

# Defining Minimum Income (and Living) Standards in Europe: Methodological Issues and Policy Debates

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*Minimum income protection is gaining new significance in European social policy. In an effort to promote social inclusion, the European Parliament has called on the European Commission and EU Member States to guarantee the minimum right to social safety nets. The Commission has been considering, in the context of the Europe 2020 strategy, the possibility of setting minimum standards for social protection. It is timely then to survey the debates surrounding minimum income standards for Europe and some of the different technologies available for setting reference budgets. A European needs-based (minimum) social protection floor should help guard against poverty and exclusion, but there can be no 'one size fits all' in Europe. For it is equally clear that higher social standards of protection may be required by citizens in more affluent parts of Europe. How can such distinctions be made, and what are the challenges arising from doing so?*

**Keywords:** Europeanisation of social policy, social protection, reference budgets, social research.

## Introduction

The international community has long recognised the need for adequate social protection systems and social safety nets.<sup>1</sup> In Europe, the EU Parliament has called on the European Commission and EU Member States to guarantee the right to a Guaranteed Minimum Income (GMI) safety net irrespective of individuals' chances in the labour market in order to prevent poverty and not just alleviate it (European Parliament, 2009). At present, twenty-four out of twenty-seven EU Member States operate such schemes. Scholarship, however, continues to expose significant variations in the institutional setup, conditionality, and the adequacy of Minimum Income Protection (MIP) schemes (including minimum wages) in Europe (Kvist and Saari, 2007; Frazer and Marlier, 2009; Bahle *et al.*, 2011; Marx and Nelson, 2012). As a consequence, the European Commission has been considering, in the context of the Europe 2020 strategy, whether it is desirable or even possible to set minimum standards of social protection above the (relative) 'at-risk-of-poverty' thresholds for EU Member States; the Commission believes that such action could not only help lift 20 million people out of poverty, but would also serve to prevent poverty and social insecurity in the future (European Commission, 2014). At the same time, there are growing calls for policymakers to use needs-based budget standards for setting minimum income floors alongside Europe's statistical measure of 'at-risk-of-poverty' (those living on less than 60 per cent of median equalivalised disposable income after social transfers) that is

much more simple and straightforward to calculate but does not look to address human need *per se*. The issues at stake here are inherently complex, not least because the EU's Commission cannot stipulate specific social protection policies. Although a cooperative Union now guides the development of social welfare policy, the ends and means of social policy remain the business of the Member States. EU Member States are left to decide the types and levels of MIP and GMI schemes they want and can afford in the democratic and public policy-making process. There is, however, the real danger that human rights are being violated in democratic European societies, as the Council of Europe (2013) observes, particularly the human right to social security to procure essential human needs and services. Moreover, there is also much uncertainty here as to whether a more binding European social policy framework for minimum social standards can, in fact, raise the quality and efficiency of domestic social welfare systems. Then there is the thorny issue of how minimum social standards might be set for pan-European and domestic social policy purposes.

It is widely agreed that Europe needs adequate MIP and a coherent Minimum Income Standards (MIS) strategy in order to promote equality and social inclusion for all European citizens. MIS are typically defined as political criteria, or standards, by which some minimal level of living can in fact be achieved (cf. Veit-Wilson, 2000). Reference budget standards are an important tool for social policy that can help guide political thinking and structure public debate in this field. The reference budget methodology provides an explicit framework for selecting commodities (i.e., items, goods and services) needed and/or deemed necessary to maintain a particular, predefined standard of living (Bradshaw, 1993). Commodities are then translated through prices into budgets required to purchase them. The main task is to decide what should be included; as I suggest elsewhere (Deeming, 2005), the answers will, of course, reflect who is defining the standard, how it is defined and the context in which it is defined (for example, one country may provide free health care but another may charge even the poorest members of society so that any MIP would have to take this into account). In Europe, we find well-established schools of thought that offer different perspectives. The first section of this article considers these approaches, the second examines principal differences, in terms of methodology and the appeals to different theoretical traditions within the social sciences. Issues over standard setting and adequacy are then discussed, while the final section of the paper reviews prospects for future research and policy, and considers whether a distinction between pan-European and country-specific household needs can in fact be met.

### **Reference budget methodology**

The standard of living is an intangible concept; numerous attempts have been made to represent it empirically (Sen, 1987). Monetary income has been the traditional index, although this is only one aspect of material well-being; other non-material factors can be considered in defining and measuring living standards (Stiglitz *et al.*, 2010) and the quality of human life (Nussbaum and Sen, 1993). A reference budget standard is a specific basket of commodities which, when priced, can represent a particular standard of living. Such budgets are probably the oldest method of exploring living standards, having been pioneered by social investigators in Europe from the seventeenth century (Deeming, 2010). The budget methodology aims to produce standards that can define and assess

adequacy. But how might a standard be formulated? Three very different approaches provide some answers.

*Negotiating the minimum standards of living: the focused interview*

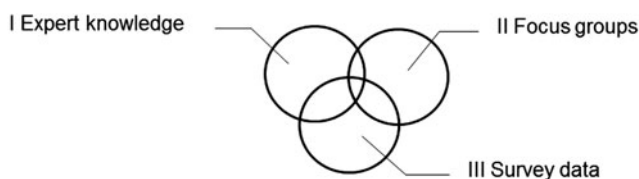
Researchers using qualitative methods and techniques have sought to determine family budgetary requirements by bringing members of the public together for focused group interviews. Essential needs are presumed to be 'socially perceived', as Walker (1987) observes. Therefore, citizens should have the opportunity to listen to the views of others and to discuss their needs collectively with others. Early pioneering work conducted in New Zealand (Stephens *et al.*, 1995) and then in the UK (Middleton, 2000) identified some of the defining principles of the 'consensual' or 'democratic' approach to setting minimum living standards. As such, these studies offered a fresh departure from the centuries-old expert-driven inquiry into standards of adequacy (Deeming, 2010).

The 'consensual' approach to setting reference budget standards was recently refined in the UK (Bradshaw *et al.*, 2008). Relevant experts were now called upon to review the food and home-energy standards for instance, advising as and when they thought there was a case for amendment. Although the new methodology incorporated expert opinion, the standards were still very much grounded in public consensus. A final stage of the research process saw results validated against actual patterns of behaviour observed in the general population, as revealed by social surveys of household expenditure and consumption, for example. The methodological procedure is summarised in [Figure 1](#).

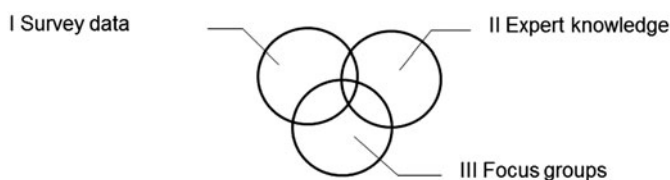
The composition of each focus group tends to represent the family or household unit under discussion. Groups typically involve pensioners, single-parent families, and those in two-parent families with children. This arrangement helps to ensure that specific household needs are considered. Conducting focus group research in different localities can help to ensure that results have national relevance. Essentials are usually priced at retail outlets agreed by the focus group members in order to produce a minimum socially acceptable standard of living. Similar and comparable research following this methodology has since been conducted in Finland (Lehtinen *et al.*, 2011), Ireland (Collins *et al.*, 2012) and Portugal (Pereirinha *et al.*, 2012), as well as Japan (Iwanaga and Iwata, 2012). In the UK, reference budgets are now updated annually in order to monitor developments in British social policy (Hirsch, 2013).

The 'focused interview', as a tool for social research, is associated with the pioneering work of Robert K. Merton (Merton and Kendall, 1946). Merton realised that research 'data' could be generated on any given topic through the interactions observed between group participants; participants represent their own views and experience, but they also hear from and respond to other people in the group. This method enables participants to listen and reflect; additional material is often triggered in response to what participants hear from other people in the group. Focus group research has grown in popularity over the years, and now offers many potential benefits (Krueger and Casey, 2009). Focus groups enable researchers to gain insights into people's shared understandings of everyday life, including the ways in which individuals are influenced by others in a group situation. They also provide critical insights into particular topics or areas of experience (Johnson, 1996). Focus group research is therefore regarded as an important tool for determining decisions on the essentials of life; the 'data' are reliably grounded in the context of community,

### The normative approach



### The social survey approach



### The focused group interview approach

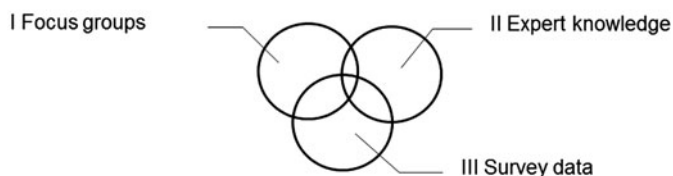


Figure 1. Reference budget methodologies<sup>a</sup>

Note: <sup>a</sup> Sequential steps, the size of the circle however does not necessarily reflect the actual contribution to the final standard.

and the basket of commodities, when priced, can inform the development of reference budgets that reflect socially acceptable minimum standards of living.

#### *Progress in the 'normative' tradition: budgets derived from knowledge*

Another strand of budget research attempts to apply or translate research findings and scientific knowledge, largely in relation to human needs for health and well-being, which can (within limits) be formulated into a basket of household commodities in order to determine reference budgets. Expert thinking guided much of the early work into family budget standards, as social researchers in Europe began to campaign for adequate wages to address human needs in the face of extreme hardship and poverty (Deeming, 2010). During the first half of the nineteenth century, medical experts began to apply 'normative' standards to evaluate the adequacy of working-class diets and family wages: 'normative' here simply means that the standards were set by the scientific 'experts' of the day. The

new science of 'dietics' led the way. By the end of the twentieth century, however, such practices were growing more widespread among social investigators in Europe, who were attempting to incorporate social standards into their budgetary formulations.

At the beginning of the twenty-first century, many countries had established research programmes in the normative budget tradition. Researchers in the UK (Morris *et al.*, 2010) and New Zealand (O'Sullivan and Ashton, 2012), for example, developed some of Benjamin Seebohm Rowntree's original thinking on reference budgets for 'human health' (Rowntree, 1937). Today, international guidelines and recommendations by expert bodies are considered directional in deciding whether or not certain commodities should be included in any reference budget. Researchers in Belgium (for example, Storms, 2000) turned to the influential scholarship on 'human needs', which argued that human needs are universal and not reducible to individual or collective preferences (Doyal and Gough, 1991; Maslow, 1954). Basic human needs, those things required to achieve the objective of physical and psychological health, such as nutritional food and water, a home and so on, have been well argued (Dean, 2010). Notions of harm and loss, physical as well as psychosocial help to mark a distinction between essential human needs and wants. While researchers working in the normative tradition have clearly produced a vast array of reference budget standards over the years, the majority of those budgets and standards have been developed independently from each other, often with their own unique procedures and protocols for formulating standards. Arguably, the field has suffered from a general lack of collaboration. Until recently, there has been little or no coordinated attempt at setting cross-national reference budget standards for European societies.

This situation now appears to be changing as scholars strive for a common methodology with research teams throughout Europe (Storms *et al.*, 2014). The ImPROvE project, which seeks to construct cross-nationally comparable reference budgets for Europe, is both ambitious and pioneering. The goal is to establish an agreed methodology for setting budget standards, along with common principles and agreed criteria for selecting commodities. So far, indicative reference budgets have been developed for Belgium, Finland, Greece, Hungary, Italy and Spain. The hope is that this programme of work might be rolled out in other European countries. If that occurs, comparable reference budgets might then be used to help and guide policymakers in their efforts to secure a common minimum standard of living across diverse European societies.

Researchers in the normative tradition usually follow sequential steps for defining reference budgets. First, the minimum standard of living is defined according to human needs, along with the commodities required to satisfy them. The commodity basket is then priced and tested for public acceptability. During the validation process, researchers typically compare or 'triangulate' their standards against the social norms and behavioural patterns found in surveys of household expenditure and/or by having them scrutinised by members of the public in focused group discussions (Morris and Deeming, 2004; Deeming, 2009; Storms *et al.*, 2013) (See Figure 1.)

Underpinning these normative standards are common and shared understandings about human needs, which themselves are not immune from variation according to the living standards of particular countries, as they include social participation and take account of factors such as self-esteem, which can be affected by the context of the norms and customs of a country, which in turn can evolve with changing living standards (Doyal and Gough, 1991). The claim being advanced is that, as human needs are generalisable, it is perfectly possible to construct minimum standards for need-satisfaction across Europe.

Even if a level of variation remains about how human needs might be achieved in particular contexts, the robust framework and methodological principles observed should help to ensure that minimum living standards are at least comparable across nations.

*Determining reference budgets using social survey statistics*

Another established tradition examines the statistical evidence gathered from social surveys to construct indicative budget standards. Instrumental work in Britain during the 1980s and 1990s led the way (Bradshaw, 1993). Large-scale surveys of poverty and deprivation are of particular importance in determining minimum living standards. These surveys attempted to identify a general consensus on the items, services and behaviours which are required to meet social needs in modern societies. In this literature, the essential items are usually called 'necessities of life' (Pantazis *et al.*, 2006). A considerable amount of work has been undertaken in the UK using this methodology (for example, Parker, 1998, 2000), and also in Australia (for example, Saunders, 2004). With major new surveys of material deprivation being coordinated across Europe (Nolan and Whelan, 2011), there is growing potential for budget researchers to capitalise on this work to determine cross-national budgets based upon socially perceived 'necessities' in national contexts, as Niemietz (2011) argues.

Survey techniques for measuring household deprivation were pioneered during the 1960s by Peter Townsend in the UK (Rosenfeld, 2010, provides a review), although customary notions and cultural interpretations of social necessity are found much earlier, in the writings of Adam Smith (1776) for example.<sup>2</sup> Today, modern social surveys use sophisticated random sampling techniques to ensure a reliable and accurate representation of the reference population. In order to try to minimise the impact of researcher bias, decisions about whether to include particular items in the household budget are usually based upon established conventions. These conventions usually concern prevailing patterns of consumption in society, observed in the survey data. Thus, basic minimum standards have tended to include all of the essential commodities owned by the majority of households. (Australian researchers, for instance, considered a 75 per cent cut-off criterion to define the majority; in the UK an 80 per cent ownership rate was observed). The basic living standard that is derived, it is claimed, allows social and economic participation consistent with collective community norms and standards. After items have been identified, they are assigned life-spans and are then priced at a range of outlets in order to calculate a household budget standard.

The 'rules of thumb' used for classifying particular items as essential, or social necessities, were developed by social scientists with the intention of making clear and consistent research judgments. Included in the UK and Australian reference budgets were provisions for universally recognised basic needs: nutritious food, a home, along with a budget to pay for home energy requirements. The budgets also included household appliances, refrigerators and freezers, and washing machines. Surveys showed ownership rates above 90 per cent. A microwave oven was included in the budget in Australia (with an ownership rate of 75 per cent), but not in the UK budget (where the ownership rate, at 70 per cent, was below the standard). Using a lower ownership rate evidently draws in more commodities and produces a higher, more affluent standard of living. A more generous Australian standard (based on a 50 per cent threshold) included the ubiquitous 'Aussie' barbecue, reflecting ownership rates of 54 per cent. A dishwasher exemplifies an

item that does not qualify for inclusion in the minimum standard, as the ownership rate was only 36 per cent. Accordingly, these rules enhance the transparency of the underlying decision-making process and help to differentiate between and among different standards of adequacy.

Statistical methods can help researchers to understand social need and necessity, as they offer a reliable basis for determining minimum standards of living within society. Again, techniques and conventions try to minimise the impacts of researcher bias. Expert recommendations and guidance, particularly on diet and nutrition, are blended with the survey data to help finalise budgets for food. During a final validation stage involving focus groups, members of the public review the standards and reference budgets to ensure their acceptability. The key stages of the research process are set out in [Figure 1](#).

### **Different traditions, different theoretical perspectives**

This section examines the principal differences in budget standards methodologies in more detail, and situates the different methods within different theoretical traditions in the social sciences.

#### *Expert prescriptions and cultural conventions*

Following the early pioneers, today's budget research conducted in the normative tradition appeals directly to our present-day understandings about universal 'human needs' and mechanisms for need-satisfaction (Doyal and Gough, 1991). Budget researchers are now able to capitalise on the knowledge produced by the global scientific research effort. However, 'human needs' theorising has a long (if not troubled) history in the literature (cf. Springborg, 1981). Critics often maintain that any conception of 'real' human need is, in fact, culturally and/or ideologically constructed. In general, this line of reasoning follows phenomenological arguments propounded by some social theorists, who reject the notion of objectivity in the social world (Dean, 2010). Such arguments were used by politicians on the right to attack social welfare services and by libertarian political philosophers to justify the market allocation of population resources rather than state bureaucracy which, it is claimed, interferes with the pursuit of private ends (Bowpitt, 2000).<sup>3</sup> Today, however, politicians are more likely to be acutely aware of the limits to such market reasoning as Plant (2012) argues. Few liberals would argue against any form of state intervention to correct or compensate for disadvantageous outcomes in the free market capitalist system. Increasingly, we hear calls from across the political spectrum for more research into reference budgets to address questions of adequacy in the fight against poverty in Europe. The Institute of Economic Affairs (a free-market think-tank based in the UK), for example, argues that 'poverty' should correspond to the cost of adequate consumption, hereby defined by a basket of social necessities (Niemietz, 2011). Any lack of resources below this publicly agreed minimum standard would therefore constitute or risk poverty.

The questions of how best to generate a social consensus on entitlements is, of course, the overriding concern of researchers determining reference budgets using focus group methodology. The limitations associated with focus group research are well known, bias being a particular problem (Morgan, 1997). As members of a group try to reach consensus, questions arise about the representativeness of the results. It is almost impossible for



minority opinions to be conveyed in the outcome; one or two vociferous members with strong opinions can alter overall decisions. A skilled moderator with good facilitation skills is therefore required, along with a carefully chosen representative sample of participants. Further, the composition of the groups should, at least, attempt to reflect membership of the community (Deeming, 2011). For example, focus groups might include citizens from different social backgrounds in order to avoid potential social class bias in the research. Initial work by Stephens *et al.* (1995) and Waldegrave *et al.* (1996) in New Zealand, as well as Storms (2000) in Belgium, saw reference budgets based upon focus group discussions with low-income families. Arguments about class and tastes are relevant (Bourdieu, 1984), consulting only those managing on low incomes may 'bias' the results and limit the scope of the budget. Unfortunately, such insights from social theory are often overlooked in the research literature on reference budgets. Given that the aim of the exercise is usually to determine a standard of living that would be generally acceptable to society, it is critical to include citizens that are representative of their community. In practice, this may be a challenge. Hence, a number of focus groups with a range of different people from different family and household circumstances, living in different geographical locations, are usually required to achieve cross-national locally agreed consensual standards.

A number of other issues and dilemmas remain. Some concerns relate to the rigour of the budget research itself. Generally, good practice in focus group research requires 'data' to be recorded and analysed thoroughly and independently by two or more researchers, to safeguard against potential researcher bias (Morgan, 1997; Ritchie and Lewis, 2003). In focus group-based budget strategies, however, this approach does not seem to be standard practice yet. Also, data collected from the focus groups are not being made available to the research community for secondary analysis. Ideally it should be, as data-archiving is now considered standard practice in large-scale qualitative research inquiries (Corti, 2005). Social research demands high ethical standards. Research findings require rigorous scrutiny, particularly if researchers demand that policymakers take their findings (more) seriously. Sadly, key methodological issues in focus group-based budget strategies often appear overlooked.

Despite these limitations, the focus group approach demonstrates great potential for establishing a consensual standard of social adequacy for society. In this model, members of the public, not 'experts' (politicians, academics, or researchers) determine what is 'essential' because the standards derived from focus group discussion reflect social norms – the actual expenditure choices and judgements made in real life, by ordinary people, the real 'experts' managing their own personal or family budgets. In this sense, the resulting standards are more likely to be acceptable to society and, therefore, policy initiatives arising from them may stand a greater chance of public approval than budgets set by experts. Hence, the 'democratic' approach to social standards appeals to theories of deliberative democracy, as standards are based on public dialogue. From this perspective, active citizens are involved in the co-production of social policy as Iris Marion Young (2002) argues.

There is also a strong rationale for referring to social statistics to help overcome material deprivation in national contexts as Whelan and Maître (2009) argue. Society's increasing affluence, indicated by prevailing patterns of consumption in society and consensus on social necessity, is what attracts both support and criticism. This precise way of keeping pace with rising living standards has also led to criticisms about the 'poor' consumer in consumer society, as theorised by Zygmunt Bauman (2010), for instance.



Further methodological issues arise when thresholds are set by social scientists. Observed behavioural patterns of consumption and/or consensus on what are the essentials have been used to define different standards of living for reference budgets. Consumption patterns and/or public consensus relating to 50, 66, 75 and 80 per cent of the population are typical, but other thresholds may be used to determine the contents of the budget. The decisions here are largely normative, and reflect the dominant tradition of budget standards research that emerged in seventeenth century Europe. Bradshaw (1994), for example, draws a distinction between 'top-down' and 'bottom-up' approaches to needs-based standards. The 'top-down' normative tradition involving experts has long attempted to define universal needs from a scientific or theoretical perspective. In the 'bottom-up' research tradition involving focus groups, needs are classified by members of the public. The large-scale survey approach falls somewhere in between. Here needs-based standards are grounded in observed social statistics, revealing expressed views and opinions about necessities, but needs-based thresholds are usually set by experts who decide where to draw the line in the survey results. The challenge for normative research remains to try to avoid inherent bias and abstraction from social context. Broadly defined lists of human entitlements chosen by theorists without any deliberative or democratic debate can be criticised for being overly deterministic and prescriptive, as Sen (2005) observes. Of course, this challenge applies as much to needs-based budget standards as it does to the more broadly conceived projects attempting to operationalise the necessities of life for poverty and deprivation measurement (Fahmy *et al.*, 2015), and the capability approach to fundamental entitlements as a framework for the evaluation and assessment of individual well-being and social arrangements (Hick, 2012).

### **Different standards of adequacy?**

Debate over the adequacy of standards prescribed by 'experts' has a long history that predates the work of B. S. Rowntree (Deeming, 2010). The debate has recently engulfed the consensual surveys of living standards and poverty. The study by McKay (2004), for example, questioned the existence of 'real' poverty when households, who lack socially defined 'necessities', choose to spend their money on 'non-essentials'. However, as Veit-Wilson (1987) observes, social participation usually means having enough choice to be able to allocate some resources to 'non-essential' items like everyone else does who is not poor in a country like the UK, otherwise it isn't really active participation in society (Ferragina *et al.*, 2013). The use of a focus group methodology is arguably much clearer about such distinctions, as consensus on the essentials is typically obtained through open collective discussion rather than a form of 'statistical coincidence' obtained from the social surveys (Walker, 1987).

Budget researchers generally agree on the utility of 'need' in some form (physical and psychosocial) to help define a social acceptable minimum. Nevertheless, how personal requirements are firstly identified and then interpreted is crucial: this is what Fraser (1989) calls the 'politics of need interpretation'. Whether the studies presented here make differing assumptions about 'need' is certainly debatable, clearly they differ in the way they 'operationalise' it, and they appear to arrive at calculable standards of living that are conceptually different (Figures 1). However, we do not know empirically whether or not they produce the same, similar, or very different standards and results. So far, research has reported on different populations and family structures, is set in different country contexts

and was conducted at different times. The focus group-based budget represents 79 per cent of national median income for a single person household in the UK (Davis *et al.*, 2014: 33), while the ImPRovE level of reference budgets for a single person household varies from about 28 to 33 per cent of national median incomes in Antwerp, Helsinki and Milan, and from about 41 per cent in Barcelona, to 54 per cent in Athens and 72 per cent in Budapest (Goedemé *et al.*, 2015: 19). Since the reference populations under consideration here do not overlap, it is almost impossible to compare the standards and results between the two approaches directly.

On the one hand, we might eventually find that any differences between the methodologies and needs-based standards are more apparent than real. In practice, there is likely to be considerable overlap in the research process, all methodologies involve a mix of expert knowledge, public reasoning and social statistics to form a budget standard. Thus, rather than considering distinct or 'pure' forms of research methods, we might consider the experience of applied 'real world' social research (Byrne, 2011). That is because separating out the iterative process of consulting with experts, the public and the vast array of social statistics is anything but clear-cut. The research process is likely to be 'messy' and the 'boundaries' may become 'fuzzy'. At times, much of the apparent difference appears procedural, with each approach adopting a different point of departure (Figure 1). On the other hand, different methodologies could produce quite different standards, following different procedures. The goal for European social policy is to level-up living standards across Europe (Council of Europe, 2013; European Commission, 2014), suggesting a needs-based social protection standard is now required to define the European minimum floor on a consistent and comparable cross-national basis: below which no citizen should fall. As both Romania and Bulgaria experience high rates of 'poverty' relative to average earnings (60 per cent of the median national income), it would clearly be desirable to support this statistical measure with a needs-based living standard. A needs-based standard alone, however, may be too restrictive in some contexts where citizens enjoy a high social standard of living, in the UK for example, where research into consensual reference budgets is dominant. Thus, there is strength in the different methodologies for guiding the development of European social policy. Table 1 summarises the key characteristics of each approach according to method, principles and the policy perspectives adopted.

There are real challenges ahead for social researchers and policymakers seeking to secure MIP/GMI standards that are politically acceptable within and between the diverse societies of Europe. Modern European societies are characterised by a high level of diversity and difference, customary practices are differentiated and 'consensus' about 'necessity' may be stratified according to socio-demographic characteristics, according to age, geography and social class, for example (Smith and Hancock, 2004; Deeming, 2014; Gannon and Bailey, 2014).

### **Conclusion: adequacy and beyond**

Establishing MIP and GMI standards for European nation states is, of course, as much a political enterprise as it is a social research endeavour (Deeming, 2005). There are clearly broad political issues at stake here. Many elected politicians have long feared 'distorting' market efficiency and weakening financial incentives to work with MIP and GMI schemes, but in the context of the Europe 2020 strategy social policy must now take

Table 1 Methods, principles and policy perspectives summarised and compared

	Expert-led	Citizen-led	Survey-led
Who is 'expert'	Scientist/Social Scientist	Citizen	Social Scientist
Key values/ emphasis	Human needs	Social participation	Social inclusion
Standards	Scientific consensus, human needs standard	Public consensus, publically acceptable social standard	Statistical consensus, adequate social standard
Validity	Scientific, situated in knowledge and understanding of human needs	Participatory or deliberative democratic, situated in public understandings and the reported experience of citizens	Scientific, situated in knowledge and understanding of social necessity
Reliability	High, measure is likely to be consistent across populations but may change across time (with new knowledge)	Low, measure is not designed to be consistent out of context the local context in which it was generated	High, measure is likely to be consistent and comparable across populations and time
Generalisability	Aims to produce highly generalisable standards across country contexts, strength in cross-national comparability	Aims to produce relative standards grounded in local and national contexts, methods are generalisable but standards from one contexts should not be imposed on another	Aims to produce relative but highly generalisable cross-national comparative standards
Strengths	Measuring, monitoring and ensuring a consistent minimum income standard or protection floor in Europe	Monitoring and shaping national minimum income protection floors in European country contexts.	Measuring and monitoring European living standards and inequality levels across time

first order priority. Society must define the minimum standards of living that are socially acceptable for families and individual members, and the role of social research is to help make these household needs and standards explicit for politicians and policymakers to act upon – vis-à-vis the instruments of social policy (covering the systems of social security, minimum wage protection, income supplements, credits and allowances for children and families that can ensure household needs can be met, cf. Bennett, 2014).

Significant progress has been made by researchers in this field. More could still be done to support and harness the current research effort (policymakers and research funding

councils at national and EU levels take note). Investment in research is necessary if we are to formulate more effective policy responses to poverty and growing inequality. The Europe 2020 strategy demands new MIP policies to ensure inclusive growth, adequate income floors and decent living wages for all European citizens (Council of Europe, 2013; European Commission, 2014). Researchers are making compelling grounds for using reference budgets to guide the development of European social policy, and for 'poverty' to be defined with reference to needs-based standards, alongside Europe's headline (statistical) measure of relative income poverty (60 per cent median income). However, given the different budgetary approaches, there is still too much uncertainty and ongoing disagreement in this field which is hindering the development of social policy (Deeming, 2005). It is still not clear, for example, whether a single common EU floor is feasible alongside higher national standards in more affluent contexts. But if distinctions are not clear and the 'twin-track' approach fails, then any common floor may turn out to be politically problematic: too low for some, too high or costly for others. For instance, Sweden is probably reluctant to accept for its own citizens the minimum standards prevailing in Greece, as the richer countries of Europe would be to accept that they should subsidise Greece to attain a minimum that is meaningful in Sweden. The outcome of the focus interview approach in these different places offers valid authentic differences in concepts of participatory adequacy that may well but justifiably vitiate the potential for overly uniform budgets.

In sum, reference budgets continue to provide reliable evidence to guide the development of European social policy. However, methodological pluralism should prevail. There is strength in the different budget approaches; all are valid, and arguably needed. A European needs-based MIP and GMI floor is urgently needed to prevent poverty and exclusion. Concerted efforts and practical action is what is required from our policymakers to improve the delivery of Europe's inclusive growth strategy. However, there can be no 'one size fits all' in Europe at present. For it is equally clear that higher MIP and GMI standards are required by citizens in more affluent parts of Europe to avoid growing levels of social insecurity.

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## Notes

1 For example, Article 22 of the 1948 UN Universal Declaration on Human Rights states that, 'everyone, as a member of society, has the right to social security', and Article 25 states that, 'everyone has the right to a standard of living adequate for the[ir] health and well-being', <http://www.un.org/en/documents/udhr/> [accessed June 2015].

2 Smith argued: 'By necessities I understand not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without. A linen shirt, for example, is, strictly speaking, not a necessary of life. The Greeks and Romans lived, I suppose, very comfortably though they had no linen. But in the present times, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty which, it is presumed, nobody can well fall into without extreme bad conduct. Custom, in the same manner, has rendered leather shoes a necessary of life in England. The poorest creditable person of either sex would be ashamed to appear in public without them. In Scotland, custom has rendered them a necessary of life to the lowest order of men; but not to the same order of women, who may, without any discredit, walk about barefooted' (Smith, 1776: 465). Interestingly, Smith recognises the different cultural interpretations of necessity.

3 Early theorists on the right attacked budget standards and investigators such as Charles Booth and Seebohm Rowntree, who helped to promote them; for critics there was no such thing as 'poverty', only 'social inefficiency'.

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