A CRITIQUE OF POVERTY DATUM LINES
Debbie Budlender
Saldru Working Paper No. 63
TABLE OF CONTENTS

INTRODUCTION History of PDL 1
WHAT ARE THE LEVELS? 2
THEORETICAL FOUNDATION OF THE MEASURES 4
   Homo Economicus 4
   Averages 5
   Race 6
   Food 9
   Clothing 12
   Rent 14
   Washing and Cleaning Materials 15
   Education 15
   Transport 16
   Medican and Dental Expenses 17
   Replacement of Household Equipment 17
   Recreation 18
COMPARISON WITH SURVEY DATA 18
CONCLUSION 20
REFERENCES 22

TABLES

Table 1 Comparison of MLL, SLL and HSL Provisions February/March 1984 3
Table 2 Comparison of Clothing Provisions for Adult Male, HSRC, MLL and SLL 13
Table 3 The SLL and Expenditure of Five-Member 'Coloured' Households in the Cape in 1980 19
INTRODUCTION

Poverty datum lines were first used on a large scale in South Africa during the Second World War, a period of mass urbanisation, widespread poverty and social unrest. Professor Batson attempted to devise some measure which would allow him to measure the extent of this poverty in the slums and townships of the Western Cape. He calculated an income level below which a household was assumed to be in poverty. The critical income was directly based on the lowest retail cost of a budget restricted to the 'theoretical minimum of man's basic requirements for maintaining health and decency in the short run only' (Potgieter, page 9 RRI4). Six basic essential categories of need were covered - food, clothing, fuel and lighting, washing and cleansing, rent and transport. Batson remarked that the PDL 'fulfills its purpose of stating the barest minimum upon which subsistence and health can theoretically be attained under Western conditions. But it would not be accepted as providing a civilised standard of living'. (Batson, 1942).

In the 1970s, with the widespread unrest among black workers, researchers once again began to look at ways of devising poverty levels, but this time with the explicit aim of setting minimum wage levels. The main researchers in the field were Professor Nel and his co-workers at the University of South Africa, Professor Potgieter and his co-workers at the University of Port Elizabeth, and a third group of researchers at the University of Natal. The UNISA measure was called the Minimum Living Level (MLL), 'the lowest sum possible on which a specific size of household can live in our existing social set up'. The UPE measure was called the Household Subsistence Level (HSL). The University of Durban was interested in constructing an index, rather than a level of poverty.

In 1974 UNISA convened a conference in an attempt to standardise the various methods of calculating poverty levels. All but UPE reached general consensus on the items which should be included in the MLL or equivalent measure - basic food, clothes, washing and cleaning materials, fuel and light, accommodation, transport for work school and shopping, medical expenses, education, replacement of household equipment and tax. The University of Port Elizabeth chose to restrict its categories to Batson's original six.
As a result of this conference the Durban researchers decided to abandon their efforts. The UPE and UNISA measures are now generally accepted as the authoritative ones.

Both universities have also derived additional slightly higher measures based on the nimima. UNISA has its Supplemented Living Level (SLL) which is derived by adding amounts for recreation and entertainment, personal care, contributions to pension, UIF, medical and burial funds, extra washing and cleaning materials, extra clothing, extra food, extra household equipment, extra transport, additional support, taxes and rent. The Household Effective Level (HEL) of the University of Port Elizabeth is derived by adding 50% to the HSL. Batson himself had suggested the need for such a higher measure.

He wrote that there were certain items missing from the PDL which were 'apparently "sociological necessaries" for which (man) is prepared to forego even the requisites of health'. (Batson, 1942). The UPE researchers refer to the additional items allowed by the HEL as 'essentials' of 'modern living' (Potgieter, Background and Interpretation ... page 9).

**WHAT ARE THE LEVELS?**

The various levels for a 'coloured' household of five in Cape Town in early 1984 were R279,82 for the MLL, R338,65 for the SLL and R302,35 for the HSL. (The MLL and SLL are calculated for February and the HSL for March. The equivalent real values for March, calculated by applying the official consumer price index, are R283,85 for the MLL and R343,53 for the SLL). Table 1 compares the provisions in the six basic categories covered by all three measures. (Fuel and light and washing and cleansing are treated as one category as the division between the two in the different measures is not strictly comparable).

The large relative variations in the provisions for the items illustrate the degree of subjectivity involved in estimating theoretical minima. The last column of the table shows that the percentage difference between the HSL and MLL ranges from -14% for transport to 28% for fuel, light, washing and cleansing. The difference in the transport figures is caused by the fact that the UPE measure considers only the transport of the worker to and from work, whereas UNISA considers that more than this is 'essential'. In the case of fuel, etc., there is no such obvious reason. Percentage differences such as these make a big difference to those on the breadline.
Because the PDLs are calculated on the basis of a household's needs, some argue that they are overgenerous in setting the wage of an individual worker for a household could contain more than one wage-earner. Research conducted by Ellison et al. in Durban yielded an average of 1.6 wage-earners per household of 5.2 persons which translated into 1.3 effective earners discounting the lower average wage of the secondary earner. This led the research team to conclude that the MLL as a benchmark for fixing the individual minimum wage would on average yield an approximate SLL income for the household as a whole. This approach was reinforced by a survey conducted by the Bureau of Market Research in 1980 which showed that 71% of the income of the average household was generated by its head.

Nevertheless Batson and subsequent researchers in the field all stressed that the provisions of their poverty datum line levels cover short-term survival only. They do not secure long-term survival or insure a family against unfortunate contingencies. Batson, himself, found that it was only when the household's income was 50% higher than his PDL that the household spent the amount allocated for food in actually purchasing food. At lower income levels they were forced or chose to use part of the food allocation on other goods or services. The HEL figure - the basic PDL plus 50% - was in fact specifically developed for determining wage levels. The Sullivan code proposes a minimum entry wage of at least 30% up on either the MLL or HSL, based on a household of five or six persons. This is more than the SLL, which in February 1984, for example, was 21% more than the MLL level. The European Economic Community Code of Conduct calls for the PDL plus 50%.

### TABLE 1

<table>
<thead>
<tr>
<th>Component</th>
<th>MLL</th>
<th>SLL</th>
<th>HSL</th>
<th>Difference HSL/MLL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>146.96</td>
<td>179.78</td>
<td>163.02</td>
<td>11%</td>
</tr>
<tr>
<td>Clothing</td>
<td>34.90</td>
<td>40.99</td>
<td>43.82</td>
<td>26%</td>
</tr>
<tr>
<td>Rent</td>
<td>29.59</td>
<td>30.05</td>
<td>35.00</td>
<td>18%</td>
</tr>
<tr>
<td>Fuel light and cleaning</td>
<td>30.88</td>
<td>31.37</td>
<td>39.61</td>
<td>28%</td>
</tr>
<tr>
<td>Transport</td>
<td>23.91</td>
<td>29.20</td>
<td>20.68</td>
<td>-14%</td>
</tr>
</tbody>
</table>
THEORETICAL FOUNDATION OF THE MEASURES

Homo Economicus

The various PDLs are based on the actions of *homo economicus*, the rational man or woman making decisions in a state of perfect knowledge, and in which he or she can take advantage of that knowledge. This concept, which is common in standard economic theory, has been used to formulate models of different market states—perfect competition, oligopoly, monopoly and monopsony and the like. These models are descriptive and analytic in that they attempt to further our understanding of the behaviour of the market and consumer choice.

In the case of PDLs, however, we are not dealing with a descriptive or analytic concept. The original use of these measures, to measure the extent of poverty, was descriptive. The current use, in setting minimum wages, is prescriptive. Assumptions and methods which are legitimate in the one situation are not valid in the second.

The concept and assumption of *homo economicus* is inappropriate in a measure of minimum living levels. *Homo economicus* is assumed to have perfect knowledge of all options open to him. In the specific case of the MLL the person is assumed to know both what the essential and best purchases are if he or she is to subsist on the minimum and where and how to obtain these goods at the lowest possible price. This assumption disregards the fact that it is precisely the poorer sections of the community who have the least education and who are less likely to have detailed knowledge of optimal expenditure. As regards knowledge of the market, the SLL provides for one magazine per month but neither the SLL nor the MLL appear to provide for the purchase of newspapers, surely the minimum condition if one is to have any idea of where to get the best value for money. The measures have a transport allowance for shopping, but it is not at all clear that this would cover transport to the cheapest, rather than the nearest, shops. Insofar as the free market model, in which the *homo economicus* concept is grounded, has validity, there is a need for the free exchange and availability of advertising and the knowledge that brings, as well as the ability to take advantage of that knowledge.
Averages

The most serious problem with the method is probably that of averages. Economic theory sums the behaviour of all individuals, determines the overall average behaviour and analyses on this basis. One individual's excessive action in one area is compensated for by another's excess in the opposite direction. The MLL is constructed on this basis. Most of the items in the budget are based on average expenditures of all the houses surveyed. In this case, however, the measure is not saying that overall all the household's expenditure will cancel each other out, but something nearer the two statements: 'Mr Jones can manage with fewer clothes because Mr Brown is buying more', and 'If the Jones household spends more than average on recreation, they will need to spend less on food'. It is a mandate to people on the breadline to spend their income exactly according to the prescribed average expenditure, or otherwise lack some goods essential to maintain them at the lowest decent living standard possible even in the short run. In the case where it is a non-discretionary category, such as rent, which exceeds the average, there is no longer even the illusory appearance of choice in how the individual distributes his or her expenditure.

This problematic reasoning arises again when we talk about the number of earners per household. As discussed above, surveys generally find that there are the equivalent of about one and a third wage earners per average household of five. But this tells us only what the current situation is. If the principal wage-earner's wage were higher, there might well be fewer other wage earners. Many secondary wage earners might only be working because of the absolute need of the family. Again we find that the basis of a prescriptive wage-setting measure is descriptive.

The UPE team acknowledges the difficulty in using averages. They stress the fact that the HSL is not a poverty level, as it is based on a hypothetical 'average' household, consisting of adult male and female, a boy aged 16 to 21 years and two children aged between 7 and 9, while a true measure of poverty must be strictly tailored to an individual household. (Potgieter, page 9, RR 14). (The UPE 'average', calculated on the basis of this hypothetical household, is of a slightly different nature from the more statistically based UNISA average, but the general criticism applies equally
to both). 'The income level described in this concept is not ... a true minimum ... but refers to a theoretical datum for a statistical average household size - which, moreover, does not exist in practice'. (ibid., page 13). 'Unless it is calculated for each household separately to determine a wage level for the breadwinner in that particular household ... a PDL calculation should not be used as a norm'. (ibid., page 15).

Race

One area in which the various researchers do not average the findings is in regard to race. PDLs are calculated separately for African and 'coloured' families in the various areas. This is presumably to allow for different rents applicable in different areas, as well as for more dubious 'cultural' differences. (The latter are once again examples of post hoc reasoning, as many perceived cultural differences are probably the result of the different socio-economic position of members of different race groupings).

The different calculations affect the use of PDLs in wage-setting. Unless there is discrimination and different wages are set for African and 'coloured' workers, the wage will have to be based on the higher of the measures for the two groups.

In the following section I will look at each different category of expenditure allowed for in the various poverty datum levels. The flaws of the average concept will then become more apparent. For the most part comments and criticism of one measure apply ceteris paribus to the other measures. All measures tend to suffer from the same deficiencies. In the discussion below, unless a significant difference is pointed out, it can be assumed that the comments apply to all three measures currently in common usage, viz. MLL, SLL and HSL. Before proceeding with the detailed criticism, however, some general comments are needed.

The method of assessing the poverty datum amounts vary according to category. In some cases the estimates are based on survey data, and an average of some sort is computed. In other cases the estimate is a calculated amount based on some or other allegedly more objective measure. The PDL itself is thus a mixed measure. It is half a measure based on observed behaviour, i.e. an empirical statement, and half a normative measure based on how people should spend their money.
Both empirical and normative estimates have their problems. In the case of empirical data, the measurement is a post hoc one, one that occurs after the event. Actual expenditure is obviously predicated upon the amount of income the household receives. There is no knowing if the expenditure would have been the same if the income had been different, and there is in fact every reason to doubt that it would be so. To use an actual amount to prescribe or set wages becomes a confirmation of the status quo. In crude terms one is saying 'We must pay the worker such and such an amount for his transport costs because that is what he is spending on transport at the moment. So this must be the amount he needs'. The worker might, however, be spending only that amount precisely because he does not have the wherewithal to spend more.

Normative estimates, on the other hand, introduce difficulties of value systems and difficulties of knowledge. In any normative valuation the person making the assessment must choose what criteria and level are desirable or, in the case of measures such as the PDL, the minimum acceptable. Grave difficulties arise when any one person must make the choice for another person. The difficulties are exacerbated when the person making the choice belongs to another group from that of the subject. In the case of the PDL the researcher is usually a middle class researcher at a research institute or university. The subject is a manual worker. The researcher, however good the intentions, is unlikely to perceive accurately the real needs and aspirations of the worker. At worst the measure becomes a largely arbitrary choice.

Knowledge difficulties are most easily illustrated in the case of food. The food estimates of the PDLs are 'a theoretical minimum necessary to satisfy the basic physiological requirements' of a standard average family. The daily and weekly rations are those of the Department of Health, which in turn based its rations on the recommendations of the American Medical Research Council.

In the words of the Bureau of Market Research, 'the scales are designed to help the consumer get the best value for his rand, while ensuring a balanced diet'. Yet also, '... rational expenditure ... is assumed throughout. As it is highly unlikely that persons at this living level know very much about dietary requirements or manage to curb unnecessary spending, the sum estimated for the MLL is at best a theoretical minimum'.

How is the lesser-educated worker, with minimal time at his or her disposal, to know how to get the best value? It is generally accepted that few people today, even the more educated, eat a sensible balanced diet. The importance of adequate and balanced nutrition is also acknowledged both in the development of children and in the adequate and productive functioning of the adult, particularly the worker. The PDL estimate condemns those who make the wrong choices, whether through reasons of ignorance or taste, or through lack of time or transport, to inadequate energy and health. It likewise condemns those who do not agree as to what constitutes 'unnecessary' expenditure.

The PDL, as a mixture of both empirical and normative estimates, suffers from the worst of both worlds. The mixing of two methods in this way also calls into question its validity as a prescriptive tool.

Inflation presents another difficulty in using PDLs as wage-setting tools. The cost of living increases continuously whereas wages are set periodically, usually once a year. If the wages are set so as to give a certain buying power, the following week, or even the following day, the buying power which this nominal amount represents will be smaller. The ratio of real to nominal wages falls continuously over the period to the next determination of wages, when they will once again, for a brief instance, be equal. On a graph wages appear as a stepped line, while the cost of living is a relatively smooth curve.

This problem is not insurmountable. Wages must be set at a nominal level which will give the real buying power desired at the middle of the period for which wages are being set. Workers will then have slightly greater buying power for the first half of the period, and lower than the desired level in the second half.

In the discussion which follows I will use the figures for a 'coloured' household of five, as a further approximation to the 'average' household in Cape Town. The Bureau of Market Research found an average size of 5.19 persons per household in the early 1970s (BMR, 1973, page 4) and 4.4 persons in their 1980 survey. The UPE Institute uses a five-member 'coloured' household as its hypothetical household. (Average household size for Africans in the Cape Peninsula was found by the Bureau of Market Research to be 4.91 in their 1980 survey).
Food

The difficulties with the estimation of rations are discussed above. These relate to the theoretical nature of the measure. There are also more practical difficulties.

The prices of the various foodstuffs are based on the best prices applicable, in general those of the cheapest supermarket. Budget economists recommend that to get the best value for money the consumer should do one large shop a month at one of the supermarkets, and restrict daily or weekly purchases to the absolute minimum of perishables. Few workers can follow this advice. They hold down full-time jobs and have limited shopping time. They use public transport, which limits the number of parcels and packets they can carry at any time. They often live far from the bigger super- and hypermarkets. They are very rarely in possession of the large sums necessary to buy all their monthly purchases at one time. In addition, many families have inadequate refrigeration and/or heating facilities, which means that food cannot be stored for a long period. They are thus forced to make smaller and more frequent purchases. The goods have a higher unit cost both because of the smaller quantities purchased and because they are purchased at shops which often charge higher prices, and invariably charge more than the supermarkets. The MLL takes no account of the availability of foodstuffs on the market at different times and places.

The government, in the recent increase of GST to 10%, allowed an exemption on a restricted number of more essential foodstuffs - milk, bread, fresh fruit and vegetables, meat, fish, etc. The proclaimed intention of this concession was to ease the burden on the less wealthy of the increase in the cost of living which the GST increase would obviously impose. In reality, however, most of these goods are not often bought by the really poor. Without adequate refrigeration they are forced to buy tinned and other foods which will keep better - condensed milk, tinned fruit and vegetables, tinned meat and fish. None of these goods is exempt from the sales tax. Other essential goods such as rice, tea and sugar have also not been included in the exemptions. Kupugani, an organisation which attempts to provide cheap food to the poor, found when the new GST exemptions were announced that only three out of the 84 lines which they stock qualify for exemption. (Cape Times, 13 June 1984).
A further factor which can increase the overall food budget of the household is the fact that the family cannot always eat in the most economical place at the most economical time. School children have to take lunches with them. Workers also have to eat at least one meal apart from the rest of the family. Diseconomies of scale mean that individual meals of this sort invariably cost more than equivalently nutritious meals eaten as a household, yet there is little that these people can do to avoid eating in this way. The only alternative is the half-a-loaf-of-bread-and-milk lunch. (In this respect it is interesting to note that the male rations allow for half a loaf of bread a day. This is probably an underestimate of the amount of bread actually eaten by the average labourer, but is also grossly in excess of what people would choose to eat had they the choice and the income, and of what would be most healthy).

The food rations are also regarded with suspicion on account of the choice of goods included. The researchers claim that the PDL allows for cultural variations in taste. They allow different sources of carbohydrates such as potatoes for the 'coloured' household and rice for the Indian household as evidence of this. The MLL does NOT cater for any other food preferences besides this racially determined one.

The nutrition scales are differentiated according to income bracket. The Department of Health has four different scales for people in the middle, low-middle, lower and low income brackets. The last two of these are used for the SLL and MLL respectively. Again this raises the question as to whether the poor's optimum food budget is lower precisely because that, empirically, is what they have afforded in the past. Are the so-called food preferences preferred by reason of choice or ability to pay? In 1981 the rations were adjusted to include relatively more eggs and relatively less meat and fish. To quote the Bureau:

'Because eggs are cheaper per kilogram than meat and fish, the implementation of the revised food ration scales cushioned the effect of food price increases between February 1981 and February 1982 ... the MLL cost of meat, fish, cheese and eggs for a household of six decreased by 6,2% between February 1981 and February 1982 compared with a 5,8% increase for those items in the Consumer Price Index. For this reason the price of food allowed at the MLL rose by only 4,6% as against a CPI increase of 10,5% in the price of food.' (UMR, February 1982).
This substitution retained the previous nutritive qualities and quantities of the rations, yet few would deny that the palatability of the diet was decreased. Such moves can only increase the suspicion which such 'expert'-generated measures engender in those for whom they are designed.

Batson warned of the problems of devising a food budget. 'Social scientists ... possibly ... are inclined to exaggerate the objectivity of these (nutritional) assessments'. (Batson, 1942). The four nutrition budgets for the four different socio-economic groupings must further call into question the objective scientificity of the tables. If the lower income rations provide all that is necessary for health, why do families falling into a higher bracket need to spend more money on food? If skimmed milk is good enough for the lowest group, why is it not good enough for the others? The nutritional rations should be telling us what is necessary, not how people can choose to spend any extra income which they might have. The different rations indicate either post hoc reasoning or different standards of necessity for different people.

The standard nutrition levels for an adult male allow for the following activities in any typical day:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sleeping and reclining</td>
<td>8</td>
</tr>
<tr>
<td>Sitting</td>
<td>7</td>
</tr>
<tr>
<td>Standing</td>
<td>5</td>
</tr>
<tr>
<td>Walking</td>
<td>2</td>
</tr>
<tr>
<td>Other (including light physical work)</td>
<td>2</td>
</tr>
</tbody>
</table>

The levels are obviously not sufficient to cover the activities of even the average labourer, let alone the refuse collector who must lug heavy bags and bins and run after the lorry. The levels have been adjusted in the case of black men to bring them into line with those accepted by the Chamber of Mines in determining nutrition levels for their workers. When Ellison, Pillay and Maasdorp compared the levels with those of food provided in a sugar company, two saw mills and a diamond mine however, they found that while the PDL allocated 3280 calories per day, these companies allocated 3060, 4447 and 4478, and while the PDL allocated 96 grams of protein the companies were allowing 127, 6, 138, 8, 149, 5 and 155 grams. These researchers claim that the South African and United States health tables downgrade the importance of activity. This is a serious criticism if one is setting wages for unskilled labourers, many of whom do heavy physical work.
**Clothing**

The Bureau of Market Research does not say how it estimated the clothing needs for each age and sex group. They also do not list the individual prices at which they have been costed. There is, however, a list of the individual items provided and the length of time for which they must last. A few examples illustrate the paucity of the provisions in the case of an adult woman. And while theoretically one might be able to be decently clothed on the minimum, Cape winter rains would not allow one to be cleanly clothed.

The woman is allowed two pairs of panties per year. There must be few clothing manufacturers who would be prepared to guarantee that their panties can be worn 'decently' for 182 days without wearing out.

Three pairs of stockings are allowed each year. Again, the durability of present clothing is seldom such as to allow this.

One winter nightie is allowed. There is no provision for summer nightclothes.

Children's cotton pants and long-sleeved jerseys are supposed to last for two years. This is a real problem with growing children.

Raincoats are only provided for adults, even in the wet Western Cape.

The HSL lists the clothes provided, as well as the cost per item. The requirements are based on those of Watts in his 1967 study of the PDL in three cities and four towns of South Africa. Prices are based on a market survey of the cheapest 'good value' clothing obtainable.

The UFE researchers admit that the clothing component is perhaps the most subjective of all the cost components (Potgieter, RR 14, page 19). A further problem of detail is that children's clothing cost is calculated as a percentage of the adult women's requirements - 25% for those 0 to 4 years, 50% for those 5 to 9 years and 75% for those 10 to 15. While children's clothes are generally cheaper than those of adults, the children are usually unable to wear the clothes for as long a period because they grow out of them.

The meanness of the clothing allowance can be seen when we compare it with that of the Human Sciences Research Council (Urbani, 1992). The HSRC periodically produces estimates of the basic maintenance needs for different household sizes. Unlike the SLL and MLL the estimates are not differentiated according to race group, but they are also intended for people leading a Western life-style.
The table below lists the individual items allowed for an adult male in the HSRC budget, the MLL and the SLL. Besides an overall, vests and an overcoat, the HSRC budget, while certainly not an extravagant wardrobe, allows more than the other two measures. The estimated costs of clothing in late 1982 for a family of five were R32,22 for the MLL, R37,75 for the SLL and R125,05 for the HSRC budget. The HSRC figure was more than three times even the SLL figure.

**TABLE 2**

<table>
<thead>
<tr>
<th>Item</th>
<th>HSRC</th>
<th>MLL</th>
<th>SLL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sport jacket</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Short pants</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long pants</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Swimming costume</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tie</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shirts</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Dressing gown</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Socks</td>
<td>6</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Underpants</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Suit</td>
<td>2</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Slippers</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plastic raincoat</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Handkerchief</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Winter pyjamas</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Summer pyjamas</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-sleeve jersey</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Pullover</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shoes</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Overalls</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Vests</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Overcoat</td>
<td></td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>
Rent

The MLL of February 1984 prescribes an amount of R29,59 per month for a five-member 'coloured' household in the Cape. The SLL adds to this an additional amount of 46 cents, giving a total of R30.05. This amount is supposed to include compulsory expenditure on garbage disposal, sewerage, water, school and other levies, upkeep, taxes, electricity and wiring.

These figures are supposed to provide for a three-roomed house. Yet in Cape Town City Council estates rents for three-roomed houses or flats are usually way above this.

Workers earning wages of about the SLL LEVEL qualify for economic house rentals and subsidies. Even in Bonteheuwel, Kewtown and Bokmakierie, three of the oldest and cheapest areas, rents are R31,05, R44,59 and R19,46 respectively. In the case of Bokmakierie, however, there are only 302 of these low-rental houses, hardly sufficient to cater for all the workers who fall into this category even were they all to be allocated to municipal employees. In the newer areas rents are much higher - R79,69 in Valhalla Park, R62,46 in Parkwood, R97,24 in Beacon Valley and R93,14 in Eastridge.

The above figures are for Council housing. The state of this housing, especially in the older and cheaper areas, leaves much to be desired. Councillor Clive Keegan recently described the areas as consisting of '... widely-sprawling slums - run-down, dilapidated and barely-maintained lawless ghettos'. In 1980 the City Engineer said that they would need R245 million to bring the Council's housing estates into 'some decent, habitable condition'. (Cape Times, 31 August 1984).

Many of the people in Cape Town did not choose to live in the areas they are in at present. They were moved there against their will. For many of them this also means transport costs above the average provided in the poverty datum line measures. If wages are set at MLL or SLL levels, it means that these households will have to cut down substantially on some other vital area of expenditure. It must also be noted that none of the figures quoted above take into account any of the other 'compulsory expenditures' and levies included in the Bureau's R29,59 rent allowance.
The UPE rent figures were arrived at by using a weighted average of rent paid by all those earning under R350 per month. This yielded a figure of R35 per month for rent alone, which is obviously still totally inadequate. The problem with this method of calculation is that rents are determined on the basis of income. Any worker earning the SLL fails at least in the economic category, as the cut-off point for sub-economic housing is R250 per month. The UPE average is an average of both sub-economic and economic rents. This is a methodological error if the measure is to be used for wage setting, as the rent must then be calculated on the subsidy which the rent-payer will receive at the recommended wage.

The low average rentals obtained in many surveys suggest that for the most part five-member households are either living in smaller than three-roomed houses or that they are sharing their accommodation with other households. In this way families can come out on lower rents, but only at the expense of diminished privacy, convenience and comfort. If one uses these survey results to set PDL levels, one is again guilty of merely prescribing continuation of the status quo.

Washing and Cleaning Materials

This category includes both household cleaning materials and personal washing materials. The provisions for the latter bear out the admission of the Bureau of Market Research that 'by present standards some of the (additional) items (in the SLL) may be regarded as necessities'. It is only in the SLL that toothbrushes (one per person per year) and toothpaste (one medium size tube per household of six people per month) are provided under the category 'personal care'. Deodorant is also only provided in the SLL, and then only for women over the age of eighteen. The MLL provides only for Sunlight Soap, even for personal washing.

While these goods might constitute a minimum in terms of decent survival, there can be few families or individuals who would not prefer to use both a wider range and larger quantities of the materials.

Education

There is no provision for expenditure on education even in the SLL. 'Coloured' people are presumed to have free access to education. School levies are
included in the rent allowance. This levy does not, however, cover the true costs of education to the average household. There is no provision for child care or creches. There is no provision for expenses of adult education. There is no allowance for any school books beyond those provided free by the school. There is no provision for things such as school suitcases, stationery and sports equipment. There is no extra clothing provision for school uniforms. The assumption that education is free conflicts badly with the de facto position.

There is absolutely no provision for post-secondary education. In effect this condemns the children of all those who are living at this low level to low-paying jobs which means that they, in turn, will live at low levels. This goes against all notions of equality of opportunity.

Transport

The MLL covers transport to and from work, school and shopping. The Bureau itself admits that it had great difficulty in establishing the estimates for this item. They resorted to average figures but suggest that 'where necessary, employers may adjust expenditure ... for this item'. (BMR RR 120, page 33). Transport costs are a recurrent complaint in the Western Cape. In the case of 'coloured' workers the position has deteriorated since many of them have been forced to live far away from their places of work in areas such as Mitchells Plain. If City Tramways succeeds in its pending application for a 12% average increase in busfares the position will become even more serious.

The transport allocation is also inadequate in not providing for travel to doctor or hospital, to places of entertainment (even in the SLL) or any other 'non-essential' activity.

The HSL transport allowance reflects the approximate average cost of the breadwinner in travelling to and from work. It does not cover non-work transport costs of the breadwinner nor any transport of any other members of the household.
Medical and Dental Expenses

This amount is intended to cover both medical and dental expenses and the costs of prescribed and patent medicine. This categorisation covers 'midwife fees, hospital payments, clinic fees, nursing-home fees, private doctor's, specialist's and dentist's fees, hearing aids, prescribed medicine, cough mixtures, laxatives, pain relievers, fruit salts, sticking plaster, cotton wool and eye and ear drops'. (page 31, BMR 1984). The monthly amount allowed in the February 1984 MLL for a household of 5 was R4.80. This amount is not enough to cover the contributions to medical benefit funds, even less medical aids. The allowance thus does not even cover the costs of insurance against medical expenses.

Members of medical aid funds who earn over R240 are classified as 'private patients' at the state hospitals. All municipal workers therefore have to pay full fees when attending either the teaching hospitals or non-teaching and day hospitals. In February, when the MLL was constructed, this amount was R12 per visit per person at non-teaching and day hospitals, and more at teaching hospitals such as Red Cross, Groote Schuur and Tygerberg. Currently it is R18 per visit per person at the cheaper hospitals and R23 at the teaching hospitals. Even were municipal workers to be treated as 'hospital patients', the MLL amount would not allow for one visit per household per month. The fee per visit for hospital patients at non-teaching and day hospitals was R8.00 in February and has risen to R12.00.

If there is one member in the family suffering from chronic hypertension, diabetes, epilepsy or a heart ailment, this person will have to attend the hospital at least once a month. The MLL will not cover this, much less the medicines, cotton wool, etc., which it purports to do.

Replacement of Household Equipment

The MLL and SLL allow a certain amount each for replacement of household equipment such as kitchen equipment and furniture. These are apportioned on a household basis in the case of goods such as saucepans, tables and stoves, and on an individual basis in the case of beds, blankets, cutlery and crockery. For each item there is a quantity per person or household and an estimated length of use.
A fundamental problem with these amounts is that the amount is averaged out over the full life of the goods. A table is assumed to last for twenty years. This means that in each month the researchers allow 1/240th of the full price of a table. This ignores the fact that unless one buys on hire purchase, the full amount has to be paid when the item is bought. If one buys on hire purchase, on the other hand, the table will be significantly more expensive. It is precisely those who are on the breadline who have most difficulty in getting a lump sum together at any one time as they do not have the leeway to be able to cut back on any other categories of expenditure.

A further problem is the absence of so many items. A glaring omission is that of a refrigerator. Not only is this less convenient for the household, but it also diminishes their ability to budget economically for food. The MLL also does not provide for a wardrobe of any sort.

Recreation

There is no provision for recreation in either the MLL or HSL.

The SLL allows, in one month, one cinema show for all people over six, two soccer or rugby matches for males over six, four litres of wine, 200g tobacco and 10 boxes of matches for 'coloured' males over 18, a toy allowance for all children under 18 years and one magazine and radio batteries for the household. No provision is made in the household equipment for a television. The specificity of the recreation provisions - down to tobacco rather than cigarettes - indicates once again with what care income has to be spent if people are to stay within the confines of their prescribed budgets. Even in recreation the poor must be constantly alert that they do not spend one cent unwisely!

**COMPARISON WITH SURVEY DATA**

The above discussion has centred on the inadequacies of the provisions within the various categories of the MLL and HSL. It has also been argued that the reliance partly on survey data and partly on more scientific benchmarks is a grave methodological weakness. Here we examine the data on which the Bureau of Market Research based those parts of the provisions which they drew up on the survey basis. The data was obtained from a survey which the Bureau
itself conducted. Even were we to accept the use of surveys, there are serious questions to be asked about the way in which the minima were derived from the survey.

The table below is for 'coloured' households in the Cape in 1980, the last year in which the BMR conducted a full survey. The first column is the average expenditure of all households with five members. In the second column are the SLL provisions for a five-member household for August 1980. The fourth column is the average expenditure of those households within the R2500-2999,99 income per annum category, the category within which the SLL for a five-member household fell in August 1980. Columns three and five give the SLL as a percentage of the overall average expenditure and the actual R2500-2999,99 expenditure as a percentage of the SLL provisions respectively.

TABLE 3

<table>
<thead>
<tr>
<th>Item</th>
<th>Average Expenditure</th>
<th>SLL</th>
<th>SLL as % of Expenditure</th>
<th>SLL H/hold Expenditure 2500-99</th>
<th>SLL H'hold Expenditure as % of SLL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>161,30</td>
<td>114,29</td>
<td>71%</td>
<td>104,69</td>
<td>92%</td>
</tr>
<tr>
<td>Clothing</td>
<td>40,91</td>
<td>28,72</td>
<td>70%</td>
<td>26,50</td>
<td>92%</td>
</tr>
<tr>
<td>Housing, fuel etc.</td>
<td>93,03</td>
<td>41,67</td>
<td>45%</td>
<td>55,34</td>
<td>132%</td>
</tr>
<tr>
<td>Transport</td>
<td>50,09</td>
<td>19,02</td>
<td>38%</td>
<td>15,45</td>
<td>81%</td>
</tr>
<tr>
<td>Medical and Dental</td>
<td>5,71</td>
<td>2,95</td>
<td>52%</td>
<td>1,71</td>
<td>58%</td>
</tr>
<tr>
<td>Education</td>
<td>1,00</td>
<td>-</td>
<td>0%</td>
<td>0,07</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>31,80</td>
<td>4,43</td>
<td>14%</td>
<td>9,94</td>
<td>224%</td>
</tr>
<tr>
<td>Recreation</td>
<td>22,50</td>
<td>13,47</td>
<td>60%</td>
<td>12,79</td>
<td>95%</td>
</tr>
<tr>
<td>Furniture</td>
<td>29,25</td>
<td>6,24</td>
<td>21%</td>
<td>15,50</td>
<td>250%</td>
</tr>
<tr>
<td>Washing &amp; Cleaning</td>
<td>6,55</td>
<td>4,26</td>
<td>65%</td>
<td>5,23</td>
<td>123%</td>
</tr>
<tr>
<td>Personal Care</td>
<td>10,81</td>
<td>4,37</td>
<td>40%</td>
<td>6,16</td>
<td>141%</td>
</tr>
<tr>
<td>Communication</td>
<td>4,48</td>
<td>-</td>
<td>0%</td>
<td>1,45</td>
<td>-</td>
</tr>
<tr>
<td>Support Relatives</td>
<td>0,65</td>
<td>-</td>
<td>0%</td>
<td>0,57</td>
<td>-</td>
</tr>
<tr>
<td>Holiday excl. Transport</td>
<td>0,85</td>
<td>-</td>
<td>0%</td>
<td>0,46</td>
<td>-</td>
</tr>
<tr>
<td>Income Tax</td>
<td>8,82</td>
<td>-</td>
<td>0%</td>
<td>0,86</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,70</td>
<td>-</td>
<td>0%</td>
<td>2,94</td>
<td>-</td>
</tr>
<tr>
<td>Savings</td>
<td>-4,84</td>
<td>-</td>
<td>0%</td>
<td>1,41</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>467,92</strong></td>
<td><strong>238,71</strong></td>
<td><strong>51%</strong></td>
<td><strong>261,17</strong></td>
<td><strong>109%</strong></td>
</tr>
</tbody>
</table>
Two things are immediately clear from this table. Firstly, even the higher level, the SLL, is set at only half the average household's level of expenditure, and even this average household is earning so little that it has a negative saving each month, i.e. it is overspending its income. Secondly, even in those families with income at the SLL level, the average household is not spending its budget in the theoretically prescribed way. The household is 'overspending' on rent, insurance, washing and cleaning materials, and personal care, all areas in which there is little possibility of cutting down. Furniture, where expenditure is 224% of the recommended level, can also be regarded as a non-discretionary amount when one takes into account the paucity of goods provided for in the budget. Overspending in these categories is forcing the household to underspend on food, clothes, transport and recreation.

CONCLUSION

'The MLL denotes the minimum financial requirements of members of a household if they are to maintain their health and have acceptable standards of hygiene and sufficient clothing for their needs'. (BMR, page 1).

We need to ask whether the maintenance of health and decency is what we normally term 'living', or is it mere existence? If we cannot answer yes to this question the MLL does not constitute a living wage. And, as it has been empirically proved that the MLL living level is not reached until the wage is at least equal to the SLL, by extension we can say that the SLL also is not a living wage. Human beings are not plants, for which some might argue that one can calculate fairly exactly the scientific requirements for existence. 'Living' necessitates the requirements for full psychological and mental, as well as physical existence.

We also need to acknowledge the very real difference between the long term and short term, even when speaking of mere survival. In the long term the household must not only maintain itself, it must also acquire and develop. To give a concrete example, it needs to buy furniture, and household fittings.

In the long term we also cannot expect that the lives of all the household members will run smoothly. A long-term survival budget must allow for contingencies. People fall ill, are injured and die. Goods are damaged,
stolen, lost and broken. In all these cases the family must outlay amounts of money. Transport costs are involved in most contingencies. In others there are the costs of hospitals, lawyers, church, replacement, repair, and so on. There is no provision for contingencies in the PDLs. UNISA's Bureau of Market Research provides a small amount for insurance and funds, but this covers only compulsory payments such as UIF and industrially based provident and pension funds. (If such funds are not available, the family has the additional problem of survival after retirement, as state social pensions are patently inadequate).

Over the years the various poverty datum lines have been constructed with increasing sophistication and technical expertise. The increasing 'accuracy' and sophistication give a false sense of objectivity. We have demonstrated some of the overall theoretical and more detailed practical problems with the various measures. But there is still another, more sociological, problem. Poverty levels cannot be isolated from the general standards of society. They must be related to the income levels and standards prevalent in that society. People are not happy earning just enough to keep body and soul together if they see people around them living in the lap of luxury. They feel that if they contribute to creating the wealth of a society they have a right to a share in that wealth.
REFERENCES


