

Press Release

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South African Institute of Race Relations
The power of ideas

Media Contacts: Mienke Steytler

Tel: 011-482-7221 ext. 2003

Email: mienke@sairr.org.za

Black middle class has expanded quickly but may now slow – new IRR report

The IRR last week released a report on the size, growth, and likely future expansion of South Africa's middle class.

The report relied on indicators ranging from household spending levels to workplace seniority, educational levels, medical insurance cover, internet usage, property ownership, banking patterns, and appliance ownership.

The report concluded, based on different definitions that might be adopted, that at most 2 in 10 South Africans could lay claim to a middle class standard of living although the IRR was more comfortable with the estimate that 1 in 10 South Africans lived a middle class standard of living.

Despite the small size of this middle class, there has been considerable growth in the black middle class, which has approached the size of the white middle class. However, the IRR warned that as a first generation middle class, the black middle class was very vulnerable to losing their status as a result of developments such as a sharp economic downturn or a period of rapidly rising interest rates.

The report also warned that the depressed domestic economic environment would put the brakes of any significant future middle class expansion. In addition, the fiscal crisis meant that the size of the civil service could not be extended as a black middle class incubator – a role it has played quite successfully over the past 20 years. The report, therefore, found that any significant future middle class expansion would depend on South Africa securing an economic growth turnaround. The IRR warned that such a turnaround was unlikely in the current domestic policy climate.

The IRR's CEO, Dr. Frans Cronjé, said that "creating a policy environment in which any child born in South Africa might realistically aspire to reach a middle class standard of living should be the single most important priority for a South African government. The apartheid era government denied such aspirations to a majority of the country's people. The post-1994 government has done better but too many areas of policy still undermine the educational outcomes, entrepreneurship, and investment-driven growth that is so important to unlocking access to the middle classes. That a child might aspire to reach a middle class standard of living should be seen as a moral as well as a social, economic, and political imperative. There is no doubt that under the government's current policy framework this imperative is not being met".

Ends.
