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# Inequality, Advantage and the Capability Approach

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## Note

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## Abstract

Inequality has acquired a newfound prominence in academic and political debate. While scholars working with the capability approach (CA) have succeeded in influencing the conceptualisation and measurement of poverty, which is increasingly understood in multidimensional terms, recent scholarship on inequality focusses overwhelmingly on *economic* forms of inequality, and especially on inequalities in income and wealth. In this paper we outline how the conceptual framework of the CA (focusing on ends rather than means, multidimensionality, and recognising the value of freedoms as well as attained functionings) has the potential to enrich the study of distributional inequality through offering a rationale for why inequality matters, exploring the association between different forms of inequality, and providing an analysis of power. But applying the CA in the context of advantage exacerbates some existing challenges to the approach (defining a capability list, and the non-observability of capabilities) and brings some fresh ones (especially insensitivity at the top of the distribution). We recommend a stronger and clearer distinction between concepts and measures. Capability inequality is a more appropriate and potentially revealing conceptual apparatus, but economic resources are likely to remain a crucial metric for understanding distributional inequality for the foreseeable future.

## Keywords

Inequality – capability approach – poverty – income – distribution - multidimensional

## Introduction

Distributional inequality – the gap between the rich and poor – is receiving attention in academic and political debate as never before. High-profile contributions by Piketty (2013) and others have been accompanied by pronouncements from the World Bank about the importance of ensuring that ‘prosperity’ is shared; reducing inequality within and between countries is one of the UN’s 17 Sustainable Development Goals. The capability approach (CA) has made significant progress in influencing the conceptualisation and measurement of *poverty*, especially in cross-national settings and concerning the global south, but its reach in terms of discussions about distributional inequality is so far limited.

In this paper, we seek to explore the conceptual terrain opened up by viewing the debate on distributional inequality through a capability lens, and to point to some issues that must be considered if we are to do so. Through its emphasis on the distinction between means and ends, and its insistence on multidimensionality, the CA has broadened the focus of poverty research from monetary resources to multiple dimensions of deprivation. In contrast, the majority of the work on distributional inequality has used metrics of income and wealth, interpreting them in most cases uncritically as markers of advantage and disadvantage. Moreover, the value of freedoms, in addition to actual attainments – another key feature of the CA – is largely missing from analysis of inequality. However, extending the scope of the CA to embrace distributional inequality gives rise to some tricky issues, especially in terms of operationalisation and measurement.

This paper therefore addresses two challenges. The first is to examine what a capability-inspired study of inequality might look like and what – if anything – the approach can contribute, conceptually speaking, to the study of distributional inequality. The second is to explore whether shifting our focus from a more traditional concern with poverty or capability deprivation to one of inequality raises new issues for the capability approach, or casts a new light on some more familiar debates within the capability literature.

Our argument consists of three central claims. First, there has been substantial progress made in the field of inequality over the past decade, but that this progress has not depended to any great extent on insights from the capability approach. Second, that a capability lens can potentially add value to this field by opening up a wider range of reasons for concern about inequality, by expanding the forms of inequality under consideration, and offering the basis for an analysis of power that goes beyond purely economic means. And third, that the study of inequality raises new challenges and issues for the capability approach: that the study of advantage adds still-more complexity to an already complex framework, and may mean that a shift away from income and wealth as *measures* of inequality, may be neither feasible nor desirable.

We should note, however, that the paper does not seek to address two further, related questions, each of which is important in its own right. The first is the full normative justification for concern with inequality, however conceived. We do not attempt to provide a comprehensive theory of justice based on the capability approach, specifying which types of inequality are and are not legitimate. Rather, we argue for the more modest claim that the capability perspective expands the potential grounds for concern with distributional inequality on which a comprehensive theory could draw. The second question we do not attempt to answer is what measurement indices are best for the job. Considerable progress has already been made on these technical aspects (see for example Krishnakumar, 2014; Aaberge and Brandolini, 2015). As regards measurement, our focus is primarily on the types of variables that might be used in measurement (eg whether resources or capabilities; and the specific dimensions) rather than the particular measurement index used to summarise these, though we recognise that both are fundamental components of the practice of inequality measurement.

The remainder of the paper consists of five sections. The next section clarifies and defines different kinds of poverty and inequality analysis, and gives examples of where recent literature on inequality fits into this classification. We then outline a capability perspective on distributional inequality,

which serves to highlight the contribution that a focus on people's capabilities can make to this field. The penultimate section identifies three issues that the focus on inequality raises for the capability approach, while the conclusion argues that a clearer distinction between concepts and measures would help to ensure that the benefits of the distinctive contribution of the CA to understanding inequality can be reaped without harvesting at the same time a new crop of operational problems.

### **Metrics, thresholds and distributions**

All sorts of analysis can be found under the banner of 'inequality': Gini coefficients of the income distribution, differences in the proportion of boys and girls accessing basic education, and so forth. In order to provide clarity for the subsequent discussion in which our focus is specifically on inequality rather than poverty, and on multidimensional and vertical inequality rather than any other varieties, we set out in Figure 1 a decision tree for identifying types of analysis. The set of boxes on the right of the figure give examples of the output that could be generated by taking different routes through the tree.

The first step (A), familiar to capability theorists, is to choose a metric: economic resources, functionings, or capabilities. The second step (B) is to decide whether the focus will be on poverty – that is, assessing whether people fall below a threshold of some kind – or on inequality – that is, considering the whole distribution. Poverty thresholds are defined in a wide range of ways, but even those that are defined in *relative* terms (eg 60% of median income) give rise to measures of poverty rather than of inequality, because the focus is on people below that threshold, rather than on the shape of the distribution or the gap between the rich and poor. Inequality measures are many and various, including the Gini index, 90:10 ratio, and comparison of central tendencies (averages), but what they have in common is an attempt to provide information about the range of values observed in the population. The third and final step (C) distinguishes horizontal (between group) from vertical (within group) comparisons, noting that for 'within group' comparisons the group may be defined as the whole population. This step is often conflated with step B but is in fact distinct. For example, using an income metric, an analysis of vertical inequality (B2 C2) would yield information about the overall shape of the distribution, horizontal inequality would compare the position of different groups of the population (ethnic groups, for example) in the income distribution (B2 C1), horizontal poverty analysis would compare the poverty rates of different ethnic groups (B1 C1), while vertical poverty analysis would give overall poverty (B1 C2). In particular, horizontal poverty analysis, the comparison of poverty risks across groups, is often described as analysis of gender/ethnic/other 'inequality' but since the focus remains on assessing the extent to which different groups are below a given threshold, it is clearer to retain the term 'poverty' for this type of application.

Recent scholarship on inequality has focussed primarily on economic resources as the metric of inequality (A1 B2) (most notably Piketty, 2013), whether within-country or globally between countries (Milanovic, 2011; Bourguignon, 2015). There has been considerable attention to the share of income accrued by the richest 1% of the income distribution, where increases in inequality have been particularly concentrated (eg Atkinson, 2015; Jenkins, 2016). Other studies have examined the consequences of wide economic inequalities for individuals, societies and for the

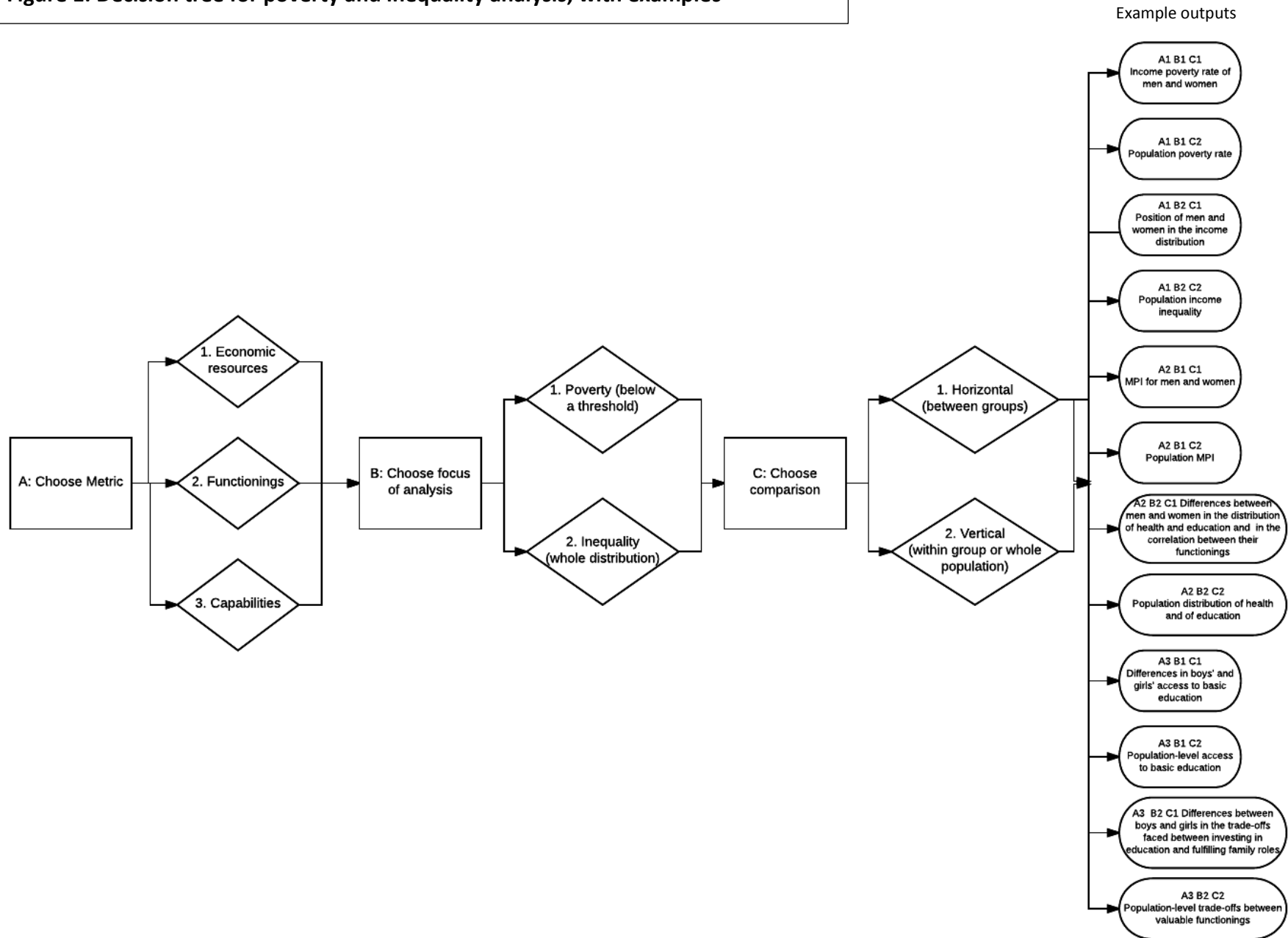
environment (Stiglitz, 2013; Wilkinson and Pickett, 2009; Davison, 2016), although the extent of causal links is contested (eg Rowlingson, 2011; Salverda et al, 2014). This body of research is multi-dimensional in terms of the outcomes considered, but the metric of inequality remains firmly economic resources (A1).

Other strands of research focus on health inequalities (eg Marmot, 2005) and educational inequalities (eg Ferreira & Gignoux, 2014) but in the majority of cases these are concerned with how health and educational outcomes vary by household income or some other proxy for economic resources. Analysis of the distribution of health or educational attainments per se – the gap between the most and the least healthy, the most and the least educated for example – is uncommon, but this would be required to shift the classification to an analysis of functionings or capability inequality (A2 or A3).

Meanwhile, within the capability literature, although Sen's early essay on the capability approach was entitled 'Equality of what?', not 'Poverty of what?', much of what has followed has focused on the extent to which people are able to enjoy basic capabilities – a poverty concept – rather than on inequality itself (A3 B1 rather than A3 B2). Nussbaum's central human capabilities are understood to be minimum standards that should be guaranteed to all. The Multidimensional Poverty Index, as the name suggests, counts people who fall below the relevant thresholds (A2 B1). The Human Development Index (HDI) captures achievement across the full range, but is presented on the basis of country-averages, though the annual Human Development Reports also feature information about the distribution of health, life expectancy and income in their inequality-adjusted HDI measure (e.g. UNDP, 2015: 66-68) (A2 B2). Empirical work using the capability approach more generally has extensively examined the prevalence of capability poverty, often multidimensionally (Chiappero Martinetti and Roche, 2009) (A2 B1); documented the lack of overlap with income poverty (Hick, 2016b); and investigated differences in the incidence of capability poverty between men and women, between ethnic groups, between regions and between countries (Robeyns, 2003, Alkire and Santos, 2014, Wang et al, 2015) (A2 B1 C1).

The inequality literature offers a rich analysis of the stretch and spread of income and wealth distributions, especially at the top end, and examines some of the consequences, but rarely offers analysis of inequality in other dimensions in their own right. The capability literature, both conceptual and empirical, offers a rich analysis of multi-dimensional poverty, but rarely offers analysis of inequality itself (the inequality-adjusted HDI is one exception). We do not learn very much about the magnitude of the gaps between the capability-rich and the capability-poor, and even less about the top end of achievement, or capability advantage, or about how advantages across multiple dimensions are concentrated amongst a privileged elite. So there appears to be a gap – in principle. The next section turns its attention to what filling this gap would actually entail.

Figure 1: Decision tree for poverty and inequality analysis, with examples



## A capability perspective on distributional inequality

A focus on ends not means, multidimensionality, and recognition of the value of freedom over and above achieved beings and doings are three distinctive, though by no means unique, features of the CA (Robeyns, 2016). In this section, we argue that each of these features has the potential to make the conceptualisation of inequality in capability space worthwhile.

### Ends not means

One central motivation for the CA is that resources or ‘means’ like income and wealth are an imperfect proxy for valuable ends, and that we do better to concentrate our analysis directly on the beings and doings that people value and have reason to value. If this argument holds for analysis of poverty and deprivation, surely it holds for inequality too.

This simple observation has some appeal but let us begin with some counter-arguments. Firstly, someone might object that while it makes sense to consider whether people do or don’t have a basic set of capabilities, capabilities themselves do not have a distribution. Either you are literate or you are not; either you participate in elections or you do not: these capabilities do not have a distribution from less to more.

However this is too narrow a view of capabilities. Capabilities are not only basic or central capabilities – there are non-basic ones as well, and a broader definition of a given capability will facilitate distributional analysis. For example, if we focus not on just on ‘literacy’, which embodies within it the idea of a (low) threshold, but on the capability of learning, we can draw contrasts between different distributions. In Ancient Greece, the spectrum of learning ran from illiterate slaves to philosopher-scholars: the magnitude of the gap between high and low achievement was large. In contrast, in modern-day Sweden, with free universal early years provision through to college education, and extra resources for children with special needs, the gap between high and low achievement is comparatively small. These examples are chosen to illustrate the contrast, but comparisons between contemporary societies, even those within a given region of the world, could also be instructive.

Moreover, examining the whole distribution of a capability such as learning will reveal different information than that provided by a focus on functioning-poverty. Some societies may do well in ensuring that few fall below a minimum standard, but allow very wide inequalities to open up above that level. Other societies may have high rates of learning-poverty but relatively low levels of inequality. In other words, the *shape* of the distribution will vary between countries, as well as the overall stretch from top to bottom. This observation in turn generates research questions around what contextual and policy factors affect the shape of the distribution, and who is situated where in the distribution (horizontal inequalities).

A second objection might be that when we move away from basic or central capabilities, we open up the possibility of ‘bad’ capabilities. The basic capability of being able to vote in elections could be considered part of the broader capability of ‘political participation’, at the top end of which we might include setting the terms of the debate through control of mass media outlets or exercising

one's powers as a member of a ruling elite. Capabilities at this level arguably harm others: can they properly be considered capabilities? If capabilities are defined as real or substantive freedoms, it can be argued following Kant (Scruton, 2001) that the capability concept excludes harmful capabilities by definition: violence and exploitation may be powers or abilities but they are not real freedoms. Valuing and promoting real freedom cannot include valuing capabilities that harm other people.

Sen acknowledges Kantian moral philosophy as one of the foundations of the capability approach (Sen, 2009), but he rejects the notion that capabilities are by definition good capabilities, or only those that are not harmful to others. The idea of capability, "does not go with any kind of belief that all capabilities must be seen to be valuable and to be cherished, rather than, in many cases, resisted and restrained" (Sen, 2012, p.xiii). Robeyns (2016) concurs, and delineates two distinct steps: in the first place, the identification of the evaluative space (capabilities), and in the second, the selection of the capabilities that will be the focus of the evaluation. The first step does not imply any judgement about whether the contents of the space is good or bad, it simply defines the space as containing the relevant type of 'objects' for the evaluation. The second step implies that positive or negative value is attributed to the selected capabilities. In capability analysis of poverty and disadvantage, it is appropriate to select capabilities that people 'value and have reason to value'. In capability analysis of inequality and advantage, it may be necessary to add capabilities that people do not have reason to value (in the Kantian sense), but which are relevant to understanding the nature of advantage.

A third possible objection to changing the focus of inequality analysis from resources to capabilities is that while there may be sound philosophical grounds for concern about income and wealth inequality, no such case has been established in relation to capability inequality. Indeed Sen (2009) has gone to some lengths to assert that it is not his aim to offer a complete theory of justice. Hence it is perfectly reasonable that inequality analysis should focus on income and wealth, in which, for example, Rawlsian liberal egalitarians have a clear interest, and not on capabilities.

But there are two reasons to believe that capability inequality analysis could be useful, even without such a comprehensive theory in place. The first is that capability inequalities in dimensions like health, education and self-respect may have instrumental significance for capability *poverty*. A parallel argument has become widely accepted in the economic inequality literature: wide income inequalities make poverty reduction more difficult (White and Anderson, 2001). So even if one does not care about inequality itself, one may need to identify and reduce (capability) inequalities to expedite progress in relation to (capability) poverty.

The second reason brings us back to the simple observation with which this sub-section began. Capabilities are preferred to resources as a metric of well-being because resources are converted at different rates into valuable capabilities according to a person's characteristics and circumstances (their conversion factors). There is no reason to believe that variation between people in the rate of conversion of income and wealth into valuable ends applies only at the bottom of the distribution. Hence if conversion factors are a key part motivation for moving from material resources to multiple dimensions in assessing well-being, they are also likely to apply in assessing inequality. Assessments of inequality that fail to take account of them may mis-identify the best



and worst off, and the positions in between. This is recognised by Robeyns' (2017) 'power of material resources' formulation, which she proposes as the basis for defining a 'riches line', above which people are deemed to have 'too much'.

Thus we can argue that there are both instrumental and intrinsic reasons to expand inequalities analysis from means to ends. Doing so broadens our horizons to include types of inequality that otherwise remain hidden, and opens up the potential for new arguments about the normative significance of inequality.

### Multidimensionality

One consequence of the shift in focus from means to ends is multidimensionality: money provides general-purpose means, and can therefore be employed as a one-dimensional metric, whilst 'ends' are varied and incommensurable. When we turn our attention from poverty to inequality, the multidimensionality of capability space has the potential to reveal important aspects of inequality that are missed by an exclusive focus on a money metric.

In the first place, whilst measuring inequality with a money metric enables one to say that some people have more and some people have less, measuring inequality in multidimensional space allows the possibility to observe that some people can achieve different types of beings and doings from others – a difference in kind not just of degree. There are some functionings that are wholly unavailable to disadvantaged people, and which *by that very fact* form an important part of understanding inequality in functionings and capabilities. For example, the functioning of 'influencing public opinion' is not available to the vast majority of ordinary people. They may be able to cast their vote, engage in debate with their neighbours and associates, or even participate in social media, but their influence on aggregate public opinion is typically minimal. By contrast, politicians, celebrities, journalists, and especially mass media owners, enjoy significant influence as individuals over public opinion. Moreover, the degree to which high levels of this functioning are concentrated in the hands of a few, or distributed across a broader section of society, varies substantially across places and periods. This seems an important part of the overall picture of inequality, and one that we would miss if we focussed exclusively on incomes.

Another aspect of the multidimensionality that the CA brings to the study of inequality is the ability to examine correlation between levels of achievements across functionings, or correlation between capabilities. Returning to our example of the functioning of 'learning', and adding now the functioning of 'health', we can envisage one society in which low education and poor health are strongly correlated and high education and excellent health are likewise strongly correlated, and another society in which, despite a strong correlation at the bottom of both distributions, higher levels of education are not strongly predictive of particularly good health. To express it another way, we might be interested in whether there is a concentration of *advantages* across functionings, as well as the more familiar analysis of a concentration of disadvantages. Wolff and de-Shallit (2007) discuss the idea of fertile functionings – a virtuous circle in which improvement in one functioning leads to an improvement in another – and the opposite: corrosive disadvantage. The extent to which such concentrations exist are likely to influence our understanding of inequality between countries and within countries over time.

So conceiving of inequality multidimensionally has the potential to add to economic inequality in two significant ways: firstly, by revealing inequalities in kind – the different functionings and capabilities available to the well-off - as well as inequalities of degree; and secondly, by enabling us to understand concentrations of advantage (and disadvantage) across dimensions as an aspect of inequality.

### Freedoms

A distinctive feature of ‘capability’ is that it embodies the concept of freedom. How much more real freedom do the most advantaged have than the least advantaged? Setting aside for the time being the philosophical and technical challenges in assessing ‘real freedom’ (Jones and Sugden, 1982; van Hees and Wissenberg, 1999; Bavetta, 2004), one can see that the concept of capability inequality corresponds to an important intuition about the nature of inequality in the world as we know it. The advantage held by global and national elites resides not only in their vast fortunes, but also in the freedom they enjoy in other domains – in political influence, in geographical mobility, their room for legal manoeuvre, in security and in access to knowledge and information. Crucially, they do not necessarily need to actualise these freedoms in order to secure advantage – the *capability* is often sufficient. And once again, although multi-dimensional advantage is in most cases associated with high levels of income and wealth, the strength of this association is not constant, so new insights are potentially generated by broadening the scope to include other dimensions.

As noted above, extending the range of analysis from poverty and disadvantage, to inequality and advantage, brings into scope capabilities that harm other people. Indeed, several aspects of advantage, especially at the extreme, are manifested by the ability (if not the actuality) of exercising power over others. For example, the exploitation of other people’s labour, and of natural resources and the environment, the manipulation of political and legal systems, and the ability to threaten or carry out physical violence are all means by which advantage can be secured. Indeed Mosse (2010) argues that it is as a result of these mechanisms that poverty persists and McFarlane (2014) illustrates this with the example of India’s failure to provide access to clean and safe sanitation for disadvantaged groups – people from the dalit caste, women, dwellers in informal settlements, showing how this is the result of cultural, economic and political processes through which the more privileged protect and re-inforce their position. Dean (2009) criticises the capability approach for failing to recognise such power relationships. An account of distributional inequality in capability space will go some way towards addressing this gap.

Freedom is an important aspect of advantage, and therefore of distributional inequality, and this is better captured by the capability concept than income and wealth alone. Developing an account along these lines could help to address the absence in the CA of a satisfactory analysis of power.

### Summary

The focus of the CA on ends rather than means, its multidimensionality, and its explicit recognition of the value of freedom, produces new conceptual terrain and new avenues to explore empirically

in the study of distributional inequality. We can investigate the degree of ‘stretch’ in common functionings such as learning and health, and the shape of their distributions. We can identify additional functionings that are associated with advantage and unavailable to most, such as influencing public opinion, or the pursuit of ambitious agency goals. We can explore concentrations of high-level functioning as well as concentrations of disadvantage. And we can think about advantage as freedom from trade-offs between valuable ends, as well as incorporating capabilities that are harmful to others and thus extending the analysis of power in the CA.

### **Issues for the capability approach arising from the focus on inequality**

The same features of the CA that open up new ways of thinking about inequality and advantage also bring challenges in their train. We discuss three in this section. These are: (1) the added complexity of the capability approach in investigating advantage – specifically the lack of a basis for agreeing a suitable capability list (which arises from multidimensionality), and the non-observability of capabilities (which arises from the freedom-focus); (2) whether income and wealth should have any role in capability-inspired studies of inequality; and (3) the challenge posed by forms of advantage that can be difficult to understand without reference to resources. These last two issues return us to the question of whether analysis should, after all, focus on means or ends.

#### Issue 1: The added complexity of the capability approach in contexts of advantage

That the capability approach is more *complex* than unidimensional, resource-centric analysis is well-recognised (e.g. Wolff and de-Shalit, 2007), owing to challenges around identifying valued dimensions, working with a multidimensional analytic framework, and so forth. However, there are at least two ways in which context of *advantage* accentuates widely-recognised challenges in terms of the complexity of applying the capability approach.

The first arises from the selection of dimensions (the capability ‘list’), which is recognised as being of the central issues for those working with the approach (Hick and Burchardt, 2016). It has been previously observed that, in the context of *disadvantage*, various ‘lists’ of valued dimensions often have a common core (Alkire, 2010). Though there may be competing explanations for why such commonality emerges, we have suggested that one plausible explanation is that people have needs, which leads quite diverse studies in different geographical contexts to identify similar valued human ends (but which does not preclude particular studies including dimensions that others do not, and does not mean that the division of ‘concerns’ into dimensions will always be the same) (Burchardt and Hick, 2016).

Nonetheless, if our aim is to identify those functionings that only advantaged people can achieve (or, at least, to include these in our analysis), then the list may become very long and heterogeneous indeed. In looking at achievement at the top, we no longer have “basic” dimensions to hang on to, and this inability to retreat to basic dimensions means that the complexity involved in a capability analysis of inequality would be considerably greater than an account where the focus is on *disadvantage*. There have been attempts to measure advantage directly using standard of living measures, rather than indirect income-based proxies (Ringen, 1988). For example, in *Relative Deprivation and Social Justice*, Runciman (1966) included not only a set of deprivation items in his

survey, but also a second set of items where ‘it was thought might be more naturally regarded as a prerogative of non-manual households’ (1966: 246). These asked respondents whether they had ‘a house you own’; ‘a fur coat for your wife’, ‘foreign holiday travel’, ‘spare bedrooms for visitors’, ‘first-class travel on trains’; and ‘private education for children’ (1966: 359). But to truly measure advantage directly in a way that would compete with the income-centric approach would require capturing the conspicuous consumption of the super-rich – that is, their ‘consumption of luxuries’ (Veblen, 1994 [1899]: 45), and this is likely to prove rather more difficult.

The second way in which a context of advantage adds to the complexity of the capability approach is because it makes the problem of the non-observable nature of people’s capabilities more significant. As Burchardt and Hick (2016) argue, the response of many authors working with the capability approach to the non-observable nature of people’s capabilities is, at an empirical level, to analyse their functionings, which are observable, and then use this information to draw inferences about their capabilities. For ‘basic’ capabilities or dimensions that are considered to be constitutive of human need, such inferences may seem plausible – when a person is homeless, one may assume that, in the vast majority of cases, that they do not have the ability to be well-housed (or at least not without violating something else of fundamental importance, such as their physical safety or mental well-being).

However, when it comes to the context of *advantage* – it is less clear that the absence of a particular functioning reflects a lack of capability. An analysis of 23 studies of the propensity of lottery winners to remain in employment found that between 61% and 93% of winners continued to work after winning the lottery (Paulsen, 2008). But we cannot assume, on this basis, that they did not have the ability to work less or give up work entirely, to become members of Veblen’s ‘leisure class’. Does the fact that a millionaire has not sought to influence the political process through corrupt donations mean that they could not do so if they desired? The point here is that, as we move away from ‘basic’ achievements, the relationship between capabilities and functionings is likely to be governed to a greater extent by the preferences of the individual. Thus, the freedom focus which, we argue, can be one of the distinctive contributions of the approach in understanding advantage may also increase the burden of operationalising of the approach.

The essential question that these examples raise is how much complexity one needs to engage with in the study of inequality. Given the heterogeneity of non-basic capabilities, does it make sense to make the shift from income and wealth to functionings and capabilities in this context? Is the added “realism” trumped by the complexity introduced (i.e. the trade-off framed by Wolff and de Shalit, 2007)? We do not propose a once-and-for-all answer here, but we do believe that a focus on advantage, as opposed to the more traditional focus on disadvantage, alters the nature of this trade-off.

## Issue 2: The role of income and wealth in a capability-inspired study of advantage and disadvantage

A second issue relates to the role, if any, that income and wealth should play in a capability-inspired study of inequality. At first glance, this may seem surprising: if one does not make the shift from resources to capabilities and functionings, then how can one seriously claim that a study is inspired by the capability approach at all? The means-ends distinction is argued by Robeyns (2016) to be

one of the essential features of the capability approach and some key applications, such as the Multidimensional Poverty Index (Alkire and Santos, 2010), employ direct measures of living standards rather than relying on income proxies.

In order to understand the choice between resources and capabilities more clearly, we believe it is important to distinguish between *conceptualisation* and *measurement* of (dis)advantage. In the capability literature the resources-capabilities-utility choice is often discussed as one concerning the ‘evaluative space’ (Robeyns, 2016: 407). For example, Sen (1993: 33) has argued that:

‘the approach does not attach direct – as opposed to derivative – importance to the *means* of living or *means* of freedom (e.g. real income, wealth, opulence, primary goods, or resources), as some other approaches do. These variables are not part of the evaluative space, though they can indirectly influence the evaluation through their effects on the variables included in that space’ [emphases in original, subscript is ours].

But when one speaks of the ‘evaluative space’, does this refer to conceptualisation or measurement, or both?

In terms of conceptualisation, we agree with Robeyns that any capability scholar will understand advantage and disadvantage in terms of what a person can do or be, and not in terms of the extent of their resources. A person’s capabilities are what we, fundamentally, are concerned about.

However, the question of how to measure advantage and disadvantage is pragmatic and essentially *comparative*. Theory alone cannot select the type of measures we employ. As Jenkins (2011: 29) argues, deciding between competing measures of poverty ‘is a matter of balancing principle and practice’, and Robeyns (2017) herself proposes a measure based on (adjusted) income and wealth to define ‘riches’. If there is a limitation of some capability scholarship, it is to treat questions of measurement as being, in essence, matters of principle, without paying sufficient attention to issues of practice.

Where income measures, imperfect as they are, represent better proxies of the underlying capabilities than the measures of functionings that we have at our disposal, then it is *not* a departure from the capability approach to measure advantage and disadvantage using income and wealth (or, at least, to focus on income and wealth as measures of economic inequality, alongside other measures of non-economic inequality)(see also Hick, 2016a). This is particularly the case if our interest is in ‘advantage’, when direct measures of advantage are largely absent or may be of poor quality.

While resource-centric approaches to measuring inequality may have their limitations in terms of capturing what people have rather than what they can do and be, they do have other advantages. One is that ‘the informational content is high in the sense of being able to discriminate between individuals to a fine degree’ (Jenkins, 2011: 26). If the concentration of resources at the top end of the income distribution *matters* (for example, a growing concentration income held by the top 1%) then it poses a challenge for those who have a preference for direct measurement of people’s functionings to identify sensitive measures that can capture this concentration and its effects.

Increasing concentrations of income and wealth at the top either will or will not lead to a widening inequality in what people can do or be (the former seems intuitively more likely to us). If it does not because, perhaps, the conversion rate between resources and functionings worsens (e.g. all income & wealth gains are swallowed by the costs of acquiring 'positional' goods), then this would be a finding of considerable importance and would confirm that the pursuit of wealth by those who are already rich is of questionable benefit, even to themselves. If, as seems more likely, the increasing concentration of wealth at the top *will* lead to increasing inequality of at least some capabilities, then we either need to continue to monitor income or wealth or we need a sufficiently sensitive set of measures to capture changes in capabilities at the top directly. The latter, we suggest, would pose an extremely demanding, and perhaps insurmountable, burden on measurement.

Again, to emphasise, this is fundamentally a comparative question and not one of principle alone. At present, it is far from clear to us that such measures exist, at least in a comprehensive form (i.e. beyond one or two stylised examples). It is important that in making a principled shift from focusing on people's resources to their capabilities, we do not select measures that are insensitive to real and meaningful changes in inequalities in society. The distinction between conceptualisation and measurement warrants greater discussion in the capability literature and using measures of income and wealth, provided they are analysed as proxies for underlying concepts of functioning and capability, is not precluded by the approach.

### Issue 3: There are things advantaged people do that are difficult to understand without reference to monetary resources

In considering the contribution that the capability approach might make to the study of distributional inequality, we have sought to identify some functionings that only advantaged people can achieve, and which are typical, or at least reflective, of the experience of being advantaged. This has led us to the conclusion that there are forms of advantage that are the subject of much public discussion and interest and which are difficult to capture other than through a resource metric. That is, it is not just that analysis of resources may be required because satisfactory direct alternatives may not exist, but may be positively necessary. For example, a wealthy person may engage in (illegal) tax evasion or (legal) tax avoidance. They may engage in conspicuous consumption, searching for the honour, or status, that is conferred through the possession of wealth (Veblen, 1994 [1899]: 17). They may gift substantial sums of money to their children, for example, thus seeking to pass on some of a family's accumulated advantages to the next generation. Inheritances typically conform to the Matthew principle – i.e. primarily benefitting the already advantaged (Szydlak, 2004). But to understand the significance of such activities in terms of their impact on inequality, we need to know the amounts involved. It matters if we are talking about £2,000 or £2m, or some value in between – even though the reason why it matters is not the value itself but because of the potential effects on the sorts of lives that people can lead – i.e. people's capabilities. We cannot observe the capabilities with any degree of sensitivity or certainty, but we stand at least a sporting chance of observing and quantifying the flows of resources.

A second aspect of advantage that is difficult to understand without reference to resources is the acquisition of wealth more generally. While a person may not utilise all of their income to improve their standard of living (by making savings, for instance), an implicit assumption by non-capability

scholars in contexts of *disadvantage* is that income acts as a reasonable proxy for standard of living. Where this proxy is believed to be flawed, some analysts, especially in developing countries, employ measures of consumption instead of income (see Jenkins, 2011: 26-30 for a discussion).

However, in a context of *advantage*, a person may hold substantial wealth, and while this wealth might expand a person's capability set dramatically (e.g. by enabling new functionings if they were to choose them, or by weakening the trade-offs between functionings), it may, in the short term, have a limited impact on their achieved functionings. Indeed, where wealth is not acquired for reasons of status or for immediate consumption, it is typically to increase a person's capabilities at some point in the (sometimes distant) future. And yet, it is difficult to capture these enlarged capability sets by drawing inferences from information about people's functionings, which has been the primary measurement approach adopted in empirical applications of the capability approach in the field of poverty analysis (see also Hick and Burchardt, 2016).

## **Conclusion**

Inequality has acquired a newfound prominence in academic and political debate. The primary focus of recent scholarship on inequality has been on *economic* advantage and disadvantage and, in particular, the study of inequalities in income and wealth. In this paper we have sought to address two challenges - the first, to examine what a capability-inspired study of distributional inequality might look like and what it could contribute; and the second, to explore whether shifting our focus from poverty to inequality raises new issues for the capability approach, or casts a new light on some more familiar debates within the literature.

We have argued that the multi-dimensional focus of the capability approach can provide new insights into distributional inequality. There is value in understanding not only the disparities between functioning poverty rates for different groups which has hitherto been the focus of much empirical work in the capability approach, but also the full distribution of achievement within any given valued dimension. The 'stretch' of the overall distribution of a functioning such as 'learning' varies across place and time in ways that are not fully captured by measures based on resources, because 'means' are translated into valuable ends at different rates for different people, at all points in the distribution, not just at the bottom. Moreover, the concentration of advantages across dimensions also varies: an aspect of inequality that is unobserved where the focus is on a single metric such as income. The multi-dimensionality of the capability approach is therefore crucial, but so too is its emphasis on the possession and lack of freedoms. Advantage often consists in power over other people, and that power can be effective (through implicit threat) even when not translated into action: it is a form of freedom. So if we are to examine the full spectrum from disadvantage to advantage, and to make progress in understanding the dynamic between them, the capability approach offers the right conceptual apparatus.

However, we have argued that applying the capability approach to understand advantage is likely to add yet further complexity to an already complex approach, because of the greater difficulty in identifying important dimensions in contexts of advantage, and because of the reduced capacity to draw inferences about people's capabilities on the basis of their observed functionings at the top of the distribution. Second, we have argued that while the means-end distinction and the

prioritisation of capabilities and functionings as the conceptual space is a key principle of the approach, the selection of *measures* to examine inequality empirically must be guided as much by practical concerns as by principles. This has implications in terms of how we understand the ‘essence’ of the capability approach, and the role of monetary resources within it. Finally, we have argued that there are some beings and doings that are important in understanding advantage that are hard to understand without reference to resources, such as tax avoidance or evasion, or inheritance. The scale of these practices, in terms of their monetary value, is critical. Taken together, these concerns lead us to conclude that income and wealth must be retained as measures of economic inequality, but supplemented by measures of achievements and power in other dimensions as well.

We recommend a stronger and clearer distinction between concepts and measures. Capability inequality is a more appropriate and potentially revealing conceptual apparatus that opens up new terrain for enquiry, but economic resources are likely to remain a crucial metric for understanding distributional inequality for the foreseeable future.

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