
RACE, GENDER AND GROWTH OF THE AFFLUENT MIDDLE CLASS IN POST- APARTHEID SOUTH AFRICA

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Abstract

This paper examines the development of the middle class in post-apartheid South Africa, using data from the 1993 Project for Statistics on Living Standards and Development, the 2000 Income and Expenditure Survey/Labour Force Survey and the 2008 National Income Dynamics Study. The affluent middle class are defined as individuals residing in a household with a per capita income of R1,400 – R10,000 per month in 2008 prices. The paper explores changes in the size of the middle class as well as the racial and gender profile of the middle class within the context of Black Economic Empowerment in South Africa. The affluent middle class experienced very modest growth over the period, only slightly ahead of population growth. There was however substantial churning in the racial composition of the middle class, with a large increase in the number of Africans accompanied by a fewer number of Whites. The gender profile of the middle class showed less conclusive evidence of transformation. The upper class similarly experienced significant racial transformation and more than doubled in size, and also accrued a higher share of total income (at the expense of the income shares of middle and lower classes).

1. Introduction

South Africa's transition to democracy in 1994 promised the beginning of a non-discriminatory multi-ethnic regime in which money and power would no longer reside with the White minority. The growth and establishment of a multi-racial 'middle class' is one way of evaluating progress towards this goal.

The middle class itself is considered to provide a range of key functions for the economic growth and development of a country (cf. Easterly 2001, 2007). These functions include: providing a base of growing human capital (cf. Galor and Zeira, 1993; Perotti, 1996; Sokoloff and Engerman, 2000), through attitudes and behaviours specific to the middle class (such as savings and entrepreneurship) (cf. Landes, 1998; Doepke and Zilibotti, 2007), as the primary driver of domestic consumption (cf. Brown, 2004;

Bhalla, 2007; Pressman, 2007; Kharas and Gertz, 2010), and holding government accountable (cf. Kharas and Gertz, 2010; African Development Bank, 2011). The middle class in South Africa is also part of the new democratic government's transformation agenda in terms of achieving equity within the class structure (as Apartheid fostered a predominately White middle class), as set forth in 'Affirmative Action' and 'Black Economic Empowerment' policy strategies.

Against this backdrop, this paper investigates changes in the size, gender and racial composition of the affluent middle class over the first fifteen years of democracy. The paper is structured as follows: Section 2 provides a brief overview of relevant academic literature and a review of related government policy. Section 3 discusses the definition of relative affluence and outlines the household survey income data. Section 4 presents descriptive findings on changes in the size and demographic composition of the affluent middle class over the period 1993 - 2008. The final section concludes the study by highlighting the main findings.

2. Literature Review

2.1 The Politics of the Middle Class in South Africa

A discussion of the middle class in South Africa is amiss without an understanding of the politics of the middle class. During Apartheid, class cleavages were legislated according to race (Seekings and Nattrass, 2005). Individuals 'of colour' were denied business opportunities, dispossessed of property, forcibly relocated and barred from occupational advancement.

The rise of the African National Congress to power in 1994 marked the end of such a coerced relationship between race and class. Nevertheless, after 46 years of Apartheid, the comparative economic advantage of Whites within South Africa had been firmly established. In 1993 the median per capita income for Whites was more than 9 times larger than that for Africans (authors own estimates; PSLSD, 1993). Therefore a central policy goal within the democratised administration is a rise in the economic status amongst previously disadvantaged groups, and particularly amongst Africans. Implicit within government policy is therefore the establishment of a 'Black middle class':

The 1998 Employment Equity Act was the first of a set of 'affirmative action' legislation which aimed at achieving racial and gender equity within the workplace. This was followed by the development of 'Black Economic Empowerment' (BEE) strategy. The Broad-based Black Economic Empowerment Act of 2003 promotes the growth and establishment of business amongst 'historically disadvantaged individuals' through the preferential procurement of government and parastatal contracts to 'BEE compliant' businesses. Historically disadvantaged individuals include those: who had no franchise in the elections prior to 1994 (Africans, Coloureds and Indians), who are female, or who have a disability (where preference is explicitly catered for in this order). BEE policy has since developed to include the establishment of BEE Industry Charters which set

out BEE transformation indicators and targets for each specific industry. The criteria for 'BEE compliance' have changed over time, from an initial emphasis on equity ownership (by Africans, and to a lesser extent, Coloureds, Indians, females and people living with disabilities), to more 'broad-based' measures such as skills development, management control and concessions for small and micro enterprises (Government Gazette, 2000; Department of Trade and Industry, 2003; Government Gazette, 2007).

A common criticism of current BEE policy is that it serves only to create a Black Elite whilst failing to empower the Black majority (Ponte et al, 2007; Southall, 2007, Hoffman, 2008). Highly publicised corporate Black ownership deals, which characterise much of the BEE process to date, are touted as little more than 'window dressing', with little done for the average black entrepreneur or for job creation. Despite a recent emphasis in BEE policy on 'broad-based' measures of empowerment, BEE policy is criticised for a heavy focus on equity at the very top of the income distribution.

Tangri and Southall (2008) provide a useful and detailed discussion of *the politics of Black Economic Empowerment in South Africa*. They highlight the importance of key political players in shaping the direction of BEE policy: namely, politically-connected 'black elite' who have benefited directly from BEE empowerment deals and have a vested interest in the current status quo, 'white corporate capital' who call for negotiated transformation with no legal enforcement; thirdly, 'black business entrepreneurs' who desire genuine transformation in levels of Black ownership and management; and lastly, the 'underpowered masses', who call for radical and fundamental change to the distribution of wealth. The politics of BEE remains centred on balancing the demands of a diverse range of political fractions.

2.2 The State of the Middle Class in South Africa

There is currently a lack of consensus in defining 'what and who' is middle class in developing countries such as South Africa (Visagie and Posel, 2013). Henceforth, studies of the size and composition of the middle class in post-Apartheid South Africa are difficult to reconcile.

Rivero et al (2003), Seekings and Nattrass (2005) and Muller (2006) examine the development of 'occupational class' in post-Apartheid South Africa. These studies follow a sociological definition of class status which is based on occupation (which may not explicitly define 'middle class' as a distinct class category) and typically follow the precedence of neo-Weberian or neo-Marxist scholars such as Wright (1997) or Goldthorpe (1987). The limitation of the occupational approach is that occupational classifications exclude individuals who are unemployed or out of the labour-force (a very large proportion of the total population in South Africa) and may also classify individuals of the same household into different class locations. Class status is arguably better suited to the household-level, as individuals within the same household share resources and face similar life-chances. Although individuals residing within the same household can be assigned mediated class positions (such as using the occupation of the highest income earner), there remains a fair share of unclassified households in cases where no members of the household are currently employed (Seekings and Nattrass,

2005). Despite methodological difficulties of this particular approach, the abovementioned studies of occupation and class in South Africa concur that there has been significant upward mobility of African men and women into higher occupational categories post-1994, resulting in a growing African middle class in the first decade of democracy.

In contrast to using occupation to define class status, economists typically define class by per capita household income (analogous to the large literature on income poverty in South Africa). For example, Van der Berg (2010), defines the middle class as individuals residing within households with a per capita household income in excess of R3,333 in 2000 prices. Using All Media Product Survey (AMPS) data, he finds that the middle class grew from 8.1% of the population in 1994 to 11.7% of the population by 2008 and that the share of the middle class who were African rose from 12.3% to 36.4% between 1994 and 2008. Whiteford and Van Seventer (2000) as well as Schlemmer (2005) also estimate growth of the African middle class in post-Apartheid South Africa and they also find that the African middle class experienced significant growth post-1994. However, none of the abovementioned studies of the middle class define an upper boundary to the middle class. In other words, it is not clear to what extent the reported growth of the middle is driven by growth in the middle class or growth in the upper class or both. Furthermore, Whiteford and Van Seventer (2000) as well as Schlemmer (2005) fail to adjust for household size in their definition of the middle class.

Statistics South Africa (2010) as well as Udjo (2008) use an entirely different approach to measuring class status. They use non-income measures based upon appropriate indicators of middle class lifestyle and status.¹ Both of these studies report a modest rate of growth in the size of the African middle class since transition to democracy.

Palma (2011) analyses the relationship between income inequality and the size of the middle class in an international study of 135 countries (including South Africa) using macroeconomic data from the World Bank's World Development Indicators (WDI) dataset. The middle class is defined by deciles 5 – 9 of the per capita income distribution. Palma finds there to be surprisingly little variation in the share of income accruing to the middle class both between countries and within countries across time. Therefore differences in income inequality are largely explained by differences in the income share of the upper class (decile 10) in comparison to the lower class (deciles 1 – 4). In other words, income inequality is predicted by the extent to which households in the upper class are able to 'squeeze' out a larger share of income from households in the lower class, whereas the share of income accruing to the middle class is stable across countries. Palma devotes considerable attention to discussing the middle class in South Africa owing to the fact that the South African middle class is one of few exceptions to

¹ Statistics South Africa (2009) define the middle class as households 'residing in formal housing, having a water tap in the residence, having a flush toilet in the residence, having electricity as the main lighting source, having electricity or gas as the main cooking source, and having a landline or a household member having a cell phone' (StatsSA, 2009: 1). Udjo (2008) employs a more sophisticated measure of lifestyle based on SAARF's Living Standard Measures (LSMs), to identify middle class households as those between LSMs 5 to 7.

this principle. Specifically, the income share accruing to the middle class in South Africa was unusually low and seen as falling (40.9% in 1993 falling to 36.9% in 2008 in comparison to an international average of 51.7%). This is attributed to an overly large share of income captured by the upper class– suggested by Palma as a function of “asymmetric Black Economic Empowerment”.

As is evident from the review of relevant middle class literature, there are numerous methods and thresholds for defining the middle class in South Africa. Direct comparison across these studies is problematic given differences in definition and approach. Nevertheless, there is some measure of consensus in reporting that the African middle class experienced significant growth post-1994 (although it is not clear to what extent this growth is driven by upper class growth as opposed to middle class growth).

3. Definitions and Data

3.1 Defining the Middle Class

Visagie and Posel (2013) give specific attention to differences in the definition of the middle class in South Africa. They identify two broad approaches from the international economic literature: namely, a middle class defined by ‘affluence’ (households with an income per capita of R1,400 to R10,000 per month), and a middle class defined by the ‘middle-income strata’ (households with an income between 50% to 150% of the median per capita household income). They show that these two definitions of the middle class provide a competing picture of the size, composition and economic status of the middle class.²

This paper is interested in the middle class defined by lifestyle or affluence. Choosing an income threshold that identifies ‘affluence’ is as an inherently subjective process. In order to more objectively assign an appropriate income level for middle-class affluence, the boundary lines are based upon a plausible range of the earnings distribution for households where the highest-income earner was in a middle class occupation (Visagie and Posel, 2013).³ The middle class is defined as individuals (or households) with a monthly income (after tax) of between R1,400 and R10,000 per capita (in 2008 prices). The upper bound of R10,000 places only the wealthiest 2% of individuals from the South African income distribution into the upper class (based on NIDS 2008 data). The lower bound of R1,400 also roughly corresponds to a commonly utilised lower income

² Whereas the middle-income strata represent the ‘average’ South African, the affluence approach identifies individuals with a ‘middle-class lifestyle’. Although in developed economies, the ‘affluent middle class’ and the ‘middle income strata’ may identify an overlapping group of individuals, in South Africa, extensive poverty and income inequality mean that the standard of living of the middle-income strata is far below anything generally associated with affluence, even by developing country standards.

³ Middle class occupations are derived from the International Standard Classification of Occupations (ISCO) and are defined as ‘legislators, senior officials and managers’, ‘professionals, associate professionals and technicians’ and lastly ‘clerks’.

threshold in the international literature of \$10 per day (Bhalla, 2007; Kharas and Gertz, 2010; Birdsall, 2010). Those in the lower class (individuals with less than R 1,400 per capita per month) are further divided into the poor (<R515) and non-poor (R 515 – R 1,399) using a basic-cost-of-needs poverty line commonly utilised in the South African poverty literature (Hoogeveen and Özler, 2006; Posel and Rogan, 2009; Leibbrandt et al, 2010).

3.2 Data: The PSLSD 1993, IES/LSF 2000 and the NIDS 2008

Three nationally representative cross-sectional datasets are used to describe changes in the affluent middle class in South Africa. These are the 1993 Project for Statistics on Living Standards and Development (PSLSD); the 2000 Income and Expenditure Survey (IES) which can be combined with the 2000 Labour Force Survey (LFS) as they surveyed the same group of households; and lastly the 2008 National Income Dynamics Study (NIDS).⁴ These particular cross-sectional datasets are used for the comparisons because they each collect detailed information on household income (and expenditure), as opposed to merely a one-shot question on total household income (as has been used previously in studies of the middle class; Schlemmer, 2005; Van der Berg, 2010) as well as providing detailed labour market and demographic information. Total household income is computed from the collation of individual incomes from a comprehensive list of sources: namely, income from the labour market, government grant income, income from investments and remittance income. This is a noteworthy improvement on previous estimates of the middle class in South Africa.

Using three different cross-sectional datasets will evidently introduce unwanted complication in the comparison of data across time. This is well discussed in the wider literature on income and poverty (Bhorat and van der Westhuizen, 2008; Posel and Rogan, 2009; Leibbrandt et al, 2010).⁵ The following issues should be noted:

Firstly, there are differences in the recall period across surveys. Whilst the PSLSD 1993 and NIDS 2008 largely collect information on sources of income over the last 30 days, the IES/LFS 2000 collects data on income over the past 12 months. The advantage of using a monthly recall period is to limit the extent of recall bias whereas the advantage of using a longer time frame is to limit the variance of seasonal/temporary flows of income. Leibbrandt et al (2010) note that income from remittances (which were asked in both annual and monthly formats in the PSLSD 1993 and NIDS 2008) are significantly lower when asked annually compared to monthly in both the PSLSD 1993 and NIDS 2008. They suggest that the resulting direction of bias is likely to be downwards in the IES/LFS 2000 compared to the PSLSD 1993 and NIDS 2008.

⁴ The National Income Dynamics Study provides a later wave of data for 2010/2011, but there was a high rate of sample attrition for individuals at the top of the income distribution, making it less useful for this type of study.

⁵ Refer also to Leibbrandt et al (2010) who also discuss confounding differences in the measurement of income across the PSLSD 1993, IES/LFS 2000 and NIDS 2008 towards measuring poverty and inequality in South Africa.

Secondly, the NIDS 2008 differs from the IES/LFS 2000 and PSLSD 1993 in that the NIDS asked each individual in the household personally about their income, whereas in the IES/LFS2000 and PSLSD 1993, individual level data on income was collected by asking one household member about the incomes of each member in the household. The methodological advantage to the approach in the NIDS 2008 is that it may prove more accurate in measuring individual incomes. If the affluent are thought to underestimate their incomes, then this would bias estimates of the middle class in the PSLSD 1993 and IES/LFS2000 downwards. An unexpected disadvantage to the methodological approach used in the NIDS 2008 is that it introduces unit non-response at the level of the individual. In other words, there are 1246 individuals (out of a total of 28,250 individuals) who refused to participate in the survey and gave no demographic or income information despite the fact that other individuals residing within the same household did choose to participate. These 'missing' individuals were subsequently dropped from the sample because income imputation without any individual level information is not possible. It is not clear how this difference in methodological approach to data capture in the NIDS 2008 will affect the income comparisons with the PSLSD 1993 and IES/LFS 2000 across time.

Thirdly, missing labour market income data in all of the surveys was imputed in an effort to best estimate individual and household incomes (apart from the cases of individual level unit non-response in the NIDS 2008 where no individual level information was provided). Labour market income is the most significant source of household income (on average, approximately two thirds of household income is from labour market earnings), and particularly so for the affluent (comprising over 85% of total income for the affluent middle class). The PSLSD and IES/LFS 2000 adjust for missing labour market income using 'cell median' imputation whereas the NIDS 2008 data adjusts for missing labour market income data using the more sophisticated 'regression' imputation. The incidence of missing labour market income data were 9.94%, 11.39%, and 21.3% in the 1993, 2000, and 2008 datasets respectively. The NIDS 2008 data has a significantly higher level of missing labour market income data. If this reflects a greater unwillingness of those with higher earnings not to disclose their income, then this may bias the NIDS 2008 income data downwards. The NIDS 2008 data also provides imputations for missing incomes from non-labour market sources, whereas this was not done in the PSLSD 1993 or the IES/LFS 2000. This may bias total household income in the NIDS 2008 upwards, although non-labour market sources of income are more pertinent in measuring the incomes of the poor (who rely more heavily on non-labour market sources of income) than for measuring the incomes of the affluent. It is hard to predict the net impact that differences in the level and treatment of missing labour market data would have across surveys. It is hoped that data imputation moves estimates closer towards a more accurate measurement of total household incomes.

Fourthly, income from agriculture and income from implied rent have been omitted from the aggregation of total household income in all of the years of analysis, due to insurmountable differences in measurement across surveys. Implied rent is the value of rental income that households would receive if they were not living in their own residences, or the value of rent that households would have to pay if they were not

residing at their current residence free of charge. Unfortunately, the IES/LFS 2000 did not collect any information on implied rent. Further, implied rent in the PSLSD 1993 is crudely estimated from house prices whereas implied rent in the NIDS 2008 is collected from a series of questions relating to the cost of living in your own home. Implied rent is therefore excluded from the analysis (studies of income inequality and poverty very seldom take into account implied rent). Robustness checks on the inclusion of implied rental income using the NIDS 2008 data (undertaken in chapter 3) suggest little change in the class structure upon the inclusion of implied rent.

Agricultural income is omitted as this income source is not estimated consistently across the surveys. The IES/LFS 2000 only collected information on household agricultural production, with no monetary evaluation of this production. Furthermore, the mean income from agriculture in the PSLSD 1993 and NIDS 2008 is not directly comparable because commercial farmers were included in the measurement of agricultural production in 1993. Leibbrandt et al (2010) find that the distribution of income from agriculture clearly shifts leftwards comparing 1993 and 2008, suggesting a resultant downward bias in the 2008 income estimates. Nevertheless, subsistence agriculture in South Africa is a minor source of income for most households (cf. Seekings and Nattrass, 2005). Although its omission may impact slightly on the estimates of the lower class, the middle class and upper class are unlikely to be affected.

A final issue of relevance, particularly in relation to studying the class hierarchy, is differences in the definition of broad occupational categories. Although occupation is only of secondary importance to income in this study, as income alone is used in the definition of middle-class affluence, occupation is still of analytical interest, specifically with regard to 'typically' middle-class occupations. Whilst the IES/LFS 2000 provides detailed information on occupation (which would allow for recoding of broad occupational categories), the PSLSD 1993 and the NIDS 2008 data are only available at the broad occupational category level and in some cases do not match-up with each other. Comparison of middle-class occupations is still largely possible, although only at a broad level of occupational aggregation. Three middle-class occupational categories are used to summarise middle-class occupations: that of 'managers, legislators and senior officials', 'professionals, associate professionals and technicians' and 'clerks'. Data on 'clerks' are unavailable in the PSLSD 1993, but is displayed for the IES/LFS 2000 and NIDS 2008 surveys.

Comparison of cross-sectional household datasets across time requires careful consideration of potential sources of income bias. As is evident from the discussion of the data above, there may certainly be some unavoidable bias in comparisons of income data across time. Three notable features help build some measure of confidence in the results to follow: Firstly, a decline in the poverty headcount ratio between 1993 and 2008 as reported in table 1 (described by the size of the poor lower-class) is corroborated by other studies of income poverty in South Africa (such as the use of AMPS data scaled up to the national accounts aggregates by Van der Berg et al (2008) or the use of October Household Surveys and General Household Surveys by Posel and Rogan (2009)). Secondly, trends in class size and composition are consistent across all three periods and are not the construction of a faulty base estimate. Thirdly, careful

attention paid to the measurement of income data represents a significant improvement over previous studies of the middle class in South Africa which have relied on crude one-shot estimates of total household income across time.

4. Development of the Affluent Middle Class: 1993 - 2008

4.1 The Size of the Affluent Middle Class

The size of the middle class has been the primary focus of studies of the South African middle class to date. Attention to size is partly related to the role of the middle class in promoting economic growth and development. However the size of the middle class is important in providing legitimacy to the new democratic era. Unhindered upward mobility and the attainment of a middle-class lifestyle are arguably important promises of a non-discriminatory market economy.

Evidence on changes in the size of the middle class are presented in table 1 and corresponding figures 1 and 2. As seen in the table, an additional 2.7 million individuals were added to the middle class over the period 1993 to 2008. This increase is only slightly ahead of population growth– the population share of the middle class increased from 19.3% of the total population in 1993 to 21.3% in 2008. Hence growth in the total size of the middle class was fairly modest, only slightly ahead of population growth for the period.

In fact, if the number of middle class *households* are counted, as opposed to the number of middle class *individuals*, the proportional size of the middle class actually declined from 31.1% of households in the population to just 29.9% (although this change is also not significantly different from zero at the 95% level of confidence). The contradictory picture of middle class growth at the household and individual levels can be partly explained by changes in household size over the period: firstly, notice from table 1 that the total share of poor households is considerable lower than the total share of poor individuals at any point in time. This is because household size decreases monotonically with income which means that the poor have a higher share of total individuals compared with total households. Secondly, average household size has fallen over the period from 4.4 to 3.4 persons per household, and particularly amongst poorer households.⁶ Hence growth in the share of middle class households (which grew in absolute terms) was depressed by strong growth in the share of households in the lower classes (caused by a multiplication of new poorer households through a decrease in average household size). Nevertheless, overall, whether the middle class is measured at the level of the household or at the level of the individual, the overarching conclusion is clear– growth in the middle class was at best modest over the first fifteen years of democracy.

⁶ Recognition of this trend with possible reasons are suggested in the 2003 presidency's *Ten Year Review* (Presidency, 2003).

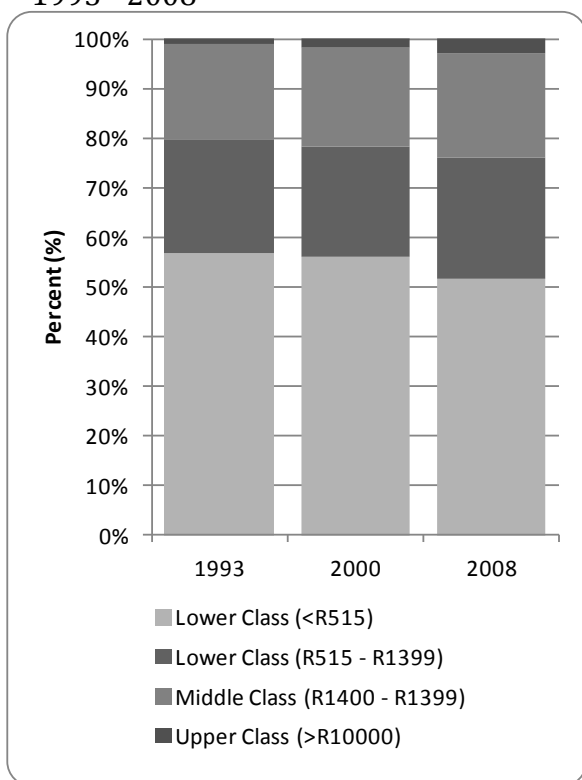
Table 1: Class size and income share

	Lower class: (<R515)			Lower Class: (R515 - R1399)			Middle Class: (R1400 - R10000)			Upper Class: (>R10000)			Total Population		
	1993	2000	2008	1993	2000	2008	1993	2000	2008	1993	2000	2008	1993	2000	2008
Class size: Measured at the level of the individual															
Count (millions)	22.7 (0.1)	24.6 (0.1)	25.1 (0.2)	9.1 (0.1)	9.8 (0.1)	11.8 (0.2)	7.7 (0.1)	8.7 (0.1)	10.4 (0.3)	0.4 (0.0)	0.8 (0.0)	1.3 (0.1)	39.9 (0.0)	44.0 (0.1)	48.7 (0.4)
Percentage share (%)	56.9 (0.3)	56.0 (0.2)	51.7 (0.5)	22.7 (0.2)	22.4 (0.2)	24.2 (0.4)	19.3 (0.2)	19.8 (0.2)	21.3 (0.5)	1.1 (0.1)	1.9 (0.1)	2.8 (0.3)	100	100	100
Class size: Measured at the level of the household															
Count (millions)	3.9 (0.1)	4.7 (0.1)	5.85(0.1)	2.2 (0.0)	2.8 (0.0)	3.6 (0.1)	2.8 (0.1)	3.3 (0.1)	4.1 (0.2)	0.2 (0.0)	0.4 (0.0)	0.5 (0.1)	9.1 (0.1)	11.2 (0.1)	13.7 (0.2)
Percentage share (%)	42.7 (0.5)	41.7 (0.4)	40.2 (0.9)	24.1 (0.5)	25.4 (0.4)	26.0 (0.8)	31.1 (0.5)	29.2 (0.4)	29.9 (0.9)	2.2 (0.2)	3.7 (0.2)	3.9 (0.5)	100	100	100
Total Income from all sources:															
Count (billions)	5.0 (0.0)	5.9 (0.0)	6.2 (0.1)	7.7 (0.1)	8.3 (0.1)	10.0 (0.2)	26.0 (0.4)	31.6 (0.4)	36.6 (1.1)	7.9 (0.6)	14.4 (0.7)	24.5 (2.4)	46.5 (0.7)	60.2 (0.8)	70.6 (2.4)
Percentage share (%)	10.7	9.8	8.0	16.5	13.7	12.9	55.9	52.5	47.3	16.9	23.9	31.7	100	100	100

Source: PSLSD 1993, IES/LFS 2000, NIDS 2008; own estimates.

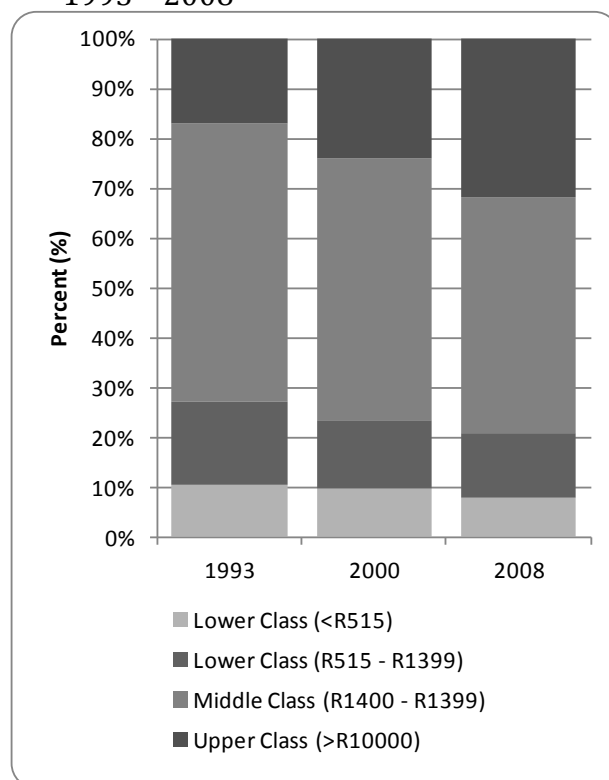
Notes: Standard errors in parenthesis; the data are weighted.

Figure 1: Class population shares, 1993 - 2008



Source: PSLSD 1993, IES/LFS 2000, NIDS 2008
 Notes: The data are weighted; own estimates
 Statistics are at the level of the individual

Figure 2: Class income share, 1993 - 2008



Source: PSLSD 1993, IES/LFS 2000, NIDS 2008
 Notes: The data are weighted; own estimates

The upper class on the other hand experienced sizable growth over the period, more than doubling in size (albeit from a low base). Such dramatic growth in the size of the upper class is of concern in relation to rising income inequality. Numerous studies of household income and expenditure in South Africa report that inequality increased post-1994 (cf. Van der Berg and Louw, 2004; Hoogeveen and Osler, 2006; Leibbrandt et al, 2010). Recognising the implications of upper class growth is simply another way of re-packaging widely-accepted facts about the unequal pattern of income growth in the post-Apartheid period. Critics of Black Economic Empowerment attest to the creation of a wealthy elite (arguably commensurate with the wealthiest 2%) with little transformation for the majority (cf. Ponte et al, 2007; Southall, 2007, Hoffman, 2008). The total size of the upper class is still relatively small, at less than 3 million individuals, and accounts for under 3% of the total population share.

The lower class (poor and non-poor) comprises close to 80% of individuals in South Africa. The fact that the 'middle' class approximates the top 20% of individuals in the distribution (when combined with the topmost 3% from the upper class) illustrates that there is clearly nothing 'middle' about middle-class affluence in South. The lower class is divided into the poor and non-poor for better depth of analysis. The proportion of individuals living below the poverty line (R515 per capita per month) declined by 5.2

percentage points between 1993 and 2008. Most of this decrease occurred post-2000, in response to a large expansion in social grant payments. However in spite of a pro-poor distributional shift out of poverty, the absolute number of individuals living in poverty increased by 2.4 million due to population growth. It is comforting to note that these changes in poverty are corroborated by other studies of income poverty in South Africa, although there is some debate within the literature over the extent of the decline before 2000 (cf. Van der Berg et al, 2008; Meth, 2010; Leibbrandt et al, 2010). This adds some measure of confidence to the income data used in the study.

Class size is also commonly measured in terms of the size and share of total income (Pressman, 2007; Palma, 2011). Figure 2 illustrates how the share of total income has shifted between income classes over the years 1993, 2000 and 2008. The figure shows that there was a rise in the share of total income accruing to the upper class, at the expense of the remaining income classes. The middle class income share declined from 56% in 1993 to 47% by 2008. This is evidence of a middle class income 'squeeze' as discussed by Palma (2011).⁷ Palma further postulates that 'Black Economic Empowerment' may provide the 'micro-foundation' for this income squeeze. Ironically, if Palma's intuition proves correct, Black Economic Empowerment, a policy which intends to promote middle class growth, may have had precisely the opposite effect.

The fact that the size of the middle class increased only modestly between 1993 and 2008 (and that the income share of the middle class declined) is somewhat surprising in light of other studies of the middle class in South Africa which generally report strong middle class growth (cf. Whiteford and Van Seventer, 2000; Schlemmer, 2005; Van der Berg, 2010). I suggest three potential reasons for this discrepancy (notwithstanding the confounding impact of differences in definition): The first is that there was an absolute increase in the size of the middle class, but not a relative increase in the middle class (in terms of population share or income share). Secondly, previous studies of the middle class in South Africa fail to separate out the upper class from the middle class. My analysis shows that the upper class in particular experienced very strong growth over the period. Nevertheless, given that the upper class comprises only a very small proportion of the total population (less than 3%), it is unlikely that any failure to account for the upper class is the only factor driving differences in results. A third factor is that my estimates of middle class growth are not limited to Africans. In other words, the *African* middle class may have experienced sizeable growth over the period but the same cannot be said for the middle class as a whole.

4.2. The Racial Profile of the Affluent Middle Class

The demographic profile of the South African middle class draws on-going attention within the South African media (for example, see Business Day, 2005; Financial Mail, 2007; Economist, 2007; Main and Guardian, 2010). For the private sector, the rise of the 'Black middle class' promises a new source of consumption demand as well as an

⁷ Palma's definition of the middle class (income deciles 5 to 9) is not directly comparable with the definition of the middle class used in this study, nevertheless the trend in income share for the middle class is in the same direction.

important source of domestic human capital and entrepreneurship. For government, the growth of the Black middle class is an important sign of transformation in racial equity in access to resources. BEE and affirmative action policies actively promote the creation of a Black middle class.

The post-Apartheid economic landscape has also changed in ways that will likely have a significant impact upon race and class. Foremost, are soaring levels of unemployment (cf. Borat and Oosthuizen, 2006; Benerjee et al, 2008). Trends in employment/unemployment are highly nuanced when broken down by race, age, education and gender (cf. Borat and Oosthuizen, 2006) which should be reflected in the composition of the class structure. The average skill-level of the South African labour force has also been slowly rising. This is in combination with a high-skilled employment growth path (Rodrik, 2006). However this has not prevented unemployment from increasing even amongst tertiary graduates (Dias and Posel, 2007; Pauw et al, 2008).

Table 2 describes changes in the racial profile of the middle class in South Africa over the period 1993 to 2008. In 1993, the middle class consisted of a large White majority. Middle-class Whites out-numbered middle-class Africans by close to 2 to 1. However by 2000, the White middle-class majority had been replaced with an African majority. Africans continued to increase their share of the middle class between 2000 and 2008. By the end of this period, the number of middle-class Africans now out-numbered middle-class Whites by 1.8 to 1. There has therefore been drastic transformation in the racial composition of the middle class in post-Apartheid South Africa.

In absolute numbers, an additional 3.1 million Africans were added to the middle class over the period, with a roughly even increase in size between 1993 to 2000 and 2000 to 2008. Such growth in the number of middle-class Africans is partly driven by growth at the population level– the African population grew by 8 million between 1993 and 2008. However, the row percentages in the table for Africans reveal that African middle-class growth was in excess of population growth. In other words, changes in the class distribution amongst Africans was ‘pro-middle class’.

The large change in the African-to-White ratio of the middle class is also explained by a significant fall in the number of middle-class Whites (by approximately 1.2 million individuals). Part of the explanation for this change is due to restructuring in the class distribution for Whites. The percentage of Whites who were in the middle class fell from 81% to 67% between 1993 and 2008, with a shift towards a higher concentration of Whites in the upper class (increasing from 7.8% to 20%). However, a further important contributing factor was a change at the population level– the White population shrunk in size between 1993 and 2000 by approximately 1 million. Shrinking White population growth can be attributed to a combination of low fertility levels and to White emigration (cf. Van Rooyen, 2000). Between 2000 and 2008, the total size of the White population showed a small increase and the total number of middle-class Whites showed a small decrease, however neither of these changes were significant at the 95% level of confidence. In total, a decline in the size of the White population, combined with a distributional shift amongst Whites away from the middle class resulted in a fast declining White share (and a rising African share) in the middle class.

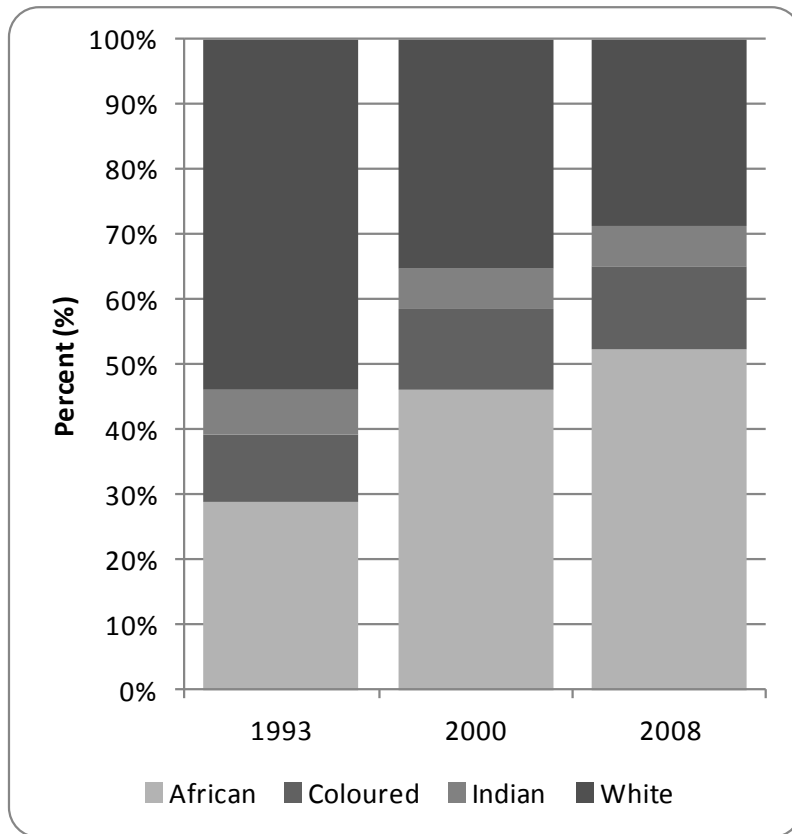
Table 2: Race and class status

		Lower class: (<R515)			Lower Class: (R515 - R1399)			Middle Class: (R1400 - R10000)			Upper Class: (>R10000)			Total		
		1993	2000	2008	1993	2000	2008	1993	2000	2008	1993	2000	2008	1993	2000	2008
African	Count (000's)	21399 (96)	23053 (89)	23438 (221)	6755 (77)	7769 (66)	9361 (202)	2235 (48)	4006 (56)	5377 (177)	19 (5)	112 (17)	257 (47)	30407 (84)	34940 (99)	38434 (305)
	row %	70.4	66.0	61.0	22.2	22.2	24.4	7.3	11.5	14.0	0.1	0.3	0.7	100	100	100
	col %	94.1	93.7	93.5	74.5	79.0	79.9	29.0	46.2	52.3	4.3	13.5	19.1	76.1	79.5	79.4
White	Count (000's)	183 (15)	87 (10)	125 (25)	375 (22)	298 (29)	473 (65)	4158 (72)	3055 (66)	2958 (155)	400 (23)	650 (33)	888 (105)	5116 (79)	4089 (79)	4444 (199)
	row %	3.6	2.1	2.8	7.3	7.3	10.6	81.3	74.7	66.6	7.8	15.9	20.0	100	100	100
	col %	0.8	0.4	0.5	4.1	3.0	4.0	54.0	35.2	28.8	92.4	78.5	65.9	12.8	9.3	9.2
Coloured	Count (000's)	1054 (33)	1362 (26)	1338 (64)	1551 (40)	1401 (25)	1608 (74)	790 (29)	1062 (24)	1320 (93)	8 (3)	35 (6)	43 (14)	3403 (58)	3859 (43)	4308 (134)
	row %	31.0	35.3	31.0	45.6	36.3	37.3	23.2	27.5	30.6	0.2	0.9	1.0	100	100	100
	col %	4.6	5.5	5.3	17.1	14.2	13.7	10.2	12.2	12.8	1.9	4.2	3.2	8.5	8.8	8.9
Indian	Count (000's)	101 (9)	96 (8)	179 (46)	389 (18)	368 (20)	268 (42)	525 (28)	554 (18)	633 (69)	6 (2)	32 (5)	158 (48)	1020 (35)	1050 (29)	1238 (105)
	row %	9.9	9.1	14.5	38.1	35.0	21.6	51.4	52.8	51.1	0.6	3.0	12.8	100	100	100
	col %	0.4	0.4	0.7	4.3	3.7	2.3	6.8	6.4	6.2	1.3	3.9	11.8	2.6	2.4	2.6
Total	Count (000's)	22737 (96)	24597 (90)	25080 (230)	9070 (86)	9836 (77)	11710 (224)	7707 (90)	8677 (89)	10288 (258)	432 (23)	828 (38)	1347 (126)	39946 (45)	43938 (111)	48425 (362)
	row %	56.9	56.0	51.8	22.7	22.4	24.2	19.3	19.7	21.2	1.1	1.9	2.8	100	100	100
	col %	100	100	100.0	100	100	100.0	100	100	100.0	100	100	100.0	100	100	100

Source: PSLSD 1993, IES/LFS 2000, NIDS 2008, own estimates.

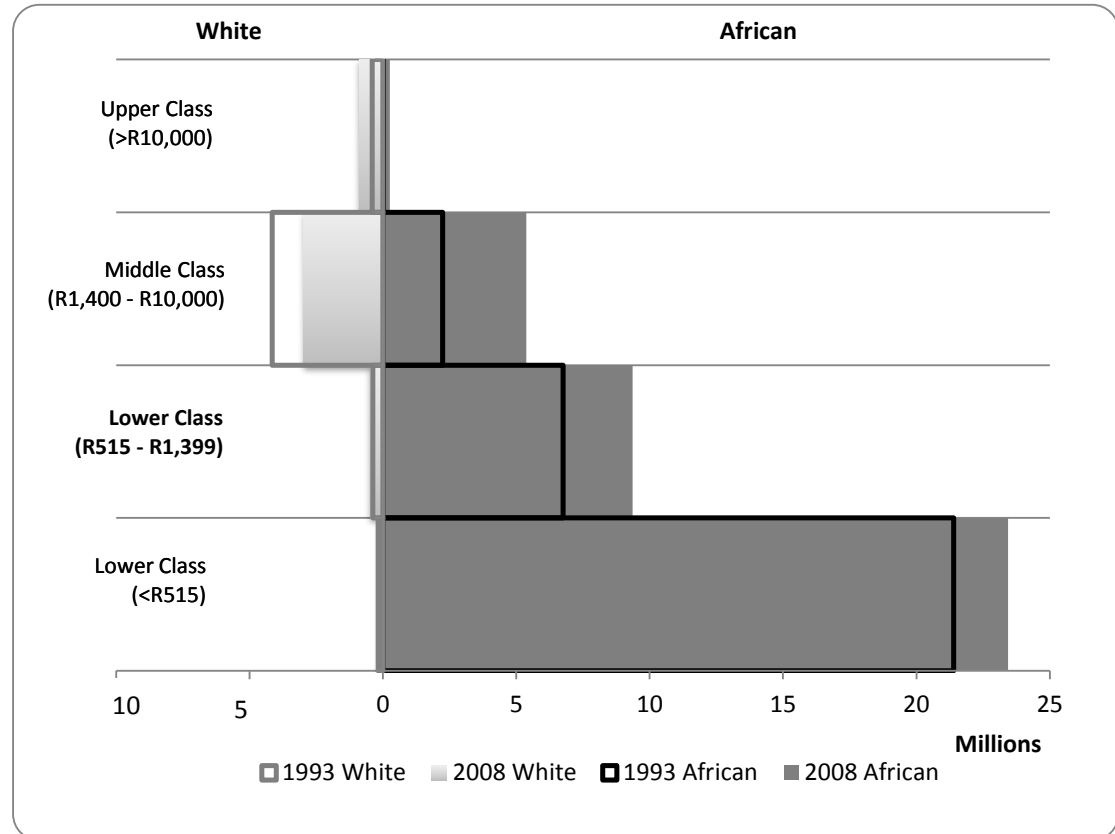
Notes: Standard errors in parenthesis; the data are weighted.

Figure 3: The racial composition of the middle class 1993, 2000, 2008



Source: PSLSD 1993, IES/LFS 2000, NIDS 2008
 Notes: Standard errors in parenthesis.
 The data are weighted.

Figure 4: Class status of the African and White populations, 1993 and 2008



Source: PSLSD 1993, IES/LFS2000, NIDS 2008
 Notes: Standard errors in parenthesis.
 The data are weighted.

The percentage of the middle class who were Coloured and the percentage of the middle class who were Indian remained comparatively more stable over the period. Amongst Coloureds, an additional 530,000 individuals were added to the middle class between 1993 and 2008. This was against the backdrop of Coloured population growth of 900,000 individuals over the same period. Hence, growth for the Coloured population was distributionally pro-middle class, shifting the proportion of Coloureds who are middle class from 23% to 31% and raising the total share of Coloureds in the middle class from 10% to 13% over the period. The Indian share of the total South African population is very small, at under 2.6% in all three of the years under discussion. Amongst Indians, None of the changes between 1993 and 2008 were significant at the 95% level of confidence (partly owing to the small sample size for Indians). It is therefore difficult to decompose changes in the class structure for Indians over the period.

'Black diamonds' is a phrase used to describe the emergence of very-affluent 'Black' (i.e. non-White) individuals in post-Apartheid South Africa. This is arguably equivalent to an analysis of changes in the racial composition of the upper class in South Africa (although, Black diamonds are typically regarded as 'middle class' within the media). In 1993, the upper class was homogeneously White, with non-Whites comprising under 10% of the upper class. However, by 2000, the number of non-Whites in the upper class increased by more than fivefold (albeit from a low base) and the non-White share of the upper-class increased to just over 20%. Between 2000 and 2008, the number of non-Whites in the upper class again experienced a large increase, with the share of non-Whites in the upper class rising to just over a third of the total upper class. A change in extreme affluence amongst non-Whites was driven in particular by a more than ten fold increase in the number of upper class Africans between 1993 and 2008. Further decomposition of the upper class by race (i.e. for Coloureds and Indians) is constrained by the small sample size of the upper class.

Such large changes in the racial composition of both the middle and upper classes are not reflected when examining changes in the racial composition of the lower classes. The significant feature of the racial composition of the poor lower class and non-poor lower class is their homogeneous African composition. The racial share of individuals who fell below the R515 per capita per month poverty line fluctuated between 94.1% and 93.5% African, whilst the racial share of individuals who fell above the poverty line but were still in the lower class fluctuated between 74.5% and 79.9% African. Transformation in the racial composition of the class structure is therefore mostly limited to changes at the top of the distribution over the period.

Investigating occupation by race provides an alternative means of understanding changing class status in post-Apartheid South Africa, as generally employed in the sociological literature on class status (cf. Rivero et al, 2003; Seekings and Nattrass, 2005; Muller, 2006). The major short-coming of this approach is that it excludes a large proportion of the population who are not within the labour force, and that it may classify individuals of the same household (who arguably share resources and enjoy the

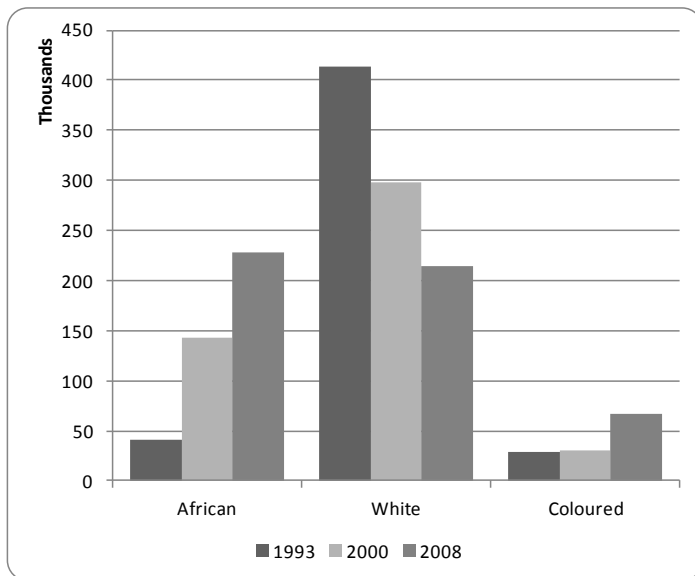
Table 3: Middle Class Occupations by race, 1993 – 2008

		Mangers, senior officials and legislators			Professionals, associate professionals and technicians			Clerks			Total Employed Workforce		
		1993	2000	2008	1993	2000	2008	1993	2000	2008	1993	2000	2008
African	Count (000's)	40 (6)	143 (11)	229 (35)	441 (21)	770 (28)	951 (67)	N/A	413 (17)	561 (49)	5849 (70)	7955 (70)	9228 (194)
	row %	0.7	1.8	2.5	7.5	9.7	10.3	-	5.2	6.1	100	100	100
	col %	7.9	27.8	38.1	38.3	48.7	50.4	-	41.5	55.4	60.7	69.4	70.8
White	Count (000's)	414 (23)	297 (20)	215 (40)	572 (27)	602 (37)	632 (80)	N/A	365 (21)	232 (46)	2331 (54)	1836 (55)	1876 (129)
	row %	17.8	16.2	11.5	24.6	32.8	33.7	-	19.9	12.4	100	100	100
	col %	80.7	57.8	35.8	49.6	38.1	33.5	-	36.6	22.9	24.2	16.0	14.4
Coloured	Count (000's)	29 (6)	30 (4)	67 (17)	77 (9)	129 (9)	207 (28)	N/A	147 (9)	138 (28)	1082 (34)	1282 (25)	1415 (79)
	row %	2.7	2.4	4.8	7.1	10.1	14.6	-	11.4	9.8	100	100	100
	col %	5.6	5.9	11.2	6.7	8.2	11.0	-	14.8	13.7	11.2	11.2	10.9
Indian	Count (000's)	30 (5)	44 (5)	89 (32)	63 (11)	80 (7)	98 (30)	N/A	71 (7)	80 (31)	368 (22)	385 (21)	515 (74)
	row %	8.1	11.4	17.4	17.1	20.7	19.0	-	18.3	15.6	100	100	100
	col %	5.8	8.5	14.9	5.5	5.0	5.2	-	7.1	7.9	3.8	3.4	3.9
Total	Count (000's)	513 (25)	514 (24)	600 (64)	1153 (37)	1581 (47)	1888 (112)	N/A	995 (29)	1011 (79)	9631 (93)	11458 (93)	13035 (253)
	row %	5.3	4.5	4.6	12.0	13.8	14.5	-	8.7	7.8	100	100	100
	col %	100	100	100	100	100	100	-	100	100	100	100	100

Source: PSLSD 1993, IES/LFS 2000, NIDS 2008; own estimates.

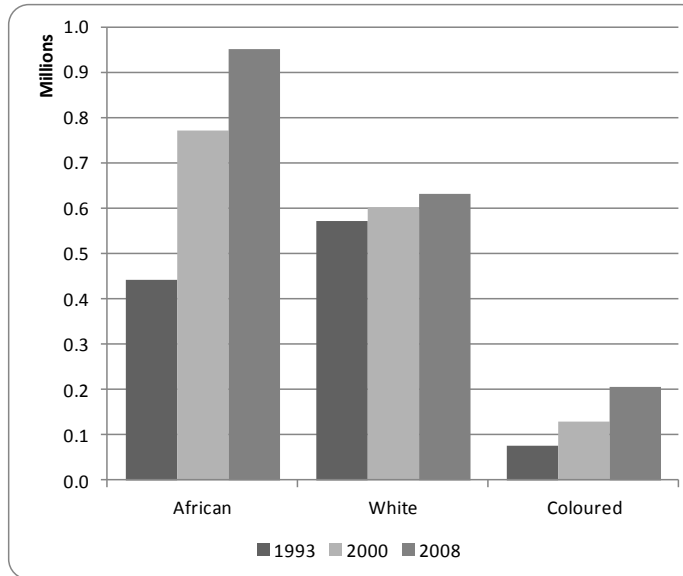
Notes: Standard errors in parenthesis; the data are weighted.

Figure 5: Managers, legislators and senior officials by race, 1993 – 2008



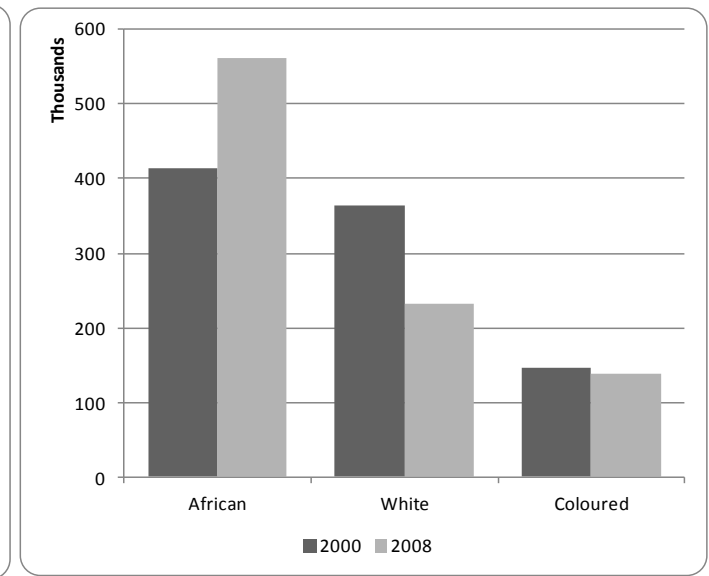
Source: PSLSD 1993, IES/LFS 2000, NIDS 2008
Notes: The data are weighted.

Figure 6: Professionals, assoc. professional and technicians by race, 1993 - 2008



Source: PSLSD 1993, IES/LFS 2000, NIDS 2008
Notes: The data are weighted.

Figure 7: Clerks by race, 1993 – 2008



Source: PSLSD 1993, IES/LFS 2000, NIDS 2008
Notes: The data are weighted.

same lifestyle) into different class categories. The use of household per capita income by economists to define the middle class has the advantage of overcoming such obstacles. Nevertheless the occupational hierarchy and per capita income are obviously correlated. The middle class income bracket of R1,400 - R10,000 per capita per month used to define the middle class in this paper is based upon a corresponding range of per capita income for households where the main income earner was in a 'middle-class' occupation (Visagie and Posel, 2013).

A preliminary investigation of three broad 'middle-class' occupational categories is undertaken in light of the link between occupation and class status.⁸ Table 3 (and figures 5, 6 and 7) shows changes in the number of 'managers, legislators and senior officials', 'professionals, associate professionals and technicians' and 'clerks' by race respectively over the period. As can be expected, changes in the racial composition for middle-class occupations reflect similar changes to the racial composition of the class structure defined by household per capita income.

Amongst managers/administrators and amongst professionals, a white majority was replaced by an African majority between 1993 and 2008 (amongst clerks, Africans were already in the majority in 1993, but the African population share of all clerks increased over the period). A declining White share of middle-class occupations can be explained in part by a declining White share of total employment (due to the decline in the size of the total White population), but can also be explained by large absolute increase in the number of Africans in middle-class occupations (in excess of total African employment growth). Coloureds also experienced large growth in the number of middle-class employees, in excess of Coloured employment growth (with the exception of clerical occupations). Interestingly, Whites maintained the same number of jobs in professional occupations whilst losing a large number of management/administrator positions. This may reflect the role of government in promoting racial equity, particularly in terms of creating jobs within the public sector.

Overall, the racial composition of the middle class displays remarkable positive change between 1993 and 2008, as seen in table 2. However, despite the evident rise of an African majority in the middle class by 2008, there is still significant progress to be made. Whites continue to be significantly overrepresented in the middle and upper classes (and underrepresented in both the lower classes) relative to their population share in, whereas Africans remain underrepresented in the middle and upper classes (and overrepresented amongst the poor lower class) relative to their population share. Furthermore the total size of the middle class needs to rapidly increase *ahead* of population growth if zero-sum games in transformation are going to be avoided.

⁸ The upper class is not ascribed a different set of occupations from that of the middle class. The middle class is generally ascribed the highest occupational category in studies that rely on occupation to define class status.

4.3 The Gender Profile of the Affluent Middle Class

Race is not the only important demographic characteristic in achieving transformation in class equity in South Africa. Gender is an explicit BEE policy target in South African legislation, although gender is given lesser weight than race in formal calculations of equity (cf. Government Gazette, 2000, 2007).

The post-Apartheid period has seen a wide array of factors that are likely to impact positively and negatively upon the economic status of women. Within the labour market, women have experienced rising levels of employment (Casale and Posel, 2005) as well as the benefits of equal opportunity gender legislation. However women have also experienced rising levels of female unemployment (driven by higher rates of labour force participation) (Casale and Posel, 2002; Casale, 2004) as well as a rise in the proportion of informal workers (Casale, 2004). Outside of the labour market, women have received the benefits of the expanding social security system, particularly the support available for caregivers of children (who are primarily women). However women have also borne more of the burden from the HIV/AIDS epidemic and are more vulnerable to poverty (cf. Bentley, 2004). Posel and Rogan (2009, 2012) find that the rate of poverty decline was slower for females than males between 1997 and 2006.

Table 4 and corresponding figures 8 and 9 present data on the gender composition of the middle class for the period 1993 - 2008. Looking at the sample of all individuals, females consistently outnumber males at the population level (with a slight closing of the gap in the 2000 data).⁹ In light of this population benchmark, gender equality would imply that the number of females is also greater than the number of males in the middle class. In fact, males consistently hold the majority share, with no clear sign of the gender gap closing over time. The same gender bias is apparent when examining the gender profile of the upper class, with again no significant change over time. On the bottom end of the class structure, females are consistently overrepresented amongst the poor. Although the percentage of females falling below the poverty line declined over the period (by 5.7 percentage points), this change is in line with a population decline in the poverty rate; hence the ratio of females to males in poverty is not affected. There is clearly need for improvement in gender equality across the class structure of South Africa.

Unlike the racial composition of the middle class, there is no clear evidence of any improvement in the level of gender equality within the middle or upper classes over the period when examining gender at the level of the individual. A possible reason for this lack of evidence may be that an economic analysis of class status, which aggregates incomes at the household level, may dilute gender differences by combining individuals of different genders within the same household (whereas an analysis of race is little affected by this aggregation because households of mixed race are a very small minority– less than 3% in any of the years of analysis). In order to better capture any gender specific trends over the period, the latter part of table 4 examines gender at the

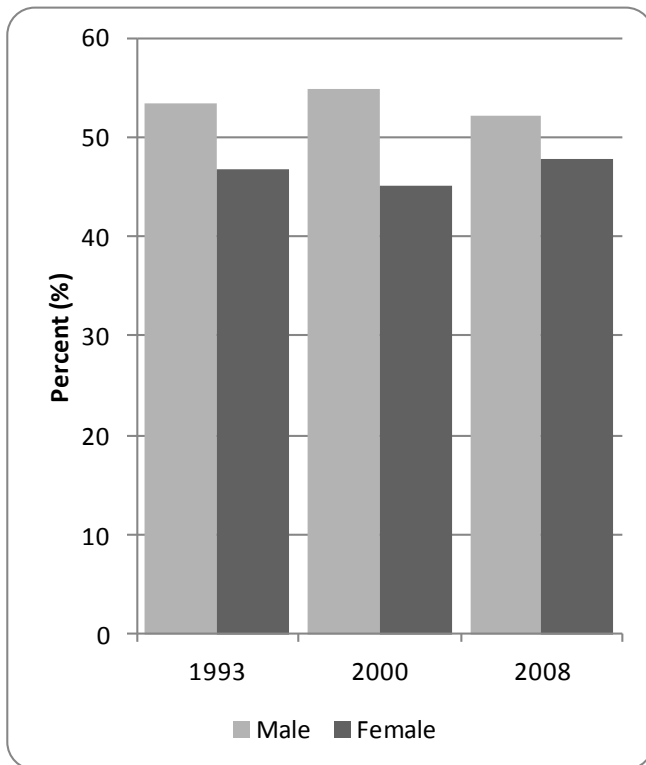
⁹ The population of South Africa appears to be slightly skewed in favour of a greater proportion of females. For a further discussion of this in South African datasets see Statistics South Africa (2007).

Table 4.4: Gender and class status

		Lower class: (<R515)			Lower Class: (R515 - R1399)			Middle Class: (R1400 - R10000)			Upper Class: (>R10000)			Total Population		
		1993	2000	2008	1993	2000	2008	1993	2000	2008	1993	2000	2008	1993	2000	2008
Sample: all individuals																
Males	Count (000's)	10253 (86)	11384 (73)	11248 (178)	4398 (65)	5004 (57)	5522 (151)	4109 (69)	4783 (69)	5424 (190)	230 (17)	474 (29)	704 (92)	18990 (105)	21645 (107)	22898 (294)
	row %	54.0	52.6	49.1	23.2	23.1	24.1	21.6	22.1	23.7	1.2	2.2	3.1	100	100	100
	col %	45.1	46.2	44.7	48.5	50.8	46.8	53.3	54.9	52.2	53.3	57.0	52.3	47.5	49.2	47.1
Females	Count (000's)	12478 (91)	13233 (75)	13890 (182)	4671 (66)	4843 (56)	6266 (175)	3598 (64)	3926 (60)	4959 (182)	202 (16)	358 (24)	643 (85)	20949 (104)	22361 (101)	25758 (299)
	row %	59.6	59.2	53.9	22.3	21.7	24.3	17.2	17.6	19.3	1.0	1.6	2.5	100	100	100
	col %	54.9	53.8	55.3	51.5	49.2	53.2	46.7	45.1	47.8	46.7	43.1	47.7	52.5	50.8	52.9
Total	Count (000's)	22731 (96)	24618 (90)	25138 (231)	9069 (86)	9848 (77)	11788 (226)	7707 (90)	8709 (89)	10383 (259)	432 (23)	831 (38)	1347 (126)	39939	44006	48656
	row %	56.9	55.9	51.7	22.7	22.4	24.2	19.3	19.8	21.3	1.1	1.9	2.8	100	100	100
	col %	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Sample: all households																
Male-headed	Count (000's)	1956 (43)	2263 (37)	2192 (89)	1491 (39)	1924 (39)	1986 (93)	2398 (53)	2634 (53)	2864 (132)	172 (15)	347 (26)	421 (66)	6017 (77)	7169 (78)	7463 (193)
	row %	32.5	31.6	29.4	24.8	26.8	26.6	39.8	36.7	38.4	2.9	4.8	5.6	100	100	100
	col %	50.4	48.6	39.8	68.1	67.9	55.7	84.8	80.9	69.9	87.4	84.8	78.8	66.2	64.3	54.4
Female-headed	Count (000's)	1922 (42)	2389 (36)	3321 (97)	699 (27)	910 (23)	1580 (83)	431 (24)	620 (25)	1231 (82)	25 (6)	62 (12)	113 (29)	3076 (54)	3982 (50)	6245 (151)
	row %	62.5	60.0	53.2	22.7	22.9	25.3	14.0	15.6	19.7	0.8	1.6	1.8	100	100	100
	col %	49.6	51.4	60.2	31.9	32.1	44.3	15.2	19.1	30.1	12.6	15.2	21.2	33.8	35.7	45.6
Total	Count (000's)	3878 (59)	4652 (50)	5513 (130)	2190 (47)	2834 (45)	3566 (123)	2829 (58)	3254 (59)	4095 (155)	197 (16)	409 (28)	534 (72)	9093	11150	13708
	row %	42.6	41.7	40.2	24.1	25.4	26.0	31.1	29.2	29.9	2.2	3.7	3.9	100	100	100
	col %	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

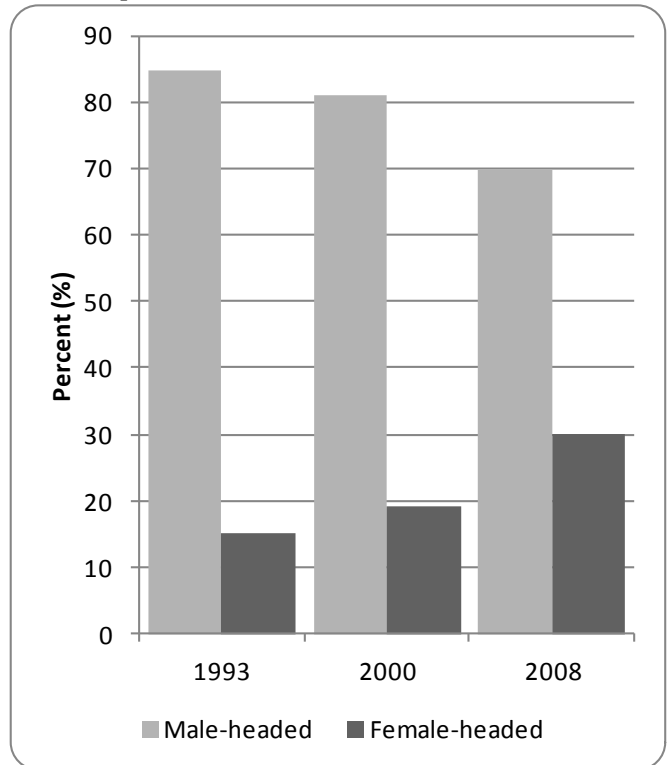
Source: PSLSD 1993 and NIDS 2008, own estimates; Notes: Standard errors in parenthesis; the data are weighted.

Figure 8: Gender of individuals in the middle class, 1993 – 2008



Source: PSLSD 1993, IES/LFS 2000, NIDS 2008
 Notes: The data are weighted; own estimates
 Statistics are at the level of the individual

Figure 9: Gender and household headship of the middle class, 1993 - 2008



Source: PSLSD 1993, IES/LFS 2000, NIDS 2008
 Notes: The data are weighted; own estimates

level of the household. This takes the gender of the household head to represent the gender of the household.¹⁰ Although this approach still subsumes individuals of different genders within the same household, household headship generally resides with the main breadwinner and therefore may better connect any gendered effects to class status (Posel, 2001). Female-headed households are recognised in the South African poverty literature as particularly vulnerable to poverty (Leibbrandt and Woolard, 2001; Borat and van der Westhuizen, 2008; Posel and Rogan, 2012).

As seen in figure 9, at the level of the household, differences in class status by gender are more clearly defined. Female-headed households are greatly underrepresented (in relation to their population total) amongst the middle and upper classes across all of the years of analysis. Although there is a large increase in the number of middle and upper class households that are headed by females between 2000 and 2008, this change partly reflects a generalised change in the percentage of female-headed households at the population level, rather than a gain in representivity of female-headed households within the middle class (an increase in the proportion of female-headed households in post-Apartheid South Africa is noted elsewhere cf. Madhavan and Schatz, 2006; Ellis and Adams, 2009; Posel and Rogan, 2009). The row percentages in the table for female-

¹⁰ In households where residents did not identify a household head (or multiple household heads were identified) headship is assigned to the highest income earner in the household ranked by age.

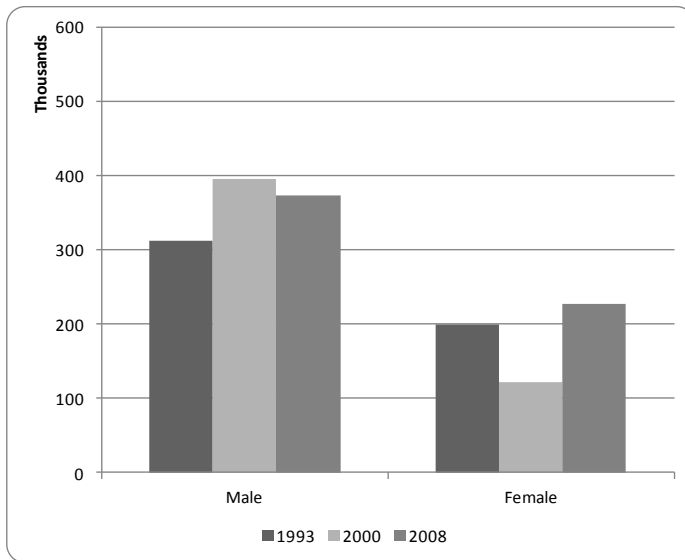
Table 5: Middle class occupations by gender, 1993 – 2008

		Mangers, senior officials and legislators			Professionals, associate professionals and technicians			Clerks			Total Employed Workforce		
		1993	2000	2008	1993	2000	2008	1993	2000	2008	1993	2000	2008
Male	Count (000's)	313 (19)	395 (22)	374 (54)	626 (28)	763 (33)	734 (69)	N/A	350 (18)	298 (42)	5605 (73)	6509 (75)	7255 (196)
	row %	5.6	6.1	5.2	11.2	11.7	10.1	-	5.4	4.1	100	100	100
	col %	61.0	76.4	62.3	54.3	48.1	38.9	-	35.0	29.3	58.2	56.7	55.6
Female	Count (000's)	200 (16)	122 (10)	226 (36)	527 (24)	823 (34)	1155 (88)	N/A	648 (24)	720 (68)	4026 (62)	4973 (59)	5801 (166)
	row %	5.0	2.5	3.9	13.1	16.5	19.9	-	13.0	12.4	100	100	100
	col %	39.0	23.6	37.7	45.7	51.9	61.1	-	65.0	70.7	41.8	43.3	44.4
Total	Count (000's)	513 (25)	518 (24)	600 (64)	1153 (37)	1585 (47)	1888 (112)	N/A	998 (29)	1017 (79)	9631 (93)	11482 (93)	13056 (253)
	row %	5.3	4.5	4.6	12.0	13.8	14.5	-	8.7	7.8	100	100	100
	col %	100	100	100	100	100	100	-	100	100	100	100	100

Source: PSLSD 1993, IES/LFS 2000, NIDS 2008; own estimates.

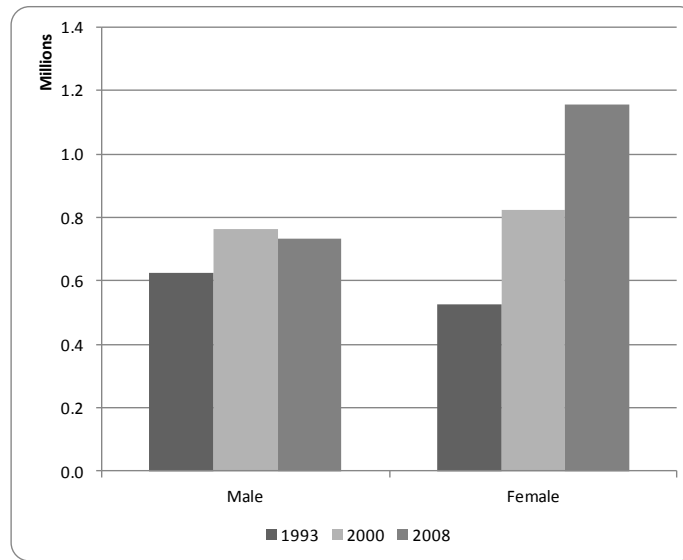
Notes: Standard errors in parenthesis; the data are weighted.

Figure 10: Managers, legislators and senior officials by gender, 1993 – 2008



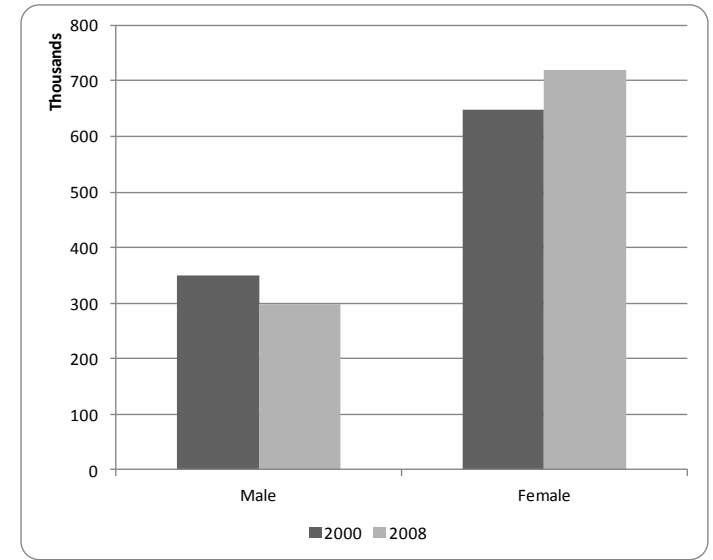
Source: PSLSD 1993, IES/LFS 2000, NIDS 2008
Notes: The data are weighted.

Figure 11: Professionals, assoc. professional and technicians by gender, 1993 – 2008



Source: PSLSD 1993, IES/LFS 2000, NIDS 2008
Notes: The data are weighted.

Figure 12: Clerks by gender, 1993 - 2008



Source: PSLSD 1993, IES/LFS 2000, NIDS 2008
Notes: The data are weighted.

headed households in the middle-class in comparison to the row percentages for the middle-class population (which stay relatively stable over time) give a better account of changes in gender equity within the class structure in South Africa. In this regard, there is a significant rise in the percentage of female-headed middle-class households, suggesting a possible strengthening of the position of females within the middle class. Similarly, the position of female-headed households amongst the upper class also appears to have strengthened.

Turning to changes in the relationship between the gender of the household head and the lower class over the period, female-headed households are significantly over-represented amongst the poor in all of the years of analysis. Although the percentage share of female-headed households amongst the poor rises significantly between 1993 and 2008 this again reflects the large increase in the percentage of female-headed households at the population level. In fact, amongst both male and female headed households, the percentage of households below the poverty line falls significantly over the period.

An examination of occupation and gender provides an alternative means of unpacking changes in the representation of females and males within the middle class. Table 5 shows changes in the number of females and males within three broad middle-class occupational categories: 'managers, legislators and senior officials', 'professionals, associate professionals and technicians' and 'clerks'. The table shows that there is a significant increase the proportion of the total employed labour force who are female. This corresponds with the post-Apartheid labour economics literature which finds a significant rise in female labour force participation rates in post-Apartheid South Africa (cf. Casale and Posel, 2002).

Amongst 'managers, legislators and senior officials', females are underrepresented in relation to their share of the total employed workforce. The representation of female managers/legislators does not show any significant improvement over the period (and there is an unaccounted for dip in the number of female managers/legislators in 2000). Female clerks also do not show any statistically significant improvement in representation at the 95% level of confidence.

Amongst 'professionals, associate professionals and technicians' females are actually *over*-represented in relation to their share of all employees. This finding may seem somewhat counter-intuitive given the bias against females in terms of their middle class status discussed earlier. Part of the explanation for this is the predominance of females in nursing and teaching professions. If nurses and teachers are excluded from the aggregation of professional occupations in the 2000 data, females are now under-represented amongst professionals.

The total number of female professionals increased steadily and significantly between 1993 and 2008 (as seen in figure 11) and this increase was in excess of female labour force growth, implying an improvement in the occupational status of women. Unfortunately only broad occupational categories are available in the PSLSD 1993 and

NIDS 2008 data, hence it is not known whether these changes are driven by primarily by nursing and teaching professions. A more detailed analysis of occupation is required to better understand the sources of these changes in occupation by gender.

Overall, analysis of gender by class status is less clear-cut than the analysis of race by class status. The South African class structure does exhibit a gender bias towards males, whether analysed at the level of the individual or at the level of the household (by comparing female-headed and male-headed households), however any significant improvement in the class status of females over time is more difficult to determine. If gender is examined at the level of the household there is evidence of a small improvement in the percentage of female-headed households which are middle-class (there is also a large rise in the percentage of middle-class households which are female-headed, however this is driven by structural changes at the population level). Using occupation as an alternative measure of class status does not provide much further clarity. Although, 'managers, legislators and senior officials' as well as 'clerks' show no significant change in gender equity over time, there is a notable increase in the number of female 'professionals, associate professionals and technicians' in excess of female labour force growth.

5. Conclusion

Studies of the middle class in South Africa generally report large growth in the size of the middle class over the post-Apartheid period (cf. Whiteford and Van Seventer, 2000; Schlemmer, 2005; Van der Berg, 2010). On the converse, the results from reported here show that growth of the middle class over the period 1993 – 2008 was in fact modest increasing only slightly ahead of population growth (although an additional 2.7 million individuals were added to the middle class in absolute terms). The difference between these findings and the broader literature is partly reconciled by an analysis of the demographic profile of the middle class as well as differentiating between the middle and upper class.

The total number of middle-class Africans (and to a lesser extent Coloureds) increased substantially whilst the total number of middle-class Whites declined (due to White emigration and lower White fertility levels). The net result was a modest change in the total size of the middle class and a large change in the racial composition of the middle class from majority White to majority African. The upper class also experienced racial transformation and more than doubled in size (albeit from a low base). The income share of the middle class (and lower class) declined due to a growing income share accruing to the upper class– a sign of rising income inequality.

Less can be said regarding changes in the gender profile of the middle class– at best, any progress was only slight. Overall, significant ground was gained towards racial transformation of the South African middle class, as stipulated in BEE and similar government policies. However, growth of the middle class itself was limited by falling numbers of middle-class whites and a higher concentration of incomes at the very top.

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