

THE HEART OF POVERTY

*Matching passion with precision
for struggling New Zealanders*

Kieran Madden



THE HEART OF POVERTY: KIERAN MADDEN[†]

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The paper in summary...

1. The Problem of Poverty—and why we need your feedback on this paper

- We still have a persistent poverty problem in New Zealand today, and not for a lack of debate, dollars, or desire to turn it around. **But what exactly do we mean when we talk about poverty?** Standing defiantly in the way of a clearer understanding of the nature, extent and causes of poverty—and life-changing solutions designed to combat it—is an underwhelming public discussion. Debates are riddled with caricatures and distortions that often confuse more than they illuminate—**we tend to talk past each other rather than helping each other.**
- Poverty has many faces; it is complex and multi-dimensional. Given this context, it is unlikely that a “silver bullet” solution exists. Before coming up with the equally complex and multi-dimensional responses needed to tackle poverty, we first need to understand, define and measure it better. Together, we need to have deeper, more meaningful discussions about what poverty is and what we should do about it.
- **We see this paper as our starting point** for stimulating and informing the current debate about poverty in New Zealand today. **It is a personal invitation for you to join us in the conversation**, and your input will flow into our longer journey towards understanding the causes and consequences of poverty, and eventually advocating for policies that will hopefully give struggling New Zealanders the help they need and deserve.

2. Understanding Poverty

- Poverty is multi-dimensional; it has both physical and emotional aspects, and at its core is about unacceptable hardship. **Poverty is unacceptable. We have a moral imperative to do something about it.**
- Whether we recognise it or not, what we value drives what we do; **we are all swimming in ideological waters whether we’re aware of it or not.** Despite calls to cast aside partisan politics or pragmatically focus on “what works,” political and moral discussion is as necessary as it is unavoidable. Instead of arguing whether values or ideas matter, we should be arguing which values matter.
- Values inform competing ideas about well-being—what a good life looks like in New Zealand—and what we need to participate in this good life. While there is serious disagreement about the nature of poverty, there is more of a consensus about what we need to participate in society, potentially bridging this divide.
- With differing perspectives on justice and the roles of the state and the market, ideologies like liberalism and social democracy have been influential in founding and building upon New Zealand’s welfare state. **Ideas about well-being and needs are filtered through ideologies with particular conceptions of justice**, and finally channelled through the welfare state, out-flowing in policies to help New Zealanders living in unthinkable hardship.

3. Defining Poverty

- Defining poverty is about distinguishing between those who are poor and those who aren’t.
- A serious point of contention arises between those who consider poverty to be **absolute** and those who consider it **relative—between the “less-well-off” in richer nations and the “life-and-death” struggles found in developing countries.**

- However, poverty is both absolute and relative. It is absolute in that there are certain reasonably universal needs that all humans have, and to be without them is to live in a state of unacceptable hardship; it is relative in that **different societies in different times impose different needs upon people** that must be met in ways specific to their society and time.
- Following this relationship between needs and resources, we define poverty as: **an unacceptable situation where a person's way of life falls below a decent minimum standard of a particular society at a particular time, and a lack of resources to rise above that situation.**

4. Measuring Poverty

- It's vital to measure poverty so that we can track how poverty is impacting people's lives and how we are responding to it. Measurements are signposts that point towards, and attempt to quantify, the condition described in the definition. **Like definitions, there is no one universally accepted way to measure poverty.**
- There are **two** main theoretical approaches to measuring poverty: income thresholds and living standards. **Income thresholds focus on inputs: income as a resource available to avoid hardship. Living standards on the other hand focus on outcomes: actual experiences like lacking a raincoat or two solid meals a day.** These approaches identify similar proportions of the poor in New Zealand, however those who have a low income are not necessarily those who are materially deprived.
- **Eight ways of measuring poverty are assessed and discussed in our paper. All tell related yet distinct stories.** Measurements can and should be used together and where possible tracked across time to paint a more comprehensive picture of poverty than a single measure ever could. Qualitative research can complement these measurements to help capture what it means to be poor.

5. Conclusion

- We hope that this paper creates a platform to discuss the problem of poverty with greater clarity so we can help people who are struggling with greater effectiveness. Questions are included at the end of each section. **We greatly value and look forward to your feedback.**

Please take the time to read this Issues Paper and respond to the specific questions posed to you at the end of each section. Maxim Institute looks forward to receiving your views by Thursday 31 July 2014. Feel free to answer as many or as few questions as you wish, all contributions are valuable to us. They may be directed to Kieran Madden at kieran.madden@maxim.org.nz or to the address below:

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SECTION 1: SETTING THE SCENE— THE PROBLEM OF POVERTY

Introduction

How we understand, define, and measure poverty matters. Poverty, especially in developed countries like New Zealand, is complex and in many ways subjective—difficult to define exactly, even harder to measure, and seemingly impossible to solve. But at the same time, poverty remains at the centre of debate and discussion amongst academics, politicians, lobbyists and everyday Kiwis. In 2013 alone, over a dozen reports with a focus on poverty were released,¹ and child poverty is set to be an influential issue in the upcoming election. The current Government has set up a Ministerial Committee on Poverty, which is focussed on “getting results from the billions of dollars it spends on a wide range of social services.”² Indeed, a third of total government spending is on social security and welfare, over two-thirds if we include health and education.³ While the fact that we spend \$47 billion on social policy in a year indicates we care, it tells us little about results: whether that care is transformed into policy that in turn transforms lives. Passion needs to be matched with precision.

This issues paper seeks to stimulate and inform the debate about poverty in modern New Zealand. Specifically, it explores the underlying concepts, definitions and measurements that inform not only our thinking about poverty but how we tackle it. As we will see, people come to their understandings of poverty via many and varied routes. The purpose of this paper is not to find some objective answer to which of these routes is correct, but rather to lay bare the assumptions we all carry so that we may begin to have more meaningful discussions about what poverty is and what we should be doing about it.⁵

Standing defiantly in the way of a clearer understanding of the nature, extent and causes of poverty and the life-transforming solutions best suited to combat it is an underwhelming, simplistic public discourse. In New Zealand our knowledge of poverty is profoundly shaped by what we hear echoing in parliamentary chambers, read printed on newspaper pages and see on the TV screen. Some lament the injustice of hearing that one-in-four Kiwi children are in poverty, while others contest that poverty exists at all in New Zealand. Some despair that families are living in cold and damp garages; others are incensed at reports of beneficiaries abusing the system.

The problem with these voices and perspectives is that they are riddled with caricatures and distortions that often obscure more than they illuminate the complex reality of what poverty looks like in New Zealand. It’s important that when we talk of poverty we don’t just concentrate on headline numbers, theoretical abstractions or one-dimensional stories, but rather on the lives of real people and doing our best to help them flourish. We must not simply become passionate about the abstract “issue of poverty” while losing sight of the people we care about deeply who—for a time or from time to time—struggle in life: our families, friends, and fellow New Zealanders.

Because at its heart poverty is about people suffering unacceptable hardship,⁶ it has both moral and political dimensions. It is a moral issue as it isn’t just a description of how things are, but a call to action to fix it—or at the very least to make things better than they are. Poverty is an inherently political concept too, for while it is generally agreed to be an intolerable state of affairs that needs to be fixed, this is where the common ground ends. The vast, contested political territory begins where different understandings of poverty and solutions to combat it—informed by a mix of rational arguments, scientific evidence, and philosophical assumptions—clash. There are significant implications to how we as a nation think about poverty.

We are at the beginning of a multi-year project with the ultimate goal of developing and advocating for effective policies to alleviate poverty in New Zealand—giving the poor the help they need and deserve. This paper is an invitation for you to join us in conversation so we can explore the issues around understanding, defining and measuring poverty. As we don’t have all the answers, we wish to find out how you think about poverty and how this influences the work you do or the policies you support or introduce. We will be focussing here on the conceptual challenges that poverty poses as our first step, addressing the causes and consequences of poverty and policy directions in more detail later in the series after we’ve consulted widely.

With your help, we can ensure that the eventual policy recommendations will be grounded in a thorough, nuanced and ultimately more balanced understanding of poverty, leading to better policies and better outcomes for struggling New Zealanders.

State of New Zealand’s official poverty discussion

New Zealand has no “official” poverty definition or line. Despite increasing pressure from opposition parties and lobby groups to set targets and an official poverty line for New Zealand, the National-led Government remains resistant. It maintains that endless arguments about definition and measurement are a waste of time—that action is called for instead on the causes and consequences of poverty:

Hon Paula Bennett: I have definitely received reports on child poverty. I am part of the Ministerial Committee on Poverty, but I have not sought from my department an argument on the measurements. We are more interested in the actions that need to be taken, and those are the reports that I expect from my department.⁷

The Government has therefore implemented Better Public Service Targets, which are supposed to hold the government to account for such things as reducing the number of people on welfare for over a year, increasing participation in early childhood education, and reducing the number of assaults on young children. In reality, various government ministries do define and measure poverty using a variety of methods to inform policy solutions. Income and non-monetary indicators are taken and analysed by the Ministry of Social Development (MSD), for example. This is to be commended, but as Treasury noted in a cabinet paper for

the Ministerial Committee on Poverty, there exists a “gap in the monitoring of the material living standards of New Zealand children, because persistence, hardship and low income are not looked at in an integrated way.”⁸ A lack of integration is a good way to describe how poverty is currently understood in New Zealand.

Over the years, non-government organisations and academics have gone a long way towards resolving this. Non-government groups such as the Child Poverty Action Group, New Zealand Council for Christian Social Services and the Salvation Army have made helpful contributions (too numerous to mention) to poverty discourse in New Zealand.⁹ First-hand experience of how poverty actually blights the lives of New Zealanders has helped ground a debate that has a tendency to descend into a “semantic and statistical squabble.”¹⁰ Non-official responses to official reports and working groups have also been influential. The Welfare Working Group, appointed by the Government in 2010, sought submissions and made recommendations about reducing long-term welfare dependence. Bristled by these limited terms of reference, the Alternative Welfare Working Group outlined other more comprehensive ways of understanding and tackling poverty.¹¹ More recently in 2012, the Children’s Commissioners’ Expert Advisory Group on Solutions to Child Poverty outlined 78 recommendations to deal with child poverty in New Zealand. While not as developed as the international literature, New Zealand scholars have also made significant contributions to both official and non-official discussions on poverty—particularly with respect to measurement—since the 1970s.¹²

1. QUESTIONS – INTRODUCTION:

- 1.1. In your opinion, what situation would someone have to be in to be considered poor in New Zealand today? What comes to mind when you think of the word poverty? Can you describe the characteristics of someone who is “poor?”

SECTION 2: DIGGING DEEPER— UNDERSTANDING POVERTY

Most of us are swimming in ideological waters without even knowing it, and this immersion shapes to some extent how we approach social and policy problems like poverty. In a time where policy is often based on “what works” and “the facts,” understanding theory can be seen as an unnecessary and indulgent distraction from “getting things done.” But theories are better viewed as devices or tools, only useful to the extent that they illuminate and reflect something about what it means to be poor so we can eventually do something to help.

Distinguished UK poverty academic Ruth Lister was a campaigner for the Child Poverty Action Group (CPAG) before scaling the ivory tower. Writing in retrospect, she recalled that she and her colleagues “were operating with theories even if we did not articulate them as such. Implicitly we were drawing on theories of: what caused poverty; what should be done about it; the impact of government policies. And these in turn drew on some ... theoretical concepts [like equality, need and citizenship].” Governments too, according to Lister, were drawing from theoretical perspectives and concepts whether they knew it or not.

Complex, “wicked” problems like poverty can’t be reduced entirely to facts and figures.¹³ Poverty joins concepts like justice and freedom as “essentially contested” terms: lofty ideas that do not take kindly to being placed in boxes, and never will.¹⁴ To explore the idea of poverty, as Pete Alcock, Professor of Social Policy at the University of Birmingham writes, is to attempt to understand the “series of contested definitions and complex arguments that overlap and at times contradict each other.”¹⁵ To that end, recognising some of the theoretical roots of our understandings of poverty and well-being, and the intellectual soil they draw their nourishment from, is a necessary first step in a long journey towards policies that help those suffering poverty.

This section explores the theories, concepts and values that underlie our understandings of poverty. Theories, concepts and values help us to orient ourselves: providing explanations, grounding assessment, and guiding reforms.¹⁷ They provide the drive and justification that gives policies their energy and legitimacy,¹⁸ so to ignore them is to forget why we care about poverty in the first place.

The following sub-sections introduce concepts, definitions and measurements, and how they relate to one another. In short, ideas influence action via:¹⁹

- **Concepts** that deal with the meanings of poverty;
- **Definitions** that distinguish poverty from non-poverty; and
- **Measures** that quantify (or operationalise) definitions.

We will see in this section how what we think about poverty translates to what we do about it. We will then show how policies depend on what we measure, measurements depend on how we define poverty, and definitions depend on how we understand the meaning of poverty through concepts. It makes sense then to put first things first and begin with concepts. In other words, we must begin by asking: what are the conceptions of poverty, and what are the competing philosophical understandings of people and society that influence them?

Concepts

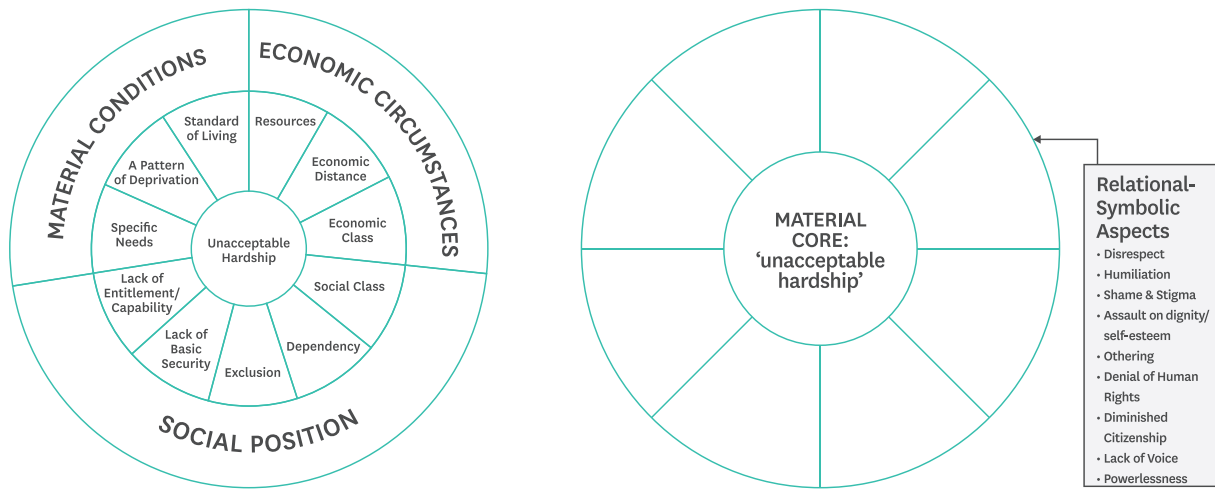
Concepts are abstract ideas that are essentially about meaning and form the building blocks of theory. The two diagrams in Figure 1 are representations, clusters of concepts that when taken together begin to describe what poverty might mean.

Despite their differences, both diagrams exhibit three common and crucial ideas:

1. **Poverty is multi-dimensional:** poverty isn’t one dimensional; while income is important, for example, poverty is not merely about money.²⁰
2. **Poverty has both physical/material and social/spiritual aspects:** as Nobel laureate economist Amartya Sen put it, human lives are “battered and diminished in all kinds of different ways.”²¹ People are not isolated material beings; they find meaning, identity and fulfilment in social relationships.
3. **At its core poverty is about unacceptable hardship:** labelling the very heart of poverty “unacceptable” means that, as London School of Economics Professor of Social Policy David Piachaud writes, the “use of the term ‘poverty’ carries with it an implication and moral imperative that something should be done about it.”²²

This is all by way of introduction: these ideas will be expanded upon and make more sense as we continue.

Figure 1: Visual representations of poverty—“clusters of meaning” and the “poverty wheel”



Source: P. Spicker, *The Idea of Poverty* (Bristol: Policy Press, 2007), 6, R. Lister, *Poverty* (Cambridge: Polity Press, 2004), 8.

On well-being, the good life and needs

We can't talk about poverty unless we first talk about yet another concept: well-being. The World Bank, for example, has previously defined poverty as “pronounced deprivation in well-being.”²³ If we take this as our working definition of poverty for now, it begs the question: what exactly is well-being?

Well-being for most of the twentieth century had been seen and applied as an economic idea based on production (measured by gross domestic product (GDP)) or utility. However, in recent years calls have been made locally and internationally to measure for and to look at a more holistic picture of well-being.²⁴ Like “poverty,” “well-being” is a term that can be defined in many different, and sometimes competing ways.²⁵ Therefore, there are many approaches to understanding what well-being means:²⁶ economists bang on about utility, sociologists about welfare, and moral philosophers about virtue or the good life. They are all, however, grasping for answers to the questions: what does a good life look like, and what is the fundamental nature of human need?²⁷

The good life

Let's start with “the good life.” There is a great divide among moral philosophers on what it looks like, and what we need to pursue it. Two schools of thought dominate: perfectionism and pluralism.

For perfectionists, like moral philosopher Alasdair MacIntyre in the tradition of Aristotle a life can be “lived well”—that is, it can flourish.²⁸ Aristotle called this state *eudaimonia*, which can be loosely translated as “a virtuous life of judging and acting.”²⁹ Conversely it also means that a life can go badly—the pursuit of wealth for wealth's sake, for example, is a vice, and results in a state of life that is morally “bad.” Virtue is to be promoted by law and culture which means remaining neutral in a moral sense is not an option.

Pluralists, like political philosopher John Rawls, on the other hand, reject this idea and argue that it is impossible to make a moral judgment on how good or bad others' lives are. Rawls expressed this by saying we must acknowledge “a diversity of conflicting, and indeed incommensurable, conceptions of meaning, value, and purpose of human life (or...conceptions of the good).”³⁰ Under this approach one way of life is just as morally good as any other, provided it was rationally chosen.³¹ Protecting the freedom to choose is of utmost importance. Both New Zealand and Australian Treasuries hold to this view.³²

Needs

Needs perhaps form a bridge between this perfectionist-pluralist divide. Both Aristotle and Rawls claim that people need resources to draw on and to enable them the opportunity to pursue “the good life.”³³ Aristotle claimed that *eudaimonia* involved not only the moral life described above, but also a material life: that

people need a sufficient amount of material goods, health, wealth, and honour in order to flourish.³⁴ Rawls too, argued that “primary goods” were needed for this, like income and wealth, rights and liberties. It is worth examining these needs more closely.

When Shakespeare observed that “the art of our necessities is strange,”³⁵ he was on to something. The word “need” has a similar moral force to the word poverty because unlike wants, desires or preferences, unmet needs result in harm or suffering.³⁶ Philosophers have identified universal basic needs, which they call “categorical needs.”³⁷ These are seen as preconditions to well-being rather than well-being itself, and they often include physical health and autonomy, the latter understood as the ability to choose what one does and how one does it.³⁸ For these basic needs to be met, they require certain other things (called satisfiers) like basic education, work and physical security.³⁹

Surprisingly, people generally agree about needs when asked. Despite the seemingly irreconcilable views of poverty in modern countries, evidence from the UK suggests that within that society at least, there is a “broad public consensus on the necessities of life – a consensus that cuts across social divisions such as those relating to class, gender, ethnicity and age.”⁴⁰ In other words, while people tend to disagree about the meaning, causes and consequences of poverty within a particular society, they broadly agree about the necessities of life, both material and social, that no one should be without.

In New Zealand, after significant consultation, the 1988 Royal Commission on Social Policy concluded that:

*[New Zealanders] have said that they need a sound base of material support including housing, health, education and worthwhile work. A good society is one which allows people to be heard, to have a say in their future, and choices in life.... (t)hey value an atmosphere of community responsibility and an environment of security. For them, social well-being includes that sense of belonging that affirms their dignity and identity and allows them to function in their everyday roles.*⁴¹

New Zealanders also deemed “good jobs, education and health; meaningful relationships with others; the ability to participate in recreation, leisure and cultural activities; and a sense of belonging and inclusion” as necessary.⁴² Despite all of this agreement about needs, however,

how people meet their needs and what is required to meet those needs differs among and within societies. These differences form some of the key debates around poverty.⁴³ Ideological differences explain much of this conflict. We turn to ideologies now in an effort to understand and navigate through this conflict.

Poverty and ideology

New Zealanders today see themselves as a country of “doers” rather than “theorisers,” free from the shackles of ideology.⁴⁴ And yet, while given a bad name of late, ideologies are a helpful tool to understand the different perspectives people have on poverty. By nature, ideologies simplify a complex reality where the political, social and economic intersect.⁴⁵ Like constellations in the stars, ideologies emphasise both the brightest, most influential ideas and the logical relationships between them.⁴⁶ They are a set of examined or unexamined ideas that together critique the existing society and cast a vision for a better one with a strategy for getting there.⁴⁷ Given that poverty is a moral problem in need of a solution (or, at the very least, a band-aid), this makes ideologies particularly relevant to poverty.

In an attempt to control political language, and subsequently public policy, ideologies attempt to “decontest” the meaning of concepts like freedom or equality, for example, and claim that theirs are the “correct” ones. Ideologies also have different meanings of poverty which reflect different perspectives on what constitutes a good society and good life looks like, views that will subsequently shape how a person or people will view and act to address poverty.⁴⁸

The ideologies of poverty: state and market

Various strains of liberalism and socialism have traditionally dominated the ideological landscape in New Zealand.⁴⁹ A brief history is illustrative.⁵⁰ Nineteenth-century liberalism brought capitalism to New Zealand’s shores, and with it a sense of individualism and notions of the deserving and undeserving poor.⁵¹ The long depression in the 1880s and the Great Depression highlighted that even under a market economy this “new society” could be plagued by poverty like the “old world,” and not solely because of moral failings.⁵² Social liberals, democratic socialists and social democrats all helped lay the foundation of the welfare state in New Zealand in the 1930s to protect New Zealanders from increasingly

volatile international pressures.⁵³ Full employment by a male bread-winner supporting his family was the primary goal of this welfare system, achieved chiefly through a minimum wage, protected economy and state-owned assets—a system known in academia as a “wage-earners’ welfare state.”⁵⁴ Both Labour and National governments incrementally built upon this foundation in the prosperous post-war period.⁵⁵

The Labour Party, despite early socialist beliefs about restructuring the capitalist economy, shifted towards a more social democratic outlook that sought to humanise rather than abolish the market, harnessing the power of the state to do so.⁵⁶ The 1972 Royal Commission reflected this shift in social vision by recommending a more generous welfare state based on the ideas of citizenship and “belonging and participation in society.” Only a few years after the Commission, however, a failing economy due to oil shocks, rising inflation and unemployment signified the beginning of the end for the wage-earners’ welfare state. Influenced by free-market liberal ideas, the Fourth Labour Government swiftly dismantled the economic structure that supported the system, primarily by opening up and deregulating the economy. National went a step further by significantly reforming social policy in the 1990s, cutting benefits, contracting out services to the private sector and reforming the labour market.⁵⁷ The market gained primacy and a “minimalist safety net” was put up in place of a “cradle-to-the-grave” system for those who were unable to participate.⁵⁸ Tackling dependence on welfare became a priority for government too.

Under Helen Clark, the Fifth Labour Government adopted a “third way” approach which sought to distance itself from perceptions of socialism on one hand and a history of free-market liberalism on the other.⁵⁹ In reality, the outcomes of this approach have been described as “neo-liberalism with a social-democratic veneer.”⁶⁰ Regardless of what it’s called, a blend of free-market liberalism and social democracy—diluted with a large dose of political pragmatism—has remained the prevailing welfare philosophy in New Zealand since the mid-1990s. The introduction of MMP has also made radical changes to legislation much more difficult, resulting in few significant social policy reforms since then.⁶¹

Both ideologies presume a market economy and some role for the government in the provision of social security,⁶² however they differ as to what roles the market and the

state should play when fighting poverty. Free-market liberals tend towards solutions promoting economic growth and reducing unemployment, while social democrats are more likely to promote redistribution in the name of social justice. The ideologies also differ on the causes and consequences of poverty. As Lister argues, “[i]mplicit in definitions are explanations of poverty and its distribution, which generally reflect individualistic or structural perspectives.”⁶³ The individualistic perspective usually associated with the “right” tends to blame the character of the poor, their family, or the sub-culture for their circumstances, while the “left” blames structural problems or lack of resources beyond control of the individual—in other words, the system.⁶⁴ This clash is primarily the result of contrasting views on individual responsibility versus social rights.

As we’ve seen, ideologies, like political parties and the people in them, can be contradictory at times. Accordingly, most of New Zealand’s parties are “hybrids”—politics here can be largely populist and vote-driven where parties are ideologically flexible: policies are often made to win elections rather than elections won to make policies.⁶⁵ Nevertheless, ideologies remain a useful tool to explain a complex political reality. Aside from competing views on the roles of the market and the state and the causes of poverty, each ideology also has distinct beliefs, values and principles around concepts like justice.⁶⁶ As poverty deals with the “unacceptable,” views on justice become important. Just what is unacceptable, why is this so, and what should we do about it?

Poverty and justice

Different ideologies emphasise different aspects, or principles of justice.⁶⁷ Where we stand as a society determines which principles will be reflected in our cultural norms and governmental laws, how social goods are distributed, and how societal outcomes judged.⁶⁸ As philosopher Robert Nozick argued, “to fill in the blank in to each according to his _____” has been the ongoing concern of theories of **justice**.⁶⁹ Leading contenders for the blank, that is principles of justice, are the distinct and yet related aspects of **merit, equality and need**.⁷⁰

A thought experiment highlights how each of these principles of justice might make a legitimate claim.⁷¹ Suppose three children—John, Emma and Christine—are arguing about a flute. Christine says it’s hers because she made it with her own hands, and should at least have

a play before the others take it from her (merit). Emma says it's hers because while she has other toys, in her family everybody is promised a flute and she hasn't one already (equality). Finally, John says it's his because he hasn't any other toys, and this will give him something to play with at least (need). Underlying each of these claims is a sense of how to treat others fairly, and none can be dismissed out of hand.

Robert Nozick, John Rawls and moral philosopher Harry Frankfurt could arguably be seen as proponents of merit, equality, and need respectively.⁷² Nozick argues that merit matters: justice demands that individuals, as the rightful owners of their labour, keep the fruits from it regardless of how they are distributed.⁷³ Rawls, on the other hand, argues that equality is more important: that more equal wealth, primarily through redistribution, would allow more people the freedom to pursue their own conceptions of the good life. Inequality, for Rawls, was only justified if it was of benefit to the least well-off in society.⁷⁴ These positions could loosely be characterised as the "right" and "left" respectively.

However, with respect to reducing poverty and enhancing well-being, meeting basic needs is of key concern.⁷⁵

Unlike Nozick but a little more like Rawls, Frankfurt argues for what he calls the "doctrine of sufficiency:" that "what is important from the point of view of morality is not that everyone should have the same but that each should have enough."⁷⁶ This means that if everyone had enough, then, morally speaking, it wouldn't be unjust if some had more than others. The term "not enough" here pertains to meeting some form of standard or threshold. How this threshold is derived however, is the stuff of definition and measurement, which we'll look at shortly.

Different ideological conceptions of justice, at least in part, influence how we define, measure and combat poverty through policies. Because "justice," as Rawls said, "is the first virtue of social institutions,"⁷⁷ we will now look at the most comprehensive social institution designed to combat poverty: the welfare state.⁷⁸ It's worth mentioning that while social service and community organisations offer invaluable responses to poverty such as food banks and budgeting assistance, as we are tracing how ideas can shape public policy it is government action that will be given priority here.

Poverty and welfare states

If ideologies are the drivers that compel and shape policy, institutions are the vehicles. The design and workings of various welfare states can tell us a lot about how a particular society thinks about poverty, justice and the proper role of the state.⁷⁹

Perhaps the most famous and influential classification of welfare states comes from Danish sociologist Gøsta Esping-Andersen.⁸⁰ In *The Three Worlds of Welfare Capitalism* Esping-Andersen theorises how the institutions of state, market and family interact to produce work and welfare, making distinctions between the different worlds of conservative, liberal and social democratic welfare states.⁸¹ The table in Figure 2, derived from Esping-Andersen’s work, shows how these welfare “regimes” differ.⁸²

New Zealand is most commonly classified as a liberal welfare state, as the table highlights, although given our history some contest this.⁸³ Countries do not always fit neatly into one of these boxes however, because they can have features of other regime types.⁸⁴ New Zealand, for example, has a strong emphasis on means-tested benefits which is a characteristic of liberal regimes, but at the same time has a universal pension (New Zealand Superannuation), a feature principally associated with social democratic regimes. This reflects the ideological mix both between and within political parties in New Zealand discussed earlier.

Figure 2: Welfare state regimes

Characteristics	Social Democratic (Institutional)	Liberal (Residual)	Conservative (Achievement)
Primary welfare ideology	Social Democratic	Liberal	Conservative
Primary social rights	Universal Social Rights	Market-based Social Rights	Contribution-based Social Rights
Primary Mix of welfare institutions	Security and welfare services	Asset and means-testing, limited social insurance	Social insurance, NGO-based welfare services
Emphasis on:			
State	Strong	Weak	Strong
Market	Weak	Strong	Weak
Family	Weak	Weak	Strong
Individual	Strong	Strong	Weak
Degree of:			
Decommodification (the extent that people can live independently from the market)	High	Low	Medium
Stratification (the extent that policies reinforce social class divisions and inequality)	Low	High	Medium
Individualisation (the extent that policies focus on the individual)	High	High	Low
Countries/Regions that belong to group	Sweden, Norway, Finland, Denmark, Iceland	United States, Australia, New Zealand , Canada, United Kingdom	Germany, Austria, Netherlands, Belgium, France, Switzerland, Portugal, Spain, Italy, Poland, Czech Republic, Hungary, Slovenia, and more...

Source: adapted from C. Aspalter “Real-typical and ideal-typical methods in comparative social policy” in *The Routledge Handbook of the Welfare State*, ed. B. Greve (Routledge, 2013), 301-302. The Conservative regime is included here for reference, but has not been influential in New Zealand.

From ideologies to public policy

Figure 3 ties ideologies, principles of justice and welfare state regimes together and shows what it might mean for policy direction. The three-step process from ideology to policy type is not as straight-forward as it may seem, however, it is perhaps more accurate to describe principles as informing rationale for policies

While a social democratic view will tend towards more equal outcomes and opportunities through redistribution, a liberal perspective will generally attempt to distinguish those in need of benefits through means-testing. There is some overlap between principles here too. New Zealand Superannuation serves again as a useful example. It rests on a sense of equality and universality, but also to some extent on the assumption that those receiving it have contributed to society for many years, and deserve to be looked after. Incidentally, promoting and protecting well-being through work has been perhaps the strongest and most persistent theme in New Zealand’s welfare history.⁸⁵

Conclusion

Tracing how competing concepts can influence policies has shown how influential ideas can be, even in pragmatic New Zealand.⁸⁶ We have seen how competing ideas about well-being and needs are filtered through ideologies with their conceptions of justice, and finally channelled through the welfare state, out-flowing in policies to help the poor. The question then is not whether values and ideas matter, but which values and ideas should matter.

If we return back to the World Bank’s broad definition of poverty from the start of this section as a “pronounced deprivation of well-being,” anyone lacking in basic needs like meaningful relationships, education or shelter could be seen as being deprived of well-being and subsequently poor. But while improving well-being or “advancing the richness of human life” for everybody is a legitimate policy goal,⁸⁷ it doesn’t quite get to the “core” of poverty. For this we must focus on the definition process.

Figure 3: Justice, welfare regimes and policy types

Ideology/ Welfare Regimes	Principles of Justice: Primary/(Secondary)	Benefit Type Policy Orientations/Types
Liberal	Need (and merit)	Selective Means-tested income benefits and services (health, education and housing); special needs provision; and universal human needs
Social Democratic	Equality (and need)	Universal Guaranteed unconditional basic income; universal public services; equalisation of income; fair equal opportunity; and affirmative action
Conservative	Merit (and need)	Contribution-based Social insurance schemes; conditionality of welfare receipt; equal opportunity (meritocracy); and counselling and training

Source: A. Fives, Political and philosophical debates in welfare (Palgrave Macmillan, 2007), 14-16.

2. QUESTIONS – UNDERSTANDING POVERTY

- 2.1. Which **aspect(s) of poverty** in the diagrams do you think are most important? (p4) Why?
- 2.2. Which notion of the **good life** do you find most persuasive? (p4) Why? What does it look like in NZ? How important are cultural differences?
- 2.3. Do you agree that there is a broad consensus of **basic needs** in New Zealand? Would the 1988 (p5) description need updating for 2014? If so, what would you add or take away?
- 2.4. To what extent do you think **ideologies** impact the way poverty is understood, debated and tackled in New Zealand?
- 2.5. Is this a fair assessment of the **ideological history** of New Zealand? (p5-6) If not, what changes would you make? Are there any significant events missing from this discussion?
- 2.6. To what extent do you think the moral deserving/undeserving poor distinction remains in New Zealand?
- 2.7. Which resonates most with you, the **individualistic or structural approach** to poverty? Is it a blend of both?
- 2.8. In your opinion, which approach to **justice** holds more weight? Merit, equality, or need? (p6-7) Why?
- 2.9. What **value(s)** do you consider central to understanding and addressing poverty? In a sentence or two, describe in detail what it means to you and why it matters.

SECTION 3: THE LOOKING GLASS— DEFINING POVERTY

Having dug deeper into the theoretical soil, it is now time to take a closer look at some of the fruits—first the **definitions** of poverty. Like with conceptions, there is no one perfect way to define poverty. Anyone looking to do so is faced with a daunting array of difficult questions, as a report from the United Nations Development Programme (UNDP) points out:

Is it confined to material aspects of life, or does it also include social, cultural and political aspects? Is it about what may be achieved, given the resources available and the prevailing environment, or what is actually achieved? Should definitions and measurement methods be applied in the same way in all countries and used for comparisons? Are there “objective” methods, or are value judgements involved? What is the rationale for defining a poverty line? Should it be absolute as in the Millennium Development Goals and in most developing countries, or relative as in the rich OECD countries?⁸⁸

How we answer these questions depends on our values. The definition of poverty, as Statistics NZ has recently noted, “is not just a matter for the theoretician or statistician, but inherently involves value judgments requiring public consultation and choices.”⁸⁹ This section will canvass the various ways in which we may define poverty and the values that underlie each one.

Definitions

Defining poverty is about distinguishing between those who are poor and those who aren’t, and is an exercise in precision. If concepts deal with meanings, definitions deal with boundaries. The term “poverty” is often bandied about by politicians, the public, and even academics without much thought given to what any of these people actually mean by it.⁹⁰ A “notoriously ill-defined term,”⁹¹ it is also a contentious one with different people and groups using it to mean very different things.⁹²

One of the significant points of contention is the apparent inconsistency of using the word poverty to describe both the “less-well-off” in richer nations and the “life-and-death” struggles in developing countries, or to describe unacceptable living conditions in New Zealand during times of war and conflict and today’s modern affluence.⁹³

Often characterised as “absolute” and “relative” poverty, such comparisons between societies can sometimes lead to the conclusion that poverty doesn’t “exist” in New Zealand. This paper assumes that poverty is a meaningful concept and a reality in developing and developed countries like New Zealand alike, but leaves the door wide open for debate on what constitutes poverty here and now.

Approaches to defining poverty

The “absolute” versus “relative” distinction has been central to debates over poverty for decades, with no immediate sign of faltering. Absolute definitions have traditionally been linked to the ideological “right;” relative definitions to the “left.”⁹⁴ We will see below however, that there is more common ground here than partisan politics recognises.

Absolute

Over a century ago in 1901, modern poverty measurement began with the work of Benjamin Seebohm Rowntree in York. His influential study, *Poverty: A Study of Town Life* was based on the logic that people needed basic necessities to live an acceptable or decent life, and that in a market economy income was a means towards this end.⁹⁵ So for instance, if a husband’s wages were unable to cover the basics, his family fell below the poverty line and were considered poor. Families below this poverty line could be counted, resulting in a “headcount” measure so prominent today.⁹⁶ Rowntree’s work is commonly seen as the beginning of “absolute” approaches to poverty.⁹⁷

Absolute poverty is usually associated with basic needs, and is most commonly tied to notions of subsistence or survival—people are poor if they can’t afford food.⁹⁸ In its purest form, absolute poverty considers how many calories a person needs to survive and how much the acquisition of those calories would cost. But many definitions of absolute poverty go beyond mere caloric intake. Perhaps the most influential definition of absolute poverty was agreed upon at the UN World Summit on Social Development in Copenhagen in 1995, where 117 countries committed to end “absolute” and to reduce “overall” poverty. Absolute poverty was defined there as:

*a condition characterised by **severe deprivation of basic human needs**, including food, safe drinking water, sanitation facilities, health, shelter, education and*

information. It depends not only on income but also on access to services.⁹⁹

The idea of linking basic needs with poverty makes sense, as it can be safely assumed that all humans have similar needs. And yet the definition of absolute poverty can never be fully objective.¹⁰⁰ As leading UK expert on poverty Professor Peter Townsend famously argued, even basic needs such as nutrition cannot be separated from context.¹⁰¹ Caloric needs will vary based on metabolic rates, age, and activities.¹⁰² A teenager generally needs more food than an octogenarian, for example. Furthermore, food availability, taste, and costs need to be factored in to determine what is adequate.¹⁰³ Even “absolute” poverty is, to some extent then, relative.¹⁰⁴

Relative

Relative definitions of poverty transformed our understanding of poverty in the same way Einstein’s theory of relativity did for physics. Poverty can be considered to be relative in three ways: over time, within a society, or across societies.¹⁰⁵ To say someone is poor in this sense is similar to saying someone is short or skinny; these statements only make sense relative to a particular reference person or group—that is they only make sense when put into context.¹⁰⁶

Townsend defined relative poverty as follows:

*Individuals, families and groups in the population can be said to be in poverty when they lack the **resources** to obtain the type of diet, **participate** in the activities and have the living conditions and amenities which are **customary**, or at least widely encouraged, or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, **excluded from ordinary living patterns, customs and activities.***¹⁰⁷

International bodies have echoed Townsend’s definition since he first promulgated it in 1979, amending it only slightly.¹⁰⁸ The UN World Summit on Social Development in Copenhagen defined “overall poverty”—as opposed to “absolute poverty”—as relative in terms of the **minimum acceptable standards of living** in a particular society at a particular time. Poverty, according to this definition, includes:

*lack of **income** and productive **resources** to ensure sustainable livelihoods; hunger and malnutrition; ill*

*health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments and social discrimination and exclusion. It is also characterised by **lack of participation** in decision making and in civil, social and cultural life. It occurs in all countries: as mass poverty in many developing countries, pockets of poverty amid wealth in developed countries, loss of livelihoods as a result of economic recession, sudden poverty as a result of disaster or conflict, the poverty of low-wage workers, and the utter destitution of people who fall outside family support systems, social institutions and safety nets.*¹⁰⁹

Interestingly, this definition from Copenhagen remains the only internationally agreed upon definition of poverty.¹¹⁰ It finds resonance here in New Zealand where our own poverty has also been defined in relative terms. For instance, the 1972 Royal Commission on Social Security stated that everyone should be:

*able to enjoy a standard of living much like that of the rest of the community and thus is able to feel **a sense of participation and belonging to the community...**[so that] no-one... is so poor that they cannot eat the sort of food that New Zealanders usually eat, wear the same sort of clothes, [and] take a moderate part in those activities which the ordinary New Zealander takes part in as a matter of course.*¹¹¹

And more recently, the Children’s Commissioner’s Expert Advisory Group (EAG) suggested this definition of child poverty:

*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.*¹¹²

While the EAG’s definition uses the language of rights,¹¹³ the idea of being excluded from participation in society due to lack of resources remains important and is common to all of the definitions of relative poverty in this section. The broad term “social exclusion,” used primarily in European countries, is related yet distinct from poverty.¹¹⁴ Using Townsend’s definition as a base, the distinction is that “poverty is a lack of resources (income, wealth, housing) and social exclusion a

common consequence of poverty.”¹¹⁵ Some use the concepts synonymously, however this is a mistake for two reasons: 1) that people can lack resources but not be excluded from society, and 2) that people can be excluded from society for reasons not related to a lack of resources, such as for having a disability. In this sense, exclusion may result from poverty, but poverty does not necessarily imply exclusion and vice versa.¹¹⁷ Poverty is not exclusion from participation due to disability, racial discrimination, or unemployment—it is exclusion due to a lack of resources. Focussing on this “core” does not mean the broader aspects like broken relationships, shame and stigma, or lack of voice don’t matter—they do—but when defining poverty we must keep sight of what is unique to the experience.¹¹⁸

The relative aspect of poverty also raises the question of inequality, another related, yet distinct aspect of poverty. In theory, under the relative definition above, a society could be extremely unequal, but not have any poverty if everyone had enough resources to avoid hardship. Conversely, a society could be poor but not unequal. Poverty is, as Alcock argues, better understood as “the unacceptable dimension of inequality,”¹¹⁹ or as MSD researcher Bryan Perry clearly explains, about “not enough” rather than just “less than.”¹²⁰ It is the gap between those with an unacceptable way of life and those living minimally acceptable lives—sometimes called the poverty gap—that is most relevant to understanding poverty.

Beyond absolute and relative poverty

What should be clear is that poverty is **both absolute and relative**.¹²¹ It is absolute in that there are certain reasonably universal needs that all humans have, and that to be without them is to live in a state of unacceptable hardship; it is relative in that different societies in different times impose different needs upon people which must be met in ways specific to their society and time. In other words, as Alcock puts it: “absolute definitions of poverty necessarily involve relative judgments to apply them to any particular society; and relative definitions require some absolute core in order to distinguish them from broader inequalities.”¹²² Amartya Sen’s famous Capability Approach also comes to a similar conclusion.¹²³ Because poverty is both a universal human concept with respect to needs and a historical/cultural concept with respect to resources, there are necessarily shared meanings

across both developed and developing countries.¹²⁴ To have entirely separate definitions and measurements for developing and developed countries highlights a worrying lack of clarity over what exactly is being defined.¹²⁵

As we saw earlier, needs play a central role in understanding well-being. They also play a central role in understanding poverty. Lister argues that the “various articulations and re-articulations of the notions of and relationship between ‘absolute’ and ‘relative’ serve to illustrate that they represent different constructions of poverty, based on different understandings of human needs, rather than two distinct realities.”¹²⁶ How does this work? The answer lies in the relationship between needs and resources. Indeed, Adam Smith recognised this in the eighteenth century:

*By necessities I understand, not only the commodities which are indispensably necessary for the support of life, but whatever the **custom of the country renders it indecent for creditable people, even of the lowest order, to be without.***¹²⁷

Smith goes on to give the example of a linen shirt as a necessity for a day-labourer in eighteenth century Europe, without which they “would be ashamed to appear in public” due to social customs or norms. Leather shoes were also noted as a customary necessity in England; for men but not women in Scotland; and for neither men nor women in France where it was acceptable to be bare-footed or wear wooden shoes. Linen shirts or leather shoes are not, strictly speaking, required for survival according to Smith, but are seen as “things which the established rules of decency have rendered necessary to the lowest rank of people.” Everything else is deemed a luxury, such as beer and wine, even in countries like France where these are customarily consumed. This is because “a man of any rank may, without any reproach, abstain totally from tasting such liquors.” The “custom of the country” doesn’t render it unacceptable or “indecent” to live without them. No “harm” will result. Smith not only makes the distinction between needs and wants highlighted in section 2, but also acknowledges that different societies meet their different needs in different ways using different resources.

As mentioned in the needs section, there is generally a consensus within a particular society at a particular time as to what a **minimal acceptable standard of living** looks like, and what people need to meet this.¹²⁸ These are

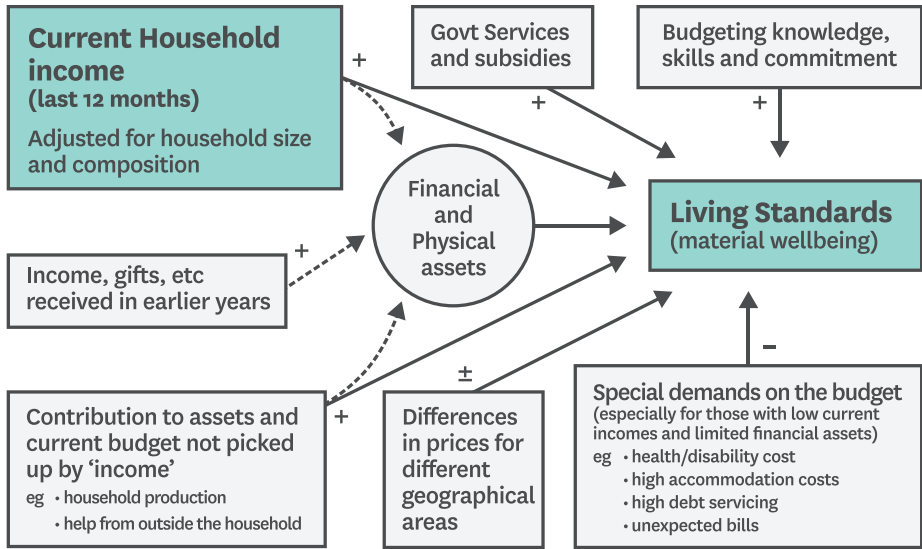
the core “absolute” needs. The list below is an example of what basic material needs for New Zealanders *may* look like in 2014:

- clean drinking water;
- sanitation and waste disposal;
- adequate food / nutrition;
- hot running water;
- suitable clothes and shoes;
- adequate housing – shelter / warmth;
- dental and medical care as required;
- mains electricity or equivalent;
- household durable goods for food storage and cooking, sleeping, cleaning and maintenance, having people around etc.;
- transport (for employment, supplies, children, leisure etc.);
- technology including a computer in the household and broadband internet access;
- social engagement that involves financial cost; and
- financial resources to cope with unexpected essential expenses.¹²⁹

Material items on this list, such as refrigerators and washing machines, are perceived to be necessities in modern societies as much of our lives have become dependent on our ability to use items like these; they have become customary.¹³⁰ These items may change in the future as things that we may consider to be comforts now—a smartphone, for instance—become necessities later.¹³¹ People cannot avoid or opt out of the “structures and expectations” of their society and “go bush,” they must adhere to Smith’s “customs of the country.”¹³³

These needs that people have are met with resources; when one does not have the resources he/she requires to meet his/her needs, he/she will be in poverty.¹³⁴ Figure 4 illustrates the range of resources available for New Zealanders today.¹³⁵ It shows that while income is certainly important in a market economy, other resources like gifts and services in kind assist in meeting needs. This means the link between low income and poverty is somewhat diminished—an idea to be discussed in more detail in the next section.¹³⁶ It also shows just how many factors—both material and social—play a part in determining well-being. Some help, like income; others hinder, like having “special demands on the budget.” Differences in prices depending on where people live can go both ways: the cost of living in Auckland is very different to that in Akaroa, for example.

Figure 4: Factors (resources and needs) that influence living standards.¹³⁷



Source: B. Perry, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012 (Wellington: Ministry of Social Development. 2013), 29.

Conclusion

Though poverty remains difficult to define, we can discern some harmony amidst the discord, that is some overlap between definitions and synthesis among approaches. Two key ideas or characteristics that consistently feature across definitions have hopefully become clear.¹³⁸ Poverty is:

1. an unacceptable situation where a person's way of life falls below a decent minimum standard of a particular society at a particular time, and
2. a lack of resources to rise above that situation.

Now that we hopefully have a better grasp of what we are talking about when we refer to poverty, we can finally move towards measuring it.

3. QUESTIONS – DEFINING POVERTY

- 3.1. Should New Zealand adopt an official poverty definition?
- 3.2. To what extent does how we define poverty dictate how we respond to it?
- 3.3. Is the discussion on the synthesis between absolute and relative poverty convincing? If not, which approach do you favour and why? Do you agree that there is “real” poverty in New Zealand?
- 3.4. Do you agree with this distinction between poverty and inequality? Does the gap between the rich and the poor matter? Why?
- 3.5. Are there any basic material needs missing from the above list? (p14) Any that shouldn't be there?
- 3.6. In your opinion, how important is income for understanding and addressing poverty? Is it given too much or not enough focus?
- 3.7. Do the definitions offered ignore the spiritual, non-material aspects of poverty? If you think these are important, how might we incorporate or acknowledge them?
- 3.8. Do you believe that New Zealand's current welfare system provides enough resources for people to belong and participate in society? If not, should it? Why/why not?
- 3.9. Do you think the above definition captures the essence of poverty? If not, how would you define poverty?

SECTION 4: DRAWING THE LINE— MEASURING POVERTY

We have seen in the preceding sections how our values and ideas about people, society and the role of government lead us to conceptions of the good life and need, and how these conceptions go on to lead us to a variety of definitions of poverty. Now we turn to the measurement of poverty.

Just as there is no one accepted definition of poverty, there is also no one measure of poverty. Measures of poverty are necessarily indicators or signposts: measures themselves are not poverty, but rather they point towards and attempt to quantify the condition described in the definition.¹³⁹ Due to limitations of resources and feasibility, measures are imperfect proxies for concepts and definitions. Also like definitions, the way in which we measure poverty stems from our values, some even going so far as to call measurement “politics by other means.”¹⁴⁰ Things often considered as facts, like GDP or the consumer price index (CPI), are embedded with moral assumptions that can be used to justify particular policies based on particular values.¹⁴¹ Our values then, shape not only how we see poverty but also how we attempt to quantify it and describe it to others.

This section digs into all of this murkiness around the ways in which we measure poverty. Asking first why we even attempt to measure poverty, it then moves into a description and discussion of various methods for measuring poverty. From there it explores ways in which poverty, in all of its multi-dimensional complexity, may be best measured.

Reasons for measuring poverty

Professor John Veit-Wilson, founding member of the UK’s Child Poverty Action Group, details seven reasons for measuring poverty:

1. to **describe** the lifestyle and appearances which identify the ‘poor’;
2. to **count** the numbers defined as ‘poor’;
3. to **explain** why people seem to be poor or live ‘poor lifestyles’;
4. to **compare** low levels of living over time and between groups;
5. to **prescribe** a boundary measure on which

people are or ought not to be ‘poor’, income line/ thresholds to reflect a minimum income standard, for example;

6. to **report** what people would consider a minimum disposable cash income to avoid poverty as ordinary people experience it, people, say, that are ‘only just not poor’; and
7. to **discover** what people consider to be the essentials of a minimally decent life which no one should be without.¹⁴²

As poverty is inherently unacceptable, we need to know when we are making progress towards reducing its incidence, severity and persistence. Good measurements should not only track this progress, but also inform our responses to poverty, directing resources and interventions to those most in need, for example. Good measurements will also clearly reflect the essence of poverty; be statistically robust; responsive to policy interventions; comparable across countries; and practical and timely.¹⁴³ Measurements may also provide an insight into the causes and consequences of poverty, and help us to make a case for action against poverty and to keep it on the agenda.¹⁴⁴ This case will only gain traction if the measurement used resonates with most people, so that it is “believed by those who may have an interest in disbelieving it.”¹⁴⁵

Measurement

Measuring poverty, according to Statistics New Zealand, involves three issues: “defining and measuring material well-being in a statistically representative way; identifying the poor by setting a minimum acceptable standard of living; and then counting the number of poor in some way.”¹⁴⁶ Identifying and counting the poor is what measurement has traditionally been all about, and reflects the two aspects of our definition above. In other words, measuring poverty involves establishing both an **indicator** and a **standard** to assess it by.¹⁴⁷

1. First, an **indicator** must be decided upon. Indicators are things like household incomes and expenditure that can be measured. They are not poverty, but they can be used to indicate which households may be in poverty.
2. Once an indicator has been decided, a poverty **standard** must be applied to it. This is often called the “poverty line,” where all those who

fall below this standard are considered poor. Poverty lines are usually set in an attempt to find a “minimally adequate,” “minimally acceptable” or “decent minimum” level of living from a given definition of poverty. For many income-based measurements of poverty, some proportion of the median income of a state or population is often used as the standard—for instance, those earning less than 60 or 50 percent of the median income are considered to be living in poverty. This step inevitably involves value judgments in setting which particular threshold to use, with some methods more defensible and less arbitrary than others.¹⁴⁸

Different combinations of indicators and standards lead to distinct approaches to measuring poverty. These approaches fall under two main traditions: **poverty line studies** and **living standards**.¹⁴⁹ Poverty line studies compare actual resources as an “**input**” into well-being with a minimum acceptable standard, while living standards compare actual experienced living standards or “**outcomes**.” Poverty line studies are often referred to as “indirect” because they focus on measuring what someone needs to avoid hardship (the indicator). Living standards, on the other hand, are often referred to as “direct” because they focus on how a person is actually living and whether they lack material goods, are having financial difficulties, or are in any other way unable to live a decent life.¹⁵⁰ This situation is also known as experiencing deprivation or hardship.

We will now briefly describe and discuss some of the most prominent theoretical approaches to measuring poverty.

From the tradition of **poverty line studies** come:

1. Average income threshold,
2. Consumption expenditure,
3. Budget standards,
4. Component and multiplier,
5. Subjective measures and
6. Benefit-based/statutory measures.

From the tradition of **living standards** come:

7. Material deprivation indices/social indicators.

And in a **combination** of both poverty line studies and living standards, there comes:

8. Multi-dimensional measurement of poverty, deprivation or social exclusion

Poverty line studies

Average income thresholds

Average income thresholds are by far the most prominent poverty measures in use, the World Bank’s “one dollar a day” and the OECD’s 50 percent or 60 percent of the median income the most famous examples. This approach sets an arbitrary threshold,¹⁵¹ generally a proportion of the median or mean income adjusted for household size and composition after tax is taken out and transfers have been applied,¹⁵² below which people in a particular society are said to be living in poverty. Income thresholds may be measured on a fixed or relative basis, and either before or after housing costs have been taken into account. **Fixed** (or “absolute” or “constant value”) measures of income are those that are anchored in a reference year, whereas **relative** (or “moving”) measures are not.¹⁵³ To measure for average income **before housing costs (BHC)** means that incomes are measured before things like rent or a mortgage have been paid; to measure **after housing costs (AHC)** involves measuring a household’s income after subtracting what that household spent on housing (ie. on rent or a mortgage).¹⁵⁴

DISCUSSION

Average income thresholds are simple, timely and practical to calculate; this has led them to become internationally recognised.¹⁵⁵ While we’ve seen that there are other resources available to meet needs and participate in society, using income as a rough indicator makes a lot of sense given it is the primary means of exchange in a market economy.¹⁵⁶ The median (the middle point in the income distribution) income is most often used as a standard because median income earners are presumed to be strong indicators of the social reference group.¹⁵⁷ That is, if someone earns appreciably less than the median income, they are unlikely to be able to participate in that society.¹⁵⁸

Still, despite their widespread use, average income threshold measures have their drawbacks. First, they can vary substantially depending on how you select your indicators and standards. Fixed versus relative income thresholds; 50 or 60 percent of the median income; and measuring income before or after housing costs all change the numbers of people measured as living in poverty. See Figure 5 below for a graphic illustration of just how different poverty measurements can be depending on the standard being used. Results also vary significantly depending which reference group is chosen—the number in poverty in Whangerei may be lower compared with Northland than with New Zealand as a whole, for example.¹⁵⁹

Another problem with average income threshold measurements is that low incomes don't necessarily indicate high levels of deprivation or exclusion. The resources and needs of different households vary: pensioners may draw more on savings and wealth rather than income, for example, and others, like those with a disability, may have a relatively high income but at the same time higher needs and expenses.¹⁶⁰ This has led to the view that income threshold measures are better understood as poverty risks rather than as poverty rates.¹⁶¹

And finally, average income threshold measurements may give out perverse results—households may be seen, by the measurement, to be moving in and out of poverty even while their circumstances remain the same. This can happen as it did in Ireland in the 1990s when sustained

economic growth nearly doubled average incomes but did nothing to curb relative poverty.¹⁶² Alternatively, as median incomes fall in a recession poverty may be seen to be reduced even though nearly everyone is actually worse off than they were before. International comparisons also cause problems, with the United States showing a higher child poverty rate than Hungary even though their median income was over three times greater in real terms for example.¹⁶³

So, while average income threshold measures should remain crucial to understanding poverty, their weaknesses must be taken into account. In fact, recent literature on poverty measurements has striven to move beyond the sole use of income measures. More and more people are turning either to measurements that resonate more directly with the “experiences and aspirations” of those living in poverty or to ones that are rooted in their community’s understanding of poverty.¹⁶⁴

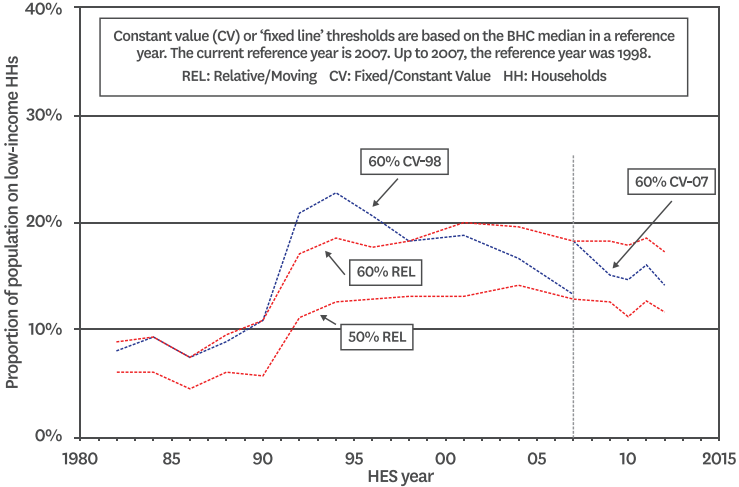
Expenditure methods

Expenditure methods work like average income thresholds except that they assume that what households spend—their consumption—is a better indicator for poverty than what they earn.

DISCUSSION

Consumption is like a “halfway house” between income and living standards: it more directly reflects what people have actually spent, rather than what resources they have available to them.¹⁶⁵ Incomes have a tendency

Figure 5: Comparison of average income thresholds



Source: B. Perry, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012 (Wellington: Ministry of Social Development, 2013), 110-111.

to rise and fall, but consumption is more likely to be “smoothed” across a lifetime by saving or attaining assets. This reflects experiences like a household running down their savings in a temporary spell of low income.¹⁶⁶ In this sense, expenditure methods capture a more permanent view of a household’s prospects compared to average income threshold measures.¹⁶⁷

Still, there are concerns around data reliability. To find out how much a household consumes, expenditure methods are reliant on people accurately reporting their spending on a list of goods that have been drawn up either by experts or from a survey of the general public about what a household needs to get by. People aren’t always so good at knowing exactly how much they’ve been spending, so the jury is out as to whether income or consumption is a more reliable measure.¹⁶⁸ It can also be difficult to discern whether people who report having low consumption have chosen to live frugally even though they have the income not to.¹⁶⁹

Budget standards

A budget standards approach seeks to create a basket of goods, services and activities—like food, medical care and visiting friends—that represent a particular standard of living, usually a “minimum acceptable” standard.¹⁷⁰ The threshold is then set at the cost of this basket, so income is our indicator once again. Those who fall under this threshold are considered to be in poverty.

DISCUSSION

The main advantage of budget standards is that they make intuitive sense—the content of the basket is tangible and so the standard that follows is easily understandable.¹⁷¹ They are also able to capture local variations in prices which most other methods miss.

The quantities, quality and content of the basket of goods, however, have traditionally been put together by experts, leaving budget standards open to criticisms that the basket created wasn’t socially relevant—that in reality no one actually followed the standard.¹⁷² Consensual budget standards are an important variation that seeks to remedy this problem. Instead of experts deciding on the contents of the basket, ordinary people, through surveys, identify the “socially perceived necessities” of life.¹⁷³ Focus groups can also be used to inform what goes in the basket to anchor analysis in experience, a

method used by New Zealand’s Poverty Measurement Project in the 1990s.¹⁷⁴ Sometimes both methods are blended by testing public opinion of necessities with expert research.¹⁷⁵ Grounding in public opinion gives these measures more credibility and legitimacy, although some argue the consensus isn’t as strong as claimed.¹⁷⁶ Putting a budget together can still be difficult however, and the process—no matter how it’s done—is filled with judgment calls.¹⁷⁷

Component and multiplier

More commonly known as the food ratio method, the component and multiplier approach is based on the idea that the higher the proportion of a household’s income is spent on food, the likelier it is that that household is in poverty.¹⁷⁸ The component and multiplier approach takes a minimum food budget established by experts, like the budget standards method, and multiplies it to allow for other non-food expenses to set a threshold.

DISCUSSION

The biggest problem with component and multiplier approaches is that both the setting of the minimum budget and the factor of multiplication introduce arbitrariness.¹⁷⁹ This is how the official US poverty line—which is still in use today—was derived in the 1960s: a minimum budget is multiplied by three.¹⁸⁰ Treasury undertook similar (much-criticised) work in New Zealand in the 1990s.¹⁸¹ It has since been updated with inflation, but the proportion of budget spent on food has not been updated, which means it is less relevant today than when it was first conceived.¹⁸²

Subjective measures

There are a few variations of subjective measures.¹⁸³ The first is where the standard is based on what people consider to be the minimal acceptable income that they could live on and participate in society;¹⁸⁴ a line could then be drawn at the average of these responses. Another is where people are asked to evaluate whether they are poor or not, and the percentage of respondents who claim they are poor sets the standard. The latter is rarely used, however the former has been used in New Zealand as one aspect of living standards courtesy of a question asked by the Economic Living Standards Index (ELSI) survey.¹⁸⁵

DISCUSSION

Like the consensual budget standards, the main strength of the subjective method is that it's based on people's responses—arguably grounded in their day-to-day experiences—rather than expert opinion. Results tend to be significantly sensitive to the survey methodology, however. For example, it has been shown that people's responses of what they consider a minimum income rise with their actual income, so results depend on who is asked.¹⁸⁶ Responses have also been shown to be particularly biased by the phrasing of the question.¹⁸⁷ In New Zealand, just over fifteen percent of Kiwis say that they haven't got enough money to meet their everyday needs.¹⁸⁸ See Figure 6 for a more detailed breakdown:¹⁸⁹

Benefit-based/statutory measures

Benefit-based or statutory measures take the level of financial support provided by the government as the standard, assuming that the safety net is enough for people to get by on.

DISCUSSION

Benefit-based/statutory measures have the valuable function of showing how many are falling below the income level set by main-line benefits, however, there are quite a few problems with this method as a poverty measure. Firstly, as the product of the political process, the benefit level may not be grounded in any sense of need or the "minimum acceptable" way of life, which

change over time. It can also produce absurd results, like poverty being reduced or even nearly eliminated when benefits are cut.¹⁹⁰ The fact that countries like New Zealand have a range of targeted schemes rather than a legal universal minimum benefit makes it hard to implement benefit-based/statutory measures in practice as well.¹⁹¹

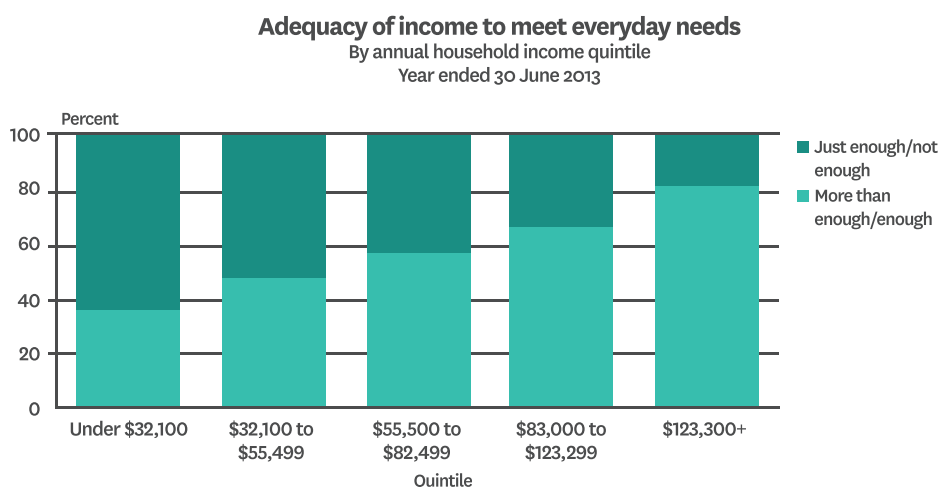
Living standards/deprivation

The measures explored so far have all been indirect—signposts of poverty. Following the "rediscovery" of poverty in the 1960s and the subsequent explosion of academic literature, a problem arose.¹⁹² Townsend's definition of poverty as the inability to participate in one's society due to a lack of resources gained favour, while income—which many argue fails to identify and count the poor—remained the primary measure.¹⁹³ This disconnect between definition and measurement lingers on. But more recent interest in approaches that seek to directly identify the poor have increasingly gained in popularity as a complement, or even as an alternative, to using household income as a measure of well-being: these are measurements that use deprivation or living standards as their indicators.¹⁹⁴

Material deprivation indices

Material deprivation indices, also known as non-monetary or hardship measurements, seek to describe the actual outcomes of poverty—that is how people's lives are actually deprived.¹⁹⁵ Deprivation, according to

Figure 6: Adequacy of income to meet everyday needs



Source: Statistics New Zealand, Household Economic Survey: Year ended June 2013 (Wellington: Statistics New Zealand, 2013), 10.

Townsend is “a state of observable and demonstrable disadvantage relative to the local community or the wider society or nations to which an individual, family or group belongs.”¹⁹⁶ Material deprivation indices seek to track this by first identifying a range of items or activities that no one in the community should go without; they then create an index of these things. Like budget standards, this can be done by experts or public opinion. Studies then try to work out whether those identified had no choice but to go without due to lack of resources.¹⁹⁷ As Stein Ringen, Professor of Sociology and Social Policy at Oxford University famously argued, those who are considered poor must “live as if they were poor [and] to do so because they do not have the means to avoid it.”¹⁹⁸ Those who have a certain number of observable “enforced lacks”—for example, lacking three out of fourteen items or activities on the index—are considered to be deprived.

DISCUSSION

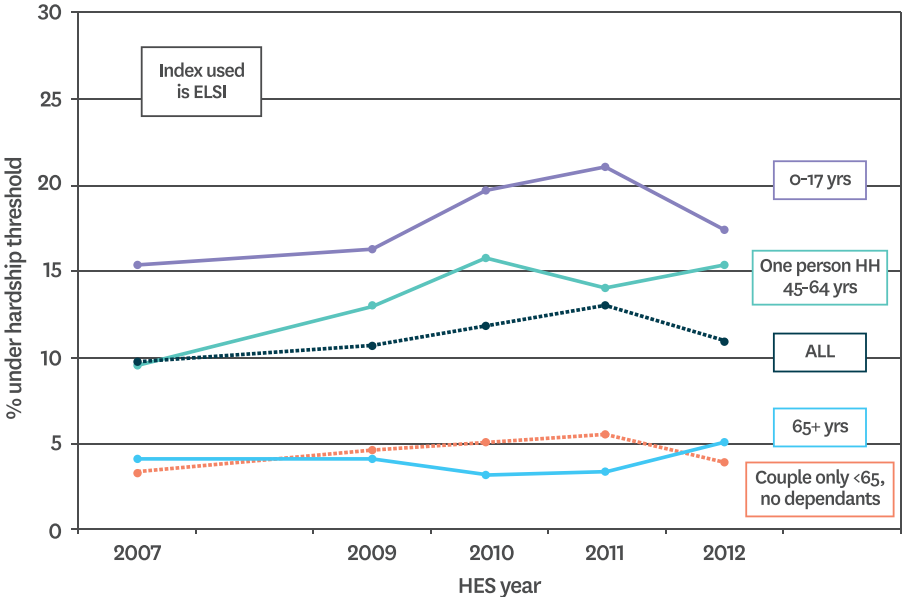
Material deprivation indices can build upon indirect measurements to better identify and understand the poor because they more directly capture the multi-dimensional nature of poverty.¹⁹⁹ And yet, the lack of agreement across borders about what exact indices to use makes international comparisons difficult.²⁰⁰ Decisions around how many items people should be

deprived of before they are considered to be in hardship can be arbitrary,²⁰¹ and it is often difficult to distinguish between chosen and enforced deprivation.²⁰² There are scientifically robust responses to these criticisms though, leaving material deprivation indices prominent in New Zealand and overseas as a complement to income measures.²⁰³ Figure 7 shows material hardship for whole population and selected sub-groups over time.

Multi-dimensional measurement of poverty, deprivation or social exclusion

Multi-dimensional measurements of poverty, deprivation or social exclusion attempt to capture a broader sense of poverty across multiple domains like health and education, including the causes and consequences.²⁰⁴ MSD recognises that it is the “cumulative impact of multiple disadvantage across different domains” that is more likely to lead to poor outcomes and opportunities than low income alone.²⁰⁵ Accordingly, this approach takes indicators—usually indirect, but they can be direct too—like low income alongside other factors known to be related to poverty like joblessness, teenage pregnancy, housing conditions and addiction.²⁰⁶ The Poverty Indicators Project in New Zealand used the number of people using the foodbanks as an indicator for poverty,²⁰⁷ while access to special needs grants from Work and Income New Zealand (WINZ) has also been

Figure 7: Example of material hardship/deprivation measurements



Source: B. Perry, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012 (2013), 183.

used. This set of indicators can also be tallied up in a process called aggregation to create a standard, however this is rarely done in practice because it is an complex task fraught with judgment calls.²⁰⁸

DISCUSSION

The broad sweeping view that multi-dimensional measurements of poverty, deprivation or social exclusion provide across multiple domains makes them an excellent complement to poverty line and living standard studies. While identifying the poor is not their strength, they do have the potential to paint a more detailed picture of the lived experience of those suffering poverty. Because they look at so many different aspects of what it can mean to be poor, these measurements can help to discern cause and effect relationships amongst dimensions, evaluate the unintended consequences of policy and identify ways to combat different forms of poverty.²⁰⁹ The Children’s Commissioner’s EAG recently proposed a set of multi-dimensional child poverty reduction indicators for New Zealand.²¹⁰ Statistics New Zealand’s work on risk factors for vulnerable children also used similar methods.²¹¹ As an example of what multi-dimensional approaches can offer, see Figure 8 below which is a “Continuum of Poverty” created by New Zealand’s MSD in 2007 (See Appendix 2 for another, more comprehensive example from the UK).²¹²

With all of the good that can come from multi-dimensional measurements, the method still has its weaknesses. In expressing the complexity of poverty, the measurement and its results can become unwieldy and more difficult to understand. Also the decisions as to what dimensions are to be included and how they are to be measured is yet another contentious area. Creating a “headline” figure from these indicators adds yet more methodological problems on top of that.

SUMMARY

We have canvassed eight distinct approaches to measuring poverty under the two traditions of poverty line studies (average income threshold, consumption expenditure, budget standards, component and multiplier, subjective measures and benefit-based/ statutory measures) and living standards (material deprivation indices) and a combination of the two (multi-dimensional measurement of poverty, deprivation or social exclusion). Figure 9 summarises the eight approaches, allowing for a comparison of their indicators, their standards, and who decides what the indicators and standards will be.

Figure 8: Continuum of poverty

Continuum of Poverty types	Causes and consequences	Policy response required
Just coping, but no reserves for big bills	power bills, car repairs, dental treatment, rates	Increased income addresses problems
Costs higher than income	high housing/transport costs, high power costs, high food costs, health costs, debt repayment	Increased income addresses problems
Life shocks and accumulated adversity	ill-health, job-loss, separation, funeral costs, poor start in life	Need for additional support increases
‘Diseases’ of poverty	poor mental and physical health, diabetes, obesity, smoking, drug and alcohol abuse, gambling, debt, family violence, transience, low attachment to education and work	Need for additional support increases
Poverty entrenched and transferred	long-term benefit receipt, intergenerational dependency	Intensive, wraparound services needed

Source: Centre for Social Research and Evaluation, Pockets of Significant Hardship and Poverty (Wellington: Ministry of Social Development, 2007), 5.

Figure 9: Approaches to measuring poverty

	Approach	What is it trying to measure? The Indicator	How does it measure it? The standard	Who decides? ²¹³
1.	Average income threshold	Income as a proxy for poverty	Threshold set in relation to average incomes (median/mean)	Experts
2.	Consumption expenditure	Consumption as a proxy for poverty	Threshold set in relation to average consumption	Experts, public opinion
3.	Budget standards	Income as a proxy for poverty	Threshold based on a budget needed to take people above a deprivation threshold	Experts, focus groups, public consensus
4.	Component and multiplier	Income as a proxy for poverty	Threshold set in relation to a material need like food, and multiplies the value	Experts
5.	Subjective measures	Perceptions as a proxy for poverty	Threshold based on the number of people who self-identify as poor, or how much income they identify is necessary.	Public opinion
6.	Benefit-based/statutory measures ²¹⁴	Legislation as a proxy for poverty	Threshold based on government minimum income legislation	Experts
7.	Material deprivation indices	Direct measurement of material deprivation as lack of necessities	Direct measures through surveys, list of necessities may be derived by expert or public opinion	Experts, public opinion
8.	Multi-dimensional measurement of poverty, deprivation or social exclusion	Direct and Indirect Measures of multi-dimensional deprivation or social exclusion	Various methods for compiling multi-dimensional analyses and indices	Various

Source: Adapted from S. Sodha and W. Bradley (London: Demos, 2010), 27.²¹⁵

Using measurements together

We saw in the preceding subsections that there are broadly two approaches to measuring poverty: tracking inputs into well-being, like income, or tracking actual outcomes that point to deprivation, like not being able to eat two solid meals per day. When the relationship between income and deprivation are investigated, some very curious and important results follow.

Combining income and deprivation measurements

Income and deprivation measures give reasonably similar headcounts of poverty when compared, they identify reasonably similar percentages of New Zealanders as living in poverty. Figure 10 shows this in its breakdown of the percentage of New Zealand children living in poverty according to a range of different income-based and deprivation-based measurements:[‡]

Figure 10. Comparing income and deprivation numbers

Measure	Income Measures				Deprivation Measures		
	AHC fixed line 60%	AHC 'relative line' 60%	AHC 'relative line' 50%	BHC 'relative line' 60%	Economic Living Standard Index (ELSI) lower threshold	ELSI higher threshold	FRILS
2007	22	22	16	20	15	18	19
2011	21	25	16	19	21	24	22
2012	21	25	17	18	17	20	19

Source: Adapted from B. Perry, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012 (2013), 15-17, 185-186.

‡ Fixed line measures use 2007 as the reference point. For more details on the particular measures and indices used, see B. Perry, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012, 15-17, 105-106. Since this paper was written, Statistics New Zealand found an error in their income datasets which underestimated the number in poverty primarily due to a double-counting of the Accommodation Supplement. Up-to-date figures and explanation can be found on Statistics New Zealand website, <http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/household-incomes/index.html> (accessed March 22, 2014)

The surprising result is that while the proportions are similar, sitting at about one in five, the actual people identified by different measures as living in poverty are different.²¹⁶ In other words, **those who have a low income are not necessarily the same as those who are materially deprived.**²¹⁷ This is not entirely unexpected because as we saw earlier, income is only one of the resources available to meet people’s differing needs.²¹⁸ Figure 11 below illustrates this fact. It shows that deprivation occurs across income deciles, even while it is highly concentrated in the lowest two—almost twice as much as the next decile.²¹⁹ This steep drop-off suggests that income poverty lines are reasonably set.²²⁰ The Venn diagram (Figure 12 – not to scale) also shows the limited overlap of those who are both income poor and materially deprived. Those in the overlap group are sometimes known as suffering “severe poverty or hardship.”²²¹

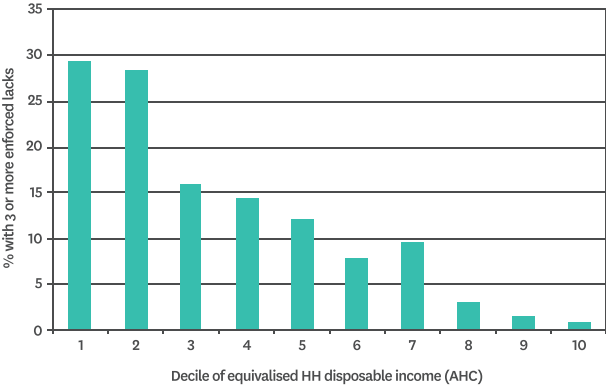
In New Zealand’s case, only around half of the people identified with a low income are also suffering material hardship, so that the overlap group consists of around six percent of the population as a whole and ten percent of children.²²² Given this reality, some researchers have suggested focussing on areas of overlap—where those identified as poor according to both income and deprivation measures overlap to find the “truly” or

“consistent” poor.²²³ Some researchers have also added a third subjective dimension to the mix: whether people feel poor or not.²²⁴ The “core” poor group where all three dimensions overlapped were much more likely to be poor than those who only featured in one dimension.²²⁵

When we analyse the overlaps further, groups of households emerge that shine some light on different aspects of poverty. Those on a low income and with a low standard of living are clearly poor, for example, while those on a high income and with a high standard of living are not. But this still leaves two more interesting categories: those on a low income but with a high standard of living, and those on a high income but with a low standard of living. Researchers from the Joseph Rowntree Foundation in the UK called the former category “vulnerable” to poverty, while the latter category are considered to be “risen” from poverty.²²⁶ Recently getting and losing a job is one explanation for these transition groups.

Using subjective data collected from a subset of New Zealanders who responded to a survey in 2012 indicating that they didn’t have enough for the basics (about 19 percent of the total population of the country), we can see what the transition groups would look like in Figure 13.

Figure 11: Relationship between income and deprivation



Source: B. Perry, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012 (2013), 181-183.

Figure 12: Overlap of income and deprivation

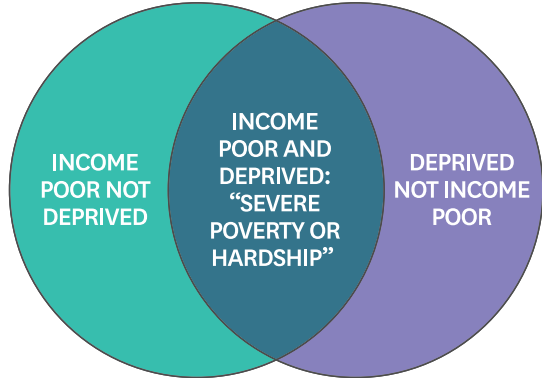
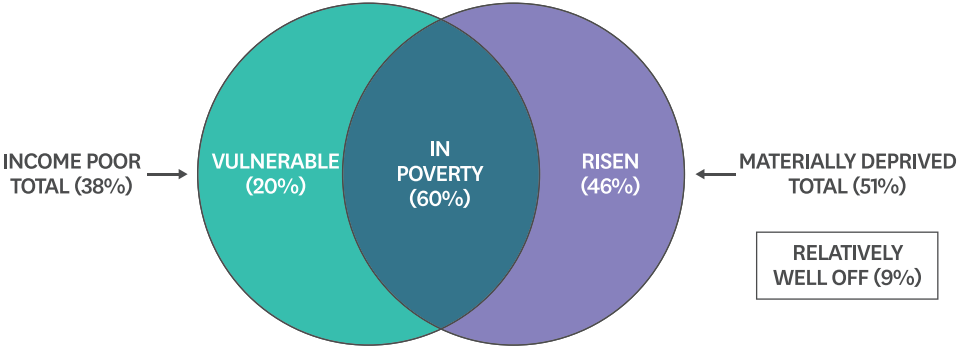


Figure 13: Overlap of income and deprivation for those “subjectively” poor

Income poor (total)	Materially deprived (total)	Income poor not materially deprived (Vulnerable)	Materially deprived not income poor (Risen)	Both (In Poverty)	Neither (Relatively well Off)
38	51	20	46	60	9



Source: B. Perry, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012 (2013), 181.

While this shows that the majority of people who said they didn’t have enough for the basics are both income poor and materially deprived, there is also a significant proportion in the transition groups. Grouping like this helps us understand the contours of poverty better. The effect of having a low income on actual deprivation suffered can depend on a household’s ability to access other resources—like savings, assets or assistance from family or social networks—and on how long the household remains on a low income.²²⁷ Thinking about those recently risen from or those just on the brink of poverty in particular raises the question of time—what researchers call poverty dynamics.

Dynamic analysis of poverty

Suppose the headline poverty figure remains unchanged from one year to the next. Are the children in poverty one year the same as those in the next? How much do household incomes fluctuate over time? It matters how long people suffer hardship, for poverty can become entrenched within a lifetime and between generations. Responses to poverty will also change drastically depending on how long people suffer for. Thankfully, we have longitudinal surveys that interview the same people over a period of time to help us answer these important questions.²²⁸ Normal cross-sectional surveys observe a

point in time—a snapshot—but longitudinal surveys are more like movies as they show what changes over time.

Snapshots have their place and as we’ve seen, can tell us a lot about who is poor, but dynamic analysis offers another complementary perspective: a richer view. Incomes over time are more reflective of living standards than those measured in the short term.²²⁹ Instead of thinking about the population being divided into just “the poor” and “the not poor,” we could instead consider thinking of people as grouped into four dynamic categories, using just income for now:

1. **The persistent poor:** households that are currently poor and that have been poor in the past most of the time and/or often;
2. **Transition poverty:** households that are currently poor but who have only been poor in the past rarely or occasionally;
3. **The economically vulnerable:** households that are currently not poor but who have been poor in the past occasionally, often or most of the time; and
4. **The financially secure:** households that are not currently poor and that have never been poor in the past.²³⁰

Figure 14: Income mobility in New Zealand



Source: New Zealand Treasury, Treasury Report: A descriptive analysis of income and deprivation in New Zealand (Wellington: New Zealand Treasury, 2012), 2.

Work in New Zealand by University of Otago Researchers Kristie Carter and Fiona Gunasekera on behalf of Treasury has helped paint a picture as to what these groups look like here. Incomes were tracked using a longitudinal survey called SoFIE that interviewed the same people over seven years from 2002 to 2010. Figure 14 shows the results. The central image below shows that there was considerable movement in incomes across the seven years—mobility both up and down the income ladder. Each coloured band represents an income decile (10 percent of the distribution); blue the top 10 percent and red the bottom 10 percent.

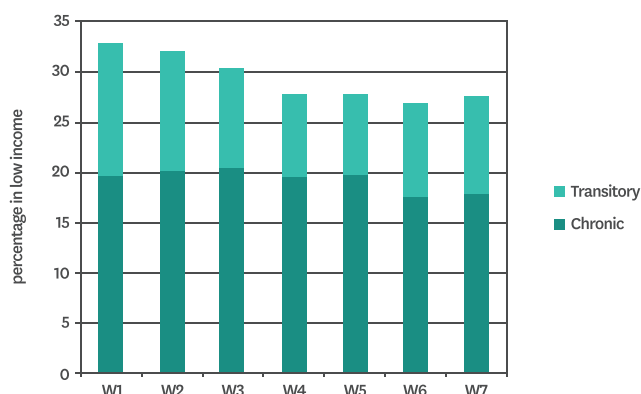
Looking a little closer at income poverty in particular, those who have average incomes below the median (50 percent in this case, red and orange) at a point of time was around 15 percent. Of these people, 39 percent experienced income poverty in at least one wave out of

seven, 17 percent were in low income for at least three out of seven waves, and two percent were in low income for all seven waves.²³¹ Around half were either in the same or an adjacent income decile after seven years.²³² In real terms (and in a period of economic growth) around half of those in the lowest two deciles experienced a modest increase in income, around a third doubled their income. One in five experienced a decrease in income during this time.²³³

So the majority of lower decile households improved their position, however, some worryingly remained at risk of or languishing in poverty. These households are the “persistent poor” described above, or as they are classified in New Zealand, those in “chronic” poverty.²³⁴ This leaves us with two groups: the transitory and the chronic poor. Figure 15 below shows the proportion of both groups represented in each year of the study.²³⁵

Figure 15: Comparison between transitory and chronic poverty.

Proportion of household in transitory and permanent low income



Source: Ministerial Committee on Poverty, Six Monthly Report of the Ministerial Committee on Poverty (Wellington, Office of the Deputy Prime Minister, 2013), 9.

About one third of those who fall under the income threshold are there temporarily. The fact that this group is more likely to endure shorter spells of income poverty means that “the number in poverty at least once in seven waves (40%) is more than double the number in low income at any one time (15%).”²³⁶ If we just take a single snapshot, the majority of the poor are chronic—they’ve sadly been there for some time. However, over time as the transitory dip in and out of income poverty, their numbers grow cumulatively and overtake the chronic poor.²³⁷

These stats have all been based on income alone. We can also add deprivation measures into the dynamic mix for yet another perspective.²³⁸ This is important because extended periods of low income tend to result in significantly worse outcomes.²³⁹ For example, in New Zealand the “chronic poor” were more than three times more likely to suffer material deprivation than those who only had low income for one year.²⁴⁰ Figure 16 below pulls these concepts together and represents what Treasury calls an “integrated measurement of child poverty.” It is organised from most at-risk of poverty (red) to least (blue), taking into account three dimensions: income, hardship (deprivation) and persistence.

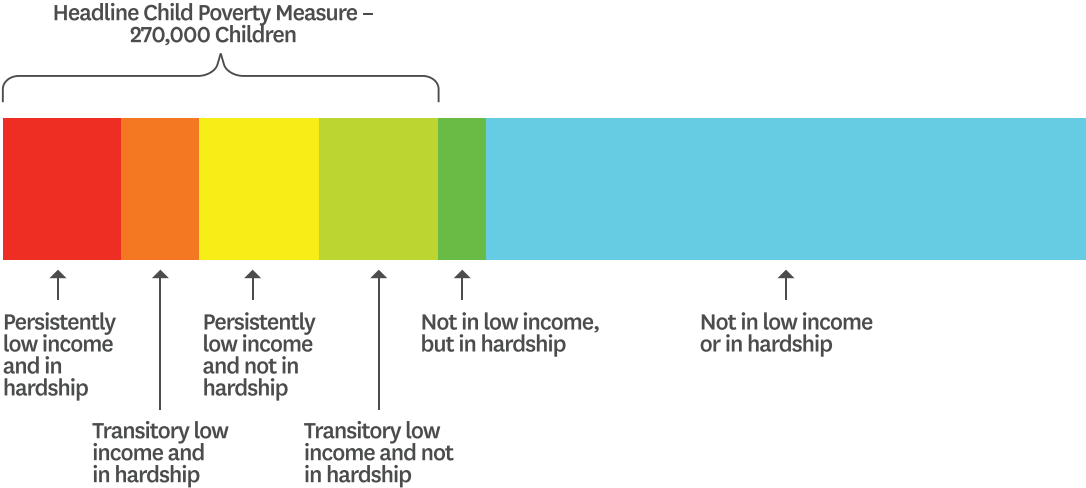
This section has shown how valuable insights gained from looking into the relationships and overlaps of different measures paints us a much richer picture of

what it means to be poor, much more than relying on a single measure or headline number could ever give. This deeper understanding, particularly from the recent innovations in the dynamics of poverty, gives us the tools to better help those struggling—no matter how long.

Conclusion

As we have seen, different measures tell different stories. No single method is sufficient.²⁴¹ We must use a range of approaches, paired with a keen understanding of what we are actually measuring and what we are trying to do. “Endless trouble has been caused, especially to the poor,” argues Veit-Wilson, “by misusing measures devised for one purpose for others for which they were not intended or suited.”²⁴² Why we are measuring—the “purpose”—is often forgotten or confused with the means itself. The danger is that the measures in turn become the reality they are trying to express. Even worse, interventions based on flawed measures may at best be inefficient and at worst, harmful. We risk letting those suffering hardship fall through the cracks, as well as overlooking the causes that led them there. We can’t afford to let this happen, so it’s important we get this measurement business right. However, merely identifying the poor does little to change their circumstances.

Figure 16: Treasury’s Integrated Measurement of Child Poverty



Source: Ministerial Committee on Poverty, Six Monthly Report of the Ministerial Committee on Poverty (Wellington, Office of the Deputy Prime Minister, 2013), 14.

For this change to occur, we need to act. Regardless of which measurement we use, there are far too many New Zealanders suffering the ill-effects of poverty. Hopefully this paper has created a platform to discuss the problem of poverty with greater clarity so we can intervene with greater effectiveness. We believe a common language

or shared understanding of concepts, definitions and measurements will go a long way towards this goal. Together, we can truly give those living in poverty the help they need and deserve. We look forward to your engagement.

4. QUESTIONS – MEASURING POVERTY

- 4.1. Is the assessment of average income thresholds fair? (p17-18) Are there any arguments for or against missing?
- 4.2. Are there any major ways of measuring poverty that are missing? Similarly, are any misrepresented?
- 4.3. On balance, which measure—or combination of measures—do you think is most appropriate for New Zealand? Why?
- 4.4. How useful do you think multi-dimensional measurements and social indicators are?
- 4.5. Is New Zealand doing enough to measure poverty? What more, if anything, should be done?
- 4.6. Should we legislate poverty reduction targets in New Zealand? If so, why, and what would they look like?

5. FURTHER QUESTIONS

We have intentionally left discussions about the causes and consequences of poverty and policy solutions designed to combat it for further papers. This is because these issues are too important to address without first consulting widely; discussions need to be based on a shared language and understanding of poverty. We recognise these are critical aspects to discuss, so to help start this conversation, please consider the below questions:

- 5.1. From your experience or research, what do you think are the main causes of poverty in New Zealand? If you could only name one causal factor, what would it be and why?
- 5.2. In your opinion, what are the consequences of poverty in New Zealand for individuals, communities and society as a whole?
- 5.3. What role should the government play in fighting poverty? Are they doing a good job? What should they do policy-wise? Is the current system politically, socially, and economically sustainable?
- 5.4. Which interventions are effective? Which aren't? Give examples where possible, either locally or overseas?
- 5.5. Who else is responsible for alleviating poverty? What roles should community groups, NGOs, churches, businesses and families play?
- 5.6. How does the economic system affect poverty? Does it help or hinder, or is it somewhere in between? Why?
- 5.7. What do you think is the relationship between work and poverty? How should we respond to those considered to be the "working poor"?
- 5.8. Do you consider the current focus on individuals and children in poverty to be helpful? Should we focus on families instead? What about ethnic groups?
- 5.9. What factors would you say are unique to New Zealand when understanding and addressing poverty?
- 5.10. Any further questions or comments?

Appendix 1: Defining and measuring well-being

Figure 17 sheds light on what well-being is by expressing the various dimensions of “the good life” and the needs required to pursue, or satisfy them. The first three (green) columns list dimensions and the last three (orange) list needs. The lists are informed by a mix of philosophical reflection, “large-scale cross-cultural data on people’s values, objective life situations and subjective well-being.”²⁴³

Despite the lack of agreement on an approach to or definitions of wellbeing, there are some areas of general agreement. Well-being:²⁴⁴

- is a multi-dimensional concept;
- has both objective (material) and subjective aspects;
- encompasses people’s ability to pursue their goals and aspirations;
- needs to be sustainable over time; and
- is to some extent culturally determined.

Figure 17: Dimensions and requirements of human flourishing

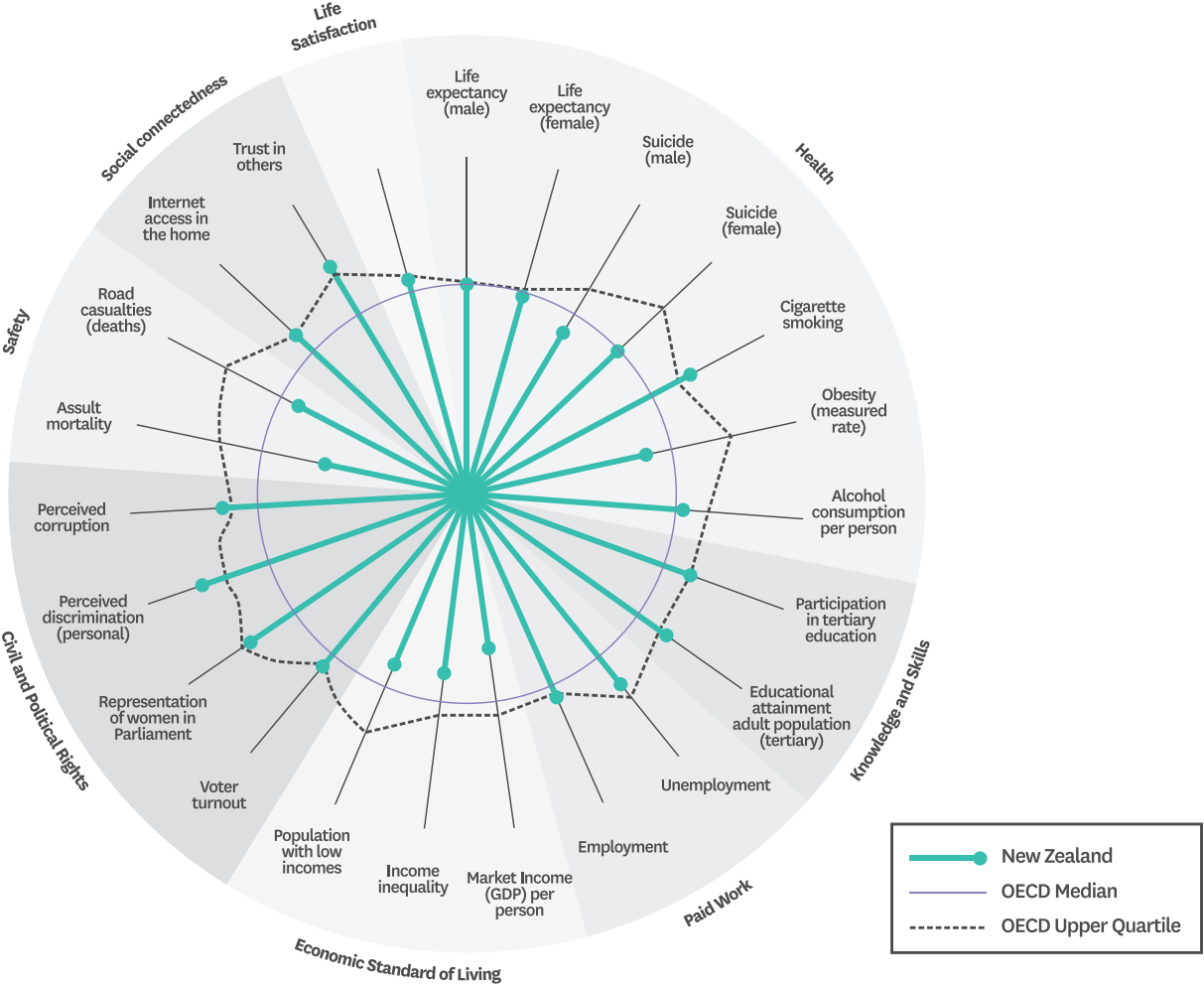
Dimensions	Finnis, Grisez and Boyle (1987)	Nussbaum (2000)	Narayan et. al. (2000)	Rawls (1972)	Max-Neef (1991)	Doyal and Gough (1993)
Defining Concepts	Basic human values	Central human functional capabilities	Dimensions of wellbeing	Primary goods	Axiological Needs	Basic Needs and intermediate needs
Bodily Wellbeing	Bodily life - health, vigour and safety	Life, bodily health, bodily integrity	Bodily wellbeing, access to health services, good physical environment		Subsistence	Physical health - Nutrition, Healthcare, Safe birth control and child bearing, safe environment
Material Wellbeing			Material wellbeing, food assets	Income and wealth		Protective housing, economic security
Mental Development	Knowledge, practical reasonableness	Sense, imagination, thought, emotions, practical reason, play	Happiness, peace of mind		Understanding, leisure, creation	Basic education
Work	Skillful performance in work and play		Work	Freedom of occupation		Work
Security			Civil Peace, physically safe environment, lawfulness, personal security		Protection	Physical security
Social Relations	Friendship	Affiliation, social bases for self-respect	Social wellbeing, family, self-respect and dignity, community relations	Social bases of self-respect	Affection, Participation, Identity	Significant primary relationships
Spiritual Wellbeing	Self-integration, harmony with ultimate source of reality		Spiritual life and religious observance		Transcendence	
Empowerment and Political Freedom		Control over one’s environment	Freedom of choice and action	Rights, liberties, opportunities, powers of office and positions of responsibility, freedom of movement	Freedom	Autonomy of agency, civil and political rights, political participation

Source: Adapted from G. Ranis, F. Stewart and E. Samman, Human Development: Beyond the HDI/UNDP: Beyond the HDI in Focus December 2006, ed. D. Ehrenpreis (UNDP International Poverty Centre, 2006), 12.

Internationally, the OECD and UNICEF produce reports of social indicators that attempt to measure well-being.²⁴⁵ These can be seen as complements to poverty measures. New Zealand also has a rich history of social indicators.²⁴⁶ MSD's Social report was one of the most prominent examples. It included forty-three indicators across ten outcome domains: health, knowledge and skills, paid work, economic standard of living, civil and political rights, safety, social connectedness, and life satisfaction.

work, economic standard of living, civil and political rights, cultural identity, leisure and recreation, safety, social connectedness, and life satisfaction. The Social Report was published annually from 2001 to 2010, where it was unfortunately discontinued without any rationale or announcement from the government. Figure 18 shows a representation of the indicators in 2010.²⁴⁷

Figure 18: Social well-being in New Zealand, relative to the OECD.



Source: Ministry of Social Development, The Social Report 2010 (Wellington: Ministry of Social Development, 2011) 131-132.

Appendix 2: Insights from multi-dimensional measures and qualitative research

There are two distinct aspects of measurement: “identifying and counting the poor,” and “capturing what it means to be poor.”²⁴⁸ We’ve looked already at great detail at the first aspect, however, the second, can also be answered with qualitative methods that seek to understand the lived experience of those identified as poor, and causes and consequences of poverty. Going beyond the scope of measurement, we can then see a “multi-dimensional, multi-perspective picture.”²⁴⁹ Recent work by the UK think tank Demos highlights how combining quantitative and qualitative methods to “provide a greater insight into the lived experience of these types of poverty, tease out cause and effect, and explore ways in which these groups might be helped.”²⁵⁰

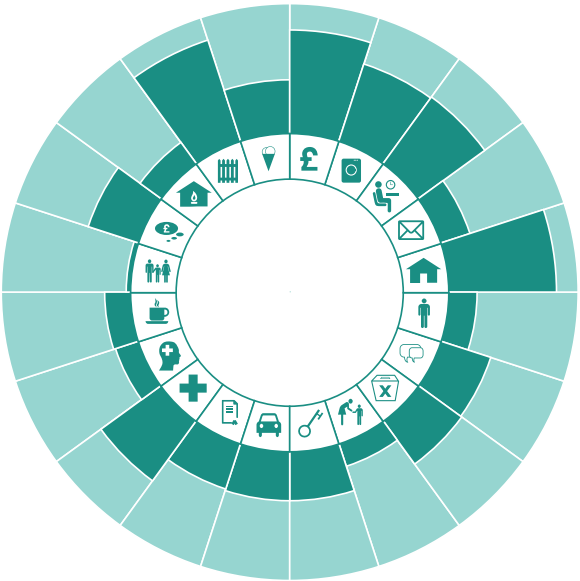
Going beyond the usual sociological suspects of household composition, working status or ethnicity, child poverty groups such as grafters, full house families, pressured parents, vulnerable mothers and managing mothers were identified from those below a seventy

percent of the median income threshold.²⁵¹ The ring below for example is a representation of the full house families group, which:²⁵²

are more likely to be from Asian and other BME backgrounds, many without English as a first language. They are able to heat their homes and are not behind on bills, but housing conditions are more likely to be overcrowded. Their qualifications range from low to degree level, but their rate of employment is low, with only one or two family members in work. They live in deprived but reasonably supportive neighbourhoods, and get more support from families.

Insights like this go beyond the scope of measurement, showing a “multi-dimensional, multi-perspective picture.”²⁵³ A more comprehensive understanding of people’s different experiences of poverty and the factors involved can go a long way towards guiding our responses more effectively and approaching the problem from different angles. One size doesn’t fit all. Once again, qualitative and combined studies should be seen as a complement—rather than a replacement—of quantitative measurement methods.

Child Poverty Types	Working Age Without Children	Pensioner Types
Grafters	New poor	Stoics
Full house families	Insecure singles	Coping couples
Pressured parents	Stressed groups	Cheerful grans
Vulnerable mothers	One man bands	Trouble shared
Managing mothers	Empty nesters	Left alone



ENDNOTES

1. Major reports were released from: The Child Poverty Action Group (CPAG); UNICEF; Salvation Army; Office of the Children's Commissioner; Expert Advisory Group on Child Poverty; Families Commission; Ministry of Social Development (MSD); and New Zealand Treasury.
2. Ministerial Committee on Poverty, Ministerial Poverty Committee making progress, <http://www.beehive.govt.nz/release/ministerial-poverty-committee-making-progress> (accessed 18 December 2013).
3. Treasury (2013), Core Crown Expenses for 2012, <http://www.treasury.govt.nz/budget/forecasts/befu2013/079.htm> (accessed 12 March 2014)
4. This is twelve times more than we spend on law and order and twenty times that of transport and communications.
5. See Giandomenico Majone *Evidence, Argument, and Persuasion in the Policy Process*, (New Haven, CT: Yale University Press, 1989) for more on the "argumentative turn" in public policy, where discourse in the public policy is understood more like a legal process than a scientific one.
6. D. Piachaud, *Children and poverty* (Poverty research series) (Child Poverty Action Group, 1981). Poverty may not have always been "unacceptable," however. Gareth Stedman Jones argues that prior to the American and French revolutions poverty was seen as a normal state of affairs in a society. According to Stedman Jones, it wasn't until Thomas Paine and Condorcet imagined societies without poverty that the moral imperative changed. G. Stedman Jones, *An End to Poverty?* (London: Profile Books, 2004).
7. New Zealand Parliament, Hansard (12 February 2013), vol. 696, 15829.
8. Ministerial Committee on Poverty, *Six Monthly Report of the Ministerial Committee on Poverty* (Wellington: Office of the Deputy Prime Minister, 2013), Appendix, 1.
9. For a discussion of the contribution of the community sector with examples, see M. O'Brien, *Poverty, Policy and the State* (Policy Press, 2008), 57-8.
10. M. O'Brien, *Poverty, Policy and the State*, 43, 57; D. Piachaud, "Problems in the Definition and Measurement of Poverty" *Journal of Social Policy* 16, no. 2 (1987), 161 cited in R. Lister, *Poverty* (Polity Press, 2006), 2.
11. This echoes a similar situation in 1997, where the Department of Social Welfare held a conference called "Beyond dependency," and an alternative conference was organised by dissenting community groups and academics called "Beyond poverty." M. O'Brien, *Poverty, Policy and the State* (Policy Press, 2008), 182.
12. See, for example, Brian Easton's influential work in the late 1970s/early 1980s: B. Easton, "Poverty in New Zealand: estimates and reflections, *Political Science*, 28:2 (1976) 127-40; B. Easton, *Social Policy and the Welfare State in New Zealand* (Sydney: Allen and Unwin, 1980).
13. W. Kymlicka *Contemporary Political Philosophy: An Introduction*, (Oxford: Clarendon Press, 1990), 5-7.
14. For more on "essentially contested concepts" see W. B. Gallie, "Essentially contested concepts" in *Proceedings of the Aristotelian society* (Harrison & Sons, 1955), 167-198; W. E. Connolly, *The terms of political discourse*, (Princeton University Press, 1983).
15. P. Alcock, *Understanding Poverty* 3rd ed. (Palgrave Macmillan, 2008), 4.
16. Metaphor borrowed from Tony Fitzpatrick. See T. Fitzpatrick, *Welfare Theory*, 2nd ed. (Palgrave Macmillan, 2011), xiii.
17. T. Fitzpatrick, *Welfare Theory*, 2nd ed., xiii-xiv.
18. For good discussions on theory, see T. Fitzpatrick, *Welfare Theory*, 2nd ed. xiii and M. O'Brien and S. Penna, *Theorising Welfare: Enlightenment and Modern Society* (Sage Publications, 1998).
19. R. Lister, *Poverty*, 3-8. For an alternative conception of this process, see B. Nolan and C. Whelan, "On the multidimensionality of poverty and social Exclusion" in *Poverty and Inequality: New Directions*, eds. J. Micklewright and S. Jenkins, (Oxford: Oxford University Press, 2007), 146-7.
20. B. Nolan and C. Whelan, "Working Paper: Using Non-Monetary Deprivation Indicators to Analyse Poverty and Social Exclusion in Rich Countries: Lessons from Europe?" (2009), 3. Although, as Paul Spicker writes, "[o]ne of the most widely used approaches to the measurement of poverty is in terms of income, to the point where some social scientists have started to think that poverty is low income." P. Spicker, *Idea of Poverty* (Bristol: Policy Press, 2007), 232. Income is an extremely important aspect of poverty, however, and should in no way be dismissed entirely.
21. A. Sen, "A Decade of Human Development," *Journal of Human Development* 1, no. 1 (2000), 18.
22. D. Piachaud, "Problems in the Definition and Measurement of Poverty," 161.
23. J. Haughton and S. Khandker, *Handbook on poverty and inequality* (World Bank Publications, 2009), 1.
24. J. Stiglitz, A. Sen, and J. Fitoussi. "The measurement of economic performance and social progress revisited" *Commission on the Measurement of Economic Performance and Social Progress*, (2009), 12. In New Zealand, Treasury acknowledged that "while income and economic production are important," there are drawbacks from using just GDP as a proxy measure, so following the lead of the OECD, IMF and Australian Treasury they developed a multi-dimensional "higher living standards framework." New Zealand Treasury, *Working Towards Higher Living Standards for New Zealanders* (Wellington: New Zealand Treasury, 2011).
25. M. McGillivray and M. Clarke eds., *Understanding human well-being* (Tokyo: United Nations University Press 2006), 3.
26. Researchers from the UK-based Family and Parenting Institute identify at least six different approaches to understanding what well-being means: the fulfilment of human needs; the achievement of human capabilities; the availability of resources; the realisation of social and political goals and values; research evidence; and quality of life approaches. I. Wollny, J. Apps, and C. Henricson, *Can government measure family wellbeing?* (London: Family and Parenting Institute, 2010), 18-19.
27. H. Dean, *Social Policy* (London: Polity Press, 2006), 12. For a brief history/overview of the process of well-being see J. Hall, E. Giovannini, A. Morrone and G. Ranuzzi, *Framework to Measure the Progress of Societies*, Working paper No. 34 (Paris: OECD, 2010) 7-9.
28. A. Fives, *Political and philosophical debates in welfare* (Palgrave Macmillan, 2008) 2-4. Cultural Traditions, institutions and conventions in a particular society reveal what a life lived well looks like. P. Schumaker, *From Ideologies to Public Philosophies: An Introduction to Political Theory* (Wiley-Blackwell, 2008), 350, c.f. W. Kymlicka, *Contemporary Political Philosophy: An Introduction*, 209-21.
29. T. Fitzpatrick, *Welfare Theory*, 2nd ed., 6.
30. J. Rawls, "The Idea of an Overlapping Consensus," *Oxford Journal of Legal Studies* 7, no.1 (1987).
31. J. Rawls, *A Theory of Justice* (Cambridge: Harvard University Press, 1971) 424-5.
32. In New Zealand: "Improving Living Standards (or well-being) is about increasing the freedoms of individuals to enjoy the kinds of lives they wish to live," and for Australia: "In understanding its mission, Treasury takes a broad view of wellbeing as primarily reflecting a person's substantive freedom to lead a life they have reason to value." G. Karacaoglu, *Improving the Living Standards of New Zealanders*, presentation at Wellbeing and Public Policy Conference, Wellington (2012). "Social and economic wellbeing" is the phrase usually used in New Zealand to describe "the good life."

33. This resonates with what is called the "basic needs approach" to development prominent in the 1970s, that "the objective of the development effort is to provide all human beings with the opportunity for a full life. However a "full life" is interpreted, the opportunity for achieving it presupposes meeting basic needs." P. Streeten, *First Things First: Meeting Basic Human Needs in the Developing Countries*, (World Bank Publications, 1981), 21.
34. Aristotle noted that we need material goods before we can develop virtue: "it is impossible, or not easy, to do noble acts without the proper equipment" *Nicomachean Ethics*, I. 8, 1099a30, cited in A. Fives, *Political and philosophical debates in welfare* (2007), 2-3. See also J. Hall, E. Giovannini, A. Morrone and G. Ranuzzi, *Framework to Measure the Progress of Societies*, Working paper No. 34, 8.
35. W. Shakespeare, *King Lear* (III:3:70)
36. D. Wiggins, *Needs, Values, Truth: Essays in the Philosophy of Value*, 3rd ed. (Oxford University Press 1998).
37. L. Doyal and I. Gough, *A Theory of Human Need*, (The Guilford Press, 1991), 5.
38. L. Doyal and I. Gough, *A Theory of Human Need*, 53.
39. See the work of Manfred Max-Neef and Abraham Maslow for more. Maslow believed basic needs must be met before ascending to higher needs, while Max-Neef believed they were overlapping and interdependent, and trade-offs must be made to satisfy them. M. Max-Neef, *Human Scale Development: Conception, Application and Further Reflections* (Apex Press, 1991); A. Maslow, "A theory of human motivation," *Psychological review* 50, no. 4 (1943).
40. Several surveys suggest that there is not merely consensus, but "virtual unanimity of opinion" that items such as a damp-free home, two to three meals a day, heating and warmth and some social activities like visiting friends or family in hospital are necessities. D. Gordon et. al. *Poverty and social exclusion in Britain* (London: Joseph Rowntree Foundation, 2000), 98, 112.
41. Royal Commission on Social Policy (1988) cited in Ministry of Social Policy, *The Social Report* (2001), 8.
42. Royal Commission on Social Policy (1988) cited in Ministry of Social Policy, *The Social Report*, 8. In 2012, Statistics NZ's General Social Survey found that New Zealanders value their health, enough money to meet everyday needs, relationships with family and friends, and housing quality as the most significant needs for life satisfaction. *Statistics New Zealand, New Zealand General Social Survey* (2013), 4.
43. J. Clarke and M. Langan, "Review" in M. Langan ed., *Welfare: Needs, Rights and Risks* (London: Routledge, 1998), 260-1 cited in R. Lister, *Understanding Theories and Concepts in Social Policy* (London: Policy Press, 2010), 168. See also N. Manning 2007. "Welfare, Ideology, and Social Theory," *Social Policy* 3rd ed. (Oxford: Oxford University Press, 2007), 80.
44. P. Moloney, "New Zealand's Ideological Tradition" in R. Miller ed., *New Zealand Government and Politics* (Oxford University Press, 2006), 36.
45. G. Taylor, *Ideology and Welfare* (Palgrave Macmillan, 2007).
46. P. Schumaker, *From Ideologies to Public Philosophies: An Introduction to Political Theory*.
47. T. Ball and R. Dagger, *Ideals and Ideologies: A Reader* (HarperCollins Publishers, 1991) cited in T. Fitzpatrick, *Welfare Theory*, 2nd ed., 126. See also P. Schumaker, *From Ideologies to Public Philosophies: An Introduction to Political Theory* and G. Taylor, *Ideology and Welfare*.
48. C. Laderchi et. al, "Does it matter that we do not agree on the definition of poverty? A comparison of four approaches," *Oxford development studies* 31, no. 3 (2003): 243-274.
49. P. Moloney, "New Zealand's Ideological Tradition" in R. Miller ed., *New Zealand Government and Politics*. While there are many other possible ideologies to include, these two were chosen because of their relevance to time and place and ability to influence and recruit advocates. M. Freeden, *Ideology: A very short introduction* (Oxford University Press, 2003).
50. It is certainly not exhaustive, however. See M. O'Brien, *Poverty, Policy and the State*, 13-37 for a broader historical overview of the social security system (focussing on income support) in New Zealand.
51. M. Belgrave (2012), 7.
52. M. Tennant, M. O'Brien & J. Sanders, *The History of the Non-profit Sector in New Zealand*, (Office for the Community and Voluntary Sector, 2008), 9.
53. G. Taylor, *Ideology and Welfare*, 151; R. Miller, *Party Politics in New Zealand* (Oxford University Press, 2005), 154.
54. F. Castles, *The Working Class and Welfare: Reflections on the Political Development of the Welfare State in Australia and New Zealand* (Sydney: Allen and Unwin, 1985).
55. R. Miller, *Party Politics in New Zealand*, 155.
56. R. Miller, *Party Politics in New Zealand*, 153-4.
57. M. Belgrave, "Needs and the State: Evolving Social Policy in New Zealand" in B. Dalley & M. Tennant eds., *Past Judgement: Social Policy in New Zealand History* (Dunedin: Otago University Press, 2004), 36.
58. R. Stephens and C. Waldegrave, "The Effectiveness of the Transfer and Tax System in Reducing Poverty in 1998," *Social Policy Journal of New Zealand*, 16 (2001), 78.
59. C. Eichbaum, "The Third Way" in R. Miller ed., *New Zealand Government and Politics*, 47-59, R. Miller, *Party Politics in New Zealand*, 163-4.
60. B. Roper, *Prosperity for All? Economic, Social and Political Change in New Zealand since 1935* (Melbourne: Thomson Dunmore Press, 2005), 234 cited in M. O'Brien, *Poverty, Policy and the State*, 201.
61. M. Belgrave, *Social Policy History: Forty Years on, Forty Years Back*, 14.
62. Some, like Francis Fukuyama and Thomas Friedman, have heralded that this structure signifies "the end of history" in a "golden straitjacket", where globalised, liberal democracies are "the end point of mankind's ideological evolution." All developed democracies, regardless of the dominant ideology, have converged and developed welfare states. M. Hill "What is a welfare state?" in *The Routledge Handbook of the Welfare State* (Routledge, 2013), 11-19.
63. R. Lister, *Poverty*, 35.
64. See P. Spicker, *The Idea of Poverty*, 111 for the "six main classes of explanations as to why people become poor." The "right" might also blame the state for overreaching into people's lives and causing dependence.
65. A. Downs, *An Economic Theory of Democracy* (Harper Collins, 1957), 28 cited in R. Miller, *Party Politics in New Zealand*, 168-169.
66. P. Schumaker, *From Ideologies to Public Philosophies: An Introduction to Political Theory*, 3-7. Along with justice, Christine Cheyne, Mike O'Brien and Michael Belgrave suggest there are six other key dimensions used to analyse well-being: equality, freedom, need, risk, resilience and citizenship. C. Cheyne, M. O'Brien and M. Belgrave, *Social Policy in Aotearoa New Zealand* 4th ed. (Oxford University Press, 2009), 10.
67. Paul Schumaker likens this to Manfred Steger's analogy of the blind men and the elephant. In this case, the blind men represent ideologies, and the elephant justice. Each blind man feels a particular part of the elephant (the trunk or ears perhaps) and claims this is the whole thing, while in reality they are only feeling part of

- the whole. It follows that the blind men, like ideologies, are grasping the truth, but only a partial truth. P. Schumaker, *From Ideologies to Public Philosophies: An Introduction to Political Theory*, 435.
68. P. Schumaker, *From Ideologies to Public Philosophies: An Introduction to Political Theory*, 5-6.
 69. R. Nozick, *Anarchy, State and Utopia* (New York: Basic Books, 1974), 159.
 70. This framework is based on the work of Allyn Fives and David Miller. See A. Fives, *Political and philosophical debates in welfare*, 1-20 and D. Miller, *Principles of Social Justice* (Harvard University Press, 2001).
 71. Thought experiment here is a modified version of Amartya Sen's flute thought experiment. A. Sen, *The Idea of Justice* (Harvard University Press, 2009), 13-14.
 72. P. Schumaker, *From Ideologies to Public Philosophies: An Introduction to Political Theory*, 103-5.
 73. R. Nozick, *Anarchy, State and Utopia*.
 74. J. Rawls, *A Theory of Justice*, 62.
 75. Paul Streeten writes that there is: "nothing wrong with an abstract moral objective, but if policies are judged by the evident reduction of suffering, meeting basic needs scores better than reducing inequality. See P. Streeten, *First Things First: Meeting Basic Human Needs in the Developing Countries*, 17-18.
 76. H. Frankfurt, *Equality as a moral ideal*, *Ethics* (1987), 21-22, cited in J. Wolff "Social Justice and Public Policy: a view from political philosophy" in G. Craig, T. Burchardt, and D. Gordon, eds. *Social Justice and Public Policy: seeking fairness in diverse societies* The (Bristol: Policy Press, 2008).
 77. J. Rawls, *A Theory of Justice*, 3.
 78. T. Fitzpatrick, *Welfare Theory*, 2nd ed., 98.
 79. A. Fives, *Political and philosophical debates in welfare*, 2.
 80. G. Esping-Anderson, *The three worlds of welfare capitalism*. (Princeton University Press, 1990). Esping-Anderson's classification is only one of many. Classifications are also called welfare state regimes, or typologies. They are, as Kees van Kersbergen explains, a "a meaningful reduction of complexity for analytical and comparative purposes that necessarily simplify reality." K. van Kersbergen, "What are welfare state typologies and how are they useful, if at all?" in *The Routledge Handbook of the Welfare State*, 145.
 81. The Conservative Welfare State is included for reference, but it is not relevant to the New Zealand context due to our history. It could be argued, however, that a traditional maori understanding of welfare, with a strong focus on whanau relationships rather than individuals (low individualisation), could fit into this category more easily. See *Families Commission Families and Whanau Status Report for well-being frameworks for both Pakeha and Maori*. Families Commission, *Families and Whanau Status Report* (Wellington: Families Commission, 2013), 117-131.
 82. Table adapted from the synthesis of Esping-Anderson and Richard Titmuss' Welfare Regime typologies by Christian Aspalter. C. Aspalter, "Real-typical and ideal-typical methods in comparative social policy" *The Routledge Handbook of the Welfare State*, 301-302. See also K. van Kersbergen "What are welfare state typologies and how are they useful, if at all?" in *The Routledge Handbook of the Welfare State*, 141, for a good overview on Esping-Anderson's theory.
 83. Francis Castles, for example, offered an alternative approach to Esping-Anderson that grouped nations into "families" based on "shared geographical, linguistic, cultural and /or historical attributes" [that] may lead to 'distinctive patterns of policy outcomes.' This explains why English-speaking countries have similar systems. F. Castles, *Families of Nations: Patterns of Public Policy in Western Democracies* (Dartmouth Publishing, 1993), xiii.
 84. C. Aspalter, "Real-typical and ideal-typical methods in comparative social policy" in *The Routledge Handbook of the Welfare State*, 293-307
 85. M. Belgrave, *Social Policy History: Forty Years on, Forty Years Back*, 16.
 86. P. Schumaker, *From Ideologies to Public Philosophies: An Introduction to Political Theory*.
 87. This is the goal of "development theories." Some describe this in the negative sense as reducing "ill-being." A. Sen, "The concept of development" *Handbook of development economics* 1 (1988), 9-26 cited in UNDP, *Human Development Reports, About Human Development*, <http://hdr.undp.org/en/humandev> (accessed Jan 24 2014). Even the idea of reducing "ill-being," the opposite of well-being, are too broad and may or may not be related to poverty. R. Lister, *Poverty*, 18.
 88. C. Laderchi, R. Saith & F. Stewart, "Does the Definition of Poverty Matter? Comparing Four Approaches" in *Poverty in Focus*, ed. D. Ehrenpreis (UNDP International Poverty Centre, 2006), 10.
 89. *Statistics New Zealand, Measuring Child Poverty in New Zealand: Issues and Practicalities* (Wellington: Statistics New Zealand, 2012), 11.
 90. B. Nolan and C. Whelan, *Resources, deprivation, and poverty*, (Oxford, Oxford University Press, 1996), 1.
 91. B. Nolan and C. Whelan, *Resources, deprivation, and poverty*, 1.
 92. B. Nolan and C. Whelan, *Resources, deprivation, and poverty*, 194.
 93. B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012* (Wellington: Ministry of Social Development, 2013), 92-93.
 94. This is because, as David Green argues, "the manner in which a writer defines poverty reflects his underlying assumptions about the human condition and his preferred role for government" D. Green, *Benefit Dependency* (London: IEA Health and Welfare Unit, 1998), 12, cited in R. Lister, *Poverty*, 34-35.
 95. S. B. Rowntree, *Poverty: A Study of Town Life* (London: Macmillan, 1901).
 96. Rowntree's goal was to show that many working families' wages were not sufficient for an acceptable life, that, as John Veit-Wilson writes, "the life style of the poor was at least in part caused by low income and not by improvidence." J. Veit-Wilson, "Paradigms of Poverty: a Rehabilitation of B S Rowntree," *Journal of Social Policy* 15, no. 1 (1986), 69.
 97. This is contested, however, as some, like Ruth Lister, consider Townsend to have acknowledged the relative nature of poverty (to be discussed in Section 3). R. Lister, *Poverty*, 27. See also S. Ringen, "Poverty - The Rowntree Project Revisited," paper delivered at the Kennedy School of Government, Harvard University June 1, (2009), 5-6.
 98. For an example definition, see K. Joseph and J. Sumption, *Equality* (London: 1979) cited in R. Lister, *Poverty*, 21. It can also refer to poverty lines that reflect a standard anchored in a particular reference year's median income, also called "fixed line" or "constant value" measures. These measures are actually relative, and are only "absolute" in how the standards are set. The usage for "absolute" here can be confusing. We will discuss "fixed" lines more below in Section 4.
 99. United Nations, *The Copenhagen Declaration and Programme of Action: World Summit for Social Development 6-12 March 1995*, (New York: United Nations Department of Publications, 1995)
 100. Or as David Piachaud writes, "Close to subsistence level there is indeed some absolute minimum necessary for survival but apart from this, any poverty standard must reflect prevailing social standards: it must be a relative standard." D. Piachaud, "Problems in the Definition and Measurement of Poverty." *Journal of Social Policy* 16, no. 2 (1987), 148 cited in B. Nolan and C. Whelan, *Resources, deprivation, and poverty*, 11.

101. P. Townsend, *The international analysis of poverty* (Harvester Wheatsheaf, 1993), 31
102. P. V. Sukhatme, "Nutritional adaptation and variability," *European Journal of Clinical Nutrition* (1989), 43; P. R. Payne, *Poverty, Undernutrition and Living Standards*, (Oxford: Clarendon Press, 1993) cited in Laderchi. et. al, QEH Working Paper Number 107, Does it matter that we don't agree on the definition of poverty? A comparison of four approaches (Oxford: Queen Elizabeth house, 2003) 10.
103. Laderchi. et. al, QEH Working Paper Number 107, Does it matter that we don't agree on the definition of poverty? A comparison of four approaches, 10.. See also R. Lister, *Poverty*, 22-23.
104. S. G. Reddy and T. W. Pogge, *How not to count the poor*, (New York: Barnard College, 2002); M. Ravallion, *How not to count the poor. A reply to Reddy and Pogge*, (Washington DC: World Bank, 2002) cited in Laderchi. et. al, QEH Working Paper Number 107, Does it matter that we don't agree on the definition of poverty? A comparison of four approaches, 13.
105. R. Lister, *Poverty*, 22.
106. B. Abel-Smith and P. Townsend. *The poor and the poorest* (G. Bell & Sons, 1965), 63
107. P. Townsend, *Poverty in the United Kingdom* (Harmondsworth: Penguin, 1979), 31.
108. See, for example, the European Commission's definition of poverty: "the poor shall be taken to mean persons whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable way of life in the Member State to which they belong" cited in B. Nolan and I. Marx. "Economic inequality, poverty, and social exclusion" in *The Oxford Handbook of Economic Inequality* (2006) 316. "Resources" was expanded upon to include "goods, cash income, plus services from other private resources."
109. United Nations, *The Copenhagen Declaration and Programme of Action: World Summit for Social Development 6-12 March 1995*. It has been criticized, however, for being more a description of the consequences of poverty rather than a precise definition.
110. D. Gordon and S. Nandy, "Measuring child poverty and deprivation" in *Global child poverty and well-being: Measurement, concepts, policy and action*, A. Minujin and S. Nandy eds. (Bristol: Policy Press, 2012), 57-101.
111. Ministry of Social Development, *The Social Report 2010*, (Wellington: Ministry of Social Development, 2011), 60.
112. Expert Advisory Group on Solutions to Child Poverty, *Working Paper No.1, Defining and Measuring Child Poverty* (Office of the Children's Commissioner, 2012). It is worth noting that this definition is almost verbatim from UNICEF's child poverty definition, with the exception of "spiritual and emotional resources" being omitted from the EAG definition. UNICEF, *The State of the World of the Children 2005 – Childhood under Threat* (New York: UNICEF, 2005).
113. A related distinction can be made between definitions with "a concern with the attainment of minimum standard of living and a concern with people's rights as citizens to a minimum level of resources, the disposal of which is a matter to them." Actual standards of living become irrelevant in the rights-based conception because rights to a minimum level of resources are paramount. B. Nolan and C. Whelan, *Resources, deprivation, and poverty*, 12. See also T. Atkinson et. al., *Social Indicators: The EU and Social Exclusion* (Oxford University Press: 2002), 81
114. For a good discussion on the distinction, see B. Nolan and C. Whelan, *Resources, deprivation, and poverty*, 188-195.
115. D. Gordon, "Definitions of Concepts for the Perceptions of Poverty and Social Exclusion" in J. Bradshaw et. al., *Perceptions of poverty and social exclusion*, (Bristol: Townsend Centre for International Poverty Research, 1998). Another perspective is that of Abrahamson, who argues that poverty is a phenomenon of early modern society and social exclusion a post-modern one, where "a minority of people who are marginalised from mainstream middle class society." P. Abrahamson, "Combating Poverty and Social Exclusion in Europe," in *The Social Quality of Europe*, eds W. Beck, L. Van der Maesen and A. Walker (Bristol: The Policy Press, 1998), 147 cited in R. Berger-Schmitt and H. Noll, *Conceptual Framework and Structure of a European System of Social Indicators*, EUReporting Working Paper No.9 (Mannheim: Centre for Survey Research and Methodology, 2000), 16.
116. D. Gordon, "Definitions of Concepts for the Perceptions of Poverty and Social Exclusion" in J. Bradshaw et. al., *Perceptions of poverty and social exclusion*.
117. B. Nolan and C. Whelan, *Resources, deprivation, and poverty*, 187-188.
118. This is particularly important when definitions are translated into measurements—broader definitions can be extremely difficult, if not impossible, to operationalise. R. Lister, *Poverty*, 13; B. Nolan and C. Whelan, *Resources, deprivation, and poverty*, 193.
119. P. Alcock, *Understanding Poverty*, 6.
120. B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012*, 95.
121. Or as Else Øyen puts it, poverty is "at the same time culture-bound and universal." E. Øyen, "Poverty Research Rethought" in E. Øyen, S. M. Miller and S. A. Samad, eds. *Poverty: a global review: handbook on international poverty research*. Vol. 5. (Scandinavian University Press, 1996), 4 cited in R. Lister, *Poverty*, 3.
122. P. Alcock, *Understanding Poverty*, 68.
123. For more on the capabilities approach, see A. Sen, *Inequality re-examined*, (Oxford University Press, 1992).
124. This means that some literature on developing countries is relevant and included in this paper. See also, S. Chen and M. Ravallion. *Weakly relative poverty*, <https://openknowledge.worldbank.org/handle/10986/4168> (World Bank, 2009) (Accessed 14 January 2014); M. Ravallion, "Poverty Lines Across the World" in *Oxford Handbook of the Economics of Poverty*. P. Townsend, "Poverty, social exclusion and social polarisation: the need to construct an international welfare state" in P. Townsend, and D. Gordon eds. *World poverty: New policies to defeat an old enemy*. (Bristol: Policy Press 2002), 3-24.; K. Ohmae, K., "Managing in a borderless world." *Harvard Business Review* 67 no.3, (1989), 152-161; R. Lister, *Poverty*, 12.
125. For a well-reasoned critique of poverty measurement over the past few decades, see S. Ringen, "Poverty – The Rowntree Project Revisited." Kristian Niemetz clarifies further: "Understanding 'absolute poverty' as 'extreme poverty', and 'relative poverty' as 'moderate poverty', confounds two distinct categories. An absolute poverty indicator need not be minimalistic and a relative poverty indicator need not be encompassing. (See Canadian Market Based Measure as example of generous absolute standard)" K. Niemetz, *A New Understanding of Poverty*, (London, IEA: 2011), 44.
126. R. Lister, *Poverty*, 34.
127. A. Smith, *Wealth of Nations*, Bk. 5, Ch.2, P.2 (1776).
128. B. Nolan and C. Whelan, *Resources, deprivation, and poverty*, 194. See also J. Mack and S. Lansley, *Poor Britain* (London: George Allen & Unwin, 1985), 84.
129. B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012*, 95. Note these needs are basic (i.e. minimal) for a particular society at a particular time.
130. J. Mack and S. Lansley, *Poor Britain*, 56.
131. Or as Victor Fuchs puts it succinctly, "today's comforts and conveniences are yesterday's luxuries and tomorrow's necessities." V. Fuchs, "Redefining poverty and redistributing income," *The Public Interest* 8, 88-95 cited in B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to*

- 2012, 93. Incidentally, the NZDep2013 Index of Deprivation updated their index with a “lack of access to the Internet at home for those less than 65,” reflecting the internet’s importance for opportunities in both social and market contexts. This aspect replaced the telephone. J. Atkinson, C. Salmund & P. Crampton, NZDep2013 Index of Deprivation (University of Otago, 2014), 19-22.
132. B. Perry, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012, 96-7.
 133. Even in Rowntree’s initial studies, Mack and Lansley showed that “social” items such as tea and newspapers were included in his basket of goods and that sometimes people would choose to ignore basic needs to meet social, customary needs. J. Mack and S. Lansley, *Poor Britain*.
 134. B. Perry, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012, 94. Citro and Michael described it as “insufficient resources for basic living needs, defined appropriately for the United States today.” C. F. Citro and R. T. Michael, *Measuring Poverty: a New Approach*. (Washington D. C.: National Academy press, 1995) cited in Nolan and Whelan, *Using Non Monetary Deprivation Indicators to Analyse Poverty and Social Exclusion in Rich Countries* (2009), 2; or as James Foster puts it: “Poverty measurement is based on a comparison of resources to needs.” J. E. Foster, “Absolute versus Relative Poverty,” *The American Economic Review* 88, No. 2, 335-341.
 135. B. Perry, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012, 28. Differences in cultural norms could also be added to the geographical area box, as a factor that affects living standards.
 136. P. Saunders, Y. Naidoo and M. Griffiths, *Towards New Indicators of Disadvantage, Deprivation and Social Exclusion*, (Sydney: Social Policy Research Centre, 2007), 23.
 137. B. Perry, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012, 29.
 138. See John Veit-Wilson’s section on poverty in Fitzpatrick et. al, *Routledge International Encyclopedia of Social Policy*, (Routledge, 2006) for an alternative definition which synthesises other widely accepted poverty definitions.
 139. Or as Stein Ringen puts it: “An indicator is a small piece of information that is recognised to be far less than a full measure of the underlying thing but which there are good reasons to accept as indicative of it.” S. Ringen, “Poverty – The Rowntree Project Revisited,” 8.
 140. M. Bovens, P. Hart and S. Kuipers, “The politics of policy evaluation” in *The Oxford handbook of public policy*, (Oxford: Oxford University Press, 2006), 319.
 141. J. Boston, A. Bradstock, D. Eng. eds. “Ethics and public policy” in *Public Policy: Why ethics matters*, J. Boston, A. Bradstock, D. Eng. (Australia and New Zealand School of Government, 2010).
 142. J. Veit-Wilson, “Horses for Discourses: Poverty, Purpose and Closure in Minimum Income Standards Policy,” in *Breadline Europe: The Measurement of Poverty*, D. Gordon and P. Townsend eds. (Bristol: The Policy Press, 2000), 141-164. It’s worth noting that the final two steps, reporting and discovering, are “empirical” according to Veit-wilson.
 143. T. Atkinson et. al., *Social Indicators: The EU and Social Exclusion*, 21-25. See Bradshaw (2001), *Methodologies to Measure Poverty – More than One is Best* (Symposium paper), 5-11 for more evaluation criteria.
 144. J. Houghton and S. Khandker, *Handbook on poverty and inequality*, 1-2. Or, as Saunders writes, “if one of the goals of poverty research is to bring about change, then it is important that the instruments of research (and hence its findings) have legitimacy among those who set policy.” P. Saunders, “Measuring Wellbeing using non-monetary Indicators,” *Family Matters* 78 (2008), 8.
 145. Stein Ringen calls this the called this idea the “cautionary principle.” The alluring temptation to exaggerate or “oversell” the problem of poverty, according to Ringen’s principle, does more harm than good. It is wise then to use definitions and measurements that resonate with most people. An editorial in the *New Zealand Herald* made this point, arguing that rather than repeating the claim that one in four children in poverty using solely an income measure, one in ten (the overlap of income and deprivation measures) would be more believable and subsequently a more potent catalyst for action that could not be ignored. S. Ringen, “Poverty – The Rowntree Project Revisited”; *New Zealand Herald*, Editorial: Child poverty figure needs more clarity to target relief, http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11171004 (Accessed on 14th January, 2013)
 146. Statistics New Zealand, *Measuring Child Poverty in New Zealand: Issues and Practicalities*, 11.
 147. B. Nolan and C. Whelan, *Resources, deprivation, and poverty*, 11.
 148. R. Lister notes that standards broadly fall into two categories: purportedly scientific (grounded in expert or democratic approximations of needs) and arbitrary (unrelated to need or deprivation). R. Lister, *Poverty*, 41.
 149. P. Saunders, “Poverty” in *The Routledge Handbook of the Welfare State*, 63. Living standards can be used to draw a poverty line, however this is rarely done in practice.
 150. S. Ringen, *Direct and indirect measures of poverty* (Cambridge University Press, 1988). Measurements may also be monetary and non-monetary, see R. Boarini and M. d’Ercole, *Measures of Material Deprivation in OECD Countries, Social, Employment and Migration Working Paper No. 37* (Paris: OECD 2006). See also Expert Advisory Group, *Working Paper 4 – International Approaches and Comparisons* (Office of the Children’s Commissioner, 2012).
 151. B. Perry, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012, 28.
 152. For more on equivalence scales in New Zealand, see B. Perry, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012, 29-30. For an international overview, see P. Alcock, *Understanding Poverty*, 87-88.
 153. Fixed income thresholds enable conclusions to be drawn about whether or not real incomes in low-income households are rising or falling across years; relative income thresholds are adaptable to changes in needs and expectations over time. Fixed lines, therefore, make sense in the short term, but over a prolonged period the reference year must be adjusted in line with evolving needs and expectations. See: B. Nolan and C. Whelan, *Resources, deprivation, and poverty*, 11. In New Zealand MSD favours fixed lines because “New Zealanders would want to know whether the incomes of low-income households are rising or falling in real terms, whatever is happening to the incomes of the non-poor.” Fixed measures also picked up on rising hardship in the mid-nineties while the relative lines did not. B. Perry, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012, 106.
 154. Taking the AHC approach tends to better represent the living standards of those on New Zealand Superannuation, who often own their houses, and low-income groups who are more likely to be on a housing benefit, while taking the BHC approach tends to better represent the living standards of the full spectrum of households. The difference between the two measures is quite stark for those on NZ Super: because Superannuation is just about 50 percent of the median income and below 60 percent of the median income, there is around a 30 percent difference in the poverty rate between the two standards using BHC measures; AHC measures give more stable and reliable results as housing costs are factored in. See: B. Perry, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012, 144-145; R. Joyce et al, *Poverty and Inequality in the UK* (London: Institute for Fiscal Studies, 2010).
 155. An expert/elite consensus doesn’t automatically make measures essentially authoritative however. Even the World Bank and OECD poverty lines are “essentially arbitrary and suffer from all of the weaknesses of other income-based poverty lines.” P. Saunders, “Poverty” in *The Routledge Handbook of the Welfare State*, 64
 156. B. Perry, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012, 28.

157. For a more detailed answer to the “relative to whom” question, see K. Niemetz, *A New Understanding of Poverty*, 99-102.
158. B. Nolan and C. Whelan, *Resources, deprivation, and poverty*, 19.
159. Some examples from UNICEF help make this point: New Jersey (America’s richest state) the child poverty rate is 14 percent when measured against the median income of the United States, but 22 percent when measured against the median income for New Jersey. In Italy, the mid-south had four times the poverty rate than Lombardy, but a state-based poverty line showed almost no difference. UNICEF Innocenti Research Centre, *An Overview of Child Wellbeing*, (Florence: UNICEF, 2007), 8-9.
160. R. Layte, B. Nolan and C. Whelan, “Reassessing Income and Deprivation Approaches to the Measurement of Poverty in the Republic of Ireland” *The Economic and Social Review* 32, No. 3 (2001), 239–261; B. Nolan and I. Marx. “Economic inequality, poverty, and social exclusion” in *The Oxford Handbook of Economic Inequality* (Oxford: Oxford University Press, 2009): 319; P. Saunders, “Poverty” in *The Routledge Handbook of the Welfare State*, 64.
161. P. Saunders, “Poverty” in *The Routledge Handbook of the Welfare State*, 65. See also T. Atkinson et. al., *Social Indicators: The EU and Social Exclusion*, 78.
162. UNICEF Innocenti Research Centre, *An Overview of Child Wellbeing*, 7.
163. UNICEF Innocenti Research Centre, *An Overview of Child Wellbeing*, 6-7.
164. P. Saunders, “Measuring Wellbeing using non-monetary Indicators,” *Family Matters* 78 (2008), 10.
165. B. Nolan and C. Whelan, *Resources, deprivation, and poverty*, 13.
166. T. Atkinson et. al., *Social Indicators: The EU and Social Exclusion*, 82.
167. Longitudinal surveys, to be discussed in section 4, give another long-term perspective.
168. B. Meyer and J. Sullivan, “Consumption and Poverty in the United States” in *Oxford Handbook of the Economics of Poverty* (Oxford: Oxford University Press, 2012)
169. Although some have attempted to sidestep this by surveying for a proportion spent on necessities. See J. Bradshaw, D. Mitchell and J. Morgan, “Evaluating adequacy: the potential of budget standards,” *Journal of Social Policy* 16, no 2 (1987), 165-181.
170. P. Spicker, S. Leguizamon and D. Gordon, eds. *Poverty: an international glossary*, (Zed Books: 2007), 24. A range of standards from subsistence to luxurious could be developed too, however a minimal acceptable standard is more relevant to poverty studies. J. Bradshaw ed. *Budget Standards for the United Kingdom* (Aldershot: Avebury, 1993).
171. T. Atkinson et. al., *Social Indicators: The EU and Social Exclusion*, 86.
172. K. Niemetz, *A New Understanding of Poverty*.
173. J. Mack and S. Lansley, *Poor Britain*.
174. New Zealanders Robert Stephens, Charles Waldegrave and Paul Frater helped pioneer this method in the mid-nineties. See R. Stephens, C. Waldegrave and P. Frater, “Measuring Poverty in New Zealand,” *Social Policy Journal of New Zealand* 5 (1995) for more details.
175. For an excellent example, see Joseph Rowntree Foundation’s work on minimum income standards in Britain. Bradshaw et. al., *A minimum income standard for Britain*, (Joseph Rowntree Foundation, 2008). For a table and overview of the various budget standards, see G.M. Fisher, “An overview of recent work on standard budgets in the United States and other Anglophone countries.” (US Department of Health and Human Services, 2007), 18-20.
176. S. McKay, “Poverty or preference: What do ‘consensual deprivation indicators’ really measure?” *Fiscal Studies*, 25:2,(2004), 201–223.
177. Jonathan Bradshaw went so far to call the process “nothing less than a ghastly chore.” J. Bradshaw ed., *Budget Standards for the United Kingdom*.
178. P. Saunders, “Poverty” in *The Routledge Handbook of the Welfare State*, 64.
179. T. Atkinson et. al., *Social Indicators: The EU and Social Exclusion*, 85.
180. P. Ruggles, *Drawing the line: Alternative poverty measures and their implications for public policy* (Urban Institute, 1990).
181. E. Brashares, “Assessing Income Adequacy in New Zealand,” *New Zealand Economic Papers*, 27:2 (1993), 185-207.
182. P. Saunders, “Poverty” in *The Routledge Handbook of the Welfare State*, 64.
183. T. Atkinson et. al., *Social Indicators: The EU and Social Exclusion*, 34-35.
184. A. Haagenars, *The Perceptions of Poverty* (Amsterdam: North Holland Publishing Company, 1986).
185. Statistics New Zealand, *Household Economic Survey* (Wellington: Statistics New Zealand, 2013), 10.
186. C. F. Citro and R. T. Michael, *Measuring Poverty: a New Approach*.
187. K. Van den Bosch, *Identifying the poor: Using subjective and consensual measures* (Ashgate Publishing, 2001).
188. Statistics New Zealand, *New Zealand General Social Survey 2012*.
189. The Quality of Life Survey also has subjective measures. The question “would you say you have not enough money, just enough money, enough money, or more than enough money?” is asked. A third of people responded that they had just enough money and around one in five not enough. Quality of Life Project, *Six Councils Report* (Nielson, 2012).
190. P. Saunders, “Poverty” in *The Routledge Handbook of the Welfare State*, 64.
191. B. Nolan and C. Whelan, *Resources, deprivation, and poverty*, 17.
192. See M. Ravillion, *Two Poverty Enlightenments* (World Bank, 2011) for a sense of how the literature on poverty has evolved. See also H. Glennerster et. al., *One hundred years of poverty and policy* (London: Joseph Rowntree Foundation, 2004).
193. S. Ringen, “Poverty – The Rowntree Project Revisited.” 6. On the “clear inconsistency between the way poverty is being conceptualized and the way it is conventionally measured...” see also B. Nolan and C. Whelan, *Resources, deprivation, and poverty*, 37.
194. R. Berthoud and M. Bryan, “Income, deprivation and poverty: a longitudinal analysis.” *Journal of Social Policy* 40, no. 1 (2011), 135-156. For influential texts on living standards or material deprivation measurements, see: P. Townsend, *Poverty in the United Kingdom*; J. Mack and S. Lansley, *Poor Britain: Breadline Europe: The Measurement of Poverty*, D. Gordon and P. Townsend eds; C. Pantazis, D. Gordon, and R. Levitas, eds., *Poverty and social exclusion in Britain: The millennium survey* (Bristol: Policy Press, 2006).
195. See T. Burchardt, J. Le Grand, and D. Piachaud, “Degrees of Exclusion: Developing a Dynamic, Multidimensional Measure” in J. Hills, J. Le Grand and D. Piachaud eds., *Understanding Social Exclusion* (Oxford: Oxford University Press, 2002), 30-43; B. Nolan and C. Whelan, *On the multidimensionality of poverty and social Exclusion in Poverty and Inequality: New Directions*, eds. J. Micklewright and S. Jenkins, (Oxford: Oxford University Press, 2007).

196. P. Townsend, "Deprivation," *Journal of social policy* 16, no. 2 (1987), 125-146.
197. P. Saunders, Y. Naidoo and M. Griffiths, *Towards New Indicators of Disadvantage, Deprivation and Social Exclusion*, 10.
198. S. Ringen, *The Possibility of Politics*, (Oxford: Clarendon Press, 1987), 162 cited in P. Saunders, "Poverty" in *The Routledge Handbook of the Welfare State*.
199. B. Nolan and C. Whelan, "Working Paper: Using Non-Monetary Deprivation Indicators to Analyse Poverty and Social Exclusion in Rich Countries: Lessons from Europe?" 4. See Also B. Nolan and C. Whelan, *On the multidimensionality of poverty and social Exclusion in Poverty and Inequality: New Directions*, eds. J. Micklewright and S. Jenkins (2007), 146-165.
200. UNICEF Innocenti Research Centre, *An Overview of Child Wellbeing*, 8. Some international standards are, however, being developed.
201. There are methods that can assist however. ANOVA and logistic regression techniques that move toward a "scientific poverty threshold, e.g. the deprivation score that maximises the between-group differences and minimises the within-group differences (sum of squares)." Gordon et. al., *Poverty and social exclusion in Britain*, 77-79.
202. Nolan and Whelan (2009) *Using Non Monetary*, 4. See Also B. Nolan and C. Whelan, *On the multidimensionality of poverty and social Exclusion in Poverty and Inequality: New Directions*, eds. J. Micklewright and S. Jenkins (2007), 154.
203. For a good overview of how living standards are used in New Zealand, see MSD, *Living Standards Research*, <http://www.msd.govt.nz/work-areas/social-research/living-standards/index.html> (accessed 20 January 2014). The ELSI index is also internationally renowned, and a new index, the Material Well-being Index (MWI) is in development.
204. B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012*, 3. Berger-Schmitt and Noll (2000), 16. Statistics New Zealand also realised "if measures are to aid understanding of child poverty, they need to capture the multi-dimensional and dynamic effects of poverty, including the causes and consequences." *Stats NZ, EAG report*
205. B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012*, 3. Treasury recognises this too, see: Ministerial Committee on Poverty, *Six Monthly Report of the Ministerial Committee on Poverty*, 3.
206. For correlations between low income and these outcomes see UNICEF Innocenti Research Centre, *An Overview of Child Wellbeing*, 6.
207. New Zealand Christian Council of Social Services, *Poverty Indicators Project Update: A Snapshot Comparative Analysis of Foodbank Use*, http://www.nzccss.org.nz/site/page.php?page_id=277 (accessed 2 May, 2014).
208. The UK government recently proposed a new measure of which included social indicators, however it was criticised heavily for aggregating them together with income and deprivation. B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012*, 91; HM Government, *Measuring Child Poverty: A consultation on better measures of child poverty*, (Great Britain Stationery Office, 2012). For an example of a multi-dimensional index, see S. Alkire, "The capability approach: mapping measurement issues and choosing dimensions" in N. Kakwani and J Silber eds, *The Many Dimensions of Poverty* (Basingstoke: Palgrave-Macmillan, 2008).
209. S. Alkire, "Dimensions of Human Development," *World Development* 30, No. 2 (2002), 182-184. Great work is being done in this area by the UK think tank Demos. See: C. Woods et. al, *Poverty in Perspective* (London, Demos: 2012) in Appendix 2.
210. Expert Advisory Group on Solutions to Child Poverty, *Working Paper No.24, Child Poverty Related Indicators* (Office of the Children's Commissioner, 2012).
211. Statistics New Zealand, *Vulnerable children and families: Some findings from the New Zealand General Social Survey* (Statistics New Zealand, 2012).
212. Ministry of Social Development, *Pockets of Hardship*, (Wellington: Ministry of Social Development, 2007), 5. Their research was based on living standards measures, qualitative research and literature reviews.
213. For more on this question from a new Zealand context, see C. Waldegrave, S. Stuart, and R. Stephens, "Participation in poverty research: drawing on the knowledge of low-income householders to establish an appropriate measure for monitoring social policy impacts," *Social Policy Journal of New Zealand* 7 (1996), 191-206.
214. Also, access to services like food bank usage is a similar approach. See, for example, New Zealand Council of Social Services (NZCCSS) *Poverty Indicator Project. NZCCSS, A Snapshot Comparative Analysis of Foodbank Use December Quarter 2004 and December Quarter 2007*, (2008).
215. For other lists and explanation of the different approaches, see P. Alcock, *Understanding Poverty*; R. Lister, *Poverty*; Gordon et. al., *Poverty and social exclusion in Britain*; T. Atkinson et. al., *Social Indicators: The EU and Social Exclusion*; K. Niemetz, *A New Understanding of Poverty*; B. Nolan and C. Whelan, *Resources, deprivation, and poverty and Social Exclusion in the UK, Definitions of Poverty*, <http://www.poverty.ac.uk/definitions-poverty> (accessed Dec 12, 2013). For an alternate taxonomy, see J. Boltnovik, *A Panorama of Poverty Measurement Methods with special emphasis on multi-dimensional combined methods*, http://www.colmex.mx/academicos/ces/julio/images/stories/Panorama_methods.pdf (accessed 17 December 2013).
216. For pioneering studies into the relationship between income and deprivation, see Townsend (1979), J. Mack and S. Lansley, *Poor Britain*; S. Mayer and C. Jencks, "Poverty and the distribution of material hardship," *Journal of Human Resources* 24, no. 1 (1988); cited in B. Nolan and C. Whelan, *Resources, deprivation, and poverty*, 3.
217. B. Perry, "The mismatch between income measures and direct outcome measures of poverty," *Social Policy Journal of New Zealand*, 19 (2002), 101-127; B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012*, 181-2; J. Bradshaw and N. Finch, "Overlaps in dimensions of poverty," *Journal of social policy* 32, no.4 (2003), 513-525; R. Berthoud, M. Bryan and E. Bardasi, *The Dynamics of Deprivation: the relationship between income and material deprivation over time*, (London: Department for Work and Pensions, 2004). Income and consumption (what people spend) also doesn't overlap as much as we might expect. S. Ringen, *Direct and indirect measures of poverty*, 87.
218. B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012*, 181
219. This relationship holds for 4+ enforced lacks too. Figure K.6, *Proportion reporting not having / economising a lot on 3 or more of 11 basic items, because of cost: all households*, B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012*, 189.
220. B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012*, 188.
221. B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012*, 18.
222. B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012*, 18, 181. This relationship broadly holds internationally too. C. T. Whelan, R. Layte and B. Maitre, "Multiple deprivation and persistent poverty in the European Union," *Journal of European Social Policy* 12, no.2 (2002), 91-105.
223. Ireland uses this approach for their official poverty line, labelling those who both fall below an income threshold and who are deprived as living in "consistent poverty." The UK's child poverty targets also include a combined measure, as does Labour's proposed *Child Poverty Measurement Bill*. See: R. Layte, B. Nolan and C. T. Whelan, "Targeting poverty: lessons from monitoring Ireland's national anti-poverty strategy," *Journal of Social Policy* 29, no.4 (2000), 553-575; B. Nolan and C. Whelan, *Resources, deprivation, and poverty*.
224. Feeling poor, the logic goes, is a necessary but not sufficient condition for being poor. Jonathan Bradshaw and Naomi Finch noted that "false consciousness" could

be a problem with subjective measures like this, however. Some may feel poor when they aren't income poor or suffering hardship, while others may have "a limited understanding of relative living standards" and not realise they are poor. They found that "5 per cent of the sample said that they felt poor without being poor on any of the other dimensions and 1.8 per cent did not feel poor despite being poor on both the other dimensions." J. Bradshaw and N. Finch, "Overlaps in dimensions of poverty," *Journal of social policy* 32, no.4 (2003), 518.

225. J. Bradshaw and N. Finch, *Core Poverty*, (London: Centre for the Analysis of Social Exclusion, LSE, 2001).
226. Gordon et. al., *Poverty and Social Exclusion in Britain*, 18, 79. In Britain, the "risen" group was 1.8% of the population, the vulnerable 10.3%. 25.6% were both suffering hardship and income poverty, while 62.2% were relatively well off. The categories are theoretical, and do not represent every possibility. The vulnerable situation, according to Gordon et. al. "often arises when income falls rapidly (e.g. due to job loss) but people manage to maintain their lifestyle, for at least a few months, by drawing on their savings and using the assets accumulated when income was higher." The risen situation may occur "when the income of someone who is poor suddenly increases (e.g. due to getting a job); however, it takes time before people are able to buy the things that they need to increase their standard of living. Income can both rise and fall faster than standard of living. See appendix 2: "Defining the objective scientific poverty line."
227. Layte et. al., *Explaining Levels of Deprivation In the European Union*, EPAG Working Paper 12 (The Economic and Social Research Institute, 2000), 2. For an overview of resources, see Figure 4.
228. SoFIE in New Zealand, BHP in the UK, and HILDA in Australia are examples of influential longitudinal surveys.
229. B. Perry, "The mismatch between income measures and direct outcome measures of poverty," *Social Policy Journal of New Zealand*, 19 (2002), 121.
230. G. Duncan et. al., "Poverty Dynamics in Eight Countries." *Journal of Population Economics* 6, (1993). 215-234.
231. B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012*, 24.
232. B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012*, 196.
233. B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012*, 196.
234. Defined more precisely, an individual is in "chronically low income" if their "average household income over the seven waves [is] be less than the average low-income rate over that time" B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012*, 200.
235. Ministerial Committee on Poverty, *Six Monthly Report of the Ministerial Committee on Poverty*,
236. Using a 50% median threshold. B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012*, 201.
237. Benefit uptake tells a similar story, with the majority of beneficiaries having been receiving them for several years, with a smaller number of new and temporary recipients. B. Perry, *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2012*, 201.
238. Social Indicators can be tracked too. For a good example, see Figure SU 1, Ministry of Social Development, *The Social Report 2010*, 127-130.
239. R. Berthoud, M. Bryan and E. Bardasi, *The Dynamics of Deprivation: the relationship between income and material deprivation over time*.
240. Ministerial Committee on Poverty, *Six Monthly Report of the Ministerial Committee on Poverty*, 9.
241. R. Lister, *Poverty*, 50.
242. J. Veit-Wilson, *Setting Adequacy Standards*, (Bristol: Policy Press, 1998), 39-40.
243. S. Alkire, "Dimensions of Human Development," *World Development* 30, No. 2 (2002), 183. Narayan et. al. is an exception case here. Their list is derived from a participatory World Bank study called "voices of the Poor," (2000) which surveyed more than sixty-thousand "poor" people from across sixty countries on what it meant to be poor. See also McGillivray and M. Clarke eds., *Understanding human well-being, 3-4 and Dimensions of Human Development*, *World Development* 30, No. 2 (2002) for a more comprehensive list of approaches.
244. NZ Families Commission, *Status Report (2013)*, 127. See Wollny et. al (2010) 19-25 for discussion on these aspects.
245. UNICEF (2007) *Innocenti Research Centre, An Overview of Child Wellbeing, OECD's Better Life Index (OECD, 2011)*
246. See G. Cotterell and C. Crothers, "Social indicators and social reporting in New Zealand, and the potential contribution of the Family Whānau and Wellbeing Project," *Social Policy Journal of New Zealand* 37 (2011), 152-171. See also Treasury's *Living Standards Framework. New Zealand Treasury, Working Towards Higher Living Standards for New Zealanders*.
247. The UK DWP also had a similar report called *Opportunity for All*, which was also discontinued in 2007.
248. B. Nolan and C. Whelan, *On the multidimensionality of poverty and social Exclusion in Poverty and Inequality: New Directions*, eds. J. Micklewright and S. Jenkins (2007), 147.
249. R. Lister, *Poverty*, 50.
250. C. Woods et. al., *Poverty in Perspective*, 19.
251. C. Woods et. al., *Poverty in Perspective*, 21. Working age without children and Pensioner types were also identified, such as insecure singles, empty nesters, left alone, cheerful grans, and new poor. Latent Class Analysis (LCA), a statistical method, was used to identify these groups.
252. C. Woods et. al., *Poverty in Perspective*, 45.
253. R. Lister, *Poverty*, 50.