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From principles to practice: A method for identifying income sufficiency when applying International Legal Standards

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Abstract

This paper gives content to the idea of a minimum income as reflected in ILO Conventions and Recommendations. It also aims to provide some practical guidance as to how such minima can best be operationalized. The practical purpose of this analysis is to define a reference income level that can play a role in defining adequate levels of social protection benefits, as discussed in ILO standards.

Keywords: Capabilities, Income Poverty, Income Sufficiency, Minimum Income, Poverty, Poverty Measurement, World Bank, Human Requirements, Multidimensional Poverty, Social Protection

JEL Classification: B41, C80, C81, O10.

Contents

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1. Legal and normative background

Is access to sufficient level of income required for social protection, and if so at what level? Although ILO Conventions and Recommendations make reference to such income standards, much about them has been left unspecified. The purpose of this paper is to suggest how they may be given more particular content [1].

It might be thought at first that there is a tension between the aim of providing such guidance in a manner that is suitable for individual national contexts and circumstances and offering a universally applicable framework. In fact, there is no such tension. Fundamentally, this is because a universal idea can only be concretely realized in the circumstances of particular cases.

By invoking the idea of income sufficiency, individual Conventions and Recommendations necessarily presuppose that there are common evaluative criteria that can be applied across contexts. However, these criteria must be flexible enough to accommodate the features of particular contexts that must be recognized for the criteria to be appropriately applied. Putting the point in another way: The very idea of a norm or standard must of necessity involve aspects that do not vary across contexts, or otherwise it would not be worthy of the name. It is possible for such invariant features of a norm or standard to exhaust all that is relevant in determining how to apply it appropriately in a specific context. However, that is unlikely in the case of a social norm or standard, for which its concrete implementation in a particular case is likely to require its being further specified so as to take note of relevant features of the context. Such parametric variation permits a general idea to be applied uniformly across contexts while also accommodating the pertinent variations that are necessary for meaningful uniform application.

The full description of universal norm must therefore both contain the 'horizontal' aspects that define the sense in which it is to be applied in common across contexts, and contain the 'vertical' aspects that describe how the universal norm should be translated faithfully and appropriately into individual contexts by varying the specifics of its application. In order to provide suitable guidance in applied work, a norm's horizontal and the vertical aspects must both be appropriately aligned with the underlying motivations.

Three ILO standards, namely the Income Security Recommendation, 1944 (No. 67), the Social Security (Minimum Standards) Convention, 1952 (No. 102), and the Social Protection Floors Recommendation, 2012 (No. 202), will be examined in order to provide relevant guidance for the specification of income sufficiency. We refer to these henceforth as Recommendation No. 67, Convention No. 102 and Recommendation No. 202.

The first "General Principle" in Recommendation No. 67 stated that "Income security schemes should relieve want and prevent destitution". While conceptualizing the required income security in terms of addressing various contingencies including the inability to work or to find remunerative work, the focus of the Recommendation is clearly on an implied standard of sufficiency – involving at a minimum the prevention of destitution" although reference is also made to a "reasonable level" and "assistance appropriate to the needs of the case". In particular, income security schemes are seen as having application in cases of "inability to work or inability to obtain remunerative work," presupposing that there is a standard of wages sufficing for work to be deemed remunerative. The Suggestions for Application contained in the Annex to the Recommendation provides detailed guidance in

[1] This paper was commissioned by the ILO Social Protection Department to propose reasonable criteria to assess the adequacy of social protection benefits, relevant for European countries.

regard to maintenance allowances including that they should "assure the healthy nurture of children", making suitable adjustments for family size and children's ages. It refers to allowances "sufficient for full, long-term maintenance" that "vary with the current cost of living, and may vary as between urban and rural areas" and makes reference to "establishment of budgets corresponding to the cost of maintenance". In each of these respects, Recommendation No. 67 is suggestive of an implicit standard for an adequate level of income tied to the cost of attaining a minimally adequate living standard. It aims to provide a floor for those who are unable to work as well as those who cannot find remunerative work and contains some references to what is needed for adequate remuneration.

In Convention No. 102, Article 67(c) requires periodical payments of benefits arising from various contingencies to be at a level "sufficient to maintain the family of the beneficiary in health and decency", providing concrete benchmarks for minimum benefit levels in Articles 65-67. It also makes various references to the need to adjust benefits to the changes in the "cost of living," which is an idea that cannot be specified without some notion of a particular standard of living (or pattern of consumption) to be maintained through the adjustments. References to family allowances for those with dependents ("wives and children") also suggest the role of tests of adequacy in determining the level of benefits to be provided under various social security measures.

Recommendation No. 202 recalls in its Preamble the 1944 Declaration of Philadelphia's call for "the extension of social security measures to provide a basic income to all in need of such protection". The use of the word "basic" suggests an interpretation of the income level as non-arbitrary, and as consisting in a standard of sufficiency. The Recommendation proceeds in its statement of Objectives, Scope and Principles to call for member states to establish social protection floors, "nationally defined sets of basic social security guarantees which secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion" . Members are called to implement such floors with a view to achieving "adequacy and predictability of benefits", along with "respect for the rights and dignity of people covered by the social security guarantees" (para. 3). In its more detailed description of aims in relation to national social protection floors (II.4), it is insisted that such floors "should ensure at a minimum that, over the life cycle, all in need have access to essential health care and to basic income security which together secure effective access to goods and services defined as necessary at the national level." These goods and services are required to provide "basic income security" for children, "for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability" and for older , in regard to children, "access to nutrition, education, care and any other necessary goods and services". More generally (8(b)), "basic income security should allow life in dignity. Nationally defined minimum levels of income may correspond to the monetary value of a set of necessary goods and services, national poverty lines, income thresholds for social assistance or other comparable thresholds established by national law or practice, and may take into account regional differences" and (8(c)) "the levels of basic social security guarantees should be regularly reviewed through a transparent procedure that is established by national laws, regulations or practice, as appropriate". It is further noted (9(3)) that the methods of provision of social security may include, "negative income tax schemes, public employment schemes and employment support schemes", thus making explicit the role of instruments that aim at promoting employment and labour market integration. In addition, other means to promote the adequacy of wages and other income from work are reflected in the Recommendation (e.g. paras. 3q, 10).

From this brief review it is evident that there is a need to give more specific content to norms of income sufficiency referred to in ILO documents to guide assessments, actions and policies. A clearer understanding of the specific requirements of income sufficiency is necessary for meaningful and practically relevant dialogue and efforts in this area.

2. Conceptual framework for arriving at norms of income sufficiency

Having established the importance of income sufficiency standards in the ILO framework, let us consider the question of how to determine income levels sufficient for the attainment of specific social minima. In general, on the basis of ILO standards as well as general concordance with human rights instruments, social minima must be taken to involve non-deprivation, although they may go beyond this level (i.e. non-deprivation is necessary for the social minima to be attained, whether or not it is sufficient).

There are various methods that have been proposed to arrive at a threshold of income sufficiency (in particular, although not exclusively, in the literature on poverty lines). A first step is to conceptualize the relevant level of income in terms of achievements which it helps to sustain. In this connection, a set of specific deprivations to be avoided, D1, D2, …, Dn (together forming a reference set of deprivations, D) may be designated. Using the language of 'capabilities', these can be thought of as instances of capability failure (See e.g. Sen, 1985, 1992, 2001). This set of deprivations may be thought of as playing a common role as a reference across countries. The individual deprivations to be avoided must be conceptualized in a manner that makes this plausible by being rooted in concerns that are relevant across contexts and underpinned by universal human rights norms and considered understandings of what is essential for the maintenance of an adequate life (for example, in terms of nourishment, housing, access to the conditions of good health etc.). ILO Conventions and Recommendations contain elements of concrete guidance as to how we might fix the deprivations in this reference set. For instance, concepts such as "long-term maintenance" and "nutrition, education, care" indicate the necessity to pay heed to absolute achievements defined according to specific standards, having material, biological or institutional content. Concepts such as "health and decency", "life in dignity" and "nurture of children" suggest that there are also the social, cultural and psychological dimensions to the relevant achievements, which may require adequate attention to social contexts. It is evident from the context in which these phrases appear that all of the achievements to which they refer are thought of as being income-dependent in some measure, even if in varying respects and degrees.

The set of reference deprivations to be avoided may be identified in different ways about which reasonable people could differ. [2] For example, there may be more and less expansive conceptions of the relevant deprivations, e.g. perspectives focusing on the more physical deprivations and ones encompassing social and cultural deprivations as well. In principle, an evaluative framework can accommodate more than one such perspective as alternative options, whether corresponding to different levels of deprivation or to different understandings of the deprivations that are relevant[3]. These different perspectives can either be viewed as alternate points of view on the deprivations to be included in a shared "global" point of view as to which deprivations ought to be of focal concern or alternatively as distinct national or other contextual perspectives on what is of evaluative importance. Although it may seem tempting to allow for substantial national variation in this regard, doing so will necessarily attenuate the element of common interpretability that is needed in order to make sense of the language present in the documents that pertains to all. It is therefore necessary to identify a set of "core" focal deprivations (or equivalently, basic achievements) with which to guide the exercise.

[2] On the concept of reasonable pluralism see Rawls (1993).

[3] More formally, differently specified deprivations may be combined in distinct sets of deprivations that are either strictly larger and smaller or disjoint without being possible to order in this way.

Once the elements in a set of focal deprivations to be avoided (or achievements to be attained) are fixed, the next step is to determine the resources needed. This can in principle occur through the following steps. First, what the commodity requirements of avoiding the deprivations are must be identified. There are a number of issues to take note of here. There can be systematic or idiosyncratic variations in the commodity requirements of attaining certain achievements (or functionings) across social groups or across persons, and allowances can also be made more or less generously, even in accordance with proposed standards (e.g. of "decency"). Answering both these questions -- how specific to groups or persons within a population to make a determination and at what level of permissiveness -- involves both practical and normative judgments, often of a difficult kind. For instance, special allowances for the distinct commodity requirements of manual labourers, pregnant or lactating women, those who live in regions with specific environmental demands such as extreme cold or heat, persons with severe disabilities and so forth may be necessary, but whether to make such allowances, to what extent and in what way requires taking note both of evaluative reasoning as to what variations deserve attention (for instance because there is a considerable element of involuntariness involved) as well as empirical facts concerning the nature, significance and impact of these variations. An allowance for calorie requirements to engage in a reasonable quantum of recreational athletics or to engage in heavy manual labour may be motivated by very different underlying reasoning, and different allowances might result. The normative as well as empirical social salience of specific inter-group distinctions, and the social circumstances that induce particular requirements must both be taken into account when determining what are reasonable allowances. The economic and social relevance of specific groups, as judged for example by their size, as well as the extent to which the resource requirements of different groups to achieve comparable capabilities differ, will all play a pragmatic role in such an assessment.

There is an important role for drawing on information about prevailing preferences and norms in making such assessments, whether for an entire population or for sub-populations. Thus, for example, it is typically thought that the cost of achieving adequate nourishment should reflect prevailing cultural and social norms to a degree and also make some allowance for individual freedom in nutritional choices. This is a reason, for instance, that the least cost of achieving such nourishment, as determined by a mathematical technique such as linear programming, is not usually treated as sufficient to make such a determination. Deference to prevailing preferences and norms cannot be total and cannot be mechanical but requires an exercise of judgment as to what is a reasonable degree of accommodation. Applying such judgment with adequate discipline and uniformity may in turn require the development of relevant principles and their application to cases. ILO standards draw attention to only a few gross variations, such as that between children and adults, but their full operationalization in specific contexts is likely to require awareness of more.

Empirical concerns in identifying the mapping from deprivation avoidance to commodity requirements arise in regard to whether and to what extent the assessments of resource requirements should reflect (a) the size and composition of the household (or more generally, of the social relations through which they experience life), (b) interdependencies between the requirements of avoiding distinct deprivations, and (c) the manner and the time-scale over which deprivations are to be eliminated.

The size and composition of the household

The concept of an "equivalence scale" or of what has been called "equivalised income" is relevant for taking note of differences in the ability of members of households of different size and composition to benefit from the available overall resources. Household 'economies of scale' are often presumed to exist, and to enable larger households to make better use of per-capita resources. It is also straightforward to suppose that the number of children in a household of given size would also have considerable importance. It seems reasonable to

attempt adjustments - and they have been widely applied in empirical data [4]. However, it has also been well established that the specific choice of equivalence scale can have enormous consequences for both ordinal and cardinal assessments of the extent of real income (and of achievements and deprivations generally) and considerably influence estimated summary statistics, in particular of poverty and inequality[5]. The case for applying one equivalence scale rather than another is not decisive. There is thus a need for considerable caution in employing equivalence scales. The apparent arbitrariness arising from the choice of a specific equivalence scale can be reduced by paying attention to the specific requirements of different kinds of households through detailed enumeration of their requirements - a method we shall discuss further below. It shall be shown that it is necessary to use equivalence scales based on arbitrary postulates only when such a detailed enumeration has not been done.

Interdependencies between the avoidance of distinct deprivations

The question of interdependencies between the requirements of avoiding distinct deprivations is a topic that has received little attention. This may be because these requirements have typically been independently assessed, and when they have been jointly assessed it has often been on the basis of rough-and-ready criteria, for example by using a multiplier to inflate a 'food poverty line' (deemed sufficient for adequate nourishment alone) to account for all non-food requirements, or by adopting a 'relative' (socially contextual) criterion that defines the poverty line used as a proportion of the median income, rather than of assessing requirements in detail, taking note of interdependencies that might be present between aspects of life.

Why might interdependencies matter? In the case in which there are no interdependencies requiring specific recognition, the cost (i.e. of the resource requirements) of avoiding all of the deprivations together is the sum of the cost of avoiding the individual derivations. This case, of simple additivity, may be contrasted with the cases of sub-additivity, in which the cost of avoiding the deprivations jointly is less than the sum of the costs of avoiding the deprivations individually and the case of super-additivity, in which the cost of avoiding the deprivations jointly is more than the sum of the costs of avoiding the deprivations individually.

Sub-additivity may arise due to the reduction of certain deprivations contributing to the reduction of others (we may think for instance of the reinforcing relation between good nutrition and good health) or alternatively due to certain resource inputs serving simultaneously to reduce deprivations of more than one kind (we may think, for example, of the role of housing in providing for shelter from the elements and personal comfort, for good health by reducing exposure to severe weather or to diseases, for adequate nourishment by providing for storage of food and cooking facilities, for education by providing protected space for storage of learning materials and for study, and for the social basis of self-respect by offering the inhabitants the dignity of their own home in which they can host others and

[4] For example, the European EU-SILC (Statistics on Income and Living Conditions) database on living standards uses "Modified OECD equivalence scale" weights of 1 for the first "adult" (age 14 or over), 0.5 for other adults and 0.3 for children under 14. The OECD itself has also more recently used the square root of the number of persons in the household in certain applications (see http://www.oecd.org/eco/growth/OECD-Note-EquivalenceScales.pdf) and has not adopted an official equivalence scale (see http://www.oecd.org/els/soc/OECD-Note-EquivalenceScales.pdf).

[5] See for instance Buhmann et al (1988), Blaylock (1991), Coulter, Cowell and Jenkins (1992a and 1992b), Banks and Johnson (1994), Anand and Morduch (1996), Aaberg and Melby (1998), Cowell and Mercader-Prats (1999), Zelinsky and Kovac (2013) or Sefil (2015).

to which they can retreat for their private needs). Super-additivity seems much less likely empirically but is conceivable. For example, there may be increasing supply costs, at least in the short run, of specific inputs needed for the elimination of distinct deprivations (such as limited available land for service provision facilities). What the implications are of avoiding deprivations jointly is a matter for empirical investigation.

Manner and time-scale over which deprivations are to be eliminated

There are constraints associated with time or space. It may be possible at low cost to achieve adequate nourishment by preparing all of one's meals from scratch, to get good health care by travelling to a distant free health centre, to clothe oneself by sewing one's own clothes or to gain shelter from the elements by building a house for oneself but to do all of these things for oneself may be difficult and unreasonable to expect, or simply impossible, necessitating reliance upon other methods, including expenditures in the market place.

The commodity requirements necessary for avoiding deprivations can either be provided privately through the market or provided socially, for example through public provision by the state,, by non-governmental organizations or by the informal mechanisms in the community. Determining the commodity requirements of avoiding deprivations is therefore not the same thing as determining the private individual or household income necessary to do so. Public or social provisioning can reduce these private requirements but whether they do so and to what extent must is a matter of contextually-sensitive empirical assessment. For example, freely provided school meals will reduce the need for household income to provide adequate nourishment for school-going children but it is an empirical matter whether or not such provision is present in a given case.

3. Comparison of alternatives

We can think of at least three alternative ways of giving content to ILO standards as they relate to income, based on approaches identified in the literature or in widespread use. The "multi-dimensional" assessment of living standards and deprivations that has been increasingly explored in recent years[6], is not, however, the subject of further attention in this paper. Although such an approach provides a very important complement to income-based approaches, it is not considered further, since the ILO standards addressed here involve direct reference to adequacy of income (although it is noteworthy that the documents surveyed also make prominent reference to benefit in kind and access services, including adequate medical care, as well as the conditions for good health, including through occupational health and safety measures).

Roughly relative approaches

Roughly relative approaches link income thresholds for adequacy to population statistics, such as half the median income. They are in widespread use because of their simplicity and communicability combined with the manner in which they appear to account

[6] This point of view has been associated with the human development concept and its associated measures such as the human poverty index. More recently the work on multi-dimensional poverty index of D. Gordon and the "Bristol Child Poverty Group', D. Jayaraj, S. Subramanian, S. Chakravarty and C. Ambrosio, and F, Bourguignon and more recently S. Alkire and J. Foster, has developed a range of specific measurement proposals.

for the social relativity of requirements (that material requirements may vary according to social context). They have been widely applied in European and OECD countries in particular. For example, the "At-risk-of-poverty-rate" is defined as the share of people with an equivalised disposable income after social transfers below sixty percent of the national median equivalised disposable income [7]. This is also a definition adopted officially in certain countries (e.g. in the UK Child Poverty Act 2010) [8]. This indicator does not measure wealth nor absolute poverty, but low income in comparison to other residents in that country, which does not necessarily imply an inadequate standard of living. Although the relative dimension is taken as reflecting the element of social determination of requirements, the exact nature and extent of that dependence is by definition unspecified. In some countries other 'roughly relative methods" have been used. For instance, in Canada the "Low Income Cutoffs" have been based on the thresholds "at which families are expected to spend twenty percentage points more than the average family on food, shelter and clothing" [9].

The apparent clarity of such a standard can be misleading. A threshold such as half of the median income can correspond to widely varying absolute levels of resources across countries and indeed to different relative as well as absolute levels for regions within countries, and it is generally not possible to identify the direction or magnitude of the discrepancies without careful study. There is no assurance that the level of resources to which they correspond suffices to meet a specific conception of the absolute requirements of human beings in any one place let alone in all places simultaneously. This applies both to the less and the more socially dependent aspects of such requirements. The proposition that such thresholds correspond to relative poverty suggests that they suffice at least for avoiding the less socially-dependent aspects of absolute poverty and extend beyond these to address the more socially-dependent aspects but there is no assurance that *either* is true.

Quite apart from these difficulties of cross-sectional comparison there are ones of inter-temporal comparison. When the reference population statistic (e.g. the median) changes, the threshold changes accordingly, but the contextual or social factors influencing requirements of persons may in fact mandate an increase that is greater or less. Changes in distribution or in patterns of life that are not reflected in the summary statistic to which the threshold is pegged can no impact on the latter, although they may in reality have consequences for the socially or contextually dependent requirements of avoiding deprivations. For example, an increase in the median income may generate both higher prices for basic goods needed for the avoidance of absolute deprivations and the new commodity requirements for participating in society. The approach has ease of calculation to recommend it but is not sufficiently grounded in observations of economic or sociological facts to be convincing as a way of identifying requirements. The typical informational basis for a roughly relative approach is a household survey or census containing income information. That such data is readily available in most countries, certainly in Europe, is a major reason for the widespread adoption of this approach.

Roughly absolute approaches

Roughly absolute approaches link income thresholds for adequacy to calculations of the level of income deemed necessary to achieve particular core requirements (typically nutritional requirements, often themselves roughly estimated) given centrality in the method

[7] See http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:At-risk-of-poverty_rate

[8] "A child is defined as being in relative income poverty if they are living in a household with an income below 60 per cent of the UK median household income before housing costs have been deducted" (UK Government, 2012).

[9] See http://www.statcan.gc.ca/pub/75f0002m/2012002/lico-sfr-eng.htm

of calculation (the only sense in which they are in a 'core' - no normative priority need be assumed). Approaches that identify a food poverty line on the basis of some reference to nutritional requirements, and then employ a multiplier to generate an overall poverty line, deemed sufficient for other requirements too, are of this kind. The discussion in this section assumes that the core requirements are conceived in terms of food but that need not be the case; the important point is that not all requirements are included in those identified as belonging to the core. Typically, the multiplier reflects the empirical pattern of expenditure of a focal population (for instance the ratio of overall expenditure to food expenditure for the group). The focal group used to arrive at the multiplier may itself be chosen for having food expenditure at or near a food poverty line – the amount just sufficing to acquire or to achieve specific nutritional requirements or on the basis of independent criteria such as its assumed typicality. In practice, the focal group is often defined as being a specific quantile or percentile interval of the distribution of income or of consumption, either for goods in general or for food, of the population). This is the approach that was employed, for example, in the work of Mollie Orshansky of the US Social Security Administration in the early 1960s to develop a poverty-line for the United States (see Fisher, 1992) as well as of the more recent Supplemental Poverty Measure developed by the US Bureau of Labor Statistics and the US Census Bureau on the basis of recommendations of the US National Academy of Science [10]. It has also been implicit in the work of Indian economists Dandekar and Rath in the mid-1970s which later became the basis of the poverty line adopted in the late 1970s by India's Planning Commission, subsequently influential elsewhere. The development of overall poverty lines from food poverty lines pegged to calorie thresholds through such rough and ready methods has been a prominent feature of poverty line calculation exercises in developing countries[11].

Even if the food poverty line is carefully specified in a manner that provides a meaningful interpretation that is common across contexts, the non-food component will in general fail to have this property because it does not involve any direct reference to actual requirements. For example, it may be the case that non-food expenditures of people at the specified threshold reflect 'duress' in the way in which they choose how much to spend and on what, because they have to choose between the inadequate fulfilment of distinct requirements, rather than sufficing for the adequate fulfilment of those requirements. This would be the case if 'core' requirements were given greater priority by the household than 'non-core' requirements, for instance by sacrificing adequate housing for better nourishment.

[10] See e.g. https://www.bls.gov/pir/spmhome.htm. The Supplementary Poverty Measure has constructed absolute thresholds based on the empirical pattern of consumption of US households. Specifically, it employs the mean level of the 30th to 36th percentile of expenditures on food, clothing, shelter, and utilities (FCSU) of consumer units with two children, multiplies this by 1.2 to make a rough allowance for other basic requirements, makes adjustment for geographical differences in housing costs, and for differences in family size and composition (based on a stipulated three parameter equivalence scale) and compares this with a measure of household resources after taxes and transfers that also subtracts work, medical and child support expenses. Although this approach is more comprehensive in its recognition of the diversity of requirements than the earlier official poverty measure, it is based on a presumption of what counts as adequate (the mean level of the 30th to 36th percentile of expenditures on FCSU) rather than on a thorough accounting of real requirements. As such, it can be classified as a "roughly absolute approach". It is noteworthy that even advanced countries with considerable statistical resources are very often relying on such rough and ready approaches.

[11] On which see e.g. Ravallion (1994), which surveys such instances, referring to the roughly absolute approach we discuss here - somewhat misleadingly since not all requirements are costed – as the 'cost of basic needs' (or CBN) method.

Approaches to regional or global poverty measurement that begin with an 'international poverty line' and then convert it to local currency units are also of this kind, as there is no guarantee of the resulting thresholds in fact corresponding to real requirements of persons [12]. Even when the purchasing power of the international poverty line is referred to, it is at a level so low as to have little credibility in the context of high-income countries. The minimally adequate level of real income are likely to be conceived of as being greater in richer countries, in part because of the element of social determination in the avoidance of deprivations. For example, expenditures necessary for adequate nourishment form a smaller proportion of typical incomes, even for lower income households, in higher income countries. The requirements of non-deprivation (for example in regard to clothing, housing, and social participation) are also likely to be conceived of more generously in developed countries. Although this can pose serious problems across countries of different income categories, or even within an income category, they can be reduced by employing a disciplined approach to international comparisons as will be discussed more in the next section.

The informational basis for roughly absolute approaches is typically survey information on household expenditure patterns and levels, perhaps combined with detailed information on the specific 'core' requirements used to anchor the exercise (e.g. nutritional norms, data on nutritional contents of commodities, and on expenditure on food items). Although roughly absolute approaches are aimed at ensuring a meaningful interpretation of the threshold in terms of the 'cost of basic needs' they will generally fail to possess such an interpretation, precisely because of their "roughness".

Comprehensive approaches

A comprehensive approach implements the idea that an income adequacy threshold must be linked to the substantive achievements for which resources are expected to suffice in a detailed and sufficiently exhaustive fashion. At the same time it must make allowance for *appropriate* contextual variation to capture how the resources required for specific achievements may vary reasonably according to context.

Such an approach emphasizes the need to identify with suitable comprehensiveness and detail the commodity requirements for individuals to avoid a set of identified deprivations (or equivalently, to attain specific achievements) and their associated cost, taking note of the role of non-market provisioning` that may be present in order to identify the residually required private resources for use in the market. A comprehensive approach is designed simultaneously to permit cross-contextual comparison and parametric variation according to context to reflect relevant specificities. Conceptually, it is associated with the perspective that to analyze poverty both in a given context and across contexts we ought best to apply a framework that is *absolute in the space of achievements and relative in the space of resources necessary for those achievements* (see Sen, 1983, 1992). The case for taking note of relevant contextual variations associated with physical environment, social norms or culture etc. can be pointed to by a suitably nuanced understanding of the achievements themselves (e.g. of adequate nourishment as consisting of a palatable and socially acceptable diet, and not merely one that provides the biologically required nutrients at least cost).

A comprehensive approach requires a knowledge of the commodity requirements of avoidance of specified deprivations in a given context as well as of the costs of these commodities. Both expert knowledge and community input may be necessary to credibly identifying the "mapping" from achievements to commodities and ultimately to costs. Although such an exercise need not be undertaken frequently, and requires some initial

[12] See e.g. Reddy and Pogge (2010), Reddy (20011), Reddy and Lahoti (2015) and the references cited therein.

investment, it can be highly effective for providing a description of social conditions and for advocacy. Once arrived at, such a threshold can also be updated over time by periodically reassessing the cost of the commodities previously identified, as well as the list of commodities itself, if changing conditions necessitate revisiting its contents.

There are some existing approaches of this kind, even though imperfect. For example, the Joseph Rowntree Foundation's effort to produce a Minimum Income Standard for the UK provides an example of a comprehensive approach, drawing on public participation in conjunction with expert judgment to drop up a detailed description of the costs of achieving a minimally adequate living standard in a family context [13]. Similarly, Statistics Canada has developed a 'Market Basket Measure' based on a moderately comprehensive specification of commodity requirements and their costing, involving elements of public participation and expert judgment and taking note of regionally-variant requirements and prices (see e.g. Hatfield et al., 2010). In a rather different context, the International Civil Service Commission and private sector human resources consultancy firms produce detailed assessments of the cost in different world cities of achieving an adequate life (at a fairly high standard of perceived adequacy) for households possessing a certain pattern of life, leading to consumption norms specified in considerable detail, as is required in a comprehensive approach [14].

There have been some efforts to examine income inadequacy using an approach that focuses on outcomes. For instance, the Eurostat "severe material deprivation" measure is based on self-reports by surveyed households as to whether they were unable to afford certain things, with 'severe' material deprivation being registered if a respondent reports material deprivation according to any four out of nine possible criteria. This approach contrasts with other approaches to multi-dimensional poverty assessment mentioned earlier, which identifies deprivations suffered without being limiting to those arising due to insufficient income. This Eurostat measure also does not provide any direct indication of a threshold for income adequacy. Such a threshold might be derived through some indirect approach (for example by identifying the lowest income in a population such that the probability of suffering some number of the deprivations is lowered beneath a specified tolerance level when the threshold is passed). Although such a rough and ready approach may seem practicable, careful thought would have to be given to the criteria used. For instance, it is far from obvious that perceived inability to afford a car should be treated on par with inability to afford a telephone, although both figure amidst the EU-SILC indicators used by Eurostat. The indicators included are also far from comprehensive in addressing aspects of life for which resources are needed. Difficulties in in comparing the answers given to the surveys across social groups and countries, especially in regard to questions that include a subjective dimension, compound the difficulties. Such an approaches seems at most useful complements to, and poor substitutes for, a truly comprehensive approach.

4. ILO Conventions and Recommendations suggest a comprehensive approach

A comprehensive approach is that which possesses greatest normative and legal justification through its reference to a range of deprivations to be avoided. Once implemented, it also provides a template for ongoing assessment and for meaningful and consistent comparisons. Relatedly, they also thus provide for meaningful aggregation of

[13] See e.g. https://www.jrf.org.uk/report/minimum-income-standard-uk-2015.

[14] See, regarding the offerings of Mercer LLC: https://www.imercer.com/products/cost-of-living.aspx Detailed price information is collected and converted into overall assessments of costs based on assumed patterns of living.

"headcount" estimates across contexts, e.g. to produce regional estimates from national ones as long as the focal achievements (deprivations to be avoided) are kept common. Despite their limitations, roughly relative or roughly absolute approaches remain useful in country reporting due to the ease of undertaking them and the difficulty of immediately undertaking a more comprehensive exercise. Nevertheless, comprehensive approaches should be viewed as more desirable for a variety of reasons (evaluative meaningfulness, descriptive clarity and consistency of interpretations across time and space).

5. A practical approach to implementation

In most countries adopting a comprehensive approach to determining minimum sufficient income requires suitable technical and organizational support. In order to provide such technical assistance effectively, ensure a common framework and comparability across countries, it is desirable where possible to identify a set of deprivations to be avoided (or basic capabilities to be attained) at the level of the organization providing support. An example might be the avoidance of undernourishment or mal-nourishment (or the attainment of adequate nourishment). In principle, more than one such reference set (e.g. corresponding to more and less expansive conceptions of the relevant set) could be identified, although to arrive at one would simplify subsequent work. The ILO's contribution to such process would be particularly valuable since it can provide the link with relevant international legal standards and possibly invite tripartite consultations to define their application. There is an argument for focusing on income-dependent deprivations in particular, in light of the income-sufficiency concern raised by the relevant ILO instruments.

A broad-based international conference convening diverse actors could give participatory and democratic content to such a process, which would enhance the legitimacy of any such conception in the longer term. Coherence with international human rights instruments and other aspects of international law is also desirable. Any initiative by the ILO in this area may set a standard for subsequent work on estimates of income sufficiency (and income poverty) more generally, which provides an opportunity but also a considerable responsibility.

Once a set of reference objectives (interpreted in terms of deprivations to be avoided or achievements to be attained) is fixed, it becomes possible to begin a national-level process of determining income sufficiency that provides for a common interpretation and for comparability across contexts. However, if it is also possible to proceed with a comprehensive approach even in the absence of such an international exercise by starting from country-level efforts, although these should ideally be undertaken with a view to subsequent potential adjustment in the interest of harmonization.

For each country, once the focal income-dependent deprivations have been identified, the resource requirements of avoiding them can be estimated. In a comprehensive approach, this can be done by proceeding from a list of deprivations to be avoided to a list of commodities possessing the characteristics needed to avoid them. This is an exercise requiring detailed assessment in national and even sub-national contexts, ideally in a process involving both expert judgment and participatory engagement. For example, the cost of achieving adequate nourishment can be identified on the basis of expert judgment and empirical data alone, by drawing on information on nutritional contents and foods and their prices in conjunction with specified nutritional requirements. However, the outcome of such an optimization exercise may well be unpalatable. As a result, it is desirable to provide for individual preferences, cultural norms or other relevant contextual considerations to enter appropriately (and in a manner that is suitably disciplined by general guidelines). The need to integrate expert judgment and contextual knowledge about the preferences and perspectives of members of a community is likely to arise in regard to each deprivation. In general, the requirement is to identify not only the achievements of interest (deprivations to

be avoided) but the characteristics of commodities that promote them and the set of commodities that possess these characteristics. This exercise is best done at national level. The results will provide for automatic cross-national comparability of meanings if there is a common set of ultimate achievements (or capabilities) to which they refer, even if national understandings of what is needed to achieve them differ, as they must. It is clear that dialogue between the ILO and national tripartite partners may be very useful in establishing shared understandings.

6. A staged process

The approach could accordingly be implemented in three phases.

Phase 1

International organizations providing technical assistance should develop "global" norms for implementation of a comprehensive approach within countries, on the basis of widespread consultation and expert advice. Preparatory meetings can lead to identification of a proposed focal set of income-dependent achievements (deprivations to be avoided) as well as relevant characteristics of commodities to be referred to when determining the mapping from achievements to commodities. This could be in the form of a single focal set proposed for common adoption or of one or more possible such sets that could be reasonably employed in national reporting. There are great advantages in identifying at least one core focal set of achievements in order to facilitate comparison and aggregation across countries. As a side benefit, an income threshold determination exercise along these lines can also make a major contribution to subsequent efforts to enhance the meaning, comparability and use in aggregation of income poverty estimates generally.

Phase 2

Develop a "model" national methodology for adoption, adaptation and application by individual countries. The methodology should describe how to arrive at sample household patterns of consumptions sufficient to attain the focal achievements (avoid the focal deprivations). It should provide a method of developing one or more representative commodity lists, and of collecting or collating price data to develop associated household income sufficiency standards that can be updated over time. The description of the methodology should include some indication of the respective roles to be played by expert judgment and public consultation in arriving at the sample pattern. It should also recommend norms of transparency regarding process and outcome, to ensure appropriate public validation, as well as opportunities for correction, and to enhance public legitimacy of the results.

The reference methodology should aim to ensure substantive meaningfulness and appropriateness of the outcome of each national exercise in relation to ILO standards. A common reporting template providing a standardized method of reporting both national assumptions and results should be developed. This will be invaluable for assessments and comparisons of national exercises and to ensure their compatibility with the common reference standards.

The national methodology should also propose a method for translating household income sufficiency standards to norms of sufficiency for individual income-earners, based on findings or assumptions about the relationship between individual and household earnings and concerning how income sufficiency standards may vary across households of different sizes and types.

Phase 3

National reporting: a report describing the profile of households possessing sufficient income can be developed by combining the comprehensive income sufficiency standards arising from the national methodology (updated periodically according to new price data) with survey information from existing or fresh surveys. The sample household consumption patterns can also be adjusted on the basis of public consultations periodically if that is deemed necessary. The results regarding the sufficiency of incomes should be reported along with the specific assumptions made in the national exercise according to a common reporting template, which may be supplemented by more specific national reports. The results of periodic national reports can then become the basis of international assessments of income sufficiency and dialogue with tripartite representatives.

All of the above steps will require more detailed specification as principles are turned into practice. Nevertheless, the goal - giving meaningful, common, and yet locally appropriate content, consistent with international legal standards, to the idea of income sufficiency - is eminently achievable.

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