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Brazil's Economic Upsurge in the 2000s

The Rise of a "New" Middle Class or the Fragmentation of the Working Class?

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Abstract

Because of the economic upsurge in the 2000s, part of Brazil´s working class started accessing durable goods and private services that had been historically inaccessible to them. This was interpreted by segments of the government and academia as a shift in class structure, and thus seen as the rise of a "new" middle class in Brazil that was less dependent on public services. This would then allow the state to restrict its role to regulating private services and providing public services to the poorest. This study suggests that interpreting this income shift as the rise of a "new" middle class is not only incorrect, but also potentially harmful to social change, since it incites fragmentation and disengagement within the working class. Alternatively, it argues that those who benefited from the income shift are a fragment of the working class and far more dependent on state social services than advocates of the new middle class thesis suggest. In order to better understand this phenomenon, this study seeks to investigate the level of access to health and education services of those in this income range. The results obtained through data analysis reveal the predominant use of public health and education services by "new" middle class in 2008 and 2013, respectively.

Keywords

Working class; middle class; social services; health; education

Bio

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Introduction

Reaping the rewards of a commodity boom, Brazil's economy grew 26.5 percent from 2003 to 2008, which improved labor and income indicators and boosted internal consumption. From 2003 to 2010, the unemployment rate decreased from 12.4 percent to 5.7 percent and the average household income per person grew 23.5 percent in real terms (FAGNANI 2011).

Because of the economic upsurge, part of the Brazilian population started accessing consumer goods and private services that had been historically inaccessible to them, such as private education, bank credit, and health plans. This was interpreted by segments of the government and academia as a shift in class structure, and thus seen as the rise of a "new" middle class that was less dependent on public services. This would then allow the state to restrict its role to regulating private services and providing public services to the poorest.

Regarding consumer goods, from 2003 to 2014, several studies showed that the "new" middle class spent record numbers on appliances, cars, computers, plane tickets and cellphones. Most people were accessing these goods for the very first time: between July 2011 and July 2012, 9.5 million Brazilians experienced traveling by plane for the first time.[1] A significant part of this consumption was financed through credit, which increased household indebtedness levels.

However, it remains to be investigated whether there was indeed an expansion in the consumption of private health and education services during this period. Or, alternatively, the question is whether this segment of the population still depends on the public social services provided by the state. This aspect is particularly relevant considering that access to social services through their acquisition in the market tends to deepen individualistic and meritocratic values in the Brazilian society, as opposed to the mobilization for the expansion of social rights and the provision of universal public services.

This article argues that interpreting this income shift as the rise of a "new" middle class is not only incorrect, but also potentially harmful to social change, since it incites fragmentation and disengagement within the working class. Alternatively, it holds that those benefited by this income shift are a fragment of the working class and that they are far more dependent on state social services than advocates of the "new" middle class suggest. In order to better understand this phenomenon, this study seeks to investigate the level of access to health and education services of those in this income range.

The article is organized into three parts. The first section discusses the origins of the term "new" middle class and contrasts the formation of the working class in advanced capitalist countries with the reality of Brazil's working class in a context of peripheral Fordism in the 1960s. The second and the third sections investigate the level of access these workers had to health (2003-2008) and education (2003-2013) services, whether public or private.

A "new" middle class?

In contrast to what occurred before Brazil's recent economic history, Pochmann (2012) argues that the first decade of the 2000s was marked by social mobility in the country. To show this,

1 "No Brasil, a classe média já representa um terço da população", World Bank. acessado em 16 de setembro de 2018, http://www.worldbank.org/pt/news/feature/2012/11/13/middle-class-in-Brazil-Latin-America-report

the author highlights that between 2004 and 2009, 95 percent of the newly created jobs were paid received a maximum monthly remuneration up to 1.5 minimum wages. As a consequence, the income of Brazil's 40 percent poorest increased.

This phenomenon was widely advertised by the government and sectors of academia as the rise of a "new" middle class in Brazil. The Secretariat for Strategic Issues - SAE conducted studies about this part of the population and created a commission to suggest a definition of the "new" middle class, in order to monitor social indicators over time. According to the final report of the Commission, in 2012 the "new" middle class, which is equivalent to the income C range,[2] comprised families with income per person starting at R$ 291 with a ceiling of R$ 1.019[3] (SAE 2012).

In 2011, SAE organized an event to discuss public policies aimed at the "new" middle class, which suggested (i) enhancing labor productivity in the formal labor sector, by offering technical and professional education; (ii) improving the quality of formal job posts; (iii) improving the rentability of autonomous workers; (iv) providing public policies that incentivize work such as salary bonus[4] and family allowances[5]; (v) improving unemployment insurances and the Length-of-Service Guarantee Fund - FGTS[6]; (vi) providing financial education and proper banking services; (vii) improving the regulation of services consumed by the "new" middle class.

These suggestions targeted formal labor, entrepreneurship and financial education. However, they did not mention guidelines related to the provision of public services, such as health and education. On the contrary, the main concern was the access to consumer goods and private services by the income C range. The reports issued by SAE about the profile of the "new" middle class were based on the assumption that the needs and aspirations of persons and households in this income range were considerably different than those of D and E. If, on one hand, the income D and E ranges depend on state intervention to rise out of poverty, on the other hand, the income C range is expected to satisfy its basic needs in the market. Thus, what the "new" middle class required were policies to assure its sustainability such as professional

2 The inferior and the superior limits of the income C range were defined by this Commission based on several methodologies in use. One of the most relevant methodologies is the one formulated by The Brazilian Association of Market Research (ABEP). The Brazilian Economic Classification Criterion (CCEB), which is an economic segmentation instrument that uses the survey of household characteristics (presence and quantity of some household items of comfort and schooling level of the head of household) to differentiate the population. The criterion assigns points according to each household characteristic and sums these points. There is then a correspondence between scoring ranges of the criterion and strata of economic classification defined by A1, A2, B1, B2, C1, C2, D, E.

3 Equivalent to $145.00 up to $509.00 USD in 2012.

4 The salary supplement is equivalent to the minimum wage. It is paid annually to workers who earned up to twice the minimum wage monthly and whose employers contributed to the Social Integration Program (PIS) or to the Civil Service Workers Asset Formation Program (PASEP). Created in 1970, PIS is aimed at promoting integration between private sector workers and companies. This involves the distribution of the companies' contributions to the program among participants proportionate to their length of service and salary level. From 1988, the funds from PIS, together with those from PASEP were integrated into the FAT (Worker Support Fund), which funds Unemployment Insurance and Salary Supplements.

5 Salary allowance is paid to eligible workers who have children younger than 14 years old. The parent must be currently in insured employment or receiving a sickness benefit. The allowance is paid to both parents if both are insured.

6 Created in 1967, the Length-of-Service Guarantee Fund (FGTS) aims at protecting the worker fired due to lay-offs, by means of opening an account attached to the labor contract. In the beginning of each month companies deposit an amount corresponding to 8% of the salary of each employee. With FGTS, the worker may raise patrimony, become a house-owner and also finance programs of popular housing, basic sanitation and urban infrastructure.

qualification, student funding, access to credit, financial education and housing loans. In this logic, SAE also claimed that income ranges interacted differently with the state:

> *"For segments of the population, services like health need to be provided by the state and free of charge, whereas others might prefer to access it through a well regulated market (private health insurance, for instance). For some, the concern is access to a service, whereas for others it is simply a matter of adapting an already available service" (SAE 2012:8).*

The commission report acknowledged that referring to this phenomenon as a class shift was inaccurate, since there was no similarity between employment and the values of the people who recently migrated to this income range and the middle class in the traditional sense. Nonetheless, according to SAE, the term was adopted because its use "does not involve any conceptual or empirical justification and adopting a term already in use is just a way to make communication easier" (SAE 2012:11).

Behind this term is the study coordinated by Marcelo Neri, economist from Fundação Getúlio Vargas do Rio de Janeiro (FGV/RJ) and former minister of SAE. According to Neri (2011), "new" middle class was the term used to designate the Class C as a way to minimize the pejorative bias of this term. In his study, classes are defined considering purchasing power, income generation and expectations about the future. Purchasing power refers to the access and the number of durable goods these families have, considering the Family Budget Research done by IBGE. In this regard, Neri claims that the "new" middle class is the new ruling class, since these families form 46,6 percent of the purchasing power in Brazil, surpassing the purchasing power of classes A and B. The purchasing power dimension also involves the consumption of private social services.

In terms of income, the research was based on a statistical definition of middle class. According to Neri (2011:19) "on average, class C earns the average income of society". Thus, class C comprises families with an income from R$ 1.200,00 up to R$ 5.174,00, which was 55 percent of Brazil's population in 2011.

In contrast to this perspective, Pochmann (2014) argues that the income C range expanded in a completely different context of how the traditional middle class was formed. The emergence of the middle class in advanced capitalist countries happened during the rise and consolidation of the welfare state and Fordism during the 1960s, while the growth of this income range in Brazil was affected by the emergence of neoliberalism and flexible accumulation.
The welfare states installed in advanced capitalist countries contributed to reducing the costs of workforce reproduction. The fact that the state provided public social services allowed the working class to set aside part of their salary to acquire consumer goods. Additionally, bank inclusion, access to credit and average wage increases also contributed to generalize the access to consumer goods in these countries.

In contrast, the reality of Brazil's working class in a context of peripheral Fordism[7] was significantly different. For several decades, durable goods and private services were not accessible to them. In order to understand this, it is necessary to consider the key historical

7 The expression "peripheral Fordism" was elaborated by the French economist Alain Lipietz, in contrast to Fordism that developed in the countries of central capitalism. The term refers to countries that applied the import-substitution industrialization strategy between 1930 and 1970, as is the case in some Latin American countries and South Korea.

aspects of Brazil's labor market formation, such as informality, high turnover rates and low salaries.

In 1532, the Portuguese began to import Africans as slaves for sugar colonies in Brazil. The slave trade would continue for nearly three hundred years and would bring around 5 million Africans to Brazil between 1532 and 1850. According to Theodoro (2005), although slavery was abolished in 1888, since 1850, Brazil had been establishing a labor market based on a free labor force. In an economy that gravitated towards the exportation of agricultural products, the free born or liberated population operated on the fringes, performing occasional and subsistence activities. Therefore, even before the abolition of slavery, the country already had a workforce surplus.

After the abolition of slavery, the so-called whitening ideologies[8] set the basis for a systematic and subsidized immigration policy to bring supposedly racially and culturally superior workers to boost the economy. According to Moura (1988), from 1851 to 1900, around two million European immigrants arrived in Brazil, half of them before the end of slavery. By the beginning of the 20th century, 92 percent of the industrial workers in São Paulo were foreigners, mostly Italians. Therefore, as immigrants arrived to work in Brazil's main economic activities, the growing population of former slaves was mostly engaged in subsistence and informal work. As Theodoro (2005:105) explains:

> *"This labor market was thus born into an environment of exclusion for a significant part of the workforce. By creating free labor, the state also created the conditions for consolidating a structural surplus of workers, which would be the seed of what is now called the informal sector".*

As the migration of the rural population to urban areas intensified, the contingent of informal workers increased. The expansion of the agricultural frontier, the mechanization of rural activities and land price speculation, combined with the absence of an agrarian reform, culminated in workers being forced to move from rural to urban areas. According to Dainez (2003), between 1940 and 1970, about 38.4 million people left the countryside to the cities. Without any significant intervention by the public authorities, the result was a troubled urbanization marked by labor surplus in the cities, leading to predatory competition in a labor market that was unable to absorb all its workers.

During the early 1940s, comprehensive labor relations legislation was enacted to define minimum wage, regulate employment contracts and social security regimes for different categories of workers. Nonetheless, these public regulations had a limited effect on the labor market because they were restricted to the formal sector, which, at most, accounted for two thirds of the total number of workers. This meant that agricultural, domestic and self-employed workers were not covered. Additionally, access to social security and public health services was restricted to workers employed in the formal labor market.

8 European immigration was the most relevant public policy to whiten the Brazilian population. Even before the abolition of slavery in 1888, employers and politicians claimed that blacks would not be able to work on a capitalist basis, either because they were too rebellious or because they were unskilled. As a consequence, black workers were stereotyped as indolent, drunkards, and negligent, while white workers were depicted as reliable, responsible, and stable. These labels are challenged by the fact that black slaves already performed a variety of activities, such as agriculture, mining, metallurgy, painting, carpentry, and construction, which proves the problem was never a lack of skills or workers, but the lack of a specific type of worker: caucasian, white, European, and above all, superior.

The workforce surplus also impacted the levels of turnover. According to Krein (2007), Brazil's historical high turnover rates are partly related to a productive structure that is permeated by low productivity and seasonal enterprises and activities. Moreover, this large surplus contributed to the lowering of wages and made it easy to replace workers, making turnover a mechanism for disciplining the labor force. In 1964, a repressive military regime, that lasted 21 years also contributed to keep salaries low and not in line with the productivity gains and surplus.

In contrast, in the 2000s the historical problems of the Brazilian labor market decreased as a result of economic growth and labor market policies. According to Dutra Fonseca et al. (2013), from 2003 to 2010, the unemployment rate decreased from 12.4 percent to 5.7 percent, while labor market informality in the main metropolitan areas decreased from 55 percent in 2001 to 33 percent in 2013. Additionally, from 2002 to 2010, the real value of the minimum wage doubled and benefited the of low-income workers. This compressed wages in the formal sector and improved the relative earnings of those receiving the minimum wage.

Therefore, considering these key aspects of Brazil's labor market formation, it is necessary to question whether Brazil indeed had a "new" middle class in the 2000s. Pochmann (2014) argues that the recent access to private goods and services by parts of the Brazilian working class, which he believes are wrongly labeled as the "new" middle class, was actually inclusion in a delayed Fordist-type consumption. In other words, the Brazilian working class in the early 2000s was merely consuming what the working class in main capitalist countries had been consuming since the 1960s.

Pochmann (2014) does not intent to minimize the relevance of these changes for the working class. On the contrary, the author holds that the years 2000s were a major shift in the country's economic trajectory, since it enabled significant changes in the private life of segments of the working class, thus evidencing how marginalized the Brazilian working class was throughout the last decades.

However, understanding these transformations as a class shift is potentially harmful for social change. In general, the Brazilian middle class pays for private health and education services because they consider public provision insufficient. Thus, social mobilization for the universalization and improvement of social services strongly depend on working class engagement, since they are the main users of these services. Labeling the working class as middle class and encouraging it to acquire private services foster disengagement, individualist and merit based values. As a consequence, instead of demanding better public services, this income range is likely to believe that affording private services is a result exclusively of their personal effort and merit.

The access to social services by the "new" middle class

The following analysis on the access to social services of the "new" Brazilian middle class was based on the National Household Sample Survey (PNAD) conducted by the Brazilian Institute of Geography and Statistics (IBGE). Data for education services refers to the period between 2003 and 2013, and data for health services refers to the period between 2003 and 2008. Defining the inferior and superior limit of the income C range was challenging because of multiplicity of intervals proposed by researchers and institutions that work with the subject and,

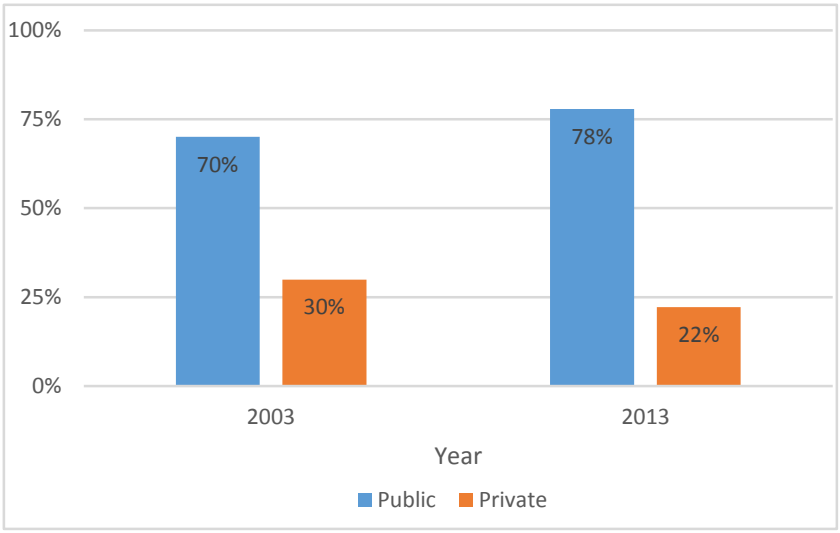
mainly, by the variety of criteria stipulated by a same author or institution, without proper transparency about changes in these criteria. Considering the options available, we opted for an institutional definition: the interval stipulated by SAE/PR as a result of the work of the Commission for the Definition of the Middle Class in 2012. According to this Commission, the income C range comprised families with an income from R$ 291,00 up to R$ 1.019,00 per person.

The access to education services by the "new" middle class

The current Brazilian education system comprises preschool, primary (children aged 6 to 14), secondary (children aged 15 to 18) and higher education, which can be delivered by both public and private institutions. Public institutions are required to provide free primary education, and although they can also offer free secondary and higher education, it is not compulsory. Private institutions can offer all levels of education.

In 2003, only 10.3 percent of the income C population attended school or daycare, whereas in 2013 this percentage rose to 25.8 percent. This increase is partially explained by changes in the distribution of the population by age groups that occurred during this period: from 2003 to 2013 there was a significant increase in the 0 to 20 age group, the typical age when people are in school. In 2003, 70 percent of the students attended public schools, and in 2013 this percentage rose to 78 percent, as shown in Graph 1.

Graph 1: Distribution of income C range students by public and private institutions – 2003 and 2013



Source: PNAD/IBGE microdata

Table 1 shows the distribution of students by level of education in 2013. The majority of the students attended primary and secondary school: 52.3 percent of the students attended regular primary school and 18.2 percent attended regular secondary school. 7.2 percent attended daycare and 6.1 percent attended kindergarten. Of the total students, 11.8 percent attended college or university.

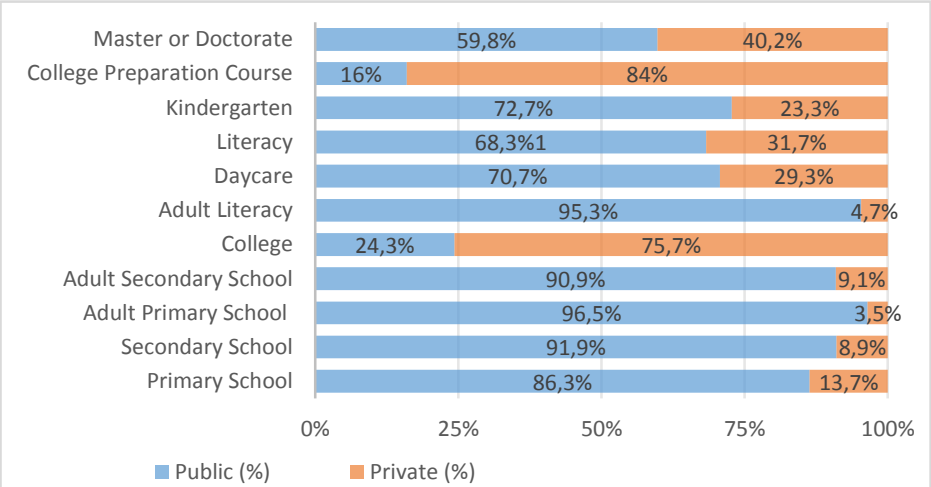
Table 1: Distribution of income C range students by level of education - 2013

Level of Education	**Frequency**	**(%)**
Regular Primary School	13,567,404	52.3
Regular Secondary School	4,709,108	18.2
Adult Primary School	390.508	1.5
Adult Secondary School	292.051	1.1
University	3,051,849	11.8
Adult Literacy	136,976	0.5
Daycare	1,879,796	7.2
Literacy	224,551	0.9
Kindergarten	1,588,546	6.1
College Preparation Courses	53,658	0.2
Masters or Doctorate	50,149	0.2
Total	**25,944,596**	**100**

Source: PNAD/IBGE microdata

In 2013, of the total number of students, 77 percent attended public schools. Despite that, the proportion of public and private education varies significantly depending on the level of education, as shown in Graph 2. The vast majority of students who attended primary school (86 percent) and secondary school (91 percent) studied in public schools. In contrast, 76 percent of undergraduate students attended private colleges.

Graph 2: Distribution of income C range students by level of education, public and private - 2013



Source: PNAD/IBGE microdata

The high percentage of undergraduate students in the income C range that attended private colleges is one of the reflexes of the expansion of private higher education in Brazil. In general, students of the income C range attend primary and secondary education in public schools, and when applying to public universities, are unable to measure up to students from private schools,

who are better prepared for university entrance exams. Getting accepted into a public university means passing a highly competitive test and few applicants pass on their first try. This generally requires studying at private preparatory courses. Most private schools focus on teaching specific techniques for the entrance exam. This is one of the consequences of the iniquities of the Brazilian tax system, in which higher education is financed by the taxes of the entire population, and proportionally to a greater extent by the poorest, given the predominance of highly regressive taxes, but is predominantly attended by the richest. Consequently, besides taxes, income C range students have to pay again for higher education, by attending a private college. Since private education is controlled by a small number of large enterprises, private colleges have increasingly been offering shorter courses, distance-learning modalities, and standardized teaching materials, in addition to the prevalence of courses that require low technological investments.

Therefore, the possibilities for higher education to offer these students the development of a critical autonomy and the capacity to produce knowledge are increasingly compromised. In exchange, what is promised to them is that a university diploma will guarantee a better job. However, this promise has been unfulfilled because of the difficulties of the Brazilian labor market to create more qualified and better paid jobs. As Léda and Mancebo (2009:61) argue, "to say the least, it is naive the belief that it is possible to correct the 'distortions' of the market by expanding the qualification of the workers. And it is even worse to sell the illusion that offering a low quality academic and uncritical education would repair these 'distortions'".

Access to health care by the "new" middle class

The Brazilian health system comprises a complex network of public and private service providers. The Unified Health System (SUS) is based on decentralized universal access. Services are financed and provided by the state at the federal, state and municipal levels. In terms of infrastructure, primary care clinics and emergency units are mainly public, whereas hospitals, medical practices and outpatient clinics are mostly private.
Throughout history, the state played an important role in fostering the private health sector, through tax exemptions to companies and individuals. For instance, companies can declare the expenses of partial or full payment of their workers' health plans as a labor benefit, which is considered an operating cost. By doing that, companies can reduce their net income and thus the amount of taxes they need to pay. In this regard, Scheffer et al. (2010:61) state that:

> *"This expedient allows both the deduction of expenses with health plans in income taxes as well as the transfer of these costs to the final prices of products and services, which is usually not perceived by society. When, for example, a citizen pays his cellphone bill, the telephone company spending on the health plan of its employees is embedded. Thus, what appears to be a goodwill of employers ends up being paid by all those who consume the products or use the goods offered by the companies. Perhaps this is the explanation for the fact that, even accounting for between 5 percent and 12 percent of a company's payroll, health care expenses are not considered a problem for the cost of labor in Brazil".*

Besides that, income tax exemptions are granted to individuals to compensate for medical and health plan expenses. All these incentives jeopardized the public system, since these exemptions reduce the amount of tax revenues that finance the Unified Health System. As Scheffer et al. (2010:231) explain, "the inequity of this tax policy, in thesis designed to protect the sick, lies in the fact that the tax benefits of health plans and medical expenses are used by middle-class

taxpayers who declare income and by companies that can afford health plans for their employees, without redistributing this health investment to the unassisted population".

In 2003, 62.2 percent of the population of the income C range reported use of health services in the previous 12 months. In 2008, this percentage rose to 68.9 percent, which demonstrates a slight increase in the use of health services. Regarding the type of service, Table 2 demonstrates the prevalence of primary health care centers during 2003 and 2008, equivalent to more than half of the occurrences (56 percent in 2003 and 57.9 percent in 2008). These results reinforce the relationship described by Matos (2013) between the average income of families and the type of establishment used for health care. According to the author, the higher the income, the greater the search for private practice. Likewise, the lower the income, the greater the use of primary health care. Despite the label of "new" middle class, both the inferior and the superior limit of the income C range are low, which explains the high demand for primary health care.

On the other hand, from 2003 to 2008, the demand for private practice increased, which might indicate a greater demand for private health services. In 2003, private clinics represented 13.2 percent of the cases, while in 2008 this percentage rose to 17.6 percent.

Table 2: Demand for health services by type of services – 2003 and 2008

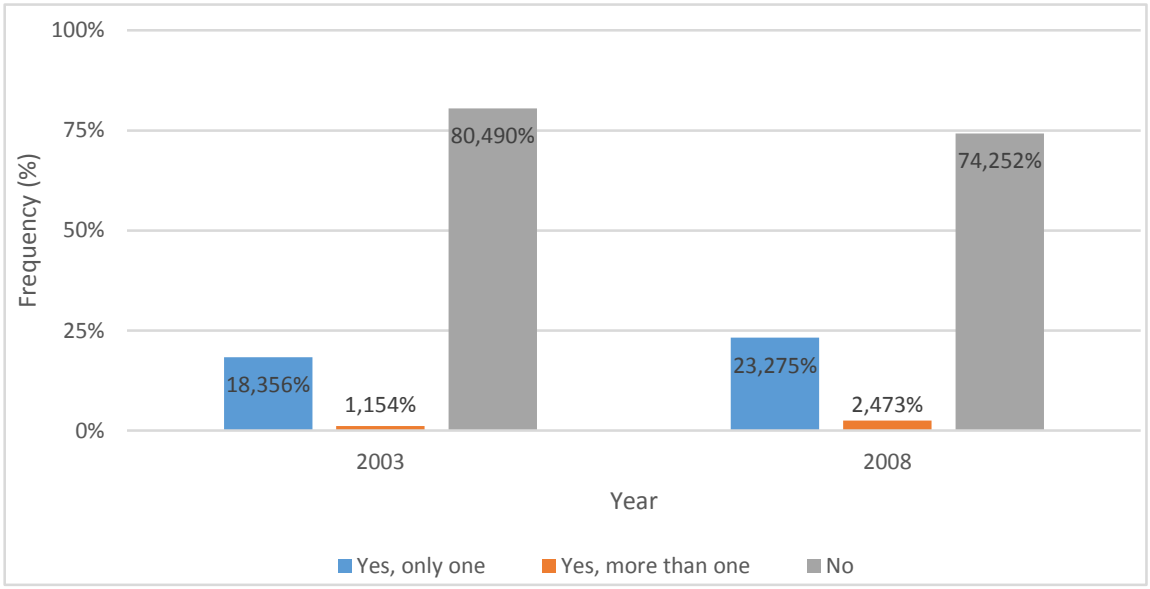
Service	**2003 (Total)**	**2003 (%)**	**2008 (Total)**	**2008 (%)**
Pharmacy	751,627	1.8%	1,103,193	1.7
Primary health care centers	23,445,579	56.0	37,790,591	57.9
Private Practice	5,530,561	13.2	11,491,921	17.6
Outpatient department - employer or trade union	443,351	1.1	631,459	1.0
Outpatient clinic	1,651,703	3.9	2,955,667	4.5
Outpatient department – Hospital	7,096,409	17.0	7,470,895	11.5
Emergency	2,773,734	6.6	3,620,363	5.6
Community health worker	117,743	0.3	118,277	0.2
Other type of servisse	27,784	0.1	34,263	0.1
Total	**41,838,491**	**100**	**65,216,629**	**100**

Source: PNAD/IBGE

Graph 3 shows that the majority of the income C range did not have access to private health plans in 2003 and 2008. Nonetheless, the number of plan holders grew 6.2 percentage points, rising from 18.4 percent in 2003 to 23.3 percent in 2008. According to the same research, 25.9 percent of the total Brazilian population, 49.2 million people, had access to private health plans in 2008. Thus, the proportion of plan holders in the income C range is quite similar to the one of

the total population. However, the population of the income range C with access to private health plans grew more in this period (6.2 percent) than the total Brazilian population (1.3 percent).

Graph 3: Access to private health plans by the income C range – 2003 and 2008



Source: PNAD/IBGE microdata

Regarding the plan payment method, Table 3 shows that in 2003 it was predominant the payment by the plan holder, through the current work, reaching 45 percent of plan holders. The second most frequent form of payment was the one performed by the holder, but directly to the private health insurance company, which corresponded to 29.8 percent of the cases. There was also a significant number of cases (13.7 percent) in which the plan was paid by the holder's employer.

Table 3: Distribution of plan holders of the income C range by payment method – 2003 and 2008

Form of payment	**2003 (Total)**	**2003 (%)**	**2008 (Total)**	**2008 (%)**
The holder's employer	804,070	13.7	2,427,301	23.8
The holder, through his/her current work	2,635,157	45	4,146,060	40.7
The holder, through his/her previous work	198,033	3.4	399.,313	3.9
The holder, directly to the plan	1,745,681	29.8	2,229,456	21.9
Other person who lives in the same house	145,248	2.5	622,048	6.1
Other person who does not live in the same house	219,257	3.7	273,091	2.7
Other	104,538	1.8	101,341	1
TOTAL	**5,851,984**	**100**	**10,198,610**	**100**

Source: PNAD/IBGE microdata

In 2008, the percentage of plan holders whose payment was done through the current work slightly decreased, but it still comprised 40 percent of plan holders. The payment made by the holder directly to the plan also declined, from 29.8 percent in 2003 to 21.9 percent in 2008. In contrast, payments made by the holder's employment increased from 13.7 percent in 2003 to 23.8 percent, evidencing the increase in cases, as described by Scheffer et al. (2010), in which the employer pays for the health plan of the employees and, in turn, collect less taxes.

Conclusion

From 2003 to 2014, improvements in labor and income indicators together with access to credit allowed part of Brazil's working class to access consumer goods and private services that had been for a long time inaccessible to them. Because these goods and services were typically consumed by middle and higher classes, segments of the government and academia started to advocate the rise of a "new" middle class in Brazil. Those who argued for the emergence of a "new" middle class related this income range with what they believe it had always aspired to be: the traditional middle class. Therefore, it is as if the income C range had recently arrived in "paradise", accessing private education and health services, instead of using public schools and hospitals provided by the state. Because of this income shift, it was assumed that the "new" middle class is now less dependent on the state. Thus, instead of providing universal social services, the state should restrict its role to regulating the market and attending the poorest.

Several studies have demonstrated the rise in the consumption of durable goods, mainly through credit. This study aimed to investigate whether there was an increase in the access of private social services by the income C range. The research evidenced a growing demand for health care in private practices from 2003 to 2008. Similarly, the percentage of the income C range with access to health plans increased more than the one of the total Brazilian population. However, in 2008 the demand for health care at public health care centers remained high and majority of the population in this income range did not have access to private health plans.

Regarding education, in 2013, the majority of the students of the income C range attended public institutions and this number grew from 2003 to 2013. However, this proportion varies considerably within each educational level. While 80 percent of the elementary and secondary students attend public schools, 70 percent of the undergraduate students attend private institutions.

In contrast to the idea of expansion of access to private health and education services by the "new" middle class, the results obtained through theoretical research and data analysis reveal that the income C range population still depends on the state to access social services: this study showed the predominant use of public health and education services by the income C range in 2008 and 2013, respectively. Unlike durable goods that can be purchased through credit, private health and education services usually cannot be financed. The exception is higher education, whose payment can be financed through student credit programs, although at the cost of greater household indebtedness.

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