

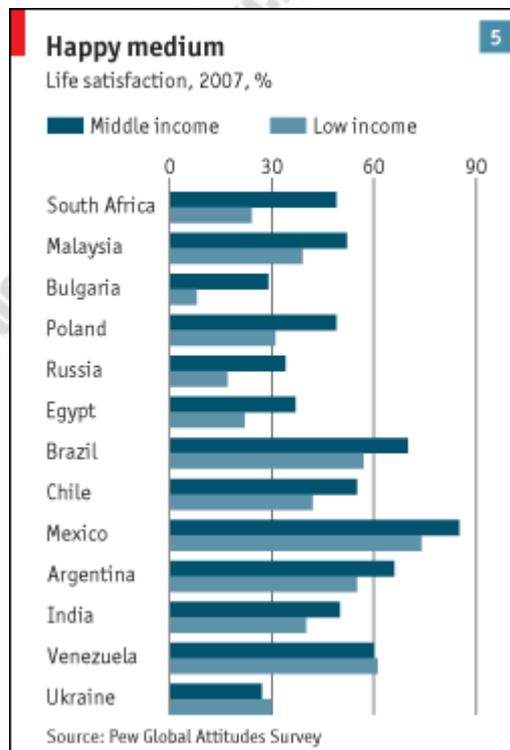
What do you think?

A special poll on middle-class attitudes.

Economic studies of the middle classes are plentiful, but opinion-poll research—especially involving international comparisons—is thin on the ground. So The Economist asked the Pew Research Center to trawl through its Global Attitudes database for this special report.

Pew looked at 13 middle-income countries in which the middle class is large or growing and classified their responses to questions about religion, democracy, life satisfaction, homosexuality and the environment by income. The threshold it used for “middle-classness” was a self-reported income of \$4,286 a year in 2007 PPP dollars, consistent with the range of \$4,000-17,000 a year used by the World Bank. Pew then compared these answers with the rest of the sample. Its middle-class group included the rich (defined as those with over \$17,000 a year), but their numbers were not statistically significant. The survey therefore compares the attitudes of the global middle class with those of the poor in the same countries. Andrew Kohut, the Pew Research Center’s president, describes it as “the most comprehensive analysis of the ways in which the middle class in emerging markets differs in its attitudes to life and society”.

The differences can be large. In half of all responses there was a gap of five to 15 percentage points between the answers given by the middle class and by the poor. For example, 52% of middle-class Venezuelans but only 42% of poor ones say homosexuality should be accepted as a way of life. The middle-class differences run mostly in the same direction. The middle class is more likely to see competitive elections as important (by an average of 8 points); somewhat more concerned about global warming; and less religious than the poor (for full results, see pewglobal.org/middleclass).



The biggest differences are in so-called “life satisfaction”. Asked to rate their personal position on a ten-point scale of satisfaction, middle-class respondents are far more likely to put themselves near the top than are poor ones. The finding is consistent with polls showing that countries tend to become happier as they get richer. But the differences in current satisfaction

are bigger than might have been expected (see chart 5). The middle class is also far more likely than the poor to expect a better life in future. These findings qualify the common view that economic growth unleashes myriad discontents.

The Pew survey also provides evidence to support two other arguments put forward in this special report. One is that the middle class varies a good deal from place to place. The gap in attitudes between the global middle class and the poor seems greater in most of eastern Europe and Spanish-speaking Latin America than in, say, Egypt, India and Brazil. The second is that the middle class supports democracy, which the poll bears out. Given widespread scepticism about this, it is perhaps the most striking finding of all.

Middle-income people are more likely than the poor to say they want competitive elections with at least two parties; more likely to demand fair treatment under the law; and more disposed to back freedom of speech and the press. However, their attitudes about politics do not differ quite as much from those of the poor as they do on religion, homosexuality or happiness. It is also true that these indicators are blunt instruments for describing often subtle attitudes.

Still, the findings are consistent across all questions and across all countries (even in Russia, where backing for democracy is low, half the middle class supports fair elections, compared with barely a third of the poor). The poll, concludes Mr Kohut, shows that "when they make it into the middle class, people in emerging markets want the kind of governance associated with rich nations."

The Economist, New York, 12 fev. 2009, Special Report, online. Disponível em <www.economist.com>. Acesso em: 6 mar. 2009.

A utilização deste artigo é exclusiva para fins educacionais

The other Moore's law

"No bourgeoisie, no democracy"; Barrington Moore may have had a point after all.

In December 2008, 300 people in China risked arrest to sign and distribute a document called Charter 08. It demanded the abolition of Communist Party rule, free elections, a new constitution, separation of powers, an independent judiciary and freedom of expression, assembly and religion. Charter 08 was not a specifically middle-class manifesto. Its most notable—and, to the Communist government, alarming—feature was the wide range of those who had signed it: farmers, former party officials, dissidents from the Tiananmen Square era, a Tibetan blogger.



AFP

Divided by headscarves, and much else

But the signatories did include representatives of China's new middle class, especially lawyers active in the so-called "rights movement" who take up cases involving property law and environmental protection. The document calls for the protection of private property, a quintessentially middle-class concern everywhere. Although the official media stifled news of the charter, discussion of it quickly spread on the internet, the favourite medium of China's new middle class. Within a week 5,000 people had added their signatures.

The appearance of Charter 08 came against what might be called the run of play in politics in China and elsewhere in the developing world. The middle class used to be seen as the single most important force in democratisation. Even Malthus had argued that "if we could find out a mode of government by which the numbers in the extreme regions [ie, rich and poor] would be lessened and the numbers in the middle regions increased, it would be undoubtedly our duty to adopt it." In 1966 Barrington Moore, an American historian, pithily summarised decades of scholarly opinion in his formula, "no bourgeoisie, no democracy".

But that view has been changing. Moore's academic successors increasingly see the middle class as marginal to establishing a democracy. Some of them think that the poor are more influential, others that the main actors are particular individuals, not social groups. In much of the post-communist and developing worlds, the giddy hopes for liberal democracy that grew up after the Berlin Wall came down have given way to a period of disappointment and democratic stagnation. Despite the huge growth in the middle class, the number of elected democracies worldwide, as tracked by Freedom House, an American advocacy group, has been flat since the mid-1990s.

China's 800m-strong new middle class has conspicuously failed to rise up against its rulers. Russia's smaller, weaker middle class seems to have colluded in the reversal of hard-won but fragile freedoms: hence the popularity (across all classes) of Mr Putin. In both countries, middle-class fear of instability seems to have trumped democratic impulses. Their middle

classes have also provided some particularly ugly manifestations of aggressive nationalism: for example, during the controversy over the Olympic torch for last year's Beijing Games, and in Russia's war on Georgia.

Middle classes in other emerging countries, faced with the disputes and strains of democratisation, seem more likely to deepen political divisions than to resolve them. That is what has happened in Thailand, where, after a year-long political impasse, the middle class split between the urban groups of Bangkok, many of which allied themselves with the royalist elite, and their peers in the smaller cities and the countryside, who linked up with farmers and with the political groupings of Thaksin Shinawatra, a former prime minister. This split has undermined democracy.

Something comparable can be seen in Turkey, where legal disputes over the wearing of headscarves in public buildings and over the legality of the ruling AK party have pitted the secular-minded middle class of Istanbul against the new, more devout middle class of Anatolia. In South Africa, the split within the ruling African National Congress can be linked to dissatisfaction with its performance by the "black diamonds", South Africans who have worked their way up into the middle class since the end of apartheid.

Worst of all, the middle class has sometimes contributed to the most brutal violence. Kenya is probably the most middle-class country in East Africa but that did not prevent it, in early 2008, from descending into horrendous tribal strife. Sri Lanka and the Indian state of Tamil Nadu are two places in South Asia where the middle class has thrived most. But the Tamil middle class has helped to finance a terrorist group, the Tamil Tigers, and now the Sinhalese middle class is cheering the no less brutal military offensive against the Tigers by the Sri Lankan armed forces.

In sum, the record suggests that a thriving middle class is not a sufficient condition for democracy. China has a middle class without a democracy. Nor is it a necessary one. India had a democracy before it developed a middle class.

Mutual infiltration

Yet that does not mean to say that the middle class has only a marginal role in creating or sustaining democracy. Its preferences are clear. As the Pew poll mentioned earlier in this special report found, the middle class consistently supports a competitive democracy and freedom of speech and the press. But its actual influence is often indirect, patchy and dependent upon other groups. This is true even in China, which is always cited as evidence that there is no link between democratisation and the existence of a middle class.

Over the past few years China has been swept by two broad social changes, both of which reflect middle-class influence. One is the "rights movement" in which China's new generation of private-sector lawyers is taking up cases of abuse of power, usually by local party officials, and challenging them in the courts. It has been especially active in environmental cases, where lawyers are fighting a rearguard action on behalf of communities affected by environmental degradation, and in property-law disputes, where the vast expansion of home-ownership has caused many conflicts between the new owners and property developers or the state.

The other social change has been the growth of the internet. Last year China overtook America as the country with the largest number of internet users. Most of them are middle-class. Guo Liang of the Chinese Academy of Social Sciences argues that the spread of the net is transforming what the middle class knows about the world and how its members interact with one another. Large majorities of users say the internet helps them understand politics better

and influence political leaders more. And though the government censors and controls the net, he says, it can do so only at the margin.

Perhaps most importantly, the middle class has influenced the aims and make-up of the party itself. China's Communist Party used to be a strongly ideological institution dominated by farmers and industrial workers. Now most of the top party leaders are engineers and other professionals. It has set up a rigid career structure in which leaders are identified early and sent to show their mettle in minor regional posts before re-emerging at the top, like sons of factory owners learning the ropes before inheriting the business. The party is obsessed with qualifications: its leaders all seem to have postgraduate degrees, often from America. It is strongly corporate, hierarchical and career-oriented, resembling nothing so much as any great American corporation in the 1950s. This is mutual infiltration. The party keeps tabs on the middle class; the middle class influences the party. China's middle class has remade Mao's party in its own image.

So what is it about the middle class that influences politics? To oversimplify, its crucial feature is heterogeneity. Compared with the poor and the rich, the middle class contains a greater range of interests. It covers a wide range of occupations: software engineers, shopkeepers, teachers and all the manifestations of economic complexity. On the widest definition, it covers everyone from the almost poor, on \$2 a day, to the almost rich, on \$100 a day. It includes people with barely a foothold on the economic system and those who are pillars of it.

Fifty-seven varieties

Because of this variety, the middle class is driven by a wider range of concerns than either the poor—whose main worry is the need for more money—or the elite, who concentrate on defending their political or economic position. The middle class is not a narrow special-interest group in the same way.

This heterogeneity is important. One test of that importance is what happens when it is absent, or thought to be absent. For example, the Turkish elite fears that the new "Muslim middle class" (the economically successful groups from Anatolia who support the AK) is not heterogeneous but merely acts as a single-minded Trojan horse for Islam. Hence the elite's extreme suspicion of those groups. Where the middle is not seen as heterogeneous, the politics of the country is often divisive.

But where variety is the rule (as it usually is), it has two main effects. First, says MIT's Daron Acemoglu, a heterogeneous middle class makes the elite less fearful of democracy than it would otherwise be. The elite fears democracy not just because it might mean giving up its position of power (which actually does not always follow) but also because of the potential effect on its wealth. Land is easy to tax, so a land-owning (or oil-controlling) elite will naturally worry that, if the poor gain greater political influence, they will use it to impose punitive land taxes or land reforms.

Oil-producing countries in which the elite controls the oilfields are hardly ever democracies. And in places where people have grabbed power claiming to represent the poor (Venezuela, Bolivia), the first result has often been swingeing taxes on land or raw materials. Mr Acemoglu argues that a thriving, varied middle class will be opposed to punitive taxes, too, so if the elite thinks the middle class will prevent drastic redistribution, it may be more willing to accept democracy.

A force for moderation

Other things being equal, any group in the middle should act as a moderating influence on social conflicts. By definition, a growing middle class will reduce income inequality because it will moderate the stark divide between rich elite and rural poor that is often a source of conflict in emerging markets. The middle class also tends to be inclusive. For example, non-governmental organisations backed by the middle class campaign for better treatment of indigenous peoples in Latin America.

In India, the middle class has eroded the caste system, especially in the south. Companies such as Infosys make a point of being caste-blind in recruitment. But Dipankar Gupta, a sociologist at Jawaharlal Nehru University in New Delhi, says that even though the importance of caste hierarchy may have declined, that of caste identity—the voluntary association of people of the same or similar castes—has increased, because as people leave their villages, caste often provides the only ready social network in the big cities.

In sum, the middle class acts as a buffer. Sometimes it allies itself with the poor, sometimes with the rich. That does not guarantee the emergence of democracy, but the presence of a large, varied middle class does make democracy more attractive than if a country is dominated by just two classes. As Aristotle said, “the best political community is one in which the middle class is in control and, if possible, outnumbers the other two classes.”

Such a large, varied middle class encourages new policies, often (though not always) more liberal ones. To oversimplify again: the characteristic political demand of the poor is for transfers. They want a new well in the village or electricity for the slums. This encourages a politics of patronage. The characteristic political demand of the middle class is for things like property rights and a stable economic policy. This tends to give rise to a politics of accountability, if not necessarily democracy.

To see the difference, says Arvind Subramanian of the Peterson Institution for International Economics in Washington, DC, consider two examples from India. Mayawati, the chief minister of the country's largest state, Uttar Pradesh, has used her government to dispense patronage to the dalits (formerly called untouchables, a poor caste). It has doled out favours to that particular group but done little to improve the lot of other poor people.



Reuters
Mayawati favours her own

In contrast, Mr Subramanian argues, the middle class supports not only those things that specifically benefit its members—such as the Indian Institute of Technology system, the most successful part of public education—but also things that benefit the nation, notably the decision in 1991 to liberalise the economy. Because the middle class contains so many competing interests, patronage politics—handing out goodies to a favoured few—can end up hurting as many members of the group as it helps, so it becomes less tempting.

Members of the middle class agree on a few basic things. Because they have a stake in the economy and want things to be better for their children, they support pro-growth policies: cautious liberalisation, investment in public goods, open trade. Because their assets are small compared with those of the rich, and comparatively vulnerable to reversals, they tend to be risk-averse, wary of inflation and opposed to economic populism. With the strange exception of Argentina, the middle classes of Latin America are bulwarks of economic orthodoxy and fiscal rectitude.

New York University's Mr Easterly has found that the larger a country's middle class, the lower its indicators of every sort of instability, be it revolutions and coups, outbreaks of civil war, constitutional changes or suppression of civil rights. Which is the cause and which the effect, however, is not so clear.

When an autocracy brings stability, as it has done in China, an approving middle class may be less likely to insist on democracy. But when democracy becomes established, the middle class usually turns into a strong supporter. Latinobarómetro, a polling organisation, found that, in the period from 2001 to 2008, support for democracy rose in 12 of the 18 Latin American countries that have it; most respondents also thought democracy provided the only road to development.

That does not necessarily turn the middle class into a force for democracy and stability. Eventually it brings its own discontents which, as the group becomes a majority, dominate politics: disputes over land (emerging markets abound with historic land-holding patterns that conflict with the interests of the middle class); disagreements over the role of women (middle-class women go out to work more, and have smaller families, causing conflicts with groups committed to traditional ways of life); and so on.

But the more immediate question is not how much disruption will be caused by the growth of the middle class but by its possible decline, at a time when global recession is pushing some of those who have just joined it back into poverty. That is the subject of the last article.

The Economist, New York, 12 fev. 2009, Special Report, online. Disponível em <www.economist.com>. Acesso em: 6 mar. 2009.

Suspended animation

The recession may bring middle-class growth to a halt for a while—but not for long.

Over the next two or three decades, an expanding global middle class could boost economic growth and encourage democracy (or at least more liberal politics). It could also press for global public goods, such as tougher limits on greenhouse-gas emissions (middle-class people are more inclined than others to worry about the environment). But the main question about the middle class in the immediate future will be different: how badly will it be hit by a global recession?

Since the Asian currency crisis of 1997-99, the middle classes in emerging markets have known nothing but success. For most of them even that currency crisis was just a blip. China's and India's mass middle classes have seen only uninterrupted growth. But the period of rising prosperity is coming to an abrupt end.

Economic growth is slowing much more than anyone had expected only a few weeks ago. China's GDP growth more or less came to a halt in the last quarter of 2008 and many economists are forecasting the feeblest expansion for 20 years in 2009. At the end of 2008 exports from emerging markets were falling at an annual rate of more than 10%. Industrial output is collapsing and many Asian countries face the worst recession since 1997-99.

Against that unpropitious background, three emerging-market giants face elections in the next two years: India, a parliamentary vote by May this year; Indonesia, congressional and presidential votes in mid-2009; and Brazil, a presidential election in October 2010. Other big middle-income countries with elections in the next two years include Argentina, Chile, Colombia, Hungary, Poland, South Africa and Ukraine. China's rulers too have long been worrying about retaining the support of the middle class. Anniversaries in 2009—the 20th of the Tiananmen Square uprising; the 50th of the crushing of Tibetan independence—may provoke protests.

A reversal of middle-class fortunes could have serious effects. As this report has argued, the new middle classes contribute a lot to a country's growth, efficiency and equity—as consumers, as investors in "human capital" and because they engage in a wider range of economic activities than the rich and are more likely to create jobs than the poor. They also tend to promote liberalisation and, indirectly, democracy by moving their countries away from the politics of patronage. All these good things would be at risk if they were hurt by recession.



*A better class of kitchen sink
Magnum Photos*

There are several reasons for thinking the middle could be more vulnerable to the global recession than the extremes. Though the rich are the most exposed to losses on equity and financial markets, they also have a much greater capacity to absorb the blows, since they have more, and more diversified, assets. As for the poor, the very things that have prevented them doing better in the past 15 years—distance from world markets, lack of exposure to trade—might now come to their rescue. Poverty cushions them from the losses as well as the gains of globalisation.

In contrast, the middle class faces problems across the board: jobs (its members are more likely than the poor to be employed by companies that depend on exports or outsourcing); assets (they have invested in property and shares but house prices and stockmarkets have crashed); and finance (they have put their money in banks or have borrowed from credit companies that are exposed to global markets).

The main relief for the middle class is that many of its members have jobs in the public sector, which can resort to deficit spending. For the moment, therefore, the usual rule that a middle class based on the private sector tends to do better than one which feeds off the public sector may have been suspended.

A second reason for thinking that the middle class may be especially vulnerable is that the largest group within it is dangerously close to the poverty line. This report has argued that in recent years the middle class has surged, not merely expanded along with economic growth. As the fat part of the bell curve of income inequality moves beyond the middle-class threshold, huge numbers are lifted out of poverty. Yet many of them are still perilously close to the borderline.

Slippery slope

Martin Ravallion of the World Bank separates the developing-world middle class (those on \$2-13 a day) into upper and lower tiers, with \$9 a day as the dividing line. On his calculations, the numbers in the upper tier (\$9-13 a day) rose by only 95m between 1990 and 2005, from 139m to 233m. Yet the number of middle-class people as a whole during that period increased by 1.2 billion, so more than ten times as many people joined the lower tier (\$2-9 a day) as joined the upper. Most of them cluster at the very bottom. In 2005, estimates Mr Ravallion, one person in six in emerging markets was living on \$2-3 a day. Such people have only a tenuous hold on middle-class status and risk slipping backwards.

A third reason for worry, argues Homi Kharas of the Brookings Institution, is that the middle classes might “misinterpret the recession”. For most of them, the lesson of the past 20 years has been that good things happen when a country opens up and bad things occur when it turns inward (eg, China’s Cultural Revolution or Brazil’s military coups). But a period in which emerging countries import recession from rich ones could change people’s attitudes.

In Russia the instability of the Yeltsin years convinced many that the country would be better off if it became more self-reliant. And in 2007-08, as food prices spiked, governments around the world, including the emerging markets, reacted by imposing export bans, export taxes and many other forms of trade protection.

Moreover, some countries seem more vulnerable to a global recession than others. Brazil and Russia are sensitive to raw-material prices, which are falling. The World Bank forecasts that the volume of international trade will decline in 2009, for the first time since 1982. This will hit countries heavily dependent on exports. Most large emerging nations have built up foreign-exchange reserves and cut their external debts, which will provide a measure of protection. But that is not true of eastern Europe, where reserves have been flat and external debts rising.

For all these reasons, it seems more likely that the new middle classes will be victims of recession, rather than the people to haul the world out of trouble, as the World Bank hopes. But the bigger question is whether the slump will undermine the essential qualities of middle-class behaviour—the propensity to save, to invest in the children’s education and so on. The answer to that depends in part on how long the slump lasts. Most developing countries, including the two largest, China and India, expect some growth in the next two years, albeit much less than in 2000-07. Moreover, retail sales tell a slightly less gloomy story and may be better indicators of the mood of the middle class than GDP growth. In China and India they held up surprisingly well in 2008, suggesting that consumers have not gone into their shells.



The way it was, and will be again
Panos

Much will also depend on public policy, especially in the emerging-market giants. The reactions of the Chinese and Indian governments have been “mature”, says Eswar Prasad of Cornell University. In November 2008 China produced a multi-billion-dollar government-spending plan which aims to restore GDP growth to over 8% in 2010. It has plenty of room to increase domestic demand. In India, the picture is more mixed: the country has imposed some restrictions on goods imports but has also liberalised its financial sector.

In general, support for globalisation among the Chinese, Indian and Brazilian middle classes does not yet seem to be waning, as it has done in Russia. That may be because so many people have benefited over the past 15 years that it will take a lot to persuade them to back any radical departures from the way things are. Certainly, few observers expect the coming elections in the three biggest emerging countries to bring drastic changes. India’s is likely to produce yet another relatively weak coalition government, led by one of the two main parties. Because of Indonesia’s complex electoral system, the presidency is most likely to go to the current incumbent or his predecessor, both from secular, mainstream parties. Brazil’s election is too far away for a sensible forecast to be made, but since the incumbent president (who is prevented by term limits from standing again) has an 80% approval rating, a rebellion against the status quo looks unlikely.

See you in a couple of years

This survey has argued that, to misquote Scott Fitzgerald, the middle class is different: meritocratic, thrifty, individualistic, committed to education. Some of these attributes and attitudes may be permanent, or at least only partially subject to the vagaries of the economic cycle. Admittedly there is little hard evidence from emerging markets to support or contradict this assertion. But the middle classes in America and Europe do not seem to have changed their outlook radically during slumps. People have usually sought to keep their children in private education as long as they can, for example, cutting back on consumption instead. The

spread of the internet and mobile phones may also have reinforced the middle class's fear of being cut off from the technology and information on offer in the rest of the world.

So if—perhaps a big if—the global recession lasts no more than a couple of years, it seems reasonable to expect the engine of middle-class formation to start humming again when growth picks up. There will be another portion of Maslow's pyramid to climb, another political system to change, another step to take towards a global middle class. Until then, there will be a pause, but not an end, to what Marx called "the most revolutionary part" the middle class has played in human affairs.

The Economist, New York, 12 fev. 2009, Special Report, online. Disponível em <www.economist.com>. Acesso em: 6 mar. 2009.

A utilização deste artigo é exclusiva para fins educacionais