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## Measuring poverty

### A closer look at Lebanon's minimum wage and poverty statistics

Lebanon's minimum wage of LBP 300,000 (\$199) has been criticized by employee rights activists and trade unions as falling broadly short of living requirements for today's workers and their families. They argue that the minimum wage can only sustain low-income workers for the first few days of the month, driving them to look for additional sources of income.

The minimum wage is the lowest amount a worker can legally be paid and, in light of national economic and social conditions, it is supposed to cover the basic needs of a worker and his or her family.

Criteria used to determine the minimum wage are cost of living expenses and basic requirements, such as housing, food, public services, health services, transportation, clothing and other needs.

#### Development of the minimum wage

The minimum wage has stood at LBP 300,000 (\$199) per month since 1961, or the equivalent of \$191 at the time. This is in comparison to a minimum wage of LBP 125, equivalent to \$40.7, in 1964.

If unadjusted for the value of prices, the minimum wage has decreased by LBP 75 or 40% in 40 years, although it has effectively risen by LBP 240,000. Table 1 on the following page illustrates how the minimum wage has developed since 1964 in Lebanese pounds and US dollars.

#### Minimum wage for basic family needs

In 1997, the Central Administration for Statistics conducted a study of basic needs based on a family budget, with the results ranging from LBP 909,000 (\$603) to LBP 1.96 million (\$1,298) per month for a family of 1-10 members. If inflation is factored in over the last seven years, basic

income today ranges between LBP 1.1 million (\$730) and LBP 2.4 million (\$1,593). Table 2 estimates family monthly income needs, based on the 1997 Central Administration for Statistics study and *Information International's* figures in 2003.

The figures show that most Lebanese families do not meet their income requirements. According to *Information International's* database, based on numerous field surveys over the years, monthly family income is distributed as follows:

- > LBP 300,000: 6% of families
- LBP 300,000–LBP 500,000: 13%
- LBP 500,000–LBP 800,000: 21%
- LBP 800,000–LBP1.2 million: 21%
- LBP 1.2 million– LBP 1.6 million: 13%
- LBP 1.6 million– LBP2.4 million: 12%
- < LBP 2.4 million: 14%

Based on those estimates, 60% of Lebanese families do not meet the minimum requirements for a decent living. In addition, a 2002 study conducted by *Information International* (with 1,250 respondents in the Greater Beirut area), showed that 56% of those polled could not cover basic needs with their current income. More specifically, 78.5% of those in the \$200–\$500 income bracket did not have enough for their basic needs.

#### Aspects of wealth and poverty

The above figure may be refuted by certain wealth indicators (bank deposits, luxury car sales, mobile phone use and so on), but critics argue that those are confined to a limited category of the population and cannot be generalized. For instance, private sector deposits in Lebanese banks were approximately \$40.5 billion at the end of 2003. However, a minority (9%) of depositors are responsible for 85% of deposits.

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