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Vulnerability and Resilience of the Middle Class in Latin America

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ABSTRACT

This paper analyzes the vulnerability of the middle class in Latin America in face of the neo-liberal policies implemented in the region during recent decades and discusses possible policies and programs that promote the building and strengthening of democratic processes throughout the region.

Changes in the Latin American middle class are examined. An important part of the middle class can be active participants in the process of building democracy and developing inclusive and equitable societies. This will require the implementation of policies and programs that promote the participation of the middle class in the public sphere.

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Vulnerability and resilience of the middle class in Latin America

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"But why are we always the ones that have to suffer? she cried out in indignation. "Us and the people like us? Ordinary common people, the lower- middle class. If the war is declared or the franc is devalued, if there is unemployment or a revolution, or any sort of crisis, the others manage to get through all right. We are always the ones that are trampled! Why? What did we do? Were paying for everybody else's mistakes. Of course they are not afraid of us. The workers fight back; the rich are powerful. We are just sheep to the slaughter. I want to know why! Why this is happening? I do not understand", she said angrily...

Irene Nemirovsky

Suite Francaise, page 177, Vintage Books, New York, 2007

*"It's hard to get lost when you're coming home from work. When you have a job, and a paycheck, the road is set right out in front of you: a paved highway no exits except yours...
But I hadn't had a regular job in a year and here it was two in the afternoon and I was pulling into my driveway wondering what I was doing there"*

Walter Mosley

Blonde Faith, page 11, Grand Central Publishing Edition, New York, 2007

*"A few dreams
And which are the dreams
that caresses at night the sleeping children
see the shine of happiness
I saw my face in the window
And somewhere in the world
I was a happy man"*

Raúl González Tuñón, poems from

The street from the hole in the sock

Introduction

Nemirovsky expresses the astonishment and anger of the middle class who see their status and life conditions falling without due cause. This essay is about that anguish, anxiety and anger at the loss of income and status, the vulnerability, insecurity and uncertainty experienced by the middle class in Latin America. It is also about the resilience and hope of those in this sector. It is about leaders of government and society

putting energy and creative thinking behind policies and programs that will yield an inclusive and fair society.

The region faces a paradox: on one hand there is democracy and economic growth and on the other there is concentration in terms of power and social inequality. This creates and fuels tensions and conflict that are difficult to resolve. The middle class can play a key role in the resolution of these tensions, in partnership with the popular sectors.

Some key questions are: Why should we study the middle class in Latin America? Is the middle class relevant for the future of the region? How has the middle class, been affected by the policies implemented in past decades?

The middle class represents a relevant social actor in Latin America. It is present in social, economic, political and cultural life without a strong lobbying voice. Usually it does not lead social processes; however, with the weakening of unions and political parties they have gained a place within social movements. As Hobsbawm presents in his book "Common People", this group must be a key part of any sociopolitical analysis of the region, as well as of any attempted policies for the overall population (Hobsbawm, 1998).

The middle class is not only important in terms of its size, but also in terms of income generation, consumption levels and the formation of political opinion. This paper shows that the economic and social changes of past decades created an increasingly heterogeneous middle class, in both vertical and horizontal terms. The middle class has become more and more diverse. In this sense, it may be more accurate to discuss the middle class and its different sectors contained within.

In this way, the existing blur and ubiquitous nature of the middle class is becoming even more intangible. However, it is no less omnipresent in the political action of the region, as shown by recent events in Colombia, Venezuela, Bolivia and Argentina. An answer to the question of whether it is relevant to study the direction of policies for this sector is clear. It is not only relevant but meaningful in terms of the potential future development of the region.

In this paper, we explore the vulnerability of the middle sectors when faced with neo-liberal policies that were prevalent in most of the region during the 1980s and 1990s. The paper also discusses possible policies and programs focused on these groups that could be implemented in the region. These policies are intended to reinforce citizenship and strengthen the democratic processes in Latin America, seeking to build inclusive societies endowed with equity and social justice.

The central hypothesis of this paper is that important sectors of the middle classes can be active and relevant players in the process of building inclusive and democratic societies. This will not be the result of the actions of the market. It will require policies and programs geared toward promoting and fomenting participation within the public arena by the middle sectors. Otherwise, the middle class, or part of it, can instead play a destabilizing role in its community, supporting authoritarian and discriminatory practices as it has in the past.

Under this premise, this essay will explore the following hypotheses:

1. The economic and social processes of the 1980s and 1990s, marked by neo-liberal policies, implied a rise in poverty and inequality with special emphasis on the middle sectors of society.
2. For the first time, the once solid and growing middle class suffered a process of downward social mobility and increasing heterogeneity and dispersion.
3. During this period there were increases of both vertical and horizontal inequality. As a result, the middle sector is currently poorer and more heterogeneous than it once was.
4. This recent vulnerability and impoverishment covers a wide spectrum of dimensions that transcend the economic sphere.
5. Despite suffering such impoverishment, the middle class has shown not only resilience but also creativity in generating new political, social, economic and cultural processes.
6. It is necessary, and possible, to develop policies and programs oriented to the middle sectors and to impoverished groups, particularly for children, youth and women. These programs must be an outgrowth of past societal experiences and on the potential of the public sector and its institutions.

In this work, we discuss these hypotheses and highlight possible ways to move forward into action. We also expose open-ended questions that require further research and analysis.

1. Middle Class. A global outlook

Though it is not the aim of this work to discuss the definition of the middle class, it is necessary to mention the conceptual approximation adopted in this essay. There are many different approaches for defining the concepts of social class, middle class and middle sectors (see example Mills, 1951; Lomnitz y Melnik, 1991; Portes y Hoffman, 2003).

Regarding the classical conceptualization, the structure of social classes comes from three principal schools of thought: Marxism, Weberian Theory, and Functionalism.

In Marxist theory, the existence of the middle sector is examined using two views: the first being increased pauperization, intrinsic to capitalist development (where sectors that are in an intermediate transitional position will progressively slide into the working class). The second view is that the middle sectors are simply a fraction of the bourgeoisie (Semler, 2006).

The Weberian theory identifies the middle sector as something in between the proprietary and the 'productive' classes. The first group is composed of those of the proprietary group who obtain income either from properties or educative qualities. The second group is composed of artisans and independent rural workers, public and private functionaries, liberal professionals, and other qualified workers. It is important to highlight the contributions of Weber, in terms of inclusion of lifestyle as a mechanism of social differentiation, in terms of identification and symbolic recognition.

From the functionalist perspective, the social position is related to the importance of the functional substance of the social system. As a result, the analysis of the middle sector is related to the prestige of the roles of these groups in the occupational structure, but not so much in relation to the type of family and the positioning within the cultural system of the parental units.

The contemporary perspectives reuse the principal elements of these theories, seeking to reformulate them into something more dynamic, less attached to the “productivist paradigm” (Sembler, op.cit). According to Sembler, the contemporary views are characterized by the necessity to articulate analytical approaches that were before conceptualized as dichotomies, highlighting the identification of a social class not only structurally but also for the action in its articulation with production and market relationships.

Part of the literature regarding the middle class emphasizes its intermediate position as a structural weakness, which could explain its general political and cultural behavior. Maristella Svampa (2001) points out some characteristics of the positioning and behavior of the middle class. Among those worth mentioning are the structural weakness reflected in the tendency towards a conservative mentality and a culture that imitates the patterns of taste and consumption of the upper classes; the heterogeneous socio-occupation of the interior of the sector; the construction of an identity linked to the image of ascendant social mobility; the consumption capacity in relation to the aspiration of a determinate lifestyle and its increasing expansion and rise in social and political weight put on modern contemporary societies.

In Latin America, the existence of the middle class was linked to the possibility of development processes in the region. Gino Germani calls this “the sociological lecture of the middle class,” differentiating between the autonomous middle class (artisans, industrials, merchants and professionals) linked to the social rise achieved by the immigrant groups, and the independent middle class (employees, functionaries, professionals and technicians) who envisioned the rise of the native population.

Alain Touraine (Svampa op.cit) highlighted that the modernizing impulse of the middle class made them a central agent in the development process in many Latin American countries. Touraine characterized the middle class using two main characteristics: its privileged relationship with education (an ascendant social mobility instrument) and its expansion linked to development and the extension of the State as a producer of goods and services.

The literature regarding the middle classes can also be grouped with “political lecture” (Svampa op.cit). Germani’s criticism of the identification of the middle class with the local elites and the imitation of their consumption patterns highlights this linkage. According to Svampa, parallel to the sociological lecture that highlighted the middle class as a modernized agent, the political lecture focuses the attention on the impossibility of this sector having a political role in the modernizing dynamic. It points out a weakness in enabling change, in relation to a position of cultural mimicking that is functional to the status quo of traditional societies.

Contemporary research of the middle sectors in Latin America has emphasized issues in the region such as social integration, mainly regarding the sector’s heterogeneous nature

in the labor markets. Moreover, some studies have constructed a stratification system for the region based on different measurement instruments. They define the middle class on multiple dimensions related mainly to social mobility, ownership of material and symbolic goods, and in their position in the labor market (Romero, 2006; Vega, 2000, Silva 2004; León y Martínez, 2001; Mora y Araujo 2002).

This essay takes a wide socio-cultural approach to the middle class as an identity that allowed the inclusion of broad demographic groups (Feijoo María del Carmen, 1992).

It is important to highlight that the impoverishment process experienced by these groups during the 1980s - 1990s was not exclusive to Latin America. It was also shared, at least in part, by developed countries such as the United States of America, and by other middle income countries such as Turkey.

Paul Krugman has been among those who have studied and denounced extensively this phenomenon in the United States. His hypothesis is that the construction and destruction of the middle classes have been part of a political project and process that sought that result in connection to the distribution of power and wealth.

After the Great Depression, the New Deal in the U.S. gave birth to a powerful middle class (Krugman, 2007). The “American dream” was focused on the strong rise of the sectors that made up the powerful middle class in the United States. This class was hit by cuts in social security and a concentration of the economic process. The fiscal policy carried out by the Republican government accelerated the concentration and inequity. According to the experts, more than half of the growing inequality in the United States involves increased divergence between workers with the same level of education (Hacker, 2006). This phenomenon of increasing horizontal inequality is one of the most important characteristics of the developing situation suffered in Latin America by the middle sector.

In many European countries there is an unresolved gap between overqualified and overeducated workers and the lower quality jobs that are available. Lack of suitable employment drives many off the lists for those collecting unemployment insurance. According to some, the European middle class has lost its power for consumption, and because of this, the market has oriented itself toward producing low cost /low quality goods and services (Gaggi, 2006) or products for luxurious consumption.

Before examining Latin America, it is important to highlight at least two points of view of this general overview: While there is a shrinking of the number in the middle class, it constitutes a political group that is functioning, or at least that implies relevant transfers and concentrations of wealth and power. What has happened in the world and in the region implies significant changes to the region’s political and social structures, during which the middle sectors, in particular, were strongly affected. Also, despite the fact that characteristics of the shrinking middle class in the United States and Europe are similar to those in Latin America, important differences exist as well. The country dynamics and historical contexts are different. Therefore, an analysis of what transpired in the middle classes and societies of Latin America, and the analysis of its policies and programs, must examine the historical context of the region and each country specifically.

2. The middle class in Latin America

In the mid-twentieth century, the increasingly powerful middle class in Latin America was viewed as the sector that could be the engine of economic development, the engine of “modernity” in the region. That idea of modernity did not refer only to economic connotations. Even if this connotation was central, the idea of modernity contained the idea of moral and political development as well, as John Rawls (1988) and Jurgen Habermas (1992) rightly point out.

The theory of dependence expounded by Raul Prebisch in the mid-1950s gave central importance to technical progresses as the key for modifying the relationship between the center and the periphery. It is postulated that the way out of this situation for periphery countries consists of moving forward with technological progress and using their own capabilities to generate and spread them. This process shaped the relevant role of the middle class in creating regional growth.

Agreement about the defining moment for the evolution of the middle class varies by country in Latin America. The first half of the 20th century saw the development of the early conformers, the first middle class group expansion: Argentina, Brazil, Costa Rica and Uruguay. Other countries such as Ecuador, Mexico, Peru and Venezuela, developed later in the century. In general terms, the middle class experienced growth and ascendant mobility throughout most of the region up to the end of the 20th Century.

From that moment on, substantial changes in Latin America and the world affected the middle class in many ways. The last part of the century was signaled by the emergence of the “new poor”, with the impoverishment and dispersion of the middle sectors. Currently, Latin America as a region, and within many of its countries, is classified as middle income, but it has historically high inequality that seems to be increasing.

The questions that exist throughout this work are as follows: Can the middle classes recover its role as generators of cultural, social and economic wealth? Can it be an active and positive actor in a process of democratic governability or, to the contrary, will it be a destabilizing force toward the formation of societies with equality and ethics, pluralism and democracy?

3. Impoverishment and inequality in the Neo-liberal times in Latin America

As a result of the economic crisis of the eighties, adjustment policies were set in motion that affected the living conditions of extensive sectors of the population in many Latin American countries (Minujín, 1992). Those politics produced a high level of economic concentration with greater inequity in the distribution of income and of goods and services (Minujín, op.cit). The processes of inequity and of impoverishment implied a general drop of income and in the living conditions of the entire population. While the poorest sectors were hit hardest (structural poverty), the living conditions of the middle class was very much affected as well. At the same time, the State contracted and weakened as generator of public employment and, in the decrease of its redistributive functions, contributed to the deepening process of inequality.

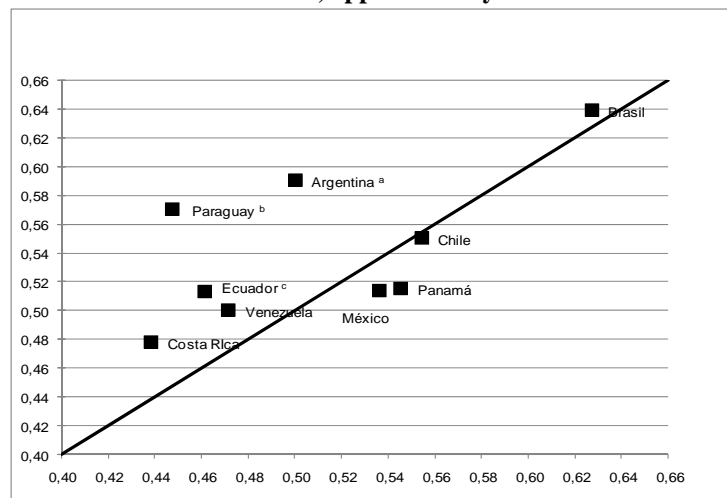
The total population figures show that the national incidence of poverty in Latin America rose: in 1970 the poor composed 119 million; in 1990, the number grew to 195 million. That is to say that in 1990, 76 million more poor lived in the region than in 1970 (CEPAL, 1994).

In parallel, the region experienced a marked growth in inequality. During the 1990's, the continent had the most regressive income distribution (Anguita and Minujín, 2005), failing to revert its behavior during phases of economic growth. Therefore, simultaneously to the increment of the poor population, a process of social polarization took place that affected the middle sectors of society. Even those countries that presented a homogeneous social structure, such as Argentina and Chile, could not escape these tendencies that were expressed in an increased level of inequality among those who once had the resources to survive the crisis but now experienced a dramatic fall (Minujín and Anguita 2004).

For the period between 1990 and 2002, of nine countries with available information, six show an increased concentration of income. The Gini Coefficient for Argentina went up from 0.50 to 0.59, representing in 2006 a reduction to 0.51. The values present in the early 1990s, however, were never recovered. Costa Rica, Ecuador, Mexico, Paraguay and Venezuela present coefficients between 0.488 and 0.514. Argentina, Brazil and Honduras presented greater inequity, with indices over 0.58 (see Graph I).

It is necessary to emphasize that the period of growth that was initiated recently emerged from a deeply uneven social structure that was crystallized during the final 20 years of the 20th century. Visible improvement for the middle class, along the lines of several indicators for that period, must consider the persistence of that weak structure and resulting inequities.

**Graph I: Latin America, (9 countries):
Changes in the Gini coefficient of the Distribution of 9 new entering countries in Latin America, 1990-2002, approximate years.**



Source: Own elaboration from data published in the Social Panorama of Latin America in 2004.

- ^a Gran Buenos Aires
- ^b Metropolitan Area of Asunción
- ^c Total Urban Zones

4. The many Dimensions of Vulnerability

In the previous chapter, we saw that during the last decades of the 20th century societies in Latin America were impoverished and experienced increased disparities as well as growth of the existing inequities of the region. This section focuses on the middle class in order to analyze how this process has affected this group. The information that is presented in this chapter supports the hypothesis that the policies established created a distancing and dispersion of the middle class, causing it to become highly heterogeneous.

4.1 Some recent history. The ‘new poor’

The policies that were laid out in the Washington Consensus began in Argentina and Chile under military dictatorships in the second half of the 1970s. By the end of the 1980s, there were huge divides between and within countries of the region that had passed the initial phase of “structural adjustment” to the application of Neo-liberalism (Beccaria and Minujin, 1991; Lomnitz, 1991).

The effects felt by the middle class were noticeable by the end of the 1980s and early 1990s. The phenomenon of the new poor, though very relevant, was not recognized at first. During this period quality of life for the middle sectors fell drastically due to social adjustments.

Previous studies show that Latin America, in addition to changes in the distribution of regional income, also experienced an average income drop in households belonging to the second and third quartile of the population (Minujín, 1995). This drop coincided with a relative increment in poverty that was greater for groups with intermediate educational levels than for those with less education.

The descending mobility that the middle class began to experience increased the heterogeneous character of poverty. These processes deepened the dispersion to the interior of the middle sectors. For them, the income measure of poverty did not capture the full extent of the situation.

The utilization of the category of "New Poor" arises like a concept that helps to define and characterize these new groups that began to be "victims" of acquired poverty, as a result of the mechanisms of adjustment and crisis in different countries within the region (Minujín, 1992, 1995).¹ The increase of poor households made up of families belonging to the middle class, showed the incorporation of groups that were outside measurable variables of structural poverty.² These impoverished households have experienced such drastic drops in income that they are not even able to cover basic goods and services.

¹ In parallel, in various countries of the region, investigators such as Oscar Altimir, Ruben Katzman, Lariza Lomnitz and Julio Bulvinik were also developing this subject.

² The measurement of structural poverty remits to material indicators that show the lack of access to a series of above-mentioned services such as: dwelling infrastructure, education and health, among others. This method implies the definition of most minimum thresholds according to the subjective appraisal of the different degrees of satisfaction of basic needs, for a society in a determined moment. Poor households are considered those that do not satisfy some of these basic needs (NBI) (Minujín, 1992).

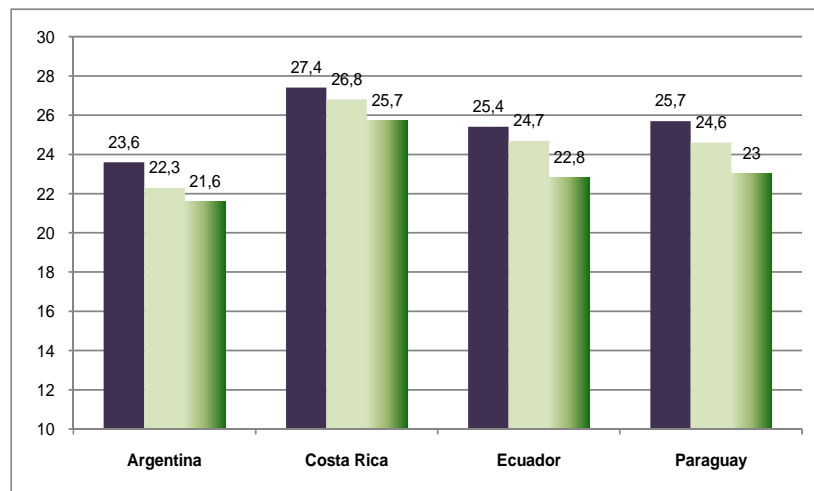
Nevertheless previous studies have indicated that "with the structural poor, the new poor do share fundamental consumption patterns, but do not share their history." At the same time, they share an assembly of social and cultural factors with the non-poor, that connect them with their past of not experiencing poverty (Minujín, 1995).³

4. 2 Impoverishment of the Middle Classes in Latin America

The main effects of the processes mentioned were shown in a general impoverishment of Latin American societies, especially in the deterioration of the living conditions of the middle sectors that up to that point enjoyed a high degree of integration to the backups of social life.

Graph II shows the participation in the total income of the low middle income class, defined as those that in deciles 3 to 5. The data shows that, in four Latin American countries, the middle class has reduced their participation throughout the nineties.

Graph II: Latin America, (4 countries): Participation in the total income of the deciles 3 to 5 (low middle income groups), approximately in 1990, 1996 and 1999.
(In percentages)



Paraguay: Metropolitan Area of Asunción
Ecuador: Urban Total

Source: Taken from the base of CEPAL, a decade of social development in Latin America (1990 – 1999) (LC/G. 2212-P). Santiago of Chile, March of 2004. Books of the CEPAL N° 77, publication of the United Nations, N° of sale: S.03.II.G.143

³ They present a similar behavior to the poor sectors in variables associated to crisis, where they resemble the situations of the groups that have been poor historically: unemployment, absence of health care coverage, precarious labor situations (Minujín, 1995).

4.3 Heterogeneity and dispersal of the middle classes

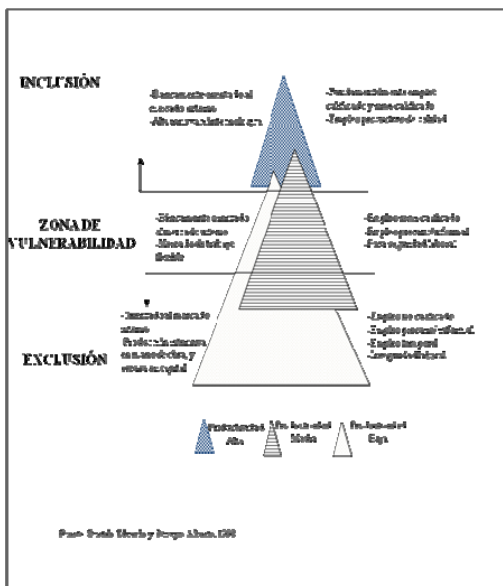
Not only has the middle class suffered a process of impoverishment, that is to say a relative descent in which can be called an increase of vertical inequity, but also an increase in horizontal disparity. That means that the middle class has become much less homogenous. How much? That depends on a series of factors such as the sectoral dynamics of employment, social and family networks and geographical location.

At the same time, the dynamics of the middle sector have become more heterogeneous. Within income level categories, an important distancing has occurred according to diverse factors such as household educational level and the quality and effectiveness of labor market participation.

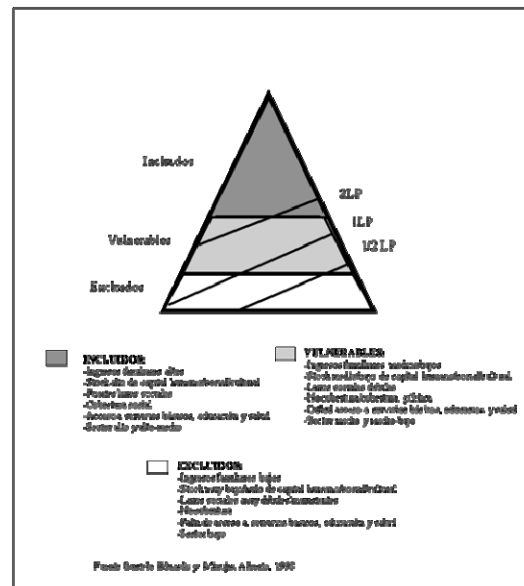
The heterogeneousness of the middle classes was not produced only by a decrease in income, but also by a rapid degradation on other dimensions of social inclusion such as access to goods and services. Also, certain social ties act to enhance inclusion such as cultural capital or community networks. The weakening of these societal safety nets has created a vulnerability.

The middle classes have also been reconfigured on the dimension of economic inclusion. If we consider economic inclusion from the perspective of entering the labor market, we emphasize how the middle class has been especially affected by the precariousness and fragmentation of the labor market. Limited access to stable, secure jobs has had a strong and negative impact on the living conditions of the middle class. The weakening of these two dimensions, the economic and the social, aggravated the issue of heterogeneity of the middle sectors. As a result, families with similar incomes developed vastly differing living conditions, depending on their level of vulnerability in a social and cultural context.

Economic Inclusion



Social Inclusion

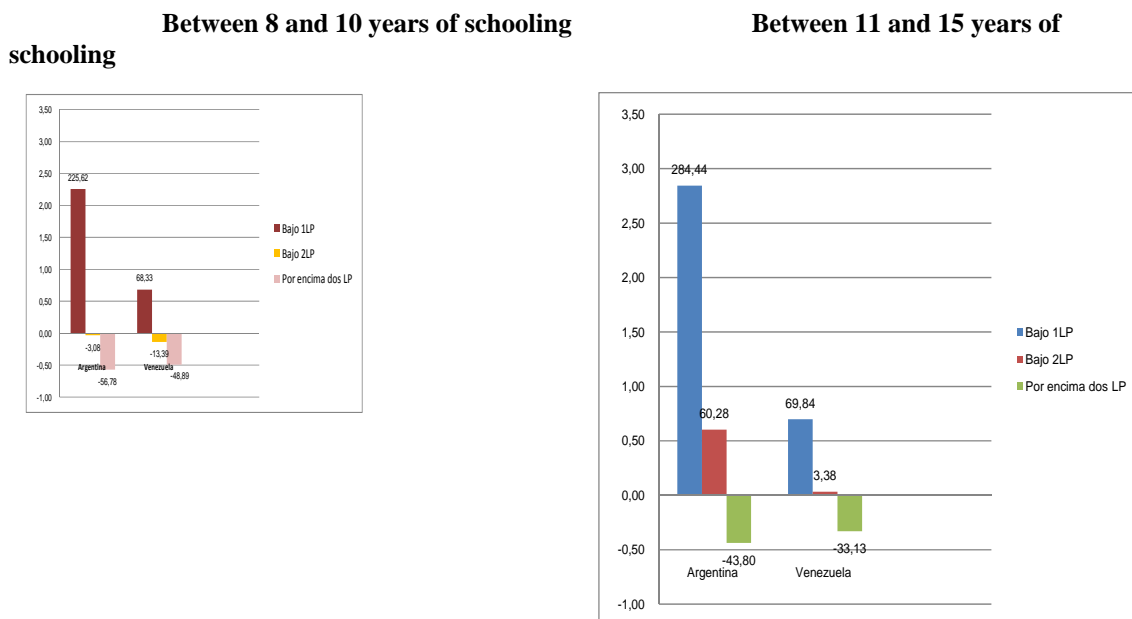


One important factor for understanding what has happened over the last 20 years with the middle class is that education is a fundamental source of symbolic-cultural capital. Analyzing the relationship between years of education and the level of poverty within a family permits us to evaluate in what measure the middle classes became vulnerable.

Years of education has been selected as a key indicator of the overall climate of a household. Graph III shows that for the population of Argentina and Venezuela with between 8 and 10 years of education⁴, they increase their participation on the poverty line at the same time that they diminish their participation among sectors with incomes above the total of two lines. The tendency is reaffirmed and deepened among the members of households with between approximately 11 and 15 years of schooling, (we can conceptualize this as average education and more). The fall of these groups under the line of poverty expresses a descending mobility for those that in 1994 were between two lines, and for those who were in households that had incomes above two lines (Graph III).

Graph III: Latin America (2 countries): Changes in the percentage of population with incomes per cápita of the household under one PL, between one and two PL and above two PL, chief of households that have reached between 8 and 10 and between 11 and 15 years of education.

(Relative Variation in Percentages)



Source: own elaboration from CEPAL data base.

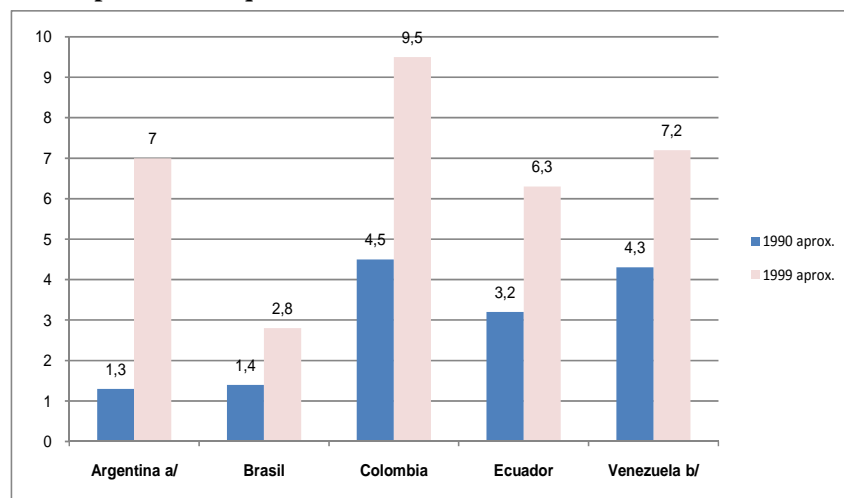
⁴ This categorization constitutes an approximation to the average of necessary years to complete the level of average education in each country. Between 8 and 10 is the level of obligatory education that is identified, nevertheless, each one is modified according to the educational system of each country.

4.4 Labor Vulnerability of the Middle Sectors

Latin America suffered major changes structurally over the last few decades that impacted the labor market of the region and which is reflected in an unemployment increase throughout the 1990s. This labor vulnerability affected not only the poor sectors and unqualified workers. It significantly affected the middle classes.

What was the impact of the processes of flexibility and segmentation of the labor market on the middle sectors? Though these changes tended to affect the poorest sectors most, with less education and less qualified labor training (Auyero, 2001; Mallimaci and Sage, 2005), the middle class were also affected negatively despite their better qualifications and more years of formal education.

Graph IV: Latin America (5 countries): Unemployment rates for the EAP between 25 and 59 years with professional qualification. Urban zones. Around 1990 and 1999.



a/ Greater Buenos Aires d/ Total National Source: elaborate on the base of Social Panorama of Latin America 2001-2002, CEPAL, October 2002 (LC/G.2183-P/E) ISSN: 921-322040-5, ISSN electronic: 1680-1409, N.SALE S.02.II.G.65.

Graph IV confirms this tendency, showing the growth of unemployment rates from the beginning to the end of the decade for people with professional qualifications. Argentina, Colombia, Ecuador and Venezuela all show an important increase in professional unemployment. Unemployment numbers within professional groups, which for some countries show a doubling of the rate, demonstrate the process of vulnerability. It shows that education, a privileged dimension of investment for the middle sectors of society, continues to be a very important factor for avoiding the fall into poverty. However, in the new context, human capital no longer guarantees those who possess an education a position in the labor market.

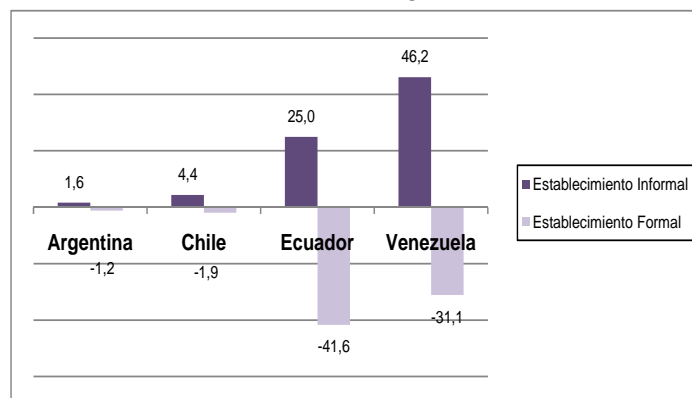
Though there are some exceptions, Latin American countries have historically experienced high levels of participation in the informal sector⁵ and this usually generates

⁵ The main analytic criteria was formulated by PREALC (1978) and OIT (1993), they indicate that utilization of the size of the establishment as productivity levels advance.

employment for less qualified workers. It is to be expected, therefore, that positions in the informal sector are usually filled by workers from the poorest sectors of society. However, in some countries within the region, middle class workers filling positions in the informal sector has increased.

Graph V show the changes within the overall population of those belonging to the second quintile, who are employed by the informal sector from four countries from the early 1990s until 2002. Each country displays different intensity, but overall, the informal labor market did not only affect the poorest groups of the population.

Graph V: Latin America (4 Countries): Relative variation of EAP in households belonging to the second income quintile in formal and informal establishments⁶ (1990 aprox-2002)
(In Percentages)



Source: own elaboration of the Bases of Households CEPAL for four countries

Labor Vulnerability of the Young

Young people are usually the most affected age group when it comes to unemployment and the precariousness of factors such as the absence of prior work experience, the

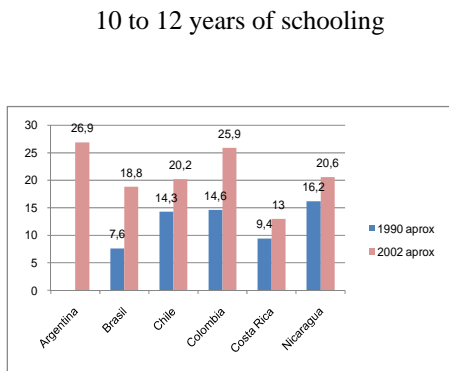
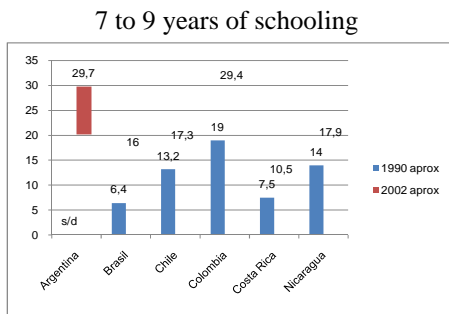
⁶ In the prosecution of the data according to sector, the following criteria was kept in mind: Argentina: was included in the prosecution to the wage earners, bosses and family workers, self-employed worker were excluded. Chile: In 2000, the survey presents the employment categories with greater disintegration than in 1994, distinguishing the employees of the public Sector and entrepreneurial businesses. In 2000 the categories were divided by boss or employer, employed and laborer of the private sector and unpaid home worker. Ecuador: Is categorized by such extreme variables of the establishment, as opposed to the other countries where the cut was maintained up to five people, the strain between formality and informality was carried out among until 10 / 10 and more. Ecuador 1994: Continuation in the following categories: Owner or active associate, unpaid home worker, private company wage earner. Workers are excluded on their own, wage earners of government, domestic employees. In 2002, the variable employment category distinguishes between Farm and not farm. They were not defined simply by the categories pertaining to the not farm that represent the 93.8% of the population of the busy. To the interior of the busy not farm the following employment categories were distinguished: employed or privately employed, owner or associate and unpaid worker. It excluded the workers on their own, to the wage earners of government, domestic workers and workman or non-farm laborer.

competence in the labor market of youths who seek work for the first time and the intermittent transitions between activity and inactivity (Weller, 2003).

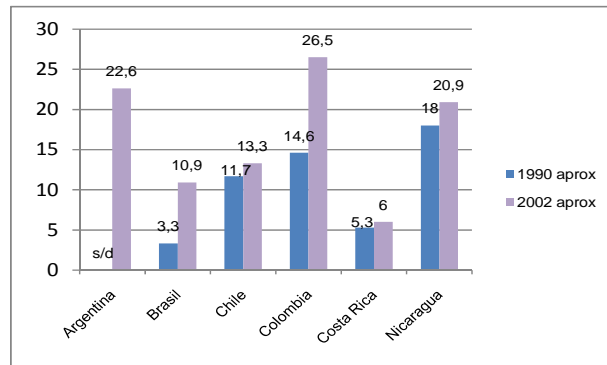
The repercussions of unemployment among the middle strata of youth have been significant. The increase of unemployment in positions needing middle level education constitutes an important indicator of the deepening of the vulnerability to which youth of the middle classes are exposed (Graph VI). These figures point to the fact that an increase in years of education no longer necessarily constitutes assurance of a stable and/or protected entrance into the labor force. This may also be a second source of vulnerability, but currently there is not a specified correlation between the expectations of the middle sectors and their insertion into the labor market.

Graph VI: Latin America (6 countries) Unemployment rates of the youths between 15 and 29 years, according to educational level, national total, 1990-2002

(In Percentages)



More than 13 years of schooling



Source: CEPAL, The Youth in Latin America. Tendencies and ER. Santiago, Chile, October 2004. LC/L 2180.

4.7 Other Vulnerabilities

Health and Education

Privatization of social services runs parallel to the impoverishment of the middle classes, by affecting living conditions on two distinct dimensions regarding social position: education, as symbolic capital that legitimized their position while mobilizing their expectations of social mobility, and health care, which was historically a guarantee for the labor condition.

The processes of decentralization and privatization of education were carried out in various countries of the region during the 1990s. This prompted the fragmentation of the public educational system, reproducing the social inequalities and diversifying the educational offerings according to groups with different cultural, social, and economic characteristics.

According to Emilio Tenti Fanfani (2007), the current tendencies of educational development in Latin America are characterized by schools overcrowding, especially at the most basic levels, in a context of social and economic inequalities that seem to be deepening. This process affects different social sectors, since the overcrowding of basic education develops in parallel to a stratification of the offerings of instruction, where children of economically better off sectors with greater cultural capital are accommodated. They agree to a schooling of the elite, creating a process of exclusive segmentation for this elite type of schools and "the remainder" (Tenti, op. cit; Minujín and Anguita, 2004).

These changes prompted reforms that affected the quality of life for these groups. They prompted the participation of the private sector in the financing, management and provision of services.

The operation of the health system under the logic of the market created a lack of attention paid to the needs of the impoverished middle classes. The process in Latin America was linked to the decentralization of services and local systems, and to benefits created to focus on the remainder of the public who were the poorest sectors of society (Houses, 1999).

How were the remaining middle classes positioned in this new context? In this aspect, the dynamics of the market also added to the segmentation: the middle sectors that survived the fall and maintained adequate incomes were able to acquire high-quality services offered by private lenders. On the other hand, the newly impoverished middle sectors were deeply affected by unemployment and/or the precariousness⁷ of the labor market. They lost their medical coverage and were left either owing money for receiving medical care or forced to get low quality private health coverage their income allowed.

Psycho-social Vulnerability

Extensive literature exists by psychiatrists and psychologists regarding the negative impact on children of parents or guardians facing situations of stress or conflict. This impact displays a chain of events that lead to emotional insecurity, difficulty building relationships, school failure, and anti-social behavior which are all proven to have both long-term and short-term influences on children and adolescents. For impoverished adults, there is an increase in economic insecurity. Loss of status increases mental health issues such as the intent to kill, physical and verbal aggression, depression, self-aggression and psychiatric imprisonment.

The psychological social aspects are extremely important for the middle sectors. Their invisibility and scarce consideration from the social perspective accentuate these problems. These needs must be taken into account when designing policies, especially those affecting children and education.

5. They did not include my astuteness. Resilience of the middle classes

The middle class has suffered a traumatic process of deterioration characterized by impoverishment, insecurity, uncertainty, and the inability to conceptualize future perspectives. The social agenda itself was fractured. Individual values went against collective ideals. A deep global change structurally and in the productive processes of goods and services has weakened participation and union action by the middle classes. These processes have been utilized in various countries of the world, especially in middle income countries. Nancy Fraser (2003) indicates the differences between the fight for social conquest, the fight for distribution and the fight for recognition.

As a consequence of this complex situation, the policies that were viewed as a means towards social justice and action became weaker and weaker. The lack of faith in politicians and their policies, especially among the young, continues to grow. Mass

⁷ The access of the population to services of health, this is highly related to the structure of employment associated to that population (Espíndola, op, cit).

media has participated in this process of discrediting the collective and promoting the value of the individual above all else.

Nevertheless, not all is lost. The middle class has learned a hard social and economic lesson. They have adapted to the new conditions. They have adjusted themselves and have survived. They are taking new risks. They have shown characteristics of resilience, possibly related to capital stock and culture accumulated in previous periods. Also, they have shown creativity and perseverance in the search for alternatives. Diverse collective expressions of these initiatives exist. One of them has been the initiation and expansion of diverse organizations at the civic level. As opposed to Anglo-Saxon countries in Latin America, there is not much of a tradition of associations or civil society organizations in public life. While there are examples in the history of the region that can be found, it is not routine practice in society.

Nevertheless, in recent years we have seen an explosion of social movements and growing numbers of non-governmental organizations (NGOs). This is due, in large part, to the disappearance of the State in many areas of public concern. This solution of NGOs is especially promoted by International Agencies, but it also gained importance in the changing world of Latin American society.

Not only has the middle class survived, they are moving forward as part of a devastating process of democratization occurring in Latin America. In this process of revival and expansion there are two key ideas expressed by the middle classes. One view is that this ascent is solid and creates a current of upward mobility that transcends the consumption of goods, and that can impact favorably the availability and quality of social services. On the other hand, some express a hope that the people who are making progress will measure their growth correctly and will continue to participate in inclusive social projects, not dwelling only on personal profits. That is to say, there is a hope that they will prop up the democratic process and support social policies that seek equity. This idea is a representation of equal distribution throughout the region in alliance with the poor, who yearn for the idea of “we almost always win” and not ‘we win a few’.

6. Politics for the middle classes

6.1 Is politics for the middle class or for society?

Discussing policies and programs for the middle sectors brings up three main questions. The first and central one that is: Why create policies that affect the middle classes?

The crisis of the Welfare State and the advance of neo-liberal policies has allowed reductionism, social policies that drive the management of compensatory programs and the administration of the un-privatized social sectors. The fundamental, construction-of-society role that the middle class has played through the expansion of intra-class solidarity systems and inter-classes has remained distorted and vague (Marshall and Bottomore, 1992).

This essay asks whether or not governmental and social policies can construct and develop citizenship and society as a whole. It requires the establishment of rights and the

strengthening of the public sector and participatory action. The focus that is proposed is establishing policies for society and specifically for the middle sectors.

6.2 Competence or complementary?

The second question relates to the fact that the countries of the region face serious and endemic problems of poverty at many levels. Is there a trade-off, then, among possible policies for the middle sectors? Do the programs compete within economic sectors, and if they are oriented for the poor does the possibility exist that they can be complementary to one another?

From a strictly economic point of view, scarce resources imply a trade-off among programs, especially if they are vying for similar subsidies and benefits. At the moment it is important to define the prioritization for allocation of resources.

Nevertheless, this dichotomy should be negotiated to propose an integration of social policies that use compensatory programs in the short-term focusing on the poor sectors, and universal programs that strengthen rights for society in the long-term. And, finally, policies are needed that are directed specifically at the middle classes. This requires a vision of investment in society and not of social expense. In both cases, an inclusive citizenship should be sought. In this sense, both types of programs will be complementary and will seek the same ends.

The goal is to diminish issues of poverty and to work on creating an equitable society. It is a matter of distributing and redistributing wealth and income. Past experience shows that redistribution is difficult to administer. Inequality generates violence, instability and lack of governability. A simplistic vision that opposes a combination of confronting the compensatory programs and the universal programs must be avoided. The region will not be able to agree on high-level democratic development if it does not cover both aspects.

Before the question of competence or complementarity is answered, citizenship in Latin America must consist of a fully collaborative and interactive lifestyle in the learning process of democracy. This requires various elements. One is the reconsideration and the reappropriation of space and of public institutions as a participatory and collective space. The examples of politics that are presented in this work aim towards this. Another is a consideration of the diversity and the heterogeneousness in the community as a positive element for society. It helps then to articulate the fight for distribution with the fight for recognition of identity and to propose a positive purpose for social assembly.

6.3 What kind of Policies?

Finally, since the previous points have been clarified we can now formulate the last set of questions: Policies for what? Programs for whom? Which programs?

The courses of action for possible programs that are proposed seek to promote the public sector, participation and the exercising of rights. The objective is the promotion and

construction of citizenship for democratic, participatory, and inclusive societies -societies that permit the execution of the total assembly of human rights.

This will require new forms of citizenship with active and positive participation. These programs address diverse dimensions in policy, for cultural, economic, and social development. They include the access to knowledge, the strengthening of the justice system, and the different forms that control the regulation of the public space.

We cite examples of programs that can contribute to building social policies. The proposals that are presented thus far are exhaustive, but they constitute examples of guidance and counsel for the regional debate. The different countries, based on their historic reality and experience, must develop their own content. We want to emphasize that it is absolutely necessary to give priority to those policies directed to the middle classes, and that the policies should permit those individuals to be positive actors in the construction of society.

Therefore, prominence must be given to the sectors that can fuel change. In this sense, girls, children, youth and women constitute especially prominent population groups. They should have individual centrality and priority in the policies and programs that are implemented.

Two axes cross the examples of programmatic areas that are presented: the action of the citizenry and the action of the State. It is in this juncture that programs should incorporate social policies directed to the middle classes. The programs that have been selected have two fundamental and common characteristics. One of them is that the actors of civil society do not constitute the object of policies, but are participating players. The other is that the middle classes play a prominent role.

The proposal for policies and examples of programs and projects can be separated into the following spheres, where the middle classes can find a space and expression of their voice:

- a) the expansion of the public sector, citizenship and the democratic governability
- b) the promotion of cultural activities
- c) the promotion and creation of employment and income and generation of knowledge
- d) the production of information and evidence for the development of policies.

In this paper, priority is given to the sphere of expansion of the public space for two reasons. First, it is a lucky lever that produces mobility and synergy in a process that radiates in multiple directions. Second, it is where the State has greater possibilities and greater degrees of liberty for acting, including in situations with budgetary restrictions.

The cultural sphere, though it is part of the public sector, is presented as a separate point for emphasis. It is considered to be a sector that is very important for expression in the middle classes. In this sector, it is possible to prompt policies that are low cost and highly impacting.

With respect to the employment environment, we will focus on proposals related to youth, education, and technological innovation.

Finally, we discuss a separate point related to the production of information and evidence of the middle classes as instruments for action.

For each one of these spheres, some examples of programs are presented. Without a doubt, an enormous number of programs already exist in the region that impact the middle sectors of society and that could be adapted to fit the needs of these sectors. The different countries of Latin America, according to their reality and experience, should refine the policies that they wish to continue and the programs that they want to implement.

6.4 Expansion of the Public Sector

The public sector constitutes a central space for the development of programs oriented to strengthening democracy and social inclusion. It is in the public sector that public opinion is formed and that a force is produced to drive citizenship.

In the region, the public sector has been struck and distorted by two consecutive processes. The first is a long history in which the public sector was identified with the state as the only actor. The second was the dismantling of the state and the public sector. We advocate for the public environment as a sector for action, made up of diverse participants who transcend the governmental.

The middle classes are assets in the observation and criticism of actions in the public sector. In many instances, their energy is channeled toward unproductive criticism, generally of the government. The present period of democracy and economic growth permits participatory channels to expand and to institutionalize, making action possible for the middle classes. Without doubt they can play a positive and prominent role. Urban planning, planning and development of public sector for recreation and culture, transportation, local infrastructure, implementation and operation of basic services of education, health, clean-up, among other things, constitute some forms of constructive action by the middle classes.

These activities must combine State action with civil society organization and the private sector. Also of fundamental importance is that this be part of the practice of rights and responsibilities of citizens, under adequate legally and institutional protections.

One example of a program that joins the action of a municipal level of government with a participatory voice of its citizens is the "Municipal Seal of Approval" established in 1999 in the semiarid region of Brazil. This region covers 11 states and 1,416 municipalities. Approximately 13 million girls and children from 0 to 17 years of age live in the region. The project currently operates in about 10% of the municipalities, with the objective of increased participation in the resolution of problems of the community, with emphasis on basic services and protection of rights for girls, children and women. The policies are developed to transparently drive the government, the responsibilities of the public officials in cooperation with the citizens, the families and the community. The municipalities in this example put in place methods that include training, communication and mobilization. The effectiveness of policemen, for example, is evaluated by using qualitative and quantitative methodology that includes goals, objectives and warnings.

The evaluation is done according to three components: a) social impact, b) management of public policies, and c) social mobilization.

6.4.1 Participation by citizens in agencies of control and decision

The establishment of independent oversight structures contributes to democratic development. In recent years we have seen an extraordinary expansion of these types of organizations. However, at the present time these structures still have not been incorporated into the public policy system in a structured way.

Though no systematic information exists, we observe that in many cases those that participate are actually from the middle class, and that they do so with positions of leadership.

Citizen observatories and the public budget are two relevant examples of these policies. They have strong potential for expansion in the region.

Citizen Observatories

The observatory is composed of a group of individuals or organizations with independence from governmental agencies, who are organized autonomously with the purpose of monitoring, evaluating and impacting policy and processes in order to achieve greater transparency and effectiveness.

These observatories cover an extensive range of objectives, but their common characteristic is that they are civil society organizations that create channels of participation. Some function at the local or municipal level but many operate at the national level. Shaping networks of organizations or individuals is a common characteristic. One activity is generating and organizing qualitative and quantitative information that can be utilized to improve the performance of public policy. The construction of databases and indicators is one of the objectives shared by many of the civic observatories.

In general terms, the observatories' effectiveness is unclear, and to what extent they are integrated into public management. It will take some time to determine their sustainability. However, they constitute a growing reality in the region. The observatories cover diverse themes, such as: the protection and promotion of rights, especially for children and women; monitoring of the social situation linked to the analysis of social problems for the purpose of influencing public policy; legislation and justice linked to the control and defense of the egalitarian processing of the individuals in the judicial system; and mass media and communication in the search for democratization of the media.

6.4.3 Public Budget

The budget of the State is not a technical, but a political, instrument. A budget is constructed by the executive branch. It is approved by the legislative branch and executed by agencies and ministries. At each juncture are moments of power confrontation. The final public budget constitutes a view of the State's priorities.

However, it is inaccessible and incomprehensible for most organizations of civil society and even more so for its citizens. This is true at the macro, meso and micro levels. Is it possible to change and rectify this situation? In this context, the experience of the 'participatory budget' is important as a channel of expression for citizens, particularly for the middle classes.

Participatory Budget

In theory the participatory budget is supported structurally by a process of community participation and guided by three principles:

1. universal rules of participation in institutional settings, with operational regulations;
2. a transparent method of defining the municipal budget's annual allocation of resources;
3. a process of decentralized decision-making.

The Participatory Budget puts into practice a process of joint management, which combines the direct democracy performed by the population and the representative democracy of periodic elections. Citizens should participate freely and universally in public discussion about budgetary allocation.

The first Participatory Budget took place in Porto Alegre, Brazil in 1989. The experience became a model for many other cities in Latin America. Studies show that the system offers a successful instrument for managing the distribution of the public budget, for increasing the transparency of government and citizen participation (Fedozzi, 1997; Good Fisher and Moll, 2000).

The decisions made by citizens and the government should be documented and published for public access. In this way, the Participatory Budget carries maximum effect. The process enables the public to help guide the execution of public works.

Studies observe some common failures in a Participatory budget's first years of implementation:

- Inexperience in promoting participation in an institutional environment
- Citizen frustration at the absence of immediate material results
- Crisis in the interaction between community members and the municipal government
- Decrease in citizen participation

However, despite these obstacles, direct citizen participation is an important endeavor. The chief advantage of the Participatory Budget is its role in the democratization of relations between the State and society, and in the creation of a non-governmental, public sphere that is developed as a mechanism for social control of the state.

6.5 Culture, creativity, and solidarity

Cultural space is interesting and engaging for members of the middle classes, particularly for youths. It allows the expression of creative energy, the integration within and beyond classes and the expression of cultural diversity and solidarity. It is a sector that is traditionally relegated to a low position of priority in a budget. This new model requires that special attention be paid to the frequent lack of resources. Relatively small investments in cultural activities have an important social impact on a community's quality of life.

Part of a discussion about culture and its role within communities includes the impact of mass media. New communication technologies and data processing have influenced cultural consumption strongly (Wortman, 2005; Lash and Urry 1997).

It is possible and even desirable for multiplexes, mega-exhibitions and mega-festivals to thrive next to out-on-the-street theater, exhibitions of school paintings and blogs, music groups and other artistic expressions in the public space. One dichotomy to note in the sphere of mass communication is that art, theatre and culture tend to be concentrated in the hands of a few, typically in the commercial arena. Thousands of small and informally organized individuals and entities exist, however, that are their own, important form of expression. Both are part of the paradox of cultural activity whose diverse reach is vast.

The cultural space offers alternatives that combine creativity and imagination with the possibility of expressing altruism and solidarity. It is often inclusive of its audience, and has the capacity to attract and mobilize groups, especially young people, adolescents, girls and boys. At this time there does not seem to be any regional effort to promote a cultural space through local, regional or national government (Mato, 2005). Where it does exist at the national level, such as in the NEA, the National Endowment for the Arts, political fighting has created back and forth efforts to dismantle the agency as an example of an unnecessary and overly progressive initiative.

We present two examples at extreme ends of the spectrum. In one, the State, represented by the municipal government, civil society, NGOs and the private sector, all work together in concert on a massive project. The other example is almost its opposite, wherein a small project is part of a university's external activities.

In Medellín, Colombia, the 'Park Explorers' was created in 2006 as an initiative arranged by the city hall and the private sector. It is an interactive park with 25,000 square meters, dedicated to science and technology. The initiative grew from a desire to combine multiple purposes: the creation of knowledge; participation in a democratic and open infrastructure; and a fortified environment for cultural development and expression regarding science and technology, topics generally viewed with fear and labels of elitism. Public, diverse and inclusive spaces such as the Park Explorers express the value that a society places on culture and on participation by its citizenry.

Another example is the university extension of the Faculty of Fine Arts in La Plata, Argentina. As part of its academic activities, students from the School of the Arts volunteer in neighborhoods and communities. The activities seek to transfer know-how and practices in an exchange that implies understanding, adaptation and respect by those

with knowledge and experience of the communities. The activities include painting, ceramics, corporal expression, theater and workshops. This small undertaking reached more than 2000 people last year. Its supportive expression mobilized youths, predominately from the middle sectors (Butler and Mazzarini, 2008).

6.6 Employment, income and knowledge creation. For the market what is from the market.

From the 1990s, we understand that economic growth by itself is not a sufficient condition for improving equality or for reducing poverty. Changes in the distribution structure are required. Jobs, salaries and the expansion of productive entrepreneurial ventures constitute central elements for policies related to income distribution. As Robert Castel points out, one of the most significant events of the past decades is the de-collectivization of work and social processes. As a result, one key topic for social policy is how to develop new forms of protection that factor in mobility and job market irregularities. These irregularities occurred traditionally in the informal markets that characterize the region, but that were infrequent for the middle classes until recent decades (Castel, 2002; Anguita and Minujín, 2005).

One problem that fundamentally weakens the expansion of democracy and citizenship is groups of teenagers and young people who suffer the generational impact of a combination of descendent social mobility and a widening educational gap. The promotion of creative, innovative and productive ventures in secondary and higher education must be a central priority. Education serves as an engine for social integration and inclusion, and promotes solidarity, non-discrimination, human rights and environmental protection. The proposed relationship between education and employment transcends the usual, narrow concept of human capital. It uses the existing potential within the system along with the constructive energy of the young.

6.7 Monitoring, evidences and policies

A lack of information regarding the middle class and its component sectors is startling. ECLAC and other multilateral organizations, as well as some governments, have dedicated significant effort to improving and widening the availability of updated and reliable information regarding the social situation of the population. The information shortages are extreme.

A case in point is information regarding the impoverished sectors of the middle classes, referred to as the 'new poor'. There is evidence that this group is distinct from those known historically as poor, or 'structurally' poor. The 'new poor' constitute a group of high numerical importance in most countries of the region. There is no systematic effort, however, to collect or provide information and data about the group or its characteristics.

The importance of adequate evidence for the design and implementation of policy has been very well documented. During the last decade, debate and discussion has centered on the ways in which, and to what degree, this information should impact policy.

Frequently, there is a lack of insight on how to promote decision-making using evidence. Some conclusions emphasize the importance of using reliable and timely evidence to leverage the debate and the decision-making process. However, other facts must be taken into account as well in policy formation, such as the political sphere, external influences, and the diverse players related to the specific area of work.⁸

We are advising governments to:

- a) increase incrementally their efforts to widen the statistical base of social topics;
- b) include breakdowns that allow the identification of the middle class's segments, in particular for population groups such as youth, elderly, and other affected groups;
- c) promote the debate on policy with all involved, based on newly available evidence.

7. Final Remarks

In conclusion, we present some notes that synthesize and emphasize the predominant content and thought developed in this essay.

- During the final decades of the last century, with different degrees of intensity depending on the country, the middle class in Latin America suffered an increasing impoverishment distancing to more heterogeneity.
- This situation of 'descendent mobility' offsets the experience of middle sector growth that characterized the region during most of the twentieth century.
- The rise of the phenomenon known as the 'new poor', or the impoverished middle sector, demonstrates these observations. The rise of unemployment for people with middle and high education levels constitutes a leading indicator of the deepening vulnerability to which the middle classes are exposed, particularly the young. This situation highlights the fact that a high level of education by itself ceased to represent an "insurance policy" for stability in the job market. At the same time, it constitutes a second source of vulnerability, as there is no clear correlation between the expectations of the middle sectors and the reality of what they find in the job market.
- These facts result from simultaneous changes in macroeconomic policies, the crisis and destruction of the incipient welfare state, the shrinking of the public sector, the privatization of public utilities and services, in particular the social services, changes in the tax structure with focus on raising value-added taxes, and the breaking of social bonds and solidarity relationships.
- In the beginning of the 21st century we find an impoverished and fractioned middle class. Increased vertical and horizontal inequality gave rise to a diverse set of 'middle classes', depending on job, geography, family and social context. These factors combine with many dimensions of vulnerability that mix exponentially, exposing the sector to physical, social, economic and psychological fragility.

⁸ The Overseas Development Institute, England (Young y Court, 2004).

- The degree of intensity, and the path of the fall of the middle class, emanated in large part from the initial country situations, combined with the development of the welfare state with its concept of basic and protective social services, and the deeply orthodox levels to which the neo-liberal policies were applied.
- The process of economic growth in the last years has not reversed this slide yet. It is important to highlight that the growth period initiated in the last years emerged from a highly unequal social structure that crystallized during the final 20 years of the 20th century.
- The middle classes not only have survived but continue to constitute highly relevant political, social and economic actors in society.
- One main puzzle that will be resolved over time is whether the middle classes, and in particular the impoverished sectors, will be able to play a key role in the building of an inclusive society and a transparent and participative democracy. Can they emerge as the development engine of active citizenry in the public sector?
- We do not have a clear answer for this. However, without proactive policies, it is still possible that at least a significant part of the middle class will play a destabilizing role in connection with the high sectors. This essay aims to generate a search for alternatives that will prevent such a result.
- The recreation and strengthening of the public sector should constitute the central axis from which key policies evolve and are leveraged.
- In the region and throughout the world, a significant accumulated experience exists for developing policies and programs. While many are oriented to the poor, they can be adapted, expanded and institutionalized to channel the energy of the middle class in terms of a 'positive creativity'. Infants and youth offer a real and unique opportunity for the region to build for the future, not only in terms of economic growth but for an inclusive and democratic society.
- The realization of social rights must be the framework orienting policies and programs. In this essay we present examples of programs that contribute to policies based on rights. The broader objective is to rebuild the role of social policy, and to discuss alternatives for a kind of wellbeing where the State regains its central role and assures responsibility and participation by social organizations and the private sector. This co-responsibility must be legislated and institutionalized.
- The region faces an historical opportunity: democratic processes and the economy have been in an expansion cycle. The work ahead is the fight to influence distribution in which the middle class can participate in 'almost everyone wins' instead of 'only a few win'.
- Finally, we recommend increasing the information and analysis of the middle classes, with the aim of promoting debate and action as related to these sectors.

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Statistical Annex

Table 1: Latin America (9 countries): Gini Coefficient of Income Distribution in Latin America, 1990-2002, approximate years.

Gini Coefficient		
Country	1990	2002
Argentina	0,500	0,590
Brazil	0,627	0,639
Chile	0,554	0,550
México	0,536	0,514
Venezuela	0,471	0,500
Panamá	0,545	0,515
Costa Rica	0,438	0,478
Ecuador	0,461	0,513
Paraguay	0,447	0,570

Source: Own elaboration from data published in Social Panorama of Latin America 2004.

^a Greater Buenos Aires

^b Metropolitan Area of Asunción

^c Total Urban Zones

Table 2: Latin America (4 Countries): Participation in the total income of the middle class, income deciles 5 to 7, from 1990 to 1999, approximate years (In Percentages)

Years (aprox.)	Argentina	Costa Rica	Ecuador	Paraguay
1990	23,6	27,4	25,4	25,7
1997	22,3	26,8	24,7	24,6
1999	21,6	25,7	22,8	23

Paraguay: Metropolitan Area of Asunción

Ecuador: Urban Total

Source: Elaborate on the base of ECLAC, A decade of social development in Latin America 1990-1999 (LC/G. 2212-P). Santiago Chile, March, 2004. Book CEPAL No. 77, United Nations Publication, No.: S.03.II.G.143

Table 3: Latin America (3 countries): Relative changes in the percentage of population with household incomes per cápita under one PL, between one and two PL and above two PL, chief of households that have reached between 8 and 10 and between 11 and 15 years of education.

(In Percentages)

Argentina (Fed. Cap. and GBA) (1994-2002)						
	`Between 8 and 10 years of schooling´			`Between 11 and 15 years of schooling´		
	1994	2002	VR	1994	2002	VR
Below 1LP	14,7	48,0	225,62	6,9	26,5	284,44
Below 2 LP	28,3	27,4	-3,08	20,3	32,6	60,28
Above 2LP	57,0	24,6	-56,78	72,8	40,9	-43,80
Venezuela. Metropolitan Area (1990-2002)						
	`Between 8 and 10 years of schooling´			`Between 11 and 15 years of schooling´		
	1990	2002	VR	1990	2002	VR
Below 1LP	31,5	53,0	68,33	21,0	35,6	69,84
Below 2 LP	33,7	29,2	-13,39	31,6	32,7	3,38
Above 2LP	34,8	17,8	-48,89	47,4	31,7	-33,13
Ecuador (1990-2002)						
	`Between 8 and 10 years of schooling´			`Between 11 and 15 years of schooling´		
	1990	2002	VR	1990	2002	VR
Below 1LP	65,1	57,9	-11,0	47,0	35,9	-23,77
Below 2 LP	23,3	29,5	26,8	31,1	35,4	13,97
Above 2LP	11,7	12,5	7,7	21,9	28,7	31,23

Source: own elaboration from Bases of Households CEPAL for three countries.

Table 4: Latin America (5 countries): Unemployment rates for the EAP between 25 and 59 years with professional qualification. Urban zones. Around 1990 and 1999. (Annual Average Rate)

Year/ Country	1990	1999
Argentina a/	1,3	7
Brazil	1,4	2,8
Colombia	4,5	9,5
Ecuador	3,2	6,3
Venezuela b/	4,3	7,2

a/ Greater Buenos Aires

b/ National

Source: Elaborate on the base of Social Panorama of Latin America 2001-2002, CEPAL, October 2002 (LC/G.2183-P/E) ISSN: 921-322040-5, ISSN electronic: 1680-1409, N.SALE S.02.II.G.65.

Table 5: Latin America (4 Country): Porcentaje of employes belonging to households in the second income quintile by informality of the stablishments (1990 aprox-2002) (Percentages)

Type of Establishment/ Country	Argentina		Chile		Ecuador		Venezuela	
	1994	2002	1994	2000	1990	2002	1990	2002
Informal Establishment	43,5	44,2	30,1	31,4	62,5	78,1	40,3	58,9
Formal Establishment	56,5	55,8	69,9	68,6	37,5	21,9	59,7	41,1

Source: Own elaboration from Bases of Households CEPAL for the four countries.

Table 6: Latin America (6 countries) Unemployment rate of youths between 15 and 29 years of age and total, 1990-2002 approx. (Percentages)

	Argentina	Brazil	Chile	Colombia	Costa Rica	Nicaragua
Youths 1990	10	6,1	12,8	12,6	7	13,4
Youths 2002	27,3	15,2	16,9	24,8	11,3	15,5
Total 1990	7,4	4,3	9,2	10,5	5,4	7,6
Total 1999	14,3	7,6	9,8	19,4	6,2	10,7

Source: based on CEPAL, A decade of social development in Latin America 1990-1999 (LC/G. 2212-P). Santiago of Chile, March of 2004. Books of the CEPAL N° 77, publication of the United Nations, N° of sale: S.03.II.G.143 and on the base of CEPAL, Youths in Latin America. Tendencies and ER. Santiago Chile, October 2004. LC/L 2180.