

This is a repository copy of *Evaluating adequacy: the potential of budget standards*.

White Rose Research Online URL for this paper:  
<http://eprints.whiterose.ac.uk/118343/>

Version: Published Version

---

**Article:**

Bradshaw, Jonathan, Mitchell, Deborah, Dr. and Morgan, Jane (1987) Evaluating adequacy: the potential of budget standards. *Journal of Social Policy*, 16 (2). pp. 165-181.

---

**Reuse**

This article is distributed under the terms of the Creative Commons Attribution-NonCommercial-NoDerivs (CC BY-NC-ND) licence. This licence only allows you to download this work and share it with others as long as you credit the authors, but you can't change the article in any way or use it commercially. More information and the full terms of the licence here: <https://creativecommons.org/licenses/>

**Takedown**

If you consider content in White Rose Research Online to be in breach of UK law, please notify us by emailing [eprints@whiterose.ac.uk](mailto:eprints@whiterose.ac.uk) including the URL of the record and the reason for the withdrawal request.

## Evaluating Adequacy: The Potential of Budget Standards\*

JONATHAN BRADSHAW,† DEBORAH MITCHELL‡ AND JANE MORGAN§

### ABSTRACT

Since Beveridge, budget standards have been neglected in British social policy research. Empirical effort has concentrated on developing social indicator methods of investigating relative poverty. This paper explores the potential of budget standards for assessing whether the scale rates of supplementary benefit are adequate. Three applications of budget standard methodology are presented.

### INTRODUCTION

One in eight of the British population are dependent for all or part of their income on supplementary benefits (SB). They include over two-thirds of the unemployed, half of all single parent families, a quarter of pensioners and a substantial minority of the sick and disabled. Is the level of benefits payable to these people adequate? That question is the most neglected one in British social policy research. It is also a question that has been neglected by successive governments. In Norman Fowler's White Paper which followed what purported to be the most substantial review of social security since Beveridge, it was dealt with in two sentences:

There have been many attempts to establish what would be a fair rate of benefit for claimants. But it is doubtful whether an attempt to establish an objective standard of adequacy would be fruitful. (DHSS, 1985, p.21).

In the present political environment it is most unlikely that there will be general agreement about a standard of adequacy. Nevertheless, research can contribute to judgements about the scales and at the

\* We are grateful for the support of the Joseph Rowntree Memorial Trust. A version of this paper was first presented to the Social Administration Association Conference, University of York, 8 July 1986.

† Director, Social Policy Research Unit, (SPRU), University of York.

‡ Research student, SPRU, while on leave from Department of Finance, Canberra, Australia.

§ Research assistant, SPRU.

moment it does not. Research on social security is in general miniscule considering that social security takes almost a third of public expenditure. No more than a handful of people are working on supplementary benefits and few of them are focused on the question of adequacy. In 1984, Cooke and Baldwin published a review of research on the adequacy of the scale rates of SB. They concluded that there was no single way of establishing whether they were or were not adequate but that there were a number of ways of approaching the question. One method was to use budget standards.

The purpose of this paper is to explore the potential of budget standards for examining whether the SB scale rates are adequate. In the course of this, questions are raised about the direction and utility of the last two and a half decades of research on poverty. The relative concept of poverty has enlightened us all but the attempts to operationalise it in empirical research have had very limited impact on policy. To have more impact on the policies of the Government perhaps we should return, not to minimum subsistence concepts, but to the budget standards approach used by Rowntree, Beveridge and Piachaud, and still used in the US, Canada and many European countries.

#### ORIGINS OF BUDGET STANDARDS METHODOLOGY

The pioneers of poverty research employed budget standards. John Veit-Wilson (1986) has told us to be wary of describing Rowntree's definition of poverty as a purely absolute measure. However, in his definition of primary poverty in 1899 at least, Rowntree drew on the nutritional studies of Atwater and formulated a diet which was required to maintain physical effort. He then priced the components of this diet and added elements for housing derived from descriptive budget studies and minimal expenditure on clothing. Veit-Wilson has pointed out that Rowntree's definition of poverty was broader than his minimum subsistence concept and even his subsistence budget standard included components that were not strictly necessities. Certainly in Rowntree's later studies in 1936 and 1950 money was added to cover radios, books, newspapers, beer, tobacco, presents and holidays.

The calculations made by Beveridge for his report in 1942 (Beveridge, 1942) were based on similar methods to Rowntree and indeed Rowntree acted as an adviser to the enquiry. Beveridge's assistance scales were based on minimal dietary requirements plus allowances for clothing, fuel and other household costs. Beveridge's assumptions were informed by some rather thin data derived from a Ministry of Labour survey of the expenditure of the working classes. According to Deacon (1982) the

National Assistance Board rates set in 1948 were not entirely derived from Beveridge's work. In particular, a new diet based on the work of Schulz (1943) was used. However, this diet was derived from Rowntree's 'human needs' standard and the approach used by officials was certainly based on budget standard methodology.

Those scale rates have risen since 1948 first as a process of incremental drift then more explicitly in line with earnings or prices. Since 1979 they have been formally linked to movements in the retail price index (RPI) (though in fact they have done rather better than that). Since 1948 the scale rates have more than doubled in relation to the RPI though there is considerable evidence that the RPI is not a good indicator of movements in the living standards of claimants (Godfrey and Bradshaw, 1983). In comparison with gross earnings the scale rates have more or less kept their value though there has been a small improvement in comparison with net income.

#### THE RELATIVIST CRITIQUE

As we all know, poverty went underground in the late 1940s and 1950s and when it emerged in the early 1960s it emerged with a new conceptualisation—recast as relative deprivation. There is no doubt of the value of the relative concept of poverty. It has helped us to understand the meaning of poverty within affluent industrial economies and between western and third world countries. It has also helped us to evaluate ideas about the culture of poverty and transmitted deprivation and directed attention to the structural causes of poverty and to inequality.

The advocacy of the relative concept was accompanied by a vilification of the subsistence concept:

The subsistence concept seemed too static, somehow locked up in the distant youth of the grand parental generation (Townsend, 1970, p.x).

The attack on the subsistence approach in the 1960s was largely focused on the scientific pretensions of budget standard methodology. Townsend and Abel-Smith condemned the value judgements they saw clothed in objective criteria of the primary poverty definition developed by Rowntree and employed by Beveridge (Abel-Smith and Townsend, 1965). It was argued that it was an inappropriate method for defining poverty because it was based on a range of physical needs that actually had an ideological rather than a scientific basis. Needs consist of more than just the physical necessities of life—the poverty level was too harsh, mere physical efficiency was not enough, and poverty also had a social meaning. Thus at an international conference on poverty in 1967, Rein

concluded that 'almost every procedure in the subsistence level definition of poverty can reasonably be challenged' (Rein, 1970, p.61).

It was Townsend who, in almost a lifetime's work, has been the principal elucidator of the relative definition of poverty. That work is still continuing both conceptually—in a distinction between relative deprivation and poverty in this issue of the *Journal*—and empirically in a new survey funded by the former GLC (Townsend, 1986).

Townsend was never less than ambitious. He did not rest at defining poverty, he also sought to measure it and apply it to policy. He argued that the SB rates were too like Rowntree's concept based on subsistence ideas and not on how people actually lived. In his view the Government's poverty line should not be a minimum subsistence standard but a minimum *participation* standard. He claimed boldly that 'poverty can be defined objectively and applied consistently only in terms of relative deprivation' (Townsend, 1979, p.1). Townsend's major study of poverty set out among other things to operationalise and define the customary life style of Britain in which even the poor should participate; to estimate the number falling below this; to find the income point at which participation decreased rapidly; and to estimate how much the SB poverty line would have to be increased to prevent people falling below the minimum participation line.

He operationalised relative deprivation by using a list of 60 indicators. By correlating non-participation with income and demographic characteristics he was able to find a deprivation threshold which varied between 102 and 133 per cent of the prevailing rate of SB for different family types. These results were subsequently validated by Desai (1986) using regression analysis though the argument goes on in Piachaud's paper in this *Journal*.

Townsend's results, like Rowntree's before him, were much misrepresented and misunderstood. Critics questioned whether the deprivation index bore any necessary relation to income or need. Critics could not understand the value of the index if 10 per cent of the largest income earners in Townsend's study lacked five or more of his deprivation indicators—enough to be included amongst the poor. Piachaud concluded that Townsend's style of living approach was 'of no practical value whatsoever as an indicator of deprivation' (Piachaud, 1982).

A more recent major survey of poverty conducted for Thames Television refined and extended Townsend's method by establishing indicators of minimum living standards on the basis of a public consensus (Mack and Lansley, 1985). This study offers a more democratic representation of deprivation and also distinguishes between those indicators

of deprivation that families did not have and those that they did not want. However, the index is still not a very useful vehicle from which to view the SB scale rates, or rather it is difficult to use their indicators to bring life to what living on SB means.

#### BACK TO BUDGET STANDARDS

The debate about the conceptualisation of poverty has tended to be characterised as being between the absolutists, who equate need with the physical necessities of life and use methods based on static and normatively defined budgets, and the relativists who emphasise social needs and rely on behavioural studies and survey data. Such characterisations are caricatures: the social indicator methods employed by relativists even when using social consensus methods involve a very considerable use of normative judgement, and we have been misled in associating the budget standards approach with static minimum subsistence concepts. Social needs *can* be represented in budgets. As Aronson (1984) has pointed out, budget standards were first introduced in an attempt to get away from minimum nutrition-based criteria. Translating nutritional standards into a basket of goods inevitably introduces social needs. The preoccupation with the social indicator methods employed in the relativist research has resulted in the neglect of budget standards methodology in Britain. The basket of goods Rowntree developed for his primary definition is very far from the sophisticated budgets used in many other countries, both in aspiration and methodology.

Although budget standards are derived from a basket of goods and services and although normative judgements of technical 'experts' from a variety of fields including nutritional science and domestic economy are still used, these are increasingly supplemented by legal and government standards and by evidence derived from expenditure and consumer surveys. Drawing up a budget standard inevitably involves judgements—judgements about what *items* should be included, about the *quantity* of items that are required and about the *price* that should be fixed to the items. In each case these judgements can be tempered with survey data.

The USA has the longest sustained tradition of budget standards work. Congressional concern for the condition of women and child workers stimulated construction of the first federal budget by the Bureau of Labor Statistics (BLS) in 1909. During the depression years the Works Progress Administration prepared budgets to help determine how much to pay workers on work relief. In 1946, the BLS were commissioned by Congress 'to find out what it costs a worker's family to live in the large cities in

the US' (Bureau of Labor Statistics, 1948, p.3). The resulting report provided a comprehensive budget which was indicative of the expenditure required for 'a level of adequate living to satisfy prevailing standards of what is necessary for health, efficiency, the nurture of children and for participation in community activities' (BLS, 1948). The budget met a wide range of needs and was not narrowly confined to the basics of food, clothing and housing. The expenditure items included transport, house furnishing, personal toiletries and leisure activities (BLS, 1948). This was not a minimum subsistence or absolute measure of living standards. It attempted to reflect a range of 'contemporary necessities'. In 1969, Lower and Higher budgets were added to the Intermediate budget. The BLS published budgets for a four person family headed by a prime aged working man and a retired couple, budgets for other family types being derived using equivalence scales. The budget work of the US Bureau of Labor Statistics was abandoned as a result of budget cuts by the Reagan administration in 1982. A number of cities in the US and Canada continue to maintain their own budget standards. The Community Council of Greater New York maintained their own variant of the BLS budget until 1985 (Community Council of Greater New York, 1986). The Nebraska Department of Social Services has recently published a minimum cost of living for a woman with three children using very detailed specifications of items in the budget (Love, 1986). The city of Toronto has maintained a detailed budget since 1939 (Social Planning Council, 1981).

Budget standards have four different uses (Watts, 1980).

1. They can provide standard of living norms for a given family type.
2. They can be used to derive standardised comparisons of living standards (equivalence scales) for different family types.
3. They can be used to compare living standards over time.
4. They can be used to compare living standards between areas.

In practice they have been used more for evaluating policy and examining living standards than guiding policy making. Budget standards have tended to be used to fix the levels of only rather minor benefits, such as computing parental contributions to student grants. Where budget standards have been used at state or local government level to determine family needs for public assistance, both the standard and the proportion of the standard paid have been variable proportions of the lower budget standards (Caro and Green, 1985).

There has been considerable criticism of the methodology of the BLS standard. An expert committee headed by Professor Watts (1980) concluded that it was impossible to derive an authoritative standard from

technical specifications of need based on the judgement of experts. They recommended that the fixed list of commodities used in the BLS should be replaced by family budget standards based on expenditure data. They justified this firstly on theoretical grounds—in a society whose general living standards are well above subsistence, norms of living are inherently relative and imprecise and therefore better represented by how people live. Second, there are practical arguments—budget standards based on basket of goods methodology in practice tend to be based on expenditure data—why not then rely entirely on the more up to date, more easily updated and less complicated technique of expenditure analysis? The Watts Committee proposed that median expenditure should provide the 'Prevailing Family Standard' providing 'full opportunity to participate in contemporary society and the basic options it offers. It is moderate in the sense of lying both well above the requirements of survival and decency and well below the levels of luxury as generally understood' (p.viii). In addition they defined a 'Social Minimum Standard' which was half the median expenditure and in the judgement of the committee provided a standard that 'lies in a boundary zone below which social concern has been traditionally and properly directed to potential issues of deficiency and deprivation' (p.viii). In addition there was a 'Lower Living Standard' at two-thirds of the median which 'represents a level below which it is increasingly difficult to obtain what Americans regard as an acceptable standard of living' (p.ix) and the 'Social Abundance Standard' at 50 per cent above the median 'that marks progress significantly beyond the ordinary into expenditure levels that afford choices in the luxury categories of consumption' (p.ix). The level of median expenditure is remarkably close to the BLS Intermediate Budget Standard. However, the Watts Committee's expenditure based standards were largely arbitrary. Nevertheless, it was suggested that they could be strengthened and adapted by eliciting public conceptions of norms using methods discussed by O'Higgins (1980).

#### EMPIRICAL ACTIVITY

There is no one method or application of the budget standards approach, and to illustrate some of the potential the rest of this paper will examine three distinct kinds of empirical activity we have been pursuing in the last couple of years.

##### *1. Translating the New York budget standard*

The New York Community Council (NYCC) has been producing their own variant of the BLS budget for some years. The version of the NYCC



TABLE 1. *Purchasing Power Parities for USA and UK (1981)*

<i>Consumption item</i>	US (US \$)	UK (UK £)
Food, beverages, tobacco	0.975	0.550
Clothing and footwear	0.871	0.469
Fuel and power	1.038	0.518
Household equipment and operation	0.821	0.552
Transport and communication	0.732	0.615
Recreation and education	1.067	0.482
Miscellaneous goods and services	1.145	0.549

Source: Hill, 1984

budget we used was for 1981 (NYCC, 1982). We wanted to see how this budget standard compared with the SB scales for different family types. Therefore each consumption item in the NYCC's budget for 1981 was translated from \$ to £ using purchasing power parities.

Purchasing power parities (PPP) are calculated by OECD (Hill, 1984) to enable a comparison of the prices of the same commodities in different countries. Thus in Table 1 below a defined basket of food items costing \$97.50 in the US could be purchased in the UK for around £55.00. PPPs are, in comparison with exchange rates, a superior means of converting a personal market basket of goods and services. Exchange rates depend on many factors (not least the behaviour of the money markets) which bear no relation to actual commodity prices in individual national markets. The availability of different PPPs for each commodity group allows us to convert the New York budget standard into UK terms item by item. Thus, the food budget is converted separately from the clothing budget and a more accurate cost in UK terms is obtained. In 1981 the budget standard converted by PPPs for a family of four was £5.25 more than the exchange rate conversion. (In 1984 it was £28.71 less!)

Having translated the budget it was compared with the SB rates payable. Table 2 compares the NYCC lower budget standard with the long term scales of SB and shows that the budget is higher than SB scales for every family type, but much higher for families with children. Table 3 compares the implied equivalence scales (single person = 100) for the NYCC lower budget standard and the SB scales and shows the (now familiar) picture that the SB scales treat pensioners relatively generously compared with families with children.

## *2. Statistical techniques for fixing budget standards*

In order to inform (and reduce) the normative judgements of experts in drawing up budget standards or where no standards are available from

TABLE 2. Comparison of lower budget standard with SB (1981)

Family structure	Budget standard £pw	Long-term SB <sup>(a)</sup> £pw	BS/LT %
Married couple (MC)	62.83	44.09	142
MC with 2 children < 10 yrs	101.63	58.87	172
MC with 2 children 11-15 yrs	117.29	66.21	177
Sole parent with 1 child < 10 yrs	51.22	34.94	146
Sole parent with 2 children < 10 yrs	70.61	42.33	166
Retired MC	50.10	44.09	113
Retired single (M)	30.30	27.55	110
Retired single (F)	32.41	27.55	116
Child < 10 years	21.15	7.39	286
Child 11-15 years	27.81	11.06	251
Single non-retired	32.44	27.55	125

(a) The rates shown are composite rates for 1981.

TABLE 3. Comparison of budget standard relativities and SB relativities for 1981

Family structure	Intermediate budget standard	Supp. benefit (long-term rate)
Single (non-retired)	1.00	1.00
Married couple (MC)	1.84	1.60
MC with 2 children < 10 years	2.97	2.13
MC with 2 children 11-15 years	3.38	2.40
Sole parent with 1 child < 10 years	1.50	1.26
Sole parent with 2 children < 10 years	2.07	1.53
Retired MC	1.47	1.60
Single retired (M)	0.89	1.00
Single retired (F)	0.90	1.00
Child under 10 years	0.61	0.26
Child 11-15 years	0.80	0.40

experts, a variety of statistical techniques have been used to fix the level of expenditure that should be devoted to a component. These include:

(a) 'The Orshansky method': this is based on the measure of poverty developed by Molly Orshansky in the US (Orshansky, 1969). Following Engel she opined that a good indicator of poverty was when a household spent more than 30 per cent of their budget on food. Thus data from the Family Expenditure Survey can be used to derive a budget for each component at the point on the income distribution when a household of a given size spends less than 30 per cent of their budget on food. There is no reason to stick to the 30 per cent figure if it is considered too stringent. In Canada the

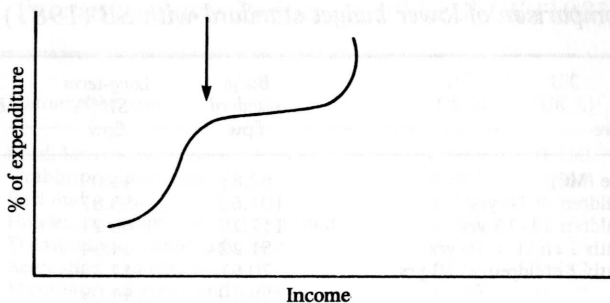


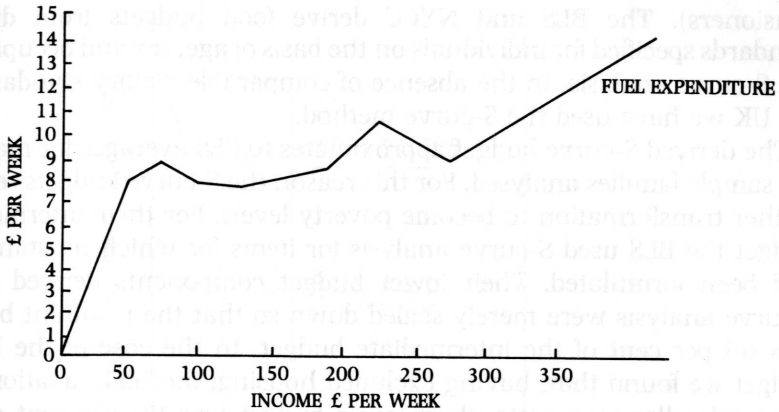
Figure 1.

proportional approach has been applied by Statistics Canada: households spending more than 62 per cent of their income on 'necessities' (food, clothing and shelter) were deemed to be in poverty (Canada, 1971).

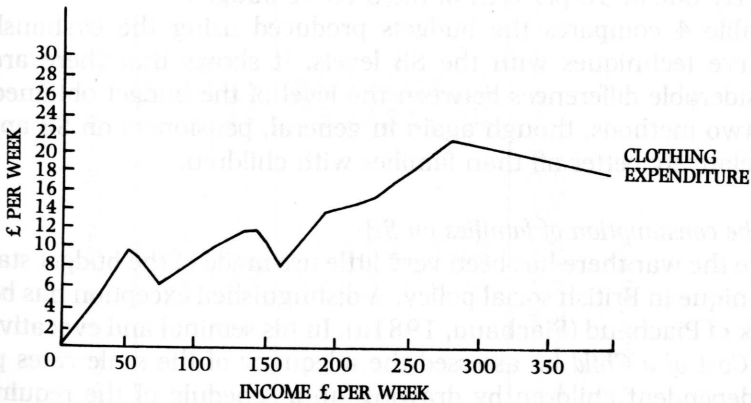
(b) 'S-curve analysis' (or quantity income elasticity technique): this is derived from the observation by Engel that as income increases the proportion of the budget devoted to necessities decreases and people replace consuming more with buying the same amount but of higher quality. The aim of S-curve analysis is to try to discern inflection points—the point where the proportion of expenditure on a given commodity 'turns over'—where the marginal propensity to consume a particular good slows in relation to income (point of arrow in the diagram below).

We have a number of reservations about S-curve analysis. Engel's original observation concerned *quantity*—quantity giving way to quality as income rose. Quantities are not available in the FES and we are therefore forced to use expenditure data as a substitute for quantity. If quantity gives way to quality as income rises there is no guarantee that expenditure will 'turn over'. What we are actually hoping to observe is that point on the distribution of expenditure where the income elasticity of a good declines sharply, where expenditure on a commodity gives way to a preference to save or spend on other less necessary commodities. The inflection points have been described by the BLS as 'the place on the scale below which reduction (in expenditure) meets greater and greater resistance; above which expansions become more and more limited' (BLS, 1948, p.9).

In practice it is also difficult to identify inflection points with confidence. For example, in graph 1 below it might be reasonable to pinpoint £8.50 per week as the budget level for fuel for households comprising



GRAPH 1 Married couples, 2 children under 10 years



GRAPH 2 Married couples, 2 children under 10 years (1982 FES)

a married couple with two children under 10 years. But where is the inflection point in graph 2?

It is possible in these difficult cases to identify inflection points by deriving the average or marginal curves and there are also econometric methods available for deriving an S-curve and locating an inflection point. However, all these methods are subject to error both from sampling error and the accuracy of any equation derived to describe the S-curve. In general we found it possible to derive an inflection point in S-curve analysis for most household types for fuel, clothing and food expenditure. For the other commodity groups it was more problematic specially for household types with small cell sizes in the FES (single parents), a narrow range of income (female pensioners) or great diversity (single non

pensioners). The BLS and NYCC derive food budgets from dietary standards specified for individuals on the basis of age, sex and occupation, not S-curve analysis. In the absence of comparable dietary standards in the UK we have used the S-curve method.

The derived S-curve budget approximates to FES averages for many of the sample families analysed. For this reason the S-curve budgets require further transformation to become poverty levels. For their Intermediate budget the BLS used S-curve analysis for items for which no standards had been formulated. Their lower budget components derived using S-curve analysis were merely scaled down so that the resultant budget was 65 per cent of the intermediate budget. In the case of the NYCC budget we found that, having excluded housing, medical, taxation and some miscellaneous costs, their lower budget was 90 per cent of the intermediate standard. Therefore in Table 4 we have derived an S-curve poverty line at 90 per cent of the S-curve budget.

Table 4 compares the budgets produced using the Orshansky and S-curve techniques with the SB levels. It shows that there are some considerable differences between the level of the budget obtained using the two methods, though again in general, pensioners on SB appear to be relatively better off than families with children.

### *3. The consumption of families on SB*

Since the war there has been very little use made of the budget standards technique in British social policy. A distinguished exception has been the work of Piachaud (Piachaud, 1981a). In his seminal and evocative study *The Cost of a Child* he assessed the adequacy of the scale rates payable for dependent children by drawing up a schedule of the requirements necessary to maintain a modest modern minimum lifestyle. In another paper he used a rather different method to examine the purchasing power of unemployment benefit (Piachaud, 1981b). We have employed a development of his method to examine the consumption of families on SB. Like Piachaud we employ a basket of goods but that basket is constrained by what people actually spend their money on. We have taken a standard family (a couple and two children aged 5 and 10) receiving supplementary benefit. The level of income chosen was £74.88 or 110 per cent of the ordinary SB scales in February 1986. The level chosen was rather higher than the scale rates because of evidence (Millar, 1985) that on average recipients of SB have access to more resources than just the basic rate of benefit—these include additional requirements, gifts, borrowing, dissavings and income from disregarded part time work.

The expenditure of the family is then constrained using data on

TABLE 4. Comparison of S-curve and Orshansky budget standards with supplementary benefit long-term rates, 1982

Family structure	(1)	(2)	(3)	(1)	(2)
	90% of S-curve budget £pw	Orshansky poverty line £pw	Suppl. (b) benefit £pw	(3) %	(3) %
Single (non-pensioner)	53.23 <sup>(c)</sup>	40.00	29.85	175 <sup>(c)</sup>	134
Married couples (non-pensioners)	67.76	80.00	47.75	140	167
MC with 2 children < 10 yrs	92.88	101.50	63.69	145	159
MC with 2 children 11-15 yrs	110.39	128.00	71.73	153	178
Sole parent with 1 child < 10 yrs	47.84 <sup>(a)</sup>	59.00	37.82	126	156
Sole parent with 2 children < 10 yrs	54.65 <sup>(a)</sup>	79.15	45.79	119	172
Married couple (retired)	49.84	70.00	47.75	104	146
Single retired (male)	33.48	n.a. <sup>(e)</sup>	29.85	112	n.a. <sup>(e)</sup>
Single retired (female)	42.12 <sup>(d)</sup>	35.40	29.85	141 <sup>(d)</sup>	118

(a) PES average expenditure for selected budget components because cell sizes too small for S-curve analysis.

(b) Composite SB rates reflecting 48 weeks at 1981/82 rate plus 4 weeks at 1982/83 rate.

(c) Not reliable due to diversity of group.

(d) Not reliable because of narrow band of expenditure.

(e) No member of the sample spent more than 30 per cent of the budget on food.

TABLE 5. *Weekly expenditure (less housing costs) devoted to each commodity group [two adults and two children]. February 1986.*

<i>FES expenditure code</i>	<i>Commodity</i>	<i>Family on SB £ p</i>	<i>Average Family* £ p</i>
6	Housing repairs	0.82	5.89
7-11	Fuel	11.46	12.26
12-43	Food	30.50	45.20
44-46	Alcohol	2.47	8.69
47-49	Tobacco	6.59	4.95
50-59	Clothing and footwear	3.55	16.64
60-67	Durable household goods	3.13	19.56
68-76	Other goods	5.69	16.53
77-82	Transport	4.40	30.46
83-93	Services	4.78	25.04
94	Miscellaneous	0.45	1.47

\*This estimate is derived by taking the average household expenditure for all households with two parents and two children given in the FES 1984 and increasing expenditure by movement in the RPI between July 1984 and February 1986. Because earnings have moved ahead of prices over that period this is likely to underestimate the actual average household expenditure in February 1986.

families of this type in the Family Finances Survey (FFS) 1978/79. This survey was of an enhanced sample of low-income families with children and contained 76 couples with two children under 11 on SB. This is not a large number but a considerably better base than the Family Expenditure Survey (FES) which for example only contained 23 such families in 1982. The FFS like the FES classifies expenditure into 94 separate items. The proportion of the families' total expenditure on each of the items (excluding housing costs) in the 1978/79 FFS was applied to the family income of £74.88 in February 1986 to derive a budget for the family. The results are summarised in Table 5 which also provides an estimate of the average household expenditure of families of the same type.

The next stage of the analysis was to translate the budget into a specification of goods and services. Thus for example the £30.50 spent on food was translated into a basket of goods that constituted one week's menus. These menus were subjected to a computerised dietary analysis of nutritional adequacy and were found to be deficient by 6500 calories, low on fibre, high on salt and fat and deficient in iron despite the fact the basket of food contained only the cheapest lines available (at Tesco's supermarket, Barrow) and made no allowance for waste. Nevertheless we found that food expenditure was being sustained at the expense of

TABLE 6. *Clothing budget for mother*

<i>Number</i>	<i>Garment</i>	<i>Price £ p</i>	<i>Expected lifetime in weeks</i>	<i>Cost p/w in pence</i>
1	Coat	39.95	780	5.1
1	Sweater	9.99	520	1.9
2	Dress	39.98	260	15.4
4 pairs	Tights	1.65	10	16.5
1 pair	Shoes	16.99	78	21.8
3 pairs	Knickers	3.60	52	6.9
1	Petticoat	4.50	520	0.9
2	Bra	7.88	260	3.1
1	Nightdress	9.99	520	1.9
1	Skirt	9.99	520	1.9
2	Blouses	17.98	208	8.6
1	Swimming costume	9.99	520	1.9
1 pair	Gloves	2.99	520	0.6
1 pair	Slippers	2.99	52	5.8
1	Handbag	9.99	520	2.0
<i>Total cost</i>				<i>94 pence</i>

other items in the budget. Thus for example the mother spent 94p per week on clothes and shoes. In Table 6 we have drawn up a wardrobe based on this level of expenditure. The results are absurd. She can afford one coat lasting 15 years, one nightdress lasting 10 years, one bra every five years, one dress every five years, three pairs of knickers every year, one pair of shoes every one and a half years and a handbag every 10 years. The number and range of items may be feasible but the lifetimes are not. This mother must be reducing her clothing expenditure by prolonging the lifetime of clothes already in stock, restricting their variety, reducing the number of items, making her own clothes or, most likely, purchasing clothes at jumble sales.

The full budget of this family (and also a single parent) is described more fully elsewhere (Bradshaw and Morgan, 1987). It shows that the living standards of families on SB, particularly those on the ordinary rate of benefit, is harsh: the food component is short on calories and even that diet is only achieved with the most determined of self control in purchasing only the cheapest items and avoiding all waste. Furthermore, it is achieved at the expense of expenditure on all other commodities. We have shown this with clothing but in addition the family cannot afford a holiday away from home—only a day outing a year—cannot afford a newspaper every day and has no money for books and magazines, never go to the cinema, cannot afford to buy bicycles or run a car, cannot maintain a garden, can afford one haircut a year, and so on.



Adequacy is a relative notion. In contrast with the purchasing power of families in the Third World this family is rich. If the poverty standard is to be based on minimum subsistence—a budget for mere physical efficiency—then the scale rates are excessive. A pensioner living on a limited income and remembering the standard of living when they were bringing up children may also feel no particular concern. Critics will identify elements in the budget that they think are unnecessary or wasted expenditure particularly alcohol (enough for little more than two pints of beer a week), and cigarettes (seven per day). However, even if these items were reallocated it would make little difference to the generally bleak lifestyle depicted by the budget, and as can be seen in Table 5, the expenditure on all components except fuel and tobacco is considerably less than the average.

#### CONCLUSION

It would be wrong to claim too much for budget standards methodology. There will be arguments about the components of a modern budget standard just as there were about Rowntree's standards. The quality of people's lives cannot be completely represented by the goods they consume. Budgets cannot represent fringe benefits, wealth and the consumption of unmarketed public and private services. Neither can a budget show how goods are consumed variously within households. However, budget standards are capable of incorporating elements concerned with social participation and can represent a measure of relative deprivation.

Rowntree used his minimum subsistence concept of primary poverty as a device for opening up and altering the debate about the causes of poverty. It is possible that the resurrection of budget standard methodology in the analysis of living standards in the UK could lead to a more considered review of the way we treat the seven million people in the UK dependent on SB.

#### REFERENCES

- B. Abel-Smith and P. Townsend (1965), *The Poor and the Poorest*, Occasional Papers on Social Administration 17, Bell, London.
- N. Aronson (1984), 'The Making of the Bureau of Labor Statistics Family Budget Series: Relativism and the Rhetoric of Subsistence', unpublished paper.
- Sir W. Beveridge (1942), *Social Insurance and Allied Services*, Cmnd 6404, HMSO.
- J. Bradshaw and J. Morgan (1987), 'Budgeting on Benefits', Centre for Family Policy Studies, London.
- Canada (1971), Senate Special Committee, *Poverty in Canada*, Information Canada.
- F. Caro and C. Green (1985), *Basing Standard of Need on Median Income*, Community Services Society of New York.

- Community Council of Greater New York (1982), *A Family Budget Standard*, Budget Standard Service, NYCC, New York.
- K.R. Cooke and S.M. Baldwin (1984), *How much is enough? A review of supplementary benefit scale rates*, Occasional Paper No. 1, Family Policy Studies Centre, London.
- A. Deacon (1982), 'An End to the Means Test? Social Security and the Attlee Government', *Journal of Social Policy*, Vol. 11, No. 3, 289-306.
- Department of Health and Social Security (1985), 'Reform of Social Security', Vol. 2, Cmnd 9518, HMSO, London.
- M. Desai (1986), 'Drawing the line: on defining the poverty threshold', in P. Golding (ed.), *Excluding the Poor*, Child Poverty Action Group, London.
- C. Godfrey and J. Bradshaw (1983), 'Inflation and poor families', *New Society*, vol. 65, No. 1083.
- P. Hill (1984), *Real Gross Product in OECD Countries and Associated Purchasing Power Parities*, OECD, Paris.
- D.O. Love (1986), *The Minimum Cost of Living in Nebraska*, University of Nebraska, Nebraska.
- J. Mack and S. Lansley (1985), *Poor Britain*, George Allen, London.
- J. Millar (1985), 'The incomes and expenditure of supplementary benefit recipients', *Poverty*, 60, 41-44.
- M. O'Higgins (1980), *Poverty in Europe—the subjective assessment of poverty lines: An Evaluation, Parts 1 and 2*, Mimeo, University of Bath.
- M. Orshansky (1969), 'How poverty is measured', *Monthly Labor Review*, Vol. 92, 37-41.
- D. Piachaud (1979a), *The Cost of a Child*, Poverty Pamphlet No. 43, Child Poverty Action Group, London.
- D. Piachaud (1981b), *The Dole*, Centre for Labour Economics, London School of Economics, Discussion Paper 89.
- D. Piachaud (1982), 'Peter Townsend and the Holy Grail', *New Society*, Vol. 57, No. 982.
- M. Rein (1970), 'Problems in the definition and measurement of poverty', in P. Townsend (ed.) *The Concept of Poverty*, Heinemann, London.
- T. Schulz (1943), 'A Human Needs Diet in November 1943', *Bulletin of the Oxford Institute of Statistics*, April 1943.
- Social Planning Council (1981), *The Budgets Guide Methodology Study*, Social Planning Council of Metropolitan Toronto, Toronto.
- P. Townsend (ed.) (1970), *The Concept of Poverty*, Heinemann, London.
- P. Townsend (1979), *Poverty in the United Kingdom*, Penguin, Harmondsworth.
- P. Townsend (1986), 'Poverty, Current Theories and Policies', Public Lecture at University of Warwick, unpublished.
- US Bureau of Labor Statistics (1948), *A Worker's Budget in the United States*, Bulletin No.927, Washington.
- J.H. Veit-Wilson (1986), 'Paradigms of Poverty: a rehabilitation of B.S. Rowntree', *Journal of Social Policy*, Vol. 15, No. 1, pp.69-101.
- H. Watts (1980), *New American Family Budget Standards: Report by the Expert Committee on Family Budget Revisions*, Institute for Research on Poverty, University of Wisconsin, Wisconsin.