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# Measuring Poverty

PETER TOWNSEND

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ONE OF the basic aims of social policy in the years immediately following the war was the elimination of poverty. In order to find how far this aim has been realized there must be adequate inquiries from time to time in the form of social surveys which adopt certain definite standards of measurement. In the ten years preceding the war at least ten surveys of the extent and causes of poverty in particular areas were carried out. In the nine years since the war only one study of this type has been published. This in itself may be an indication that the problem of poverty is less pressing than it was, but, on the evidence of a single study, we cannot claim much detailed knowledge about the living conditions of poorer people, or about the effects of the new social security services. The aim of this article is to consider on what basis this knowledge may be acquired in the future. I will discuss briefly the standards used in measuring poverty in the past, and in the course of this will argue for an entirely different approach.

The standard selected is important not only to the research worker intent on measuring the extent of poverty or general living conditions in any locality. A standard of a similar kind has been used in framing social policy. Social security benefit payments are intended to be related to a rough standard of subsistence, and this relation will have to be considered when the quinquennial review of the social security scheme is presented to Parliament in the near future. It is therefore appropriate to examine what is meant by a subsistence or poverty standard.

The sociological study and measurement of poverty in this country dates from the pioneering work of Charles Booth and B. Seebohm Rowntree at the end of the last century. [1, 2] In introducing his study Rowntree said,

The families living in poverty may be divided into two sections :

- (1) Families whose total earnings are insufficient to obtain the minimum necessities for the maintenance of merely physical efficiency. Poverty falling under this head may be described as "primary" poverty.
- (2) Families whose total earnings would be sufficient for the maintenance of merely physical efficiency were it not that some portion of it is absorbed by other expenditure, either useful or wasteful. Poverty falling under this head may be described as "secondary" poverty.

The "minimum necessities for the maintenance of merely physical efficiency" were calculated by estimating the nutritional needs of adults and children and by translating such needs into quantities of different foods and hence into money terms, and by adding on to these figures certain minimum sums for clothing, fuel and household sundries, according to the size of family. The poverty line for a family of five was, food 12s. 9d., clothing 2s. 3d., fuel 1s. 10d., household sundries 10d., totalling 17s. 8d. per week. Rent was treated as unavoidable outlay and was added to this sum. A family was considered to be in poverty if its total income fell short of the poverty line plus rent. The studies that followed in the next forty years adopted the same approach and although there were some minor alterations, the standards used for measuring poverty were broadly the same, adjusted according to change in prices, as that used by Rowntree in 1899. [3, 13] In the 1930s a standard applicable to 1899 and converted by means of a price index based on articles purchased in 1904 was taken to be the best method of measuring poverty. [4, 14] By and large the changes in the conditions of life brought about in the intervening years were ignored.

In 1936 Rowntree made a second survey of York, in the course of which he used a more generous standard of poverty. This differed in degree, but not in kind, from the standard used at the end of the last century. The list of necessities was lengthened to include compulsory insurance contributions, trade union subscriptions, travelling to and from work, and personal sundries such as a daily newspaper, a little stationery, and a few other odds and ends. A similar list was adopted in his and G. R. Lavers' *Third Survey of York, Poverty and the Welfare State*, 1951. A discussion of these standards and of those used in earlier surveys will be found in "Poverty: Ten Years after Beveridge". [15]

In considering all these poverty standards in detail, one cannot help feeling that they are too arbitrary. If clothing, money for travel to work and newspapers are considered to be "necessaries" in the conventional sense, why not tea, handkerchiefs, laundry, contraceptives, cosmetics, hair-dressing and shaving, and life insurance payments? Are we indeed so sure that a list of necessities must exclude cigarettes, beer, toys for children, Christmas gifts and cinema entertainment? The question of what were regarded or what ought to have been regarded as necessities was very rarely raised in any of the surveys.

In attempts to reduce the arbitrariness of the standards some investigators had tried to find out the actual spending of families on certain items. In 1899 and 1936 Rowntree based his allowances for clothing and fuel and light on information and opinions passed on to him by "a large number of working people", though in 1936 he admitted that in arriving at an allowance for personal sundries "I was forced to rely largely on my own judgment", and in both years his findings on the food consumption and expenditure of 18 and 28 families respectively did not affect his formulation of the poverty line. In the third survey of York in 1950 Rowntree found out the spending of

29 women on clothing and household sundries, and of 32 men on clothing and fuel and light. In the last case, for example, the amounts to be included in the poverty standard for women's and children's clothing and for household sundries were based on the average expenditure of three women whose expenditure on these items was the smallest of those from whom information was obtained. Finding out the expenditure of the poorest families on clothing, fuel and light and household sundries is perhaps a less arbitrary method of compiling a standard, but why should these items be selected from budgets for consideration and not others as well? And secondly, does the average expenditure of those who spend least on clothing or fuel provide a standard of what people *need to spend* on such items to be out of poverty?

The most defensible constituent of the poverty line has always been the amount allocated to food. Experts on nutrition have worked out the average nutritive needs of broad classes of the population, in terms of calories, proteins, vitamins, iron, calcium and so on. These needs, as stated earlier, can be translated into quantities of different foods and from foods into money terms. The diet, as derived, gives adequate nutrition at the lowest possible cost, and demands considerable knowledge of the most nutritious and cheapest foods on the market. It may well be argued that few families have the knowledge or opportunity to attain such a standard. In a study of the diets of 28 families in different income groups in his 1936 survey of York Rowntree said:

It is true that, at 1936 prices, a family of five could be adequately fed for this sum (20s. 6d.), but . . . the housewife must possess an unusual amount of knowledge of the nutritive value of different foodstuffs. Among the 28 families, some of which were very poor, not one succeeded in selecting a dietary anything like as economical as that used in our minimum standard of living (p. 173).<sup>1</sup>

The same point applies to the half-yearly papers on the cost of a "human needs" diet, which stem from the standard used by Rowntree in 1936, written by Miss T. Schulz of the Oxford University Institute of Statistics.<sup>2</sup> If indeed few working-class families attain this standard, then it may not be a practicable one to use in measuring poverty.

The main fault in the standards used has been their lack of relation to the budgets and customs of life of working people. Many who are considered to be above the poverty line because their income exceeds the total cost of meeting basic needs do, in fact, spend less on the individual items included in the standard—food, clothing, fuel and light and household sundries—

<sup>1</sup> In the *New Survey of London Life and Labour*, Vol. VI, p. 320, discussing working-class culinary and dietetic standards, Miss F. A. Livingstone argued that full weight must be given "to all the handicaps and difficulties, such as cramped space, absence of storage, defective water supply or cooking apparatus, and the severe limitation of time arising from other pressing duties", besides working-class "habits and prejudices".

<sup>2</sup> In a summary of her studies Miss Schulz said: "It needed, indeed, exceptional knowledge of food values as well as considerable skill in cooking for the adequate nutrition of a family to be attained at the figures of cost computed by us since 1941."—*Human Needs Diets from 1936 to 1949*, Bulletin of the Oxford University Institute of Statistics, October, 1949.

simply because they spend money on other things. This can be illustrated by comparing the poverty standards used immediately before the war (and the subsistence standard outlined in the Beveridge Report) with the budgets of poorer families in 1938, details of which were collected by the Ministry of Labour. [16] 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).<sup>1</sup> How those on the borderline of poverty ought to spend their money is a very different thing from how they do spend their money. It would be unrealistic to expect them, as in effect many social investigators have expected them, to be skilled dieticians with marked tendencies towards puritanism.

In all the definitions of poverty in the social surveys there is the implication that many poor people ought to limit their spending to a short list of "necessaries" laid down by those in charge of the surveys and that if they did not do this they were in poverty only through their own fault. "Our definition is such that a family is deemed to be in poverty if the joint income of the members, *supposing it were all available and wisely spent*, would not suffice to purchase for them the necessities of life . . ." (p. 148, *Social Survey of Merseyside* [my italics]). Many critics fastened on to the large numbers in what Rowntree called "secondary" poverty as evidence of the need for moral regeneration, and said that these people lacked merely strength of will to pull themselves out of poverty. It was not appreciated that many in this class would have needed virtues of self-denial, skill and knowledge not possessed by any other class of society, if they were to spend their money as it was thought they should spend it.

Judgments of one social class on another are notoriously untrustworthy and things which are treated as necessities by one group may not be so regarded by another. A few drinks in a pub on a Saturday night after watching the local football match may be as necessary, in the conventional sense, to membership of the poorest stratum of society as a Savile Row suit and business meetings over lunch at the Savoy to membership of a wealthier stratum of society. Recent experience of the effects of unemployment in the cotton towns in Lancashire showed that when incomes were reduced from a full wage to an unemployment insurance allowance many families were apt to cut down on things such as meat and fruit in order not to forgo an occasional visit to a cinema or football match. [17] In considering the spending habits of poorer people, it seems that due regard must be paid to the conventions sanctioning membership of their community, to the influence of economic and social measures currently adopted by society as a whole, such as rationing, welfare foods services, food subsidies and indirect taxes,

<sup>1</sup> Based on data in "The Cost of a Family", A. M. Henderson, *The Review of Economic Studies* 1949-50, Vol. XVII (2).



and to the standards encouraged by advertisers,<sup>1</sup> the press, the B.B.C. and the Church.

### A NEW STANDARD

The pattern of spending among poor people is largely determined by the accepted modes of behaviour in the communities in which they live, and these, in turn, are determined to some extent by the practices adopted by the society as a whole through central and local government. A yardstick for measuring poverty can only be devised in the light of knowledge about family budgets. How can this be done with the least arbitrariness?

One improvement was suggested in a study of a Birmingham community, carried out in 1939 and published in 1942. [13] In this study poverty was measured in two ways: (i) by comparing *net income* (i.e. total income less rent, compulsory insurances, and fares to and from work) with an assumed minimum standard of expenditure on food, fuel, light, clothing and cleaning materials; and (ii) by comparing with a minimum standard of expenditure on food the *balance out of housekeeping money theoretically available for food*, after paying the assumed minimum on non-food items in (i) plus voluntary insurances and regular hire-purchase instalments. The first, the usual type of measurement adopted in social surveys, was said to take "less account of actualities" and the second was "a more realistic measure of the standard of sufficiency of the family". But it was acknowledged that both these methods could be criticized, though the second to a lesser extent, for "ignoring certain types of necessary expenditure, such as that on household utensils, medical treatment, and holidays, as well as expenditure on tobacco, beer, newspapers, and recreation, which are, to say the least of it, customary" (p. 47).

The second method, although open to many of the criticisms expressed above, gives prominence to expenditure on food as a criterion of poverty. In future, it would seem reasonable to accept such a criterion, with certain qualifications, simply because nutritional needs are more susceptible of measurement than clothing, fuel and other needs.

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, such as that in the Report of the Committee on Nutrition of the British Medical Association, 1950; (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

<sup>1</sup> "To (the advertiser) a bride is not a young woman on the edge of a great adventure; she is a conditioned consumer who, by buying the right cosmetics and right brassiere has captured her man, and who, when she returns from her honeymoon, will go into the grocer's and automatically recite those branded names which have been the most loudly dinned into her ears for the last twenty-one years."—*The Shocking History of Advertising*, E. S. Turner, 1952, p. 12.

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.

Such a standard may be justified on the ground that it is, in fact, attained by a fair proportion of working-class people, and is therefore realistic. It would obviate the need for subjective decisions about the sums of money required for clothing, fuel and light and so on. Inevitably, a subjective element remains, and this is involved in the choice of the proportion of working-class households whose members have an adequate diet and whose spending is to be considered in fixing the standard. But this element need not be obtrusive, particularly if the choice is made with full knowledge of the budgetary patterns of different families, and with full knowledge of the dispersion, and the reasons for the dispersion, around the budgetary mean of each income and household group.

Part of the information essential to the application of this method is already obtained in the course of the National Food Survey. The latest Report on this, for 1951 [18], analyses the adequacy of diet by social class, but the classes are rather broadly defined,<sup>1</sup> and the diet and expenditure of those in the lowest income group is not set out in any detail. A great deal of information about family budgets will issue from the new survey of household expenditure being made at present by the Ministry of Labour. It is to be hoped that this will be tabulated by household size and constitution, for each income group.

It is true that the method suggested is basically a method of measuring the extent of malnutrition not attributable to wasteful spending, but I think it would give the fairest index of poverty, particularly if the results gained by its use were correlated with other findings based on standards of overcrowding, household amenities, education and so on.

#### THE LEVEL OF BENEFIT PAYMENTS

The different approach which has been urged has an important bearing on the standards adopted in social policy for benefit payments. Lord Beveridge, in his *Report on Social Insurance and Allied Services*, formulated a subsistence standard very similar to the poverty lines used in the social surveys before the war, as a reasonable way of fixing benefit rates. This was generally regarded as the "central idea" of the Beveridge Plan. [19, 20] Lord Beveridge has himself reaffirmed this point in recent months. The National Assistance scales are determined by means of a similar standard, and although the National Insurance scales fall short of the Beveridge standard, they are still

<sup>1</sup> The sample was divided into the following income groups: £20 and over per week (1 per cent of the population), £13-£20 (2 per cent), £8-£13 (13 per cent), £4 10s.-£8 (64 per cent), and under £4 10s. per week (20 per cent).

in principle related to it. Neither the Labour nor the Conservative Party has explicitly abandoned this principle.

Whether, in fact, the subsistence basis for benefit payments should be accepted by the nation in the future is one of the fundamental questions that will have to be faced by Parliament next year when the quinquennial review of social security is considered. The adoption of a true subsistence minimum would add greatly to the costs of the scheme. It is true that in recent years an increasing number of people have received wages during sickness and have entered superannuation schemes, and income from the social security services in times of adversity may therefore be less important now than it was. For short periods of unemployment or sickness people seem to manage quite well, because, apart from insurance payments, they frequently get deferred wages, trade union allowances and P.A.Y.E. refunds, and need to purchase few items of clothing or household materials. (Large families should not be included in this category.) There would appear to be a case for two scales, one for a short and one for a long period of need. It may be true, too, that payments to the old should be lower than those to other people in continuing need, but this is a matter for further inquiry. In any event, the acceptance of a standard such as the pre-war poverty line or the Beveridge subsistence minimum implies that poor working-class people should and could live as social scientists and administrators think they should live. There has been little attempt to discuss the distinction between "luxuries" and "necessities" in terms of economic and social sanctions for spending behaviour, nor in terms of individual and class differences. And there has been no attempt to distinguish between the humanly attainable and the desirable in the pattern of family budgets.

I have tried to set out the difficulties of arriving at a satisfactory standard for measuring poverty, which can be used in social surveys, and the difficulties of eliminating class judgments from that standard. The conclusion seems to be that the problem of whether or not a family is in poverty is best decided by finding whether its expenditure, save for one or two involuntary overheads, such as rent and compulsory insurances, is less than that which actually secures minimum nutrition for a large number of working-class families.

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The *Transactions* of the Second World Congress of Sociology are to be published in October 1954 (in two volumes). Further details of the publication can be obtained from the International Sociological Association.