The Concept and Measurement of "Minimum Living Standards"

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THE INTERNATIONAL LABOUR CONFERENCE in 1964 adopted a resolution concerning minimum living standards and their adjustment to economic growth. The present article has been prepared as part of a programme of research called for in that resolution. Its purpose is to discuss the concept and measurement of minimum human needs; to give examples of estimates that have been made in different countries of minimum requirements for food, clothing, housing and other needs; and to discuss the validity of the methods and the purposes served by the results of such studies.

The concept of minimum needs

The concept of minimum human needs evidently includes in the first place physical needs—what is necessary to stay alive and to maintain working capacity. These needs will vary with the length of the period we have in mind, but for most purposes of social policy it is long-run needs that are relevant.

Secondly, the concept of minimum needs, at least as the term is used in contemporary studies, extends beyond bare physical needs to include what are commonly called conventional or social needs. These are usually related to the established customs of a community: for example, if it is customary for members of a certain community, A, to wear shoes—even though they live in a climate in which this is not essential for health and in which people belonging to another community, B, normally go bare-foot—shoes are likely to be regarded as a social or conventional necessity for the people of community A, inasmuch as a member of this community lacking shoes might be an object of pity or ridicule. Similarly lack of a radio set or of pocket-money for beer, tobacco, hairdressing, newspapers or visits to cinemas might also set a person conspicuously apart from his or her group. There would be no scientific way of resolving differences of opinion as to what should and

[1] International Labour Office. Valuable assistance from G. Gonzalez and J. Songolo, also of the International Labour Office, is acknowledged.

what should not be regarded as social or conventional necessities in different circumstances. But conceptually the notion of minimum social needs seems to be related to that of human dignity: it is held that a family should not be obliged by poverty [1] to live in a manner that sets it apart from other families in the social group to which it belongs and that makes it unable to live according to the established customs of the community.

We may note that the distinction between physical and social needs is not always clear. A certain degree of palatability and variety of diet may be a physical need (to render the food digestible) or a conventional one. Some clothing is no doubt a physical necessity in a cold climate, but even primitive clothing usually fulfils a social rather than a biological function.

Some estimates of minimum needs

The concept of minimum needs becomes " operational " only if it can be given a measurable content. Attempts to measure minimum needs proceed by determining what commodities, and what quantities of each, are to be regarded as necessary. Since it is convenient to have a money measure of the cost of maintaining a minimum standard of living, investigators generally go on to price this " basket " of commodities, with a view to comparing its price with the incomes of families in the social groups with which they are concerned.

Early estimates in Britain

Pioneer work on the measurement of minimum human needs was carried out in Britain by Charles Booth and Seebohm Rowntree before the end of the last century. Rowntree, in his classical first study of poverty in York [2], estimated the cost of buying the commodities he considered necessary to maintain physical efficiency in households of different sizes and various age and sex compositions. Households whose income was insufficient to enable them to purchase these necessities were said to be living in primary poverty [3] (expenditure on rent and rates was excluded both from income and from expenditure).[4]

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[1] Throughout this article the term " poverty " is used as the negative counterpart of the term " minimum living standards " or " satisfaction of minimum needs ", in the sense that if a family is in poverty its minimum needs are not satisfied, and if its minimum needs are satisfied it is not in poverty.

[2] B. Seebohm ROWNTREE: *Poverty—A study of town life* (London, 1902).

[3] As distinguished from secondary poverty, a state of affairs in which a family's income would be sufficient for the purpose of maintaining merely physical efficiency, were it not for the fact that some portion of this income is absorbed by other expenditure, either useful or wasteful.

[4] Thus a family with a larger total income than another of the same composition would be regarded as equally poor if the whole difference in income was spent on rent. Methodo-

Rowntree's 1899 minimum income or " primary poverty line " was a mere subsistence income; not a farthing was allowed in the course of the whole year for anything beyond mere physical needs. A family of man, wife and three dependent children would have needed an income of only 17s. 8d. a week (plus its actual expenditure on housing) to meet its minimum needs as thus very strictly defined.

The sum of 17s. 8d. at 1899 prices would have been equivalent to 30s. 7d. in 1936 when Rowntree undertook a second study of poverty in York.[1] On this occasion, however, he adopted a rather less rigorous definition of poverty, arriving at an estimate of 53s. a week, or 43s. 6d. excluding rent, as the minimum needed for an urban family of man, wife and three dependent children. This is some 42 per cent. more at constant prices than the 1899 primary poverty line income for a family of the same composition. It is made up as follows:

Commodity	Cost s.	d.	Percentage
Food	20	6	39
Clothing	8	0	15
Fuel and light	4	4	8
Household sundries	1	8	3
Personal sundries	9	0	17
Housing	9	6	18
	53	0	100

An increase of 42 per cent. at constant prices may seem a generous increase in the estimated cost of meeting a family's minimum needs, but the rigorousness of the 1899 estimate is more impressive than the generosity of the 1936 estimate, concerning which Rowntree has written:

The sum allowed for food is based on the report of a committee appointed in 1933 by the British Medical Association " to determine the minimum weekly expenditure on foodstuffs which must be incurred by families of varying size if health and working capacity are to be maintained . . . ". The committee's terms of reference directed them to report upon a *minimum* not an optimum diet. The latter would of course have cost much more. Thus I am adopting the lowest standard which responsible

logically this is not wholly satisfactory since the family paying more rent may be living in a better house. But the alternative of regarding the amount spent on rent as a measure of the quantity-cum-quality of a family's housing, and regarding a family as able to vary freely its expenditure on rent with a view to purchasing precisely the minimum quantity and quality of housing that will meet its needs, is perhaps even less satisfactory owing to the highly imperfect character of the housing market. " Expenditure on rent is, generally speaking, fixed. . . . Working people are rarely extravagant in house rents. If they pay a rent out of proportion to their income, it is almost always because they cannot get a cheaper house." B. S. ROWNTREE: *Poverty and progress* (London, Longmans, Green & Co., 1941), p. 27.

[1] B. S. ROWNTREE: *The human needs of labour* (London, 1937).

experts can justify. This holds good of the other items entering into my cost of living, each of which was fixed only after making thorough inquiry into the *minimum* expenditure necessary.

. . . Practically the whole income is absorbed in providing the absolute necessaries of physical health. After these and certain almost indispensable items are provided for, there remains scarcely anything—certainly not more than 3s. 4d. a week for " all else ". Out of this must come all recreation, all luxuries, such as beer and tobacco, all travelling except that of the bread-winner to and from work, all savings for holidays—indeed almost every item of expenditure not absolutely required to maintain the family in physical health, and there is no allowance for contingencies.[1]

In a third survey of York which Rowntree undertook in collaboration with G. R. Lavers in 1950 [2], a third and still less rigorous definition of poverty was used in an attempt to produce an interpretation of the meaning of " subsistence " appropriate to the more prosperous post-war world. Although Rowntree's conception of a family's minimum needs or subsistence requirements rose with each successive study, average wages rose faster, so that the poverty-line income for a family of five fell progressively when expressed as a proportion of the average earnings of manual workers—from 79 per cent. in 1899 to 69 per cent. in 1936 and 60 per cent. in 1950.[3]

Studies in the United States and France

In the United States the Council of Economic Advisers has used an annual income of less than $3,000 to define families living in poverty. It is recognised, however, that this is a very crude measure and that a family's needs depend on its size and age and sex composition and also on whether it is living on a farm or in a town. Minimum incomes for families of various compositions have been worked out, based on the cost of food.[4] Food plans prepared by the Department of Agriculture have, for more than 30 years, served as a guide for estimating costs of food needed by families of different composition. The plans represent a translation of the criteria of nutritional adequacy set forth by the National Research Council into quantities and types of food compatible with the preferences of United States families as revealed in food consumption studies.[5]

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[1] ROWNTREE: *Poverty and progress*, op. cit., p. 29.

[2] B. S. ROWNTREE and G. R. LAVERS: *Poverty and the welfare state* (London, Longmans, Green & Co., 1951).

[3] Cf. B. ABEL-SMITH and P. TOWNSEND: *The poor and the poorest*, Occasional Papers on Social Administration, No. 17 (London, George Bell, 1965).

[4] M. ORSHANSKY: " Counting the poor: another look at the poverty profile ", in *Social Security Bulletin* (Washington (D.C.), U.S. Department of Health, Education, and Welfare), Vol. 28, No. 1, Jan. 1965, pp. 3-29.

[5] See United States Department of Agriculture: *Family food plans and food costs*, Home Economics Research Report No. 20, Nov. 1962.

Based on the cost of food at January 1964 prices, incomes estimated to satisfy the minimum needs of non-farm families range from $1,580 [1] for a one-person family to $5,090 for a family of seven or more (weighted average of various age and sex compositions). Estimated on a slightly more generous " low-cost " as distinct from " economy " basis, the range is from $1,885 [2] to $6,395. The lower estimates are based on a pattern of food consumption which, though providing an adequate diet, is considered acceptable only for " temporary or emergency use when funds are low ".[3]

No attempt was made in this study to estimate non-food requirements by individual commodities. It was assumed that unless a family received an income amounting to some multiple of the cost of the " economy " food plan (or, alternatively, of the " low-cost " food plan) it would have to go without some necessary purchases. On the basis of studies of the percentage of income actually spent on food in families of different sizes, the multiple was assumed to be three for families of three or more persons, and rather more than three for families of one or two persons. (This makes a proportionately rather more generous allowance for non-food needs than Rowntree's 1936 estimate in which the corresponding multiple works out at 2.56.)

In France minimum living requirements were assessed by the Higher Commission on Collective Agreements in 1950, making use of work previously done by the Conference on Prices and Wages, the Higher Council for the Civil Service and others. The percentage breakdown of a model budget prepared by the Higher Commission was as follows:

Food	47.1
Housing	9.8
Laundry	6.9
Personal care	2.4
Clothing	15.9
Miscellaneous expenditure	17.9
	100.0

Surveys in Africa

In his work on the poverty datum line in Cape Town, South Africa, and Salisbury, Southern Rhodesia, Professor E. Batson used local modifications of a method devised by Professor A. L. Bowley which in turn has a close affinity with Rowntree's method. In Batson's surveys [4] the poverty

[1] $1,470 for a person aged 65 or over.

[2] $1,745 for a person aged 65 or over.

[3] ORSHANSKY, op. cit., p. 6.

[4] See especially *Social survey of Cape Town: the poverty line in Cape Town*, Series of Reports and Studies No. S.P.3 (University of Cape Town, 1942), and *The poverty line in Salisbury*, Report No. S.B.Y. 3 (Cape Town, 1945).

datum line (P.D.L.), defined as " an estimate of the income needed by any individual household if it is to attain a defined minimum level of health and decency ", has been calculated as the lowest retail cost of a budget of necessaries comprising:

(i) that quantity and variety of *food* which, taking account of age and sex, would provide for each member of the household the palatability and the calorific, protein, fat and vitamin content calculated by dietetic experts to be necessary for health, taking into account the established food customs of the community;

(ii) the minimum of *clothing* necessary for protection of health and conformity with standards of decency;

(iii) the minimum of *fuel and lighting* compatible with health, taking into account the established customs of the community;

(iv) the minimum of *cleaning materials* for personal and household use, compatible with health and conformity to custom;

(v) the cost of *transport* for earning members of the household between the house and the workplace; and

(vi) an allowance for the cost of *housing*.

As far as food, clothing, fuel, lighting and cleaning materials are concerned, the P.D.L. is calculated on the assumption that purchases are made in the cheapest market open to ordinary consumers. Housing and transport to and from work are treated in the same way as housing is treated in the Rowntree surveys, i.e. actual expenditure on these things is excluded from both expenditure and available income. Batson points out that—

> Such a standard is perhaps more remarkable for what it omits than for what it includes. It does not allow a penny for amusements, for sport, for medicine, for education, for saving, for hire purchase, for holidays, for odd bus rides, for newspapers, stationery, tobacco, sweets, hobbies, gifts, pocket-money, or comforts or luxuries of any kind. It does not allow a penny for replacements of blankets, furniture or crockery. It is not a " human " standard of living. It thus admirably fulfils its purpose of stating the barest minimum upon which subsistence and health can theoretically be achieved.[1]

In this study food accounts for some three-quarters of the P.D.L. budget (the exact proportion varies according to age and sex) which, it will be recalled, excludes rent and transport to and from work. This is comparable with the importance of food in Rowntree's 1899 " primary poverty line " budget but, as noted above, much more generous estimates of non-food needs are made in Rowntree's later studies and in the United States.

[1] *The poverty line in Salisbury*, op. cit., p. 2.

Pointing out, as most other writers on poverty have done, that a family in receipt of a P.D.L. income will not in fact spend the whole of it on necessities included in the P.D.L. budget, Batson has expressed the opinion that a family would need an income about 50 per cent. above the P.D.L. before it would actually buy all the goods deemed necessary for health and decency.

During 1957 and 1958 the Rhodes-Livingstone Institute carried out certain socio-economic studies among Africans in what was then the Central African Federation. From these studies Dr. David G. Bettison attempted to calculate the cost of living at " a minimum standard of health and decency " for Africans living in Blantyre, Lusaka and Salisbury.[1]

Bettison's list of minimum requirements includes food, clothing, fuel and light, cleaning materials, transport to and from work, an allowance for rent and taxation. He based his calculations of the minimum food requirements of a working man and his family on the dietary standards laid down by the South African Institute for Medical Research. (These tend to be slightly lower than the British Medical Association's 1933 dietary and some others considered appropriate for Africans.[2]) Bettison's dietary standard for moderately active men and women and for children is shown in table I.

TABLE I. MINIMUM DAILY DIETARY REQUIREMENTS, ACCORDING TO BETTISON

Subject	Calories	Proteins (gm.)	Calcium (gm.)	Iron (gm.)	Vitamin A (I.U.)	Vitamin B (mg.)	Vitamin C (mg.)
Male	3 000	70	0.8	12	3 000-4 000	2.0	30
Female . . .	2 500	60	0.8	12	3 000-4 000	1.5	30
Child 1-3 yrs .	1 200	40	0.9	7	1 000	0.5	50
,, 4-6 yrs .	1 600	50	0.9	8	2 500	0.5	50
,, 7-9 yrs .	2 000	60	0.9	10	3 000	1.0	50
,, 10-12 yrs. .	2 500	70	1.2	12	3 000	1.0	50

Bettison applied an arbitrary standard of clothing in all three towns. For men this consisted of 1 pair of shoes, 1 jacket, 1½ pairs of khaki trousers, 1½ khaki shirts, 2 pairs of socks, 1 sleeping blanket, and sundries, per annum.

Fuel and light and cleaning materials call for no special comment. An allowance for transport to and from work (the estimated cost of running a bicycle) was included only in Salisbury, the largest of the three towns. Poll tax was included at the different rates payable in the three

[1] David G. BETTISON: " The poverty datum line in Central Africa ", in *Human problems in British Central Africa* (1960), Rhodes-Livingstone Journal, No. 27, pp. 1-40.

[2] For example A. I. RICHARDS and E. M. WIDDOWSON, in *Africa*, Vol. IX (1936), No. 2, pp. 161-196, and B. P. THOMSON, Rhodes-Livingstone Paper No. 24 (1954).

towns. The amount of rent payable varied markedly in different parts of the different towns, and in a table showing the P.D.L. for the three towns according to size of household, rent is excluded. To the figures given should be added the rent actually payable.

The cost of food accounts for about 65 per cent. of the P.D.L. Bettison's general conclusion was that, given the existing wage structure, in all three towns single men seemed to earn enough to meet their requirements at the P.D.L. level. This was not the case with most married couples when there was only one breadwinner, still less with families with children, notwithstanding the very scanty provision made for non-food needs in the P.D.L. Indeed if one considers that the man's wage is the only source of income for a family, which in many cases it is, it appears that in Lusaka some 80 per cent. of households other than single men would have had incomes below the P.D.L. The percentage ranges from 65 for couples without children to 87 for couples with six or more children.

In April 1953 the Kenya Government appointed a Committee on African Wages, under the chairmanship of F. W. Carpenter, "to consider and report upon the adequacy of African cash wages and other conditions and benefits of employment". The Committee presented its report to the Government in 1954.[1]

In order to determine a minimum wage formula, the committee calculated the P.D.L. of the urban African worker. The monthly requirements of a single man were estimated as follows:

A. *Food*[1]

36 lb. maize meal
5½ lb. wheat flour
15 lb. potatoes
2 lb. sugar
8 lb. dried beans
4½ lb. meat
7½ lb. vegetables (green leafy)
7½ pt. milk
1 lb. cooking fat
½ lb. tea
1 lb. salt

B. *Clothing*

1/6th of { 1 khaki shirt; 1 pair khaki shorts; 1 cotton vest }
1/12th of 1 blanket
1/24th of { 1 khaki jacket; 1 pair of khaki trousers }

C. *Fuel and lighting*

70 lb. charcoal
3 pt. paraffin

D. *Cleaning materials*

2 lb. soap.

[1] Based on dietary calculations by Dr. E. M. Case, the Government Biochemist.

The total cost of A, B, C and D establishes the committee's P.D.L. To this is added (i) 33 1/3 per cent. of the P.D.L. (to establish the "effective minimum level"); and (ii) an allowance of 2s. for tax. A housing allowance was considered separately.

[1] *Report of the Committee on African Wages* (Nairobi, 1954).

Definition of minimum requirements in India

In India also attempts have been made to determine minimum requirements in connection with the fixing of minimum wages. In a resolution unanimously adopted by the tripartite Indian Labour Conference in 1957 norms were laid down for the guidance of minimum wage-fixing authorities, as follows:

(1) In calculating the minimum wage, the standard working-class family should be taken to comprise three consumption units for one earner, the earnings of women, children and adolescents being disregarded.

(2) Minimum food requirements should be calculated on the basis of a net intake of calories as recommended by Dr. Aykroyd [1] for an average Indian adult of moderate activity.

(3) Clothing requirements should be estimated on the basis of a consumption per head of 18 yards per annum, which would give for the average worker's family of four a total of 72 yards.

(4) In respect of housing, the rent corresponding to the minimum area provided for under the Government's Industrial Housing Scheme should be taken into consideration in fixing the minimum wage.

(5) Fuel, lighting and other miscellaneous items of expenditure should constitute 20 per cent. of the total minimum wage.[2]

The resolution provided further that " wherever the minimum wage fixed was below the norms recommended ... it would be incumbent on the authorities concerned to justify the circumstances which prevented them from adherence to the aforesaid norms ".[3]

Whilst the terms of this resolution are not altogether unambiguous [4], the Central Wage Board for the Cotton Textile Industry reported that the resolution provided " a formula which, by a simple process of mathematical calculation, short-circuits the laborious steps which would otherwise have to be taken in order to discover the prevailing need-based wage ", and that it had not been difficult to work out a wage for the different regions in accordance with the resolution.[5] Though it recommended specific increases for textile workers in different regions, the

[1] That is 2,700 calories per day per consumption unit, or 2,850 per day allowing for wastage in cooking.

[2] Quoted in *Report of the Central Wage Board for the Cotton Textile Industry* (Delhi, Manager of Publications, 1960), para. 5.

[3] Indian Labour Conference, 15th Session, New Delhi, 1957. Resolution concerning wage fixation (ibid.).

[4] For example the Central Wage Board for the Cotton Textile Industry noted that the resolution did not specify whether the minimum wage was to be based on the cost of a vegetarian or a more expensive non-vegetarian diet. Its report did not reveal how it had resolved the dilemma.

[5] *Report of the Central Wage Board for the Cotton Textile Industry*, op. cit., paras. 7 and 9.

Board did not reveal its estimates of the minimum wage needed to comply with the terms of the resolution, recording that—

> Whether we take the " improved " or the " balanced " diet in our calculations, or whether we take the figures of the vegetarian or the non-vegetarian diet, there is a considerable gap between the figures found under the formula of the Resolution and the existing wages; and it must be our endeavour to fill that gap. Unfortunately we find that it is not possible to fill the gap altogether in the present state of the industry and of its finances.[1]

Methods used in Latin America

In Latin America attempts to determine minimum needs have mostly been made in the context of minimum wage fixing. Most of the countries of Latin America have minimum wage legislation covering all or substantial parts of the labour force, even though implementation in some of them seems to be lagging. And though other criteria are frequently mentioned as well, the main criterion in determining the level of the minimum wage continues to be the sum of money needed to supply a family with the goods and services considered necessary for subsistence.

This basket of goods and services is sometimes described explicitly, as in the case of laws in Argentina, Brazil, Bolivia, Chile and Paraguay; whereas in others only general definitions, such as the minimum sum necessary to satisfy the material, moral and cultural needs of the worker, may be found.

The following is a classification of the categories of expenditure in a minimum budget mentioned in the legislation of certain countries:

Food : Argentina, Bolivia, Brazil, Chile, Paraguay.

Clothing : Argentina, Bolivia, Brazil, Chile, Paraguay.

Housing : Argentina, Bolivia, Brazil, Chile, Paraguay.

Education : Argentina (for the children), Mexico (labourer and children), Uruguay.

Entertainment : Argentina, Mexico, Paraguay, Uruguay.

Health and medical expenses : Argentina, Brazil, Paraguay.

Transportation : Argentina, Brazil, Paraguay.

Culture : Paraguay, Uruguay.

Other: Vacations, insurance and welfare (Argentina); Welfare (Chile).

The translation of these categories of expenditure into specific items takes various forms.

In Mexico the Constitution of 1917 defined the major principles to be followed in fixing minimum wages, and their earliest implementation dates back to the 1931 Federal Labour Law. At present the procedure followed is that defined in the Labour Code as amended in 1962, which establishes (article 425, section D) the budget of a working-class family

[1] *Report of the Central Wage Board for the Cotton Textile Industry*, op. cit., para. 12.

TABLE II. MEXICO: MONTHLY FAMILY BUDGET FOR MINIMUM WAGE PURPOSES

(Mexico City, 1963)

Item	Quantity and unit	Cost in U.S.$	Percentage of total
All items		**58.64**	**100.0**
Food		*31.50*	*53.7*
Beef	5.2 kg.	3.14	
Eggs	32.7 units	1.39	
Beans	12.0 kg.	2.84	
Rice	6.6 kg.	1.63	
Sugar	9.9 kg.	1.25	
Bread	517.8 loaves	4.14	
Corn (tortillas)	36.0 kg.	2.39	
Oil	4.0 l.	2.04	
Milk	75.4 l.	9.65	
Coffee	1.2 kg.	1.18	
Salt	2.5 kg.	0.17	
Beverages	13.8 bottles	0.50	
Fruit and vegetables [1]	—	1.18	
Housing		*6.39*	*10.9*
Rental		5.08	
Electricity		1.31	
Clothing		*5.67*	*9.7*
Wearing apparel		3.03	
Footwear		2.64	
Personal hygiene		*1.68*	*2.9*
Toiletries		0.44	
Soap		0.68	
Detergents		0.56	
Other		*13.40*	*22.8*
Household fuel		1.50	
Medical expenses		4.63	
Transport		2.79	
Cinema		1.73	
Education		1.22	
Miscellaneous [2]		1.53	

Source: Comisión Nacional de Salarios Mínimos: *Memoria de los trabajos de 1963*, Vol. IV (Mexico City, 1964), p. 307.

[1] Estimated at 3.87 per cent. of expenditure on other food. [2] Includes newspapers, haircuts, cigarettes, matches, candles, and sundry household items.

containing the following items: food, clothing, housing, household expenses, transportation, attendance at cultural functions, sports, training of the worker, reading and education of the children.

The minimum wage for each area must be fixed every two years by special regional committees, which have to take into consideration the documentation submitted to them for this purpose. A technical secretariat is charged with supplying the regional committees with information consisting of a report on the economic conditions of the country and the region in question, economic activities, family budgets, and conditions of demand. In order to comply with this, the secretariat conducts studies and presents the results to the regional commissions, together with an appraisal of the impact of the minimum wage in force.

For 1964, for instance, the secretariat compiled family budgets for the total population of all states (32 studies), for their rural population (29), their urban population (29) and for the 16 major urban areas of the country. All this was done through sample surveys conducted by the secretariat in collaboration with other government agencies. From all these budgets a selection was made of the families whose income ranges fell within the approximate level of minimum wages in force—that is, between 301 and 400 pesos [1] per month. The actual expenditure of these families on the categories and items shown in table II was regarded as a measure of the necessary minimum expenditure.[2]

In Brazil, where minimum wages have a shorter history than in Mexico, a somewhat different system is applied in the determination of the minimum expenditure budget. The concept of a minimum wage was set forth in legislation of 1936, which defined it as the minimum sum necessary to satisfy the worker's normal needs for food, clothing, housing, health care and transportation. Further legislation widened the scope to include the needs of the family as well, but in practice only the needs of the workers themselves are considered.[3] As implemented, it is considered as a subsistence wage in that it is supposed to cover only the material requirements for the subsistence of the worker. The minimum wage covers all occupations and varies with regional differences in cost of living. The regional commissions fixing minimum wages are required to justify or document their decisions (article 107 of Law No. 5452 of 1 May 1943). Their work is preceded by substantial analysis of certain economic indicators which include production, consumption, trade, banking, public finance, national income and cost of living—all of this on a regional basis for each of the 22 minimum wage regions.

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[1] One Mexican peso = U.S.$0.08.

[2] All the budgets considered appear in Comisión de Salarios Mínimos: *Memoria de los trabajos de 1963*, Vol. IV (Mexico City, 1964), pp. 304-410.

[3] There is also a family allowance payable along with the regular wage, according to Law No. 4266 of 1963. See Délio MARANHÃO, *Direito do trabalho* (Rio de Janeiro, Fundação Getulio Vargas, 1966), pp. 92-93a.

Article 81 of the Labour Code [1] clearly stipulates that the minimum wage shall be the result of the addition of the necessary daily expenditures of an adult worker on food, housing, clothing, health and transport, and it adds that the first item (food) should have a value equal to the cost of the list of goods *necessary* for the daily nutrition of the worker. To arrive at the specific items (in the " food " group only) the technical secretariat chose a food basket upon the recommendation of nutritionists.[2] It was this, rather than the normal or typical expenditure pattern, which served as a basis for choosing the specific items and the quantities of them. It is expressly provided that foodstuffs of equivalent nutritional value may be substituted whenever local habits or supply conditions so require.

For other items (non-food) only global sums or percentages are included, as derived from expenditure and income surveys (see table III).

TABLE III. BRAZIL: INDIVIDUAL WORKER'S MONTHLY EXPENDITURE BUDGET FOR MINIMUM WAGE PURPOSES

(Rio de Janeiro, 1956)

Item	Cost in U.S.$ [1]	Percentage of total
All items	**46.05**	**100.0**
Food [2]	*25.33*	*55.0*
Housing	*12.43*	*27.0*
Clothing	*5.06*	*11.0*
Hygiene	*2.76*	*6.0*
Transportation	*0.47*	*1.0*

Sources: Serviço de Estatística da Previdência e Trabalho: *Salário Mínimo* (Ministerio do Trabalho, Rio de Janeiro, 1957), pp. 141-144 and 210; Virgilio GUALBERTO, " Sôbre o consumo de alguns gêneros alimenticios ", in *Revista Brasileira de Estatística* (Instituto Brasileiro de Geografia e Estatística), Vol. VII, No. 22, pp. 529-538.

[1] In Brazilian cruzeiros the total cost is 3,500 and the items are 1,925, 945, 385, 210, and 35 respectively, converted at $1=76 cruzeiros which was the free exchange rate of July 1956. [2] Meat: 6.0 kg.; milk: 6.5 l.; beans: 4.5 kg.; rice: 3.0 kg.; flour or dough (corn?): 1.5 kg.; potatoes: 6.0 kg.; vegetables: 9.0 kg.; bread (50 per cent. wheat): 6.0 kg.; coffee: 0.6 kg.; sugar: 3.0 kg.; fat: 0.75 kg.; fruits: 90 pieces.

Budgets employed by minimum wage commissions in Panama and Chile are shown in tables IV and V.

[1] Law No. 5451 of 1 May 1943.

[2] Virgilio GUALBERTO: " Sôbre o consumo de alguns gêneros alimenticios, in *Revista Brasileira de Estatística* (I.B.G.E.), Vol. VII, No. 27, pp. 529-538.

TABLE IV. PANAMA: WORKING-CLASS FAMILY MONTHLY EXPENDITURES
(Panama City, 1962)

Item	Cost in balboas	Percentage of total
All items	**138.83**	**100.0**
Food [1]	*44.70*	*32.2*
Housing	*30.26*	*21.8*
Rental and expenditure on own housing	14.16	10.2
Electricity and fuel	4.30	3.1
Furniture and fixtures	6.11	4.4
Cleaning, maintenances, various	5.69	4.1
Clothing [2]	*13.34*	*9.6*
Miscellaneous	*50.53*	*36.4*
Medical expenses	3.06	2.2
Toiletries	3.61	2.6
Entertainment and reading material	16.94	12.2
Education	4.16	3.0
Tobacco	10.27	7.4
Transportation	12.49	9.0

Sources : Dirección de Estadística y Censo : *Panamá en Cifras (Compendio Estadístico : Años 1959-1963)* (Panama City, 1964), pp. 171 and 175; and idem: *Panamá en Cifras (Compendio Estadístico : Años 1960 a 1964)*, p. 161.

[1] Meat, fish, milk, dairy products, eggs, fats, edible oils, grains and grain products, vegetables (fresh and dried), canned vegetables, fruits (fresh and canned), sugar, salt and spices, other foods, non-alcoholic beverages, alcoholic beverages (at home), alcoholic beverages (outside home).[2] Wearing apparel, textiles, repair of clothing and footwear, laundry and cleaning.

* * *

From this brief survey of attempts to determine and measure minimum needs, three facts seem to emerge—and would emerge more clearly if space permitted a more extensive survey.

First, notwithstanding the difficulties of attempting to give practical content to the concept of minimum needs, efforts to do so have been made, and continue to be made, in many countries. These efforts are evidently considered to serve useful purposes, which are discussed in the final section of this article.

Secondly, there are enormous differences in the results of attempts to measure minimum needs in different countries, and even in the same country at different times. Estimates of the cost of satisfying minimum needs range from about one-third more than the estimated cost of a minimum diet to more than three times this cost—and some minimum diets are much more austere than others.

TABLE V. CHILE: WORKING-CLASS FAMILY MONTHLY EXPENDITURES
(Santiago de Chile, 1957)

Item	Cost in escudos	Percentage of total
All items	**47.80**	**100.0**
Food and beverages	*24.51*	*51.3*
Bread, cereals and flour	6.76	14.1
Meat and fish	4.84	10.1
Fats and oils	1.49	3.1
Milk, dairy products and eggs	2.26	4.7
Fruits and vegetables	4.58	9.6
Beverages (all)	0.62	1.3
Food (not in home)	0.63	1.3
Sugar, sweets, etc.	1.37	2.9
Other food	1.64	3.4
Various (consumers' credit)	0.32	0.8
Housing	*12.22*	*25.6*
Rent	2.42	5.1
Fuel and services	3.04	6.4
Furniture and fixtures	6.13	12.8
Other (consumers' credit)	0.63	1.3
Clothing	*6.62*	*13.8*
Men's clothing	1.78	3.7
Women's clothing	1.39	2.9
Children's clothing	1.64	3.4
Infant's clothing	0.12	0.2
Other clothing	0.85	1.8
Various	0.84	1.8
Other items	*4.45*	*9.3*
Toiletries	0.24	0.5
Hairdresser	0.14	0.3
Public transportation	1.37	2.8
Fuel for own vehicle	0.01	—
Health	0.75	1.6
Education (fees and materials)	0.14	0.3
Entertainment and reading	0.27	0.6
Tobacco	0.46	1.0
Insurance	0.06	0.1
Other	1.01	2.1

Source: Dirección de Estadística y Censo: *Encuesta de presupuestos familiares 1956-1957* (Santiago, 1964), pp. 37, 43-47, 50-51, 54, 57-58.

NOTE.—Chile has four systems of minimum wages or salaries, applying respectively to industrial labourers, salt miners, clerical workers and agricultural labourers. The minimum wage for the first group is defined as between two-thirds and three-quarters of current wages for similar skills and conditions of work. The cost of a minimum or vital necessities budget is considered in setting the rates for the other three groups.

Thirdly, these differences are partly explained by a historical evolution in the treatment of minimum needs. In the earliest attempts to measure them, and in some more recent attempts in poor countries, the emphasis was placed largely on biological or physical needs; but as living standards rise, increasing emphasis is placed on social or conventional needs. This has been paralleled by a similar evolution in other areas of social policy. For example, laws or regulations governing hours of work, minimum age of admission to work and holidays with pay, formerly based largely on considerations having to do with the physical efficiency of workers, are now increasingly based on social considerations.

Validity of methods used

Under this heading and in the light of the examples given above, we discuss (i) what commodities are included in lists of necessities and (ii) problems of measuring minimum requirements for the satisfaction of *(a)* physical and *(b)* conventional needs.

What are necessities ?

In his first study Rowntree grouped necessary expenditure under three headings only—food, rent, and household sundries. The last of these included clothing, fuel and " all other sundries " at twopence per head per week. In his 1936 study " clothing " and " fuel and light " were separated from " household sundries ", which included such items as cleaning materials and renewals of linen, pots and pans. In addition, " personal sundries " appeared as a new item including unemployment and health insurance, contributions to sick and burial clubs, trade union subscriptions, travel to and from work, stamps, writing paper, newspapers, wireless and " all else ".

In the Batson studies we again have food, clothing, fuel and light and housing but " household sundries " has shrunk to " cleaning materials ", and " personal sundries " has shrunk to " travel to and from work ". To a greater extent than Rowntree in his later studies Batson tends to confine the concept of minimum needs to things needed to support life in the short run. (If fuel and food are necessary, what about cooking utensils? Exclusion of things like these seems justified only if it is assumed that they are already possessed and, over a short period, need not be replaced.) However, Batson is not entirely rigorous in confining minimum needs to things needed to support life. There are references to customary standards in the determination of most of the requirements on his list, i.e. he makes some allowance for conventional necessities.[1]

[1] That this is so emerges clearly from his discussion of the question whether different social or racial groups living in the same city can be said to have different minimum needs if they belong to different cultures. He believes that households of all races " living in a western

Other lists of the components considered to make up a minimum standard of living vary in details but have the same general characteristics. They are not confined to items needed to support life in the short run, or even in the longer run, but include varying allowances for social or conventional needs. On the other hand, many of them surprisingly, in view of the fact that physical needs are usually explicitly related to the maintenance of health, include no allowance for medical care or requisites. Nor is education for children regarded as a necessity in most lists though, without it, they cannot take their places in the kinds of societies in which they are growing up. It is true that education and health services are sometimes provided without charge to individual households. But even where the main costs are borne communally there are often residual costs that bear heavily on poor households. In any case, these things are surely necessary elements in a minimum standard of living, however their provision is financed.

Quantitative assessment of requirements

PHYSICAL NEEDS

We can attempt no more, here, than to touch briefly on some of the main problems involved in attempts to determine how much of various commodities are required to satisfy physical needs.

First we may note that the needs of different individuals differ, first because of differences in their physical and mental characteristics and secondly because of differences in their work or environment. Studies usually recognise differences between the needs of children of different ages, of adult men of working age and past working age and of adult women in the same two categories. In addition, some studies recognise a difference between the needs of women who are earners, particularly if they are young and unmarried, and those who are not. Needs also vary for different individuals within each age and sex group. These differences will tend to average out in such a way as to give some meaning to the concept of " normal " needs for a particular class of people. But in defining classes of people for this purpose it may not be sufficient to take account only of differences for age and sex. Food requirements depend also, to some extent, on body size, climate and state of health. People's needs are also affected by the nature of their work, by their environment

environment " have the same minimum needs and that the simplest procedure for estimating the incidence of poverty in Salisbury would be to adopt the same datum line scales for all households. He adopts this procedure, but to meet the view that this might risk overestimating the poverty of the African population, he also works out as an alternative a " discounted " P.D.L. for households to which it may be held that western standards do not apply. There is a very small saving in food (one shilling per week per adult male), a somewhat larger saving on clothing (£4 17s. a year per adult male) and no savings under other heads. For a married couple with three dependent children of representative ages, the discounted P.D.L. for 1944 worked out at 83 per cent. of the undiscounted P.D.L.

(for example, whether it is rural or urban) and by the cultural values of the community to which they belong. In practice it will not be possible to take account of all relevant differences. Ideally, perhaps, every individual's needs should be assessed separately. In practice, all that can be done is to group people into a workable number of classes and try to assess the " normal " needs of members of each class.

Turning to individual components of a minimum level of living, food needs can probably be assessed more accurately than any others. But even here there is room for wide differences of expert opinion, for several reasons including the following:

(1) Physiological computations of normal nutritional requirements are, at best, rather rough approximations. A commonly accepted standard is that in a temperate climate an adequate diet must provide, for a male adult or equivalent, a daily intake of 3,400 calories, 100 grams of protein, and 100 grams of fat, as well as minerals and protective elements. The figure of 3,400 calories was adopted by a nutrition committee of the British Medical Association in an authoritative report in 1933 [1] as a " safe " approximation to a figure estimated to lie somewhere between 3,000 and 3,700. The comparable figure adopted by Steibeling in an official United States standard in the same year [2] was 3,000. Estimates of protein requirements are said to be little more than intelligent guesswork [3] and no convincing evidence exists of a need for animal as distinct from vegetable protein. Nor is there convincing evidence that any individual fatty acids are indispensable. Doubt exists about the desirable intakes of calcium, iron and various kinds of vitamins.

(2) It is not easy to make appropriate allowance for differences in the amount of energy required for different types of work. A committee of the Food and Agriculture Organisation indicated three levels of daily calorie requirements for a " reference man " according to different degrees of activity as follows: sedentary work, 2,800; moderate work, 3,200; heavy work, 4,400.[4] In the British Medical Association's 1950 report it is estimated that a man who spends the day in bed requires about 1,750 calories, if he is up and about he requires another 370, and if he walks for two miles at three miles an hour he needs a further 130.

[1] British Medical Association: *Report of Committee on Nutrition* (London, 1933). See also the Association's later report with the same title (London, 1950).

[2] H. K. STEIBELING: *Food budget for nutrition and production programs* (U.S. Department of Agriculture, Miscellaneous Publication No. 183, 1933).

[3] Steibeling adopted a figure of 67 grams of protein daily in place of the British Medical Association's figure of 100 grams. Other authorities use a figure of one gram of protein per kilogram of body weight.

[4] Food and Agriculture Organisation: *Calorie requirements*, Report of the Second Committee on Calorie Requirements, F.A.O. Nutritional Studies, No. 15 (1957). A " reference man " is defined as a man of 25 years of age, healthy, weighing 65 kilograms, living in the temperate zone at a mean annual temperature of 10°C. The Committee considered that the figures of 2,800 and 4,400 probably represent extreme limits.

He needs another 30 for each hour of work if it is sedentary, 70 if light effort is involved, 200 if heavy and 450 if exceptionally heavy effort is involved. Women tend to have lower requirements. Figures of this kind are hard to utilise when a precise assessment is wanted of the calorie requirements of individual occupations. " Farm work ", for example, may be anything from heavy to light, sometimes even sedentary. Techniques are, however, available for determining the amount of energy expressed in calories required for a shift of work in different occupations.[1]

(3) Assessments of the active " adult male equivalent ", in terms of food needs, of women, children and aged persons are to a large extent arbitrary. Authorities differ widely in this regard.[2]

(4) A bare subsistence diet may provide the theoretical minimum of nutritional elements required for health in a form too monotonous to be palatable or properly assimilable. The minimum dietary for permanent maintenance of health and working capacity must be sufficiently varied to be assimilable, and it cannot be claimed that the degree of variety needed for this purpose can be assessed exactly.

(5) Besides the problems of accurately assessing a body's needs for food, there are problems of accurately estimating how far different foodstuffs in fact contain what is required to meet these needs. It is well known that the composition of food varies greatly especially between different localities. Yet it is necessary for assessing the nutritive value of different foodstuffs to adopt the analyses in standard tables, frequently based upon research conducted in other countries. But even within the same country or locality the nutritive value of a foodstuff may vary within a wide range depending upon variety, freshness, ripeness, methods of storage and many other factors. The nutritive properties of cow's milk, for example, depend, among other things, upon the breed of cow, the nature of the pasture and what additions are made to the cow's diet. The vitamin C content of old potatoes is much less than that of new potatoes. There are several varieties of banana and the amount of vitamin B in 100 grams may apparently vary, according to variety, from four to 60 international units. There is the further difficulty that the methods, standards, units and reliability of biochemical analyses are very variable. This is well known to be the case with vitamin determinations, but to some extent the same difficulties are encountered in all determinations of the composition of foodstuffs. [3] Knowledge of the prices a family

[1] See F.A.O.: *Nutrition and working efficiency*, Freedom from Hunger Campaign, Basic Study No. 5 (Rome, 1962), Part I, p. 10.

[2] See e.g. E. BATSON : " The nutritional basis of the Cape Town poverty datum line re-examined with reference to the National Nutrition Council standards ", in *South African Medical Journal*, 25 Dec. 1943, pp. 377-382, and *Report of the Committee on African Wages* (Kenya), op. cit., p. 73.

[3] See P. TOWNSEND: " The meaning of poverty ", in *British Journal of Sociology* (London), Vol. XIII, No. 3, Sep. 1962, pp. 216-218.

has to pay for foodstuffs of uncertain composition does not tell us how much it needs to pay to make sure of an adequate diet, especially as there are many alternative combinations of foodstuffs that will yield approximately the same food values.

When one moves from food to other physical needs, the arbitrary elements in the determination of minimum requirements become even greater. There is no accepted physiological basis for assessing minimum clothing needs, which must therefore be based upon social considerations alone. Tables have been prepared of the number of rooms or area of floor space or both considered to be necessary for families of different sizes and composition, but it cannot be claimed that these tables set standards the attainment of which permits and the non-attainment of which does not permit the maintenance of health and working capacity. Minimum requirements for fuel, light and cleaning materials are liable to depend very much on the nature of the family's housing.

It is desirable to reduce to a minimum the extent to which what is or is not considered necessary depends on the arbitrary judgment of the investigator. One way to do this is to seek information on how much different families actually do spend on meeting different needs, and to regard the actual expenditure of some (usually rather small) proportion of families at the more frugal end of the spectrum as a measure of necessary minimum expenditure for all the families concerned. For example, in their 1950 study Rowntree and Lavers found that of 29 women with an average expenditure of 11s. 4d. a week on clothing, the average expenditure of the three who spent least was 5s. 2d. a week. They took this as a measure of the necessary minimum expenditure on women's clothing.[1] But it is quite arbitrary to select three rather than some other number of women for this purpose. The larger the number selected the more likely it is to include people whose expenditure may exceed what would be considered strictly necessary by a careful, skilful, well-informed shopper-housewife; but the smaller the number, the more likely it is to be composed of people in entirely unrepresentative circumstances—for example women whose wardrobes are well stocked because they happened to spend an abnormally large amount on clothing in the preceding year or to inherit a suitable wardrobe. Those who spend more on certain things may do so not because they buy more of them than they need but because their needs are greater, for physical or environmental reasons, than the needs of those who spend less. Some people's clothes last longer than others', damp dwellings need more heating, dark dwellings more lighting, overcrowded dwellings more cleaning than others.

[1] ROWNTREE and LAVERS, op. cit., p. 15.

SOCIAL NECESSITIES

It is well known that a family with an income just sufficient to purchase what is considered necessary for the maintenance of health and working capacity (however this estimate may be made) will, in fact, not spend its entire income on these needs. Some other things not considered necessary for these purposes are, by the test of experience, found more necessary for the family's sense of well-being and self-respect. Man is a social animal. To be able to live like other members of one's community, or sufficiently so to avoid being an object of pity or ridicule, is for most people a necessity ranking higher in their scale of preferences than the satisfaction of some physical needs.

No doubt different individuals and different communities vary greatly in the extent to which departures from different kinds of social norms—moral, religious, economic—are acceptable. No attempt can be made here to discuss the social and psychological factors underlying these differences. If one leaves them out of account, one may say that the higher the average standard of living, and the less the dispersion of incomes about the average, the greater will be a family's minimum social needs. This is no doubt a gross over-simplification but it is incontestable that the concept of minimum social needs is a relative and not an absolute concept and has to be interpreted in the light of what is customary in the community to which the family belongs.

An evaluation of methods

The many arbitrary elements in attempts to determine minimum physical needs, the absence of a clear-cut distinction between these and social needs, and the fact that minimum social needs can be defined, if at all, only in relation to the social norms of particular communities—all these things raise the question whether attempts to determine minimum living standards based upon what investigators consider to be necessary without regard to how people actually spend their incomes are worth the effort they involve. The work of Rowntree and others who have adopted similar methods has had a great and valuable educative influence on public opinion and public policy, but it has revealed progressively more clearly the difficulties of defining poverty or minimum living standards in absolute terms. There are, as we shall see in the next section, good reasons for wanting to be able to measure poverty. But perhaps the traditional way of doing so is not the best way. Rowntree himself modified his original approach to take account of the difficulties he encountered in applying it, and Townsend [1] has suggested a further development of the method applied in determining minimum needs for women's and

[1] P. TOWNSEND: " Measuring poverty ", in *British Journal of Sociology*, Vol. V, No. 2, June 1954, p. 130.

children's clothing and some other items of expenditure in Rowntree's and Laver's 1950 study.

Townsend writes:

> The main fault in the standards used has been their lack of relation to the budgets and customs of working people. . . . Lord Beveridge, for example, arguing for a subsistence standard similar in kind to the poverty lines used in the surveys before the war, allowed a man, wife and three small children 53s. 3d. a week at 1938 prices, including 31s. for food (58 per cent. of the total). But in 1938 families of the same size with roughly the same total income were spending less than 22s. on food (41 per cent. of the total income). . . .
>
> The following procedure might be justifiable in future surveys:
>
> (i) the collection of data relating to the food consumption and expenditure as well as the income of working-class households;
>
> (ii) the comparison of this data, assembled according to constitution of household and income group, with a scale of nutritive needs . . .;
>
> (iii) the isolation, from all those securing minimum nutrition, of, say, the 25 per cent. in the various household groups who achieve it on the smallest incomes, or rather, the smallest incomes less one or two fixed involuntary overheads, such as rent and compulsory insurances. The average total expenditure of these households, less the overheads, according to their different sizes, can be taken as the poverty line.[1]

Townsend recognises that this method gives special prominence to expenditure on food as a criterion of poverty but he thinks it reasonable to accept such a criterion, with certain qualifications, simply because nutritional needs are more susceptible of measurement than others. He does not discuss [2] the difficulties noted above that are encountered in measuring even nutritional needs and in assessing the nutritional value of different varieties of foodstuffs. He recognises that the choice of the proportion of households with an adequate diet whose expenditure is taken into account is subjective and arbitrary. The proportion he suggests (25 per cent.) is big enough to ensure that the sample does not consist of entirely unrepresentative households. One cannot be sure that the needs of other households can be measured by the average expenditure of the most frugal 25 per cent., which may be expected to include a high proportion of households that are unusually favourably situated in one way or another. On the other hand, even the most frugal 25 per cent. will probably include a good many who, with sufficiently expert shopping and food preparation, could have met their nutritional and other requirements for less than they actually spent. Townsend defends the standard suggested by him on the grounds, first, that " it is, in fact, attained by a fair proportion of working-class people, and is therefore realistic " [3] and, secondly, that, although it does contain an arbitrary element, it is much

[1] " Measuring poverty ", loc. cit., pp. 132-135.

[2] In the article under consideration, though he does so in " The meaning of poverty ", loc. cit.

[3] " Measuring poverty ", loc. cit., p. 135.

less arbitrary and subjective than estimates made by investigators of how much a household " needs " to spend on different items—particularly when the investigators come from a social class or group with a way of life quite different from that of the households they are investigating.

It may be noted that the method used in the United States study by Orshansky already cited [1] resembles that suggested by Townsend in that the poverty-line income is obtained in both by multiplying a certain actual expenditure on food by a figure based on a relationship actually found to prevail between expenditure on food and total income. But the resemblance is superficial. In the Townsend method the group whose expenditure is taken into account is (to repeat) that group which comprises the lowest quarter (in terms of total available income) of the range of families of different composition who do secure minimum nutrition. To identify this group, it would be necessary to have detailed information about the expenditure of a sufficiently large sample of households. The method of the Orshansky study is, in the author's own words, " relatively crude ".[2] It appears to be based mainly on an 11-year old Department of Agriculture study of the expenditure on food of all families—farm and non-farm, well- and ill-nourished—of two or more persons as a percentage of the total money incomes after tax of the same families.[3] The methodological justification for this procedure is not explained, but the prefatory remarks suggest that it was adopted for lack of a better procedure.

But even the Townsend method, though it is certainly less arbitrary than attempts to determine a poverty line by relying entirely upon the opinions of estimators as to what a family needs, does not get away from the difficulties of attempting to measure poverty in absolute terms. In a later article Townsend makes a plea for thinking of, and defining, poverty not in absolute but in relative terms. He quotes Professor Galbraith's statement that " people are poverty-stricken when their income, even if adequate for survival, falls markedly behind that of the community " [4] and concludes:

> The vague concept of " subsistence " is an inadequate and misleading criterion of poverty, partly because it does not have the scientific objectivity sometimes claimed for it, but also because it is essentially a static concept. It tends, with the passing of time, to become devalued, like money. . . .
>
> Our general theory . . . should be that individuals and families whose resources, over time, fall seriously short of the resources commanded by the average individual or family in the community in which they live, whether that community is a local, national or international one, are in poverty.[5]

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[1] " Counting the poor: another look at the poverty profile ", loc. cit.

[2] The author adds that " the Division of Research and Statistics [of the Social Security Administration] is attempting to develop more refined measures based on the relationship of income and consumption. Such studies will take time." (ibid., p. 3).

[3] Ibid., pp. 8-9.

[4] J. K. GALBRAITH: *The affluent society* (London, 1958), p. 252.

[5] " The meaning of poverty ", loc. cit., pp. 224-225.

This view is a useful corrective to attempts to measure poverty in absolute terms alone, but seems to go to the other extreme in suggesting that poverty is entirely a relative matter. On this view action against poverty would be equated with action to promote a more equitable distribution of income. But, at least in poor countries, action against poverty has surely to include, as its most important element, action to promote a rise in the general level of incomes, for in countries with very low incomes per head a mere redistribution of incomes would leave nearly everybody miserably poor. It might be said that even this would be a relative matter—they would be poor by the standards of high-income countries. But they would be poor also in terms of the level of satisfaction of material wants. This seems to be a notion that should not be excluded from the concept of poverty even though we may have to abandon the attempt to identify a point on the spectrum from penury to affluence at which minimum needs may be said to be satisfied.

Usefulness of the study of minimum requirements

It remains to discuss the purposes served by efforts to determine minimum requirements.

Minimum wage fixing

As noted above, one purpose for which such studies have been made in a number of countries is to serve as a criterion for minimum wage fixing. Those responsible for fixing minimum wages are commonly enjoined to take account of the needs of workers and of capacity to pay, and it has often seemed logical to start by trying to determine what the needs of workers are.

The idea that everybody who works full time in a job should receive at least a living wage in return, with the corollary that any industry or firm that cannot pay a living wage should go out of business rather than pay less, has a strong appeal. But it raises at least three questions:

(a) what do we mean by a living wage?

(b) for how many persons should the minimum wage serve as a living wage?

(c) accepting that the overcoming of poverty is one of the most urgent objectives of policy, how far should this objective be sought through raising minimum wages and how far through other measures?

The first of these questions needs no further discussion here. We have seen that, because of difficulties of measurement, any single figure that may be selected as representing an income just, but only just, large enough to enable an individual to satisfy his minimum requirements will be open to discussion and debate and there will be no scientific way of resolving

differences of opinion. It might be possible to select a certain income range within which most people would agree that the minimum income in the above sense would fall. But this range might well be very wide [1], much wider than the range within which minimum wages could realistically be fixed, having regard to the other considerations that minimum wage fixing authorities have to bear in mind.

Turning to the second question, it is obvious that different wage earners have different numbers of dependants. In some countries the minimum wage is supposed to cover the needs of an " average ", " standard " or " synthetic " family considered to be in some way representative. Often this is taken to be a family consisting of a man, wife and two children. Lady Wootton has observed that "... it would hardly be more unrealistic to propose that in a school in which the average age of the pupils was 13 but the actual age ranged from 8 to 18, the curriculum should be designed so as to be suitable throughout for 13-year-olds...". [2] The average family is, in fact, an exceptional family and a wage that would just meet its minimum needs (if we could agree on what these minimum needs are) would be too high or too low to provide exactly for the minimum needs of most families. Family allowances provide, of course, a part of the answer to this difficulty. The statistics of population by size of household given in table VI may be of interest in this connection, though it is impossible to say how many of these households had more than one breadwinner, nor do we know how many children they contained.

TABLE VI. DISTRIBUTION OF PRIVATE HOUSEHOLDS BY NUMBER OF PERSONS IN SELECTED COUNTRIES

(In thousands)

Country	Households with—			All households
	3 persons or less	4 persons	5 persons or more	
Hong Kong (1961)	282	95	311	688
U.A.R. (1960)	1 697	749	2 695	5 141
United States (1960)	32 067	9 118	11 836	53 021

Source: Taken at random from United Nations: *Demographic Yearbook, 1962*, table 12, giving the results of national population censuses (this table appears only in certain issues of the *Yearbook*).

[1] We have seen, for example, that estimates of the costs of maintaining a minimum standard of living put forward in different countries at different times range from a figure about one-third higher than the estimated cost of a minimum adequate diet to a figure more than three times as high as this. We have also seen that there is room for a great deal of argument about the cost of an adequate diet itself.

[2] Barbara WOOTTON: *The social foundations of wage policy* (London, 1955), p. 186.

Thirdly, there is the question how much reliance, in combating poverty, should be placed on raising minimum wages and how much on other policy measures.

A policy for overcoming poverty needs to be based on a diagnosis of the causes of poverty, and to attack each cause by appropriate measures. In countries that are poor in relation to other countries, i.e. in which the general standard of living is low, the causes must be sought in the factors that have kept these countries hitherto economically underdeveloped, and the remedy must be sought through measures to promote rapid economic development. But in countries at all levels of development there are groups of people who are poor in relation to others in the same country. The proximate causes of their poverty are usually found to include large size of family (or rather large number of dependants per breadwinner), illness or death of the breadwinner, old age and infirmity, unemployment or underemployment (associated in turn perhaps with lack of education or training), and, for peasant communities, low and fluctuating prices for farm products. A low general level of wages in a poor country is not so much a cause as a symptom of poverty and economic underdevelopment. But if wages in particular industries or occupations are well below the " going rates " for similar work in the country concerned, low wages may be regarded as a cause of poverty for workers in the industries or occupations in question.

Looked at from this point of view, the role of minimum wage fixing in a policy to overcome poverty would seem to be that of bringing particularly low wages up to about the general level for similar work. For this purpose efforts to measure minimum needs do not seem particularly useful.

Of course, it may be argued that the general level of wages in a country is too low, and that minimum wage fixing may also serve to ensure that wages in general are as high and rise as fast as the country can afford. This is not the place to discuss the merits of these arguments; but they seem to be related rather to the notion of capacity to pay than to that of minimum needs. If the objectives are to ensure that wages are as high and rise as fast as a country can afford, arguments about how often a man needs to buy a new pair of trousers do not seem relevant. In countries in which average incomes are low most wages will also be low—perhaps too low to meet the minimum needs of a family assessed in terms of what is desirable for health and well-being. In these circumstances the minimum wage fixing authorities will have to decide whether social welfare will be better served by immediately fixing a minimum wage sufficient to meet a family's minimum needs assessed in this way, without regard to the possible effects on employment and economic growth, or by fixing a lower minimum wage initially, with the intention of raising it as rapidly as economic growth and capacity to pay without reducing

employment will permit.[1] But conversely, in rich countries authorities may well decide that minimum wages should continue to be raised from time to time, even after they have reached and passed the levels estimated to be necessary for satisfying minimum requirements. In the United States, under the 1966 amendment to the Fair Labour Standards Act, the national minimum wage is to be raised in stages to $1.60 an hour by 1971.

While it is certainly desirable that the needs of workers should be ever-present in the minds of minimum wage fixing authorities, it seems necessary to interpret these needs in a relative sense. It is clear that attempts to assess the minimum needs of workers and their families in absolute terms and to calculate the costs of satisfying these needs do not, in themselves, go very far towards determining at what level it will be most conducive to social welfare to fix minimum wages.

Minimum needs and action against poverty

The pioneers in studying minimum needs had in mind not the fixing of minimum wages but the importance of getting to know more about the nature and extent of poverty. The usefulness of such studies in this broader context seems considerably greater than their usefulness in the context of minimum wage fixing alone.

First, as already suggested, studies of minimum needs and the extent to which they remain unsatisfied may be of considerable value in arousing awareness of the magnitude and urgency of the problem of poverty even in rich countries, and thus in mobilising support for policies aimed at overcoming poverty.

Secondly, a policy for overcoming poverty is likely to be no more than an expression of vague aspirations unless it includes quantitative targets. It would be perfectly possible to set targets—e.g. absorbing unemployment at a certain rate per annum, raising minimum wages or selected social security benefits to defined levels by certain dates, etc.—without having in mind any specific definition of poverty. But adopting some sensible and workable definition of poverty, however arbitrary, and trying to find out how many families in different circumstances are in

[1] In India a distinction is drawn between a " living wage ", a " minimum wage " and a " fair wage ". The " living wage " represents a standard of living providing not only a basic minimum subsistence but also the maintenance of health and decency, a "measure of frugal comfort " and some insurance against misfortune. The " minimum wage " offers a somewhat lower standard: it might be termed a long-run subsistence wage in that it includes physical subsistence needs and, in addition, some measure of education, medical requirements and amenities. The " fair wage " has the minimum wage as its lower limit, and the upper limit is set by the capacity to pay of the industry concerned (*Report of the Committee on Fair Wages* (Delhi, Government of India, Ministry of Labour, 1949), p. 32). The minimum wage fixing authorities are not required to fix a "living wage" in the sense just indicated, but as noted above should adhere to norms laid down in a formula for estimating minimum needs, contained in a resolution adopted by the Indian Labour Conference in 1957, or should justify themselves, if circumstances lead them to depart from these norms (see p. 279 above).

poverty as defined, seems likely to be helpful to the setting of sensible and realistic targets, adapted to the needs and possibilities of the situation.

Thirdly, a workable definition of poverty is essential to any attempt to diagnose the causes of poverty and evaluate their relative importance. Without a definition, enabling us to distinguish (necessarily in an arbitrary way) families who are considered to be in poverty from others who are not, we have no way of assessing the relative importance of the various phenomena associated with poverty. Comparison of actual incomes with a poverty-line income, based upon common general principles adapted to take account of the different composition and environments of different families, will show where the incidence of poverty is greatest and will throw light on the relative importance of different factors making for poverty—old age, large size of family, sickness or death of the breadwinner, etc.

Fourthly, therapy depends on correct diagnosis. Selecting the best means or policy instruments for attaining the objectives defined depends on knowing what are the conditions that have to be combated. It is of no use prescribing better unemployment insurance for poverty due to sickness or death of the family breadwinner, nor higher minimum wages for poverty due to unemployment.

Finally, having a workable definition of poverty not only makes it possible to compare the extent to which different families in different circumstances at any one time are able to meet their needs, and so ensure that a fair share of attention and resources is devoted to combating each of the main sources of poverty. Such a definition also makes possible comparisons at different points in time and this, in turn, makes it possible to review and take stock of progress towards the attainment of targets and to evaluate the success of different policy measures and see how far they may need to be strengthened or revised.

It will be seen that there is no question of defining poverty (or its positive counterpart, a minimum standard of living or a condition in which minimum needs are satisfied) in a way that is right or wrong. All we need is a definition that is useful. For the various purposes distinguished above a serviceable definition might be formulated either in absolute or in relative terms or in a combination of both. We could say that a family was in poverty if it had an income of less than $\$x$ per head (with appropriate allowance for differences in age and sex composition), or if it had less than y per cent. of the average income of families of the same composition. If we defined poverty differently, more or fewer families would be said to be in poverty, but we could still carry out the operations of diagnosis, target-setting, selection of policy instruments and review of progress towards objectives. These are important tasks which cannot be performed, or cannot be performed with the degree of precision that is desirable, without a serviceable definition of poverty and attempts to measure its extent.