

## APPENDIX

### Development of a New "Poverty Line"

The organization and recommendations of this report are based on recognition of the fact that poverty is multi-dimensional, encompassing lack of social, psychological, and economic well-being. Nevertheless, most people think of poverty as income deficiency resulting in chronic material deprivation. This concept of poverty as low income is useful since it facilitates both the measurement of poverty and the development of programs to eliminate it. Many of the attempts to "define" poverty, both in Europe and North America, have been based on the view of poverty as income deficiency. Within this approach, however, there are conflicting views about the best way to measure inadequate incomes.

#### ALTERNATIVE METHODS

The most popular method has been to define poverty in terms of some minimally-adequate budget to cover items of basic need. This has been labelled the "budgetary," or subsistence, approach.

A second method is concerned with inequality rather than poverty *per se*. In this approach, poverty, or low income, is defined in terms of some percentage of average income. By contrast with the first method, no attempt is made to establish the price of a certain "basket of goods." The use of this comparative-income approach means that the poverty line (the definition of inadequate income) changes automatically with changes in average income.

A third method emerges directly from a concern with inequality, with how the total economic pie is being sliced. It examines the share of total national income going to, say, the bottom 20 per cent of the population,