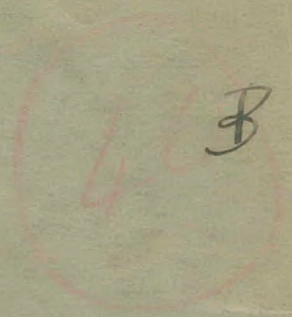


*Visit 114, 114, 1*

# The Social Survey of Cape Town

School of Social Science

University of Cape Town



SERIES OF REPORTS

ON

## A SURVEY OF GREATER CAPE TOWN

POVERTY LINE  
RE-CALCULATED

Price 1s.

No. RS 203





THE SOCIAL SURVEY OF CAPE TOWN

SCHOOL OF SOCIAL SCIENCE

UNIVERSITY OF CAPE TOWN

SERIES OF REPORTS

ON

A SURVEY OF

GREATER CAPE TOWN

BY

PROFESSOR EDWARD BATSON  
DIRECTOR



A RE-CALCULATION OF  
THE POVERTY DATUM LINE

BY

PROFESSOR EDWARD BATSON

[REVISED EDITION OF REPORT NO. SP 3]

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MAY 1944

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The Poverty Datum Line and the Available Income Ratio are calculations employed to measure family standards of living. The Poverty Datum Line is an estimate of the income needed by any individual household if it is to attain a defined minimum level of health and decency. The Available Income is the income that the household actually has at its disposal for the purchase of the minimum essentials for health and decency. The Available Income Ratio is the Available Income expressed as a percentage of the Poverty-Datum-Line income. Thus if the available income of a household were £15 per month, and the Poverty Datum Line £10 per month, the Available Income Ratio would be 150 per cent.

By a well-established convention, based largely on the work of Bowley, the necessaries for the "minimum level of health and decency" are reckoned to include the following, and only the following:

Food -- that quantity and variety which, taking into account age, sex, and sometimes occupation, will provide for each member of the household the calorific, protein, fat, and vitamin content, and the palatability, calculated by dieticians to be necessary for health, taking into account the established food customs of the Western World.

Housing -- see below.

Transportation, of earners only, between home and work only.

Clothing -- the minimum for protection of health and conformity with Western customs.

Fuel and Lighting -- the minimum compatible with health and conformity with Western customs.

Cleaning Materials -- soap, etc., for personal and household use.

Such a standard is perhaps more remarkable for what it omits than for what it includes. It does not allow a penny for amusements, for sport, for



medicine, for education, for saving, for hire purchase, for holidays, for odd 'bus rides, for newspapers, stationery, tobacco, sweets, hobbies, gifts, pocket money, or comforts or luxuries of any kind. It does not allow a penny for replacements of blankets, furniture, or crockery. It is not a "human" standard of living. It thus admirably fulfils its purpose of stating the barest minimum upon which subsistence and health can theoretically be achieved under Western conditions. It does not in any sense describe even a minimum ideal.

As far as food, clothing, fuel, lighting, and cleaning materials are concerned, the Poverty Datum Line is calculated on the assumption that purchases are made in the cheapest market open to ordinary consumers. It is not difficult to discover by suitable methods of inquiry what the ruling prices are for these necessaries throughout a community, or in the several parts of a community. Such assumptions, however, cannot be made in calculating the expense of housing and transportation. In most Western communities nowadays there is nothing like an open market or a ruling price for housing. Households are largely bound by a variety of circumstances to the dwellings they happen to occupy already; and the dwelling and the workplace practically determine the expenditure for earners' transportation.

It follows that any attempt to reckon in our Datum Line an average, or a market, price for housing would be highly unrealistic, exaggerating the socio-economic status of some households and under-stating that of others. The orthodox procedure, open to certain other objections it is true, but on the whole preferable, is to make no allowance at all in the Datum Line for rent or transportation, but to subtract the actual payments made for these purposes by a household from the household income, and to count only the balance as Available Income. This is the procedure that has been followed in the Social Survey of Cape Town.

Dieticians have come to a considerable measure of agreement concerning the amount and variety of food that is necessary for health in persons accustomed to Western ways of living. A commonly-accepted standard is that an adequate diet must provide, per equivalent male adult, a daily intake of

3,400 calories,  
100 grams protein,  
100 grams fat,

as well as minerals and "protective" elements. Minimum dietaries are calculated by ascertaining the cheapest combination of foodstuffs that will provide these elements, given ruling food prices and food habits.

One of the best-known minimum dietaries is that usually referred to as BMA No. 2, a dietary constructed in 1933 by a committee of the British Medical Association appointed to determine the minimum expenditure upon foodstuffs which must be incurred if health and working capacity are to be maintained. This dietary has been adopted as the basis of several Poverty Datum Lines, with occasional misleading results when the Datum Lines have been applied to countries or in circumstances to which the BMA Standard did not relate. The adoption of this Standard, as it stands, within the Union of South Africa, for example, would be strictly justified only if

- (i) the physiological needs of the average person were the same in the Union and in Britain;
- (ii) food habits were the same in the Union and in Britain;
- (iii) the composition of the foodstuffs included in the dietary, and of certain of their substitutes, were the same in the Union and in Britain;

Proceeded  
ideal

Procedural  
measure  
Employment



- (iv) the relative prices of the common foodstuffs were the same in the Union and in Britain.

Of these assumptions, not one is free from doubt. In the absence of definite evidence to the contrary, assumptions (i) and (iii) must for the time being be allowed to pass, however. In any case, the currently accepted findings on these two points are subject to a very wide margin of statistical and experimental error (disguised but by no means rectified by the apparent precision of text-book tables). Assumption (ii), while demonstrably false, especially where the Non-European population of the Union is concerned, is not false enough to invalidate the use of the BMA standards as a general pattern or model. But assumption (iv) is wide of the mark, largely because the Union's system of customs protection and market control has led to the establishment of a scale of food prices quite out of proportion to those ruling in countries which have not such a system. Thus cheese, which bulks large in British minimum dietaries, was a cheap source of protein in Britain, but is not in the Union; and margarine, at 6d. per lb. in Britain before the war, formed a good substitute for butter, but has not been available in the Union either before the outbreak of war or since.

In drawing up the minimum dietary for Cape Town, certain difficulties were thus encountered. As far as is known, no previous attempts had been made to construct a Poverty Datum Line suited to Union conditions, and in embarking upon this task the Social Survey was obliged to make what use it could of overseas experience and to supplement this with such observation of local conditions as it was itself able to undertake. The hope was expressed that this procedure would prove adequate, even though it would have been unreasonable to expect for it freedom from those shortcomings usually attendant upon excursions into a new field. Since the first calculation of the Survey Poverty Datum Line, the construction of a Nutrition Standard for South Africa and certain other researches [see Appendix A] have provided data in this field which have either confirmed the Survey's choice of procedure or have at least not suggested conclusive reasons for modifying it in subsequent calculations.

Instead of laying down a single hard-and-fast dietary such as no household would in fact be expected to adhere to, week in, week out, the Survey aimed to estimate the minimum weekly sum for which adequate amounts of food could be purchased within each of six main groups of edibles and beverages, allowing for such reasonable variation within each group as would satisfy the desire for variety and permit advantage to be taken of price-variations and fluctuations in supply. (It should perhaps be stressed that this procedure did not in any degree raise the total cost of the dietary as compared with that of a fixed typical diet.)

The six groups of food-items for which the calculations were made were the following:

1. Animal foodstuffs for at least 50 per cent. of the required protein -- meat, fish, bacon, milk, etc.
2. Cereals and pulse to make up the balance of the required protein -- bread, flour, peas, beans, barley, oatmeal, rice, etc.
3. Fats to make up the balance of the required fat -- tail fat, vegetable fat, butter, etc.
4. Sugars, etc., to make up the required calorific content.
5. Fruit and green vegetables to ensure adequate vitamin content.
6. Tea and/or coffee, of no food value, but valued as stimulants.



From a study of the budgets of some 300 households, and of the prices charged at a representative range of shops, a scale of allowances was drawn up in respect of the weekly minimum dietary for one male adult, at prices ruling in Cape Town in 1938-1939. This scale, with minor emendations, was as follows:-

TABLE 203.1

SURVEY SCALE OF FOOD ALLOWANCES  
PER EQUIVALENT MALE ADULT PER WEEK  
PRICES OF 1938-1939

FOR ANIMAL FOODSTUFFS TO PROVIDE A MINIMUM OF 50 GRAMS OF PROTEIN PER DAY ... ..	3s 0d
FOR CEREALS, PULSE, AND POTATOES, TO PROVIDE THE BALANCE OF 100 GRAMS OF PROTEIN PER DAY ... ..	2s 6d
FOR FATS TO PROVIDE THE BALANCE OF 100 GRAMS	6d
FOR FRESH FRUIT AND VEGETABLES ... ..	7d
FOR SUGARS TO PROVIDE THE BALANCE OF 3,400 CALORIES DAILY ... ..	6½d
FOR TEA AND COFFEE ... ..	4½d
TOTAL	7s 6d

Examples of the way in which this sum might have been laid out in order to secure the necessary minima were given in Report SP 3.

From time to time, calculations were made of the changes induced in these figures by changing price levels [see Appendix B]. On the basis of prices ruling in October 1943 a complete re-calculation yielded the following figures.

TABLE 203.2

SURVEY SCALE OF FOOD ALLOWANCES  
PER EQUIVALENT MALE ADULT PER WEEK  
PRICES OF 1943

FOR ANIMAL FOODSTUFFS AS ABOVE ... ..	4s 0d
FOR CEREALS, PULSE, AND POTATOES AS ABOVE ... ..	3s 4½d
FOR FATS AS ABOVE ... ..	10d
FOR FRESH FRUIT AND VEGETABLES AS ABOVE ... ..	10d
FOR SUGARS AS ABOVE ... ..	say 6½d
FOR TEA AND COFFEE AS ABOVE ... ..	6d
TOTAL	10s 1d

It will be noted that the percentage increase in the cost of each group of foodstuffs was: animal foodstuffs 33; cereals, pulse, and potatoes 35; fats 67; fresh fruit and vegetables 43; sugars [no measurable increase]; tea and coffee 33. The percentage increase in the cost of the whole food budget was 34.4.



The above weekly allowance is calculated to supply the needs of an adult male. Women and children need less. In the Cape Town standard, the allowances for women and children, and for old persons, have been calculated as a percentage of the allowance for an adult male, according to the following scale:

TABLE 3.4

## SCALE OF PROPORTIONATE COST OF MINIMUM DIETARIES.

PERSON	PROPORTIONATE COST
Male, aged 16-64	100
" " 65-	60
Female, aged 16-59	85
" " 60-*	60
Child, aged 0-4	50
" " 5-9	60
" " 10-15	85

From the above it follows that the weekly food allowance for a household may be calculated by adding:

For each male aged 16-64, the sum of	10s. 1d.
" " female aged 16-59, the sum of	8s. 7d.
" " male aged 65 or more, the sum of	6s. 1d.
" " female aged 60 or more*, the sum of	6s. 1d.
" " child aged 10-15, the sum of	8s. 7d.
" " " " 5-9, the sum of	6s. 1d.
" " " " under 5, the sum of	5s. 1d.

For a breast-fed baby, the sum of 5s.1d. is credited on behalf of the nursing mother, who needs more food than a man.

While we thus have a more or less independent physiological basis for our estimates of the share of food in the Poverty Datum Line, we are driven to base our estimates of the share of clothing upon social considerations alone. Custom and decency determine the minima of expenditure upon clothing, not health. Here, again, the Cape Town Survey followed orthodox tradition in ascertaining actual local distributions of expenditure among persons of very limited means, comparing the prices paid by such persons with the (sometimes lower) prices at which standard articles of clothing were obtainable in local shops, and estimating, again on the basis of actual family budgets, the length of time which such standard articles could be made to last. In this manner it was calculated that the minimum sums upon which persons of different ages and sexes could be clothed in Cape Town, assuming the utmost economy in purchasing and wearing and repairing, were:

\* There is no physiological warrant for choosing the age 60 to mark the onset of old age in a woman and 65 to mark the onset of old age in a man. Any year to mark the customary cessation of heavy work would be equally justified. But there were other reasons which make it convenient to choose the officially pensionable ages as marking the transition.



Male aged 16-64, per week	3s. 2d.
" " 65 or more, per week	2s. 6d.
Female aged 16-59, per week	2s. 6d.
" " 60 or more, per week	1s.10d.
Child aged 10-15, per week	1s.10d.
" " 5-9, per week	1s. 3d.
" " 0-4, per week.	8d.

A further allowance of 1s. per week was made for each young woman, employed outside the home, if unmarried.

Examples of the way in which these sums might be laid out are given in Table 203.2

TABLE 203.3

## SPECIMEN MINIMUM CLOTHING BUDGETS, 1943 PRICES

ANNUAL EXPENDITURE FOR A MALE ADULT :	
FOOTWEAR AND REPAIRS	1.15. 0
SUIT, COAT, TROUSERS*	2.15. 0
OVERCOAT	14. 0
HEADWEAR	3. 0
SHIRTS AND UNDERWEAR	2. 0. 0
SOCKS	15. 0
SUNDRIES	3. 0
TOTAL FOR ONE YEAR	<u>8. 5. 0</u>
ANNUAL EXPENDITURE FOR A MARRIED WOMAN :	
FOOTWEAR AND REPAIRS	1.10. 0
DRESSES, SKIRTS, BLOUSES, JUMPERS	2. 0. 0
COAT, MACKINTOSH	14. 0
HATS	4. 0
UNDERWEAR AND NIGHTWEAR	1.10. 0
STOCKINGS	10. 0
SUNDRIES	3. 0
TOTAL FOR ONE YEAR	<u>6.11. 0</u>
ANNUAL EXPENDITURE FOR AN UNMARRIED YOUNG WOMAN WHO IS AN EARNER :	
FOOTWEAR AND REPAIRS	1.18. 0
DRESSES, SKIRTS, BLOUSES, JUMPERS	2.15. 0
COAT, MACKINTOSH	1. 3. 0
HATS	8. 0
UNDERWEAR AND NIGHTWEAR	2. 0. 0
STOCKINGS	15. 0
SUNDRIES	5. 0
TOTAL FOR ONE YEAR	<u>9. 4. 0</u>

The allowance for fuel has been based on the assumption that the cooking and room-heating would be done by paraffin and wood at a mean seasonal cost of 2s. per week.

\* For many items in the above lists, more than one year's wear would be expected, and a corresponding share only of the cost would be debited to any one year's budget.



The allowance for lighting has been based as in 1938-1939 on a minimum consumption in the one-roomed dwelling of one kilowatt-hour of electricity per week with allowance for lamp-renewals plus an additional allowance of one penny per week for each person in the household beyond the first. In 1943 this allowance would no longer suffice to purchase a minimum allowance of candles, and may therefore be regarded as decidedly conservative.

The allowance for cleaning materials was calculated at 3d. per head per week in October 1943, as compared with 2d. in 1938-1939.

The following final tables result:

TABLE 203.4

## THE SURVEY POVERTY DATUM LINE : WEEKLY ALLOWANCES IN PENCE, 1943

CONSUMER UNIT	FOOD	CLOTHING	CLEANING	LIGHTING	FUEL
CHILD: UNDER 5 YEARS	61	8	3	1	-
" 5-9 YEARS INCL.	73	15	3	1	-
" 10-15 YEARS INCL.	103	22	3	1	-
MAN: 16-64 YEARS INCL.	121	38	3	1	-
" 65 YEARS OR OLDER	73	30	3	1	-
WOMAN: 16-59 YEARS INCL.	103	30*	3	1	-
" 60 YEARS OR OLDER	73	22	3	1	-
HOUSEHOLD	-	-	-	6	24

TABLE 203.5

## THE SURVEY POVERTY DATUM LINE : WEEKLY, MONTHLY AND YEARLY ALLOWANCES.

CONSUMER UNIT	PER WEEK	PER MONTH	PER YEAR
	S. D.	£ S. D.	£ S. D.
CHILD: UNDER 5 YEARS	6. 1	1. 6. 4	15.16. 4
" 5-10 YEARS INCLUSIVE	7. 8	1.13. 3	19.18. 8
" 10-16 YEARS INCLUSIVE	10. 9	2. 6. 7	27.19. 0
MAN: 16-64 YEARS INCLUSIVE	13. 7	2.18.10	35. 6. 4
" 65 YEARS OR OLDER	8.11	1.18. 8	23. 3. 8
WOMAN: 16-59 YEARS INCLUSIVE+	11. 5	2. 9. 6	29.13. 8
" 60 YEARS OR OLDER	8. 3	1.15. 9	21. 9. 0
HOUSEHOLD	2. 6	10.10	6.10. 0

\* 42 for an unmarried woman aged 16-29 inclusive, if an earner.

+ Plus the following sums for a woman, unmarried, aged 16-29 inclusive, if an earner: per week, 1s.; per month, 4s.4d.; per year, £2.12.-



TABLE 203.6

## THE SURVEY POVERTY DATUM LINE: ALLOWANCES FOR TYPICAL HOUSEHOLDS.

COMPOSITION OF HOUSEHOLD	TOTAL HOUSEHOLD ALLOWANCE		
	PER WEEK £. S. D.	PER MONTH £. S. D.	PER YEAR £. S. D.
UNMARRIED MAN (16-64) ONLY	16. 1	3. 9. 9	41.16. 4
UNMARRIED WOMAN EARNER (16-29) ONLY	14.11	3. 4. 9	38.15. 8
MARRIED COUPLE, NO CHILDREN	1. 7. 6	5.19. 3	71.10. 0
" " 1 CHILD*	1.13. 7 1.18. 3	7. 5. 7 8. 5.10	87. 6. 4 99. 9. 0
" " 2 CHILDREN*	1.19. 8 2. 9. 0	8.11.11 10.12. 5	103. 2. 8 127. 8. 0
" " 3 " *	2. 5. 9 2.19. 9	9.18. 3 12.19. 0	118.19. 0 155. 7. 0
" " 4 " *	2.11.10 3.10. 6	11. 4. 7 15. 5. 7	134.15. 4 183. 6. 0
" " 5 " *	2.17.11 4. 1. 3	12.10.11 17.12. 2	150.11. 8 211. 5. 0
AGED MAN (OVER 65) ONLY	11. 5	2. 9. 7	29.13. 8
AGED WOMAN (OVER 60) ONLY	10. 9	2. 6. 8	27.19. 0
AGED MARRIED COUPLE	19. 8	4. 5. 4	51. 2. 8

It is clear from the above that:-

- (i) the Poverty Datum Line is not a "civilized standard of living,"<sup>2</sup> a basis for a minimum wage, or any kind of statement of what ought to be;

\* The allowances for households with children depend on the ages of the children. The above entries are the lowest and the highest possible for each household, the lowest assuming that the children are all under 5 and the highest that they are all between 10 and 16. Children of 16 or more receive adult allowances and are not considered in the above table. The arithmetic means of the above highest and lowest figures are:-

	£. s. d.	£. s. d.	£. s. d.
married couple, 1 child	1.15.11	7.15. 9	93. 7. 8
" " 2 children	2. 4. 4	9.12. 2	115. 5. 4
" " 3 "	2.12. 9	11. 8. 8	137. 3. -
" " 4 "	3. 1. 2	13. 5. 1	159. -. 8
" " 5 "	3. 9. 7	15. 1. 7	180.18. 4



- (ii) the Poverty Datum Line is not a description of the actual incomes of any particular households;
- (iii) the Poverty Datum Line is not a description of the way in which households actually distribute their expenditure;
- (iv) the Poverty Datum Line is not even a prescription of the way in which households ought to distribute their expenditure.

The Poverty Datum Line is an estimate, based on the conventions and observations described above, of the minimum income upon which a household of any given composition can purchase in the ordinary markets those supplies of food, clothing, fuel, lighting, and cleaning materials that are necessary for health and decency.

The Poverty Line does not itself measure poverty. It provides a datum from which poverty, defined in a certain way, can be measured by the Available Income Ratio. In accordance with the principles described above, the Available Income of a household is defined as the sum of the earnings of all the members of the household, plus any other family income (such as pensions or dividends), less the Net Rent paid by the household, less the earning members' travelling expenses to and from work. And the Net Rent is defined as the outgoings in the form of rent, or bond interest on the dwelling occupied, plus rates, plus payment for water supply, less any rents received from sub-tenants. The Available Income Ratio is the Available Income expressed as a percentage of the Poverty Datum Line.

The Available Income Ratio provides a suitable measure of the Standard of Living. It is to a certain extent an arbitrary measure. It ignores individual differences of needs, it ignores "secondary poverty" or failure to plan expenditure in accordance with the adopted scale of needs, it ignores that aspect of poverty that is revealed in sub-standard housing. But it remains the most useful measure known to us, and in practice it proves a sensitive indicator of variations in the standard of living among low-income groups with similar systems of living.

The changes in the level of the Poverty Datum Line do not measure changes in "the cost of living". There are difficulties inherent in all attempts at such measures. "Living" itself assumes a new pattern when prices rise and fall, and there is art as well as science in bridging the gap between the old budget and the new.

This applies to poverty datum lines as well as to other budgets.

At the same time it is of interest and significance that the arbitrary element in the calculation of minimum budgets such as are used in poverty datum lines is often small enough to render them a closer reflection of changes in "the cost of living" of certain socio-economic groups than is provided by ordinary official retail price index numbers. It may be noted in this connection that the Cape Town Poverty Datum Line calculated for October 1943 was (arithmetic mean for a family with three children) £11.8.8 per month as compared with £8.2.6 in 1938-1939, a rise of 41 per cent. If such a family, living on the Poverty Datum Line, had in 1938 paid one-fifth of its income in rent and transport (a common type of budget), and if its rent and transport expenditure had not risen at all between 1938 and 1943, it would be reasonable to estimate that the cost of living for that household had risen in that period by 33 per cent.



## Appendix A.

The Cape Town Poverty Datum Line was constructed in 1939, and although it has been kept up to date in respect of changes in the cost of living, its original structure has been retained. Developments in nutrition research raise the question whether or not this structure is in need of revision.

In 1939 it was decided to adopt as the basis of the Poverty Datum Line food assessment the scale (usually known as B.M.A. No. 2) which had been proposed by the Nutrition Committee of the British Medical Association (1933) as a minimum for the maintenance of health and working capacity over long periods.

The possible effect of differences between British and South African climatic conditions, foodstuffs, and food habits, could not be assessed; but as such standards as that of Stiebeling (1933), prescribed by the United States Bureau of Home Economics, were not on most points widely divergent from the British standard, it appeared justifiable to ignore the possible effect of differences for which no evidence was available.

Some years after the construction of the Poverty Datum Line, an authoritative South African nutrition standard became available with the publication in the South African Medical Journal of the dietary scale recommended by the Research Committee of the National Nutrition Council. This scale, aiming apparently at the same standard of nutrition as the B.M.A. scale [National Nutrition Council, 1942, 291], differed from it and from the Survey adaptation in certain important respects.

To bring the Social Survey standard into line with that of the National Nutrition Council would require a 10 per cent. reduction in calories, a 30 per cent. reduction in protein (but not first-class protein, in which the Social Survey standard is relatively weak), and possibly a 40 per cent. decrease in iron and a 10 or 20 per cent. increase in calcium, the whole reconciled with maintenance of the vitamins A, B<sub>1</sub>, B<sub>2</sub>, and C.

A reduction in the expenditure on cereals would go some way towards meeting these partly conflicting requirements. Calculations suggest that the saving would not have amounted to more than 9d. or 10d. per week, i.e. the cost of the National Nutrition Council standard would have been at least 89 per cent. of that of the Social Survey. In general, the reduction in cost resulting from the substitution would not be as great for women and children as for men. Taking this into account, and allowing for food expenditure as amounting to 77 per cent. of the Poverty Datum Line, we may assess at approximately 6 per cent. the mean net reduction in the latter which would result from the substitution.

An impression of the probable sociological significance of such a reduction may be gathered from inspection of the frequency distributions of households by socio-economic status as computed by the Social Survey for 1938-39. The statistics almost certainly justify the conclusion that had the Social Survey Poverty Datum Line been based on the National Nutrition Council standard instead of B.M.A., the net difference in the Survey estimates of the incidence of poverty in Cape Town would have been negligible. At the most, the effect might have been to reduce the estimate of the inci-



dence of poverty among the total population from 25-29 per cent. to 22-27 per cent., or to reduce the estimate for the Coloured population from 48-58 per cent. to 44-54 per cent. The effect upon the estimate for the European population would have been inconsiderable, and the estimate for the small Asiatic and Native remainder was in any case subject to a much wider margin of possible statistical error than the difference that could have been introduced by substituting the Nutrition Council Standard.

To summarize: The Poverty Datum Line used in the Social Survey of Cape Town is based largely on an assessment of nutritional requirements. No recognized South African standard existed when the Datum Line was constructed, and the evidence then available pointed to the choice of a modified version of the B.M.A. standard as better adapted to South African conditions than such possible alternatives as Stiebeling.

A South African standard is now available in the recently-published National Nutrition Council scales, which much more closely resemble Stiebeling than the B.M.A. standard. The modified B.M.A. standard used in the Social Survey is higher than the National Nutrition Council standard in certain respects, most significantly in calories and protein, and it is possible that the requirements of the latter standard could have been met 8 per cent. more cheaply than those of the former, and that the Poverty Datum Line would have been 6 per cent. lower if based on the latter instead of the former.

As only about  $2\frac{1}{2}$  per cent. of Cape Town households were below, but within 6 per cent. of, the Poverty Datum Line, the differences between the adopted standard and the National Nutrition Council standard do not introduce any serious doubt into the Survey estimates of the incidence of poverty.

See the following references:

- Batson, E: The Nutritional Basis of the Cape Town Poverty Datum Line. S.A. Med. Jnl., 25 December, 1943.
- National Nutrition Council (1942): Dietary Standards Recommended by the National Nutrition Council, Department of Public Health, for Use in South Africa. S.A. Med. Jnl., 3 Aug., 1942.
- Social Survey of Cape Town (1941): The Distribution of Poverty Among Coloured Households in Cape Town. Series of Rep. and Stud. No. S.S. 4, Univ. of Cape Town.
- Social Survey of Cape Town (1942b): The Distribution of Poverty Among European Households in Cape Town. Series of Rep. and Stud. No. S.S. 10, Univ. of Cape Town.



## Appendix B.

During the period that has elapsed since the calculation of the 1938-1939 Poverty Datum Line, retail prices in Cape Town have risen at an increasing rate. The Census Office retail price index for food was in 1939 one per cent. lower than in 1938, in 1940 2 per cent. higher than in 1939, in 1941 7 per cent. higher than in 1940, in 1942 9 per cent. higher than in 1941, and in 1943 10 per cent. higher than in 1942. In October 1943, when the figures in the body of the present report were calculated, the census Office retail price index for food was exactly one-third higher than in December 1938, when the original Poverty Datum Line was calculated. (It is interesting, and methodologically very reassuring, to note that this rise of 33.3 per cent. compares remarkably well with the rise of 34.4 per cent. in the food section of the Poverty Datum Line over the same period, calculated entirely independently from entirely independent data.)

The more general retail price index for "food, fuel, light, rent, and sundries", also published by the Census Office, shows no rise in 1939 as compared with 1938, a rise of 4 per cent. in 1940 as compared with 1939, of 5 per cent. in 1941 as compared with 1940, of 8 per cent. in 1942 as compared with 1941, and of 7 per cent. in 1943 as compared with 1942. Although weighted down by fixed rents, this figure stood in 1943 at 25.7 per cent. above the level of 1938 and 1939.

The Poverty Datum Line is a quite different thing from these two indices, but the changes in retail prices which they reflect have naturally an influence upon the level of the Poverty Datum Line. In April 1941 for the Union Family Income Survey, in January 1942 at the request of the Social Survey Conference, and in February 1943 at the request of the National Committee of the Governor-General's National War Fund, the Social Survey estimated the effect of current price changes upon the level of the Poverty Datum Line for a household consisting of a husband, a wife, and three children. The following estimates were thus made of the current Poverty Datum Line as compared with that of December 1938:-

April 1941,	rise of 8 per cent.	over December 1938		
January 1942,	.. 16	..	..	..
February 1943,	.. 32	..	..	..

It was repeatedly stressed that these figures could in no sense be regarded as measures of any increase in "the cost of living"; they measured merely the increase in the minimum sum calculated as necessary to secure those bare necessities of life included in the Poverty Datum Line Budget, thus neglecting, for instance, the effect of rent upon the cost of living for any particular household. The hazardous but conservative assumption, however, that changes in the cost of rent and transport were negligible, and the not unreasonable convention that expenditure on rent and transport would account for about one-fifth of the expenditure in a minimal budget, would permit us to use as a rough-and-ready measure of the increase in the cost of living-on-the-Poverty-Datum-Line the above percentages decreased in each case by one-fifth. The resultant rough-and-ready indices would show:-



April 1941, 6 per cent. increase over December 1938  
 January 1942, 13 per cent. increase over December 1938  
 February 1943, 26 per cent. increase over December 1938

It is interesting to note that the Census Office "food, fuel, light, rent, and sundries" index for these dates was as follows:-

April 1941, 8 per cent. increase over December 1938  
 January 1942, 13 per cent. increase over December 1938  
 February 1943, 23 per cent. increase over December 1938

In view of the fact that the Census index is based upon budgets of better-to-do households than the Poverty-Datum-Line households, the slight differences in these two sets of figures are not unexpected. It should, however, be noted that allowance for any increase of rent and transport costs would raise the figures derived from the Poverty Datum Line.

As has been explained in the body of the Report, a complete re-calculation of the Poverty Datum Line was undertaken in October 1943. The calculation showed an increase of about 41 per cent. over December 1938, which, reduced by one-fifth, gives a rough-and-ready index of the increase in cost of living-on-the-P.D.L. of 33 per cent. The Census Office "food, fuel, light, rent, and sundries" index for October 1943 was 27 per cent. higher than that for December 1938. Here the more marked difference may possibly suggest that the 1941-1943 estimates of the Poverty Datum Line were a little too conservative; or possibly that the past year has seen a growing relative burden of rising prices upon the poorer classes of purchaser.

Some of the above statistics are brought together in the following tables. The Census Office statistics are quoted from the Census Office Monthly Bulletin of Statistics, and the Survey figures from earlier Reports of the Social Survey.

TABLE 203.7

CENSUS OFFICE RETAIL PRICE INDEX NUMBERS  
 FOR CAPE TOWN

AVERAGE FOR THE YEAR	FOOD ONLY		FOOD, FUEL, LIGHT, RENT, AND SUNDRIES	
	INDEX	PERCENTAGE RISE AS COMPARED WITH PRECEDING YEAR	INDEX	PERCENTAGE RISE AS COMPARED WITH PRECEDING YEAR
1938	1000	*	1000	*
1939	992	-1 $\phi$	1000	0
1940	1014	+2	1036	+4
1941	1088	+7	1087	+5
1942	1188	+9	1179	+8
1943	1306	+10	1257	+7

\* not recorded for present purposes  
 $\phi$  one per cent. fall



TABLE 203.8

AVERAGE INCREASE IN THE POVERTY DATUM LINE AT CERTAIN DATES  
 COMPARED WITH INCREASE IN CENSUS RETAIL PRICE INDICES

DATE	AVERAGE PERCENTAGE INCREASE IN P.D.L. AS COMPARED WITH DECEMBER 1938	THE SAME, REDUCED BY ONE-FIFTH	PERCENTAGE INCREASE IN FOOD PRICE INDEX AS COMPARED WITH DECEMBER 1938	PERCENTAGE INCREASE IN PRICE INDEX FOR FOOD, FUEL, LIGHT, RENT, AND SUNDRIES, AS COMPARED WITH DECEMBER 1938
DECEMBER, 1938	0	0	0	0
APRIL, 1941	8	6	9	8
JANUARY, 1942	16	13	11	13
FEBRUARY, 1943	32	26	27	23
OCTOBER, 1943	41	33	33	27



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