among people (Chiappero-Martinetti 2000, 207).

Our view is that increasing the wellbeing of children living in poverty requires two things to happen: providing them with the required resources and ensuring they can convert whatever resources they have into a life they value.

The available evidence says that, for many children and their families, turning resources into a valuable life is not the issue. Some people simply do not have enough resources to lead an acceptable life.¹¹

But for another group of children, including some of our most disadvantaged, it seems that more resources will not lead to a material improvement in living standards unless they are accompanied by changes to ensure those resources can actually be used to build a better life.

This means that improving the wellbeing of some of New Zealand’s most disadvantaged children may be much more difficult than previously thought. Simply increasing the resources these children and their families have access to may be ineffective.

The capability approach to wellbeing developed by Amartya Sen provides a guide to how to develop more effective policies.

¹⁰ The Treasury has calculated that the package will result in a 41 percent decrease in the number of children in low-income households in 2021, defined as households earning 50 percent of median equivalised income before housing costs (The Treasury 2018).

¹¹ We are not implying that the required increase in resources need only come from increased government transfers. For many children, family members gaining employment or increasing the incomes of those already employed are equally effective sources. We acknowledge, however, that the reasons that some people cannot convert resources into a good life will also inhibit, sometimes severely, their ability to gain employment or advancement.

2. Capabilities versus command over resources

In a lifetime of work, Amartya Sen has sought to answer the question of what constitutes a good life.¹²

The result is his capability approach, which views welfare as the actual choices a person has available to lead the kind of life they value and have reason to value.

The capability approach is a theoretical framework that entails two core normative claims: first, the claim that the freedom to achieve well-being is of primary moral importance, and second, that freedom to achieve well-being is to be understood in terms of people's capabilities, that is, their real opportunities to do and be what they have reason to value (Robeyns 2016, 1).

In this framework, what matters is not just the resources that one has (although these are important) but the ability (freedom) to do and to be the things that one values and has reason to value. Discussing the application of the capability approach to the United Nations Development Programme, Sakiko Fukuda-Parr observes:

Sen's theory of development as an expansion of capabilities is the starting point for the human development approach: the idea that the purpose of development is to improve human lives by expanding the range of things that a person can be and do, such as to be healthy and well nourished, to be knowledgeable, and to participate in community life. Seen from this viewpoint, development is about removing the obstacles to what a person can do in life, obstacles such as illiteracy, ill health, lack of access to resources, or lack of civil and political freedoms (Fukuda-Parr 2003, 303).

Figure 7 is a stylised presentation of the capability approach. Note that while net income is included in the framework, it is only one element of the overall approach.

The empirical elements of the capability approach are the activities that people do ("doings") and the things they become ("beings"). Doing and being are the ends that people strive for in life. Together, doings and beings are termed **functionings**.¹³

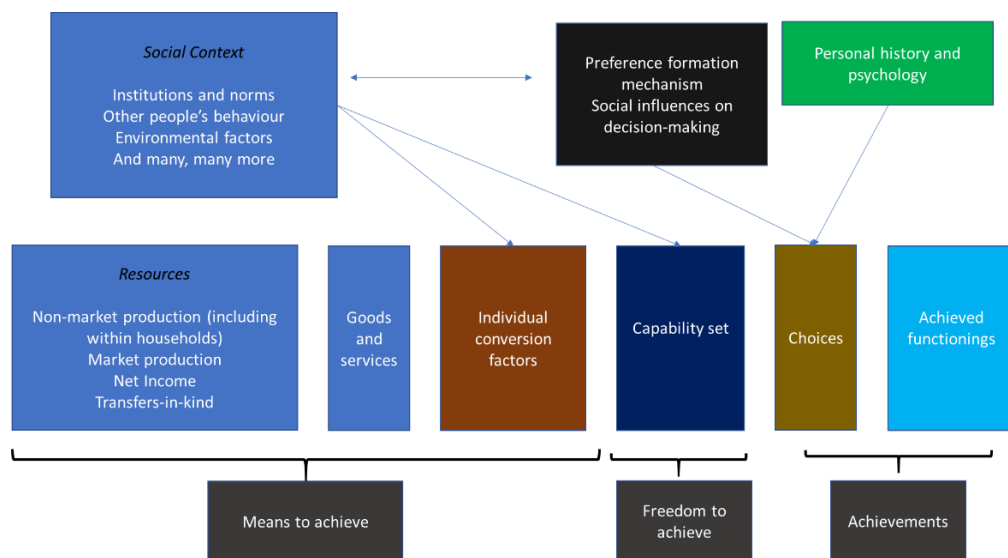
12 Sen's work on this issue started with his 1979 Tanner Lecture "Equality of what?" Key contributions are Sen (1989; 1999a; 1999b; 2004 and 2010). For a good summary of the capabilities approach, see Dalziel and Saunders (2014a; 2014b). Robeyns (2005) provides a more technical survey and Robeyns (2017) is an open-access, book-length non-technical summary.

13 Outcomes is an alternative term for functionings, but not one that Sen uses.

The **capabilities** that give the capability approach¹⁴ its name are the freedoms people have to achieve functionings.¹⁵ Capabilities are more than simply a compilation of possible functionings (Comim 2008, 163). They include the freedom to choose between real alternatives (a freedom that is itself valuable).¹⁶ The total of all capabilities constitutes a person’s **capability set**.

People convert resources into capabilities via **conversion factors**.

Figure 7 The capability approach



Source: Based on Robeyns (2005)

As presented in Figure 7, there are three important parts to the capability approach: the means to achieve, the freedom to achieve and the actual achievements. What makes this approach different from traditional approaches to welfare is that achievements (or outcomes) do not represent the full measure of wellbeing, nor does the level of resources one has accumulated. Wellbeing is the capabilities (the freedom to choose) a person has, as well as what they achieve (functionings). Thus, the distribution of resources should not be the only goal of policy (Goerne 2010, 12).

Sen’s approach is focussed on individuals rather than national totals or societal averages. People are very different, not just in their preferences (what they value) but in their abilities to convert resources into choices and actions.

14 In his writings, Sen tends to use the singular “capability” to describe his framework. Martha Nussbaum, another pioneer in the field, uses the plural. The internet is divided: the singular gets 208,000 Google hits, the plural 308,000. We follow Sen and use the singular.

15 “Capability”, as Sen uses the term, does not just refer to a person’s abilities: “She is capable of running 100 metres in 11.5 seconds.” Rather, capabilities are the functionings that a person can achieve and so are critically dependent on factors that are external to the person, like social norms, resources, family support and the environment in which the person lives. For example, two people with the same inherent characteristics (IQ, drive, strength, genetic make-up), one living in a high-income family in Auckland and one living in an impoverished village in South America, will have different “capabilities” as Sen defines them.

16 Consider two high school students. One, due to parental dictates, is required to go to medical school and become a doctor, while her friend, with more flexible parents, has the choice of studying law, medicine or economics, but chooses medicine. These two students have identical functionings (outcomes): they have both become medical students. But the student with real choices, even though she made the same decision to be a medical student, has higher wellbeing under the capability approach (Sen 2009, 236).

While having spawned many devotees, specialist societies and journals and a large literature, the capability approach remains tantalisingly elusive as a practical instrument of public policy analysis. This is due, in part, to its deliberate theoretical under-specification (Comim 2008, 160; Robeyns 2005, 94).

To use the capability approach in practice requires developing and applying supplementary theories about important elements of wellbeing. For example, we need a theory of what conversion factors are and how they work, we need to understand how people make choices and we need to understand how people conceptualise their own lives and what they value. In our view, however, this is a strength of the capability approach, not a weakness. The capability approach, by design, is not a method of policy development that allows for broad-brush solutions or good-enough policies:

Policies directed at changing conversion factors equally should not be expected to be effective if they are designed in a one-size-fits-all fashion. One could therefore argue that the [capability approach], by upholding the stress on human diversity, directs the attention to analysing policies in terms of individualisation. The [approach] is not primarily interested in investigating the question of how much resources are being spent in total but rather whether the resources are directed appropriately, taking the needs of the individual adequately into account (Goerne 2010, 12).

Following the capability approach requires rigorous analysis of difficult but important concepts before policy recommendations can be made. We need to do more than look for simple solutions that apply generally. People's lives are at stake and everyone matters, not just those who can easily convert resources into a good life.

We now turn to a more detailed discussion of the three parts of the capability approach.

2.1. Achievements

Functionings – outcomes – are important in the capability approach, but they are not the test of whether policies have been successful.

How we can be assured that a person's achieved functionings constitute a life that the person values and has reason to value is a complex question.

Flavio Comim acknowledges that practical measurement of capabilities is difficult, but he suggests that, provided the analyst adheres to the core principles of a capability approach and doesn't take short cuts, such as using a budget constraint (income) as an exact measure of possible consumption bundles, it is possible to test the effect of policies on capabilities. He also makes the extremely important point that measurement is not the same as **quantitative** analysis. It is possible, and indeed very productive, to measure things qualitatively and conceptually (Comim 2008, 197).

Returning to Figure 2, the wide distribution of deprivation levels across households with the same income suggests that the capabilities of some New Zealand families are low, even if their income is not.

2.2. The freedom to achieve

The core technical definition of capabilities is that they are a set of possibilities from which people can choose. They thus involve hypothetical situations. This makes measuring capabilities difficult. Functionings or outcomes can be observed, while capabilities must be in part inferred (Lelli 2008, 313).

A core element of the freedom to choose is the concept of agency, which refers to a person's ability to strive for the goals that they value (Alkire and Deneulin 2009, 37). The opposite of having agency is being forced, oppressed or passive. Another way of thinking about agency is that choices must be real.¹⁷

2.3. The means to achieve

The first means to achieve wellbeing is resources, which should not be thought of as just including material resources like money. Resources are all the things that can be used to create a valuable life. They include assets and property rights as well as monetary income.

People acquire goods and services from a wide variety of sources, only some of which involve markets.¹⁸ Non-market production, importantly, includes production that happens within households and communities such as unpaid childcare or emotional labour.¹⁹

Commodities have characteristics, and these normally don't vary between users. A loaf of bread, for example, has the same content regardless of who buys it. Eating food achieves the functioning of being well nourished. Eating food with friends achieves the functionings of being well nourished and social enjoyment.

The available basket of goods and services (commodities) is converted into a capability set via individual conversion factors.

2.3.1. How conversion factors work

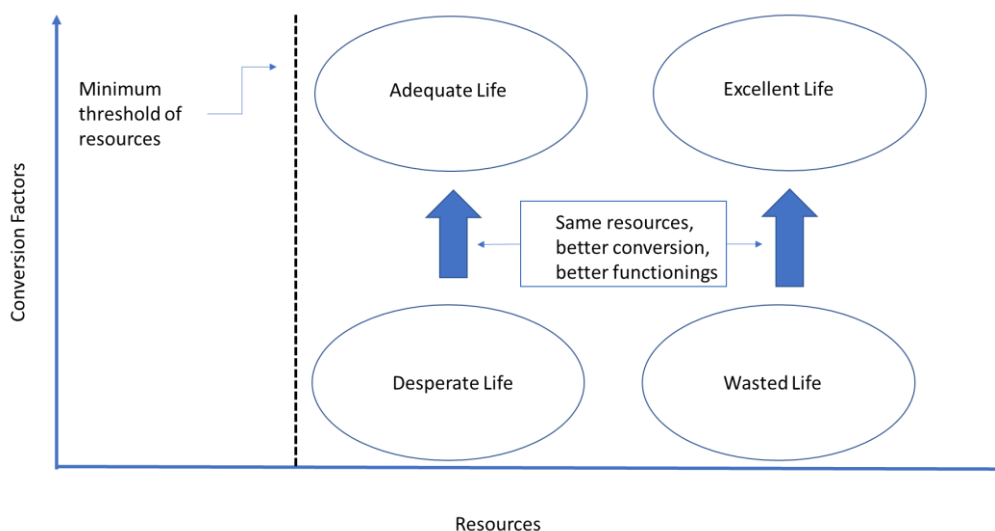
Figure 8 shows, in stylised terms, how conversion factors and resources combine to lead to the sort of life people experience. A wasted life (where a person has high resources but low conversion factors) can be transformed into an excellent life if those resources are better converted into desired functionings. A desperate life can be converted into an adequate life in the same way.

17 Amartya Sen proposes a "substantial" idea of freedom, where absence of impediments is not sufficient, and a person must be able to choose something of value to themselves. We thank Marco Sebastianelli for drawing this to our attention.

18 We use markets here in the sense of things that are bought and sold, rather than whether the supplier is in the private or public sector. In terms of measurement, transactions in markets are often included in official statistics. The prices paid for such goods are often used in economic analysis as a (imperfect) proxy for value.

19 In a recent article for Quartz at Work, Corinne Purtill notes that the meaning of this term has diverged from its initial sociological emphasis on restraining emotions at work. "The term "emotional labor" has evolved over the past few years into a catchall term for the unpaid, unrecognized work of organizing and managing a household, team, family, or relationship—especially when it's performed by women. In its current usage, emotional labor can describe anything from managing the family social calendar to directing household chores to keeping track of endless mental grocery and to-do lists." (Purtill, 2018).

Figure 8 Conversion factors help determine the type of life you lead



Source: The authors

2.3.2. Conversion factors: the traditional view

The traditional taxonomy of conversion factors in the capability approach, as explained for example by Ingrid Robeyns (2005; 2016) and Wiebke Kuklys (2005), contains three different types:

- **Personal conversion factors** (such as metabolism, reading skills and intelligence) are internal to the person and relate to how a person transforms the characteristics of commodities into functionings (a state of being).
- **Social conversion factors** stem from the society in which the person lives and include public policies, social norms, discrimination, gender roles and power relations.
- Finally, **environmental conversion factors** come from the place in which one lives and include elements such as climate and location.

2.3.3. A richer view

Marco Sebastianelli suggests that within the capability approach, classifying conversion factors allows two questions to be addressed: given a person's resources, first, how free are they to live the life they value and second, what can be done to improve their condition? (Sebastianelli 2015, 8).

The first is evaluative, the second is directed at policies that change wellbeing.

He suggests, however, that the traditional approach to conversion factors does not contain a practical definition of what conversion factors actually are and that the division into three types of factors is not sufficiently robust to assist in policy development. In particular, Sebastianelli (2016, 3) is concerned that authors like Robeyns and Kuklys, whose views he describes as focussing on what outcomes

(functionings in Sen’s terms) one can get out of a good or service, and thus confusing the rate of conversion with what conversion entails.

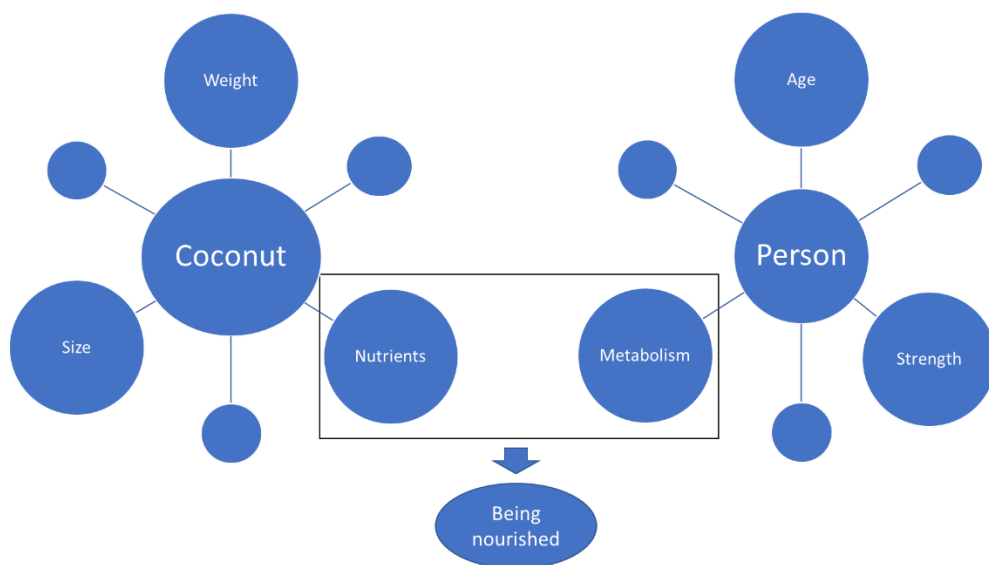
Based on an insight from Sen (1999a), that it is through the command over resources, not resources per se, that a person can satisfy their needs, his proposed definition is that conversion factors are the defining features of someone’s life: in effect, how you would describe a person (Sebastianelli 2016, 4).

In Sebastianelli’s model, as in the wider capability approach, people still convert resources into choices. What is different is that he goes to a finer level of detail and suggests that what determines any given choice is the combination of the features of a person and the features of the resources they have access to.

He gives the seemingly trivial, but rather powerful example of a coconut. A coconut has multiple potential uses: nutrition, fuel (burning the husk) or as a weapon, which depend on its features (nutritional content, size, weight). How these potential uses are converted into functionings depends not only on the person’s needs but also their defining features. Its ability to provide nutrition depends on the person’s metabolism, its efficacy as a fuel depends on where the person lives (coconut husk is not a useful fuel in a New York apartment) and its effectiveness as a weapon depends on the person’s strength and aim.

Figure 9 is a stylised representation of Sebastianelli’s approach. It shows the various features of a coconut and a person. It is the combination of the features “metabolism” and “nutrients”, one for the person and one for the coconut, that result in the conversion of a coconut into nourishment. Different features, weight and strength, are involved in converting a coconut into the functioning of “being protected by a weapon”.

Figure 9 Functionings result from the features of resources and people



Source: After Marco Sebastianelli (2016)

In this simple example, we have looked at one feature from each of an object and a person to see how they combine to create conversion factors. In life, things are more complex. Different features of people and resources can be combined in different ways, and this has an impact on how people can convert resources into choices and then functionings.

This idea of combining – which Sebastianelli terms “intersectionality” – is what takes a list of identifying traits of people and makes them into conversion factors. One implication is that individual features cannot be said to impact on the efficiency of conversion in isolation (Sebastianelli 2016, 14). For example, being unable to see is clearly a significant feature for any person, but blindness alone does not determine how someone converts resources into a life they value. The great differences in opportunities available to people who cannot see cannot be explained solely by the level of resources they have command over. That is, blindness alone is not a conversion factor – lack of sight does not always have the same effect on everyone, regardless of what other features they might possess.

While seeming to make the capability approach more complicated, we consider that intersectionality is a powerful concept in understanding how people can lead lives they value. By being not only able to describe a person (list their features) but also being able to understand how those features can combine – sometimes to amplify the efficiency of resource use, in others to cancel each other out – builds understanding of what changes, in addition to resources, are needed to help people improve their lives.

In the case of child poverty, it is not just the amount or type of resources that a person has access to but the features of the child (and their family) that will determine the ultimate set of choices that child has. Put another way, two very different people given the same type and amount of resources will be able to achieve very different things if they have very different characteristics. While this might seem a simple point, it has not, in our view, been given much weight in the design of policies to prevent and address child poverty in New Zealand.

2.3.4. A bi-dimensional taxonomy

As a way of describing the source of conversion factors, Sebastianelli proposes a two-dimensional approach to classifying the features of people. The first dimension is locus of influence, the second is type (Sebastianelli 2016, 6). This contrasts with the Robeyns and Kuklys approach, which is one dimensional, with personal factors at one end of a spectrum, environmental at the other and social factors occupying an uncomfortable and at times overlapping space in the middle.

The locus of influence axis addresses the location from which each feature exerts its influence. On this axis, features are divided between personal and contextual. Personal features describe the life of the person regardless of the context in which the person lives, while contextual features characterise life regardless of who lives it.²⁰ Personal features constitute a person’s identity, while contextual features do not.

20 Consider the example of an African-American woman living in the United States South before the Civil War and one of the very few women working in forced labour in New Zealand today. Forced labour is common to both, but the slave experiences slavery in a context where it was accepted by the dominant culture and legally sanctioned, while the woman in New Zealand’s experience is viewed by society as an illegal and abhorrent act.

The type axis looks to the source of the features and separates those that derive from the society in which a person lives from those that are derived from nature. Socially derived features include religion, legal and political circumstances and literacy (through the role of schools), while natural features include genetics, age and climatic conditions.²¹

In Sebastianelli’s model, the combination of locus of influence and type means that there are four different varieties of conversion factors, as shown in the following matrix.²²

Table 1 A taxonomy of conversion factors

Locus of influence	Type	
		<i>Natural</i>
<i>Personal</i>	Human	Behavioural
<i>Contextual</i>	Environmental	Societal

Source: After Sebastianelli (2016)

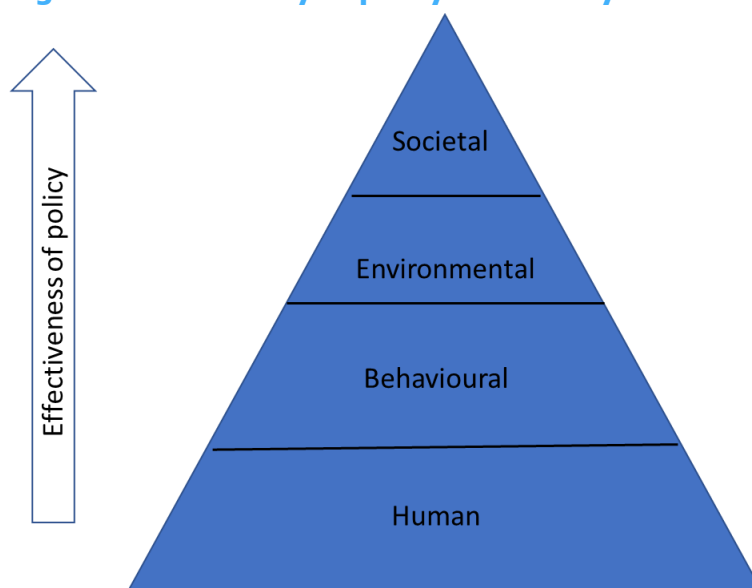
These factors are not equal in their influence on what can be included in a person’s capability set, nor are they all equally amenable to being changed by government policy.

We suggest the following general hierarchy in terms of ability to change conversion factors.

21 Sebastianelli’s classification system only considers the direct effect of a phenomenon on a person rather than looking back through its causes. Thus, while climate change has strong social causes (regulation of industrial processes, the increase in urbanisation), it directly affects people through the climate system, which is natural in character.

22 In his work, Sebastianelli used the technical terms ‘bioanthropological’ and ‘socio-behavioural’ as names for the personal factors. We have used the simpler terms ‘human’ and ‘behavioural’.

Figure 10 A hierarchy of policy tractability



Source: The authors

This hierarchy has important implications for the effectiveness of policy.

Societal factors, which result from society and are context-specific, are the most amenable to change since they are, as least in part, the result of decisions taken by communities, often represented by the government of the day.

Environmental factors, while derived by nature, are also context-specific and thus can be changed by changing that context. For example, if a person suffers asthma due to living in a damp house, changing the context (the damp house) will change their ability to convert resources into choices and allow them to choose the functioning (outcome) of being healthy.

Behavioural factors are specific to the person but derive from society. As a result, changing context has no impact on these sorts of factors. Examples are religion and attitudes to learning. To change these factors will require a combination of both personal and social elements.

Human conversion factors are specific to a person, regardless of context, and are derived from nature. Again, changing context has no impact on these sorts of factors. And they are the least likely to be easily changed. Genetic inheritance is the common example.

This does not mean that human factors cannot be influenced by policy, just that the policies required may need to be more powerful and focussed on the individual in question than might be the case for policies directed at influencing societal conversion factors.

2.4. The capability approach: a summary

The capability approach is a normative framework: it can be used to compare different policies and states of the world and allow the policy advisor to take a view of which is better.

Wellbeing is increased if the real choices available to a person – their capability set – are increased. Having more resources will increase capabilities, as will improving a person’s ability to use those resources to achieve a life they value.

How people use resources – their conversion factors – can be changed through government policy, but to do so requires a clear understanding of what makes up those factors. Some factors – those that are the result of context and society – are more easily changed than those that derive from nature.

2.5. What is different about the capability approach?

2.5.1. Capabilities versus neoliberalism

Frequent criticisms of the dominant policy framework applied in New Zealand since the 1980s are that it is neoliberal and has placed a disproportionate emphasis on efficiency at the expense of equity, and that the promised benefits of reform have either not materialised or have been inequitably shared. These issues are outside the scope of this paper. However, we do address briefly the similarities and differences between the capability approach and the standard policy paradigm in New Zealand.²³

Neoliberalism defines wellbeing as utility maximisation (Fukuda-Parr 2003, 304). It is therefore welfarist in nature. What matters is final outcomes, and these are the result of people making decisions given the resources available to them.

The capability approach, however, measures wellbeing in terms of real choices and leaves it to people to make those choices via whatever means they consider appropriate. The capability approach also focuses attention on real obstacles to achievement rather than expressing aspirations.

Both approaches emphasise the importance of getting incentives right in order to help people make good choices. Both recognise that there are some people who are doing fine on their own and some who need additional resources that, when provided, will enable them to live better lives because they have the necessary conversion factors.

Neoliberalism is also only concerned with the consequences of policies in terms of their effect on utility, while the capability approach also looks at how the policies achieve outcomes.²⁴

Where the two approaches differ is in how they view and respond to people who are unable to convert resources into a good life. Enabling people to make good choices so they can live the lives they value and have reason to value is not the same as leaving people alone to get on with things. The capability approach acknowledges that people will only be empowered to innovate and determine their own path when they are both provided with additional resources and have the ability to convert additional resources into improved wellbeing.

23 In the wider development field, a third influential approach has been to focus on “basic needs” and deliver the services and commodities needed to meet a minimum standard of living. Fukuda-Parr considers that this approach has resulted in a “count, cost and deliver” mentality that has given insufficient weight to human rights, freedom and agency (Fukuda-Parr 2003, 304).

24 Technically, this means that neoliberalism is ‘consequentialist’, while the capability approach is ‘deontological’. We thank Macro Sebastianelli for making this point.

Neoliberalism is sometimes perceived and experienced as paternalistic (“let me tell you what you’re doing wrong”) or punitive (“if you don’t attend an interview at WINZ, you can lose some of your benefit”). The presumption is that, faced with the “right” incentives, people will make the “right” choices.

The implicit assumption when applying sanctions is that the person on the receiving end will behave in a manner predicted by policy makers. For some, this will not be the case.

In contrast, the capability approach identifies gaps and helps enable people to develop conversion factors. There is also a focus on efficiency – no taxpayer wants to see their money wasted on ineffective interventions – but the approach recognises that even when we get the incentives right, some people struggle to make the right choices for themselves because their conversion factors are not fully developed.

Rather than being told what is right for their situation, under the capability approach, people are listened to and helped to figure out and advocate for what they need in order to live a life they value.

2.5.2. Capabilities and equality of opportunity

The capability approach is not the same as ensuring equality of opportunity.²⁵

The general equality of opportunity approach seeks to distinguish between outcomes that are within a person’s control and those that aren’t. Some of the things that people can’t control are their genes (who their parents are), where and when they were born, and luck (both good and bad). What they can generally control is their effort or the choices they make about what to do. Under this approach, differences in outcomes that are the result of things outside people’s control are important when considering the wellbeing of a person, while those that are within their control are less important (Fleurbaey and Peragine, 2013). That is, policymakers are less concerned with whether people take the opportunities open to them than with what those opportunities are.

Under an equality of opportunity approach, one could argue that every baby born in New Zealand could become a doctor, because access to our public education system is universal. Sen would counter that many babies will never be able to become doctors due to factors such as a lack of parental support or role models, low incomes, or assumed gender roles. For these children, being a doctor is outside their capability set. The capability approach does not imply that becoming a doctor doesn’t involve hard work and sacrifice. Rather, it recognises that the desire to become a doctor can only be realised if a person has all the necessary capabilities (real choices).

2.6. What should be in a capability set?

Despite his extensive writing on the subject, Sen has deliberately never articulated a comprehensive view of what a capability set should consist of. His view is that it is not for remote academic experts to impose their views on others. It is the people who are going to experience the lives in question who should determine what it is they value.

²⁵ Sen’s first venture into this space (Sen 1979a) was to ask “equality of what?”, and his answer was “not opportunities”. While preliminary in nature, the answer was what we now know as capabilities.

The people have to be seen... as being actively involved – given the opportunity – in shaping their own destiny, and not just as passive recipients of the fruits of cunning development plans (Sen 1999b, 53).

Sen in effect says that policy makers should not spend time and resources developing expansive lists of what constitutes a good life. Rather, the focus should be on expanding the real choices people have (capabilities) and their ability to make good choices (conversion factors).

This is a novel and controversial approach to policy making. Defining the problem as what is preventing society achieving a desired state is a core skill of the policy craft. However, recall that wellbeing in the capability approach is measured by the content of the capability set. Thus, the policy “problem” is that people do not have adequate capability sets and removing the barriers to their choices is still a “solution”.

Other authors have been less circumspect and have suggested capability sets or at least described the minimum choices that people should have.

For example, Martha Nussbaum, with Sen a pioneer of the capability approach, has developed a list of what she regards as the minimum set of capabilities that should be open to all people. She sees her set as comprising basic rights that should be enshrined in constitutions.²⁶ Nussbaum’s “central capabilities” are her answers to the question “What does a life worthy of human dignity require?” In her scheme, at a bare minimum, each person must be able to achieve a threshold level of each of 10 central capabilities (Nussbaum 2011). In summary, these are:

- being able to live a **life** of normal length
- having good physical **health**
- having **bodily integrity** (including freedom of movement, being free from violent assault and having opportunities for sexual satisfaction and reproductive choice)
- being able to experience education, literacy, mathematics and the arts and freedom of expression in relation to politics, art and religion and so on through **senses, imagination and thought**
- being able to develop attachments to things and other people, to experience a range of **emotions** (such as love, grief, longing, gratitude and justified anger) and not to have one’s emotional development blighted by fear and anxiety
- **practical reason** (being able to decide what is good, to plan and to critically reflect on life)
- **affiliation** (having social institutions that regard humans as having equal worth, support empathy and self-respect and avoid humiliation)
- having concern for **other species** and the natural world
- being able to **play** and enjoy recreational activities
- having **control over one’s environment** (including through political participation, freedom of association and speech, secure property rights and work rights).

26 Professor Nussbaum is a philosopher, not an economist, and currently holds joint appointments in the law and philosophy departments of the University of Chicago.

While Nussbaum’s list has been used to measure capabilities, she has stressed that part of its appeal is the multiple realisability of its components (Comim 2008, 167). There are many ways in which each of these capabilities can be achieved, and these will vary from person to person and, importantly, place to place and society to society.

2.7. What is important for policy?

Empirical evidence in New Zealand suggests that many people achieve what they want out of life and are good at making the best out of what they have got:

- The proportion of children living in poverty has been falling steadily and dramatically since 1993 (see Figure 2).
- Inflation-adjusted median household incomes and average weekly earnings have both increased since 2000.²⁷
- In the 2016 General Social Survey (the latest available), 82.7 percent of respondents rated their overall life satisfaction at 7 or more on a 10-point scale and only 11.2 percent reported not having enough income to meet their everyday needs (46.2 percent said they had enough and 18.2 percent more than enough).²⁸

For the majority of people living in poverty, who can easily convert resources into a good life, increasing the resources they have seems a no-regret strategy. We can be confident, for example, that for many people, the 2017 Families Package will lead to better outcomes.

But for some, it might not. If we are concerned with the real choices that people have, we need to look not just at resources but also at conversion factors and agency.

2.8. Some policies go further than providing resources

Governments and their advisors in New Zealand have, in some cases, responded to evidence that income alone may not produce good outcomes through:

- **education** – helping people work on developing their ability to convert resources into outcomes
- **helping people make better decisions** – for example, through providing budgeting advice
- **substitution** – getting someone else to make decisions for them. The “navigator” model proposed by the Productivity Commission is a moderate example, while the provisions of the Oranga Tamariki Act 1989 that allow children to be placed in care is an extreme case.²⁹

27 We note, however, that the CPI does not measure housing costs directly, which, at a time when housing costs are rising rapidly, may lead to an overstatement of resources available to spend on other things.

28 Sen is concerned that people living in harsh circumstances for a long period can become habituated to their lot and therefore value their satisfaction more highly than someone who first experiences those conditions. It is for this reason that Sen adds ‘and has reason to value’ to his definition of a good life. We therefore need to treat self-assessments like this with care. We thank Marco Sebastianelli for pointing this out to us.

29 In its 2015 report, the New Zealand Productivity Commission recommended that people with high needs but a low ability to access available services should be given the assistance of a “navigator” who would assist

But these are isolated examples. We propose that all policies designed to address child poverty should explicitly consider the role of conversion factors.

2.9. Looking to the future

The capability approach provides a structured framework for thinking about how to improve lives in the face of evidence that policies with a focus on increasing resources have failed to lead to improvements in wellbeing for a proportion of New Zealanders. While successive governments have put in place programmes and policies that address capabilities (as Sen defines the term), the dominant approach in New Zealand is to provide financial transfers and services in kind to low-income families.

In practice, applying the capability approach in New Zealand would involve addressing directly the issue of how people can convert resources into capabilities. This is the issue to which we now turn.

people to get the most out of what was on offer. Under this model, however, the person receiving the services would still make the decisions about what assistance they might seek (New Zealand Productivity Commission 2015). The Oranga Tamariki Act 1989 contains provisions that allow employees of a government department to take over the legal role parents have of being guardians of their children.

3. How people achieve good lives

Leading a good life requires more than having enough resources. You must be able to convert resources into the choices that you value and have reason to value. While having the technocratic name “conversion factors” in Sen’s capability approach, what we are talking about goes to the heart of how people experience life.

Using Sebastianelli’s model we can see that the development of policies to change conversion factors can be considered across the two axes, the personal and the contextual – that is, policies can be focussed on the person or on the context within which they live. This is, of course, a very simplified statement, and intersectionality (how different features of people and resources can be combined) is an important qualification.

As we demonstrated in Figure 10 above, government policy will have different impacts on different conversion factors. Human factors are likely to be less easily changed, while societal factors are more likely to be amenable to policy interventions.

With this in mind, we now present our initial thoughts on how governments can go about altering conversion factors.

3.1. Societal factors

One important insight from the capability approach is that there are multiple pathways to a good life, and the path favoured by the dominant cultural paradigm is not the only way to do things. Some value systems place a greater emphasis on individuals learning to take responsibility, respond to limits and delay gratification, while others take a more collective approach to achieving these goals. Being future focussed, trusting and trustworthy and having a sense of right and wrong can look different to different social groups. People live lives they have reason to value by focussing on many different things, including whānau, religion, community, career, business, politics, fame, travel, money or creating impact in the world.

Some social norms and institutions make it easier to convert resources into wellbeing. Secure property rights supported by a trusted and trustworthy police force are particularly important when you don’t have much property to start with and losing it could be catastrophic. Knowing that you have an enforceable right to get paid in return for your labour encourages workforce participation. Freedom of expression, freedom of association and strong democratic traditions give voice and agency to everyone, including those with limited resources.

But not everyone experiences norms and institutions the same way.

Redress provided through the Treaty of Waitangi claims settlement process has not returned Māori to the position that they were in prior to colonisation in relation to control over their own lives and resources. Large-scale land confiscation (raupatu) combined with policy and practice restricting the ability to speak te reo and live according to tikanga Māori have placed tangata whenua at a serious disadvantage in

developing social conversion factors.³⁰ Throughout the New Zealand criminal justice system, from policing through sentencing and incarceration, Māori experience discrimination (Brittain and Tuffin 2017). Young Māori (and Pacific) students still report being directed to sports, cooking or trades by school careers advisors and are over-represented in low-skill, low-wage jobs (NZIER 2016).

Our history is not something that we can simply put behind us, particularly when current practice continues to constrain the development of social conversion factors. There is more to do to ensure that all New Zealanders are adequately resourced and treated fairly, and this includes recognising and addressing the cumulative effects of past disadvantage.

In parallel, targeted initiatives can successfully help children living in poverty to develop social conversion factors (although providers may not describe their activities this way). One example is the Auckland-based I Have a Dream Charitable Trust, which partners with low-decile schools in low-income communities. Most of the programme's participants have parents who are either unemployed, work long hours or hold multiple jobs just to make ends meet. Through partnerships between schools, families and the community, the programme aims to ensure every child has the resources and networks they need to succeed both academically and in life. Paid navigators work with students from their early school years until the age of 20, providing consistent academic oversight, advocacy and support and positive role models. This programme is particularly successful, with eighty percent of participants going on to tertiary education, training or employment.

Since 2015, the Trust's Ngātahi Education Initiative has been working with all primary and intermediate-aged children across four low-decile schools in the Whangarei suburbs of Tikipunga and Otangarei. One goal is to determine whether the benefits of this approach can be achieved more affordably at greater scale.

Our understanding of the role of social factors in shaping capabilities is still developing, but we are confident that these factors play a greater role than previously imagined. Policies that are neutral to social features, perhaps in the guise of adopting an equality of opportunity stance, may turn out to be less effective than policies that acknowledge that a person's place in society can have a direct impact on both their access to resources and how well they can make use of those resources.

3.2. Environmental factors

Circumstances have an enormous influence on our lives.

Research from the Joseph Rowntree Foundation in the UK (in 1999) showed that children from poorer families “learn from an early age to limit their expectations of what their parents can afford, leading them to reduce their hopes and aspirations for the future”, “find ways of covering up their disappointment”, and ultimately “choose jobs requiring fewer qualifications” (Fry and Glass 2019, 71). In a recent *NZ Herald* article, Kirsty Johnston pointed out that only one in a hundred students taking

³⁰ Legislation requiring English school instruction led to dramatic reductions in the proportion of people who can speak te reo Māori (Peterson 2004, 1). The Tohunga Suppression Act 1907 sought to prevent tohunga acting as traditional Māori healers and encourage the use of “modern medicine” (Norris and Beresford, 2018).

prestigious university courses such as law, medicine or engineering came from the most deprived households in New Zealand (Johnston 2018).

We often think of environmental conditions as relating to climate or physical location. But the wider economic environment also plays an important role in the development of conversion factors in several ways. It is easier to learn in a warm, dry home with a full belly. Parents who are not constantly worrying about how to make ends meet have more time and energy to devote to their children. Where families have experienced ongoing disadvantage, the associated stress can lead to unhelpful coping mechanisms that endure even when more resources are made available.

Major changes in the environment often require a fundamentally new approach. Consider how the onset of climate change has required a complete rethink of what industries and energy sources are sustainable. Similarly, housing costs have been rising much more rapidly than incomes both in New Zealand and elsewhere. One consequence is that the set of conversion factors that used to be sufficient to ensure resources could be converted into a good life is no longer adequate.

Simply providing a warm, dry house – a resource – to people may not be enough to allow people to lead a good life. Having the confidence and ability to deal with utility providers, local councils and neighbours may be necessary to be able to convert a physical structure into a life of value. The location and type of housing is also important. Kay Saville-Smith and her colleagues noted that a concern with concentrated social housing, particularly in the United States and to a lesser extent the United Kingdom, is that neighbourhoods themselves came to contribute to poor life chances through “providing poor role modelling, socialisation into cultures of poverty, underinvestment in local services and infrastructure, poor informal regulation and social control, and limited ties with people who could pave the way into better education and employment.” (Saville-Smith et al. 2015, 10)]. Public housing estates had numerous problems:

... design (often high density tower blocks), poor maintenance and lack of connectivity, the lack of choice because of the priority given to bricks and mortar supply rather than demand-side benefits, and increasingly targeted allocation which led to estates becoming peopled by not only poor people marginal to the housing market but, within that group, individuals with multiple personal and familial problems (Saville-Smith et al. 2015, 10).

The issues we are raising here are not new and have been subject to significant analysis and debate by experts, stakeholders and decision makers. But if changes in the wider context in which people live are not factored into decision making, the ability to convert resources into capabilities will be compromised.

3.3. Behavioural factors

Children’s first exposure to ethics – what is right and wrong – happens in their homes, their extended families and their communities. While not immutable, these first experiences are powerful and long-lasting.

A child who is raised by loving whānau who have adequate resources to provide the necessities of life and who provide appropriate guidance, support and development

opportunities will be advantaged in developing the conversion factors they need in their own lives.

Caregivers who are adequately resourced to raise their children have a stronger base from which to develop the personal attributes that enable them to convert resources into wellbeing. It is easier to be trustworthy and trusting if dishonesty is not the only viable path to a minimum level of material resources. It is easier to be future-focused if that leads to meaningful differences in outcomes. It is harder to be confident and outgoing if society has a negative view of people who rely on publicly-provided resources to care for their family.

People with well-developed behavioural conversion factors are in a better position to help their children develop these factors. But where this does not occur, access to support and advice from elsewhere can help address the shortfall, enabling young people to figure out what subjects to take at school, uncover their personal strengths, consider possible life paths and figure out how the world of work works.

Some capable families struggle to help their children develop behavioural conversion factors and build capabilities because they are resource constrained. Although additional resources can help, they will not automatically translate into improved behavioural factors. Consider the example of a teen whose parents cannot afford for them to attend a weekend workshop at a tertiary institution because they babysit younger siblings while parents work or who have a part time job to contribute to the family's income. Providing childcare assistance or money would remove financial barriers to participation, but parents who had a poor educational experience themselves may not be enthusiastic about their child going down that path. A young person wanting to explore further education options might need help advocating for themselves or reassuring their family as well.

Behavioural conversion factors depend on both a person's genetic inheritance and the circumstances and opportunities they are exposed to. Research shows that, whatever our start in life, we can develop these.

Psychologist Angela Duckworth (2016) says the ability to keep going after failure can be developed by having a strong sense of purpose, through viewing the frustration that comes with making mistakes and failing as a normal and necessary part of the process of reaching a goal, and through spending time on things we are deeply interested in.

Another psychologist, Diane Coutu, says finding meaning in terrible times rather than viewing ourselves as victims, accepting harsh realities rather than coping through denial, and making the most of what we have (for example, through improvising, putting resources to novel uses and imagining possibilities that others do not see) are critical strategies for developing resilience (Coutu 2002).

Believing that our efforts can make a difference makes it more likely that we will persist in the face of challenges. Carol Dweck from Stanford University, who coined the term, has shown that this kind of "growth mindset" can be taught easily and at relatively low cost. Students taught about brain plasticity and the importance of effort (as opposed to focussing on innate capability), significantly improve their learning outcomes.³¹

31 This specific result is from Diener and Dweck (1980), but similar conclusions are drawn in Dweck (1975) and Dweck et al., (1978). Dweck (2015) provides an accessible summary of Carol Dweck's extensive work on growth mindsets.

A recent project conducted by Ingo Outes and his colleagues in 400 secondary schools in Peru found that a single 90-minute growth mindset class costing 20c per student led to improved maths scores, higher pupil aspirations and increased teacher effort. Vulnerable groups, such as women, ethnic minorities or students with low socio-economic status, tended to benefit “over-proportionately” (Outes, Sanchez, and Vakis 2017, 1).³²

However, we should not underestimate how difficult it can be to develop better conversion factors after experiencing serious, sometimes inter-generational, disadvantage.

3.4. Human factors

Human factors are natural personal elements that cannot be changed by an individual (such as age or genetics) and which do not depend on context.

While the technological frontier seems to be expanding in a direction that makes genetic inheritance less than destiny (albeit accompanied by many difficult ethical issues), for the most part, we can regard human features in the short term at least, as less amenable to policy intervention than other factors.

Addressing human conversion factors, or at least taking them into account when setting policy, means confronting the fact that people start out with different genetic make-ups, and this can have an influence on their capabilities: the real choices they have. In saying this, we wish to be very clear that we emphatically do **not** consider ethnicity or race to be human conversion factors.

32 Carol Dweck and Lisa Blackwell established a trademarked set of programs under the MindsetWorks banner in 2007 (see www.mindsetworks.com). However, researchers have continued to develop and test growth mindset concepts and some practitioners apply them directly, rather than just using MindsetWorks products.

4. Governments still must make choices

The challenge in moving from a framework that targets income to one that targets wellbeing is that we lose something at the same time: a familiar method for choosing between different options that is agreed and well understood. Without a new framework that provides a coherent and structured approach to choosing between competing proposals that could increase wellbeing, new spending could be ineffective, perpetuating disadvantage.

The capability approach is essentially an economic approach, which takes as given the binding constraint that resources are limited and have alternative uses. It is not a recommendation to spend money on anything that might improve wellbeing or increase choices, regardless of cost.

A heavy emphasis on increasing resources tends to result in helping the people who are easiest to help – those with good conversion factors – the most. We can't assume that this approach will help everyone.

The capability approach provides guidance on which uses of limited resources should be preferred: governments should direct their efforts to giving people the freedom to lead the kinds of lives they value and have reason to value. But trade-offs are still required, and a test is needed to determine which policy should be implemented.

Economists often use efficiency as this test. An activity is defined as economically efficient “if there is no other use of the resources that would yield a higher value or net benefit” (Australian Productivity Commission 2013, p 4). One of the goals of economic policy is that:

Broadly speaking, no resource should be used in one place if it would produce more elsewhere – it should be impossible to reshuffle resources to achieve more of some goods without getting less of others (Stigler 1975, 284).

Stigler takes a very traditional economic approach and uses gross domestic product or aggregate output as his preferred measure of welfare. Here, the goal is to find the policy settings that maximise the size of the national cake and then leave it to the political process to divide that cake.³³

4.1. Fixing child poverty is costly

As we showed in Figure 5, successive governments have spent billions of dollars on policies directed at families. These policies have improved many lives, but we still have a serious child poverty problem in New Zealand.

If government spending were free, one possible solution would be to spend more. But it is not free. Not only do taxes, which are used to fund policies, have direct costs (the revenue that taxpayers pay, the cost of administration and compliance), they also have

³³ There is now a clear movement in economic circles and government around the world to use more comprehensive measures of wellbeing. For a summary, see Chapter 5 of Fry and Wilson (2018).

less obvious ‘deadweight losses’: they create distortions in the economy that, broadly, reduce the size of the economy by more than the amount of revenue raised.

One relevant example is systems like Working for Families that use the tax system to make payments to families with young children.

When it comes to designing tax and transfer systems, there are three constraints: equity, efficiency and affordability. It is not possible to design any system that fully meets all three constraints simultaneously, so trade-offs are necessary.³⁴

Vertical equity requires resources to be redistributed from people who are better off to those who are less well off (with the degree of redistribution being a matter for separate discussion).

But governments need rules to decide who is poor and who is rich, who should pay net taxes and who should receive net transfers. This is where efficiency becomes important. If governments provide universal benefits, regardless of work effort, then incentives are blunted, and people are better off not working, at least at the margin.

If enough people respond to these incentives, the system becomes unaffordable, because there will not be enough people working to pay taxes to support people who can’t (as opposed to won’t) work.

This does not mean that some people won’t voluntarily act in ways that serve the greater good, but to date, the evidence suggests that the numbers who do so are relatively small. The *Financial Times* (Houlder 2017) recently reported that the UK government had received just 200 voluntary payments of extra tax since 2000, and all around the world, individuals and corporations go to considerable lengths to minimise their tax liabilities.³⁵

Targeting wellbeing instead of income or income per capita does not remove the need to choose between different policies that could increase wellbeing. Nor does it remove the need to be mindful of the impact of incentives, especially over time, or the need to maintain accountability for how public funds are spent.

Focussing on capabilities (as defined by Sen) and conversion factors does, however, require a focus on individuals or at least on groups of individuals who share similar personal, behavioural, environmental and societal features.

The first task is to locate people and families with improvable conversion factors. Next is to develop policies that can adjust those factors so that people can use resources to lead good lives. And finally, we need to ensure that all people have the resources they need to expand their capability sets.

34 The Welfare Expert Advisory Group discusses this “iron triangle” in their report (Welfare Expert Advisory Group 2019, 94).

35 For a general discussion, see: <http://www.oecd.org/tax/aggressive/>

4.2. The wellbeing budget

The current government is placing wellbeing at the core of its policy programme (Arden 2018). Reducing child poverty is a key policy aim.

From what we have seen to date, its wellbeing approach does not appear to involve a fundamental change in the approach to **addressing** child poverty, as opposed to signalling a clear priority for low-income families to be granted more financial assistance.

In a May 2018 Cabinet Paper, the Prime Minister and the Minister for Children recommended that, for the purposes of public engagement, Cabinet agree to the following draft framing of wellbeing:

Children’s wellbeing encompasses multiple and overlapping domains:

- *Safety: children are safe, and feel safe*
- *Security: children enjoy sufficient financial, natural and social resources to thrive*
- *Connectedness: children understand who they are, where they belong, and their connection to whānau, culture and community*
- *Wellness: children enjoy the best possible physical and mental health*
- *Development: children have the skills and knowledge to live good lives and meet their aspirations (Arden and Martin 2018, 9).*

A draft “wellbeing framework” being developed by the Government is a set of desired outcomes, or functionings in the terms we are using (Department of the Prime Minister and Cabinet 2018). It is largely silent on how those outcomes are to be achieved or on what stops people achieving them now.

A narrative on child wellbeing prepared by the Government’s science advisers, and presented to the Cabinet (Poulsen et al., 2018), while not expressed as such, does have similarities with the model of conversion factors discussed above. That said, the narrative defines wellbeing in outcome (functionings) terms and provides few insights into the roles that personal and contextual factors play in allowing people to convert resources into real choices that they value.

4.3. Acting at scale

We are conscious that many of the policies that will be effective at increasing conversion abilities and capabilities may be expensive to apply to a whole population of interest. One of the clear challenges in applying the capability approach is developing programmes that can operate affordably at scale.

At the same time, we are of the view that by only focussing on material resources – money – many current government programmes are not cost-effective because they do not address the true roots of disadvantage. As we demonstrate in Figure 5, successive governments have committed billions of dollars to policies directed at families with children with, at best, mixed results.

We see several broad implications flowing out of the capability approach.

First, as has been recognised in other contexts, including in the previous government's social investment approach, we need to do our best to figure out in advance who needs additional help in order to target assistance most effectively. This is, in practice, extremely difficult, because we can often only see outcomes, not their causes.

Second, for some people who need additional help to develop the capabilities and conversion factors they need, we can adopt what we might call an intensive investment approach. The I Have a Dream programme is one example that works well for those lucky enough to get access to it but is only open to a small group of students.

Given that intensive additional help cannot be applied universally due to its cost, and because targeting is imperfect (as well as helping some people who would have been fine on their own, our existing predictive models also lead us to miss some people who need help), we need to explore affordable ways to make a difference at scale.

There are some examples of current best practice that, if consistently adopted, could make a significant difference. Growth mindset training is a tool that some New Zealand schools are already making great use of. It could be taught universally at very low cost. It will not address all capability gaps, but if every young person in Aotearoa developed a growth mindset, we would be off to an excellent start.

Sometimes, best practice responses might involve government providing financial resources and getting out of the way, in order to allow communities the space to develop their own capabilities. The effects of colonisation, unemployment, institutional racism, and interference with their ways of parenting mean Māori whānau may need time to rebuild their social connections and rediscover, relearn and support healthy parenting practices on their own terms.

Finally, we anticipate that innovative data-based approaches to delivery will have a role in both freeing up resources to be directed towards those who need more help building capability and delivering the services they need. As one example, Dr Lance O'Sullivan is developing a digitally enhanced health delivery model, iMoko, which he says is working very well in increasing access to health services for children in low-income communities. Often the most effective innovations are disruptive and involve risks – something that we need to think carefully about when dealing with people. Irreversible negative outcomes must clearly be avoided. Even interventions that do no harm but are simply ineffective mean that poor outcomes can continue. Closely monitored small-scale pilot programmes that can be swiftly discontinued if there is evidence of adverse or ineffective results will often be needed, as will the courage to quickly expand those that are proven to work.

4.4. A test of the concept

As an example of how the capability approach might lead to different policies than the traditional New Zealand approach, we have selected a small number of examples of the sort of policies that have been recommended to address child poverty by the 2015 Expert Advisory Group on Solutions to Child Poverty and the Welfare Expert Advisory

Group and described how they might be different if they were based on the capability approach.³⁶

In carrying out this assessment, we are not commenting on the merits of the recommendations or examining what response, if any, successive governments have made to these recommendations. Rather, we are describing how a capability approach might alter the recommendations.

4.4.1. Measuring child poverty

The Expert Advisory Group on Solutions to Child Poverty recommended that the government institute at least five official poverty measures and these be enshrined in legislation. This recommendation has been adopted by the current Government, with the passage of the Child Poverty Reduction Act. The Act specifies four primary measures, of poverty:

- Low income: less than 50% of median equivalised disposable household income (without deducting housing costs) for a financial year.
- Low income: less than 50% of median equivalised disposable household income (after deducting housing costs) for a base financial year.
- Material hardship.
- Persistent poverty.

A capability approach

In the capability approach, the resources that a person has, while important, are not the only focus. Wellbeing is defined, and success is measured, in terms of how well a person can convert those resources into choices and then into outcomes (functionings).

Statistics New Zealand is now collecting more data on wellbeing, but to be consistent with the capability approach, the focus should be on the experiences of individuals. In addition to the existing national totals and averages, Statistics New Zealand should publish data about the distribution of wellbeing and allow researchers ready access to anonymised data sets. This would enable a wellbeing focus based on evidence about conversion factors, capability sets and functionings as well as financial resources, which would allow governments to both measure success and determine what policies other than fiscal transfers should be pursued.

Because capabilities must be in part inferred, an agency other than Statistics New Zealand will need to be involved in at least assisting the conceptualisation of the real choices that children have in life. Longitudinal studies like the Dunedin Multidisciplinary Health and Development Study and Growing Up in New Zealand (GUINZ) will play an important role, as those studies can allow relationships between household resources and life experiences to be measured.³⁷

Many experiences can be measured, such as income, health status, employment, and educational attainment. But equally important aspects of the lives that people

³⁶ We should stress that the report of the Welfare Expert Advisory Group was released very late in the preparation of this report and we have not analysed its findings and recommendations in detail.

³⁷ The GUINZ report *Before we were born*, for example, reports parental income in the twelve months prior to birth of the children in the study (Morten et al. 2010).

experience cannot be readily reduced to numbers. These include the real choices people have, power dynamics within families and societal expectations. A capability-based approach to measuring child poverty must be informed by the voices of children. Clearly, for the youngest children, there are limits. But we need to remember that intra-family relationships are an important component of assessing capabilities and so we should not assume, especially for the most disadvantaged families, that the views of parents and caregivers are representative of their children's views.

4.4.2. Benefit rates

The Welfare Expert Advisory Group recommended a package of measures that includes a substantial increase in benefit rates.

This is another example of a focus on resources, with child poverty being thought of in purely financial terms.

A capability approach

In undertaking a review such as this, the focus should also be on what people can achieve with the resources they receive.

There are two aspects to consider. The first is conversion factors: the ability of people to convert resources into real choices. Any review should include examining the distribution of conversion ability, with a view to determining whether benefits should be set, at least in part, based on the characteristics of individuals.³⁸ Sebastianelli's model, as we discussed in Section 2.3.4, provides specific guidance on what should be examined. The four types of conversion factors, human, behavioural, environmental and societal, should be used to assess how different people can use resources, in this case cash payments from the Government, to expand the choices open to them.

Again, the capability approach would focus on the needs of individuals, based on their abilities (conversion factors), rather than use averages or broad eligibility criteria (like being unemployed). This is a direct contrast to the model successive New Zealand governments have applied to streamline the benefit system, reducing the number of benefit types and automating delivery (especially in the case of the Working for Families regime, which is mostly delivered via the PAYE tax system).³⁹

Secondly, any review should also examine the relationship between choices (capabilities) and outcomes (functionings): to what extent are people receiving benefits actually living lives they value? This would be consistent with the approach taken by the 1972 Royal Commission on Social Policy, which famously recommended that benefits should be set so as to allow people on benefits to participate in and belong to the community. The Welfare Expert Advisory Group continued this idea when they recommended that one of the principles for the design of benefits should be that "Income support is adequate for meaningful participation in the community and maintains support over time" (Welfare Expert Advisory Group 2019, 95). The capability approach would however, suggest that it is an individual's participation on

³⁸ See Section 2.3.3 above.

³⁹ We note that the Welfare Expert Advisory Group, while generally commenting negatively on the complexity of the current benefit system, have acknowledged that some of their recommendations would add complexity in some areas. For example, the recommendation for a new living alone payment (Welfare Expert Advisory Group 2019, 103).

their own terms in their own community that should be the reference point. The wellbeing of groups is an important element of individual wellbeing, but the capability approach reminds us also to check that all the members of the group are doing well. Societal averages should, at best, be used as a guide.⁴⁰

4.4.3. Welfare-to-work

Moving people from benefits into work has been a key focus of social policy in New Zealand for at least the last 30 years.

The Expert Advisory Group on Solutions to Child Poverty recommended that the government review welfare-to-work programmes to determine the effectiveness and efficiency with which they achieve earnings and employment outcomes for participants who are parents, and establish an evidence base of what works and what does not. The Welfare Expert Advisory Group went further and recommended moving to a system based on *whakamana tāngata* – mutual expectations and responsibilities governing interactions between the recipients of welfare and the state (Welfare Expert Advisory Group 2019, 7).

A capability approach

Under the capability approach, earnings contribute to wellbeing indirectly, and employment is a means to an end. That said, being in work can have positive benefits besides income, for both employees and their families. These include providing a sense of independence and belonging; being an expression of agency and giving employees an opportunity to interact with others; and giving family members feelings of engagement, self-worth, social contact and mental stimulation.⁴¹ (At the same time, work can also potentially have costs in terms of work-life balance).

The (capability) approach warrants policies which enable workers to be active agents who can pursue and realise their goals. It would advance strategies which make it possible for them to bring about social and political transformations to shape their own destiny (Miles 2014).

The capability approach would suggest that the test of programmes (“what works”) should be whether they allow people to get a **good** job: that is, a job that brings wellbeing benefits (and expands capability sets) rather than just providing income. Indeed, the existence and extent of such benefits would be one test of whether a job is “good” for the employee. The test should be based on whether the job is good for the individual, given their circumstances, rather than being based just on income, location and hours of work.

Specifically relating to welfare-to-work policies, the capability approach would examine how rights and regulations (here, rules around benefits) can be converted into capabilities, with attention being paid to institutional (social) context (Byrne 2018). The Welfare Expert Advisory Group, for example, is highly critical of the current

40 An alternative would be to adopt a “maxi-min” approach, where income support is set based on the needs of the least well-off in the community, rather than attempting to target assistance by reference to individual characteristics, as is the current approach in New Zealand. This is one of the rationales behind universal basic income policies: that the simplicity of the approach outweighs the costs (Hoyne and Rothstein 2019).

41 These additional benefits can also be achieved through unpaid activity.

New Zealand approach of applying sanctions to people who do not comply with eligibility criteria for benefits.

There is little evidence in support of using obligations and sanctions (as in the current system) to change behaviour; rather, there is research indicating that they compound social harm and disconnectedness. Recent studies recommend moving away from such an approach towards more personalised services (Welfare Expert Advisory Group 2019, 7).

“Personalisation” for individuals is, of course, at the core of the capability approach.

4.4.4. How is the capability approach different?

This brief analysis shows that the particular differences between the capability approach and traditional policy approaches used in New Zealand are:

- Under the capability approach, resources are, at best, indirect measures of wellbeing and, beyond a necessary minimum, the level of resources a person has says little about what a valuable life looks like for them.
- The capability approach focuses on individuals, not group averages.
- Related to this, the adequacy of resources must be judged on what specific individuals can achieve with the resources they have, which in turn is a function of their conversion factors.
- Across-the-board policies are unlikely to achieve uniform improvements in wellbeing.
- Agency, being involved in determining policies, is an important and separate source of wellbeing. Therefore, the capability approach places a much greater emphasis on being child-centred. Involving children themselves in shaping policies is an essential component to ensuring children and their families live better lives.

5. Conclusions

There are too many children in New Zealand living lives that they cannot possibly value.

Children are living in overcrowded, poorly insulated homes; they are hungry and short of clothing and school supplies; they have limited access to extracurricular activities that build resilience, skills and social cohesion. Too many children are beaten and sexually abused.

There are parents who are unable to provide their children with a life they deserve not because of a lack of resources, but because they have difficulty converting resources into choices. Intergenerational exposure to disadvantage, and the stress that it induces, means that some people can develop unhelpful coping strategies that endure even when resourcing is increased.

Amartya Sen's capability approach tells us that how people can use resources to expand the choices available to children is what matters. The approach does not say that resources do not matter or that it is possible to be happy and poor. What it says is that, to lead a good life, one that they value, people need sufficient resources and to be able to convert those resources into meaningful choices that will allow them to flourish.

The capability approach is the opposite of a silver bullet. Sen's work shows us that human development is intensely individualistic and that policies that focus on social averages and national totals are not going to address the real problems facing real people.

We would argue that all is still not well in New Zealand society today because successive governments have looked for simple, across-the-board, primarily resource-based solutions to child poverty. This needs to be supplemented by a focus on how people use the resources they receive.

Using the capability approach as a basis of social policy holds the prospect of allowing our most disadvantaged children to finally achieve the good lives they deserve.

We don't know how many children and their families have their capabilities limited by not having conversion factors that allow them to use the resources they have to improve their lives. That significant government spending to address disadvantage over more than 30 years hasn't moved the dial for many families suggests that the number might be high. In any event, we think it high enough to warrant policy change.

We recommend that the government, researchers and all those with an interest in the child poverty debate actively embrace the capability approach and determine what people can do with the resources they have before embarking on any further increase in spending. Failing to do so risks not just wasting money but wasting lives.

These are our initial recommendations for action:

- Confirm that the poor relationship between income and wellbeing shown in Figure 2 holds at the level of individual households.
- Using the capability approach as a guide, assess the effectiveness of past policies in New Zealand, especially major transfers of money like Working for Families, on the real choices open to New Zealand's least advantaged children.

- Analyse the distribution of conversion factors across children and their whānau in New Zealand (remembering that qualitative analysis can provide policy-relevant insights).
- Based on this analysis, develop a clear sense of what conversion factors might be most responsive to policy changes within the context of New Zealand today.
- Investigate how some of the highly targeted and successful programmes operating here and overseas that are directed at improving conversion factors could be delivered at scale.

6. References

- Ardern, Jacinda. 2018. *The 100 Day Plan and Beyond: Setting the Direction of the Government*. <https://www.beehive.govt.nz/speech/100-day-plan-and-beyond-setting-direction-government>
- Ardern, Jacinda and Tracey Martin. 2018. *Child Wellbeing Strategy – Scope and Public Engagement Process*. Wellington: Cabinet Office
- Alkire, Sabina and Séverine Deneulin. 2009. “The Human Development and Capability Approach.” In *An Introduction to the Human Development and Capability Approach*, edited by Séverine Deneulin and Lila Shahani, 22–48. Abingdon, UK: Earthscan.
- Atkinson, June, Clare Salmond, and Peter Crampton. 2014. *NZDep2013 Index of Deprivation*. Wellington: Department of Public Health, University of Otago.
- Australian Productivity Commission. 2013. *On Efficiency and Effectiveness: Some Definitions*. Staff Research Note. Canberra, Australia: Australian Productivity Commission.
- Berentson-Shaw, Jess 2018. *Telling a new story about “child poverty” in New Zealand*. Auckland, New Zealand: The Workshop/AUT.
- Boston, Jonathan and Simon Chapple. 2014. *Child Poverty in New Zealand*. Wellington: Bridget Williams Books.
- Brittain, Eleanor and Keith Tuffin. 2017. ‘Ko Tēhea Te Ara Tika? A Discourse Analysis of Māori Experience in the Criminal Justice System’. *New Zealand Journal of Psychology* 46 (2): 99-107.
- Byrne, John-Paul. 2018. “Denmark, Durkheim, and Decentralization: The Structures and Capabilities of Danish Working Lives.” *Nordic Journal of Working Life Studies* 8 (3). <https://doi.org/10.18291/njwls.v8i3.109541>
- Chiappero-Martinetti, Enrica. 2000. “A Multidimensional Assessment of Well-Being Based on Sen’s Functioning Approach.” *Rivista Internazionale Di Scienze Sociali* 2: 207–239.
- Comim, Flavio. 2008. “Measuring Capabilities.” In *The Capability Approach*, edited by Flavio Comim, Mozaffar Qizilbash, and Sabina Alkire, 157–200. Cambridge, UK: Cambridge University Press.
- Coutu, Diane. 2002. *How Resilience Works*. <https://hbr.org/2002/05/how-resilience-works>, *Harvard Business Review*.
- Dalziel, Paul and Caroline Saunders. 2014a. *Wellbeing Economics: A Policy Framework for New Zealand*. Paper presented to the New Zealand Association of Economists Conference, Auckland, New Zealand, 2–4 July.
- Dalziel, Paul and Caroline Saunders. 2014b. *Wellbeing Economics*. Wellington: Bridget Williams Books.
- Department of the Prime Minister and Cabinet. 2018. *Child Wellbeing Strategy Proposed Outcomes Framework*. <https://dpmc.govt.nz/sites/default/files/2018-11/appendix-b-proposed-outcomes-framework.pdf>

Diener, Carol and Carol Dweck. 1980. "An Analysis of Learned Helplessness: II. The Processing of Success." *Journal of Personality and Social Psychology* 39 (5): 940–952.

Duckworth, Angela. 2016. *Grit: The Power of Passion and Perseverance*. New York, NY: Scribner, Simon and Schuster.

Dweck, Carol. 1975. "The Role of Expectations and Attributions in the Alleviation of Learned Helplessness." *Journal of Personality and Social Psychology* 31 (4): 674–685.

Dweck, Carol. 2015. "The Secret to Raising Smart Kids." *Scientific American* 18 (6): 36–43.

Dweck, Carol, William Davidson, Sharon Nelson, and Bradley Enna. 1978. "Sex Differences in Learned Helplessness: II. The Contingencies of Evaluative Feedback in the Classroom and III. An Experimental Analysis." *Developmental Psychology* 14 (3): 268–276.

Environmental Health Indicators New Zealand (n.d.) *Home heating*
<http://www.ehinz.ac.nz/indicators/indoor-environment/lack-of-home-heating/>

Expert Advisory Group on Solutions to Child Poverty. 2012. *Working Paper No.1: Defining and Measuring Child Poverty*. Wellington: Expert Advisory Group on Solutions to Child Poverty.

Fleurbaey, Marc and Vito Peragine. 2013. "Ex Ante Versus Ex Post Equality of Opportunity." *Economica* 80 (317): 118–130.

Fry, Julie and Hayden Glass. 2019. *Ambition: What New Zealanders Think and Why it Matters*. Motueka, New Zealand: AmbitionNZ.

Fry, Julie and Peter Wilson. 2018. *Better Lives: Migration, Wellbeing and New Zealand*. Wellington: Bridget Williams Books.

Fukuda-Parr, Sakiko. 2003. "The Human Development Paradigm: Operationalizing Sen's Ideas on Capabilities." *Feminist Economics* 9 (2–3): 301–317.

Goerne, Alexander. 2010. *The Capability Approach in Social Policy Analysis – Yet Another Concept?* REC-WP 03/2010. Edinburgh, UK: Publication, Dissemination and Dialogue Centre, Reconciliation of Work and Welfare in Europe (RECWOWE).

Gordon, Liz and Lesley MacGibbon. 2011. *A study of the children of prisoners - Findings from Māori data*. Wellington: Te Puni Kokiri and Networkers.

Hobbes, Thomas. 1651. *Leviathan*. Adelaide, Australia: eBooks@Adelaide.

Houlder, Vanessa. 2017. *Just 200 Voluntary Payments of Extra Tax Received in UK since 2000*. <https://www.ft.com/content/4b3e6db0-e57a-11e7-8b99-0191e45377ec>

Hoynes, Hilary and James Rothstein. 2019. *Universal Basic Income in the US and Advanced Countries*. NBER Working Paper 25538. Cambridge, MA: National Bureau of Economic Research.

Johnson, Alan. 2019. *Are You Well? Are We Safe? State of the Nation Report*. Auckland, New Zealand: The Salvation Army Social Policy & Parliamentary Unit.

Johnston, Kirsty. 2018, 15 September. *Want to be a Doctor, Lawyer or Engineer? Don't Grow Up Poor*. https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=12123299

Kuklys, Wiebke. 2005. *Amartya Sen's Capability Approach*. Berlin, Germany: Springer.

- Lelli, Sara. 2008. "Operationalising Sen's Capability Approach: The Influence of the Selected Technique." In *The Capability Approach*, edited by Flavio Comim, Mozaffar Qizilbash, and Sabina Alkire, 310–361. Cambridge, UK: Cambridge University Press.
- Miles, Lilian. 2014. "The Capabilities Approach and Worker Wellbeing." *Journal of Development Studies* 50 (8): 1043–54.
- Ministry of Social Development. n.d. *Total substantiated abuse findings by finding type*. Retrieved from <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/cyf/findings.html>
- Morton, Susan, Polly Atatoa Carr, Dinusha Bandara, Cameron Grant, Vivienne Ivory, Te Kani Kingi, Renee Liang, et al. 2010. *Growing Up in New Zealand: A longitudinal study of New Zealand children and their families. Report 1: Before we are born*. Auckland: Growing Up in New Zealand.
- New Zealand Productivity Commission. 2015. *More Effective Social Services*, Wellington.
- Norris, Pauline and Rosemary Beresford. 2018. *Plant Extracts to Modern Drugs, 1900 to 1930s*. <https://teara.govt.nz/en/medicines-and-remedies/page-2>
- Nussbaum, Martha. 2011. *Creating Capabilities*. Cambridge: Harvard University Press.
- NZIER. 2016. *Improving the Lives of Auckland Māori*. Auckland, New Zealand: NZIER.
- Oranga Tamariki Evidence Centre. (2018). *How do welfare and tax settings affect children's involvement with child protective services?* Wellington: Oranga Tamariki—Ministry for Children.
- Outes, Ingo, Alan Sanchez and Renos Vakis. 2017. *Growth Mindset at Scale: Impact of a Psychosocial Intervention on Secondary School Attainment in Peru*. Paper presented at RISE (Research on Improving Systems of Education) Annual Conference, Washington, DC, 15–16 June.
- Perry, Bryan. 2017. *Household Incomes in New Zealand: Trends in Indicators of Inequality and Hardship 1982 to 2016*. Wellington: Ministry of Social Development.
- Peterson, Dana. 2000. *Te Reo Māori – the Māori Language. Part 1: Overview, Government Funding, Broadcasting, Overseas Comparisons*. Wellington: Parliamentary Library.
- Poulton, Richie, Peter Gluckman, John Potter, Stuart McNaughton and Ian Lambie 2018. *Childhood Well-being: what it looks like, how it can be undermined, and how to protect and promote it*. Wellington: Cabinet Office.
- Purtill, Corinne. 2018, 26 November. *The Person who Coined the Term "Emotional Labor" says We're Getting it all Wrong*. <https://qz.com/work/1475483/what-is-emotional-labor>.
- Robeyns, Ingrid. 2005. "The Capability Approach: A Theoretical Survey." *Journal of Human Development* 6 (1): 93–117.
- Robeyns, Ingrid. 2016. "Capabilitarianism." *Journal of Human Development and Capabilities* 17 (3): 397–414.
- Robeyns, Ingrid. 2017. *Wellbeing, Freedom and Social Justice*. Cambridge, UK: Open Book Publishers.

- Saville-Smith, Kay, Nina Saville-Smith, and Bev James. 2015. *Neighbourhood Social Mix and Outcomes for Social Housing Tenants: Rapid Review*. Wellington: Social Policy Evaluation and Research Unit.
- Sebastianelli, Marco. 2015. *Freedom and Choices: A New Conversion Factors Taxonomy*. Paper presented at the Annual Conference of the Human Development and Capability Association, Washington, DC, 10–13 September.
- Sebastianelli, Marco. 2016. *Individual Features and Efficiency of Conversion in the Capability Approach*. Paper presented at the Annual Conference of the Human Development and Capability Association, Tokyo Japan, 1–3 September.
- Sen, Amartya. 1979a. *Equality of What? The Tanner Lecture on Human Values*. Delivered at Stanford University May 22, 1979.
- Sen, Amartya. 1979b. “Personal Utilities and Public Judgements: Or What’s Wrong with Welfare Economics?” *The Economic Journal* 89 (355): 537–558.
- Sen, Amartya. 1989. “Development as Capability Expansion.” *Journal of Development Planning* 19 (1): 41–58.
- Sen, Amartya. 1999a. *Commodities and Capabilities*. 2nd ed. Delhi, New York: Oxford University Press.
- Sen, Amartya. 1999b. *Development as Freedom*. New York, NY: Oxford University Press.
- Sen, Amartya. 2004. “Capability and Well-being.” In *The Quality of Life*, edited by Martha Nussbaum and Sen Amartya, 30–53. New York, NY: Routledge.
- Sen, Amartya. 2010. *The Idea of Justice*. London, UK: Penguin.
- Sharron, Howard and Martha Coulter. 1994. *Changing Children’s Minds: Feuerstein’s Revolution in the Teaching of Intelligence* (3rd ed.). Birmingham, UK: Imaginative Minds.
- Stigler, George. 1975. “The Goals of Economic Policy.” *Journal of Law and Economics* 18 (2): 283–292.
- The Treasury. 1987. *Government Management: Brief to the Incoming Government 1987, Volume I*. Wellington: The Treasury.
- The Treasury. 2018. *Treasury corrects coding error in child-poverty projections*. <https://treasury.govt.nz/publications/media-statement/treasury-corrects-coding-error-child-poverty-projections>
- Vance, J.D. 2016. *Hillbilly Elegy*. New York: HarperCollins.
- Welfare Expert Advisory Group. 2019. *Whakamana Tāngata*. Wellington, Welfare Expert Advisory Group.