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BRAZIL'S NEW MIDDLE CLASS

HERE TO STAY?

Christian Matthäus / Kathrin Zeller

Over half of the close to 200 million Brazilians belong to the middle class these days. This is an extraordinary success story for a country where the official poverty rate was as high as 38 per cent until a good decade ago. One of the first areas where the rise in prosperity has had an impact is consumption, which has increased noticeably. Millions of households now own higher-value commodities such as refrigerators and mobile phones. However, the new middle class is slow in growing into its role as a distinct group in Brazilian society and politics. How did its rise come about and what are the chances that this achievement can be consolidated and continued?

From a European perspective, the term "middle class" is linked to a certain material status, which goes hand in hand with social attainments such as order and security as well as living in a peaceful environment. The picture of a terraced house with a small car outside and a well-tended front garden conveys the idea quite well. In Brazil, by contrast, the reality of the new middle class is reflected by the following impressions: half-completed brick houses, open sewers running along frequently untarmacked roads, or tiny tenements housing large families. According to the Secretariat for Strategic Affairs (Secretaria de Assuntos Estratégicos, SAE), anybody with a monthly income of between 292 and 2,479 reais (converted: between 95 and 817 euros; base year 2012) is a member of the middle class.¹ Accordingly, over half the Brazilian population must belong to this group. With respect to the same classification system, persons with a monthly income of 2,480 reais or more already belong to the lower upper class.

1 | Cf. Secretaria de Assuntos Estratégicos, "Comissão para Definição da Classe Média no Brasil", 51, <http://sae.gov.br/site/?p=13425> (accessed 8 Sep 2014).

Table 1

Income classes in Brazil

Income class		Income threshold (Brazilian reais/month)
Lower income class	Extremely poor	81
	Poor	162
	Vulnerable	291
Middle income class	Lower middle class	441
	Middle middle class	641
	Upper middle class	1,019
Upper income class	Lower upper class	2,480
	Upper upper class	—

Source: Secretaria de Assuntos Estratégicos, "Perguntas e respostas sobre a definição da Classe Média", <http://sae.gov.br/site/?p=13431> (accessed 18 Sep 2014).

Table 2

Gini-Index in Brazil

Year	1997	1999	2001	2003	2005	2007	2009	2012				
Gini index	60.53	59.78	60.13	58.78	57.42	55.89	54.69	51.90				

Year	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013
GDP growth annual (in per cent)	-4.30	4.42	4.31	3.16	3.96	6.10	5.17	-0.33	7.53	2.73	1.03	2.49

Source: The World Bank, "Brazil. World Development Indicators", <http://data.worldbank.org/country/brazil> (accessed 1 Oct 2014).

By comparison: In the EU, to be classed as vulnerable to poverty, a person needs to have a monthly income below 980 euros.² The threshold in Brazil is therefore considerably lower, although people's expenses are similar to those people have in Germany. Rents in the larger cities, consumer goods as well as daily provisions are similarly priced

2 | Cf. Statistisches Bundesamt, "Lebensbedingungen, Armutsgefährdung", https://destatis.de/DE/ZahlenFakten/GesellschaftStaat/EinkommenKonsumLebensbedingungen/LebensbedingungenArmutsgefaehrdung/Tabellen/EUArmutschwelleGefaeherdung_SILC.html (accessed 18 Sep 2014).

or even noticeably more expensive than in Germany. These relatively high costs are responsible for Brazilian households having a lower standard of living.



Confronted with stereotypes: Most of the people living in favelas belong to the middle class. Their neighbourhoods are being unjustly associated only with chaos, drugs and violence. | Source: alobos Life, flickr ©📷📷📷.

A survey conducted by the Data Popular Institute in 63 favelas showed that 65 per cent of the residents could be categorised as middle class. Back in 2003, the proportion was still just over a third.³ Although some 75 per cent of the middle class own their own home according to the SAE, some basic infrastructure elements such as sewage management and a reliable electricity supply are still inadequate, and at present some 1.4 per cent of households have no toilet of their own.⁴ As they have only a very limited proportion of their disposable income available for private insurance, healthcare or schools, members of the middle class rely on public infrastructure in these respects. This is, however, in a precarious state, which prevents the middle class from consolidating its gains. Life risks such as

3 | Cf. Lilian Quaino, "Classe média na favela sobe de 33% para 65% em 10 anos, diz pesquisa", *G1*, 4 Nov 2013, <http://g1.globo.com/economia/noticia/2013/11/classe-media-na-favela-sobe-de-33-para-65-em-10-anos-diz-pesquisa.html> (accessed 8 Sep 2014).

4 | Cf. Adriano Senkevics, "A 'nova classe média' e o florescimento de escolas particulares", *Ensaios de Gênero*, 27 Oct 2013, <http://ensaiosdegenero.wordpress.com/2013/10/27/2283> (accessed 18 Sep 2014).

illness can quickly lead people back into poverty, while the public education system sets limits to social mobility.

THE EMERGENCE OF THE NEW MIDDLE CLASS

The fact that more Brazilians have risen into the middle class is due to a variety of factors. For one, the country has enjoyed GDP growth rates exceeding five per cent during most of the past decade, generating new private and public assets. This gave the government scope for redistribution programs, such as those set up by Fernando Henrique Cardoso and his Partido da Social Democracia Brasileira (Brazilian Social Democratic Party, PSDB) at the turn of the millennium. His successor Luiz Inácio Lula da Silva from the Workers' Party (Partido dos Trabalhadores, PT) restructured these programs and expanded them from 2002 onwards.

They included the transfer program Bolsa Família.⁵ This program had a strong impact and has already been replicated in other countries of Latin America and Africa. It involves monthly payments to families with a per capita income of less than 20 euros, who receive a certain amount per child up to a total of approximately 100 euros. These benefits are subject to certain conditions, such as regular school attendance by the children. Bolsa Família had reached 6.6 million households in 2004 and 14 million ten years later (and therefore 25 per cent of the population). The costs, which equate to a little over one per cent of public expenditure, are, in fact, relatively low, but have an enormous impact on fighting poverty in the lowest income classes. The program has recently been incorporated into a larger social program, Brasil Sem Miséria ("Brazil without Destitution").⁶

5 | Cf. Karina Kriegesmann, "Das brasilianische Transferprogramm Bolsa Família – Ein wegbereitendes Vorbild für mehr Chancengerechtigkeit in Lateinamerikas Bildungssystemen?", 8 Dec 2011, <http://kas.de/sopla/de/publications/29669> (accessed 18 Sep 2014).

6 | Cf. Jens Arnold and João Jalles, "Dividing the Pie in Brazil: Income Distribution, Social Policies and the New Middle Class", OECD Economics Department Working Papers, No. 1105, 2014, 12, <http://dx.doi.org/10.1787/5jzb6w1rt99p-en> (accessed 18 Sep 2014).

Bolsa Família is a step in the right direction. But if there is no investment in human capital, the program cannot contribute to sustainable development.

Inequality in income distribution, as measured by the Gini Index, has decreased in Brazil over recent years, reaching a minimum of 0.519 in 2012.⁷ The state program Bolsa Família supports people with very limited opportunities in the regular labour market: older unskilled people or those living in areas that are hardly integrated into the economy such as the Amazon region. The program guarantees them at least a minimum standard and access to some, albeit very modest, financial means. The problem remains, however, that there is a tendency to include an ever larger number of people without simultaneously improving the conditions that would encourage them to leave the program. Bolsa Família is a step in the right direction. But if there is no investment in human capital, it cannot contribute to sustainable development. Efforts to take the next step, namely to empower to stand on their own feet, have so far been too hesitant. According to the Ministry for Social Development, only 1.69 million families left the program by 2013. To date, the government has no data to determine whether the families managed the step out of the program due to higher incomes or came off the benefits because they no longer met the criteria.⁸

Labour market reforms have been another influencing factor for the improved income distribution and the associated growth of the middle class. Since 2009, the Micro Empreendedor Individual program, for instance, has reduced the red tape involved in micro entrepreneurs registering their businesses with the authorities. In addition, it led to reduced social security contributions. Thanks to measures such as these, the informal labour market, which employs 32.2 per cent of the working population (as at January 2014), has shrunk. This figure represents a new minimum for Brazil.⁹ At 5.4 per cent, unemployment has also dropped to a record low. The relatively low

7 | Cf. Central Intelligence Agency, "Brazil", World Factbook, <http://www.cia.gov/library/publications/the-world-factbook/geos/br.html> (accessed 18 Sep 2014).

8 | Cf. Demétrio Weber, "Bolsa Família: mais de 1,6 milhão de casas abriram mão do benefício", *O Globo*, 7 May 2013, <http://oglobo.globo.com/brasil/b-8312947> (accessed 18 Sep 2014).

9 | Cf. Instituto de Pesquisa Econômica Aplicada (Ipea), "Boletim do Mercado de Trabalho".

current minimum wage of some 250 euros per month has increased in real terms over recent years, which means that low earners in particular have seen their income rise at an above-average rate. Over half of the growth in income since 2001 – both for the poorest and those in the middle class – can be traced back not to state benefits but rather to increased income from work.¹⁰

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THE EDUCATIONAL BASIS OF THE MIDDLE CLASS

According to Celia Kestenetzky and Christiane Uchôa from Fluminense Federal University, every tenth head of the family among the middle class was still illiterate in 2013.¹¹ Overall, only some 59 per cent of the members of the middle class had managed to complete their primary education by 2012. Having said that, the value placed on education has been rising among the population. In a survey by the Data Popular Institute, the majority of the respondents stated that education was the best way for their children to improve their lives and that the quality of state schools did not fulfil their expectations.¹² In many cases, state schools are hardly able to provide the pupils with the education that will enable them to compete for jobs with applicants from the upper class or to succeed in the challenging entrance examinations for the state universities. The only alternative for those who can afford it is to send their children to private schools. However, the increasing popularity of private schools is not only based on a desire for educational excellence. Other reasons include higher safety standards at the institutions and a benevolent social environment. State schools have the reputation of encouraging drug use and the vicinity to criminal gangs from the favelas.¹³ Consequently, a decision in favour of a private school also has to do with values and the learning of rules and norms.

10 | Cf. Secretaria de Assuntos Estratégicos, "Determinantes da Produtividade do Trabalho para a Estratégia de Sustentabilidade e Promoção da Classe Média", <http://slidesha.re/1BBgHla> (accessed 18 Sep 2014).

11 | Cf. Senkevics, n. 4.

12 | Cf. Lígia Sanchez, "A escalada da classe C", Revista Educação, Sep 2011, <http://revistaeducacao.uol.com.br/textos/173/a-escalada-da-classe-c-235011-1.asp> (accessed 18 Sep 2014).

13 | Cf. Senkevics, n. 4.



Key to a better life: Public schools in Brazil are preparing their students insufficiently for a professional career. Because of that private educational institutions expand their market share. | Source: Andrés Monroy-Hernández, flickr ©©©.

The market for private education services is experiencing strong growth. 14 per cent of middle-class children were already attending private schools in 2012.¹⁴ However, these are mostly establishments in peripheral areas. Parents can expect to pay school fees of between 50 and 150 euros a month, while prestigious private schools ask for up to 1,000 euros a month. The quality of the school system can be assessed on the basis of some figures. State funds for education are distributed unequally between the different education sectors. The discrepancy is particularly obvious when looking at the expenditures for primary school students and university students. The state spends approximately 1,315 euros per primary school student, while paying some 6,380 euros per university student.

In addition to the low funding for schools and universities, there are deficits in terms of quality. The country frequently comes towards the bottom in international rankings. Even among the emerging economies, only four Brazilian universities made it into the top one hundred.¹⁵ Some signs of modest progress in the primary sector emerged from the latest PISA test results. From a total of 65 participating

14 | Ibid.

15 | In this ranking, Brazilian universities came 11th, 24th, 60th and 87th. Cf. *Times Higher Education BRICS & Emerging Economies Rankings 2014*, <http://timeshighereducation.co.uk/world-university-rankings/2014/brics-and-emerging-economies> (accessed 18 Sep 2014).

countries, Brazil came 58th in maths, for instance.¹⁶ Primary school attendance figures have also shown a positive development. The proportion of 15-year-olds attending school increased from 65 to 78 per cent between 2003 and 2012. In addition, 88 per cent of children obtained the certificate of primary education in 2012, an increase of ten per cent compared to 2002. Teacher training has also improved. While only 68 per cent had a degree in 2007, this figure rose to 78 within five years.¹⁷ However, these success stories cannot compensate for deficits that still persist in other areas.

The national education plan envisages investments in the education sector to equate to ten per cent of national GDP by 2020. With this goal in mind, the government intends the profits made from the recently discovered *pré-sal* oil reserves off the coast of Brazil to benefit the education sector by 75 per cent and the healthcare sector by 25 per cent. With this announcement, the government responded directly to the protests that saw millions of people take it to the streets in June 2013. The country is still far away from attaining these objectives. Profits from the oil exploitation are not expected for the next 15 years, and there is also uncertainty about the precise extent of the reserves.

Public investments in the education sector include teachers' salaries and pensions. This means that greater public expenditure will not necessarily directly benefit the education of middle-class children. Ultimately, an education reform will not only need additional funding, but must also take into consideration the pupils' needs. Only when the schools can offer a qualification that will give school graduates the right skills for the job market or for going to university more funds will actually achieve more. Particularly people from the poorer classes have to rely on access to good public institutions in order to emulate the progress made by the new middle class. For the members of that class,

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16 | Cf. OECD, "PISA Brazil (2012)", <http://www.oecd.org/brazil/PISA-2012-results-brazil.pdf> (accessed 18 Sep 2014).

17 | Cf. João Luiz Alves Rizzo, *Elaboração de plano de negócio de uma empresa de Educação Online*, Universidade Federal do Rio de Janeiro (UFRJ), Escola Politécnica, Rio de Janeiro, Aug 2014, 18, <http://monografias.poli.ufrj.br/monografias/monopoli10012324.pdf> (accessed 27 Oct 2014).

the educational opportunities of their children will decide whether the next generation will be able to maintain the progress their parents have made and build on it. But the gap between the haves and have-nots among the population is still deepening and prolonging the existence of parallel worlds, with very little or no understanding between the two. Social mobility also remains poor, restricting the chances of Brazil's economy to improve its competitiveness.

INADEQUATE SOCIAL SAFETY NET

The public healthcare system presents a similar picture. The health insurance system is not funded by employees and employers on a shared basis, but based loosely on the British model. Consequently, all citizens are entitled to healthcare in public hospitals. But as access to the services is not regulated, the scarce resources have to be limited by the supply. That is one of the reasons for the poor equipment of many hospitals and the shortage of medical personnel. Waiting times frequently extend to months, even for life-saving operations. The accident and emergency departments are frequently so overburdened that they cannot even provide care to people with serious problems.

An investigation by the Brazilian Federal Court of Accounts found that in nearly 80 per cent of the 119 examined hospitals the stated gross hospital bed capacity could not be fully utilised, as there was a shortage of doctors, medication and technical equipment. According to the Organisation of Economic Co-Operation and Development (OECD), Brazil currently has an average of 2.4 beds per thousand inhabitants (the OECD average is 4.9 beds, 2011).¹⁸ Due to the precarious state of the public health insurance system as well as the increasing number of people in the new middle class, the private insurance market has expanded. Numerous providers offer low-cost basic insurance schemes with limited services or access restricted to private institutions with lower standards than the private hospitals reserved for the upper class. According to the SAE, just under a fifth of the middle class have taken out private health insurance to date.

18 | Cf. OECD, "Hospital beds", *Health at a Glance 2013: OECD Indicators*, http://dx.doi.org/10.1787/health_glance-2013-34-en (accessed 18 Sep 2014).

Besides additional costs for the lower and middle class through the dual funding of healthcare services with public and private funds, there are further problems. The social security system exposes employees and their families to a high level of vulnerability. Insufficient protection against life risks such as unemployment and illness entail the danger of losing the lifestyle they have acquired and falling back into poverty. Should the economic situation deteriorate with negative consequences for the labour market, economic development would be in jeopardy. Even Bolsa Família, which is aimed exclusively at families with children, or the unemployment benefit, which is limited to six months, can only protect against the risks to a limited extent. Without a coherent social safety net, this new middle class will remain vulnerable.¹⁹

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THE MIDDLE CLASS AND THE MARKET

With 108 million people, Brazil's rising middle class plays a key role in the country's economic development as a new consumer group. According to forecasts by the Federation for Trade, Services and Tourism of the federal state of São Paulo (Fecomercio-SP), it will account for 40 per cent of the growth in economic output by 2020.²⁰ Last year, its spending amounted to 330 billion euros. For 2014, domestic and international travel as well as consumer goods such as domestic appliances, furniture, laptops, mobile phones and televisions were at the top of people's list of planned expenditure.²¹ However, studies indicate that the members of the middle class spend up to 15 per cent more than they earn.²² Part of their consumption is therefore financed by

19 | Cf. Shawn Donnan, Ben Bland and John Burn-Murdoch, "A slippery ladder: 2.8bn people on the brink", *Financial Times*, 13 Apr 2014, <http://ft.com/intl/cms/s/2/e8f40868-c093-11e3-a74d-00144feabdc0.html> (accessed 18 Sep 2014).

20 | Cf. Agência Estado, "Classe C vai sustentar um aumento de 40% do PIB até 2020", *Veja*, 29 Feb 2012, <http://veja.abril.com.br/noticia/economia/classe-c-vai-sustentar-um-aumento-de-40-do-pib-ate-2020> (accessed 18 Sep 2014).

21 | Cf. Serasa Experian, "Dados inéditos da Serasa Experian e Data Popular revelam faces da classe média, que movimentou 58% do crédito e injetou R\$ 1 trilhão na economia", *Últimas Notícias*, 18 Feb 2014, <http://noticias.serasaexperian.com.br/dados> (accessed 18 Sep 2014).

22 | Cf. Joyce Carla, "Estimulada por 'impulso', classe média gasta 15% a mais do que ganha", *R7 Notícias*, 22 Mar 2014, ▶

credit. In 2013, 58 per cent of loans went to members of the middle class. This means it is unlikely that the current sluggish economic growth, which could turn into a moderate recession this year, i.e. 2014, can be reenergised by stimulating the domestic market.



Shortsighted politics: President Dilma Rousseff, here shown campaigning at Osasco, applied short-term policies in order to boost the economy. Programs to support the initiative of the people are lacking. | Source: Mayara Ferreira, flickr @①②.

Last year, the Central Bank attempted to provide a boost to the economy by lowering the base rate. In the end, however, it had to yield to rising inflationary pressure, putting the base rate back up to a two-digit figure. In the meantime, President Dilma Rousseff's government maintains programs to boost the economy through special tax concessions for household appliances amongst other things. This measure was originally introduced to combat the latest economic crisis and has not been revised since. There are voices within the government that are now openly questioning the sustainability of this policy, particularly considering the increasing indebtedness of middle-class households. Finance Minister Guido Mantega therefore announced a paradigm shift away from the existing consumption model and towards growth through investment. This will be aimed first and foremost at the country's dilapidated

<http://noticias.r7.com/economia/estimulada-por-impulso-classe-media-gasta-15-a-mais-do-que-ganha-22032014> (accessed 18 Sep 2014).

infrastructure. Numerous major projects for improving airports, roads and ports or for building new sections of railway track have, however, become mired at the planning stage or are only making slow progress. Similarly, more substantial reforms of the economic framework are slow to materialise.

Another problem is productivity. With labour legislation that has been in place since 1943, Brazil has an extremely strongly regulated labour market, which means that making employees redundant, for instance, is more expensive than in most other countries around the world. The currently still relatively positive employment figures should not detract from the fact that the economic outlook for 2014 veers between forecasts of growth of one per cent and fears of a recession. Low unemployment can therefore not be explained by the economic performance alone, but also has to do with demographic factors and the fact that more young people are staying on at school. Last year, productivity in Brazil decreased for the third year in a row, as evidenced by a study by McKinsey. A Brazilian worker's output equals some five U.S. dollars per hour, while a U.S. worker generates seven times that amount. One can therefore assume that GDP growth could have been double the actual amount if productivity had at least remained constant.²³

DISSATISFACTION AND POTENTIAL FOR PROTEST

Last year, massive protests around the country caused major commotion. Millions of Brazilians called for an end to corruption, better public services in education, healthcare and public transport as well as for better protection of minorities. The protests originated in São Paulo, where several thousand residents protested against increases in local bus fares by some seven euro cents. Excessive force used by the police against the demonstrators and journalists further enraged people, who responded with the slogan "Now more than ever!" The pro-

In the summer of 2013, the protests against corruption and for better public services soon spread through the entire country. However, they did not originate in the new middle class to any large extent.

23 | Cf. Estadão Conteúdo, "Produtividade baixa impede que o Brasil cresça mais", *Veja*, 10 Mar 2014, <http://veja.abril.com.br/noticia/economia/produtividade-baixa-impede-que-brasil-cresca-mais> (accessed 18 Sep 2014).

tests soon spread through the entire country. However, they did not originate in the new middle class to any large extent. The daily newspaper *Folha de São Paulo* reported that 77 per cent of people demonstrating in São Paulo in 2013 were students or graduates.²⁴ But these are still predominantly members of the upper class or the traditional rather than the new middle class. According to the official SAE classification, many people participating in the demonstrations therefore counted among the upper class, whose living standards are more comparable to those of the Germany middle class. The assumption that the broadening of the middle class would inevitably lead to greater democracy and demands for more political participation have therefore proved to be illusory for the time being.²⁵

The new middle class itself did not enter the fray until several months after the first demonstrations. Thousands of young people arranged gatherings referred to as *rolezinhos* in the large shopping centers of São Paulo via twitter and facebook. Originally not planned as expressions of protest, these were more about the youngsters wanting to meet up in public places that are more prestigious and modern than the favelas. The mass gatherings of young people – recognisable as favela residents from their clothes and skin colour – caused panic reactions in the shopping centers, normally frequented mainly by members of the upper class. The public was therefore all the more surprised to find that none of the gatherings had led to any violent incidents.

24 | Cf. "Em protesto de SP, maioria não tem partido, diz Datafolha", *Folha de S. Paulo*, 18 Jun 2014, <http://www1.folha.uol.com.br/cotidiano/2013/06/1296886-em-protesto-de-sp-maioria-nao-tem-partido-diz-datafolha.shtml> (accessed 18 Sep 2014).

25 | This was also confirmed by a survey conducted by the SAE, which showed that half of 2,000 middle class respondents agreed with the statement: "I prefer an efficient dictatorship to an inefficient democracy". Quoted (in translation) from Lisandra Paraguasso, "Classe média prefere eficiência a democracia", *Estadão*, 13 Nov 2012, <http://politica.estadao.com.br/noticias/eleicoes,classe-media-prefere-eficiencia-a-democracia-imp-,959573> (accessed 8 Sep 2014).



Atmosphere of change? Brazil's new middle class hardly participated in the nationwide demonstrations in 2013. Later on, once the potential to protest was understood, the youth gathered in peaceful meetings in front of shopping malls, mostly frequented by the upper class. | Source: Adriano Makoto Suzuki, flickr ©📷

These occurrences revealed the essence of one of the problems of Brazilian society. The upper class, constantly worried about their property and personal safety, is living in a relatively secluded world, where contact with the new middle class is restricted to dealings with domestic help or other staff. Hardly anybody who does not live in a favela has ever set foot in such a neighbourhood. There is a great lack of knowledge about the way the other classes live among the members of the upper class. They associate the favelas, two-thirds of whose residents are in fact ranked as middle class, with chaos, noise, drugs and violence. Anybody living there is quickly written off as a social parasite, a criminal or as someone who does nothing to try and improve himself or herself. Most of the favela residents do not match such stereotypes. But these will survive as long as these neighbourhoods remain a refuge for those who represent an acute danger to public safety.

Ultimately, the *rolezinhos* upset the status quo in the relationship between the upper class and the new middle class. The latter gained access to spaces previously reserved to the upper class, after there had never been any significant contact between the two. Renato Mereilles, head of the research institute Data Popular, which specialises in surveys of the new middle class, has noticed a feeling of unease among the traditional upper class in view of the

rise of the others. The well-heeled frequently respond with complaints when faced with the loss of privileges and exclusivity – expressed by status symbols such as smartphones.²⁶

The Impact of the World Cup

The growth of the middle class, most of whose members live in the cities, is first and foremost an urban phenomenon. Consequently, that is where the demand for improved infrastructure and higher-quality public institutions originates. When the Soccer World Cup was awarded to Brazil, this offered an opportunity to reinforce existing demands through pressure to implement long overdue infrastructure investments in new airports and new subway lines, for instance. There was therefore initially a feeling of euphoria in Brazil as it began to make preparations for the major sporting event. But this did not last long. By the time of last year's unrest at the latest, there were repeated occasions when smaller opposition movements formed in different parts of the country. These were directed not so much against holding the event, but more against the manner of implementation. After numerous delays, the state took over investments in stadia, which were originally to be financed privately, because of the urgency of the matter.

The Soccer World Cup offered an opportunity to reinforce existing demands through pressure to implement long overdue infrastructure investments.

The wildly escalating costs of constructing the sports venues were another aspect that fuelled dissatisfaction even further. People soon made comparisons with the expenditures for urgently required hospitals and schools. Although the construction of a hospital will not be of great benefit unless the state realises a sustainable healthcare policy, these were obvious comparisons for the neglected new middle class to make. Nevertheless, it became apparent that it was mainly students who formed the core of the demonstrators rather than members of the middle class, which appears to become even less inclined to organise and mobilise to defend its demands.

26 | Cf. Bárbara Ladeia, "Ricos perdem exclusividade e reclamam da classe emergente", *iG*, 16 Sep 2013, <http://economia.ig.com.br/2013-09-16/ricos-perdem-exclusividade-e-reclamam-da-classe-emergente.html> (accessed 18 Sep 2014).



Big sports events contra social security: Mainly students participated in the social protests of 2013. They voiced their disapproval of investments in sports facilities, when schools and hospitals are also needed. | Source: © Kathrin Zeller, KAS Brasilien.

Political Participation by the New Middle Class

While the new middle class is discovering previously unknown opportunities to acquire material possessions, it is hardly represented at all in the political sphere. Apart from a few exceptions, Congress Deputies come from the traditional elites. A very small number from poorer parts of the country, such as the former TV clown Tiririca, have made it into Congress so far. He gained support on the one hand due to his popularity as a clown and statements such as "Do you actually know what a Deputy does? Me neither. Elect me and I shall find out". On the other hand, he attracted a great deal of sympathy from like-minded people as a poor internal migrant from the Northeast. The promising presidential candidate Marina Silva also looks back on a childhood in poverty, not becoming literate until she was in her teens. Nor should one forget former President Lula da Silva, who in his time had won votes by reminding people of his working class roots and ultimately won the election as someone who was considered to represent "ordinary people". What ensured Lula's success were not just his origins, but also his years of experience as a politician. As a former trade union leader, he already had significant influence over politically significant groups. Lula was also known as a masterful negotiator, who managed to forge majorities within the traditional leadership elite.

Current President Rousseff comes from the left-liberal middle-class milieu, but she continues to take care in her language and choice of words to appeal to the sections of the population that brought her into office. These include specifically the populations of the poor North and Northeast, where she still enjoys the greatest support.

Support for Rousseff decreases both with rising income and with increasing level of academic qualification. Less than a quarter among university graduates vote for the President.

One cannot fail to put the disproportionately high number of votes for her down to the Bolsa Família social program. Support for Rousseff decreases both with rising income and with increasing level of academic qualification. 44 per cent of people leaving school at the end of primary education vote for the President, while it was less than a quarter among graduates.²⁷ Political figures from the North and the Northeast therefore still have a major impact on the politics conducted in Brasília. Small family empires, such as those of the Sarneys and Barbalhos, who determine economic and media activities via regional agricultural or industrial businesses as well as newspapers and TV channels, can have a major impact on elections. Anybody who fails to enter alliances with the Governors and Senators in those regions will soon see themselves relegated to the sidelines of political life.

NEW CHURCHES FOR A NEW MIDDLE CLASS

Unlike the situation in Brazilian politics, the middle class does have a presence in the Churches. Brazil has the largest Catholic population of any country worldwide. At the same time, the number of people among the 200 million strong Brazilian population who claim allegiance to the Roman Catholic Church is falling. In the 1970s, far in excess of 90 per cent of the people were Catholic; today, it is only 64.6 per cent. And this appears to be an ongoing trend. This development is alarming for the Catholic Church as an institution, as it produces a vacuum that the Evangelical Free Churches are increasingly filling. Members of the new middle class in particular find a spiritual home in the "New Churches" of Evangelicalism. While the Free

27 | Cf. Clara Velasco, "PSTU é o partido com a maior proporção de mulheres entre os candidatos", *G1*, 7 Sep 2014, <http://g1.globo.com/politica/eleicoes/2014/blog/eleicao-em-numeros/post/pstu-e-o-partido-com-maior-proporcao-de-mulheres-entre-os-candidatos.html> (accessed 18 Sep 2014).

Churches attracted just under five per cent of the Brazilian population in the 1970s, it is more than a fifth today.²⁸

There are various reasons for this: urbanisation and the associated breakup of the classic Catholic rural milieu, scandals within the Catholic Church in Brazil and around the world, a general shortage of priests, as well as a lack of involvement of the Catholic Church in the favelas. Experts also explain that unlike the Evangelical Churches, the Catholic Church is rather more passive in its approach. Holding regular services on the squares and in the assembly halls of the favelas, the raising of expectations of miracles and a resurgence of the sale of indulgences promise fast solutions to everyday problems. The Pentecostal Churches have a strong appeal for the people living on the fringes of urban centers (such as the northern zone of Rio de Janeiro and the neighbouring highly populated region of Baixada Fluminense with seven cities and a total of three million inhabitants). Close to two-thirds of the members of the Pentecostal Churches earn no more than the minimum wage, the illiteracy rate among them is higher than the national average, and 42 per cent left school without any qualifications.²⁹

The Pentecostal Churches have a strong appeal for the people living on the fringes of urban centers.

This is where a new political force could originate. The Evangelical Churches are very well funded, and they have used their financial clout in recent election campaigns. Although their leaders themselves are not middle class but tend to form part of the country's wealthy elite, the Pentecostal Churches attract representatives from the middle class – and thereby political capital – in enormous numbers. One important advocate and institution embodying evangelical ideas and values is the Social-Christian Party (Partido Social Cristão, PSC).³⁰ One of its most prominent representatives is Deputy Marco Feliciano from São Paulo. He is the pastor of the largest Pentecostal Church Assembleia de Deus (Assemblies of God), which originated in

28 | Censo Demográfico, IBGE, 2010.

29 | Cf. Senkevics, n. 4.

30 | In the Brazilian context, the term "Christian" is generally associated with "Evangelical". It specifically does not stand for the understanding of "Christian" covering both Catholic and Protestant values, as the CDU and CSU parties in Germany see it.

the U.S. federal state of Missouri and whose congregation numbers close to ten million in Brazil. The PSC gained 3.2 per cent of all votes in the 2010 parliamentary elections, making it the eleventh largest force in Brazil's strongly fragmented political system. In 2013, Marco Feliciano was appointed chairman of the parliamentary Commission for Human Rights and Minorities.³¹ Its agenda includes social change, some aspects of which are also being hotly debated within the middle section of society. Feliciano's partly fundamentalist Christian demands have produced controversy, in particular with respect to two specific issues. The PSC is strictly against abortion and defends this stance with quotes from the Bible. Feliciano's radical statements about women, namely that their duty was first and foremost to be a mother, and that equal rights for both genders would cause family breakup, not only caused an outcry from women's rights activists but also among the media generally.³²

Feliciano caused another wave of outrage when he prompted the human rights commission to propose a bill that would permit psychologists to treat homosexuality as a disease. Although the bill was dropped after protests, it is remarkable that such opinions should be voiced by the human rights commission of a state that considers itself liberal-democratic with a "strong democracy".³³ Feliciano took this initiative in order to counter the decision by the National Council of Justice (Conselho Nacional de Justiça) to legalise same-sex marriage in 2013. Another noteworthy aspect is the level of support among the new middle class for calls by the representatives of the Free Churches to retain structures based on conservative values. Thanks to their presence in the favelas, the Evangelical Churches do, however, provide a counteracting force in a socio-polit-

31 | This is remarkable as his political stances on social issues differ greatly from those of the Socialist Workers' Party of President Rousseff. His appointment is a sign of the pragmatism of Brazilian politics. Because the government sought a majority in other policy areas, and the PSC offered its support, it was the turn of the PT to allow the PSC to acquire a post that has a high impact on the media and can influence public opinion.

32 | Cf. "Marco Feliciano diz que direitos das mulheres atingem a família", *O Globo*, 20 Mar 2013, <http://oglobo.globo.com/pais/m-7889259> (accessed 18 Sep 2014).

33 | Antônio Sampaio, "Brazil's Angry Middle Class", *Survival*, Vol. 56, No. 4, 107-118.

ical environment that confronts its residents with violence and drugs on a daily basis. In these neighbourhoods, the churches occasionally assume the role of spiritual leaders of communities that feel abandoned by the state and by society. Furthermore, their institutions replace the frequently fractured social structures of the internal migrants and provide a new, allegedly stable environment.



Congressman Marco Feliciano is pastor of the largest evangelical church in Brazil. His partly fundamentalist Christian demands have more than once caused public outrage. | Source: Jose Cruz, Agência Brasil ©.

Due to the tragic death of Eduardo Campos, a Brazilian presidential candidate and former Governor of the north-eastern federal state of Pernambuco, in an air crash, his running mate Marina Silva is contesting the elections, which she also did four years ago. She has an unusual CV, having worked her way up from being a simple rubber tapper from the Amazon to become Minister of the Environment under Lula's presidency. To everybody's surprise, she gained almost a fifth of all votes in 2010. Since her nomination by the PSB, her approval rating has gone up sharply. While she is an ecological activist, who has campaigned for the Amazonian ecosystem and gained widespread respect for her efforts, Marina Silva has also been a member of the Assembleia de Deus since 2004. She would have been Brazil's first pentecostal president. This would have been a turning point in the political history of the

country, hence demonstrating the growing range of these movements into top political offices. Up to now, Brazilian Presidents have always had links to the Catholic Church – to varying degrees. The fact that its influence is dwindling may now make itself felt at the very highest level.



Rise from poverty: Marina Silva, here at campaigning event, was considered to be a promising candidate for the presidential elections on 5 October. | Source: Jose Cruz, Agência Brasil ©.

Will Marina Silva's membership of the Assemblies of God take her all the way to the presidency? This would be overstating it. But the influence of the Evangelical movement³⁴ – and therefore large parts of the Brazilian middle class – is ubiquitous. The votes of the Evangelical supporters are needed. It is not the case, though, that Silva automatically enjoys majority support among Evangelical voters. The Evangelical movement is very diverse; there are innumerable churches, producing a widely varied and colourful mosaic of different strands. Nevertheless, Silva is believed to share most of the conservative values of the Pentecostal churchgoers in terms of social structures. In

34 | At the end of July 2014, the *Igreja Universal do Reino de Deus* ("Universal Church of the Kingdom of God", IURD) – with an estimated three to six million members the second largest Evangelical Church after the Assemblies of God – dedicated the Temple of Solomon in São Paulo, a palatial and splendid house of God, in an event that was attended not only by regional political dignitaries but also national ones – including none less than President Dilma Rousseff herself.

this context, it is particularly the ethical issue of abortion that is under discussion.³⁵ As she is in favour of referenda on this issue as well as on other socio-political issues, she cannot automatically count on the sympathy of traditional Evangelicals in particular.

OUTLOOK

Marcelo Neri summarised Brazil's development with respect to its rising middle class by stating that Brazil has provided its poor access to the market over recent years. In his opinion, the country now also has to provide the market with access to the poor. The lynchpin of sustainable middle-class growth has to be the labour market. Because that is where the opportunities lie for members of this class to earn the part of their income that will make a difference. Massive improvements to the education system are absolutely essential. And this applies not only to primary education; opportunities for secondary and higher education are also required for Brazil to fulfil its role of an emerging economy and withstand the competition from other countries in this category. The existing model based on domestic consumption and raw material exports appears to have reached its limits already. To secure the gains made by the new middle class, major structural efforts will be required to improve productivity among other things.

The lynchpin of sustainable middle-class growth has to be the labour market. Massive improvements to the education system are absolutely essential.

Investment in education is also required to strengthen democracy. A politically mature citizenry can further strengthen the important concept of social coherence and solidarity across the classes as a basis for living together in peace. Efforts should be made to encourage the new middle class to articulate its needs constructively and take on some responsibility for shaping society. That is the only way to ensure that this new majority of the Brazilian population can become a mainstay in supporting not only economic development but social development as well.

35 | Cf. Raphael Di Cunto, "Pauta polêmica pode levar Marina a perder apoio de evangélicos", *Valor*, 30 Aug 2014, <http://valor.com.br/eleicoes2014/3674516> (accessed 18 Sep 2014).

In the 1990s, the government of Fernando Henrique Cardoso had laid the groundwork by stabilising the basic economic conditions. The governments of the Workers' Party under Lula da Silva and the incumbent Dilma Rousseff also achieved some progress, particularly where the social and economic inclusion of the new middle class is concerned. It is now up to the next government to create the right conditions for the next phase of development. Besides better educational opportunities and protection against life risks through a more efficient social security system, these also include a strengthening of competitiveness. Only by their combined impact will these measures help the new middle class to consolidate its economic position and find a political voice.