NEW MIDDLE CLASSES: EMERGING GROUPS IN EMERGING COUNTRIES

M. K. Venu
NEW MIDDLE CLASSES: EMERGING GROUPS IN EMERGING COUNTRIES

M. K. Venu

My attempt is to determine the nature and character of the rising middle classes in the BRICS countries. Scholars have tried to define the middle classes in the developing world based on income criteria and consumption basket. For instance Abhijit Banerjee and Esther Duflo, both Professors at the MIT, Cambridge, Massachusetts have created a category of middle classes in developing economies as those living on per capita expenditure between $2 and $10 a day. These houses are still very poor by developed country standards. Poverty line in United States in 2006 for a family of five was annual expenditure of $24,385 annually. This worked out to $13 per day per person. Poverty line in India as defined by world bank is per capital expenditure of $1.25 a day on a ppp basis. Many member countries would seem to have very large populations in the middle classes as categorised by Banerjee and Duflo. It might be an interesting exercise to aggregate this category in India, China, Brazil and South Africa and Russia, and study their future consumption of energy, food, education and health services. This group remains at the bottom of the consumption basket and they aspire to reach the standard of the developed country middle classes whose per capita incomes are very high relative to middle classes of the developing economies.

The rising middle classes of developing economies will also shape global politics around questions of climate change, food, energy and health care security. BRICS can, to begin with, conduct basic research around this category of middle class in developing economies, earning between $2 and $10 per capita per day. The study could be used to share experiences among BRICS nations on how their critical needs are to be addressed. For instance there a lot of similarities in the way India and Brazil, for instance, are trying to empower the poor and aspirational middle classes with new legislations and technologies to deliver
social welfare schemes. The Brazilian version of cash transfers, Bolsa Familia, has been debated in India which has also embarked on direct cash transfers in welfare schemes where it is feasible.