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 JOHN VEIT-WILSON'S PAPERS
 ON CONCEPTS, DEFINITIONS AND MEASURES OF POVERTY,
 ON INCOME ADEQUACY AND ON MINIMUM INCOME STANDARDS.

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MINIMUM INCOME STANDARDS

Minimum income standards (MIS) are political criteria openly or implicitly used by some governments to assess the adequacy of income levels for some given minimum real level of living, for a given period of time, for some section or all of the population, embodied in or symbolised by a formal administrative instrument or other construct.

Veit-Wilson coined the phrase in 1994 to distinguish governmental standards from two other measures commonly used in assessing minimum income adequacy – (1) the variety of normative and empirical social science measures used to conceptualise, define and measure income poverty (*poverty lines); and (2) the levels of social assistance benefits (sometimes called ‘official poverty lines’). The three measures differ in terms of the scientific or political credibility of their adequacy standards. Scientific findings about a society’s standards of minimal income adequacy should be valid irrespective of their political or economic implications. Conversely, social assistance benefit levels are based on political considerations of feasibility and cost, rarely on evidence of adequacy. By contrast, MIS are based on politically-credible indications of adequacy, and reflect a government’s values and ideology, as well as electoral considerations. Note, however, that governments do not themselves use the term MIS for their criteria, and some subsequent authors wrongly use it for social assistance measures generally, confusing the normative standard with the minimum provision.

Governments use MIS for any or all of three types of purpose –

- As guidelines towards setting some level of the different tiers of the *income maintenance system, such as *minimum wage rates, *income tax thresholds and judicial minimum inalienable incomes, contributory *social security benefits or *means-tested social assistance and related benefits. Formulae are commonly used to express various benefits as proportions of the MIS.
- As criteria of the adequacy of various parts of the income maintenance system to achieve politically acceptable levels of living.
- As measures for identifying and counting population groups ‘in poverty’ for statistical purposes and calculating the *poverty gap by this measure, and also for establishing eligibility for income maintenance or other programmes for low-income households.

MIS – or, rather, the constructs or administrative instruments in which they are embodied – are not necessarily used to guide only the very lowest tier of the income maintenance system (usually social assistance for the poorest). Veit-Wilson’s international study (1998) found only ten countries using MIS at that time, and eight related to higher tiers. The OECD study (Eardley, T. et al. (1996), *Social Assistance in OECD Countries*, London: HMSO) found 24 countries with social assistance schemes. Although these are commonly assumed to reflect some defined low level of living (whether

or not empirical evidence shows it can be achieved at those income levels), many do not claim to meet participation standards of adequacy to avoid social exclusion.

The instruments or constructs used by different governments to symbolise or embody MIS included –

- Statutory minimum wage provisions, implying that the fully employed worker should earn an income adequate for social participation.
- Minimum state pension levels, achieved by political consensus on adequacy.
- Empirical measures of the cost of low levels of living, based on public attitude research, low income households' actual consumption patterns, or budget studies to construct modest levels of living.

If not annually negotiated, the basis of such instruments is reviewed periodically (rebased) and in intervening years the base figures are often updated in relation to some price or earnings index. Income maintenance provisions themselves are generally updated following political guidelines, which may include the guidance of the MIS.

Government choices reflect their various conventional values, discourses and assumptions about issues such as whether the MIS should reflect incomes adequate for all citizens or only for lower-status people – the question of social stratification – and whether the MIS should relate to people's normal expected income source (average or minimum wages) or only to the state's responsibility for ensuring adequate income maintenance in the absence of earnings. The choice also depends on whether MIS policy makers perceive adequate levels of living in terms of their composition and costs (budget standards), political or popular consensus about minimum tolerable levels (attitudinal standards), or their relationship to other indicators (statistical standards). The political considerations for an effective MIS include public acceptability, statistical or other methodological defensibility, and operational feasibility (Citro, C. and Michael, R. (eds.) (1995), Measuring Poverty: A new approach, Washington DC: National Academy Press).

Further reading

Veit-Wilson, J. (1998), Setting Adequacy Standards: How governments define minimum incomes, Bristol: The Policy Press.
