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The Elusive New Middle Class in Brazil

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ARTICLE

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Against the background of the generalized reduction of poverty in the world, and particularly in Brazil, this article intends to gauge the socio-economic profile of Brazilian households that emerged from poverty and have been identified as integrating a "new middle class". Using indicators of standards of living from the 2008-2009 Survey on Family Budgets (POF/IBGE), we found out that, in contrast to what has been assumed on the basis of average income criteria, this social stratum is markedly heterogeneous, most of it being similar in their consumption patterns to the economically vulnerable or outright poor strata. So, we conclude that, from a sociological perspective that demands additional conditions besides income levels to identify social classes, it is a category mistake to call this social stratum a new middle class. We conjecture that this may be consequential in terms of policy priorities and choices.

Keywords: New middle class; standards of living; consumption patterns; Brazil.

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The dataset on which this article is based can be found at www.bpsr.org.br/files/archives/Dataset_Kerstenetzky_Uchôa_Silva.

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A characteristic that strongly marked the world economy in the last 20 years – at least before the full unfolding of the consequences of the "Great Recession" that started in 2008 - was the intense growth experienced by practically all countries, the developing ones in particular, in the wake of the process of market globalization and the rise of China. In social terms, the main consequence of this phase of growth of developing countries was the dramatic reduction of poverty in the world population, and today one may even envisage its virtual disappearance, at least in its more extreme form¹.

This process has been accompanied by the growth of intermediate layers between the poor and the rich, which, by having access to new levels of mass consumption, some analysts prefer to consider as members of a presumed "new middle class", people who have access to additional resources (nearly a third of the total) after the satisfaction of basic needs like food and housing. It is estimated that, in the emerging markets as a whole, the so-called middle class increased from nearly a third of the population in 1990 to more than half today².

A point to be considered is that these analyses admit that it is not enough to have escaped poverty in order to enter the threshold of the "Middle Class". For this, it would be required to have enough additional monetary resources to allow the discretionary spending in material and cultural consumption. The hypothesis seems to be that there is an intermediate stratum between the poor and the middle class, a stratum whose position is still precarious and unstable, without full access to the consumption market and constantly besieged by the ghost of social decadence.

A recent study by the World Bank on the emergence of the middle class in Latin-America³ explicitly considers these criteria. The study defines the middle class in terms of economic security, i.e., of a low probability of falling down (for many, falling back) into income poverty. As may be guessed, their results show that the "vulnerable", who do not make enough to enjoy economic security, is the largest group of Latin American population, including that of Brazil. Following the

¹ See, for instance, the cover feature of *The Economist* 01-07 June, 2013, under the symptomatic title *Towards the End of Poverty*.

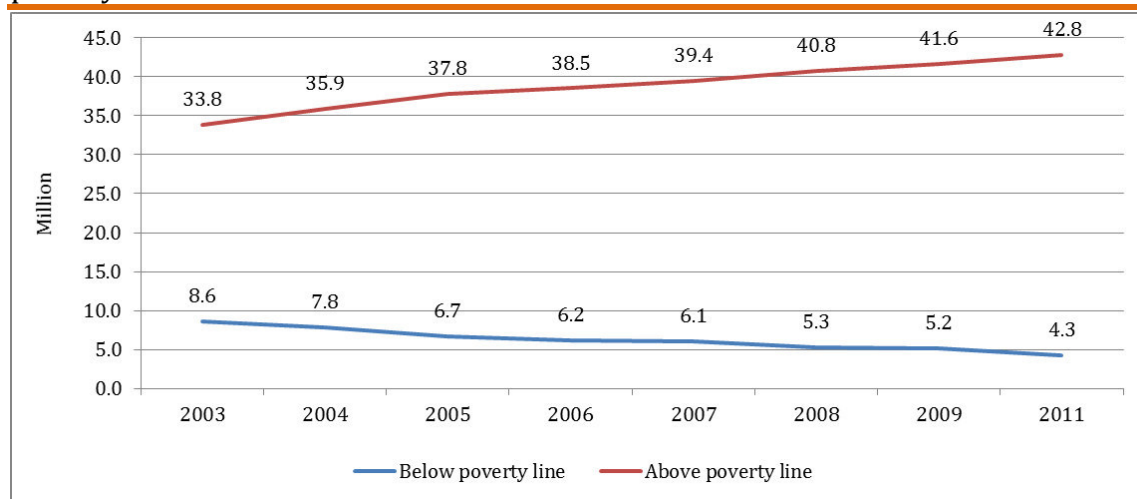
² See the special report of Parker (2009), the "Burgeoning Bourgeoisie" in *The Economist*, February 14, 2009.

³ Ferreira et al. (2012).

lead of this study, Birdsall et al. (2014) look into the prospects of this group, which they call "the strugglers", and predict that they may well end up marginalized in the not-too-distant future.

Still, the Latin American case awakens interest inasmuch as the reduction of poverty was accompanied by a sustained contraction of inequality; in any case, a rarity in the history of the region (CORNIA, 2014)⁴. Lustig et al. (2013) estimate, using a US\$ 4 dollar PPP per day poverty line, that the decline in inequality contributed about 40% to the total reduction of poverty (the rest is explained by growth). In Brazil, between 2003 and 2011, nearly nine million households (more than 30 million people) crossed upwards a poverty line roughly equivalent to a fourth of the minimum wage (Figure 01).

Figure 01. Number of households with per capita income below and above the poverty line – Brazil – 2003 to 2011



Source: PNADs 2003 to 2011/IBGE, 2012. Poverty line = R\$ 143.41; adjusted to January 2013 values. That line was established considering Hoffmann's (2007, pp. 98-99) work.

The decline in inequality as the income of the poorer increased in a proportion larger than that of the richer seems to be an established fact (see Table 01 below) -- and its contribution to the reduction in poverty is only somewhat lesser than the regional average (LUSTIG et al., 2013).

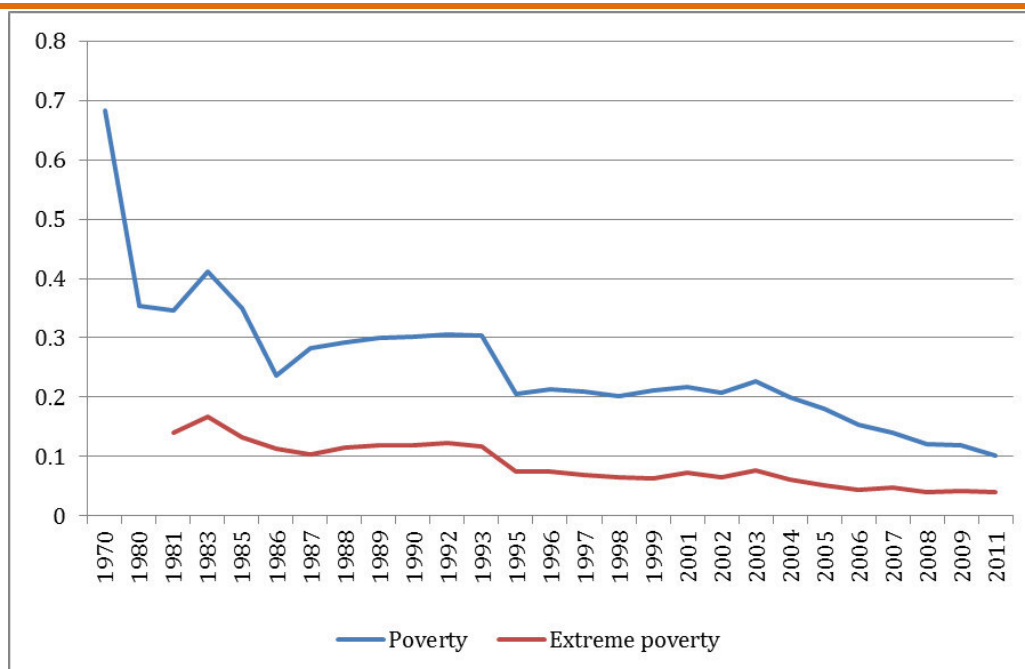
⁴ See especially chapters 01-02, pages 03-69.

Table 01. Evolution of the income share of income deciles – Brazil - 2002 to 2012

	Growth rate 2012/2002 (%)	Income share in 2012 (%)	Income share in 2002 (%)
1% richest	-6.0	12.6	13.4
10% richest	-4.9	44.7	47
9º. decile	-3.7	15.5	16.1
8º. decile	3.8	10.9	10.5
7º. decile	10.5	8.4	7.6
6º. decile	18.9	6.9	5.8
5º. decile	22.2	5.5	4.5
4º. decile	26.5	4.3	3.4
3º. decile	32	3.3	2.5
2º. decile	35.3	2.3	1.7
1º. decile	30.8	1.02	0.78

Source: Kerstenetzky (2015) from the Ipeadata data source. Income: household per capita income from the PNADs/IBGE.

Some works empirically relate such changes with stable democracies and center-left coalition governments in the region (e.g. CORNIA, 2010, 2014; HUBER et al., 2008). In fact, in Brazil, if currency stabilization with the Real Plan was crucial to cutting poverty levels from their 1980's 30% peak level down to 20% in 1995, while poverty levels had been pretty much pro-cyclical before that, after 2002 and up to 2011 poverty halved (see Figure 02 below) also on account of policy-induced inequality reduction.

Figure 02. Proportion of People in Poverty and in Extreme Poverty – Brazil – 1970 to 2011

Source: Rocha (2013).

It is generally acknowledged that public policies were important in this period (HUBER et al., 2008; HUBER and BOGLIACCINI, 2010; LÓPEZ CALVA and LUSTIG, 2010; LUSTIG et al., 2013; SOARES, 2011). Among them are the expansion of educational attainment, labor market policies, such as minimum wage valorization, cash transfers to the poor and non-contributory pensions to rural workers.

However, the jury is out as to whether this large group of socially better-positioned people migrated to the middle *class*, as has been repeatedly suggested. The question is not simple. Beyond the issue of class formation, there are different definitions and ways to measure social positions but, in any case, there is a wide consensus that family income is far from being a sufficient criterion for class belonging and that other sociological criteria are to be adopted. This assumption also underscores the work of Ferreira et al (2012) on Latin American countries, where the chances for social demotion were the point of departure for the definition of a stratum of "vulnerable" people, distinct from both the poor and the middle class. At the very least, we would need to evaluate the stability of the new positions attained, in view of the material and symbolic legacies, as well as the obvious risks, such as the situation of the head of household in the labor market or adverse economic conjunctures that might cancel fragile gains.

The Brazilian debate to a large extent centers on the reception of economist Marcelo Neri's research on this issue. His seminal analyses (NERI, 2008, 2010, 2011) support the positive view that the income gains have qualified a significant stratum of the former Brazilian poor to the middle class club, "the new middle class", and were met with relative sympathy by the empirical work of the sociologist Bolívar Lamounier and political scientist Amaury de Souza (2010). Recent studies have questioned the "class" interpretation, though. Most of them criticize the exclusive focus on income and lack of reference to social structure, especially the occupational structure (POCHMANN, 2012; QUADROS, 2010; SCALON and SALATA, 2012; SOBRINHO, 2011). According to the age-old social stratification tradition, occupational traits and labor market insertion, secondary aspects in Neri's study, are essential markers of class positions⁵. Other analysts take issue with Neri's analysis but also with critical efforts directed to it

⁵ Our own calculations on the basis of the POF questionnaire on occupations, in fact, show that most of the heads of households in the "new middle class" are (mainly) manual or rural workers, confirming the results of the literature just mentioned. See Table 06, in the on-line appendix.

(SOUZA, 2010), since these pay too much heed to the economic dimension of stratification and neglect essential cultural dimensions such as class culture (e.g., lifestyles, tastes) and the symbolic production of social distinctions in processes of class formation and reproduction. Otherwise diverging in their starting points, all of these authors converge to the conclusion that the shortening of social distances we have been witnessing is mostly the emergence of a "new working class", or "struggling class" (SOUZA, 2010), still deprived of the social and economic security that distinguishes the full-fledged middle class (FERREIRA et al., 2012).

This paper aims at dialoguing with that small but growing literature by attempting to introduce the perspective of "lifestyle"⁶ in the debate, a marker privileged in the field of Sociology of Consumption studies⁷. This is actually done through the gauging of the standards of living of the households that, by the income criterion proposed by Neri (2008, 2010, 2011), have been identified as members of a "new middle class", in order to examine the adequacy of such a classification.

We are aware that the translation of some sociological concepts into statistical indicators is risky, and this is not exactly what we intend to do. We are rather interested in the idea of class differentiation occurring at the level of combinations of capitals and resources (economic, social, cultural), but are obviously limited by the available statistical information. Indirect evidence of differential access or possession of resources is given by indicators of standards of living and, in particular, of consumption patterns.

In contrast to the work of Ferreira et al. (2012) and Birdsall et al. (2014), which exclude from the middle class those non-poor people with a high probability of falling into poverty, we do not depart from a previous poverty line definition and income range. To check the adequacy of Neri's classification, we rather start out from a standard of living that characterizes a middle-class lifestyle, according to common perception. Also we do not establish an objective cutoff, but rather search for similarity among economic strata. But the mentioned authors' intuition is similar to common perceptions in Brazil, that economic security is central to the middle-class identity.

⁶ Admittedly, this criterion is also adopted by Souza (2010), but his qualitative analysis is based on interviews.

⁷ For a recent review of the literature dealing with consumption, status and class distinctions, including an evaluation of the contributions of classical and contemporary authors, such as Weber, Veblen and Bourdieu, as well as of their critics, see Stillerman (2015), especially chapter 04, pages 83-108. See also Savage (2012).

To this end, we examined the data of the Survey on Family Budgets (Pesquisa de Orçamentos Familiares – POF, conducted by the Instituto Brasileiro de Geografia e Estatística – IBGE) from 2008-2009, a database not yet explored (probably because of its complexity) in the debate on the new middle class, but rich in information on the socioeconomic profile of Brazilian households and their individual members. In comparison to previous papers (KERSTENETZKY and UCHÔA, 2013; UCHÔA and KERSTENETZKY, 2012), where we already began the exploration of that base, pointing out the fragility of the educational performance of the small children and youngsters of the "new middle class" families, which would help predict their precarious life perspectives (KERSTENETZKY and UCHÔA, 2013), in this paper we present a wider palette of elements that imply the ideas of consumption patterns as proxies to lifestyle. Along with the critical literature, our observations from the new angle do not support the optimistic diagnosis that the former income poor migrated en masse to the "new middle class". Most of them seem to have ended up quite vulnerable or even (standard of living-) poor.

To avoid misunderstandings, a couple of disclaimers are in order. In this paper we do not intend to develop an alternative classification of the middle class but instead check the strength of the classification that has been proposed on the basis of the income criterion against consumption patterns criteria. Our hypothesis is that a considerable proportion of the people that on the median/average income criterion have been classified under the new middle class label are more like a vulnerable social stratum than a well-established middle-class stratum when consumption patterns are considered. Secondly, the approach is essentially descriptive and does not intend to advance any kind of normative analysis on inequalities and forms of reparation thereof.

In the remainder of this paper, we present the rationale for the choice of markers in section 01, the adopted methodology in section 02, and the results for the analysis of the so-called "new middle class" in section 03. In the last section, we briefly mention some of the implications.

How to identify middle class?

In his recent study on what he calls the new Brazilian middle class, Neri (2011) states that this stratum is the one that "gets on average the average (sic) income of

society, i.e., constitutes the middle class in statistical terms" (NERI, 2011, p. 83)⁸. The total household income of this "new Brazilian middle class" goes from R\$ 1,200.00 to 5,174.00 per month (NERI, op. cit, p. 27), being thus located above the poorer 50% and below the richer 10%.

However, in spite of being amenable to statistical categorization, the middle class as a social stratum is difficult to categorize in sociological terms. This difficulty appears in different theoretical efforts in social stratification, drawing, e.g., on asset possession, knowledge or unique credentials/skills, authority positions in organizations, distinctive labor contracts, among other forms of identification. In any case, the option of treating it as a class of mean or median income is far from convincing: for one, given the still highly-concentrated income distribution in Brazil, a very large proportion of the population might simultaneously have an income level around the median income and still be economically/socially insecure, not to say plainly poor, given the low values demarcating the median interval and deficient public provision of various needed services. More generally, this simplistic criterion does not accommodate many of our intuitive judgments about what characterizes a *bona fide* middle class, economic security, one among them.

But instead of normatively establishing what a middle-class standard of living should look like, in this paper, we adopt an inductive approach. On the basis of studies about shared perceptions on what is supposed to distinguish the middle class, we identify some of the characteristic markers of this stratum and their incidence in the mean income group as identified in Neri's (2011) study. Our intent is to verify the equivalence between socially-shared perceptions and the statistical classification based on income. To this end, we combine the markers with the information available in the POF database. Given that this database provides information on family budgets, we concentrate on consumption patterns.

It turns out that our path to the analysis of the socioeconomic profile of that income bracket finds a rationalization in many sociological approaches, including some of Bourdieu's seminal analyses (2008, 2012). According to these theoretical

⁸ Neri is not the only reference in this discussion. Economist Ricardo Paes de Barros, working at the Secretaria de Assuntos Estratégicos da Presidência da República during the Rousseff administration, has also been very vocal for the new middle class as a new economic and social actor. See Secretaria de Assuntos Estratégicos, 2012. However, the published work of Neri (2011) remains the more important reference for this view in the academic discussion in Brazil.

perspectives, social strata are constructed by the marking of their relative positions, as well as by a general perception and recognition of these positions, and not solely as a function of the property of some specific resource. The element of perceived differential consumption or distinction plays a central role. People's perceptions on the middle class seem to confirm this, as we explain below.

Souza and Lamounier's study (2010), on which we draw, indicates the saliency of a certain set of markers, which are socially acknowledged as distinctive of the middle class⁹. Among these markers figure a stable standard of living, house ownership, high income, university education, and a prestigious profession, access to leisure and amusement, and access to good schools for the children¹⁰. The qualifications "stable", "ownership", "high", "university", "prestigious", "good", besides access to things not considered as primary needs, like leisure and amusement, indicate differentiation relative to the consumption of lower strata (the poor and median strata), from which the middle class wishes to be kept apart. To this list, we added access to "modern" means of communication and information, we qualified the owned house in terms of "good" housing conditions, and we also added free time to the item access to leisure and amusement. It is worth noting that, in contrast to the study authors, who do not call into question the proposition that the families situated in the income bracket defined by Neri (2011) are members of the middle class, we utilized the markers they identified precisely to examine the proposition's adequacy.

Our variable selection, explained in the next section, resulted from the combination of the markers and information available in the database. Our distinction criteria, restricted to information in the database, were limited to possession and access to specified resources (goods and services).

Methodology

The focus of analysis, following Neri (op. cit.), is the total household income and the database, as already mentioned, is the Survey on Family Budgets, 2008-2009, or POF, for short.

⁹ This study is based on the 2008 Middle Class Survey, a representative sample of interviews with 2,002 voters aged 16 years or older in 141 Brazilian municipalities that took place between December 8 and 12, 2008.

¹⁰ The percentage varied from 77 percent (good schools) to 93 percent (stable standard of living) of positive answers across the board, pointing to these markers as distinctive of the middle class.

The POF is a national household survey that is conducted during a whole year every five years by the Brazilian Institute of Geography and Statistics, the IBGE. The sample is representative at both individual and household levels. The basic unit of investigation is the so-called "consumption unit". Data collection includes seven different questionnaires that allow a detailed reconstitution of households' physical characteristics, individual and household expenditures, income, net worth and other socioeconomic traits. Thus, the POF gives an in-depth picture of the standard of living of Brazilian households, being for this reason especially suitable for the kind of research we undertake here. Among the sixteen files that make up the whole database, we selected the following: living conditions, 90-day expenses, individual expenditures, car expenses, household, inventory of goods, resident, "other income" (rental income, interest from financial investments, etc), and domestic help.

As already mentioned, we examined households in the income bracket from R\$ 1,052.00 to 4,537.00, to which was attributed the status of "new middle class" (from now on NMC stratum or segment)¹¹. Besides, having in view a more detailed analysis of the differentiation within the NMC, we further divided this large segment into three equal-length sub-segments, as shown below in section 03. Once we determined the households to be studied, we examined the many aspects of such units and the heads of households' attributes in such a way as to answer whether these households may plausibly be considered as typically middle class ones. This way, we associated the markers or selected criteria (cf. section 01) to variables and for each of these we identified one question in POF, according to Table 02 below.

The equivalence between criteria and variables is to some extent self-explanatory, but it is worth reflecting on the decisions here taken. First, the identification of variables that correspond to markers was limited by two parameters: on the one hand, by the belief that there is not a necessary relation between marker and variable and that other variables could equally well indicate the occurrence of these criteria. Besides, variables could be classified in a different way than that presented here. In this sense, our sole claim is plausibility. On the other, we are limited to the information available in the database. As a consequence, and additionally, we want to make explicit our reasons to classify variables the way we did.

¹¹ This corresponds to Neri's 2011 income bracket, in 2009 values. For value actualization, we used the Generalized National Index of Prices for Consumers (IPCA, from the Portuguese), estimated by IBGE.

Table 02. Criteria, variables and proxies used in the analysis

Criteria	Variables	Proxies
Stable standard of living	Savings account	Has a passbook savings account
	Private pension plan	Has a self-funded private pension plan
	Health insurance plan	Has a health insurance plan from employer or on own account
	Car	Owns a car
	Credit card*	Has a credit card
	Checking account with overdraft*	Has a checking account with overdraft coverage
Home ownership and dwelling conditions	Own home	Condition of occupation of dwelling
	No crowding**	Number of residents per bedroom
	Indoor bathroom	Number of indoor bathrooms per dwelling
	Adequate material***	Predominant material of walls, floor and roof
University education	Public services****	Has public services available
	University education*	Highest educational level of head of household
	Leisure and sports services	Has service in evaluation of dwelling conditions
Access to leisure, diversion and spare time	Subscription TV	Has a subscription TV plan or package
	Theater	Has expenses to attend plays
	Cinema	Has cinema expenses
	Color	Owns a color TV
	DVD player	Owns a DVD player
	Washing machine	Owns a washing machine
	Vacuum cleaner	Owns a vacuum cleaner
	Maid	Has a maid/cleaning person
Access to good schools	Children attend private school	Has children enrolled in a private school
Access to information and communication technology	Internet in home	Has Internet access
	Computer	Owns computer
	Mobile phone	Owns a mobile phone

Source: Prepared by the authors based on Neri (2011), Souza and Lamounier (2010), O'Dougherty (1998), POF 2008-2009 and living condition and social indicators - IBGE (2013)

Notes: * refer to the head of household. All the other variables refer to the dwelling.

** up to 2 people per bedroom

*** Adequate material = adequate construction material of walls + floor + roof.

Adequate wall material: masonry and/or wood.

Adequate floor material: carpet, ceramic tiles, wood over cement slab.

Adequate roof material: wood shingles, corrugated steel sheets or cement slab.

**** Services: water, trash collection, street lighting, storm drains, electricity, rapid transit, education, health, street cleaning and maintenance, sewerage.

Beginning by the "stable standard of living" criterion, we focused on the access to forms of private pension and sources of resources (such as wealth, credit and investment income) that reduce uncertainty in the middle and long run, stabilizing the standard of living while making it less dependent on monthly

income. This correlates directly with the Lamounier-Souza (2010) survey in which most people explicitly cited a stable standard of living as a characteristic of the middle class. Economic security, a trait suggested in the Ferreira et al. (2012) study, is also captured here¹².

The "home ownership with good housing conditions" criterion refers to housing conditions in general and, by not concentrating solely on the property of the dwelling and also taking into account its habitability, especially the access to public services, directs attention to the effective quality of housing. This criterion – home ownership – also appeared with distinction in the Lamounier-Souza (2010) survey.

In the "services" indicator, we decided to consider all ten selected ones, for they are all considered essential. Our interest in this case was to observe the existence of the services as a way of qualifying the housing situation.

The criteria "university education of the household's head" and "access to good schools", which also appeared prominently in the LS (2010) survey, may give us an approximate notion of the level of cultural capital made possible by different income strata, especially its intergenerational transmission.

In the criterion "access to leisure, diversion and spare time", another element cited in the LS (2010) survey, we decided to include both leisure inside and outside the house and availability of free time – elements that conform to a distinctive consumption pattern, not included in what are commonly considered basic needs. The variables that allowed us to identify the availability of free time, to which we associate a decent living standard, were ownership of washing machine and vacuum cleaner, and spending on domestic help, a peculiarity of the Brazilian middle class.

Finally, the criterion "access to information and communication technology" was included to give some sense of possession of social capital or social connections.

¹² The idea here is not so much that these people have access to basic goods but that they enjoy a more permanent sense of economic security, given by their "economic capital" in the terminology of Bourdieu (2008). In this sense, economic security distinguishes them from vulnerable or outright poorer strata.

Having selected the variables and defined the proxies in the database, as shown in Table 01 above, we register the numbers, absolute and relative, of households that answered "yes" to the questions. We break the income distribution into six income brackets and proceed to analyze the similarity among them, as we explain in the next section.

A warning applies here. We decided to include expenditures on health insurance plans (in the stable living standard criterion) and private schools (in the access to good schools criterion) as markers of middle class consumption patterns, in spite of the high market stratification of these services, because, as a matter of fact, they seem to constitute distinctive middle class traits in Brazil. If what new consumers are getting is real quality, which is doubtful, is a different matter and something we are not able to assess with the data at our disposal. In concrete terms, this means that we may be overestimating the amount of middle class households, which runs counter to our own hypothesis.

Results

A first approximation to the data shows that the households in the income bracket that correspond to the so-called "new middle class" amounted, in 2009, to 31.6 million, or 55% of the Brazilian households. The sheer width of the income bracket that has been identified as the "new middle class" is very large, and this suggests that different situations may have been considered uniformly when we look at the income bracket as a whole.

In fact, a preliminary analysis indicates that this segment is characterized by a strong inequality within it, and the predominance is of dwellings in the lower NMC income segment, where apparently the largest growth occurred in recent years, be it in absolute terms or in percentage points. This lower NMC sub-segment alone accounts for almost one-third of all households in Brazil and about 60% of all NMC households

So, in view of these observations, we broke the NMC group into three subgroups of equal income range, and, to keep our results comparable with Neri's (2011), we decomposed the household income distribution as a whole into six strata: the first stratum corresponds to Neri's class E, where the poor households are located; the second one corresponds to Neri's class D, of vulnerable people; the

third, fourth and fifth ones are Neri's class C or the new middle class; and the sixth one stands for Neri's classes A and B (see Table 03, below).

Table 03. Dwellings by income range* - Brazil - 2008 – 2009

Monthly income ranges (R\$)***	2008-2009	
	Amount **	%
Up to 658.59	8.5	14.7
658.60 to 1,052.34	9.4	16.3
1,052.35 to 2,214.02	18.9	32.8
2,214.03 to 3,375.70	8.4	14.6
3,375.71 to 4,537.37	4.2	7.3
More than 4,537.37	8.2	14.3
Total	57.7	100.0

Source: POF 2008-2009/IBGE.

Notes: * amounts updated by the Consumer Price Index - IPCA/IBGE - January 2009.

** million.

*** Brazil's currency is the Real (R\$). Over the study period of this paper, the exchange rate with the dollar fluctuated in an interval between approximately R\$ 1.65 to R\$ 3.10/US\$, with a rough average of R\$2.20/US\$.

Table 04 below shows the observed profile of Brazilian households by income brackets (as a proportion of the households in each income bracket), considering the selected criteria and variables taken as reasonable approximations for middle class identification.

A preliminary general observation is that there are some relatively "universalized" things: various housing conditions, as well as possession of color TV sets, are present in most households in all income brackets examined (the same happened with refrigerators, not included in Table 03). These items do not seem to differentiate much along the income groups, at least on the basis of the data at our disposal. However, an interesting second finding in regard to our exploration of the new middle class segment was to see that the second poorest stratum (class D) and the first income stratum of the NMC group (class "C1") seem indeed to show substantial affinities: most of the households in strata D and C1 do not possess 17 and 16 items, respectively, of a total of 23, the shortest distance considering all pairs of adjacent strata on this criterion. To be sure, only the richest stratum (Neri's (2011) classes A and B) enjoys the situation of most of the households holding most of the items, but, again, the absolute distance is somewhat larger among any other adjacent strata than it is between D and C1. Poor households (class E) stood alone only in the minority of those who possessed DVD equipment.

Table 04. Percentage of households that possess the item by income range* – Brazil – 2008 – 2009

		Up to 658.59	658.60 to 1,052.34	1,052.35 to 2,214.02	2,214.03 to 3,375.70	3,375.71 to 4,537.37	More than 4,537.37
Stable standard of living	Savings account	3.8	6.7	14.3	24.7	28.9	41.0
	Private pension plan	0.1	0.1	0.5	1.9	3.4	11.8
	Health insurance plan	2.3	4.9	14.3	33.7	48.2	67.7
	Car	4.4	9.3	23.7	48.3	63.0	81.5
	Credit card	8.6	16.3	26.7	42.8	53.3	69.0
	Checking account with overdraft	1.9	3.7	9.3	24.4	35.9	62.8
	Home ownership and housing conditions	Own home	64.5	67.7	72.4	76.6	79.0
No crowding		26.7	23.8	19.4	14.3	11.6	5.8
Indoor bathroom		86.5	94.6	98.2	99.5	99.9	99.9
Adequate material		85.5	93.6	95.8	97.3	97.7	96.1
Public services		23.9	34.2	44.1	56.2	60.3	69.3
University education	University education	0.8	0.9	2.9	9.2	16.5	40.5
Access to good schools	Children attend private school	3.3	5.6	9.9	19.2	29.8	60.7
Access to leisure, diversion and spare time	Leisure and sports services	45.3	48.8	56.0	62.1	67.5	74.4
	Subscription TV	0.4	0.7	1.7	5.2	9.7	26.1
	Color TV	92.6	95.0	96.6	97.7	98.0	98.8
	DVD player	44.9	53.0	64.4	75.1	79.8	85.9
	Washing machine	13.7	23.2	41.0	62.8	73.3	83.4
	Vacuum cleaner	0.9	1.7	5.8	15.0	24.6	42.1
	Maid	4.0	6.5	11.8	21.6	32.3	60.6
Access to information and communication technology	Internet in home	0.8	2.1	6.5	17.5	30.2	52.1
	Computer	2.7	6.6	17.9	40.2	57.1	75.8
	Mobile phone	22.9	34.1	46.5	58.3	64.1	71.9

Source: POF 2008-2009/IBGE.

Notes: * amounts updated by the Consumer Price Index - IPCA/IBGE - January 2009.

In addition, in variables like private health care, checking accounts with overdraft, private school, internet in home and domestic help, poor and not poor, from the first to the fifth income stratum including the NMC group as a whole, share a similar situation: most of their households simply do not have access to these resources. Henceforth, the sixth stratum is distinctive in its exclusive access to them. Segments 05 and 06 are together with exclusivity only in credit card, computer and car ownership; symmetrically, not having access to them negatively

marks out groups 01, 02 and 03. Thus, even the affinity of the highest income stratum within the NMC group and the adjoining richer stratum seems weak. Segments 04, 05 and 06 are together exclusively as to access to services and mobile phone ownership. The NMC group appears to be united (to the exclusion of the poorer classes D and E) only in two variables: DVD ownership and leisure and sports services.

The relations between income and every item listed in Table 03 were statistically significant. We report the results of various tests in Table 05 below.

Table 05. Statistical tests: income x specified items

Items	Pearson Chi-Square	Asymp. Sig. (2-sided)	Phi	Cramer's V
Savings account	5,720E+06	0,000	0,315	0,315
Private pension plane	3,856E+06	0,000	0,259	0,259
Health insurance plan	1,550E+07	0,000	0,518	0,518
Car	1,759E+07	0,000	0,552	0,552
Credit card	9,863E+06	0,000	0,413	0,292
Checking account with overdraft	1,539E+07	0,000	0,517	0,365
Own home	8,146E+05	0,000	0,119	0,119
No crowding	1,697E+06	0,000	0,172	0,172
Indoor bathroom	3,366E+06	0,000	0,242	0,242
Adequate material	1,591E+06	0,000	0,166	0,166
Public services	4,706E+06	0,000	0,286	0,286
University education	1,184E+07	0,000	0,453	0,453
Leisure and sports services	2,033E+06	0,000	0,188	0,188
Subscription TV	7,647E+06	0,000	0,364	0,364
Color TV	2,630E+06	0,000	0,101	0,101
DVD player	4,276E+06	0,000	0,277	0,277
Washing machine	1,203E+07	0,000	0,464	0,464
Vacuum cleaner	9,723E+06	0,000	0,417	0,417
Maid	1,228E+07	0,000	0,461	0,461
Children attend private school	4,244E+06	0,000	0,271	0,192
Internet in home	1,348E+07	0,000	0,483	0,483
Computer	1,745E+07	0,000	0,013	0,013
Mobile phone	5,571E+06	0,000	0,311	0,311

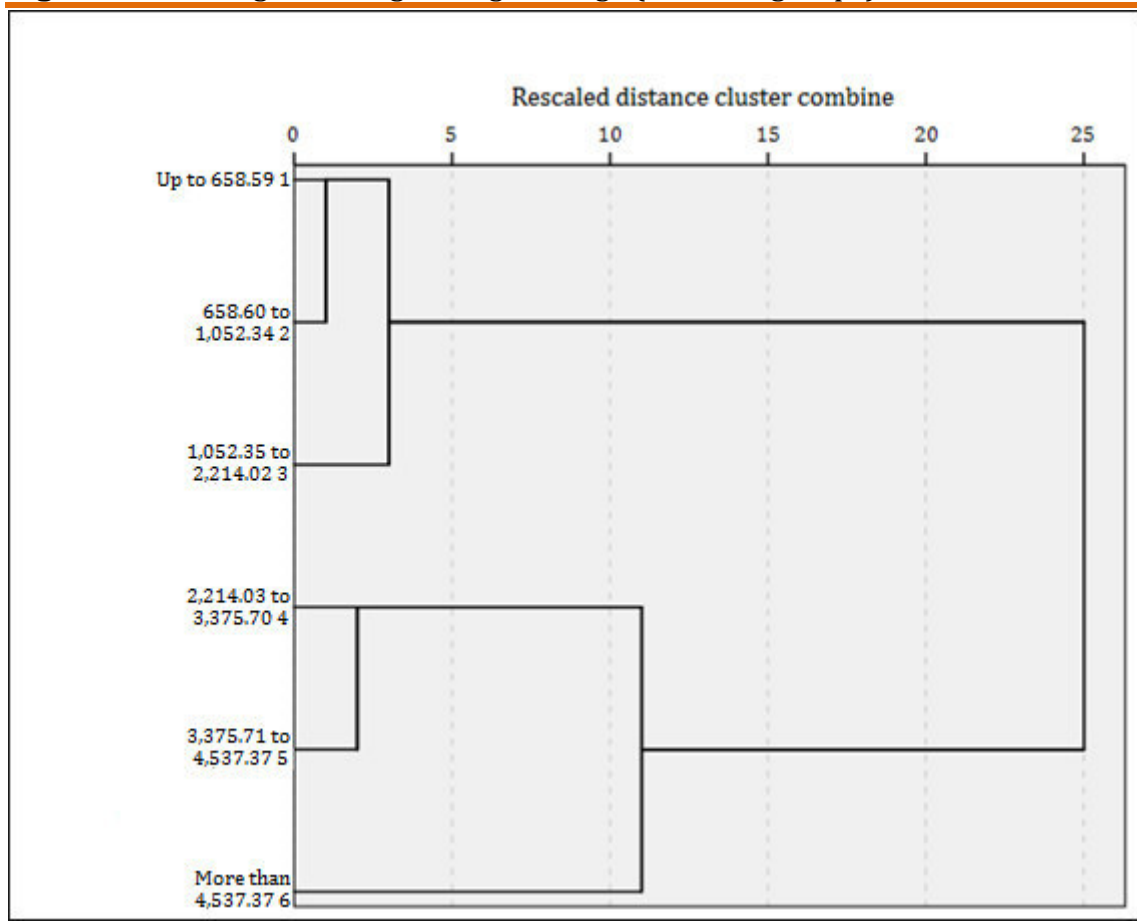
Source: POF 2008-2009/IBGE.

Our initial visual impression of a non-robust NMC group was double-checked with the use of a common technique of multivariate analysis that aims at grouping objects on the basis of their profiles. Our objects are the six income strata and the characteristics that compose the profiles are the list of 23 variables we considered in Table 03. In this technique, the final result is given in graphical form,

in which similarities among the objects are usually computed as distances on a Euclidean scale; the shorter the distances, the more similar the objects are to one another.

So, as a way of summarizing the profile similarities delineated above, we submitted the data in Table 03 to a Hierarchical Cluster Analysis, using the SPSS software. The analysis is based on the quadratic Euclidean distance and its final results are presented in graphical form by the dendrogram in Figure 03 below.

Figure 03. Dendrogram using average linkage (between groups)



Source: POF 2008-2009/IBGE.

As we can see, in its first step the clustering algorithm aggregated the two poorer income strata; after that, the two upper NMC strata were clustered, clearly differentiating them from the lower NMC stratum; and in its third step, this lower NMC stratum is clustered with the first group produced, those with lowest incomes.

Therefore, stopping the analysis at this point, we would end up with 03 strata clusters: (01) a "poor group", those earning up to R\$ 2,214.00, composed of the three poorer strata (i.e. including the first NMC segment); (02) a "middle" group with the two upper NMC strata, those earning more than R\$ 2,214.00 but less than R\$ 4,537.00; and, finally, (03) a "high" income group, those earning more than R\$ 4,537.00. Note that the first segment of the NMC, which is clustered with the poorer strata in the "poor group", is where the median income (R\$ 1,586.63) is located.

Final comments

There are many problems with the positive identification of a "new middle class" in Brazil, but various attempts support the suspicion that it is not correct to classify the people that just emerged from poverty in that social stratum characterized by economic safety and by distinctive consumption patterns and lifestyles. Taking these elements as a reference, our study showed the heterogeneity of the NMC group, the similarities between the lower layer of this group (accounting for more than 60% of the households) and the poorer income classes, as well as the weak similitude between the moneyed sectors of the NMC and the families with higher income.

In our search for the new middle class we found a group of relatively well-off families still far away from a stable standard of living and other desired and distinctive attributes. This group, the first stratum of the NMC and the more populous one, thus looks much more like a vulnerable, "non-capitalized" social segment than an economically secure one, distinctively middle-class according to ordinary opinion and sociological canon.

In the wake of the global crisis and in the face of deflated expectations of economic and social stability of this group following economic stagnation and the cooling of the labor market, it seems more than a matter of semantic precision to unveil the condition of this chunk of households. Classificatory misspecification, signaling the false premise that poverty and vulnerability might have been overcome, may have harmful consequences in terms of policy priorities and decisions.

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