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AUSTRALIAN LIVING STANDARDS STUDY

The Australian Institute of Family Studies has been commissioned by the Commonwealth Government through the Social Policy Division of the Department of Prime Minister and Cabinet to conduct a three-year study of the living standards of Australian families. Supplementary funding has been provided by the Department of Primary Industries and Energy to enhance the scope of the study in non-metropolitan areas.

The aims of the study are to:

- provide a review of local and international literature and practice on the measurement of living standards;
- identify and investigate non-income measures of living standards;
- provide information on spheres of life that have been identified as affecting living standards, especially health, employment, housing, economic resources, transport, and education, training and information;
- examine the importance of outcomes within each sphere of life and the interactions between spheres;
- obtain information on the availability and range of physical and social infrastructure and services in each area and how these contribute to the living standards of families;
- investigate comparative local cost structures, especially housing, transport, food, clothing and fuel.
The study addresses the living standards of families with children aged less than 20 years, irrespective of whether the child is living at home or not.

The study is being conducted in 12 localities which reflect varying socio-geographic settings in Australia. The localities are local government areas or combinations of adjoining local government areas. The 12 selected areas, consisting of 15 local government areas are:

**Outer suburban areas:** Berwick and Werribee, Melbourne; Campbelltown and Penrith, Sydney; Elizabeth/Munno Para, Adelaide.

**Middle suburban areas:** Box Hill, Melbourne; Ryde, Sydney.

**Inner suburban areas:** The City of Melbourne; South Sydney, Sydney.

**Non-metropolitan areas:** Tennant Creek, Northern Territory; Roma, Queensland; Berri/Loxton/Renmark, South Australia;

The study is implemented in the following ways.

- Interviews are conducted with members of 500 randomly-selected families in each of the 12 selected localities. Basic information is obtained about each member of the household in which the family lives and about the household in general. Personal interviews are conducted with each parent and with each child of secondary school age and above. Detailed information about all children is obtained from parents.

- Information is collected in the 12 localities about the existing provision of services and assessments by planners, service providers and user groups of the adequacy of the existing services.

- A statistical database is being compiled covering all local government areas using existing sources, such as the Population Census and administrative data held by government departments and other agencies.

In addition, the Northern Australia Development Unit of the Department of Social Security is conducting the study in cooperation with the Institute in two small communities in northern Australia.
Publications from the study will consist of research papers issued upon completion of major analysis, a report on each locality, and a general report on the findings of the study.

Study Coordinator: Peter McDonald

RESEARCH ISSUES

In Australia, concerns about poverty and adequate living standards have focused mainly on adequate income support. Recently, however, these concerns have broadened due to a renewed interest in non-income needs, such as needs for education, housing, and transport (Cass 1989; ALP Left 1990). Along with this, there are concerns about locational differences in living standards, particularly that families may be forced to move to the urban fringes of the large cities because of cheaper housing costs, but have inadequate access to employment and services there.

Because of these concerns, the Institute has been commissioned by the Commonwealth Government to conduct a study of the living standards of Australian families in twelve different areas of Australia.

Over the past 20 years there have been many approaches developed to measure the distribution of living standards in Western economies; among these approaches, one important strand has concerned the measurement of poverty. Poverty has been defined in various ways, but in general, the term refers to an inadequate standard of living.

In measuring standard of living, there has often been confusion as to whether what is being measured is the way of life itself or the level of resources which are necessary to achieve that way of life. This is particularly so in the case of poverty measurement.
Some researchers have, in fact, distinguished between two distinct concepts of poverty (Sen 1982:28; Atkinson 1985:7; Ringen 1987:145; Townsend, Corrigan and Kowarzik 1987:85). They consider that poverty can be conceptualised as: (i) a way of life which is below a defined minimum standard; and (ii) the level of resources necessary to achieve an adequate/minimum standard in the way of life.

Ringen calls these the direct and indirect concepts of poverty, respectively. He points out that the existence of these two different concepts has implications for the measurement of poverty. ‘Under the indirect concept, we should measure poverty by income or other resource indicators; under the direct concept by consumption or other way of life indicators’ (Ringen 1987:146). This is similar to Townsend’s distinction between deprivation and poverty, where deprivation refers to the ‘level of conditions or activities experienced’, and poverty to ‘incomes and other resources directly available’ to obtain these conditions and participate in these activities (Townsend, Corrigan and Kowarzik 1987:85).

Although there has been a concentration on the impact of income on ‘way of life’, many authors have argued that services and other locational factors make a contribution to living standards. Atkinson (1975:191) notes that:

‘An important objection to the use of the official poverty standards is that they are based purely on money income and ignore other aspects of deprivation. No account is taken of poor quality housing, schools or health care, which may or may not be associated with low money incomes. No account is taken of the limited availability of community facilities, parks, playgrounds, transport and of other environmental inequalities’.

Some argue that only objective measures of living standards are of interest, while others claim that subjective measures – that is, people’s evaluations of their circumstances – should also be collected and related to the objective indicators. Additionally, researchers have collected information about the more private aspects of life, such as marital and family relationships and personal wellbeing, and related these to objective measures of living standards.
In order to conduct the Institute’s study of the living standards of Australian families, it was necessary to develop a conceptual framework which would enable the contribution of employment and services to living standards to be assessed. Such a framework would need to allow for locational differences in living standards to be examined. It was also necessary to examine what ‘resource’ and ‘way of life’ indicators should be used in the study, whether subjective measures of living standards should be collected, and if so, how to incorporate these into the framework.

It was proposed that a review of the international research on living standards be undertaken in order to develop a theoretical framework appropriate to the Institute’s Living Standards Study. Two comprehensive reviews of issues in measuring poverty have been completed in Australia in recent years (Saunders and Whiteford 1989; Gourlay 1991). The following report provides a review of the international literature on the measurement of living standards, including poverty measurement. It examines the different types and combination of ‘resource’ and ‘way of life’ indicators used in measuring living standards, if and how the contribution of services and locational factors to living standards has been addressed, and the treatment of subjective factors in the assessment of living standards.

The report concludes with a description of the conceptual framework developed for the Institute’s Living Standards Study.
INCOME/EXPENDITURE
APPROACH

As in research overseas, one of the main streams of Australian research into family living standards uses the resource indicator 'real disposable income' as the measure of changes in the living standards of families over time. Trends in real disposable income reflect the combined effects of changes in incomes, taxes and prices (AIFS 1990:26). This indicator has come into general use as a popular shorthand expression for living standards (Hannan 1989). Researchers who use this indicator as the measure of living standards claim that while 'disposable income is not identical to living standards ... [it] is probably the most significant single component of overall living standards for most families' (Bradbury, Doyle and Whiteford 1989:8).

There are two types of studies assessing changes in living standards which have used real disposable income as the measure: the first examines changes in the real disposable incomes of different hypothetical family types at different levels of income, such as average weekly earnings (AIFS 1990:27); the second compares the actual income distribution of families in different years (Bradbury, Doyle and Whiteford 1989:40).

Other researchers have combined the value of services with real disposable income to construct an indicator of standard of living. Norris (1985:215), for instance, assigned to each
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household a share of government expenditure on services such as health, education and housing and added these to real disposable income in order to measure the living standards of a number of different hypothetical family/household types. Similarly, the Fiscal Incidence Study conducted by the Australian Bureau of Statistics used data from the 1984 Household Expenditure Survey on the actual use of services by households in order to assign a share of expenditure on government services to households so that the effects of all government benefits and taxes on the actual income distribution of households could be assessed (ABS 1987).

One of the most common ways of measuring poverty in Australia and overseas has been in terms of resources in the narrow sense of cash income.

In England during the first part of this century, poverty was measured by the 'subsistence' or 'absolute' concept, poverty being regarded as 'the lack of income needed to acquire the minimum necessities of life' (Rein 1970:48). The poverty line income was determined partly through applying a budget standards approach and partly through expenditure surveys of low-income families. A budget standards approach costs the level of a commodity defined by experts as being required to meet a particular need, such as food or shelter. The budget standards/expenditure survey type of approach, which focuses on the satisfaction of basic needs, has a long tradition in Europe, dating back to the mid-19th century (Johannsen 1973:212)

Rowntree measured poverty in York according to an income level determined by costing an absolute level of minimum needs in terms of food, clothing, housing and heating (Townsend 1979:59). This costing was based on a combination of a budget standards approach and a consumption/expenditure approach. For instance, in Rowntree's second poverty study of York in 1935–36, the allowance for food was based on the cost of a minimum diet as specified by nutritional experts, the cost of clothing was based on the actual expenditure of low-income families, and the cost of other items on his own and other experts' opinions (Rowntree 1941 quoted in Townsend 1979:33). A number of area surveys of poverty were made in Britain in the first half of the 20th century using this
methodology. Beveridge's assistance scales, produced in 1942, were derived by using this type of approach; they were based on the cost of a subsistence level diet plus allowances for clothing, fuel and other household items derived from an expenditure survey of working class families (Bradshaw, Mitchell and Morgan 1987).

In the United States, the official poverty line is based on a subsistence concept of poverty and is currently measured using this same type of approach. The poverty line is calculated from estimates of the cost of a subsistence level diet prepared by nutritional experts, and from the average percentage of income low-income families spend on food, obtained from a 1955 expenditure survey (Orshansky 1969). In order to determine the level of the poverty line, the cost of the diet is multiplied by the inverse of the proportion of income spent on food. Thus, since the average expenditure on food was 33 per cent of income for a low-income family of three or more people in 1955, the poverty line in the United States, adjusted annually according to the rise in prices, is set at three times the cost of the subsistence level diet.

In Australia, the income poverty line in general use is the Henderson poverty line, developed for use in a 1966 poverty survey. It is a 'relative' poverty line — that is, it measures poverty in relation to community standards rather than on a subsistence or absolute level. This poverty line was not derived through any study of families' actual needs or costs, but was arbitrarily set at the level of the basic wage plus child endowment for a working man with a dependent wife and two children. However, income was adjusted for family size and composition by the New York Family Budget Standard, based on a budget standards/consumption approach similar to that of Rowntree (Whiteford 1985:9). The Henderson poverty line is updated by changes in average community incomes; it was originally updated by increases in male average weekly earnings, but since 1981 has been updated by increases in household disposable income per head. The major approach to poverty measurement in Australia is to compare families' cash incomes after tax with the Henderson poverty line (Saunders and Whiteford 1989:3).

A very different approach to determining an income poverty line was developed in Holland in the 1970s and has been used
to measure poverty in other European countries; this is the 'consensual' approach to poverty measurement (Saunders and Whiteford 1989:12). Rather than basing poverty lines on experts' judgements or research findings, researchers have asked people what they consider to be a minimum level of income, either for themselves or for a particular family type, and have then applied a statistical procedure to the data in order to derive a poverty line (Whiteford 1985:81).

In Australia, Saunders and Bradbury (1989a) recently used Morgan Gallup Poll data to develop a series of consensual poverty lines. Respondents were asked:

'In your opinion, what is the smallest amount a family of four - two parents and two children - need a week to keep in health and live decently - the smallest amount for all expenses including rent?'

The researchers applied the consensual methodology to the July 1987 data to derive a poverty line of $333 a week for a married couple with two children. This was considerably higher than the Henderson poverty line of $285 a week for the same family type over the same period. In examining the average response to the Gallup Poll question over the past 40 years, they found that the average amount specified has risen substantially in real terms, moving more closely in line with movements in community incomes than with movements in prices. They argue that this suggests that people in the community think of poverty in relative terms, rather than in subsistence terms (Saunders and Bradbury 1989b).
RELATIVE DEPRIVATION APPROACH

Townsend’s pioneering work of the 1960s (Townsend 1979) arose from a desire to broaden the measurement of poverty from an approach measuring only cash income and a narrow range of consumption items to one that included a wider definition of economic resources and a broader range of way of life items (p.33). He rejects the absolute, or subsistence, concept of poverty, arguing that needs cannot be looked at in isolation from the society which is being studied and that poverty is relative rather than absolute. ‘People’s needs ... are conditioned by the society in which they live and to which they belong’ (p.38). In fact, as Ringen (1987:150) has pointed out, the subsistence minimum is not an absolute concept, since a subsistence minimum can only be defined in relation to the social context. For this reason, Ringen regards the concept of absolute poverty as a ‘straw man’.

Townsend (1979) argues that ‘poverty can be defined objectively and applied consistently only in terms of the concept of relative deprivation’ (p.31). ‘People can be said to be deprived if they lack the material standards of diet, clothing, housing, household facilities, working, environmental and locational conditions and facilities which are ordinarily available in their society, and do not participate in or have access to the forms of employment, occupation, education, recreation and family and social activities and relationships which are commonly experienced or accepted (p.413). ‘If they
lack or are denied resources to obtain these conditions of life and for this reason are unable to fulfil membership of society they can be said to be in poverty' (p.83 – emphasis added).

In Townsend’s first major poverty study in 1968–69, information was collected from 6098 individuals living in 2052 households in 51 electorates in the United Kingdom. Over the same period, four local surveys of a parallel nature were carried out in poor areas of four different electorates (Townsend 1979:93). These poor areas (that is, areas with an over-representation of low-income people) were selected according to a number of indicators known to be associated with low income. Data were collected by face-to-face interviews with ‘the housewife and all wage-earners (and other income recipients) in the household’ (p.102). Data were analysed for individuals, income units or families, and households.

This work was extended in a further survey of poverty and the London labour market which was carried out from late 1985 to 1986, but as yet only preliminary results are available from this later survey (Townsend, Corrigan and Kowarzik 1987).

In his first study, Townsend broadened the definition of resources to include capital assets, the value of employment benefits in kind, the value of public social services in kind and private income in kind, as well as cash income (Townsend 1979: 55). Mack and Lansley (1985:32) consider that ‘this attempt to build a more comprehensive definition of income and resources is a particularly important element of the Townsend survey’. Townsend’s full definition of economic resources is shown in Table 1.

Townsend estimated the value of public social services from information collected for each adult and child in the household on the use, in the previous 12 months, of educational services (for example, primary schools, higher educational institutions) and health and welfare services (for example, doctors’ visits, home help services, visits to welfare clinics) and the receipt of any government housing assistance (p.218).
Table 1: Types of economic resources: Townsend’s first poverty study

1. Cash income:
   (a) Earned
   (b) Unearned
   (c) Social Security

2. Capital assets:
   (a) House/flat occupied by family, and living facilities
   (b) Assets (other than occupied house) and savings

3. Value of employment benefits in kind:
   (a) Employers’ fringe benefits: subsidies and value of occupational insurance
   (b) Occupational facilities

4. Value of Public social services in kind:
   Including government subsidies and services – for example, health, education and housing, but excluding social security

5. Private income in kind:
   (a) Home production (e.g. of smallholding or garden)
   (b) Gifts
   (c) Value of personal supporting services

Source: Townsend 1979:55

It was found that the highest income households received the highest money value of other types of economic resources. Townsend concluded that the overall effect of adding the other four types of resources to cash income was to increase slightly the dispersion of overall resources; social services and private income in kind slightly decreasing the dispersion, and employer welfare benefits and imputed income from assets increasing the dispersion (p.233).

In examining way of life to assess deprivation, Townsend adopted a broader approach than the previous consumption type studies of poverty. He used 60 indicators to measure deprivation in way of life. Some of these indicators are shown in Table 2.
Table 2: Some indicators of deprivation: Townsend's first poverty study

<table>
<thead>
<tr>
<th>Category</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diet</td>
<td>No fresh meat most days of week</td>
</tr>
<tr>
<td></td>
<td>Income unit buys second-hand clothes often or sometimes</td>
</tr>
<tr>
<td>Clothing</td>
<td>Income unit buys second-hand clothes often or sometimes</td>
</tr>
<tr>
<td>Fuel and light</td>
<td>No central heating</td>
</tr>
<tr>
<td>Household facilities</td>
<td>No telephone, no washing machine</td>
</tr>
<tr>
<td>Housing conditions and amenities</td>
<td>Overcrowded (in terms of number of bedrooms)</td>
</tr>
<tr>
<td>Conditions at work</td>
<td>Poor outdoor/indoor amenities of work</td>
</tr>
<tr>
<td>Health</td>
<td>Health poor or fair</td>
</tr>
<tr>
<td>Educational</td>
<td>Fewer than ten years’ education</td>
</tr>
<tr>
<td>Environmental</td>
<td>No safe place for child to play</td>
</tr>
<tr>
<td>Family</td>
<td>Child not had party last birthday</td>
</tr>
<tr>
<td>Recreational</td>
<td>No holiday in last 12 months away from home</td>
</tr>
<tr>
<td>Social</td>
<td>No emergency help available (for example, illness)</td>
</tr>
</tbody>
</table>

Source: Townsend 1979:1173–1176

Townsend expressed these indicators as indicators of deprivation, that is, an individual or family was assessed on an indicator as deprived if, for instance, they lacked an amenity or did not participate in an activity. 'By applying the indicators to individuals and families, a score for different forms of deprivation can be added: the higher the score the lower the participation' (p.251). He then compiled a summary deprivation index which comprised major aspects of dietary, household, familial, recreational and social deprivation. Townsend's index of relative deprivation is listed in Table 3.

Townsend used this index to look at the relationship between levels of net household income and levels of deprivation to see whether there was a threshold of income for different types of households below which people were disproportionately deprived. He considered that the evidence of the study on this point was inconclusive, although there was a suggestion that such a threshold might exist (p.255). In looking at the relationship between resources and levels of deprivation, Townsend found evidence of higher correlations between resources and deprivation once he broadened resources
to include other types of economic resources such as assets (p.260).

Table 3: Townsend’s deprivation index

1. Has not had a week’s holiday away from home in last 12 months
2. Adults only. Has not had a relative or friend to the home for a meal or snack in the last 4 weeks
3. Adults only. Has not been out in the last 4 weeks to a relative or friend for a meal or snack
4. Children only (under 15). Has not had a friend to play or to tea in the last 4 weeks
5. Children only. Did not have party on last birthday.
6. Has not had an afternoon or evening out for entertainment in the last two weeks
7. Does not have fresh meat (including meals out) as many as four days a week
8. Has gone through one or more days in the past fortnight without a cooked meal
9. Has not had a cooked breakfast most days of the week
10. Household does not have a refrigerator
11. Household does not usually have a Sunday joint [roast meat] (3 in 4 times)
12. Household does not have sole use of four amenities indoors (flush WC; sink or wash-basin and cold-water tap; fixed bath or shower; and gas or electric cooker)

Source: Townsend 1979:250

Townsend notes that locational differences may make a difference to living standards because the prices of certain goods tend to vary for different regional areas and communities; for instance, people with similar levels of resources, but living in different areas, have quite different purchasing power (p.175). However, he argues that this factor is hard to document and its importance problematic. In his survey, Townsend examined variations in the extent of poverty and certain broader types of deprivation, such as poor housing facilities and poor environmental conditions, according to different regional areas of Britain, urban and rural areas and
the four poor areas. He found that there were wide differences in levels of poverty between different regions of Britain. He claims that these differences would not be so marked if incomes were adjusted for their purchasing power, despite his earlier statement about the uncertainty of the impact of regional price variations (p.175, 545).

Also examined were some subjective aspects of living standards and these Townsend related to objective conditions (p.418). He asked about how well-off people felt compared with others and with their own situation in the past, about whether they found it hard to manage on their income and whether they defined themselves as 'poor'. Working people were also asked about their satisfaction with the character of their work, their security, work conditions and pay. Townsend found a marked positive relationship between objective and subjective deprivation. However, the relationship between objective aspects of the work situation and the workers' subjective evaluations was much less clear cut.

Townsend's study has been criticised on a number of grounds (Piachaud 1981; Madge 1981; Mack and Lansley 1985), but the most relevant criticisms in terms of measuring living standards are those relating to his choice of deprivation indicators.

Piachaud criticises Townsend's choice of the components of the summary deprivation index as being arbitrary. 'It is not clear what some of them have to do with poverty, nor how they were selected' (Piachaud 1981:420). Mack and Lansley (1985:34) point out that Townsend based his indicators on the principle that they referred to the living conditions of the majority in his sample, but argue that he did not keep to this principle in practice.

Piachaud also criticises Townsend's index on the basis that it does not measure relative deprivation because he focuses on choices rather than on constraints. Piachaud argues that a large part of the variation in the scores on the deprivation index has to do with differences in tastes, rather than with poverty, since although a considerable number of those with very low incomes score low on the index, many of those with high incomes also score low on the index. 'What surely matters
most is the choice a person has, and the constraints he or she faces. To choose not to go on holiday or eat meat is one thing: it may interest sociologists, but it is of no interest to those concerned with poverty. To have little or no opportunity to take a holiday or buy meat is entirely different’ (Piachaud 1981:420).

Madge similarly criticises the 21 indicators of material and social deprivation which Townsend uses to measure the relationship between ‘occupational class’ and ‘relative deprivation’ (Townsend 1979:414–6). ‘The proportion of the professional and managerial class who are deprived on this basis suggests that these indicators have not all been very aptly chosen (Madge 1981:52).

Piachaud and Madge criticise Townsend for narrowing the concept of deprivation to include primarily private aspects of behaviour, rather than broadening the index to include more social aspects such as deprivation at work or of public services. Madge argues that it would be possible to use Townsend’s indices on work, housing and the environment ‘to build up an index of multiple deprivation, which would also take in income poverty and deprivation in education, health and leisure’ (p.52).

Instead of imputing the value of public services and thus treating services as a substitute for income support, Townsend could have used the information to measure the impact of services on way of life and thus assess the contribution services make to families' living standards. Alternatively, if health services are to be included as resources, indicators of health needs should be included in the deprivation index as indicators of resource requirements.

Townsend extensively revised and broadened his index of deprivation for use in his 1985–87 study, Poverty and the London Labour Market, which involved a survey of a random sample of the adult population of Greater London. For this study he developed an index of multiple deprivation based on a list of 77 indicators or groups of indicators which reflected different types of deprivation. Some of the indicators are listed in Table 4.
### Table 4: Indicators of material and social deprivation: Townsend’s second poverty study

<table>
<thead>
<tr>
<th><strong>Material deprivation</strong></th>
<th><strong>Typical indicators</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dietary</td>
<td>At least one day in last fortnight with insufficient to eat</td>
</tr>
<tr>
<td></td>
<td>Inadequate protection against severe cold</td>
</tr>
<tr>
<td>Clothing</td>
<td>Internal structural defects</td>
</tr>
<tr>
<td>Housing</td>
<td>No car, no central heating</td>
</tr>
<tr>
<td>Home facilities</td>
<td>Industrial air pollution</td>
</tr>
<tr>
<td>Environment</td>
<td>No shops for ordinary household goods within 10 minutes journey</td>
</tr>
<tr>
<td>Location</td>
<td>Works ‘unsocial hours’</td>
</tr>
<tr>
<td>Work</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Social deprivation</strong></th>
<th><strong>Typical indicators</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rights in employment</td>
<td>No paid holiday</td>
</tr>
<tr>
<td>Family activity</td>
<td>Has care of disabled or elderly relative</td>
</tr>
<tr>
<td>Integration into community</td>
<td>Being alone and isolated from people</td>
</tr>
<tr>
<td>Formal participation in social institutions</td>
<td>No participation in voluntary service activities</td>
</tr>
<tr>
<td>Recreation</td>
<td>No holiday away from home in last 12 months</td>
</tr>
<tr>
<td>Education</td>
<td>Fewer than ten years’ education</td>
</tr>
</tbody>
</table>

*Source: Townsend, Corrigan and Kowarzik 1987:91–94*

Townsend states that a number of these indicators are based on international practices, while others are drawn from previous Government and non-Government surveys. From initial findings of this study, Townsend considers that the indicators appear to be valid ‘in the sense that in every case they reflect the conditions, experience and activities of a statistical majority of the population’ (p.139). He also argues that since the respondents were asked to say for most of these indicators whether or not they believed them to be necessary to them as individuals in today’s conditions, ‘majority opinion on the elements believed to be necessary to present day living standards can therefore be compared with majority circumstances and behaviour’ (p.139).

This approach, however, only overcomes the problems of choice versus constraint if assessment of necessities is
compared on an individual rather than an aggregated basis with regard to the lack of an item or non-participation in an activity. Such an approach was taken by Mack and Lansley in the study described in the next section.
RELATIVE DEPRIVATION: CONSENSUAL APPROACH

In early 1983, Mack and Lansley undertook a nationwide study of poverty in Britain, in which they obtained household information from 1174 respondents aged 16 years and over. This study was in the tradition of Townsend's 1969 study but attempted by its methods to overcome some of the problems of Townsend's work (Mack and Lansley 1985).

Mack and Lansley measure poverty in terms of exclusion from a customary and socially expected way of life rather than in terms of 'some arbitrary income level' (Mack and Lansley 1985:9). Like Townsend, they adopt a relative view of poverty in that they consider that necessities are culturally and socially determined (p.27). However, unlike Townsend's earlier work, instead of defining necessities according to what are supposedly the living conditions of the majority of the population, their definition of necessities is derived from a nation-wide survey of what the British public considered to be a minimum living standard. They also overcome the problem of whether way of life is through choice or by constraint by asking their respondents if they considered an item a necessity, if they had the item, and for those items which respondents did not have, whether this was through choice or because the respondent could not afford the item (Mack and Lansley 1985:70). Thus, Mack and Lansley's study defines poverty in terms of 'an enforced lack of socially
perceived necessities' (Mack and Lansley 1985:39 – emphasis added).

This study emphasised the direct measurement of poverty and concentrated on collecting information about way of life rather than about resources. Current cash income was the only measure of resources collected in the study.

In addition to examining similar types of surveys, the researchers sought the views of different groups in the population and of academic experts in order to draw up a list of indicators regarded by the general public as constituting a minimally adequate way of life. The 35 indicators they came up with represented a range of aspects of way of life and covered food, heating, household durables, clothing, housing conditions, transport and leisure and social activities. Respondents were asked whether they had an item, and if so, whether or not they could do without it, or if they lacked an item, whether this was because they could not afford it. It was decided not to ask respondents to specify the quality of an item, since these judgements were considered to be too subjective, although it was noted that the quality of an item has an impact on way of life. Nevertheless, Mack and Lansley did point out in their discussion of the results that the differences between the better-off and the deprived were under-estimated because the measures of quality were limited (p.136).

From the original 35 indicators, a list was drawn up of 22 items which the majority of the population regarded as necessities and whose affordability is related to income. This list is shown in Table 5.

Mack and Lansley define deprivation as ‘an enforced lack of necessities’ and poverty as ‘the enforced lack of three or more necessities’. They found a very strong relationship between income and levels of deprivation when they looked at the household equivalent disposable incomes of people who could not afford one or more necessities and at the way of life of households on supplementary benefit. The researchers tried to determine whether or not there was a poverty line by examining the relationship between income and poverty. They argue that their results do provide support for the existence of
such an income threshold, below which the likelihood of deprivation sharply increases (p.194).

Table 5: Mack and Lansley’s ‘way of life’ necessities in rank order

1. Heating to warm living areas of the home if it’s cold
2. Indoor toilet (not shared with another household)
3. Damp-free home
4. Bath (not shared with another household)
5. Beds for everyone in the household
6. Warm waterproof coat
7. Three meals a day for children
8. Two pairs of all-weather shoes
9. Enough bedrooms for every child over 10 of different sex to have his/her own
10. Refrigerator
11. Toys for children
12. Carpets in living rooms and bedrooms
13. Celebrations on special occasions such as Christmas
14. A roast joint or its equivalent once a week
15. Washing machine
16. New, not second-hand, clothes
17. Hobby or leisure activity
18. Two hot meals a day (adults)
19. Meat or fish every other day
20. Presents for friends or family once a year
21. A holiday away from home for one week a year, not with relatives
22. Leisure equipment for children, e.g. sports equipment or a bicycle

Source: Mack and Lansley 1985:54, 104
* For families with children only

Mack and Lansley limited their survey to aspects of way of life that are affected by the level of an individual’s cash income, that is, where deprivation in way of life can be reduced by increasing the individual’s cash income (p.44). Thus, although they recognised that public services have an important impact on an individual’s way of life, these services
were mainly excluded from the survey, since in Britain these services are not usually paid for directly.

The researchers did include housing and public transport among the original 35 indicators as being public services which are paid for, but public transport was excluded from the final list of indicators. Although 'public transport for one's needs' was considered to be a necessity by a vast majority of those surveyed, the relationship between its affordability and household income was not significant, people with middle incomes being as likely to say they could not afford public transport as people with low incomes. Mack and Lansley suggest that there may be several reasons for this finding. The results could be a statistical artifact because of the small number not being able to afford public transport, or they may be due to regional variations in the cost and accessibility of public transport or to people in different groups interpreting the question in different ways (p.103).

Because of its focus on aspects of life which could be improved by increasing the individual's cash income, the survey excluded conditions at work, although it was recognised that low-paid people are those who are most likely to experience poor working conditions. Similarly, various aspects of the physical environment such as safety on the streets were excluded from the survey although the authors considered that these factors generally affect poor people more than others.

In discussing the results of their survey, however, Mack and Lansley note that, although deprivations other than those resulting from lack of money were outside the scope of their survey, there were strong indications that those who were deprived through lack of income were also likely to be deprived in other ways, for instance, living in the worst environments and facing inadequate and poor quality education, health and recreation services (Mack and Lansley 1985:156).

The relationship between objective deprivation, family relationships and subjective evaluation of wellbeing were also examined. Respondents were asked, for instance, whether they had been depressed or bored, whether they lacked hope for the future, whether their relations with family or friends had worsened and whether they had at least one worry. The
researchers found that a whole range of worries were experienced by those with inadequate living standards, with a greater concentration of worries among the most deprived. Some relationships between family members (for example, between single parents and their children) appeared to be strained or damaged by lack of money. Those who were the most deprived reported constant worry about the lack of money, depression and a lack of hope for the future.

In asking about people’s satisfaction with their living standards, Mack and Lansley found that, in general, the lower people’s living standards, the more likely they were to be dissatisfied with those living standards. However, they expressed surprise at the high level of satisfaction with living standards reported by those who were among the most deprived of all (p.167). They put these findings down to people becoming resigned to their circumstances and having low aspirations.

The researchers also note that people with low incomes may say that they ‘choose’ to do without a necessity because of their lowered aspirations (p.117). For this reason, they produced two alternative sets of poverty estimates, one of which included people whose ‘choice’ the authors regarded as being constrained by low aspirations (Mack and Lansley 1985:182).

Narrowing of the definition of ‘resources’ to ‘current cash income’ meant that, while Mack and Lansley found a strong relationship between income and deprivation in way of life, they, nevertheless also found people with very similar current incomes but with major differences in their way of life (p.127).

Mack and Lansley consider that there are five main reasons for these differences. First, people may face different demands, such as having a dependent living outside the household to support or having a disabled child. Second, current cash income gives only a ‘snapshot’ picture and does not indicate whether people were better off or worse off in the past: if they were better off in the past they may have built up other economic resources which improve their current living standards; if worse off, they may have debts which lower their
current living standards. Similarly, current cash income does not provide any indication of future prospects; a student, for instance, may have a low income currently, but have good economic prospects. Third, cash income often does not include undeclared income from the cash economy or the value of fringe benefits. Fourth, people receive varying levels of help from family and friends outside the household and from voluntary and state welfare agencies. Finally, the provision of public housing has meant that housing standards vary considerably among those with low incomes.

These factors all suggest that much broader definitions of resources and way of life than those used by Mack and Lansley are needed in order to measure living standards.
INCOME/EXPENDITURE APPROACH: FURTHER DEVELOPMENTS

Also working in Britain in the 1980s, Bradshaw, Cooke and Godfrey (1983) and Millar (1989) used the budget standards/expenditure survey approach of Rowntree and others to look at the living standards of different types of low-income families. They used the Family Finances Survey, a British national income/expenditure survey of low-income families to examine and compare the living standards of different types of families – for instance, lone parent and two-parent families (Millar 1989). Bradshaw and colleagues (1983) argue that, although income is an indicator of the resources available for consumption (that is, of potential consumption) looking at income alone does not account for people’s ability to go into debt or to use savings. They therefore conclude that it is necessary to look at ‘actual consumption’ in addition to income when measuring family living standards (p.435-436).

Bradshaw, Cooke and Godfrey (1983) and Millar (1989) extended the original budget standards/expenditure survey approach to include in their analysis way of life indicators other than basic necessities. They looked not only at expenditure on food, housing and fuel, but also at expenditure on other commodity items, such as leisure and recreation (Bradshaw, Cooke and Godfrey 1983:444; Millar 1989:75). They also looked at way of life items on which there was no current spending, but which they considered made a difference to living standards, that is, the ownership of a telephone,
television, washing machine, refrigerator, car and central heating (Bradshaw, Cooke and Godfrey 1983:446; Millar 1989:82).

Bradshaw, Cooke and Godfrey examined resources in terms of net disposable income, that is, gross income less tax and national insurance contributions. Millar's definition of net disposable income was somewhat different, being gross income less tax, national insurance contributions, housing costs and work expenses. Millar also imputed the value of in-kind benefits, that is, fringe benefits from employment, free school meals and free milk for children, to families' net disposable income. Neither Bradshaw and colleagues nor Millar looked at the relationship between net disposable income (resources) and expenditure and access to consumer assets (way of life) for individual families.

Bradshaw and Holmes (1989) incorporated the budget standards/expenditure survey approach in a much broader approach to the measurement of living standards in a recent study of long-term unemployed families living in the Tyne and Wear region of Britain. This study is quite different from most other British studies of living standards in that its particular emphasis was to examine to what extent and how family living standards 'are complemented by free or subsidised public services, including transport, library, leisure, health, education, advice and social services' (Bradshaw and Holmes 1989:1). The purpose of the study was to assess the adequacy of both benefits and services for the living standards of long-term unemployed families living in a particular area of Britain.

In this detailed qualitative study, a small sample of families—that is, 67 long-term unemployed married couple families with two school aged children, living in five different areas of Tyne and Wear—were interviewed on three different occasions. Respondents were also left three self-completion schedules and diaries in which to record their total expenditure, travel and use of time.

Since Bradshaw and Holmes consider that 'the living standards of a family are better represented by what they spend and buy rather than their income' (p.58), their study concentrates on way of life indicators, some of which they derive from expenditure patterns, rather than on resources.
In terms of resources, families were asked for details of: current cash income from benefits and earnings, including children's income; details of one-off payments and allowances; and savings, borrowings and gifts.

In terms of way of life indicators, families were asked for information about: housing conditions – overcrowding, quality, basic amenities (for example, indoor toilet), defects (for example, damp); expenditure on housing and utilities; expenditure on large single items such as furniture, shoes and school uniforms; and an inventory of furnishings and household equipment (for example, telephone, fridge, car), linen, bedding and clothing – respondents were also asked to evaluate the condition of an item.

The three diaries which families were asked to complete contained information about: total expenditure of the family (including children) over a two-week period; travel for all family members over a one-week period; and use of time by all family members over a one-week period.

Bradshaw and Holmes (1989) examined families' expenditures on necessities such as food, clothing and household items to determine whether the levels of supplementary benefit were adequate to provide for these basic needs. They compared the percentage of total expenditure their respondents spent on different commodities such as food, clothing, heating and light with data on family expenditure from a national survey and with data from an earlier survey of similar low-income families (Bradshaw and Morgan 1987).

Families' diets were compared with the diets of these low-income families, such diets having been subjected to a 'test of nutritional adequacy' in the earlier study (Bradshaw and Morgan 1987). Families' clothing was assessed against a normative minimum standard derived from this same study, while their stock of bedding and linen was compared with a normative minimum standard set by the Supplementary Benefits Commission. Families' ownership of consumer assets was compared with the national data and was found to be close to the national average. However, many of these consumer items were reported to be in poor condition.
Bradshaw and Holmes compared families' incomes with their expenditure, finding expenditure to be higher on average than income, for instance, because of the use of savings to purchase commodities.

Families were asked about their use of services and local facilities and their attitude to services, particularly public transport services. However, Bradshaw and Holmes went only some way in their attempt to assess the contribution of services to living standards, one important reason for their difficulty being that they had no systematic framework for analysing the data. However, they did conclude that the housing conditions of the families in the sample were relatively good because of the efforts of the local housing authorities (p.24) and that families' use of leisure was constrained by the cost of public transport (p.110).

Bradshaw and Holmes did not look systematically at the impact of locational differences on living standards, although they noted that the housing conditions of the low-income families in the sample were much better than those of similar families in other parts of Britain because of the efforts of the North Eastern local housing authorities (p.133). Their sample was also probably too small for them to assess locational differences in living standards between families in different local areas of Tyne and Wear, although they noted that the five different areas varied in terms of the quality of public housing, availability of school clothing grants and leisure services (Bradshaw and Holmes 1989:23,66,103).

Bradshaw and Holmes also looked at a number of subjective and inter-personal features of living standards, including: money management within the family; subjective wellbeing, which they assessed through a number of indicators of psychological and emotional wellbeing and then related to levels of debt, income and length of unemployment; social integration, which they attempted to assess through information about help given to or received from family, friends and neighbours; family life and couples' relationships with one another and with their children; effects of unemployment on different family members, including children; social deprivation, which they assessed using Mack and Lansley's scale; and satisfaction with living standards.
Some findings which emerged were: that the level of debt and female stress were significantly associated; that, although there was no comparative national data, families did not appear to be completely cut off from social networks; that unemployment and the associated lack of money had a big effect on children's 'way of life' in terms of clothing, outings and pocket money; and that a third of these families were satisfied with their standard of living, which Bradshaw and Holmes attributed to the living standards of these families being as high or higher than they had been five years previously.
RELATIVE DEPRIVATION: FURTHER DEVELOPMENTS

Recently, Hutton (1989, 1990) has used two British national surveys, the Family Expenditure Survey and the General Household Survey to develop indicators of living standards based on Townsend’s concept of relative deprivation (Hutton 1989, 1990). She linked the two surveys to develop indicators of material living standards and social participation for different family types at varying stages of the life-cycle and at different income levels. She considers that there are two levels of living standards indicators – those applicable to all family types and those applicable to a given family type only.

The indicators of way of life used in the analysis comprise: detailed expenditure on diet (for example, amount spent on fresh fruit and vegetables); expenditure on the main commodity items (for example, fuel, transport, clothing and footwear); ownership of a telephone, car, gas central heating, refrigerator, freezer, housing (tenure and type, overcrowding); employment (current employment status, pension rights); leisure activities; health; and education.

It appears that the economic resource indicator used was current weekly family income, with some attention being paid to source of income.

These indicators used are, in the main, objective, although information collected about satisfaction with job, pay and
housing was used in the analysis. Hutton recognised that, unlike Townsend's work, no information was available about environment and location (Hutton 1990:184). There is also no information in the data set about the use of services.

Hutton looked at how different indicators varied with income and at whether there was a threshold of deprivation. She also looked at what comprised the living standards of particular family types at different income levels. As with Townsend's analysis, whether or not an indicator represents deprivation was decided by the researcher.

Although Hutton found some indicators common to a number of family types, she did find others specific to particular groups. Couples with pre-school children, for instance, pursued leisure-time activities which were home-centred, compared with the more active leisure time pursuits of single people under the age of 35 years.

In examining indicators of living standards of single people under 35 years, she found that the lack of a job was the only indicator consistent with a threshold of deprivation, although health, as exemplified by 'suffering a long-standing illness' was another indicator for which the threshold hypothesis might hold. Overall, she found that there was some evidence of a threshold for some indicators at various income levels, but little evidence for the existence of a poverty line (Hutton 1990:196).

In comparing the living standards of families on supplementary benefit with families of the same type at different income levels, Hutton (1989) developed a summary index of living standards for all the five family types examined, using principal components analysis (Table 6).

Hutton looked at the relationship between disposable income and the summary index and found that for incomes below the median, as income fell, standard of living decreased more rapidly (Hutton 1989:14). However, she considers that her data cannot be used to investigate Townsend's theory of a poverty line, since she argues that her indicators are indicators of general living standards, rather than of deprivation.
Table 6: List of indicators from which Hutton’s summary index is derived

<table>
<thead>
<tr>
<th>Category</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Diet</strong></td>
<td>Food expenditure</td>
</tr>
<tr>
<td></td>
<td>Carbohydrate expenditure as a proportion of the food budget</td>
</tr>
<tr>
<td></td>
<td>Protein expenditure as a proportion of the food budget</td>
</tr>
<tr>
<td><strong>Clothing</strong></td>
<td>Clothing and footwear expenditure</td>
</tr>
<tr>
<td></td>
<td>Proportion who spend on clothing</td>
</tr>
<tr>
<td><strong>Housing</strong></td>
<td>Proportion who are owner-occupiers</td>
</tr>
<tr>
<td></td>
<td>Proportion in detached accommodation</td>
</tr>
<tr>
<td></td>
<td>Proportion with central heating</td>
</tr>
<tr>
<td><strong>Durables</strong></td>
<td>Durable household goods expenditure</td>
</tr>
<tr>
<td></td>
<td>Proportion who spend on durables</td>
</tr>
<tr>
<td></td>
<td>Proportion with telephone</td>
</tr>
<tr>
<td></td>
<td>Proportion who have fridge-freezer or freezer</td>
</tr>
<tr>
<td><strong>Transport</strong></td>
<td>Transport expenditure</td>
</tr>
<tr>
<td><strong>Security</strong></td>
<td>Proportion paying insurance on contents of dwelling</td>
</tr>
<tr>
<td></td>
<td>Income from investments</td>
</tr>
<tr>
<td></td>
<td>Proportion who have income from investments</td>
</tr>
<tr>
<td><strong>Leisure</strong></td>
<td>Expenditure on meals out</td>
</tr>
<tr>
<td></td>
<td>Expenditure on alcohol</td>
</tr>
<tr>
<td></td>
<td>Expenditure on charitable and cash gifts</td>
</tr>
<tr>
<td></td>
<td>Proportion spending on gifts</td>
</tr>
<tr>
<td></td>
<td>Mean number of activities</td>
</tr>
<tr>
<td></td>
<td>Proportion with no participation on activities outside the home</td>
</tr>
</tbody>
</table>

*Source:* Hutton 1989:11
LEVEL OF LIVING APPROACH: SCANDINAVIA

The Swedish level of living approach was influenced by the work of the United Nations experts and of Titmuss, the British welfare economist, who, in the early 1960s, broadened the measurement of living standards from the income/expenditure approach which was so dominant in the first half of this century (Erikson and Uusitalo 1987:182-183).

The Scandinavian concept of level of living, in line with the work of Richard Titmuss, concentrates on the individual's command over resources rather than on needs satisfaction as in the income/consumption approach (Johannsen 1973:212). The concept of resources used here is much broader than income alone; it includes health, education, and occupational and social skills as well as financial resources. Consumption components or those that satisfy needs are also included in areas that, in Sweden, are influenced directly by social and economic policy, such as housing and recreation (Johannsen 1973:212).

Tahlin argues that the difference in emphasis between the resources approach and the needs or consumption approach is in fact more important in theory than in practice since 'what is actually measured by them turns out to largely be the same components and indicators' (Tahlin 1990:166). Thus, for instance, some of the way of life indicators of the
income/expenditure approach, such as housing equipment, are treated as resources under the level of living approach.

The Scandinavian approach views the individual as an active rather than a passive being. In focusing on resources rather than on consumption or way of life indicators, the approach concentrates more on 'the individual person's ability to act in various ways than with the way in which he actually does act' (Erikson 1985:3). Erikson argues that the approach allows for individual preferences in way of life, since the individual uses resources in accordance with his/her preferences (Erikson and Uusitalo 1987:189). 'A high level of living ... means that people have a wide scope of action within which they can shape their lives and living conditions according to their own values and needs' (Erikson and Aberg 1987:2).

The value of an individual's resources, however, depends on the situation in which he/she operates (Erikson and Uusitalo 1987:189). The Scandinavian researchers take account of this by defining level of living as 'the individual's command over resources in a given context to control and consciously direct his living conditions', 'context' referring here to the labour market, health, education, housing and political systems (Erikson and Aberg 1987:3). The structural characteristics of the different contexts, or arenas in which a person operates together with his/her resources determine outcomes (Erikson and Uusitalo 1987:190). These outcomes may be either way of life outcomes or new types of resources.

The measures of level of living focus on areas of life where living conditions are influenced by public policy; the private area of life, or the subjective domain, is considered to be the individual's responsibility rather than the responsibility of politicians and bureaucrats (Ringen 1984:57; Naess, Masteakaasa, Moum and Sorensen 1987:1). Information is collected on factual living conditions, not on the individual's evaluation of his/her living conditions, because these evaluations are affected by differences in individual's aspiration levels (Erikson and Aberg 1987:4).

The level of living is measured by a number of resource and way of life indicators in nine different areas. The nine different components and the typical indicators in terms of
which people were asked to describe their lives, are as shown in Table 7.

**Table 7: Level of living components and typical indicators: Swedish level of living surveys**

<table>
<thead>
<tr>
<th>Component</th>
<th>Typical Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and the availability of medical aid</td>
<td>Ability to walk 100 metres without difficulty, to walk stairs and to run 100 metres, feeling of tiredness during last week, various symptoms of pain and illness</td>
</tr>
<tr>
<td>Employment and working conditions</td>
<td>Unemployment during the last year, noise and temperature at workplace, monotonous physical work routine</td>
</tr>
<tr>
<td>Economic resources and consumer protection</td>
<td>Income and wealth, ability to come up with $1000 within a week</td>
</tr>
<tr>
<td>Knowledge and education</td>
<td>Years of formal education, level of education received</td>
</tr>
<tr>
<td>Family and social relations</td>
<td>Marital status, visits to relatives and friends</td>
</tr>
<tr>
<td>Housing and housing area services</td>
<td>Number of household members per room, housing amenities</td>
</tr>
<tr>
<td>Recreation</td>
<td>Vacation trips, leisure time pursuits</td>
</tr>
<tr>
<td>Security of life and property</td>
<td>Victimisation of violence, damages and thefts</td>
</tr>
<tr>
<td>Political resources</td>
<td>Voting in elections, membership in parties and unions, participation in the public debate, ability to file formal complaints</td>
</tr>
</tbody>
</table>

**Source:** Erikson and Uusitalo 1987:188
The Level of Living surveys conducted by the Swedish Institute of Social Research have used a time-series approach in order to examine changes in the living standards of different groups in the population, such as social classes, over time (Erikson and Aberg 1987). Three large surveys were conducted in 1968, 1974 and 1981, in which 6000 members of the Swedish population aged between 15 and 75 years were interviewed. The National Central Bureau of Statistics has also conducted Level of Living surveys (the ULF Project) each year from 1974 onwards. Other studies, using the same level of living approach, have been conducted in Norway, Denmark and Finland (Erikson and Uusitalo 1987:186).

The Swedish time-series surveys look at changes in the levels of living over time, at differences in the levels of living of different population groups, and at changes in the relative position of these population groups. The level of living was measured on an individual basis, and the data analysed, in the main, according to age, sex, class and type of residential locality. Data on economic resources and housing, however, were collected on a family/household basis. No information on other indicators, for instance, health, education or recreation, was collected for children under 15 years of age.

Holter (1984:74) has criticised the exclusion of information concerning children from research on living standards, not only because living conditions in childhood form the basis for living conditions in the adult lifetime, but also because how society treats its children is an important indicator of its cultural and moral standards. Some information relating to children has been collected in the Norwegian surveys on a one-off basis, such as: parents with children without access to safe playing ground; parents who feel very unsafe when their children play outside; and parents whose children have an unsafe journey to school (Central Bureau of Statistics 1982:133). However, in contrast to those used in the Swedish time-series surveys, these indicators are subjective, that is, they involve parents’ evaluations of objective conditions.

The Swedish time-series surveys devote little attention to the impact of services on people’s standards of living, except in the area of health care, where information was collected on the use of in-patient and out-patient health care services (Kjellstrom and Lundberg 1987:69). Since these surveys
collected only factual information, individuals were not asked for their perception of their health care needs. Instead, the unmet need for health care was assessed in an aggregated way (Kjellstrom and Lundberg 1987:73). Respondents were divided into five groups according to an overall health indicator, Class 1 being the most healthy, Class 5 the least healthy. The researchers then examined data on the use of in-patient and out-patient services by the five different groups in order to determine the level of unmet needs. They found that about 30 per cent of people in Class 4 and 20 per cent in Class 5 had had no contact with a doctor in the last 12 months, which they concluded indicated 'an obvious need for health care that is not at present being satisfied' (Kjellstrom and Lundberg 1987:74).

Details from the publications of the statistics bureaux of Sweden, Norway and Finland and the Institute of Social Research in Denmark show that a considerable amount of information about physical access to services and facilities is collected in their surveys. Typical indicators used in these surveys are shown in Table 8.

Other one-off items which have been collected in the Norwegian Central Bureau of Statistics surveys and do not appear to be collected in the Swedish time-series surveys include resource information about help given by individuals outside the household and received from people outside the household (Central Bureau of Statistics 1982:165).

The Scandinavians have collected and analysed their data on living conditions on an area basis; the removal of regional inequalities in living standards being a major goal of Scandinavian social and economic policy (Aase 1987:221). The Scandinavian approach to the measurement of living standards enables areas to be compared according to the indicators within the different components. Thus, researchers have claimed that in Norway people in urban areas are better off in terms of income, occupational opportunities and access to services, while people in rural areas have better housing conditions and a better physical and social environment (Aase and Dale 1978 quoted in Aase 1987:225).
Table 8: Typical indicators used in level of living surveys: Scandinavian Central Bureau of Statistics

<table>
<thead>
<tr>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post office in the community</td>
</tr>
<tr>
<td>Community meeting house in the community</td>
</tr>
<tr>
<td>Public means of transport with at least 8 departures a day</td>
</tr>
<tr>
<td>Walking distance to the nearest bus stop or railway station</td>
</tr>
<tr>
<td>Distance to the nearest food store</td>
</tr>
<tr>
<td>Distance to work – expressed in terms of length of time it takes to travel to and from work</td>
</tr>
<tr>
<td>Distance to primary school</td>
</tr>
<tr>
<td>Distance to public library</td>
</tr>
<tr>
<td>Distance to cinema</td>
</tr>
<tr>
<td>Distance to swimming pool</td>
</tr>
<tr>
<td>Distance to insurance administration [social security]</td>
</tr>
<tr>
<td>Distance to general practitioner</td>
</tr>
</tbody>
</table>


Ringen points out the differential impact of relative prices according to locality: people in rural areas being worse off in terms of economic resources than people in urban areas, but better off in terms of their way of life than their economic resources would indicate, because they are less dependent on economic resources or face lower prices, for instance, in housing (Ringen 1984:64).

The Swedish researchers did not attempt to measure poverty as such. Instead, they defined problems in terms of the indicators within the components and then examined relationships (correlations) between them in order to determine the coexistence of certain problems for various groups in the population. For instance, they examined whether groups or individuals with a poor financial situation also experience overcrowded housing and poor health. The researchers deliberately did not attempt to combine indicators on each of the nine components into a summary index of welfare, since, they argue, this would be a deliberate imposition of certain values, as to which problems are more important than others,
on people who may not share these values (Erikson and Uusitalo 1987:187).

Ringen, however, has used the Swedish level of living surveys in order to measure poverty. This approach, in covering both resources and way of life, enables poverty to be measured both directly and indirectly. Ringen defines poverty as a combination of these two concepts – that is: 'low standard of living, meaning deprivation in way of life because of insufficient resources to avoid such deprivation ... [It is] ... an accumulation of deprivation in both resources and way of life' (Ringen 1987:146,162). To Ringen, people are poor if they have an income which is low relative to the population (for instance, half the median income of the population) and are also deprived in terms of other resource and way of life indicators.

Unlike the Swedes, Ringen identified a number of problems which he thought were the most crucial in terms of deprivation. According to Ringen, deprivation can be measured by the following resource (economic and non-economic) and way of life indicators (Table 9).

Table 9: Ringen’s indicators of deprivation

<table>
<thead>
<tr>
<th>Economic resources</th>
<th>Low (cash) income, small cash margin, non-ownership of various assets (for example, house/flat, car)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-economic resources</td>
<td>Low personal capability</td>
</tr>
<tr>
<td>Way of life</td>
<td>Housing (overcrowding, low standard, inferior quality) consumption (no telephone, no holiday during past year, rarely entertains friends/relatives)</td>
</tr>
</tbody>
</table>

Source: Ringen 1987:239.

Ringen examined the probability of low income groups being deprived, as measured by other resource and way of life indicators, compared with the other income groups. Although he found that those in low-income groups were relatively more
likely to be deprived than others in absolute terms, the probability of deprivation within the low-income groups was not very high, which led him to conclude that 'income alone is not a sufficient indicator of poverty' (p.163). He constructed a summary index of accumulated deprivation, composed of three indicators, low (cash) income, low personal capability and inferior quality of housing, which he used to measure the proportion of the population in poverty. It is important to note, however, that conclusions about low income from Scandinavian countries do not necessarily apply to countries with a far greater spread of incomes.

Although Erikson has claimed that the Swedish approach allows for individual preferences, in fact, their objective approach means that the researchers themselves set particular standards and impose them on the population. 'The researchers decide what is good for people, then they decide how this is to be measured, and finally how the answers are to be interpreted' (Holter 1984:75). At no point do they consider whether a person may lack an item or not participate in an activity by choice or cultural preference (Veit-Wilson 1988:256). Ringen argues that his approach allows for choice or cultural preference through his exclusion from the population of those in poverty of people who are deprived according to their way of life, but do not have a low income (Ringen 1987:162).

Another major criticism of the Scandinavian approach to the measurement of living standards is that it deals only with factual conditions and does not consider quality of life – that is, the qualitative or subjective experience of living conditions (Naess and others 1987; Holter 1984). Naess argues, for example, that bureaucrats and politicians should also take into account the more subjective consequences of housing policies – for instance, their impact on intra-family relationships, which in turn have an impact on quality of life (Naess and others 1987:7). Naess considers that research should look at the relationship between objective living conditions and the subjective experience of living conditions. She regards quality of life as part of level of living studies, not, however, in the sense of being one aspect of level of living, but as being 'the goal and measuring rod of living conditions' (p.11).
QUALITY OF LIFE APPROACH: UNITED STATES

The quality of life study conducted by Campbell, Converse and Rodgers in the United States in 1971 and again in 1978 interviewed a national sample of 2164 adults aged 18 years and older in 1971 and another 3692 in 1978. This study arose from concerns about the need to measure the subjective experience of life (Campbell, Converse and Rodgers 1976; Campbell 1981).

Until the latter half of this century in the United States, 'welfare' was usually measured in terms of economic welfare, that is, material wellbeing. However, by the early 1970s there were concerns that a huge rise in material affluence had taken place in previous years without a corresponding increase in subjective wellbeing or quality of life. Campbell and colleagues define the quality of life in terms of satisfaction with needs – needs being defined as both material and non-material. The researchers argue that the measurement of the satisfaction of people's needs is important in terms of public policy and that such data are essential in order to understand the nature of social change and should be collected on a systematic basis (Campbell, Converse and Rodgers 1976:4-9).

Like the Scandinavians, Campbell, Converse and Rodgers measured the experience of life according to a number of different aspects or domains. Within each of these different domains, the researchers examined the relationship between the
objective conditions, the respondent's evaluation of these objective conditions, and demographic variables such as age, sex and ethnicity. The focus of the study is on the individual domains, the relationship of the domains to one another and the relative contribution of the domains to the overall quality of life.

Information was collected for the following 12 domains: four environmental domains – housing, neighbourhood, community, nation; three domains consisting of the 'social geography of role relationships' – work, marriage, family life; and five domains of personal resources – standard of living, education, health, friendships, self (Campbell, Converse and Rodgers 1976:348; Campbell 1981:39).

Although the amount of information collected within each domain varies, the emphasis is always on the subjective experience and in many domains there is a paucity of information about objective conditions.

The most detailed information was collected for the environmental domains and the domains of work, marriage and family life; the least information was collected for the resource domains, such as income (Campbell, Converse and Rodgers 1976:347). In the domain of housing, for instance, a number of objective characteristics were collected; type of structure, number of rooms, age of house, housing tenure, amount of rent (for renters) and value of the house and land (for owners-purchasers) (p.249-255). In addition, respondents were asked to assess their housing in relation to size of rooms, how well built the structure was, the heating system and the costs; they were also asked for their overall satisfaction with their housing. Within the domain of standard of living, however, respondents were asked for the levels of their family income, their own income, their evaluation of the adequacy of their family income, their satisfaction with their standard of living or consumption (housing, car, furniture, recreation) and their satisfaction with savings and insurance (p.546). The contribution of publicly provided services to the quality of life was examined mainly in terms of the respondents' evaluations of these services; the only objective information collected related to the existence and use of public transportation services (p.222–238).
In examining the relationship between demographic characteristics and indicators of the quality of life, the researchers were able to compare the quality of life of individuals at different stages of the life-cycle, such as parents with pre-school children or single adults less than 30 years of age (Campbell 1981:175–204). They also compared the quality of life of people living in the four different regions of the United States (north-east, central, south and west) and of those living in large cities, small towns and rural areas (Campbell 1981:145–161).
QUALITY OF LIFE APPROACH: SCANDINAVIA

Allardt's comparative study of dimensions of welfare was conducted in the four Scandinavian countries in 1972 (Allardt 1976), with a random sample of 1000 adults aged 15–64 years being interviewed in each country. Allardt used the concept of level of living and quality of life in a way quite different from other researchers.

He regards quality of life as an objective concept, which together with level of living makes up standard of living or welfare. To Allardt, welfare is based on needs, level of living referring to material and impersonal needs, and quality of life referring to needs for love and self-actualisation (Allardt 1976: 228). He considers that level of living and quality of life have both objective and subjective components the subject components being called happiness. Welfare is measured through the study of material conditions and actual behaviour, happiness through the assessment of attitudes and perceptions. Although the main emphasis of Allardt's study is on objective measures of welfare, some information on subjective attitudes of satisfaction and dissatisfaction was collected, since, like Campbell, he considers that subjective indicators have to be considered when measuring wellbeing (p.234).

Allardt argues that the distinction between the emphasis on resources to satisfy needs and the emphasis on the state of satisfaction of needs is misleading, since once a particular
level of satisfaction is reached, an individual is no longer in need, but possesses resources (p.230-231).

In this study of dimensions of welfare, needs were classified into three categories, on the basis of how their satisfaction is assessed. Having: needs related to material and impersonal resources, satisfaction being defined by the possession of those resources. Loving: needs related to love, companionship and solidarity, satisfaction being defined by how people relate to each other. Being: needs indicating self-actualisation and the obverse of alienation, satisfaction being defined by what a person is and what he does in relation to society (Allardt 1976:231).

The three dimensions of Having, Loving and Being were divided into a number of different components, shown in Table 10.

<table>
<thead>
<tr>
<th>Having</th>
<th>Loving</th>
<th>Being</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income, Housing, Employment, Health, Education</td>
<td>Community attachment, Family attachment, Friendship patterns</td>
<td>Personal prestige, Insubstitutability, Political resources, Doing interesting things</td>
</tr>
</tbody>
</table>


Because of a lack of funding, neither working conditions nor attachment to organisations were included in Allardt's study. Data on the use of public and private services were also not collected. Although some components, such as income and education, were measured using a single indicator, most components were measured using a summated scale of a number of indicators. Since the aim of the study was to use these components to measure objective welfare, most of the indicators were based on actual conditions and behaviour, although there were a few inconsistencies with some attitude questions being included within particular components.

Six scales were used to measure subjective welfare; two measuring satisfaction attitudes, four measuring dissatisfaction attitudes.
The satisfaction attitudes indicate subjective experiences; the dissatisfaction attitudes describe reactions to conditions in society external to the individual. The six scales are listed in Table 11.

Table 11: Attitudes of satisfaction and dissatisfaction: Allardt

**Satisfaction Attitude Scales**
(i) perceived happiness
(ii) the satisfaction of social needs, such as a person’s opportunities to develop his/her own skills

**Dissatisfaction Attitude Scales**
(i) Perceived antagonisms scale, based on the individual’s perceptions of conflicts of interest between different groups in society, such as rural and urban people
(ii) Discrimination scale, based on answers to questions about whether people get equal treatment in courts, schools, by the police, welfare agencies, in restaurants etc.
(iii) Unjust privileges, based on answers to questions about whether people think that there are groups in society with too much power and too high income
(iv) Income satisfaction, that is, satisfaction with the individual’s own income or his/her partner’s income


Dissatisfaction attitudes were regarded as the subjective aspect of level of living and satisfaction attitudes as the subjective aspect of quality of life.

In his analysis of the data, Allardt looked at the relationship between the 12 components of welfare, the six attitude scales and a number of demographic variables. Differences in the relationship of the welfare components and attitudes to one another were examined according to social class, social group, regional area and country. He found that the correlation between the three different categories of welfare were weak, that dissatisfaction attitudes were not correlated with the welfare components or with background variables, apart from political affiliation and nationality, and that satisfaction attitudes were only correlated with the welfare category of Loving (Allardt 1976:236-7; Allardt 1977:174).
It is often considered that the satisfaction of certain needs is a pre-requisite for the satisfaction of other needs, the satisfaction of Having being a pre-requisite for the satisfaction of Loving and the satisfaction of Having and Loving being a pre-requisite for the satisfaction of Being. Allardt argues that since the three different categories of welfare are largely independent of one another, this assumption does not hold.

However, Naess points out that because the material standard of living in Scandinavian countries is high, a representative sample survey of the population would only include a small number of people who are needy in terms of material and impersonal resources – that is, score low on the welfare component of Having (Naess and others 1987:36). She argues that an analysis of the relationship between the welfare components and attitudes of the extremely poor may produce results quite different from Allardt’s study.
QUALITY OF LIFE APPROACH: AUSTRALIA

Since the late 1970s, a number of sample surveys of quality of life in the sense of subjective wellbeing have been conducted in Australia by Headey and Wearing (1981) (see Weston 1986:280). These studies were undertaken in response to the authors’ perception of a need to develop subjective indicators of satisfaction and wellbeing, which would complement existing indicators of objective living conditions and be used in social policy development and analysis (Headey and Wearing 1981:5-9).

In a national sample survey undertaken in 1978, respondents were asked for their level of satisfaction with different aspects of life and with life-as-a-whole. The researchers distinguished between: aspects of life, or life concerns, which are domains of life (for instance, work and family life); and aspects of life, or life concerns, which are values which individuals might seek to achieve in particular domains (such as excitement and a sense of accomplishment) (Headey and Wearing 1981:21).

Respondents were asked for their level of satisfaction in a number of different life concerns, some of which are shown in Table 12.

Headey and Wearing examined how the various life concerns related to one another and how important each was in relation to the overall sense of wellbeing. They also looked at the
relationship of some objective variables, such as age, sex, education, occupational status of head of the household and income, to levels of satisfaction with the various life-concerns and with life-as-a-whole.

Table 12: Aspects of living (or 'life concerns’): Heady and Wearing

- close personal relationships – for example, with children, friends
- material standard of living – for example, incomes, employment, housing
- leisure time and organisational involvement
- range of self-related introspective concerns – for example, sense of self-fulfilment, sense that people receive respect and fair treatment from others
- amount of free time
- 'amount you worry about things' and 'amount of pressure you are under'
- physical fitness and exercise
- government, political leaders and policy

Source: Headey and Wearing 1981:iii

Headey and Wearing’s studies have in the main been concerned with individuals rather than with families. However, they have conducted one small-scale panel study where they examined the relationship between perceptions of family characteristics, such as family cohesion and shared social life, and individual wellbeing (Headey 1988).
RECENT DEVELOPMENTS
IN
AUSTRALIAN RESEARCH

In Australia in recent years there have been concerns about a tendency to use cash income alone as the indicator of inadequate living standards, that is, to use an income poverty line only to measure poverty.

Travers and Whiteford have both pointed out that in Australia there has been considerable confusion between indirect and direct measures of poverty, in that it has been assumed that having an income below the poverty line (indirect measure) necessarily implies deprivation in the way of life (direct measure) (Travers 1986; Whiteford 1988). They argue that poverty should be measured directly using way of life indicators, measurement of indirect poverty should be expanded to include resources other than cash income, and the relationship between resource and way of life indicators should be examined.

Although there have been qualitative studies which have examined the way of life of low-income groups in Australia (Smith 1982; Trethewey 1986), until recently there have been no systematic attempts to develop way of life indicators and to link them to income and other resource indicators for the population in general. In the late 1980s, both Travers and Whiteford undertook research studies with this aim.
Whiteford, Bradbury and Saunders used the 1984 Australian Household Expenditure Survey in order to compare families on different income levels according to a broad range of way of life indicators (Whiteford, Bradbury and Saunders 1989). These researchers note that the HES survey is not an ideal data source for a study of poverty because it is not possible to determine from the data what are expenditure choices and what are constraints. However, the survey does provide a wealth of detail on the financial situation of a national sample of Australian families.

Five groups of families with children were compared (sole-parent pensioners, pensioner and beneficiary couples with children, and low, middle and high income couples with children) according to their patterns of expenditure on housing, fuel and power, food and beverages, alcohol, tobacco, clothing and footwear, household furnishings and equipment, household services and operation, (including child care), health, transport, recreation, personal care, miscellaneous items, such as school fees, and superannuation, annuities and life insurance.

In analysing expenditure data from this survey, the researchers note two problems. First, expenditure surveys only provide information on the money spent on a commodity and not on the quantity or quality of a commodity. Second, it is not possible to account for the different price structures faced by families living in different parts of Australia (p.31). The authors consider that they have attempted to overcome the problem of expenditure patterns varying because of differences in family size and composition by selecting households containing only families with dependent children. This, however, does not fully solve the problem, since family expenditure varies according to the number and ages of dependent children.

Although Whiteford, Bradbury and Saunders looked at the proportion of total expenditure different family types spent on the various categories of expenditure, they did not attempt to divide these categories into necessities or luxuries, since they considered that every category contained some element of luxury or necessity.
The authors compared the share of expenditure and the average amount of expenditure going to various categories for each of the different family types. They also looked in considerable detail at spending on recreation and social participation and on items which guarantee families some security – for example, medical insurance and household insurance. They were also able to obtain from the survey, directly and through inference, data on the ownership of certain consumer assets, such as, telephones and motor vehicles.

Although the Australian Household Expenditure Survey provides little direct information on families’ use of public and private services, the authors infer from the lack of expenditure on items such as health and motor vehicle registration and from information on housing tenure that, compared with other family types, pensioners and beneficiaries rely heavily on publicly provided services as well as on government income support (p.48).

The Australian Standard of Living Study conducted in late 1987 by Richardson and Travers is based on the Scandinavian level of living approach (Travers 1986). The study, involving a national sample survey of 1700 adults aged 20–74 years, measured living standards using cash income, other economic resource indicators, and way of life indicators. Its main emphasis is on the measurement of material living conditions. Although it was originally planned to include detailed questions on health, working conditions and political participation, these plans had to be abandoned due to budgetary considerations. Similarly, although the authors recognise the contribution made by public and private services to living standards (Richardson and Travers 1987:16), they were not able to collect systematic information on the use of services. A few questions about subjective living standards were asked in the survey; for instance, people were asked how happy they were and how well they felt they were doing. Some of the indicators used in the survey are shown in Table 13.
Table 13: Typical indicators of living standards: Richardson and Travers

<table>
<thead>
<tr>
<th>Category</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic resources</td>
<td>Cash income; ability to come up with $1500 within a week; ownership of various assets, (for example, house, car, shares); debts; ownership of consumer assets (for example, telephone, colour tv)</td>
</tr>
<tr>
<td>Employment</td>
<td>Unemployment during the last three years</td>
</tr>
<tr>
<td>Education</td>
<td>Years of education; children's education expenses</td>
</tr>
<tr>
<td>Family and social relations</td>
<td>Visits to relatives and friends; help received by and given to relatives and friends</td>
</tr>
<tr>
<td>Housing</td>
<td>Overcrowding; housing amenities (for example, number of bathrooms)</td>
</tr>
<tr>
<td>Recreation</td>
<td>Holiday during last year, leisure time pursuits</td>
</tr>
</tbody>
</table>

Source: Richardson and Travers 1989: Questionnaire

In their initial analysis of the study, Richardson and Travers used the data to look at whether current (annual or weekly) cash income is a good proxy for living standards. They looked at the congruence between equivalent income and other indicators of living standards, and they looked at whether people with incomes below the Henderson poverty line were systematically worse off in terms of other indicators of living standards than people with incomes above the Henderson poverty line (p.3).

Rather than adopting the consensual approach to measuring the adequacy of living standards, the researchers followed Ringen's approach by choosing a variety of indicators of problematic states that they regarded as being intuitively serious in Australia today (Richardson and Travers 1987:24). The absence of certain items was taken as an indication of deprivation — that is, as a lack of necessities, according to prevailing
community standards. For example, was there a lack of a refrigerator, television or indoor lavatory? Was there a lack of a separate bedroom per older member of the household? Was there lack of access to transport to visit friends and family who live in the same city or town? Was there difficulty in paying utility bills or having to cut back on food or heating to save money? Was there an inability to have any leisure pursuits, including the time for such activities?

In order to look at the relationship between cash income measures and other indicators of living standards, the researchers constructed a number of indices of living standards. Over 40 different indicators of living standards were divided into two sets, one comprising specific possessions and credit standing, the other relating to leisure activities. In each of these two sets, four indices were formed which grouped the indicators into subsets, according to whether or not the indicators were related to one another. Some indicators, such as ownership of a car, were regarded by the researchers as important indicators of living standards, but did not belong in any of these indices.

A summary index of living standards, 'Sindex', was constructed, which was composed of items the absence or possession of which were likely to 'distinguish modest comfort from poverty' (Richardson and Travers 1989:10). This index comprising all the indicators from the indices of material wellbeing, except those measuring affluence, plus some other important indicators is shown in Table 14.

In examining the correlation between cash income measures and other indicators of living standards, the researchers found that, on average, the higher the equivalent income, the higher the standard of living. However, they found that within each income group there was a large variation in scores on indicators of living standards. Not only did people with incomes below the Henderson poverty line have very different levels of economic resources and ways of life, but the poverty line was ineffective in distinguishing between those who were in need from those who were not so needy. On this basis, Richardson and Travers concluded that the Henderson poverty line is an unreliable measure of poverty (p.34).
Table 14: Summary index of Living Standards: Richardson and Travers

<table>
<thead>
<tr>
<th>Can raise $1500 in emergency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behind with utility payments</td>
</tr>
<tr>
<td>Behind with hire purchase</td>
</tr>
<tr>
<td>Financial help from relatives</td>
</tr>
<tr>
<td>Has in home:</td>
</tr>
<tr>
<td>indoor lavatory</td>
</tr>
<tr>
<td>refrigerator</td>
</tr>
<tr>
<td>washing machine</td>
</tr>
<tr>
<td>colour tv</td>
</tr>
<tr>
<td>telephone</td>
</tr>
<tr>
<td>video recorder</td>
</tr>
<tr>
<td>microwave oven</td>
</tr>
<tr>
<td>stereo equipment</td>
</tr>
<tr>
<td>Owns a car</td>
</tr>
<tr>
<td>Went away on holiday last year</td>
</tr>
<tr>
<td>Owner/occupier</td>
</tr>
</tbody>
</table>

Source: Richardson and Travers 1989:10, 37

However, there may well be other reasons for these findings. First, the indicators chosen by the researchers to distinguish the poor from the non-poor may not be the most appropriate measures of deprivation. Although they chose direct measures that to them reflected conditions that were 'intuitively problematic', these indicators may not measure what is considered important or necessary by the majority of the population in Australia today. For instance, although most people do possess the basic consumer assets, the quality and reliability of these items may well vary; a person may possess a car, but this may not meet his/her needs for transport if the car is old and unreliable and he/she cannot afford to maintain it.

Second, there was no distinction between choice and constraint in scoring an item; people were not asked if they did not have an item because they did not want it or because they could not afford it. The researchers themselves note that people may
score low on the standard of living index not because of shortage of money, but because of variations in tastes, such as a dislike of television, or because of personal idiosyncrasies, such as being so disorganised that they get behind with paying bills (p.31).

Nevertheless, this study by Richardson and Travers (1989) is extremely useful in providing for the first time information on living standards for a national sample of the adult population. The study found that compared with Britain in the early 1980s, Australia in the late 1980s has a relatively higher material standard of living, almost 85 per cent of the sample possessing the five components of the study's basic index: indoor toilet, refrigerator, telephone, colour television and washing machine. Similarly, it was found that in Australia people with low incomes participated in a wide range of social and recreational activities; only eating in restaurants and going to museums, theatres and concerts were associated with having a high income.
AIFS Approach to Measuring Living Standards

This review of the international literature on the measurement of living standards gave the Australian Institute of Family Studies a basis from which to develop a theoretical framework for its Australian Living Standards Study.

The Institute decided that the Scandinavian level of living approach of examining living standards according to a number of different components or spheres of life provided the most suitable analytic framework, in that it allows a broad range of indicators of living standards to be developed in terms of 14 spheres of life. These are health, employment, housing, economic resources, transport, education, recreation, the physical environment, security, community services, social and political participation, access to information, family relationships, and personal wellbeing.

Such an approach provides a suitable framework for collecting and analysing information about access to and use of services, examining locational differences in living standards and comparing the living standards of different groups such as people of non-English-speaking backgrounds and Aboriginal people.
Table 15 shows the Institute approach to measuring living standards.

The Institute's model to examine Australian living standards provides a framework within which information about a broad range of objective circumstances in various spheres of life can be collected.

Table 15: Conceptual framework for AIFS study of living standards

<table>
<thead>
<tr>
<th>Objective circumstances</th>
<th>Needs</th>
<th>Satisfaction levels</th>
<th>Impact on other spheres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values (importance)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As has been noted, a major criticism of studies of living standards is that researchers have set standards or values for the population they are studying which the population may not, in fact, hold or accept. To counter this, the Institute study adopts an approach similar to that of Mack and Lansley (1985) by taking respondents' values into account. A list of material items, activities and indicators describing the characteristics of the various services was drawn up by examining the relevant literature and consulting with experts working in each sphere of life. Respondents in the study will be asked not only whether they possess an item or participate in an activity but also about the importance of those items and activities to them. Similarly, respondents will be asked not only whether they use a service, but also about what features of the service are important to them in relation to the provision and delivery of that service. This approach sets out to examine living standards from the perspective of respondents, rather than researchers.
As the literature review has shown, many studies have measured living standards in terms of 'meeting needs'. In some instances, needs are universal, such as the need for food, shelter and a basic level of education. In other instances, individuals will have particular needs, such as the need for health care, child care or transport. In assessing living standards, it is important that information on access to and use of services is balanced with information on the need for services. In the Institute study, objective measures of needs (such as health status) will be obtained in addition to individuals' perceptions of their needs (such as unmet needs for medical or dental care).

Although it has been argued that only objective measures of living standards are of interest, other researchers argue that the more subjective consequences of policies should be taken into account. It was decided that for the purposes of the Institute study, it was important to measure the subjective experience of life and to relate this to objective conditions. Two private spheres of life are therefore included in the study – family relationships and personal wellbeing. Respondents will be asked to rate their levels of satisfaction with all aspects of their living standards in every sphere of life – their material possessions, the activities they pursue and various characteristics of the services they use.

In examining the contribution that services make to living standards it is important to focus on the impact of services or lack of services on people’s lives. The Scandinavian level of living approach of analysing living standards according to a number of different components provides a framework which enables the impact of services on different spheres of life to be analysed systematically.

The methodology of the study with the attached questionnaires is described in Paper 2 of the AIFS Australian Living Standards Study series.
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