

INSTITUTE FOR SOCIAL RESEARCHINCOMES AMONG AFRICANS IN DURBAN ANDTHE POVERTY DATUM LINE

It is realised that a number of different factors have to be taken into account when arriving at appropriate minimum wage rates for any particular category of employees. Among these factors the needs of employees in relation to minimum living costs are undoubtedly very important. We consider that this is especially true in the case of Black employees, since it is among families of this group that the unfortunate effects of poverty are most evident.

The most adequate guide to minimum subsistence needs is the POVERTY DATUM LINE. This gives an indication of the lowest possible cost of maintaining a household in health and decency under urban conditions IN THE SHORT RUN ONLY. Food, clothing, cleansing materials, fuel and lighting are taken into account, bearing in mind the varying needs of persons of different ages and sexes. To this total must be added the minimum costs of housing and workers' transportation which yields the so-called SECONDARY POVERTY DATUM LINE. This figure is the theoretical minimum which wages of married breadwinners should surpass, and which is applicable to any racial group.

In 1966, Professor H. L. Watts of the Institute for Social Research, University of Natal, calculated POVERTY DATUM LINE figures for Africans in, inter alia, the Durban Metropolitan area. Minimum food requirements were based on the information on minimum daily food rations put out by the Government Department of Agricultural Technical Services. Clothing requirements were those calculated at the Council for Scientific and Industrial Research. Details for other components were based on extensive previous research. (See H.L. Watts, "The Poverty Datum Line in Three Cities and Four Towns in the Republic of South Africa", Institute for Social Research, University of Natal, 1967).

In an as yet unpublished survey conducted among a large representative sample of Bantu households in Durban in 1966, it was found that the AVERAGE

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SECONDARY POVERTY DATUM LINE for Durban households was R61.64 per month.

For the purposes of this memorandum, the figure given above has been updated, taking into account increases in the Consumer Price Index for Durban and costs of housing and transportation. For the average African household at approximately March 1972 the SECONDARY POVERTY DATUM LINE is roughly R77.30.

The Poverty Datum line, however, does not allow a cent for education, medicines, medical or dental care, insurance, savings, reading matter, the replacement of household furniture or equipment, or any comforts and luxuries of any kind whatsoever. In practice therefore a household income has to be considerably above that indicated before the amount spent on barest essentials reaches the minimum suggested. Professor O.P.F. Horwood, formerly of Natal University, and Professor E. Batson of the University of Cape Town and many other authorities agree that only when income is  $1\frac{1}{2}$  times the Secondary Poverty Datum Line is a family able to meet its essential needs. A figure of  $1\frac{1}{2}$  times our present Poverty Datum Line would be R115.95: the so-called MINIMUM EFFECTIVE LEVEL.

In the study of the Institute for Social Research mentioned previously, it was found that in Durban in 1966 roughly 62% of African households had incomes below the Poverty Datum Line, and roughly 36% of household incomes were below the Minimum Effective Level. This reflects the tremendous depth of poverty which existed among Africans in Durban.

How has this pattern changed since 1966? In the latter half of 1970, the Bureau of Market Research of the University of South Africa conducted a survey among Africans in Durban (see P.A. Nel, M. Loubser and J.J.A. Steenekamp, "Income and Expenditure Patterns of Non-White Urban Households: Durban Survey (Multiple Bantu Households)". Bureau of Market Research Report No. 27.4, Pretoria 1971). This survey can provide us with a rough indication of trends.

On the basis of trends in the Consumer Price Index, for Durban, in September 1970 the Average Secondary Poverty Datum Line is estimated to have been approximately R71.00, and the Minimum Effective Level approximately R106.50. According to the survey quoted above, Average Household Income per month among Africans in Durban in the latter half of 1970 was R77.74.

Relating these figures to an earlier Bureau of Market Research Survey, conducted in late 1964/early 1965, we find the following comparison:

<u>Average Secondary Poverty Datum Line (Est.)</u>		<u>Average Household Income</u>
Early 1965	R58.70	R59.84
Late 1970	R71.00	R77.74
% increase p.a.	4.2%	% increase p.a. 6.0%

Thus we see that, overall, the average Household Income was 1.02 times the Poverty Datum Line in 1965 and 1.09 times the Poverty Datum Line in late 1970, according to these surveys. These estimates are very rough because surveys are always subject to sampling error, but a slight improvement in Average Household incomes relative to the Poverty Datum Line has probably taken place. However, the proportion of Households below the Estimated Average Poverty Datum Line has remained very high. Making rough calculations from the results of the Bureau of Market Research 1970 Survey, it would seem that, in late 1970, roughly 54% of Households had incomes below an Estimated Average Secondary Poverty Datum Line of roughly R71.00. Roughly 85% of Households had incomes below the Minimum Effective Level. It would appear, therefore, that in terms of the Minimum Effective Level, hardly any improvement had taken place since 1966. In late 1970, it seems that only 15% of African families in Durban were NOT living in poverty and more than one-half of families were living below the level theoretically required for survival in the short run.

#### THE IMPLICATIONS OF LOW WAGES

The significance of the low wages paid to Africans can be illustrated if we consider what families with different incomes spend on food, compared with what should be spent on food in terms of scientifically-based minimum daily requirements. The comparisons below are based on the proportion of income spent on food according to the Bureau of Market Research 1970 Survey, and the Minimum amounts which should be spent on food according to Professor Watts (figures in publication referred to above, updated to Late 1970).

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MINIMUM FOOD REQUIREMENTS PER PERSON per month - September 1970 (Watts, 1966 updated)	WHAT FAMILIES SPEND ON FOOD PER PERSON (Estimates based on survey by Bureau of Market Research). Household Incomes related to typical family sizes at different levels				
	R31 pm	R52 pm	R73 pm	R78 pm	R94 pm
Average for children 0-12 years            R4.95)					
Men 21 yrs + Manual Workers    R8.74)					
Women 21 yrs +    R6.29)					
Average in ) Typical ) family					
) R5.62	R3.20	R4.54	R5.41	R5.74	R6.07

From these comparisons it is evident that, among Households in Durban in late 1970, only in those who had a monthly Household income of R76-R78 or more were spending on food what each person required as his or her minimum requirements. Families with incomes below this figure were under-nourished. R76-78 per month was R5-7 rand above the Average Secondary Poverty Datum line in 1970. It must be emphasised once again that the food requirements are based on the minimum rations as supplied by the Department of Agricultural Technical Services. Therefore, only when household income reaches R18 per week do individual family members receive the basic minimum of food requirements.

It is often said that Africans follow a diet which is cheaper than that of Whites. However, the Council for Scientific and Industrial Research has established that using typical African items of diet did not materially alter the costs of providing an individual with minimum nutritional requirements.

Further evidence of the significance of low wages paid to Africans is found in the fact that households of low income find it impossible to balance their budgets. The figures given below are also taken from the 1970 Survey of the Bureau of Market Research among Africans in Durban.

HOUSEHOLDS IN INCOME BRACKET:

	R4.84 to R9.70 per week (Mean Income ± R8.00 p.w.)	R9.70 to R14.50 p.w (Mean ± R12.10 p.w.)	R14.50 to R19.40 p.w (Mean ± R16.95 p.w.)
Average Weekly Expenditure	R10.67	R14.86	R18.90

From these comparisons we note that, in the two lowest categories of income, the households have to spend over R2.00 per week more than their incomes allow, on average. Even in the highest category of income given, the excess of expenditure over income is only slightly less than R2.00 per week, on average. What does this mean? It means that these households have the alternative to depend on illicit earnings, and perhaps even on the earnings from crime, in order to balance their inadequate budgets. The only other alternative is to live in mounting debt, or for breadwinners to keep changing employment in an attempt to increase their income. It is not unlikely that labour turnover in industries which pay low wages, is due to this factor.

Another implication of Low wages is malnutrition or under-nutrition, particularly in children. Dr. Potgieter (See J.F. Potgieter, "Inkomste en Voedingspeil", *South African Medical Journal*, Vol.39, 1965, p. 1151) states that 75-85% of African families in Pretoria have an income lower than the minimum needed for basic expenses, and concludes that at least 80% of African school-going children suffer from malnutrition or under-nutrition as a result. The picture in Durban, or any other city or town, for that matter, is not likely to be significantly different.

#### WHAT THESE FACTS MEAN IN REGARD TO A WAGE POLICY

As stated above, the Secondary Poverty Datum Line for Africans in Durban, in 1972 is roughly R77.00 per month, and the Minimum Effective level is R116.00 per month. The latter figure is the wage which all employees should receive; but if not this figure, then certainly not a cent less than R77.00 per month.

A main breadwinner should be able to support his or her household without others having to work. As it is, the study of the Bureau of Market Research shows that 77.5% of Household income is earned by the main Breadwinner, on average. Approximately 15% of Households have a female Head as main breadwinner. The necessity for other earners in Households is undesirable, bearing in mind that children have to be cared for, but it is essential under present circumstances.

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Accepting present patterns, for the moment, and the average figures quoted above, one must assume that a main breadwinner, where there are other earners in the home, should receive 77.5% of the Minimum Effective Level of R116.00, to maintain his or her family in health and decency: this is R90.00 per month or an average of R20.90 per week. The equivalent figures relating to the Secondary Poverty Datum Line are R60.00 or R14.00 per week, but these would allow survival in the short run only. In the long run, they mean undernourished children, unproductive workers, and families in constant ill-health.

However, these figures which are reduced to allow for other earners in a home, cannot be recommended, since as many as 50-55% of African households have only one earner, and the average size of these households is 4.9 persons. Our recommendation can only be that employees receive wages which allow them to support their families unaided. A typical breadwinner with a family should receive R116.00 per month.

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