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The question of the middle classes

Lecture

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The question of the middle classes has received quite a bit of press coverage in recent months. It is an issue that has actually been simmering for some time. Statistics, readers' letters and comments have shown that a large percentage of the middle classes has been finding it difficult to keep up their usual levels of revenue and consumption. Politicians have been taken by surprise, and in one way or another have appropriated the issue. Sociologists too have been caught unawares by this development.

They have never been particularly fond of the question of the middle classes. There are many reasons for this, and they are all more or less understandable, but perhaps the main reason is they have never found a way to deal with those categories that find themselves in the middle. When talking about figures in the middle of the social pyramid, they sometimes say "classes", and sometimes "ranks", in the plural or in the singular: it is a slippery path, one that not many are willing to risk.

Traditional classification schemes distinguish between old middle ranks (or middle classes) independent (craftsmen, merchants, farmers) and new middle classes, namely clerical workers; the latter group are in turn broken down into public and private, two figures that have always been viewed as having different social attributes. It follows that these and other distinctions are justified if they help to systematically describe different values, lifestyles, expressions of interest, political affiliations and so on. Categories such as the one indicated above retain an analytical value, but with the fall of industrial capitalism the diversification of roles and professional status has increased considerably: social fragmentation and individualisation are two recurrent terms to describe tendencies that complicate our problem.

The first question that I raise is thus: in an era of social diversification and individualisation, is it possible to still consider all of the middle classes in the same way? Can we – is it worth our while – talk about the middle classes, and under what conditions? If so, why is it important to consider the question? Basically, I shall only try to answer these questions. Let me say straight away that I shall not talk about a lot of things, including topics that are not at all secondary ones, especially regarding what is above and below the middle classes. But it is just an introduction to a subject that has been neglected for too long.

To find the right way, we must first take a step backwards, to the age of organised capitalism, which is now behind us. This was a capitalism concentrated on industrial activities, corporations and large factories. In the second postwar period this form of capitalism tended to take on its definitive form, which we usually call Fordist-Keynesian model, alluding to both the organisation of the economy and to institutions and regulatory mechanisms. The model includes, in different quantities and forms, the development of welfare state systems, with major investments contributing to economic regulation and social regulation. It is not necessary to give the details of that story, and why, at a certain point, and for a lot of different reasons, that socio-economic model came unstuck. We can however focus our attention on two aspects, which with the passing of the years can now be evaluated with greater clarity.

The first relates to exceptional performance levels. For three decades the economy grew at an unprecedented rate. At the same time, despite national differences, despite social tension and conflict, partly due to the ways in which these were channelled, significant effects were produced in terms of social fairness, efforts to combat poverty, ignorance, disease and risks. Finally, everything happened within the framework of democratic institutions, coming into being after the disasters of the war, and consolidated over time.

The second aspect is the fact that, within the limits it might have for a society, there was a plan underpinning the model. At least a general idea, a paradigm for knowing guidance and the ability to control social change over time, guidance, with relative techniques, capable of ensuring the functioning of the economy as well as social integration. In other words: a balance, always questioned, always to be re-acquired through economic and institutional innovation, attaining acceptable levels of economic efficiency, social solidarity and democratic participation. This, in short, was the path proposed by a sort of social pact, or a number of similar social pacts entered into in various countries, capable of ensuring participation and widespread consensus in exchange for social inclusion and participation in the advantages of economic growth. Things were not so easy everywhere, yet the pact was equally clear and results were equally achieved. Closer observation could distinguish between the American social pact on offer, centring more on a general rise in consumption, and the European version, more political, with more intervention regulating the economy and more developed welfare state systems. From a distance, however, the similarity of these proposals, which were more or less explicit, coherent and specified, is evident, and without forcing the issue too much we can label them all as social pacts.

Over the years the functioning of such a model has a consequence that relates to the issue being discussed here: social stratification no longer resembles a pyramid, but rather an onion, swollen in the middle. We know it well, we have said it many times, but we have not always associated the consideration that this did not happen as an unexpected result of social processes, but to a large extent as an outcome of that project, which sought to maintain a guidance capability and knowing control on the evolution of society, pulling up as much of the population as possible. This was a project, as already mentioned, that allowed for a number of different and competing formulas, subsequent compromises, with relative costs, spin-offs and opposing forces, many unexpected outcomes, but all responding to a certain idea of society.

The project, as well as the terms for indicating it, were clearly evident in America, where middle-class has always had a broader meaning, and where the project itself has old roots. A precise

description of America as a middle-class society, with old roots, was proposed by P. Krugman¹. Interest in his now famous article lies in recognising the profound and deep-rooted nature of a socially unifying perspective centring on the idea of a middle-class society, and the existence – in these terms – of a pact in which to recognise oneself. In his view, this idea of society, or the social pact in question, is undergoing a crisis. Social gaps have increased, and a class whose incomes have risen exponentially has detached itself upwards. This does not mean that most of the population is not and does not continue to feel middle-class, rather a new social and political climate has been created, muddying the idea of a middle-class society as a project. Krugman concludes thus: “The America I grew up in, the America of the 1950s and 1960s, was a middle-class society, both in reality and in feel. The vast income and wealth inequalities had disappeared. (...) But that was long ago. The middle-class America of my youth was another country”.

The new social climate is the result of the shift towards a more liberalist new economy, whose social connotations, which we still know little of, are viewed as ‘consequences’. This is a sign of a loss of control of the broader, long-term effects of choices made, of putting our faith in automatic regulation mechanisms, of excessive faith in the self-organisational capabilities of society. We have learnt to assess the usefulness of the market, see the extraordinary potential of new technologies, see how much rust had settled on old mechanisms, that had to be scraped off. The age of flexible capitalism is however also the age of personal uncertainty, in terms of the ability to control one’s own careers, one’s life plans, one’s web of relations. More generally, despite what Krugman suggests, the old pact of the middle-class society also appears to have been put on one side.

I have spoken about America to show that the question of the middle classes is not just an Italian problem, even if here – as we shall see – it takes on its own connotations. We could have considered similar situations in other countries, and we would have seen that the middle classes are suffering from a smaller or larger amount of malaise, since the social pacts of the postwar period are now under stress. A mention of the situation in Japan may however be useful, since it clearly puts us on the road to a more general conclusion that I would like to get to.

Historian A. Gordon, borrowing a title from Hemingway, spoke about the “short happy life” of the Japanese middle classes from the 1960s to the 1990s². He says that in the mid-1960s, in Japan, 90% of the population described themselves as being middle class in opinion polls. This is probably the highest figure we can find, but we should remember that in all developed nations most of the population called themselves middle class. As far as Japan is concerned, the point I would like to make is that being middle class actually meant being and feeling fully Japanese. The Japanese example leads to a conclusion that can be extended to all nations: we can say that middle class had taken on the meaning of full social citizenship. In other words: regardless of being self-employed or an employee, in the public or the private sector, in different positions in various production niches – differences that are important, since they indicate different and indeed conflicting ways of being in the middle classes, different levels and combinations of resources with which to be there – being middle class meant ‘middling’ positions rising in the scale of incomes

¹ P. Krugman, *Requiem per la gloriosa classe media*, in “Reset”, 75,2003. The quote that follows is on p. 31.

² See his contribution to the volume *Social Contracts under Stress: The Middle Classes of America, Europe and Japan at the Turn of the Century*, edited by O. Zunz, L. Schoppa and N. Hiwatari, New York, Russel Sage Foundation, 2002.

and consumption, a higher level of education, relative security in the workplace, protection against life risks, the conditions “of living the life of an ordinary citizen, according to the accepted standards of society”, to use Marshall’s old formula.

Old combinations and ways of generally ensuring these results have become too costly, and unduly high incomes and corporative advantages undoubtedly also accrued over time: I will come back to this point later. First though it is necessary to mention another key point: from that historically acquired idea of a general, open access to conditions of full social citizenship, or of being middle class, there is no way back. Or, turning back would open up strong social conflicts, increasing the social divide and fragmentation. We are indeed beginning to see that the liberal-liberalist recipe for keeping costs under control and boosting growth, intolerant of any real social dialogue and reluctant to identify a project for society, has consequences of this type: it divides society and prevents the possibility of thinking of the middle class in a uniform manner, as part of a project for a middle-class society, or for open and extended social citizenship.

We have, I believe, made some progress on the question of how to maintain a shared point of view on the middle classes. Now we must try to understand better why the question is important.

It used to be said that the middle class is a sort of connective tissue, or the backbone of society. I am not sure whether images of this sort are useful. I prefer to take a more analytical route. Talking earlier about organised capitalism, and its results, I recalled the conceptual triad that R. Dahrendorf uses to pinpoint the problem of modern-day societies: how to keep together at acceptable levels economic efficiency, social cohesion and political democracy³. From here, we can formulate a hypothesis that is useful for us: if we want to understand the mechanisms through which economic efficiency, social cohesion and political democracy can be combined at satisfactory levels, we must look particularly closely at the nature and the actions of middle classes in a society. The case of Italy is a good example for testing such a hypothesis.

Italian society too is one where the middle classes have grown greatly over time in terms of income, consumption, security, access to healthcare, home ownership and education. Two important moments and aspects of this history, well investigated by social research, also reveal the unusual nature of the Italian way to a middle-class society.

The first case was reconstructed, in a very well-known essay, by A. Pizzorno⁴, and takes us back to the years of the economic miracle, of dualistic development driven by the corporations of the north-west, and a political system that G. Galli had called an “imperfect two-party system”. And for a long time political power was held by parties whose electoral base consisted mainly of the middle classes, who received special attention, protection and rewards, sometimes disproportionately in relation to their actual contribution to the generation of national wealth. With low taxes, economic aid, favourable laws, help with the granting of licences and so on. In this way there was a continuation and in some cases a growth in independent social classes that were in decline elsewhere: craftsmen, farmers, merchants. Not being very efficient economically, the real explanation for their relevance lay in the fact that they were very useful for social control under the

³ See: *Quadrare il cerchio. Benessere economico, coesione sociale e libertà politica*, Laterza, Rome-Bari, 1995

⁴ See *I ceti medi nei meccanismi del consenso*, in L. Cavazza and S. R. Graubard, *Il caso italiano*, Milan, Garzanti, 1974

given circumstances. The size of the public administration was also growing, with little control over its competence and actual results, and was an opportunity to raise job levels. Thus a number of different types of middle class were protected in those years in 'political hothouses' thanks to their 'social control' role. The most inefficient and profiteering of these social players were described by P. Sylos Labini as "mice in the cheese". A sort of "individualistic mobilisation" developed within society with the goal of obtaining a secure job and a social position. The best "runners" come from the middle classes or enter those ranks by running. The political authorities were thus able to guarantee a balance and an acceptable degree of general social cohesion, with costs in terms of economic efficiency and a political system that was basically liberal, but rather imperfect. The middle classes played a key role in those years in the problems and (unsatisfactory) solutions sought to strike a balance between economic efficiency, social cohesion and democracy.

The cost of such a system became evident in the late 1960s, when the factory workers headed a labour conflict that would see them emerge with much better wages and working conditions. In the meantime the Italian economy has grown considerably, led by the corporations of mass production. We have thus moved towards a traditional fordist-keynesian model, at a time when these structures are beginning to undergo a crisis. The problems of change are thus compounded in our country by the fact that a result of the old pact was to maintain inefficiency in important areas of the economy and of society.

The second case takes us forward, to the late 1960s and beyond, when – in a profoundly different world economic scenario – the craftsmen and small entrepreneurs of the centre and the north-east came onto the scene. These immediately got to work, in a very lively fashion, with the new potential of open markets and the growth and diversification of consumption. This was a regional model of development made for the middle classes and led by the middle classes, who got local societies involved in a process of market mobilisation, different from the individualistic mobilisation of the mechanisms of consensus as described earlier. It was relatively easy for many people that had the resources to start up an independent business activity to enter the new game, imitating those who had already done so successfully. This type of development allowed, and in turn was sustained by, a 'race' towards the middle class. For a number of years social mobility was high. Not only can we say that economic development was led by middle classes, but also that the middle classes exercised a sort of cultural leadership in moulding the new society, and obtaining, as the advantages of growth spread, generally high levels of social cohesion. On the question of democracy, it might be recalled that this social base was crucial in moves to transform the Communist Party, or, referring to an idea from Pizzorno, that has not been adequately assessed in the discussion: that the social aspect of self-employment and small-scale enterprises is that which has best sustained the reaction to the kickback system.

I believe that these two examples show on the one hand the relevance (both positive and negative) of the character and the actions of the middle classes in relation to the overall structure of society, and on the other that it is indeed useful to base this analysis on the joint trends of the three parameters. Other examples could now be proffered of middle classes that have grown up well, and others that have grown up badly. The case of public employees for instance could be considered more in depth. It might be recalled that the growth in number (albeit close to the European average) was often justified by the effect on job levels (social cohesion), and also that in the 1980s and 1990s about 60% of civil servants were not recruited through public competitions

but by giving open-ended contracts to employees that had previously been hired on a provisional basis. The consequences on the efficiency of the Public Administration were significant. The dependence of a rather unprofessional administrative class on the political class meant the absence of an autonomous technical function, crucial for the quality of *democracy*.

Naturally, the above are biased images, that do not consider the fact that in every context, in addition to the reality of poor adjustments there are also good adjustments: many state schools work well, many hospitals treat patients with acknowledged efficiency. But positive or negative, it is possible to signal the effects of political action, which was interwoven with the autonomous impetus of society and formed the possibility of action and possible spaces for the middle classes. Unfortunately, acceptable compromises of the three parameters have been accompanied by many compromises of social cohesion, which are costly in terms of efficiency and sometimes doubtful or negative in terms of democratic quality. Unfortunately, we have arrived at this point with this heavy inheritance, coupled with the uncertainty of the new economy, the processes of individualisation, the fragmentation of professional profiles and the financial crisis of the welfare state. It is in such a situation that all the complex meanings of the question of the middle classes can emerge.

The side that has come up in the discussion has mainly been that of social cohesion: the middle classes that are getting poorer, subject to fresh job insecurity and unable to make plans for their lives and careers, of constructing robust and lasting social relationships. I do not wish to go into the discussion of statistics on this phenomenon. Let me just say that available figures appear to point to a conclusion like the one made by Krugman for America: a widespread slip, plus a gap between those who lose and those who gain or at least maintain their positions.

I believe it is important to observe that although it is understandable that the discussion on the question of the middle classes started on aspects pertaining to social cohesion, or to living conditions, this fact has reduced the space for opinions on efficiency and democracy, in a general vision that sees the connections. This is the topic I would like to touch upon again.

The question of efficiency, referring to the middle classes, is hardly touched upon by politics and by public debate. Driving development, removing unfair subsidies, dismantling corporations are issues now being discussed, which touch upon new possibilities or the traditional interests of the middle classes. They are however issues that are usually tackled without seeing the connections, the social consequences and social conditions for acceptance, in a more general scenario. In this sense, the question of efficiency has two well defined parameters:

- firstly, as Dahrendorf again said so well, it is no longer a question of redistributing, but of including. Inclusion here means having a reasonable possibility of active involvement in the growth of productive and administrative efficiency, with adequate rewards;
- secondly, the middle classes may be open to a trade-off between old and new guarantees, realistic possibilities of inclusion, which may cost in terms of effort, risk and immediate forsaking, but with the fixed idea that no one is willing to drop down in the scale of social citizenship.

Under such conditions there would be no conceivable possibility of striking a balance simply by relying on automatic market mechanisms or on society's self-organisational capacities, even though both are useful tools, and perhaps no one really thinks this is possible. Yet no one, at this

time, has any real idea of how to rebalance a middle class that does not want to forgo the social citizenship it has acquired, for itself and its children, that is doing all it can to maintain its position, and that is in danger of becoming drawn into futile and dramatic internal conflicts, stirred up by reckless political manoeuvring, incapable of appreciating the complexity of a problem that cannot be over-simplified. A policy that blows on the fire of differences between people in the public and private sectors would be destructive, just as one cannot blow on the fire of the legendary band of the self-employed, seen to be in contrast with employees. We shall see immediately that these cleavages are now of relative significance: yet they take on importance as elements of political formulas that are also a danger to the quality of democracy.

This fact, by which new problems crop up, together with the inheritance of old and costly equilibria, have a consequence that complicates the situation for political action, producing confusing political cleavages. Here we can cite some examples. Entrepreneurs, who demand less red tape and a reasonable taxman, also know they would have everything to gain from an efficient State and system, which would require major public sector investments. Yet, thinking about the past, they do not trust politicians, and they can conclude that simply paying less tax is the “least bad” result, in view of the situation. Many of them can thus find themselves on the same side as speculators, for whom the complete deregulation of the market is the best thing that could happen. Or resistance against the elimination of some elements of the general welfare state system may meet with the approval of both progressivists supporting the real needs of disadvantaged groups of the population and some of the biggest corporative profiteers of the old system, who want to keep the old privileges in place. Among public sector workers there may be some motivated to preserving or re-discovering an active and autonomous role in plans for new and efficient institutional set-ups, while others are lazy, dogged keepers of the old system. And so on. The question of the middle classes cannot be broached without first clearing up these fracture lines, separating the various elements and then acting in different spheres.

In modern-day society it is difficult to imagine the possibility of rebuilding broad, homogeneous social bases of politics with general references, like the easy bases of the old classes. Furthermore, any aggregation must be considered as being more volatile than previously. Under these conditions, the social analysis suggests to politics that it should avoid the trap of making distinctions referring simply to general categories of the middle class.

Intellectuals, for example, can make important contributions to the modernisation of society thanks to their relative distance from the interests at play, and generally be the coagulant of a ‘reflexive middle class’ (a recently coined generic category) of professionals, clerical workers, teachers, alert to the broad and unexpected consequences of economic activities and political choices. The potential for these elements of the middle classes to reflect is real, but it must be clear that belonging to such a category is not a guarantee of reflection: if we look at the past it is not difficult to recall the resistance to visions of critical realism of the present and the future put up by intellectuals, as well as corporative resistance typical of elements of clerical elements, and so on. Nevertheless, the main mistake to avoid is that of labelling as reflexive certain elements of the middle class, while other elements are automatically recognised as being ‘non-reflexive’. Just as one must beware of easy credit, one must be careful not to put up new, unfair barriers. The reflexive capacity of the middle classes, in the areas of teaching, administration and culture, is uncertain, regardless of their current political options, just as it would be wrong not to recognise in

the middle classes of industry and the services, entrepreneurs and employees, a significant potential for reflexiveness, related to their respective functions and to the way in which their relations are extended to the culture and the society they are most directly in contact with.

Politics needs the middle classes, indeed they are invaluable resources: it can use them in progressive or regressive directions. Both political sides should be capable of selecting the progressive elements and isolating the others, drawing up realistic projects in order to forget social alliances that can satisfy the various, legitimate ways of conceiving and combining the values of economic efficiency, social solidarity and political democracy. In the mobile economies and societies of today, in search of new social pacts, the ways of conceiving and combining such values are not necessarily seen as being distinct properties of different elements of the middle classes. Perhaps the most interesting point for the re-establishment of modern-day politics is the fact that each of the political alliances can put forward proposals, more easily than in the past, aimed at *different elements of the middle classes*.

There is no guarantee that this potential will be tapped. Indeed, the fragmentation of the political system, the potential roughness of the conflict of interests, if not channelled by democratic procedures, and the shocks continually suffered by the country's institutions are factors that push towards solutions hinging on muddled cleavages, capable of shifting problems forward without actually solving them, or even of stirring up conflicts that are a danger to social cohesion. A middle class all at sea and in difficulty has in the past even been a danger to democratic freedom. This is not the case at this moment in time, but the effects of an impudent use of the middle class would certainly have consequences on the quality of democracy.

It is a difficult "squaring of the circle", and it should now be clear, I believe, that the question of the middle classes is one important part, perhaps a vital part, of the question of new social pacts, under the conditions of the political economy based on the new form of capitalism.

Let us go over one or two points again. In the years of industrial capitalism a middle class grew up, attaining a status of full social citizenship, one that no one is ready to forgo. But a lot has to change in the ways this social citizenship is retained. Against the backdrop of a shared, perceived and challenged condition of the middle class, we now see the different interests of fragmented middle classes, in the public and private sectors, self-employed and employees, that in functional terms are much more varied than before, and not easy to align. There is a high risk of disorderly and non-productive social conflict in this scenario, and it would be illusory to imagine that such a situation can be resolved, with a good balance of efficiency, fairness and democracy, only by the market and by direct social interaction. Politics has the arduous task of squaring this circle.

In the debate on America as a middle-class society M. Lind has recently made his voice heard⁵. In an article asking the same question as Krugman, namely whether America is still a middle-class society, he starts out with an important observation on the meaning given to terms: "what makes the United States and similar societies middle-class is the economic predominance of the middling sort, no matter what their major source of employment happens to be". The middle class originally consisted of landowning countrymen, then well-paid Ford workers, and after that, in postwar

⁵ M. Lind, Are We Still a Middle-Class Nation?, The Atlantic Monthly, January/February 2004.

America, white-collar workers of the big corporations.

These phases appear in retrospect to be an inevitable and automatic by-product of capitalism. The truth – Lind argues – is that each middle class has been invented and then re-invented as such through a political plan. His conclusion is that it is necessary to reinvent it again, *before it's too late*.

In Italy too plans were made, muddled but explicit, for the middle classes, under given conditions and within the context of a contested social pact. We too can conclude that the time has come for a political plan to reinvent the middle class, before it's too late.

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