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PUBLIC POLICIES FOR INCOME DISTRIBUTION AND THE EMERGENCE OF A NEW BRAZILIAN MIDDLE CLASS?[1]

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ABSTRACT

Brazil is a country characterized by great income inequality and to this day remains on the list of countries with the highest inequality. This diagnosis was verified from the 1960s when statistical data were made available and confirmed in 1970 with data from the Demographic Census. However, throughout the first decade of the twenty-first century, the country showed an improvement in the distribution of functional and personal income. Based on the available data, the objective of this work is to present the public policies of income distribution in Brazil and their influence on the emergence of the new Brazilian middle class, and to inquire whether it can really be considered so, based on theoretical and practical criteria, even in the face of the improvement in income distribution that has occurred.

Keywords: Income Distribution. Inequality. Middle Class.

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INTRODUCTION

The history of the Brazilian economy has been marked by great social contrasts since the colonial era and continues to the present day. The 1960s and 1970s were marked by great industrial growth and also great concentration of income, which was diagnosed through demographic census data, this income inequality remained until the beginning of the 1990s.

In the first decade of the twenty-first century it can be observed an improvement in the indicators of social inequalities arising from the improvement that occurred in the 1990s, which in this work will be measured through the Gini and Theil index, this reduction accompanied by economic growth stimulated the emergence of a new middle class that came to represent more than 50% of the population from 2003 onwards, This middle class is perhaps the most appropriate way to describe the Brazilian demographic cut.

The objective of this paper is to present the public policies of income distribution in Brazil and their influence on the emergence of the new Brazilian middle class (class C), showing that the improvement in income distribution occurred mainly in the lower strata of society. Highlighting which policies have had an effect on the improvement in the country's income distribution and which policies adopted by the government in order to improve this income distribution have failed.

Although there is still no consensus among scholars in the area about how the public policies adopted by the government affect economic growth and income distribution together, growth is a factor of great importance for the improvement in income distribution, such as, for example, from the first decade of the twenty-first century after a period of low growth in the previous two decades and marked by high inflation, This period stands out, because there was growth along with the distribution of income, there was an increase in income mainly in the lower strata, which ended up integrating the new middle class.

The reduction in income concentration is still not enough to remove Brazil from the list of countries with the highest income inequality, in addition to the government determining a very low and convenient cut for insertion in the new Brazilian middle class, forming a class with needs of all kinds.

This work is divided into five sections, with this introduction. Session two presents the discussion on income distribution in Brazil, enriching it with data from historical series on the subject and identifying, based on the literature, the entry on the scene of a new middle class in the Brazilian social and economic scenario. Then, in session three, this new Brazilian middle class is presented and debated in conceptual and statistical terms. In session 4, the emergence of the new Brazilian middle class is questioned, seeking to show

the theoretical and practical breadth of its dimension. In the last session, the final considerations are made.

INCOME INEQUALITIES IN BRAZIL

According to Barros et al. (2006), income inequality has been decreasing since 2001. Despite the good news, Brazil still remains among the countries with the worst income inequality in the world.

According to Pinho and Vasconcellos (2005), to observe income inequality in Brazil, the Gini[5] and Theil indices will be used[6], which, due to the specificities of each one, will be compared with the Lorenz curve[7], as it illustrates the relative inequality of income distribution through its Cartesian axes that classify the accumulated percentage of people who receive a certain level of income and the accumulated percentage of aggregate income calculated for each percentage of the population.

Barros et al. (2006) say that the decrease in income inequality that occurred between the years 2001 and 2004 in Brazil was not the largest that occurred in the last 30 years, because the first major reduction in income inequality occurred in the period from 1976 to 1981, when the Gini coefficient decreased by almost 7%, and the Theil-T index by 22%, and between 1989 and 1992, when the Gini coefficient decreased by almost 8%, and the Theil-T index by 22%, as shown in Table 1. If compared to the period from 2001 to 2004, the reduction was 4% and 9%, respectively.

However, the data were analyzed by the author according to the variation in income inequality in a specific period, and if these measures of inequality are observed year by year, it can be seen that the year 2004 had the lowest income inequality in the period analyzed and continued to decrease in the following years, as will be shown later.

Table 1 - Measure of Income Inequality in Brazil: Gini Index and Theil's T* (1976-2004)

ANUS	GINI COEFFICIENT	ÍNDICE T DE TE
1976	0,623	0,861
1978	0,604	0,74
1981	0,584	0,682
1983	0,596	0,721
1985	0,598	0,727

[5] The Gini coefficient (or Gini index) is a calculation used to measure social inequality, developed by the Italian statistician Corrado Gini in 1912. It presents data between the number 0 and the number 1, where zero corresponds to complete equality in income and 1 to complete social inequality.

[6] Theil's index measures the degree of inequality in the distribution of per capita household income among individuals. It is the logarithm of the ratio between the arithmetic and geometric means of individual incomes, being null when there is no income inequality between individuals and tending to infinity when inequality tends to the maximum.

[7] The Lorenz curve is a curve that shows how the accumulated proportion of income (φ) varies as a function of the accumulated proportion of the population (ρ), with individuals being ordered by increasing values of income (IPECE).

1987	0,601	0,741
1989	0,636	0,889
1992	0,583	0,695
1993	0,604	0,772
1995	0,601	0,733
1997	0,602	0,738
1999	0,594	0,711
2001	0,596	0,726
2004	0,572	0,665

Source: IPEADATA
Prepared by the authors
*Series calculated from the responses to the National Household Sample Survey (Pnad/IBGE).

According to Neri et al. (2012), the most common concept to measure the degree of income concentration is the Gini index. In Brazil, this index is higher than 0.5, which represents more proximity to social inequality.

Table 2 shows the Gini and Theil indices between 2001 and 2013, showing a small decrease in the indicators. It is a benefit for Brazil, but it should be seen only as a small decrease in the existing inequality in the income of Brazilians (Barros et al., (2006), because the concentration of income is still large and the country continues to be among the main countries with the highest income inequality in the world.

Table 2 - Measures of Income Inequality in Brazil: Gini Index and Theil's T (2001-2013)

Anus	Gini coefficient	Índice T de Theil
2001	0,596	0,726
2002	0,589	0,710
2003	0,583	0,685
2004	0,572	0,665
2005	0,570	0,660
2006	0,563	0,644
2007	0,556	0,624
2008	0,546	0,602
2009	0,543	0,597
2011	0,531	0,569
2012	0,530	0,598
2013	0,527	0,562

Source: IPEADATA.
Prepared by the authors.
*Series calculated from the responses to the National Household Sample Survey (Pnad/IBGE).

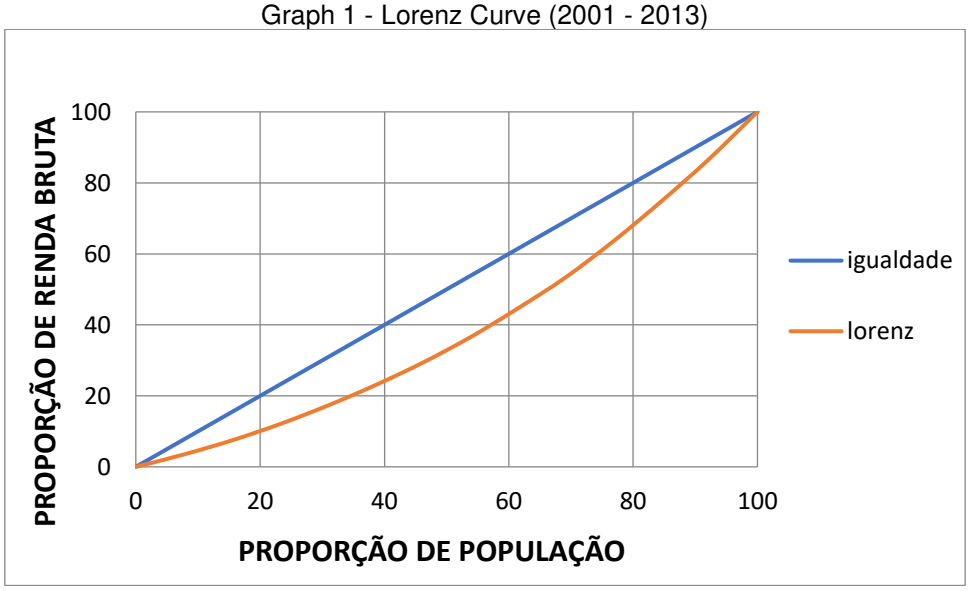
The Lorenz curve presented in Graph 1, based on gross income, shows the degree of income concentration in the period from 2001 to 2013. The greater the distance between the curve and the perfect equality line, the greater the inequality in income distribution. The area that forms a triangle on the abscissa axis represents 100% of the population, and the area on the ordinate axis represents 100% of the gross income.

Thus, it is necessary to investigate the determinants of income distribution in order to obtain the determinants of social inequalities. According to Barros et al. (2006), the determinants of income during the period studied, and based on the National Household

Sample Survey – PNAD, were per capita income, income per adult person in the family, income not derived from work[8], income from work per adult, the percentage of employed adults and income from work per worker.

The reduction in inequalities in per capita income is also related to demographic factors, since a family can be poor because it has many members, or because it has limited resources. "Thus, the reduction of inequality is a function of changes in the percentage of adults in the family, the distribution of income per adult, and the association between these two distributions" according to Barros et al., (2006, p. 141).

Graph 1 - Lorenz Curve (2001 - 2013)



Source: IPEADATA.
Prepared by the authors.
*Data available on Gross Income from 2001 to 2013.

To measure the degree of social well-being, per capita income is used and not total income, as a family can have the same total income and number of different members (NERI et al., 2012).

Considering Table 3, it can be observed that between 2001 and 2004, there was a small decrease in per capita household income, and between 2005 and 2013 per capita household income increased gradually. During the period analyzed, the variation in the average per capita family income increased by approximately 54%, from R$ 680.05 in 2001 to R$ 1,047.95 in 2013.

This increase is due to the reduction of inequality in the country and economic stability that stimulated the increase in employment, income and credit, as discussed in the previous chapter, and which contributed to the expansion of domestic demand. This trend

[8] It is the income that depends on government and private transfers and the availability of family assets (BARROS *et al.*, 2006, p. 126).

points to the consolidation of a large middle class, where wage increases are demonstrated in better consumption patterns (ALVES, 2012).

Table 31 - Distribution of average per capita household income in Brazil (2001-2013)

Anus	Average Per Capita Household Income* (R$)
2001	680,05
2002	680,01
2003	640,01
2004	654,65
2005	693,97
2006	758,52
2007	778,59
2008	816,60
2009	838,56
2011	891,36
2012	962,10
2013	1.047,95

Source: IPEADATA
Prepared by the authors.
*Series calculated from the (Pnad/IBGE), with real values.

Welfare policies and the gradual increase of these policies expand development and education. An education quality exam is applied in five Latin American countries based on the PISA results[9] that began in 2000. This exam is focused on reading comprehension, relating inequalities of socioeconomic origin and the inequalities that language provides (ECLAC, 2007).

Unlike inequality, the measure of social welfare can be analysed individually, and so inequality is only a property of the social welfare function, a simple measure for welfare function is per capita income (NERI et al., 2012).

Neri et al. (2012) take inequality measured as a function of well-being proposed by Amartya Sen, and its measurement is made by multiplying the average income by the measure of equity, completing with the Gini index, thus inequality acts as a reducer of social well-being in relation to the average income.

According to Neri et al. (2012), there is nothing statistically proven in Brazilian history that is similar to the reduction in inequality observed since 2001. This reduction is comparable in proportion to the well-known increase in inequality of the 1960s. The Bolsa Família Program created at the end of 2003, through the combination of four resource transfer programs, inspired by the Bolsa Escola created in 2001, also had the objective of

[9] The Programme for International Student Assessment (PISA) is a comparative assessment initiative, applied to students in the 15-year-old age group, the age at which the end of compulsory basic education is assumed in most countries. The program is developed and coordinated by the Organization for Economic Cooperation and Development (OECD). In each participating country there is national coordination. In Brazil, Pisa is coordinated by the National Institute of Educational Studies and Research Anísio Teixeira (Inep).

reducing poverty and income inequality in the country, providing a minimum benefit to needy families.

THE EMERGENCE OF A NEW MIDDLE CLASS FROM THE 2000S

According to Braga (2012), the new Brazilian middle class comprises more than 100 million people, of which almost 32 million came from classes D and E in the first decade of the 2000s.

The new middle class is perhaps the most appropriate way to describe the demographic cut defined by Brazil, and this definition cannot be only by the financial capacity to buy a brand new car or a computer, but to reach the level based on the ideas of the German philosopher Max Weber, where people participate in groups that reproduce value in society, who value education and believe in progress, fighting for their children to surpass them and be surpassed by their grandchildren. This new middle class is made up of younger people, with a higher level of education, more demanding when it comes to consuming and investing (BRAGA, 2012).

According to Herzog (*apud* Braga, 2012), the survey commissioned by the Nova S/B agency to Ibope defines the consumer of class C in three types:

i. The consumerist: buys on impulse more than his income allows, he has become accustomed to living with debt;
ii. The planner: opposite of the consumerist, he is more cautious, does not believe in propaganda, worries about the future and invests in education, in addition to hating debt;
iii. The withdrawn: the one who changes his behavior according to the situation, much more difficult to understand.

Research is important to show the importance of the new emerging middle class for the Brazilian economy, and for this reason it is necessary to identify the preferences and needs especially of this class (BRAGA, 2012).

The growth of the new middle class was seen through the research entitled "The New Middle Class" carried out by FGV, coordinated by economist Marcelo Neri, where it considered that this class went from 42% to 51% of the population between 2003 and 2008, and thus it was concluded that Brazil was a middle-class country. In the research carried out by IPEA, entitled "Poverty and Wealth in Metropolitan Brazil", coordinated by economist Márcio Pochmann, it showed that more than three million people had ceased to be poor between 2002 and 2006, which corresponded to a drop of 8.8 percentage points in the poverty rate (SALATA, 2012).

According to Salata (2012), the FGV study analyzed the gains achieved in the labor market, mainly through the expansion of the formal market, while the IPEA survey observed the effects of the real increase in the minimum wage and the federal government's social programs.

According to Mills (*apud* Scalon and Salata, 2012), the middle class can be divided into two categories. The first is composed of high-level professionals such as directors, directors, managers, specialists, technicians and high-status professionals such as engineers, doctors and lawyers. Within the second category are, for example, secretaries, elementary school teachers, writers, journalists and store clerks.

In the definition of Souza and Lamounier (*apud* Alves, 2012), the Brazilian middle class is determined by subjective and objective criteria. The subjective criteria include the values, beliefs and lifestyle of each family, while the objective criteria include education, occupation and income, which is related to the individual's consumption capacity.

Class C, also known as the new Brazilian middle class, earns the average income of society in the statistical sense. According to Neri et al. (2012), class C is the central class, below A and B, and above D and E. This class is comprised of those who earn from R$ 1,126 to R$ 4,854, based on the 2008 prices of greater São Paulo. And it was above the poorest 50% and below the richest 10%, that is, it represented 40% of the population. This calculation was made from the data of per capita household income, and then shown in equivalent terms of total household income from all sources that generated income for the family.

Table 4 shows that the lower income of class C is approximately 60% higher than that of class D and approximately 330% lower than the income of class B. At the upper limit, the income of class C is 330% higher than Class D and 30% lower than class B, showing that the upper income of class C has a smaller difference in relation to the higher income of class B, the average income of class C for the year 2008 was R$ 2,990.00.

Over the years, this income limit changes, and according to Neri (2014) the income limit of each class is defined by multiplying the income of the PNAD by a POF factor, as this basis is more correct for income levels.

Table 4 - Total Household Income Limit of all Sources* - Brazil - 2008

Economy	Lower Income (R$)	Renda Superior (R$)
E-CLASS	0	705,00
CLASS D	705,00	1.126,00
CLASS C	1.126,00	4.854,00
CLASS B	4.854,00	6.329,00
CLASS A	6.329,00	+

Fonte: NERI et al. (2012, p. 74)
*CPS/FGV based on the processing of PNAD/IBGE microdata

Based on the prices of January 2014, class C is between R$ 2,004.00 and R$ 8,640.00, with an average of R$ 4,912.00. Table 5 shows the income limit for each class and the relative variation between classes C and D, and Class C and B remains the same as presented in the explanation of Table 4.

Table 5 - Total Household Income Limit of all Sources - Brazil - 2014

Economy	Lower Income (R$)	Renda Superior (R$)
E-CLASS	0	1.254,00
CLASS D	1.255,00	2.004,00
C-CLASS	2.005,00	8.640,00
CLASS B	8.641,00	11.261,00
CLASS A	11.262,00	+

Source: NERI (2014, p. 21)

According to Neri et al. (2012), the concept of classes refers to the family and not just to an individual, since there is internal solidarity for consumption. To qualify the economic classes and especially the new Brazilian middle class, Neri et al. (2012) explore three perspectives:

i- Consumption Potential: according to Neri et al. (2012) a usual way to define classes A to E is by possible consumption. In the Brazil Criterion[10] , this potential is measured by the consumption of durable goods (TV, radio, washing machine, refrigerator, DVD), as well as bathrooms and maids. This criterion estimates weights through an equation and classifies people by the score achieved. The samples in Brazil are taken from the IBGE household surveys, since it reaches a satisfactory size and design;

ii- Income Generation Capacity: for Neri et al. (2012) a person is not poor, rich or from the new middle class, but is or is not in one of these states at a given time. Neri proposed to measure the evolution of the new Brazilian middle class from the point of view of the producer, through an income equation as a function of the productive assets of various family members, separating the consumption for pleasure and the need of those who are at the subsistence level, from those who have the capacity to produce. This concern with education and occupation are criteria adopted by England, Portugal and India, the criterion used in Brazil is only the education of the head of the family;

iii- Expectations about the Future: This last analysis is about people's attitudes and expectations. An approach developed by George Katona in the 1950s and 1960s,

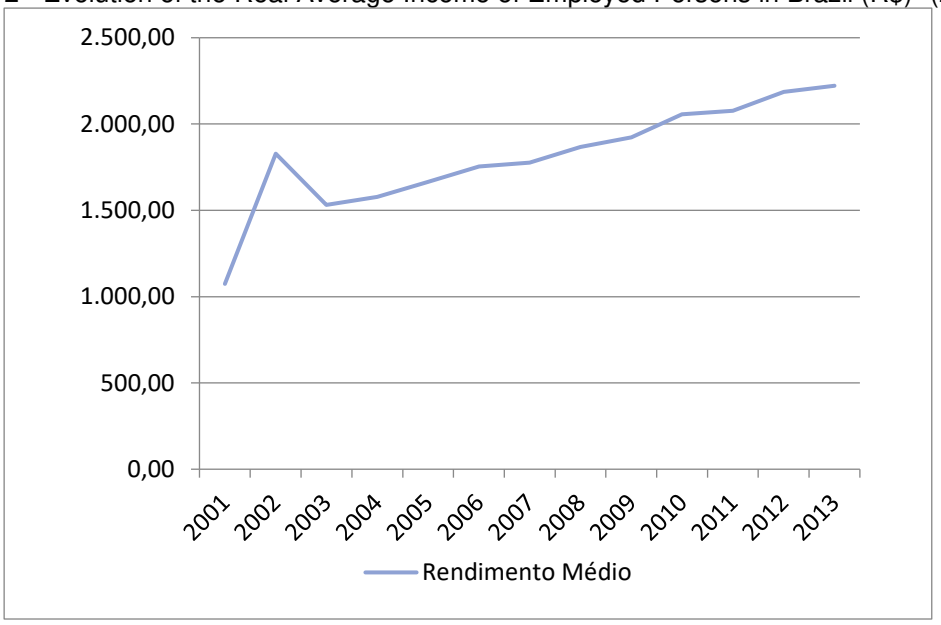
[10] The Brazilian Economic Classification Criterion or CCEB is a system for classifying prices for the Brazilian public. It aims to be a unique way to evaluate the purchasing power of consumer groups and define social classes through the system of adding points (ABEP, 2014).

following this line the journalist Thomas Friedman defines the middle class as that which has a well-defined plan of social elevation for the future.

In Graph 2 it is possible to observe the evolution of the average real income of employed persons between the years 2001 and 2013 based on the month of September of each year, the growth between 2001 and 2002 was about 70%, while compared to 2003 there was a reduction of 16%. From 2003 to 2013 the growth was 45%. This evolution in income is decisive for the population's rise to the upper classes. With this access to the new classes, other needs arose, and thus new consumption habits, because as income grows, the set of different types of goods for consumption also grows, and a good that was previously considered a luxury can become a necessary good (ALVES, 2012).

According to the project Voices of the Middle Class, by the Secretary of Strategic Affairs of the Presidency of the Republic, addressed in the article by Lopes (2014) The "New Middle Class" - A Face of Development in Brazil?, the expansion of the middle class is due to growth combined with the reduction of inequality. The government estimates that if growth rates and the trend towards reducing inequality remain constant, the middle class should reach 57% of the Brazilian population in 2022. The increase in the income of the middle class in the last ten years was 3.5% per year, while the income of the entire population increased by 2.4% per year, there was an increase in the consumption of the middle class by 2.7% per year, while the total consumption of all Brazilian families was 2.4% per year, which means that the new middle class is growing higher than the other classes.

Graph 2 - Evolution of the Real Average Income of Employed Persons in Brazil (R$)* (2001-2013)



Source: Central Bank

As for racial inequality in the middle class, the difference between blacks and whites is 6 percentage points, with blacks holding approximately 53% and whites 47% of the income, according to Lopes (2014).

According to Lopes (2014), the income transfer programs implemented in recent decades, the increases in the minimum wage, the promotion of the formalization of work, investments in encouraging entrepreneurship and the reduction of bureaucracy in credit contributed to growth and to the achievement of a new level of development.

Table 6 presents the main characteristics of the labor market between the years 2001 and 2013, referring to occupation and employment. As can be seen, the Working Age Population (PIA) increased between 2001 and 2013 by 29%, the unemployed decreased by approximately 38%, the employed persons increased by 45%, and the jobs by 52%, the unemployment rate decreased by more than 55%.

Although remuneration is an important factor for the definition of classes, from the sociological point of view, it may not be the most appropriate to compare the growth or reduction of the middle class, because the increase in income or consumption does not necessarily report a change in class, and based on similar arguments, some sociologists have been questioning the thesis of the new middle class (SOUZA, SOBRINHO *apud* Scalon and Salata, 2012).

Table 6 - Labor Market Indicators in Brazil (2001-2013)

Anus	Pia (Mil)	Unemployed (Thousand)	Employed (thousand)	Employee – Total (thousand)	Unemployment rate (%)*
2001	32.809	2.127	16.084	11.773	11,7
2002	36.494	2.283	18.146	13.341	11,2
2003	37.200	2.780	18.686	13.625	13,0
2004	37.842	2.282	19.440	14.117	10,5
2005	38.511	2.110	19.781	14.624	9,6
2006	39.141	2.209	20.276	15.147	9,8
2007	39.736	1.986	20.816	15.490	8,7
2008	40.341	1.743	21.561	16.170	7,5
2009	41.017	1.753	21.505	16.311	7,5
2010	41.449	1.444	22.345	16.952	6,1
2011	42.017	1.385	22.682	17.473	5,8
2012	42.491	1.314	23.366	17.826	5,3
2013	42.491	1.314	23.366	17.977	5,2

Source: Central Bank.
Prepared by the authors.
*Unemployment Rate of the Metropolitan Regions of Brazil.

DETERMINATION OF THE NEW MIDDLE CLASS ACCORDING TO BARTELT

Between 2003 and 2011, about 9 million households, and 30 million people, exceeded the poverty line, as stated by Bartelt (2013), in his book "The "New Middle Class" in Brazil as a Concept and Political Project". The increase in the income of the poorest

caused the reduction of this poverty in the country. This reduction raised questions from a structural and social point of view where these people had migrated and whether they were forming a new middle class. To be sure of the emergence of a new middle class, it is necessary to measure social positions. There are different ways of measuring social positions, with family income being an insufficient criterion, thus requiring the adoption of sociological criteria, in addition to the need to assess the stability and sustainability of the new positions reached. The results of the indicators of children and young people in these households seek to capture the idea of sustainability of these new socioeconomic positions achieved.

The work of Bartelt (2013) aims to investigate people's lifestyles through the sociology of Bourdieu (1978), analyzing the socioeconomic profile of households, which by income have integrated the new middle class, and examining whether this classification is fair. The analysis is based on data from the POF – Household Budget Survey of the Brazilian Institute of Geography and Statistics – IBGE, which provides detailed information on the socioeconomic profile of Brazilian households and their individual members.

The information obtained based on the sociological perspective does not confirm the diagnosis favorable to the insertion of less impoverished members in the middle class, and also points to a scarcity of opportunities for achievement open to the children of these less impoverished families (BARTELT, 2013).

The average income range established by Bartelt (2013) for the composition of the new middle class is based on the prices of January 2013 and the INPC, and is between R$ 1,315.00 and R$ 5,672.00. To analyze the income limit for the new middle class, data from the POF were used, and selected the markers such as: homeownership, with high housing standards, access to credit, university education and private demand for goods provided by the State[11] obtains the determination of the new middle class in Brazil, since public social services are insufficient and unsatisfactory. Behind these indicators is the conception of sociologist Bourdieu that the middle class is not just consumption, but a lifestyle such as living well, having quality education and services, having access to capital, etc.

Thus, it is expected that the socioeconomic profile of the Brazilian middle class, statistically defined with income between R$ 1,315.00 and R$ 5,672.00, will be included in the sociological middle class, as mentioned above, with their own home with quality housing, with heads of family with access to credit, health plans, and that school-age children attend private schools (BARTELT, 2013).

[11] Private education and health insurance.

Households that are in the income range defined above are analyzed to find out if this income limit really defines a new middle class. The author uses the total household income as a reference and the database used is that of the POF 2008/2009.

According to Bartelt (2013), the results show that the households located in this income range and that correspond to the so-called new middle class are equivalent to 55% of the country's households, which correspond to 31.5 million households where 38 million children and young people live, most of these families are headed by white men, Within this majority segment of the income distribution, there is great inequality in the country, with a predominance of households in the lower income brackets.

Table 7 shows a summarized image of the new middle class according to the indicators selected by the author. As can be seen in values related to home ownership, an average of 68.1% of families, from the lowest to the highest limit of income, this percentage remains balanced with a variation of only 2%. Up to two residents per bedroom, the total is 83.1% and there is an average variation of 9.8% between the lowest and highest income limit. Only 23.6% have two bathrooms and the difference reaches 190% between income limits, 35.1% of the heads of households have a credit card, the difference reaches 98% between the lowest and highest income, and overdraft 17.1% of the total, the difference is even greater, more than 280%. Only 28.7% of households have health insurance and the difference reaches 174%, the heads of families who have higher education, in addition to being a minimum of 7.8%, have a difference of about 440% from the lowest to the highest income limit; The participation of males is 70.7% and does not show much variation between incomes, only 6%. Most of the people who are part of this new middle class are white-skinned and total 52%, from the minimum income to the maximum income the average growth was 35%. Brown people, on the other hand, represented 38.3% of the total, and as income increased, there was a decrease of 33% in participation. On the other hand, blacks, who represented only 8.4% of the total, as income increased, their share of participation decreased by about 28%.

According to the results, most of the households analyzed do not meet the sociological markers presented in Table 7, which were established to define a new middle class, and the existing inequalities in this class are many.

According to Bartelt (2013), the middle class increases according to the development of the country, which generates better occupational structures and good opportunities. Employment is the basis for the inclusion of the individual in society and the basis for reducing social inequality.

According to Bartelt (2013, p. 37):

The occupational structure, therefore, delimits the spaces for the struggle of individuals for more money, better jobs and social ascension. This means that a large middle class is one of the most relevant indicators of social well-being and material development achieved by a given society.

Table 7 - Observed profile of households* and heads of household of the New Middle Class (R$ 1,315.00 - R$ 5,672.00**), by income group - Brazil - 2008 and 2009

Variables	From R$1.315,00 to R$ 5.672,00		From R$1,315,00 to R$ 2,768,00		From R$ 2,768,00 to R$ 4,220,00		From R$ 4,220,00 to R$ 5,672,00	
	As.	%	As.	%	As.	%	As.	%
Own home	21.4	68.1	12.8	67.8	5.7	68.5	2.9	69.2
Up to 2 residents per bedroom	26.1	83.1	15.2	80.7	7.2	85.8	3.7	88.6
At least 2 bathrooms	7.5	23.6	3.0	15.6	2.6	30.7	1.9	45.4
Has a credit card	10.8	35.1	5.0	27.2	3.6	43.2	2.2	54.1
There is an overdraft	5.3	17.1	1.8	9.5	2.0	24.6	1.5	36.4
Has health insurance	9.0	28.7	3.6	19.2	3.2	38.0	2.2	52.6
At least tertiary education*** Characteristics of the head of household	2.5	7.8	0.7	3.6	1.0	11.4	0.8	19.4
Male	22.2	70.7	13.1	69.4	6.0	72.0	3.1	73.6
Color: White	16.4	52.0	8.9	47.0	4.8	57.4	2.7	63.5
Brown color	12.1	38.3	8.1	42.7	2.8	33.3	1.2	28.7
Color: Black	2.6	8.4	1.7	9.0	0.7	7.9	0,3	6.5

Fonte: Bartelt (2013)
POF Data 2008-2009/IBGE
* In millions
** Total household income, with values in R$ adjusted to values of January 2013 - IPCA/IBGE.
Highest course he attended, considering different categories, such as higher technological, higher, higher specialization and master's and doctorate.

As Myrdal (*apud* Bartelt, 2013) had already stated, what generated the new middle class with an income slightly higher than the base of the labor market was the search for full employment and social well-being.

For Bartelt (2013) the C class, or new middle class, is far from reaching the standards and styles that characterized the new middle class existing in the twentieth century. The lower middle class defined by: office assistants, salespeople, waiters and etc. has needs of all kinds ranging from work patterns, income and consumption, to the insufficient conditions to educate children, for access to health, transportation, housing and public security, which are insufficient in the country's public sector. Thus, a class composition cannot be defined by the structure of consumption or income of a modern capitalist society. "Nor to define Brazil as a "middle-class country" based on these criteria, without considering capitalist development, the structuring of society and historically constituted patterns and lifestyles" (BARTELT 2013, p. 40).

THE NEW MIDDLE CLASS AND ITS CONTROVERSIES

According to Quadros et al. (2012), their work talking about the new middle class in Brazil aimed to analyze the changes in the social structure and the need for a new middle class. After analyzing the definition of middle class, which was new in the twentieth century in developed countries, the authors state that Brazil is not a middle-class country and that this class structure cannot be deduced only by the consumption or income of a modern capitalist society, without considering the development and historically constructed living standards.

Also according to Quadros et al. (2012), the discussion about the new middle class highlights the major social changes that occurred in the resumption of economic growth in the Lula government. After analysis, the authors observed that there was an increase in employment opportunities and an improvement in the income of people already employed, all the analysis was made from the IBGE database. There was also progress in the formal labor market, opportunities for small businesses and better remuneration for the self-employed. These advances were reinforced by the policy of increasing the minimum wage, discussed in the previous chapter.

The generation of employment and the improvement of incomes, together with the improvement in social security and welfare benefits, were crucial factors for the rise of the new middle class in the 2000s, and indirectly and secondarily for the expansion of the Bolsa Família program. To better understand this rise and the occupational inequalities of each group, the IBGE survey of social stratification was used, and living standards were analyzed with sociological criteria (QUADROS et al., 2012).

Table 8 shows the distribution of classes by means of the occupation of the best member of the family, and it can be seen that among the classes that grew the most between 2000 and 2010 was the lower middle class, representing an increase of 11.1 percentage points, and the one that decreased the most was that of the miserable with 12.7 percentage points less.

With the social policies of targeting, several researchers since 1990 have seen the emergence of a new middle class and the reduction of misery. With the focus on the miserable, the researchers determined a very low cut-off line for entry into the new middle class, thus causing a social structure with an overestimated middle class. Also according to Quadros et al. (2012), an example of this very low cut-off for the new middle class is given by the fact that 64% of domestic workers are included in this class, and 54% of heads of families who do not even have complete elementary education belong to this new middle class.

Table 8 - Employed persons, best situated member of the family (2000 – 2010)

SOCIAL STRATA	2000		2010	
	No. of People (Thousand)	%	No. of People (Thousand)	%
Upper Middle Class	7.706	11,7	11.584	13,4
Middle Middle Class	8.904	13,6	15.095	17,5
Lower Middle Class	20.633	31,4	36.727	42,5
Working Mass	16.780	25,6	18.643	21,6
Miserable	11.606	17,7	4.305	5,0
TOTAL	65.630	100,0	86.354	100,0

Fonte: Quadros et al., (2012)
Data extracted from IBGE

In addition, the new middle class benefits from many cheap services, which reduces their cost of living. Today in Brazil, this class is characterized by employees with unstable incomes, precarious lives and who work as much as they can, in addition to the precariousness that exists in education, health and transportation (QUADROS et al., 2012).

Therefore, Quadros et al. (2012) adds that the Brazilian middle class, a symbol of the growth of the twenty-first century, is far from the styles that characterized a new middle class in the twentieth century, as this current class has shortcomings of all kinds.

CONCLUSIONS

Brazil is a country marked by a large concentration of income, since the existence of data to measure this degree of concentration, the country has this striking characteristic.

In the 60s, when statistical data was made available to measure the degree of income concentration, the Government Economic Action Plan (PAEG) was also implemented in 1964, where its main objective was to control inflation and eliminate the price distortions of the past.

This era was marked by several changes due to the first economic crisis in its industrial phase, when Brazil lost a large part of its investments and the growth rate of Brazilian income also fell significantly, the economy experienced a stagnation until reaching the period of the "Economic Miracle".

In 1970, with the demographic census, Brazil presented a high degree of income concentration, as a result of the absence of continued public policies after the 50s, when Brazil began the process of rapid industrialization. At that time, Langoni justified the increase in the concentration of income through the theory of human capital, because there was an imbalance between the demand for qualified labor in the short term, which was elastic, and supply in the short term, which was inelastic, causing wage differences.

In the 1970s, the share of the total income of the poorest 50% of the population was 13.7%, while the share of the total income of the richest 5% was 36.2%, which represented

an increase in the concentration of income. Other factors also contributed to income inequality, such as the wage policy imposed by the military regime and the acceleration of the inflationary process.

After the 70s, the period of the "Economic Miracle", other plans came aimed at stabilizing macroeconomic indicators such as inflation, with the aim of resuming growth. This is true in the so-called "Lost Decade" in the 1980s and in the subsequent plans of the 1990s.

The 80s began with a deep recession, a drop in per capita income, a result caused by the policy initiated at the time. This period was marked by high inflation rates, which reached 1,782.89 in 1989, which caused distributive conflicts, and led the government to elect the fight against inflation as the main goal.

In the 90s, the plans adopted had little effect on income distribution and inflation control. The Real Plan in this sense was successful with regard to the stability of inflation and the purchasing power of the currency, but even so, the less favored classes were outside this environment, which limited the Brazilian market to a privileged minority.

In this way, it shows that the problem of income distribution is not only linked to inflationary control, it is only one of the instruments to improve income distribution and not the only one, because even with controlled inflation, the Gini index and Theil's T for the 90s was 0.614 and 0.773 respectively. only in 1992 the Gini index was below 0.60, it was 0.583, and the Theil index below 0.70, it was 0.695. In the 2000s, public policies had a significant effect and led to a reduction in income inequality, the Gini and Theil T indices reached, in 2013, the value of 0.527 and 0.562, respectively, the lowest value of all the years analyzed.

Some factors that favored the faster growth in the income of the poorest strata in relation to the richest strata in this decade were: the increase in employment, the policy of increasing the minimum wage and the Bolsa Família income transfer program, in addition to the low inflation of the period, increased credit and the China effect, which reinforced the consumer's income and purchasing power.

This work aimed to show the evolution of income distribution in Brazil from the 60s to the first decade of the twenty-first century when there was a significant improvement in income distribution mainly of the lower classes, instigating the emergence of the new middle class.

From the analysis of the public policies adopted to improve the distribution of income in Brazil, we can conclude that from the Lula Government there was a reduction in poverty, a reduction in the concentration of income, however, it is still not enough to remove Brazil

from the list of countries with the highest income inequality, especially when we consider that the determinants of this inequality are associated with structural mechanisms.

With these improvements the new middle class emerged, but despite the growth of the new middle class, Brazil still has a lot to improve in access to public goods and services such as education, sanitation and housing.

The conclusion reached is that despite the significant improvement in income distribution patterns, Brazil still remains with a high degree of income concentration, and that the cut for entry into the new middle class was very low, overestimating this class, in addition to benefiting from cheap services and not meeting several necessary conditions that characterize this class, who has needs of various kinds, from work standards to conditions to educate children.

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