Cardoso and the frustrated new middle class

Former President Fernando Henrique Cardoso walks a tightrope. As a politician, he has continued to exercise vigilance so that his words do not escape the narrow sense that his sociological persona usually gives them and enter the emotional and shallow arena of partisan acrimony. Recently, though, the politician dozed off and let the sociologist score a goal with a provocative article[1] that caused exactly the reaction social scientists should seek: to provoke debate.

The article was about the challenges facing the opposition given the overwhelming dominance of the Workers' Party (PT). One fateful phrase stood out: "As long as the PSDB and its allies continue to compete with the PT for influence on 'social movements' or the populace, that is, on the masses of poor and poorly informed, they will talk to themselves."

Taken out of the dense reasoning of the article the phrase quickly ended up on the Internet and social networks, where "the prince of sociologists" was bitterly criticized for his supposed elitism. Anyone who bothered to read the entire article, however, could see clearly that it was dealing with a theme that no party, not just the PSDB, can escape in the future.

The thesis can be summarized simply: with the social mobility that has characterized the years of economic bonanza since 2004, the center of gravity of Brazilian politics, which with democratization had descended from the upper middle class to the popular classes, has begun gradually to climb back up the social pyramid.

The working class and the underclass (those below the poverty line) have shrunk in absolute terms while the lower-middle class has expanded

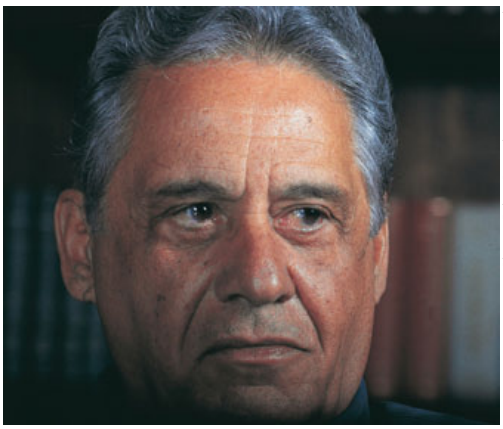

Photo: Fabio Pozzebom/Agencia Brasil.

FHC, the sociologist, scores a goal with a provocative article.

to include most Brazilians. But there has also been considerable movement of the lower-middle class to the middle class and from the middle class to the upper class. In short, the center of gravity is indeed moving upward. Soon political parties will have to deal with Brazilian families who experienced poverty in previous generations but now assume the mentality, tone—and demands—typical of the middle class.

The dialogue will not be easy. The same structure and policies that the democratic state, under pressure from the electorate, built to promote social progress can later frustrate the aspirations of the emerging middle class.

Since the 1988 constitution, and especially since

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[1] Fernando Henrique Cardoso, "O papel da oposição," *Interesse Nacional*, April-June 2011.

stabilization in 1994, Brazil has been building a social welfare state. The country has universal basic education, health and retirement pensions, unemployment insurance, the family grant, and many other social programs. Crowning all is the extremely expensive policy of pushing up the minimum wage, which has doubled in real terms in the past 15 years.

This model has allowed for mediocre economic growth (for an emerging country), though better than in the recent past and with the advantage of better distributing income. What prevents more rapid growth is a high tax burden and low domestic savings compared to other fast-growing countries.

In this context, a newly affluent middle class is emerging, as demonstrated by the surge in air travel. Higher incomes and more affordable credit have given the new middle class access to a variety of durable goods. The lower-middle class, too, has gone shopping, furnished houses, and bought flat panel TVs; some even own a car.

When they leave the house, however, the same citizens are prey to deep discouragement caused by potholed streets, poor transportation systems, a degraded urban environment, poor or nonexistent sanitation, lack of public security, etc. Soon, they will also feel the weight of the choice to accept mediocre growth. After having catapulted from poverty to a far better socioeconomic environment, they will realize that the labor market is not dynamic enough to continuously push them up to the upper-middle class.

They also observe that the social programs for which they voted have become remote, benefitting people at a social level much lower than theirs. Even the annual rounds of minimum wage raises will impact their standard of living less as they move up the income scale.

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Perhaps with some resentment the new middle class will find that one of the main avenues of social mobility is virtually closed to them: public employment. The children of the emerging middle class, poorly educated in public schools, will be competing with the children of the "old" upper middle class, trained in the best private schools and universities, for the few positions available in the public sector.

It should therefore not be surprising if the emerging middle class gradually changes its perception of the government from being a "father of the poor" to being a burden that they must carry. As their interests align more with the private sector, that class may come to see the world with more market-oriented liberal lenses.

The problem, however, is that the very assumptions of social democracy — that the welfare state has higher priority than wealth and prosperity, for instance — make it difficult to meet the demands of the emerging middle class. With mediocre growth and a public budget drained by expensive social programs, how can the labor market further promote upward mobility, and how can the government invest heavily in urban infrastructure?