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## Middle class and Brazilian State in the Nineties

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This paper is just a part of my doctorate research that studies the professional middle class of Brazil in the nineties. I will present here the research about the recent Brazilian State modifications and its impact on the middle class. My thesis is that there was a modification in the Brazilian State intervention and that Brazilian conditions of reproducing white-collar workers have changed. Contrary to the form of the Keynesian State intervention that had included all the middle class, especially the ensemble of white-collar, the Neoliberal Brazilian State has broken up the middle class. First of all, it's necessary to discuss (1) what we understand by middle class and (2) what have been the Brazilian State modifications.

### 1. The middle class theme

The middle class theme has been too polemic in the twentieth century. In order to understand it, it is necessary to comprehend the general social class concept. According to Marx's concept of social class and Weber's concept, which consequently are very distant from each other, this distinction is essential if we are to deal with these two different epistemological fields.

Social class from Marxist view presumes the idea of labor exploitation and a particular value theory. This concept is based on the mode of production that involves the movement of the societies. Mode of production is a scientific object placed in a long period of time. It's so difficult for the scientific studies to identify its modifications and historical movement. Then, the marxist social class concept belongs to this unit of temporal long-time analysis. In this sense, we need cautions when studying the classes in a particular society. Because of that, we use the Étienne Balibar (1971) contributions on both logics of the mode of production. According to Balibar, there are two different logics in a mode of production: one involves its reproduction and the other involves the transition of reproduction. These two logics correspond to different orders of rules. If the social classes are placed in the transition logic, the middle class concept belongs to the reproduction logic.

The consequence of this concept is the movement of the object "mode of production" is submitted to a group of rules which are different from the reproduction rules. The concept of social class belongs to the transition rules (which say): it's only possible to observe a social class at the point where it breaks away from the mode of production or begin fighting to maintain its conditions of reproductions.

It's necessary to say the mode of production concept is merely a rational construction. Its empirical proof is only possible through various adjustments and imprecision. In this case, it's useful to apply concepts that are closer to the social practices, that is, concepts

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that are closer to the societies they involve, as it is in the concept of “social formation” and the middle class.

Here I will use the Max Weber contributions, specially the “class situation” concept. It’s known that “social class” in the weberian concept discusses the position occupied by the individuals in the economic sphere. Class according to Weber is associated to the individual power in the economic sphere. The class situation concept means any human group that lives under the “specific conditions”. These specific conditions correspond to an “group of typical probabilities” related to: (1) goods supply, (2) external position of an individual in the society and (3) personal fate. These three conditions match up with an economical order, the power of distribution of goods and services and the ways they are applied to gain income or money (Weber, 1964, 242).

After Weber, Wright Mills (1979) utilized the same class situation concept to apply to the modern American society in the post-Second War. He concluded that there was a probability of an additional order of rules. According to Mills, the property lost its focus to the social rise strategy. There was one other social stratification based on the occupational life. Whereby, occupational career determines income, power and prestige.

The Brazilian researcher Décio Saes (1984) appropriated the class situation concept in a Marxist analysis as “labor situation”. As Saes said the occupational structure exercises an ideological domination and hides the effects of the productions relations between the white-collar workers. The main elements that have this ideological function are: (1) the place of the labor relations in the production process, (2) the type of remuneration, (3) the remuneration scales in relation to the working class, and (4) the degree of education required for the job. The group of middle class is characterized by a disdain of the manual activities and by a social view based on a scale of natural talents and merits. Lastly, these labor situations have as the consequence of different political views. Thus, the political action of the middle class will always find itself fragmented and depending on the political conflict.

## **2. The Brazilian Neoliberal State**

The Brazilian industrial development came later. It began with the turn up of the State intervention in the Thirties. Since this point until the Eighties, the Brazilian State intervention looked for an independent development: the government tried to create the favorable conditions for the internal development, like the substitution of importation policy. This intervention resulted in the regulation of the labor market. While in the developed countries there was the Welfare State with social rights, in Brazil – and in Latin America – we could only see an economic development and the increase of labor rights.

According to Leon Trotsky (1969) the capitalist development follows particular rules which he defined as “the unequalled and combined development law”. Which means the economics, politics and ideological social relations found in different social formations are predetermined by the global and dynamical capitalist evolution. Therefore, the internal social stratification is bound to this logic.

In the Latin-American context, Cardoso and Faletto (1970) tried to find an alternative way for the development of this regional. Their theses are that the economic dependence and development are not contradictory to each other. There exist a dependence

dynamics that is based on the historical specificity of each dependence condition. In order to understand it, it's necessary to research the social, political and historical relations of the societies and their dependence relations. According to Cardoso and Faletto, economics do not exist as a mere difference between grades or stages of production development, but it is also based on its function and position in relation to a same international economic structure of production and distribution. This supports a definite structure of ruling relations.

Indeed, the political position of the middle class depends on the external and internal economic relations and the political scene. The State plays a key role as controlling power and also serves as referential base for the social forces in conflict. There are two different stages and two different interventions of the Brazilian State in the Twentieth Century: the Development State and the Neoliberal State. The first stage started in 1930 and marked the beginning of the Keynesian period and the weakening of the monopoly capital, which would then benefit the working classes. The point is, after the beginning of the State-Monopoly Capitalism, the type of State intervention changed its direction going beyond the national boundaries. When the Latin-American countries had favorable internal political conditions and the Keynesian policies were in the center of the world capitalism, it was possible to build a nationalistic development projects.

In the Neoliberal period, after all the changes in the global economic structure, the Latin-American States were obliged to modify their type of internal and external intervention. Therefore, the appearance of the Neoliberal State in Brazil, and in Latin-America, means a change of the type of intervention, in economic regulations and political interferences.

The State action determines the type of alliances between the social forces, especially the alliance policies between the ruling class and the group of the middle class. To understand it, let us take the concept of Gérard Duménil (2006) who worked with the idea of "compromise". According to his concept, the State intervention in the Keynesian period corresponds to a "Keynesian compromise": the economic policies intervene obliging the capitalist class to "compromise" with the working class, especially the middle class and the managers. According to Duménil, the Keynesian compromise is a process in which financial interests were controlled and restrained. Meanwhile, in Latin-American, the Keynesian compromise was characterized by its high economic growth. Brazil and Mexico, for example, experienced the growth of 6 to 7% per year. On other hand, the Neoliberalism period means to return to the world financial hegemony and relate to other kinds of compromise: a Neoliberal compromise between the financial capital and the top managers. The income of these managers grows aggressively in relation to the general income of all other workers (for example, 2000 times or more).

In Brazil, this neoliberal compromise is characterized by an authoritarianism of the market. There exists a narrow relationship between the top managers within this authoritarianism. The top managers belong to the upper middle class whose ideology is based on how much natural capacity and merits one has. In this case whoever believes to have conditions to rise up within this social stratification has to progressively defend only views of the qualified group within government. In other words, to them, the elected governments should only play the representative role and the executive and deliberative functions should be transferred to "technical personnel". Meaning that the capacity of any individual to exercise any political post will be determined by the market, which is dominated by the great corporations and financial institutions.

Although the tendency is the upper middle class to defend their “apolitical” view and reject the political affairs – for considering politics to be arena of corruption, inefficiency and resource abuse. However, when they defend the technical view, they are in a way supporting the monopoly capital policy.

### **3. The Brazilian Middle Class and the Changes in the Class Structure**

The Brazilian white-collars or the “new middle class” is a recent phenomenon in the country. While in the case of the United States, as described by Wright Mills, the white-collars exist since the beginning of the twentieth century, the Brazilian white-collars came into existence somewhere in the fifties, with the rapid growth in the seventies. In order to understand, let’s consider the development rate of the country at that time: there was an unequal development based on industrial growth and the archaic agrarian structure. This inequality had effects on the regional development. Thus, the Brazilian white-collars were concentrated mainly in the south and south-east regions.

The white-collars characteristics, as described by Mills and Saes, are (1) the wage labor, (2) the handling of symbols activity which is based on the ideology of how much natural capacity and merits one has, (3) the dependent employees and (4) consumption representing a source of social distinction.

The neoliberal policies – which only began in the nineties – have effects in the reproducing of the Brazilian white-collars. (1) The destruction process of the Brazilian productive structure, (2) the restructuring of the financial hegemony and (3) the weakening of the public sector. This gave rise to the destruction of the wage based posts resulting in the emerging of informal occupations. Consequently the middle class workers began to lose their wage based labor contracts.

From 1989 to 1998, unemployment grew from 8.7% to 18.3% in Brazil, amongst the economically active population. At the same time, there was a rise in an individual unemployment interval from 15 weeks to 36 weeks (Santos, 2002). In 1998, the government eased the laws protecting the labor market: it increased the job trial period and permitted the temporary contracts. These policies allowed the internal restructuring of the big enterprises on a large scale and led to the growth of the subcontracts and outsourcing (Marcelino, 2008).

In the nineties, there was also an expressive increase of the number of free-lancer workers. According to a recent research on the Brazilian class structure, the independent condition between the routine non-manual workers has had a growth of 8% to 9.7%; amongst the skilled non-manual workers from 1.3% to 1.9%; and between the independent workers who own some kind of property from 6.9% to 8.5% (Santos, 2002, 156). In São Paulo, the most industrialized State and the cradle of the Brazilian white-collars, there was a decrease of 19% of the white-collars posts, between 1989 and 1996 (Quadros, 1996, 179).

Besides the reduction of the white-collar posts, there was a change in the level of the middle class consumption. A recent work on the Brazilian middle class shows that the expenditures of the middle class have had a rise on housing and transportation (which in fact is the main expenditures of the working class). Furthermore, there was a decline of the expenditure in clothing and leisure – that are their symbols of social status. Between 1987 and 2003: (1) the housing middle class consumption raised from 17% to 29%; (2)

the middle class transport consumptions raised from 8% to 16%; (3) the middle class clothing expenditures declined from 11% to 5%; and their expenditures on food declined from 24% to 15% (Pochman, 2006, 99). These numbers indicate that there is an impoverishing process within the Brazilian middle class in general. Although the upper middle class stratum has gone up to the process of the financialization and restructuring of the State as a whole as well as the enterprises. These upper middle class has had its income raised and live a globalized life style with extravagant consumption (Pochman, 2006). According to Meyer (2008), the Brazilian top managers income ranges between 1 and 4 millions Reals per year.

In fact, if we analyze the Brazilian white-collars separately from the rest of the middle class, we can see that the neoliberal intervention has broken into the “new” middle class. The change of the system in labor contracts, the reduction of the employees, and the consumption behavior – with impoverishing process, on one hand, and extravagant consumption, on other hand – shows us the nature of the neoliberal policies with its internal alliances. Thus, we can presume that the neoliberal policies induced a great change in the Brazilian social stratification.

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