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# Basic Needs: Some Issues

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# Basic Needs: Some Issues

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and

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**Summary.** — The purpose of this paper is to demonstrate, first, the need for a development strategy aimed directly at the abolition of absolute poverty within a short period of time, and, second, to spell out the main elements of such a strategy. After sketching, in very broad terms, some of the conceptual and operational issues involved in a basic needs strategy, the paper provides some very rough orders of magnitude of the number of people who suffer basic forms of deprivation in the developing world. Finally, the paper describes the analytical work and country studies that should be undertaken to give operational content to the concept of basic needs.

## I. INTRODUCTION

The purpose of this paper is to demonstrate, first, the need for a development strategy aimed directly at the abolition of absolute poverty within a short period of time and, second, to spell out the main elements of such a strategy. After sketching, in very broad terms, some of the conceptual and operational issues involved in a basic needs strategy, the paper provides some very rough orders of magnitude of the number of people who suffer basic forms of deprivation in the developing world. Finally, the paper describes the analytical work and country studies that should be undertaken to give operational content to the concept of basic needs.

## II. FROM GROWTH TO BASIC NEEDS

In spite of unprecedentedly and unexpectedly high growth rates during the last twenty-five years, and in spite of improvements in such social indicators as literacy and infant mortality, pessimism is widespread.

The pessimism prevails because aggregate economic growth appears to have done very little for the poorer half of the Third World's rapidly growing populations. For what they are worth, the data<sup>1</sup> and impressionistic evidence suggest that the poor in some countries, mostly smaller ones, are better off: Taiwan, Singapore, Hong Kong, Sri Lanka and the Caribbean are examples. This does not appear to have happened in large nations. For instance, in Brazil,

their real income per head is estimated to have grown by less than 1% in the 1960s, while that of the richer half has grown by over 30%. In almost all the large, poor countries of Asia (India, Pakistan, Bangladesh, Indonesia and the Philippines), where growth has been low, there has probably been stagnation or decline in the living standards of the poorest 20 to 40%. In absolute numbers, there are many more poor, though the proportion of the poor in the total population may have declined.<sup>2</sup>

The realization that growth has been uneven and has, in some cases, contributed little to the alleviation of the misery of the masses of poor people led to an emphasis on employment and to an attack on inequality in the distribution of income and wealth.<sup>3</sup> The ILO initiated work on strategies with an explicit focus on employment, and the World Bank supported emphasis on redistribution with growth. These approaches meant major conceptual advances in development analysis and policy but they have not gone far enough in attacking absolute poverty directly.

Unemployment and under-employment were only a small part of the problem. The trouble was not so much absence of work, as relatively unproductive and unremunerative work. Indeed, only those who had some other means of support could afford to be unemployed. In a market economy, the command over food and other necessities of life by the poor depends on

\* The two authors' views expressed in this article must not be identified with those of the World Bank.

the value of the goods and services they produce and sell.

'Imperfections' stood in the way of an improved allocation of resources, with benefits to the poor. In the towns, access to jobs in organized industry was restricted, so that the majority had to eke out a miserable existence by work of low productivity in the 'informal' sector. In the countryside, where land ownership is highly concentrated, the landless labourers, the sharecroppers, the suppliers of direct services and those with only tiny plots of land were denied access to the resources that would have raised their productivity and income. Lack of access to productive assets, low wages and rapid population growth kept their earnings low. It was not growth as such, but the structure of ownership and power, and the policies pursued by the governments, which prevented the poor from benefiting from growth.

World Bank sponsored *Redistribution with Growth* (RwG)<sup>4</sup> has proposed four strategies, of which two involve the redistribution of assets in order to make the poor more productive. One involves redistribution of investment out of incremental GNP, the other redistribution of the existing stock.

The investment transfer to public investment of 2% of GNP over 25 years would raise the consumption of the poor (the bottom 4%) by 23% after 40 years, compared with what it would otherwise have been (the 'Basic Solution'), that is to say the rate of consumption of the bottom 40% would accelerate by 0.5% per year. At income levels of \$200, this is \$1 per year. If we accept recent findings by Griffin and Khan<sup>5</sup> that for a wide range of countries growth was accompanied probably by increasing absolute poverty of the bottom 40% and certainly the bottom 20%, the need to redistribute through growth in order to meet basic needs is considerably increased, though in no way made more feasible. It is understandable that the modesty of the result has led some to call for a redistribution of the existing stock of assets.

Both employment-orientation and redistribution with growth have correctly emphasized the need to raise production by the poor by raising demand for their goods and services, by improving their skills, and by raising their productivity. These are necessary conditions for eradicating poverty, but for three reasons they are not sufficient. Firstly, measures (like raising the prices of agricultural products or introducing more labour-intensive techniques) have often not achieved the intended results, but

only led, in the final incidence, to a return to the initial income and power distribution (e.g., higher prices for agricultural products led to higher industrial wages, which were passed on as higher prices of the products the poor farmers bought; or lowering of the real wage rate has encouraged the introduction of labour-intensive techniques without expanding employment more than proportionately).

Secondly, critical social services for the poor have been neglected. The link between government expenditure devoted to social services meeting basic needs, intended to benefit the poor, and the accrual of benefits to these poor has been tenuous and procedures to strengthen it have either not been explored in sufficient detail or, when identified, have not been implemented. The scope for alternative technologies of delivering public services, linkages between these services so as to reduce costs and improve impact, and linkages between private income and access to free social services remain to be explored, experimented with, and implemented.

Thirdly, the economic emphasis has tended to lose sight of the ultimate purpose of the policies, which is not only to eradicate physical poverty, but also to provide all human beings with the opportunities to develop their full potential. The demand now is to put man and his needs at the centre of development. If this is done, 'basic needs' becomes an illuminating organizing and integrating concept, which throws light on a whole range of other issues, not discussed in this paper. It is these three reasons that warrant a further evolution of development policy.

The evolution, from growth as the principal performance criterion, via employment and redistribution, to basic needs is an evolution from abstract to concrete objectives, from a preoccupation with means to a renewed awareness of ends, and from a double negative (reducing unemployment) to a positive (meeting basic needs). The basic needs strategy builds upon the experience gained in the past and carries it a step further.

### III. DEFINITION OF BASIC NEEDS

The purpose of development is to raise the sustainable level of living of the masses of poor people as rapidly as is feasible and to provide all human beings with the opportunity to develop their full potential. This implies (a) meeting the *basic human needs* of the poorest people in the world, and (b) establishing a national and international framework for sustained and self-

reliant development. 'Feasibility' points to the limits of achieving the eradication of poverty in the near future. This paper is concerned largely with (a), but the requirements of (b) constitute constraints on the period over which, and the costs at which, basic human needs can be satisfied. On the other hand, it is difficult for a malnourished, illiterate, rapidly growing population in ill health to make progress towards sustained development, so that (a) is also a condition of (b). The aim of a basic needs strategy is, then, to eradicate and redistribute production so as to eradicate deprivation that arises from lack of basic goods and services.<sup>6</sup>

In defining the package of basic needs, we face three difficulties: variations in standards, differences in social objectives and the problems that arise in ranking basic goods and services.

First, there are no objective criteria for defining the contents of a basic needs bundle. While certain minimum physiological conditions are necessary to sustain life, basic needs vary between geographical regions, climates, cultures and periods. Even such a basic requirement as nutrition for the same sex, the same age and the same activity varies between different people. Housing requirements also show wide variations and so do all other basic needs.

Second, on any reasonable interpretation, there is not a single level of basic needs but a hierarchy.<sup>7</sup> At the lowest level, basic needs are those that have to be met for *bare survival*. Since anyone falling below this level dies (by definition), a measure of poverty that would count the heads of those below basic needs would, on this definition, always be zero. At the next level, basic needs may be defined as those that have to be met for *continued survival* and comprise a minimum of food and water, protection from *fatal* diseases and adequate shelter. At the third level, the satisfaction of basic needs covers continued *productive survival* and in addition protection from *debilitating* diseases, more food and some education. Finally, certain *non-material* needs may be added, like participation in making decisions affecting one's life and work, and the *relative* component of poverty (relative to the average income).

In the light of this hierarchy, societies can define their own basket of basic goods and services. The list of goods included and the quantities in which they are to be consumed would differ according to the society's objective: a 'continued survival package' would be more modest than a package for 'productive survival'. The bulk of the poor in the develop-

ing countries live in the countries faced with the immediate task of providing goods and services to enable *all* their people to survive decently, and *some* of them to survive productively.

Third, and finally, no matter what the objective of the society and what the corresponding basket of basic goods, there are certain conceptual difficulties in listing precisely the items making up such a basket. We cannot ask individuals to order these items according to the priority they attach to them because all actual choices are incremental – more or less extra food compared with more or fewer clothes – and individuals do not assess and compare the total value to them of food and of clothes. The problem is rendered even more difficult by the consideration that individual ordering would be an inappropriate indicator in the presence of consumption externalities. One way out of this conceptual impasse is to identify a core of basic needs. The emphasis on a few needs does not mean that others are neglected. It does mean that at the level of income required to meet the core needs, the households would also satisfy other basic needs. A definition of core basic needs in very poor societies proves to be surprisingly robust, so that counting deficiencies for different items of the basket yields approximately the same number of people.

Without minimizing the conceptual problems involved in identifying the items that should be included in the basket of basic needs and the quantities in which they should be consumed, it is possible to focus on a core of basic needs for planning purposes. As shown below in Section V, such a definition of basic needs has important policy implications.

#### IV. FEATURES OF A BASIC NEEDS STRATEGY

A basic needs strategy (BN) is not an alternative to other poverty- or employment-oriented strategies, but an extension and a natural evolution.<sup>8</sup> The objectives and many of the measures are the same. The distinct features of a basic needs strategy can be briefly summarized. (Some of the differentiating characteristics are elaborated in later sections.)

(i) BN gives high priority (attaches considerable weight) to meeting specified needs of the poorest people, not primarily in order to raise productivity (though additional production is necessary), but as an end in itself. It covers the unemployables as well as the un-

employed: the old, the disabled, the sick. While increasing productivity is not the criterion, the basic needs approach often does have this effect and is therefore twice blessed. Thus, the emphasis on the needs of children can be regarded either as a form of long-term investment or as a focus on basic needs. The inclusion of the needs of the old, sick and disabled can also contribute to a reduction in the rate of population growth, as the desire of parents for children as a health and old-age insurance is weakened. Similarly, healthier and better educated women, whether part of the labour force or not, will tend to have smaller families.

(ii) BN, drawing on a body of evidence that the approach is feasible (largely, but not only from the People's Republic of China), stresses the importance of efforts to redress *absolute* deprivation and, as such, has greatest relevance for societies where absolute poverty is concentrated.

(iii) BN emphasizes *supply management*, especially for the period of transition, so that increases in the incomes of the poor are not neutralized by increases in the prices of the goods and services on which they spend these increments, or increases in their productivity are not neutralized by lower money incomes; the basic needs targets are not just desirable consumption goals but carry implications about changes in the structure of production, its growth, and its accrual to the poor.

(iv) The emphasis of BN on restructuring production, not necessarily in response to the preferences expressed by people with very unequal incomes in an imperfect market, implies a substantial role for the government. The satisfaction of basic needs makes demands not only on the provision of goods and services in the market but also on certain *public* services like education, sanitation, health and water supply; the differentiating and difficult problems of the basic needs approach are, probably, neither conceptual (how do we define and what are basic needs?) nor narrowly economic, financial and fiscal (what are the resources required to meet them?) but are those of *access* and *delivery*; the solution of these, in turn, calls for a detailed analysis of institutional structures, including political institutions, and for recommendations on how to change them, in order to secure efficient and lasting provision for basic needs.

(v) BN is sometimes defined in terms of the 'characteristics'<sup>9</sup> of the goods and services (calories rather than rice), rather than in terms of commodities and their prices. Real income comparisons may diverge if measured by these

two alternatives, so that in terms of real command over goods two people may be equally well off, whereas in terms of command over 'characteristics' they may not.<sup>10</sup>

(vi) BN implies certain limits to the unrestricted exercise of consumers' demand in the market, though these are not narrower than those prevailing in many mixed economies with indirect taxes, food stamps, social services, advertising, etc. Where income distributions are initially very uneven, production decisions for basic needs should be divorced from consumers' choices, or, alternatively, these choices should be influenced by indirect taxes and subsidies. A society aiming at meeting basic needs will not welcome the 'artificial' stimulation of wants, whether through advertising or demonstration, or the appeal to wants that it does *not* value, though education (and propaganda) may be used to stimulate 'artificially' needs and abstentions that it does value.

(vii) BN can be defined fairly broadly so as to comprise 'material' as well as 'non-material' needs (e.g., diversity of satisfying jobs, self-reliance, access to power, political freedom, national and cultural identity, a sense of purpose in life and work), partly in their own right and partly for the support they give to meeting basic 'material' needs, and therefore stresses motivational, institutional and organizational change as much as narrowly defined economic reform.

The above list is aimed at highlighting some of the distinctive features of a basic needs strategy. Ultimately, it can be best seen as a natural evolution in thinking, particularly in the poorest economies where alternative strategies have failed to deliver benefits directly to the poorest sections of society and where constraints are so severe as to recommend such a route if basic needs are to be met soon. The main problems for basic needs strategies are not conceptual, but operational, and it is to some of these that we now turn.

## V. SOME OPERATIONAL ISSUES

The most significant issue in considering a basic needs strategy is the political framework within which it can be successfully implemented. It is quite clear that a major restructuring in political and economic power relationships within a society is a prerequisite for a genuine pursuit of a development strategy aimed at basic needs. Whether this can be managed by most developing countries today, or the extent to which this can be managed in

various societies, are some of the most challenging issues we face in this field. We have abstracted from the political difficulties in the discussion that follows, not because political questions are unimportant, but because a number of operational issues still remain even if the necessary political prerequisites have been met for the formulation of a basic needs strategy. In this respect, a Basic Needs Strategy stands on the same footing as other employment- and poverty-oriented strategies, such as *Redistribution with Growth*.

The basic needs strategy raises at least five sets of operational issues for country policies and for the international community: (i) the domestic and external resources required for meeting the basic needs of a very large and growing number of people in developing countries; (ii) the designing of public services so that they benefit the poor; (iii) the designing of social change and institutions that would allow the poor not only to make their needs known but also to involve them in maintaining the services they need; (iv) the required signals and incentives; and (v) the trade-off between basic needs and other objectives.

#### *Resources*

It is possible to calculate growth requirements for meeting basic needs (a) on the assumption of a *constant income distribution*, (b) on the assumption of domestic *redistribution* to the poor, or a combination of the two. Obviously, the required growth rate of (a) is considerably higher than that of (b). But, for the poorest countries, even the most radical redistribution now will have to be accompanied by a considerable rate of growth of the inputs required for meeting basic needs on a sustainable basis, in view of their low starting point and the large and growing number of poor people. To (a) and (b) should be added (c), the growth rates required if *international* redistribution takes place. It is quite clear that many poor countries will not be able to satisfy basic needs on their own within a reasonable time span, without substantial assistance from outside.

Most of the components of the basic needs package will draw largely on indigenous resources. This is fairly obvious in the case of construction and public services, but also food that would raise consumption in scattered rural communities will probably have to be produced locally by these communities. The scope for international contributions to meeting basic

needs directly is, therefore, limited. But the inputs into the production of basic goods and services will contain a large, indirect foreign exchange component. In any case, it is the supplement to modest domestic savings that is important. One of the functions of international contributions to meeting basic needs is that the goal may be achieved with fewer domestic and international disruptions.

The question of how the contributions should be shared between the rich and the poor nations can best be discussed in the context of a 'global compact'. In order to work toward such a compact, the international community must:

- estimate, however roughly, the quantum of resources needed to meet the basic needs of most of the poor by a specified date;
- indicate the measures required to mobilize, allocate and use these resources efficiently;
- spell out the changes that must be made in the domestic policies of recipient nations in order to meet 'basic needs'; and
- indicate the changes that must be made in rich country policies of aid (e.g., a change in their attitude toward financing the recurrent costs of development programmes), trade, private investment, research and development, and in other areas.

#### *Public services*

Even where it is the declared intention of governments that public services should benefit the poorest strata of the society, it is often the most powerful and most articulate — usually people in the urban and in the organized sector of the economy — who take precedence over the needier people. And even where there is a genuine intention to benefit the poor, the incidence of the costs and benefits of public services can be as uneven between regions and between income groups as the distribution of income and wealth. Public services like education, health and housing tend to be not only inadequate in total but also concentrated in the cities and pre-empted by the middle and upper income groups.

Evidence is already available from a number of developing countries to suggest that benefits accruing from social services (and the incidence of taxation) are as skewed in favour of the privileged groups as is the distribution of

income. In fact, in some countries, public sector expenditure has resulted in further worsening of the distribution of national wealth. The objective, therefore, has to be not only an expansion in social services but their redesign and redirection in favour of the poorest strata of society through a combination of policies, including income and asset redistribution, restructuring of economic and political power, designing of special delivery systems, etc.

The following issues, therefore, deserve attention:

- what types of basic needs should be provided for by the public sector;
- in what ways can the benefits accruing from public services be prevented from being 'hijacked' by the higher income groups; and, if the flow of benefits to the privileged groups cannot be prevented,
- in what ways can a part of them be recaptured?

#### *Local participation*

In order to satisfy basic needs, supply management is not enough. The generation and articulation of demand are also necessary. It is possible to envisage a perfect delivery system of basic needs goods and services that would resemble a zoo or a prison. It is in the area of 'demand management' that strong cooperative or local community organizations have an important role to play.

Even such a simple service as water supply calls for the cooperation of local people. For if the water flowing from standpipes is permitted to drip, the puddles can become the breeding ground for mosquitoes or worm breeders and the benefits are reduced or wiped out or become negative. The siting of these pipes and their efficient use depends on local cooperation and on the social changes that ensure it.

The success achieved by the Chinese, the Japanese and the Israelis in meeting the basic needs of most of their populations within a brief period illustrates that this goal can be attained in a wide variety of political systems. These experiences also show how important broad-based participation at the local level can be for articulating the demand for meeting basic needs and for the efficient management of the services ministering to these needs. They show that representative local bodies can minimize waste, handle maintenance work and also limit the amount of benefits going to the privileged groups.

The following issues need further attention:

- how can the commitment of local people be mobilized and local participation be secured and strengthened;
- what form of decentralization is necessary for implementing efficiently a strategy of meeting basic needs;
- what impact does a decentralized programme for meeting basic needs have on resource requirements; and
- in what ways can local community-based programmes be incorporated into national plans and in what ways can these be assisted by international cooperation?

#### *Signals and incentives*

A basic needs strategy will have to use a system of signals and incentives that is different from that of a *laissez-faire* market system and from that of a centralized bureaucracy. More particularly, the function of prices as signals may have to be divorced from their function as incentives for the allocation of resources, to maintain consistency with basic needs (e.g., the prices of luxury goods might be high, but this would not be permitted to be reflected in high profits and the diversion of resources to their production). Some of the issues are:

- To what extent need market signals and incentives be modified or divorced from one another, in order to reflect society's preference for meeting basic needs in the private sector?
- Should there be a reliance on price corrections or direct controls (e.g., the complete prohibition of certain items) to achieve the desired goals?
- How should existing productive capacities, often geared to the demand of the rich, be reoriented towards the needs of the poor?

#### *Basic needs and other objectives*

To satisfy basic needs is an objective with high priority, but it is unlikely to be the only objective. Laying the foundations for sustained, self-reliant development after basic needs have been met, diversifying the economy so as to reduce dependence on specific products, markets, and sources of supply, the protection of the environment, defence, and other objectives may, to some extent, compete with basic needs. The questions then arise:



- what are the trade-offs, if any, between a basic needs programme and alternative objectives and policies; and
- specifically, what, in the light of the experience of the last 20 years, is the relation between economic growth and a policy of satisfying basic needs?

There are no conclusive answers to many of these operational issues. The whole area requires a careful review of the experience already gathered and further experimentation. Section VII indicates future work that would be required to find partial answers.

#### VI. QUANTIFICATION OF SHORTFALLS IN BASIC NEEDS: SOME PRELIMINARY ESTIMATES

In order to illustrate the broad dimensions of the problem, it is useful to give preliminary estimates of 'shortfalls' in basic needs now being suffered by the poor in the developing countries as well as the resources required to meet them. Considerable empirical work is required to give national or global estimates with any degree of confidence. There are also analytical problems in defining acceptable and feasible standards, measuring deficiencies and quantifying resource requirements. What is attempted here is merely a rough order of magnitude to bring out the nature of the problem in somewhat more concrete terms.

If core basic needs are identified as food (calories and proteins), clothing, safe drinking water and shelter, estimates from various sources indicate that, at present:

- 600 million of 1.2 billion people in the

poorest countries (with *per capita* incomes less than \$200) do not eat enough food to meet their minimum daily requirement of calories. Of these undernourished people, some 350 million are children under the age of 15. Nearly 800 million people in these countries receive less than their daily requirement of proteins. This nutritional gap, translated into quantities of food, implies 25 million tons of foodgrain and 2 million tons of animal protein;

- of 300 million people living in urban areas in these countries, over 100 million do not have access to safe drinking water. The number of people in this situation in the countryside is estimated at an additional 700 million;
- over 150 million in the urban areas of the poorest countries have less than satisfactory shelter. No figures are available for the rural situation, but the number of people that are housed below minimum acceptable levels is likely to be not less than half the number of absolute poor, or at least 375 million. Thus, perhaps half a billion people in the poorest countries have inadequate shelter.

These different estimates of the number of people suffering 'shortfalls' in terms of 'characteristics' of products -- calories, grams of protein, quality of drinking water, square meters of shelter -- suggest that for operational purposes the 'core of basic needs' is, in fact, a robust concept. The estimated number of people with deficiencies of any of the three items in the 'core basket' ranges from 500 to 800 million (Table 1).

Table 1. *Number (millions) of people experiencing 'shortfalls' for three core basic needs\**

	Population of poor countries	'Shortfall' population	% of total
Food			
Calorie )	1200	600	50
Protein )		800	67
Water )		800	67
Shelter )		500	42
Number of absolute poor		750	63

\* These estimates pertain to 1975.

Note: The number of absolute poor, defined as those with *per capita* income of less than \$75 in 1969 prices, was 750 million in 1975. This estimate has been used by the World Bank for various poverty studies.

Table 2. *Investment cost of a global basic needs programme for 1980-2000*  
(1975 billion dollars)

	Total	Annual	
		All LDCs	Low Income LDCs
Food	28.4	1.4	1.1
Water and Sewerage	75.8	3.8	2.0
Housing	197.5	9.9	(6.6)*
Health	25.1-29.0	1.26-1.45	0.84-9.6
Education	50.6	2.5	(1.7)*
TOTAL	\$377.4-381.3	\$18.9-19.1	\$12.2-12.4

\* Estimated at 67% of the total investment requirement.

An attempt has been made recently to estimate the resource requirements for meeting shortfalls in these 'core' basic needs.<sup>11</sup> These estimates can only be arrived at if a large number of assumptions are made about the number of people currently deprived of basic goods and services, the cost *per capita* of delivering these goods and services to the people, and the amount of 'leakage' in getting these goods and services to the people. As it is unlikely that all such assumptions hold at the same time, the resulting estimates (Table 2) are somewhat arbitrary and should, therefore, be treated with great caution.

The estimates of Table 2 above are for capital costs only. However, recurrent expenditures may be more important and also considerably larger than capital costs in a programme for meeting basic needs. For all developing countries, recurrent costs are estimated to be \$28-40 billion; for the poor they are projected to be between \$11 and \$12 billion. Combining these with capital expenditures, we get a rough order of magnitude for the cost of meeting basic needs: \$30-40 billion for poor countries which is 12-16% of their average GNP for this period, 80-105% of their gross domestic investment and 85-110% of their government resources.

These estimates indicate that a global basic needs programme, if it were to be implemented within a period of two decades, cannot be financed by the poor countries alone. It must rely heavily on transfers from the rich nations and these transfers must be in the form of concessional assistance. At present this form of assistance is of the order of only \$13-14 billion a year and much of it is for non-basic needs requirements of the poor countries. It appears, therefore, that development assistance would have to undergo a radical transformation

in both scope and quality if a substantial step were to be made towards meeting basic needs by the year 2000.

#### *Estimates of additional incomes to meet core needs*

The significance of these shortfall and resource estimates can be gauged by applying them to a single country. Bangladesh serves as a good illustration for this purpose.<sup>12</sup>

- Well over 50% of the population has inadequate caloric intake; over 60% receive less than the minimum daily requirement of proteins and the entire population has vitamin deficiencies. In terms of quantities, this translates into about 2.5 million tons of foodgrains.
- At least 20-25% of the population does not have minimum clothing. This is equivalent to about 100 million square meters of cloth.
- There is piped water in only 30 of the 100 urban centres; at least 40-45% of the population lack safe drinking water.
- Nearly 80% of the urban dwellings are temporary structures; there are, on average, almost four persons per room. Four-fifths of the urban dwellings have no water connection; 97% have no electricity.

Bangladesh's 1975 population was estimated at 78.6 million and its gross national product at \$8.8 billion. As suggested above, some 60% of the population or 47 million people, suffered some form of deprivation. The share of the absolutely poor in total income is estimated at only 30% or \$2.6 billion, giving them an income per head of only \$56. In order to satisfy the three core needs of these people, they must receive on average at least \$43 in

additional income. However, since perhaps only two-thirds of the extra income is spent on core basic needs, the absolute increase in incomes may amount to \$65 *per capita*. If the basic needs target were to be met in the next ten years, within the present structures, this would imply an 8% rate of real growth in the *average* incomes of the absolutely poor. Meeting the target over a period of 25 years implies a real growth in personal incomes of the absolute poor at the rate of 3.1% per annum. Such high rates of growth in incomes do not seem possible without a fundamental change in development policies.

## VII. FUTURE WORK REQUIRED

*Country Studies*

In formulating country strategies for meeting basic needs, it would be useful to investigate and compare the requirements and experiences of a group of countries. The following typology might be employed:

- countries in which the basic needs of a large proportion of the population are unsatisfied. A subdivision within this group could be between those with potential resources (e.g., Bangladesh and

Table 3. *Additional income requirements for meeting shortfalls in core basic needs, Bangladesh*  
(Orders of Magnitude)

Item	Shortfall quantity	Unit cost to consumer	Additional required income of the poor (\$ million)
Food*	2.5 million tons of cereals	\$400 per ton	\$1,000
Clothing†	100 million sq. meters	\$1 per sq. meter	\$100
Water**	Hydrants for 44% of population	Free	-
Shelter‡	6.7 million dwellings	\$125 per family per year	\$840
TOTAL			Approximately \$2,000

\* In 1974, the gap between production and consumption was 2 million tons of cereals (Bank Staff Working Paper No. 247, 'Developing country foodgrain projections for 1985', Table 14, p. 30). FAO estimates that in 1969-71 the gap between average consumption and needs was 20%. It is inferred from these indications that at least 2.5 million tons of cereal are required to meet the needs of the poor. The purchase price for the poor is assumed to be \$400 per ton.

† According to A. R. Khan, ('Basic Needs', (Geneva: ILO, November 1976), p. 2) minimum clothing is over six square yards *per capita* per year in Bangladesh. In 1973, average consumption was less than five yards. The shortfall *per capita* was assumed to be 1.5 square yards, which is 120 million square yards for the entire population. The cost is assumed to be \$1 per square meter.

\*\* For 1975, WHO (Community Water Supply, A 29/12, Annex 2) estimates that only 56% of the population had reasonable access to safe water (the shortfall was 78% in urban and 39% in rural areas). Capital costs *per capita* of public hydrants are on average at least \$53 for urban and \$21 for rural water (1975 dollars, based on the Village Water Supply Paper). The cost of installing hydrants is therefore about \$1,318 million. Assuming that annual average costs are 15%, the extra income requirement is \$200 million. It is assumed that the absolute poor will get water free of charge.

‡ As there are 80 million inhabitants, there must be 13.3 family dwellings, assuming six people per family. It can safely be assumed that at least 50% or 6.7 million dwellings are below the minimum acceptable level. The cost of the most basic housing projects are \$1,000 per dwelling (Housing Policy Paper) in 1975 dollars. Thus, total capital costs are \$6,700 million. Assuming that annual costs are one-eighth of capital costs, total annual costs will be \$840 million.

Botswana) and those without (e.g., Lesotho and Nepal);

- countries that have given high priority to basic needs (e.g., Sri Lanka, Burma and Tanzania) as well as regions within large countries that have followed specific basic needs programmes and policies (e.g., Kerala in India);
- countries that are, after a revolution or war, embarking on development, and may therefore be open to new ideas and welcome cooperation in conducting basic needs studies and implementing basic needs policies (e.g., Angola, Mozambique, Vietnam).

Country studies would have to be concerned with the following issues:

- economic issues: the relative importance of conditions for income generation, demand, and 'demand management' compared with conditions for production (including exchange and foreign trade) and 'supply management',<sup>13</sup> the relative importance of and the linkages between goods and services bought in the market and those provided by the state;
- linkages:<sup>14</sup> the extent to which satisfying one set of basic needs (e.g., basic food), whether through the market or by public services, is linked to satisfying another set of needs (e.g., elimination of gastrointestinal diseases, or the nutrition, health, family planning package, or the

effect of nutrition of infants on benefiting from education, as well as the effect of education on improving nutrition); and how such linkages can reduce costs and increase impact;

- statistical issues: the extent to which an appropriate set of economic and particularly social and human indicators are essential for implementing and monitoring a basic needs strategy;
- the relation between economic and human and social indicators of welfare;
- political issues: the role of the state, the relative importance of central and local government, the degree of independence of state action from other power structures and the choice of sequences to build up political pressures for basic needs;
- the political conditions for the successful implementation of a basic needs strategy;
- social issues: the social organizations and social changes at the local community level necessary for implementing a strategy of basic needs;
- administrative issues: the administrative problems of making 'delivery systems' more efficient so as to avoid 'trickle-up', particularly, but not exclusively, for non-marketed goods and services;
- international issues: the implications for international aid, trade, investment and migration policies.

#### NOTES

1. The data are very unreliable, particularly those for the rural and 'marginal' urban populations, where non-monetary, non-recorded activities prevail. In addition, there are theoretical problems in comparing incomes between persons, groups of persons and over time. Consider the situation in Sri Lanka. E. L. H. Lee (in Griffin and Khan, *Poverty and Landlessness in Rural Asia*) argues that if trends in consumption expenditure, prices and real wages are taken into account, the level of living of the poor does not show the rise indicated by the data in H. B. Chenery, *et al.*, *Redistribution with Growth* (London: Oxford University Press, 1974). The controversy illustrates the unreliability of the data and the need to take into account changes in relative prices.

2. See Michael Lipton, 'Why overseas aid does not make the poor richer', *The Times* (21 January 1977).

3. These aims were, however, contained in some earlier plans and strategies. One of the first papers, with an explicitly stated objective of providing a minimum level of living for the masses of poor people by the end of the Fifth Indian Five-Year Plan

(1975-76), was produced in 1962 and the Fifth Plan incorporated a minimum needs programme. In spite of the identification of the problem, success was elusive. Concern with how to meet minimum needs goes back to the work of Booth and Rowntree in 19th century England.

4. Hollis B. Chenery *et al.*, *Redistribution with Growth* (London: Oxford University Press, 1974).

5. Keith Griffin and A. R. Khan, *Poverty and Rural Landlessness in Rural Asia* (Geneva: ILO, 1977).

6. More formally, the aim is to increase and redistribute consumptions so as to maximize the present value of welfare, with a strong weight given to the consumption of the poor, discounted at a rate which gives considerable weight to the near future, subject to at least maintaining the satisfaction of basic needs indefinitely.

7. The notion of a hierarchy of basic needs is due to Abraham Maslow. See e.g., *Motivation and Personality* (Harper & Row, 1st ed. 1954; 2nd ed. 1970).

8. To attach high priority to basic needs as an end may appear non-controversial, indeed almost tautological. Yet, in fact, there is a clear contrast between a basic needs strategy and (a) the high and accelerated growth strategies of the 1960s (often wrongly called 'growth maximization'); (b) the Stalinist strategies of 1930-50 of forced industrialization in the Soviet Union; (c) the strategy of allocating investment resources according to the highest commercial returns, popular not only with Manchester liberals but also with those who stress the difficulties of comprehensive planning. See Richard Jolly, 'The World Employment Conference: the enthronement of basic needs,' *Overseas Development Institute Review* (1976), p. 34. Other differences arise not over the objective, but over the feasibility of implementation.

9. See W. M. Gorman, 'The demand for related goods', *Journal Paper J3129* (Ames, Iowa: Iowa Experimental Agricultural Station, 1956); and K. J. Lancaster, 'A new approach to consumer theory', *Journal of Political Economy*, Vol. 74 (1966).

10. Many of the less expensive crops are richer in terms of nutrition than more expensive ones, e.g., wheat has more calories than rice. See Mahbub ul Haq, *The Strategy of Economic Planning* (1963) and A. K. Sen, *Poverty and Economic Development* (1975).

11. Shahid Javed Burki and Joris J. C. Voorhoeve, 'Global estimates for meeting basic needs', mimeo (Washington: World Bank, 1977).

12. Most of these estimates are from A. R. Khan, 'Basic needs: an illustrative exercise in identification and quantification with reference to Bangladesh', Chapter IV in *The Basic Needs Approach to Development* (Geneva: ILO, 1977). ILO is in the process of revising these estimates to serve as background for their forthcoming 'basic needs' mission to Bangladesh. Data on Bangladesh are not adequate for a precise estimate of the cost of satisfying the core basic needs of the poor. A rough estimate is presented in Table 2. This will be refined in the future.

13. Some of these issues are discussed by Keith Griffin and Jeffrey James in 'Supply management problems in the context of a basic needs strategy', mimeo (Washington, D.C.: The World Bank, February 1978).

14. For a preliminary analysis of the linkages question see James Kocher and Richard Cash, 'Linkages and complementarities in achieving health and nutritional objectives within a basic needs framework', mimeo (Washington, D.C.: The World Bank, December 1977). For a fuller treatment of basic needs issues, see Paul Streeten, 'Basic needs: promises and promises', *Journal of Policy Modeling*, No. 1 (1978).

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