

An alternative calculation: on Decent Living Wages (Decent Living Income).

'Living Income' refers to the income needed to afford a decent standard of living in the place you live. The distinguishing feature between a living income and the poverty line is the concept of decency, wherein people thrive, not only survive.

The basis of calculation of living wages in a specific country is:

- A. The size of a standard family and the number of workers (Anker and Anker method):
 - (1) **the 'family size' is 2 parents + x children, where x is the fertility rate of women** (country average) see [List of sovereign states and dependencies by total fertility rate - Wikipedia](#)
 - (2) **the number of full-time equivalent workers per household is 1 man plus the country average female participation rate**, see <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS> , or from regional statistics, if available (in most Anker studies 0.5 – 0.75)
- B. The costs of living: food + housing + other expenses:
 - (a) For the '**costs of food per day**', **reference is made to the Umbeo website** <https://www.numbeo.com/food-prices/> , where the nearest city must be selected for the basket for 'Food Prices, Asian Food' *minus* beef, apples and tomatoes.
The costs of food equals the 'family size' x 365 x the 'food price per day'.
Note that Anker and Anker take the children as full equivalent.
 - (b) the costs of 'housing + other expenses' is a rather complex and subjective choice (most of the projects report difficulties in determining the costs of housing).
A reasonable assumption for 'housing + other expenses' is that these costs are:
 - **1.0 x the costs of food for WB Low Income countries (<= 1,035 GNI per capita)**
 - **1.5 x the costs of food for WB Lower Middle Income countries (1,036 - 4,045 GNI per capita)**
 - **2.0 x the costs of food for WB Lower Middle Income countries (4,046 - 12,535 GNI per capita)**
 - **4.0 x the costs of food for WB Lower Middle Income countries (> 12,535 GNI per capita)**This assumption should hold reasonably well for poor workers in poor countries.
For rich countries, the 'housing + other costs' are much more: the price for housing is about 2.5 x the price of food, and the price of other costs equals at least 1.5 x the price of food. A complication in the calculation of poor people in rich countries is that these costs are often subsidised by the government, so that poor people pay much less than the real costs. A lot of rich countries have defined a poverty line, which might be taken as a norm in the calculations.
Note: the costs of housing is in most cases approx. 50% of the costs of 'housing + other expenses'
- C. The Decent Living Wage is calculated as:
'decent living wage' = 'costs of living' / 'fte workers'
- D. The S-Eco-costs are calculated as the gap between what is needed for a decent living and the net income:
S-Eco-costs = 'decent living wage' – 'actual net wage'

Note. The approach of the food basket of Numbeo might also be used to calculate the "extreme poverty and slavery line" of the eco-costs system.