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## MIDDLE CLASSES

*Special Editor: Bruno De Cordier, Ghent University*

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## Armenia's 'Middle Class': Stability Characteristics and the Challenge of Erosion

By Yuliana Melkumyan (Yerevan State University)

### Abstract

This article will give a systematic overview of the main features of the middle class in Armenia based on their self-perception as captured in representative surveys. Typically, respondents identifying themselves as 'middle class' mostly have a university-level education, are employed, and are young or middle-aged. Evidence of upward social and economic mobility and progress in life are other important factors for self-identification as 'middle class'. However, has stagnation set in? This article analyses the threats that might lead to the erosion of Armenia's middle class. A limited access to professional education and healthcare services, the precariousness of employment, and the many impediments to small- and middle-sized enterprise development were the most prominent threats identified in a number of sociological studies.

### (Dis-)Integrated Society

The concept of a middle class usually assumes a positive picture that includes an integrated society, a well-developed model of social compensation, a social group of people triggering social development and a specific life style that stabilizes society. Such indispensable social functions are rarely attributed to the upper classes of society, and the wealth and privileged position of the upper classes usually depends on middle-class potential. At the same time, stable middle class prosperity guarantees budget replenishment by means of taxation, which, in turn, is the means to ensure state assistance to the socially insecure layers of society. The social polarization of the population in post-Soviet Armenia, the decline in living standards and quality of life, and the drastic increase in unemployment all had significant influence on a social structure that was in the process of transition and restructuring. The formation of a modern social structure in Armenia occurred spontaneously and was uncontrolled. Without targeted state interventions, a segment of society that carries out balancing and harmonizing functions for the society was formed.

Since officially and formally there were no market relations in the Soviet Union, there were also no typical social segments such as farmers and small and medium bourgeoisie, which were the basis for middle class formation in the North American and Western and Central European democracies. This being said, after 1989–91, Armenia did inherit a large number of managerial and bureaucratic cadres, technical staff and mostly humanities-centred intelligentsia as well as a large number of peasants formerly employed on state and collective farms. Additionally, despite stark reforms, behavioural and attitude patterns inherited from Soviet socialism initially continued to determine people's mentality and lifestyle. This manifested itself in largely stereotypical negative attitudes towards ownership, entrepreneurship and trade. Additionally, as empirical evidence shows,

a significant part of the population failed to find suitable ways of living and generate income under the current social structure and thus state they preferred (what they remember of and associate with) Soviet life over the post-Soviet reality.

### Middle Group Subjectivity

According to the results of a survey conducted in the year 2012 by this author, 61.4 percent of the Armenian population identified themselves as 'middle class'. Later, survey results gathered by the All-Armenian Fund in 2016 showed a decrease in this percentage to 58 percent. When speaking about the self-identification of the middle class, it is necessary to evaluate the subjective assessment factor. In the frame of this approach, respondents' opinions about their own socio-economic situations are considered as decisive since the individual is an expert on his own social situation. Their subjective assessments, as recorded with sociological measurement methods, are perceived as integrated and comprehensive reflections of social reality. The subjective assessment is the component of the person's self-consciousness, which, in turn, is related to the subject's emotional state, physical strength, mental abilities, deeds, behaviour motives and goals, with all attitude assessments towards the surrounding people thus shaping their own lifestyle.

The changes in the size of the self-declared middle class, as well as in its place and role in societal life, depend on numerous factors. While the financial-economic factor has an important and objective role in this regard, income plays a role in determining the space outside the strict necessity domain. To discover the reasons for the change in self-identification, we should consider the (understanding of) middle-class lifestyle and study the social, cultural, and intellectual capital as well as how these factors have changed. Post-industrial societies are characterized by labour division and an extensive distribution system of professions. Certainly, the middle class

is responsible for the main mass of those engaged in professional activities. The development of a society requires the growth of the intellectual, professional, and technical classes. In addition, in such a society, the nature of existing knowledge has a central, principal place.

### More Than a Financial Given

Every modern society lives, survives and develops due to innovations and by trying to predict and plan its future. In addition to material security and professional stability, which provide appropriate material security and education and safeguard one's profession and well-being, the middle class also needs certain features that will ensure its stability and continuity. This, in particular, brings us to the importance of value systems, lifestyles and cultural capital. Speaking about the characteristics of the middle class in Armenia, a certain level of income should be noted. One of the main indicators of being classified as middle class is the income derived from *legitimate* sources, which ensures a certain quality of life and tends to increase. In 2012, this indicator was 794,590 dram (approximately 1,540€) for a four-member family residing in Yerevan, while currently it is approximately 950,000 dram (approximately 1,840€).

The middle class is highly dependent on income generated from a primary workplace. Every middle class (four-member) family has an average of three sources of income. Some have several jobs. As is expected for those belonging to the middle class, the main source of income in the middle class is the wages obtained from a workplace where they work as a permanent staff member. This fact stresses the stability of income as well as the assumption of income generation due to professional activity. Members of the middle class may improve their position by making use of other market sources of income, such as real estate and other property, money from apartment or house rent, and investment interests, among other income sources. One of the important features of the middle class that backs its stability is property. Due to its substantial characteristics, the middle class assumes the role of public intellectuals in that it develops the mainstream discourses of the society and captures key value objectives, thereby serving as a reference group for a certain layer of society.

The enhancement of the role of public opinion, influenced by scholars and intellectuals who have knowledge, professional qualifications and a culture of critical discourse, thus acting as a unique linguistic conglomerate, is of particular importance. Discourse, alongside knowledge and qualifications, becomes a powerful asset that helps the new middle class to attract a privileged position in the labour market, stand up for its social and economic rights, and, thus, strengthen its reputa-

tion. This feature of the Armenian middle class, however, can be quite vague and fluid because of the differences within both the literary and conversational Armenian language, starting with the differences between the dialects of the western and eastern parts of Armenia as well as the many loanwords and influences from Russian and Persian one finds according to region and social group. This variety of lexical and grammatical combinations has not yet been integrated into a standard mainstream language corresponding to modern middle class status. This fact weakens the social capital of the middle class since language is a reflection of unique value systems and (sub)cultures.

### Consumption Patterns

However, the main cultural and human capital of the middle class does not lie in production means nor any other material property. Rather, it is professional and, especially university-level, education. The key characteristic of middle class occupational and educational profiles is that they are aimed towards the acquisition of new knowledge and towards self-education. This ensures continuous education and self-development as well as training opportunities. At the same time, educational capital is strengthened when it becomes a sustainable source of income but stays a mere theoretic potential if the direction, where it can or has to be put to real use, is not clear or socially envisaged. These factors ensure the aspiration of members of the middle class to maintain their social position, to develop and disseminate the existing cultural discourse by considering the social and economic advancement of their own lives. The absence of such a situation leads to decreasing middle-class identification.

Likewise, the employment profile and content of the middle class also has some specific features. Members of the middle-class, as a rule, are convinced that they have prestigious, popular and interesting jobs. It should be noted that the development of information technologies in recent years has reinforced the position of the middle class in creating job opportunities as well as enlarging the labour market outside Armenia. 'Middle classers' are (perceived to be) more prepared and savvy in terms of basic skills and are in line with the modern style and level of professional activity. They have proficient computer skills and use foreign languages at work. For those in these layers, it is important that their work also enables self-expression and self-realization opportunities. Orientation of professional growth, in turn, creates another distinguishing characteristic of the middle class, which is a high professional position enabling authoritative power. A layer-by-layer increase of authoritative potential can be noted in the middle class, and, based on these characteristics, a certain classification of 'middle class'.

The cost structure of the middle groups is conditioned on both income size and a value system. It not only ensures the reproduction of the social group but also shapes the social borders of the latter, forms its identity, features distinguishing it from others, and its internal cohesion. Consumption is a meaningful social action, for it includes not only the consumer but also other members of the society, who, willingly or not, consider the consumption of others within the current social structure. Consumption is a multi-functional process. It informs bystanders about the class identification of a particular consumer, shapes the image of the middle class, and conveys a particular social meaning to patterns of consumption. The issue of paid private educational and medical services and the purchase, construction or renovation of housing have significant density in the structure of middle class expenses. The differences are larger in travel expenses, which vary significantly between the lower and upper strata of the middle class.

### Power Potential

The next criterion, which is the basis of classifying the middle class, is the existence of power potential—pro-governmental political positions. These positions do not have an active character. Members of the middle class rarely adhere to political parties but are sympathetic toward those political powers that create or promise favourable conditions for their own development and prosperity. The education system and employment are important for inclusion in the middle class and for the provision of social and economic progress in the structure of society. The realization of a sustainable development factor in the personal lives of ‘middle classers’ is another classic characteristic. The personal strengths and achievements, as well as personal qualities, hard work, honesty, and education/profession, are much more important for members of the middle class to be successful in our society. The assigned status attributes, notably gender and place of birth, are of less importance.

Not only are hard work, honesty, education and profession important for success, but the patterns of self-representation of the middle-class and its members are as well. These factors also underline the importance of progress in the members’ own lives through personal and professional efforts and the tendency to push back against other factors as acquaintances, birthplace and political patronage, whereas the latter, according to stereotypical notions of Armenian society, are key factors to success. It is also logical that the members of the middle class are mostly satisfied with those components of life quality that they are able to ensure on their own. However, in regard to public social guarantees and legal relations, in particular the protection of rights, the level of

satisfaction decreases. Simultaneously, a special understanding of a lifestyle characteristic of the middle class is being shaped and includes special habits of consumption, use of free time, preferences, tastes, behavioural norms and value orientations by establishing middle-class identity over time based on shared values and behaviour models.

Another influential factor consists of the continuation of behavioural models inherited from the Soviet era. In a way, these are also reflected in the efforts by the state and parts of society to revive Armenian identity and strengthen and privilege what is considered ‘national’ in public life. This is being pushed forward and realized in some of the following ways: overall societal and cultural ‘Armenisation’, the formation and rehabilitation of mercantile traditions, and a clear tendency towards religiosity and the strengthening of the role of the Armenian Apostolic Church in public life. The Karabakh War, which substantially contributed to the formation, dissemination and reinforcement of patriotic discourse, also plays an important role. This also affects the value orientations of the middle class. One of the important lifestyle components is the organization of entertainment and leisure time, which also puts conventional boundaries between social strata and transmits value-based content to the middle class. According to the research results, watching television is the most common form of entertainment for the middle class.

### The Role of Family

Interacting with friends and relatives in the forms of hosting them as guests, visiting them, or meeting up with friends is another leisure component that often is part of everyday life for the middle class. Spare time is also often spent listening to music, reading or going for a walk as well as hanging out in cafes and restaurants. Analyses of the leisure activities of the Armenian middle class show that it is not really filled with cultural events. Visits to theatres, the opera and classical concerts do happen but only occasionally. Instead, time is spent on sports and popular entertainment. On one hand, this is conditioned by the fact that members of the middle class are overloaded with permanent and additional employment, and on the other hand, this is conditioned because of the lack of value-based cultural saturation. Either way, the lack of cultural saturation hinders the development of the creative potential of middle class and its reproduction, which results in a diffusion of the middle class and increases its disappearance risks.

Family happiness occupies the top place in the value system of the middle class, while after that comes, in this order, respect, financial achievement, professional

advancement, and free time. For patriotism, opinions are divided. A large segment of the middle class is clearly expressing a desire to emigrate from Armenia, while, for an almost equally large part, definitive emigration is not acceptable since economic and social capital for the development of Armenia would, as a result, be lost. The erosion of, and disappearance risks of, the middle class is also connected to groups that do not fit well into the logic of its class structure, which survive due to state social transfers and remittances, as well as a large number of Armenians living with income from employment in Russia, Western Europe and North America and the ensuing remittance economy. The high emigration rates and the societal section involved in emigration also influences the dynamics of the Armenian middle class in a rather ambivalent way. On one hand, its income and expenditure structure corresponds to those characteristic of the middle class, while on the other, the representatives of this segment cannot ensure sustainability and are not productive inside the country. Though economically capable of fitting into the middle-class cost structure, socially, they do not function like the middle class.

### Concluding Remarks

Inequality, late or withheld wages, additional work responsibilities and requirements, and the necessity of combining work and household responsibilities all increase the risk of exclusion from the middle class. The difficulties faced by the middle class in maintaining their position and role in society are also a result of ever-increasing professional requirements and demands by employers. Technical progress and enhanced automation of the workplace have increased the professional

requirements of employers, but this is an ongoing process. Thus, from the viewpoint of financial, economic and practical factors, we have a self-sustaining middle-class, which comprises people able to pay taxes but who do not realize the importance of their participation in the decision making processes in the country, are not socially cohesive, do not provide language discourse, and do not identify their future with the future of the country. Most alarming is that a significant part of the middle class is ready to migrate from Armenia.

This ambivalent situation is getting worse because the middle class in Armenia does not have a unified cultural portrait. That is, it lacks unified values, social and political positions, and real consciousness about its own role in society. The economic freedoms granted after 1989–1991 did produce results, but it is difficult to develop individual freedom under a collective heritage. Since Soviet Armenia knew censorship and many prohibitions, banning ideas, culture, art, and science, among other subjects, became seductive. Ultimately, earned economic and political freedoms also implied individual freedom, yet society did not provide the application patterns of the latter, and people lacked the skills to apply their freedom. What was forbidden before is permitted today but is no longer interesting. On the consumption dimension of cultural values, the real differences now are luxury and conspicuous consumption on one hand and, on the other, the preferences and tastes focused on necessities. It is difficult for the modern Armenian middle class to get oriented in a new diversity of choices. Therefore, this brings disorientation and a decrease in the number of people identifying themselves as ‘middle class’.

### About the Author

Yuliana Melkumyan is an Associate Professor at the Social Work and Social Technologies Department at Yerevan State University. She defended her PhD thesis on ‘Middle class in modern Armenian society: basic characteristics and development perspectives’ in 2013 and was granted the title of PhD in Sociology. She has been teaching Sociology and Social Work since 1998.

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## Georgia's Middle Class in the Making: Methods of Measurement, Trends, and Constraints

By Alexi Gugushvili (University of Oxford)

### Abstract

Since 2016, Georgia has been categorized as an upper middle-income economy by the World Bank. The latter corresponds to the trends from the various micro-level data sets, which suggest that the middle class has been expanding in the recent years. However, what can be referred to as 'the middle class' in the Georgian context is still largely in the making, and this process remains vulnerable to endemic problems such as high inequality, low urbanization, agricultural underdevelopment, and the existence of rather large, vulnerable social groups. Political stability, geopolitics and international economic shocks all play a role in the prospects of the middle class in Georgia.

### Framing 'the Middle Class' in Georgia

There is no universally accepted definition of the middle class, and the meaning of the term can vary across societies as well as over time. At its simplest, 'middle class' can be thought of as people who are neither very poor nor very rich and who have more or less stable sources of income or accumulated wealth. The latter implies that the appropriate identification of the middle class is related to how poverty is measured in a country. In an earlier issue of *Caucasus Analytical Digest* (CAD No. 34, 2011 on poverty in the South Caucasus), I discussed the contentious nature of the politics of social-economic measurement in Georgia. The same would apply to studying the middle class in the country. Interestingly, in the Georgian language, the notion of 'middle class' is rarely used—the concept of 'middle layer' is more popular instead. One of the reasons for this might be the legacy of the Soviet Union, which moved public discourse about class and class-based social relations to the margins.

The marginalization of the analysis of social and economic classes in the country does not mean that the issues related to the formation of the middle class are not salient. Quite the contrary, public discourse on the middle class predominantly concentrates on the inability of successive governments to facilitate the formation of a sizable population with decent and sustainable standards of life. It is not rare to see rather alarming media headlines and statements such as 'Georgia's absent middle class', or '(...) the middle class and the rich in Georgia jointly comprise only ten percent, while the share of poor nears ninety'. Therefore, before describing a more optimistic picture of the middle class in Georgia based on various sources of data, I will first highlight the main constraints on the expansion of the middle class in Georgia.

### The Factors Affecting the Formation of the Middle Class

Arguably, the main driver of the expansion of the middle class in Georgia is the country's economic perform-

ance. According to the World Bank's latest classification of countries by income, in 2016, Georgia became only the sixth successor state of the Soviet Union (after Azerbaijan, Belarus, Kazakhstan, Russia and Turkmenistan) to move into the group of upper middle-income economies. Many observers in Georgia believe that *the larger the pie is, the larger is the slice* for the middle class. Indeed, economic growth can be reflected in an expansion of the middle class, but much depends on the type of growth and the level of redistribution in a society. In 2010–2014, the real average annual GDP growth was 5.6 percent, but it was primarily driven by financial intermediation, real estate, hotels and restaurants, trade, and some forms of manufacturing. These sectors, although conducive to job creation, were not able to generate many stable and well-paid jobs. In addition, the country's economy was also heavily affected by macro-level shocks, first in 2008–2009 with the Russo–Georgian War and the international financial crisis and then again in 2014–15 with the regional economic crisis.

Although the government has been attempting to direct more public resources towards redistributive policies such as health care and social provision, the main measure of inequality, the so-called 'Gini index', has been static at approximately 0.40 over the last decade or so. As the recent comparative research of the industrialized nations suggests, the middle class formation and identities are negatively associated with the overall level of income inequality. Since the first decade of this century, Georgia has also pursued quite intensive economic liberalization policies, which have been shown to negatively affect the levels of social mobility. Therefore, it should not be surprising that the middle class has not been expanding fast enough to elevate those in deprivation and poverty, and thus, many Georgians still do not consider themselves part of the middle class.

Lastly, probably the main reason why there are limits to expansion of the middle class in Georgia is the country's endemic constraints, such as the relatively low level

of urbanization, with 43 percent of population living in rural areas, agricultural underdevelopment, and the existence of large vulnerable social groups, such as the internally displaced from the Tskhinvali region (South Ossetia) and Abkhazia, constituting approximately 7 percent of the population of Georgia. It is also hard to imagine how the rural population, the majority of whom are engaged in agricultural activities, can join the ranks of the middle class in the foreseeable future unless fundamental agricultural and land ownership reforms are implemented. As an illustration, the share of the agricultural sector in total output in 1991 was 28.7 percent, which by 2013 declined to 9.3 percent. By 2008, the share of irrigated agricultural land among total agricultural land accounted for only 4.0 percent. On the other hand, economic growth in urban areas cannot absorb individuals who are self-employed in small-scale and subsistence agriculture. The attempts to bring foreign investments in the agricultural sector also encountered major difficulties related to economic nationalism.

### The Size of the Middle Class, and Its Changes Over Time

Despite the described difficulties in expanding the middle class, some of the micro-level data sets suggest that the share of individuals who are and perceive themselves to be in the middle of the social hierarchy has been increasing. Most likely, the most contentious estimates comes from the World Bank's latest assessment of poverty in Georgia using data from the Integrated Household Surveys. Their default measure suggests that the approximately 7 percent of the population that is living on more than \$10 (by 2005 purchasing power parity) per day in 2014 could be considered the middle class in Georgia. However, if we take the less strict measure of \$5–10 per day, then approximately a quarter of the population can be regarded as 'middle class', albeit often in a vulnerable position. Interestingly, the share of the middle class by the latter definition has increased from 15 percent in 2010 to 24 percent in 2014.

Some of the alternative estimates based on self-reporting and subjective assessment in survey data are in line with the described trend of expansion of the middle class. For instance, in the World Values Survey, individuals in Georgia were asked to describe themselves as belonging to the working class, the upper and lower middle class, or the upper or lower class. The share of individuals who perceived themselves as upper middle class in 2014 was 20 percent, up from 16 percent in 2008. Those who thought that they belonged to the lower middle class made up approximately half of all respondents (see Figure 1 on p. 9).

Alternatively, the share of individuals who perceive themselves to be somewhere in the middle of the social hierarchy has also been growing in recent years. When asked by Caucasus Barometer (see Figure 2 on p. 9) where they see themselves on a ten-step ladder with the first rung corresponding to the lowest possible economic position in society and the tenth to the highest, the period 2008–2015 saw the percentage of respondents who place themselves in the middle of the subjective ladder increase from 30 percent to 47 percent.

Furthermore, in various international contexts, the ownership of real estate, particularly owning one's own housing, has been used to identify the size of the middle class, but it might not be the most appropriate indicator in Georgia since 94.2 percent of respondents in 2016 reportedly lived in housing owned by members of their households. If the middle class can be defined as the share of households that can afford to buy their own cars (cf. Figure 3 on p. 10), then approximately one-third of the Georgian population in the year 2015 owned a car compared to 24 percent seven years earlier. The potential problems with car ownership as a measure is that some privileged urban households might choose not to own a car and that among those who own one, the quality and age of these vehicles might vary substantially.

Lastly, if we define the middle class in terms of multidimensional classification of status as the share of individuals who have higher education, are satisfied with their jobs, live in households with a monthly monetary income of \$400 or higher, and are not unemployed, then its share in 2015 would be approximately 15 percent. This operationalization of the middle class can be validated by the fact that individuals in this group, when compared with others, are about twice as likely to report good health, having personal savings, and being satisfied with their lives (see Figures 4 and 5 on p. 10 and 11 respectively).

### Politics and Prospects of Georgia's Middle Class

With its multiple flows, the political system in Georgia probably comes closest to a democracy in the broader region of Soviet successor states, apart from the Baltic countries. It has been argued in the political science literature that those countries that allowed formation of new capitalist classes were the ones that rose against the corrupt and authoritarian political regimes during the so-called 'colour revolutions' starting with the one in Georgia in autumn 2005. The data also suggest that in the first peaceful transition of power through the elections in 2012, the opposition received the strongest support in those electoral districts of Georgia that were more urbanized and had higher average levels of schooling.

Furthermore, some of the policies adopted by the ruling elites in recent years, such as a basic universal healthcare package and some of the components of social security, are likely to benefit the members of the middle class rather than the most disadvantaged groups. As I have highlighted above, despite the peculiar nature of Georgia's developmental model and endemic constraints related to urbanization, inequality, the presence of rather large vulnerable population segments, the size of the middle class defined in various alternative ways has apparently been expanding since the second half of the first decade of this century, reaching anywhere between 15 and 30 percent of the population. Notwithstanding these developments, the measures that remained unaffected or even deteriorated are individuals' reported life satisfaction and happiness.

Based on the data from Caucasus Barometer, in 2015, 55 percent of the respondents declared themselves 'to be happy', down from 61 percent in 2013, while the share of those who reported being completely satisfied with their lives is approximately one-quarter of the population. In addition to the appropriate economic and social policies, Georgia's economic growth as the main driver of the formation of a middle class is intimately related to geopolitics, its closer relations with the European Union and political and economic stability in the region. The volatility in domestic and international politics is capable of hindering the achieved progress and undermining the expansion of the share of 'non-poor Georgians'.

#### *About the Author*

Alexi Gugushvili is a Postdoctoral Research Fellow at the Department of Social Policy and Intervention and a Research Fellow of Nuffield College at the University of Oxford. His current research interests include social stratification and mobility, public opinion and attitudes, comparative welfare research, and the social determinants of morbidity and mortality. Alexi Gugushvili's latest publications appeared in *European Sociological Review*, *Social Justice Research*, and *The Lancet Public Health*.

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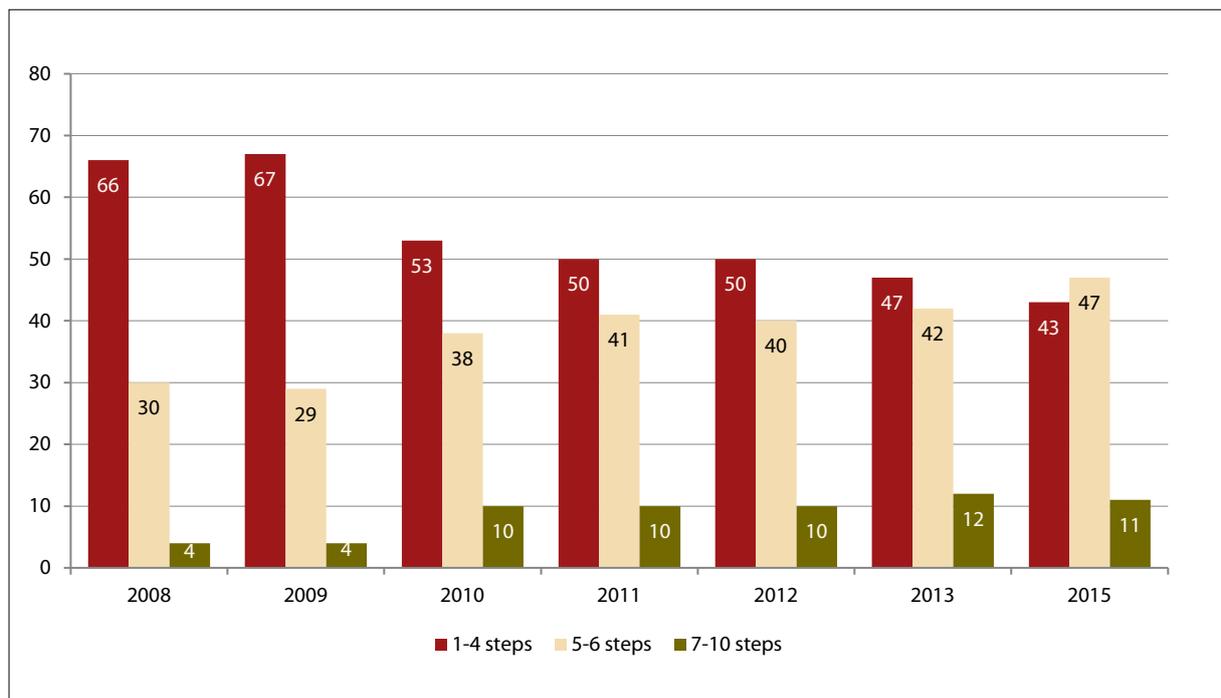
## OPINION POLL

## Georgians' Self-Image

Figure 1: Subjective Social Class Belonging in Georgia (in %, World Values Survey, 1996–2014)



Figure 2: Subjective Self-Placement of Households on the 'Social Ladder' in Georgia (in %, Caucasus Barometer 2008–15)



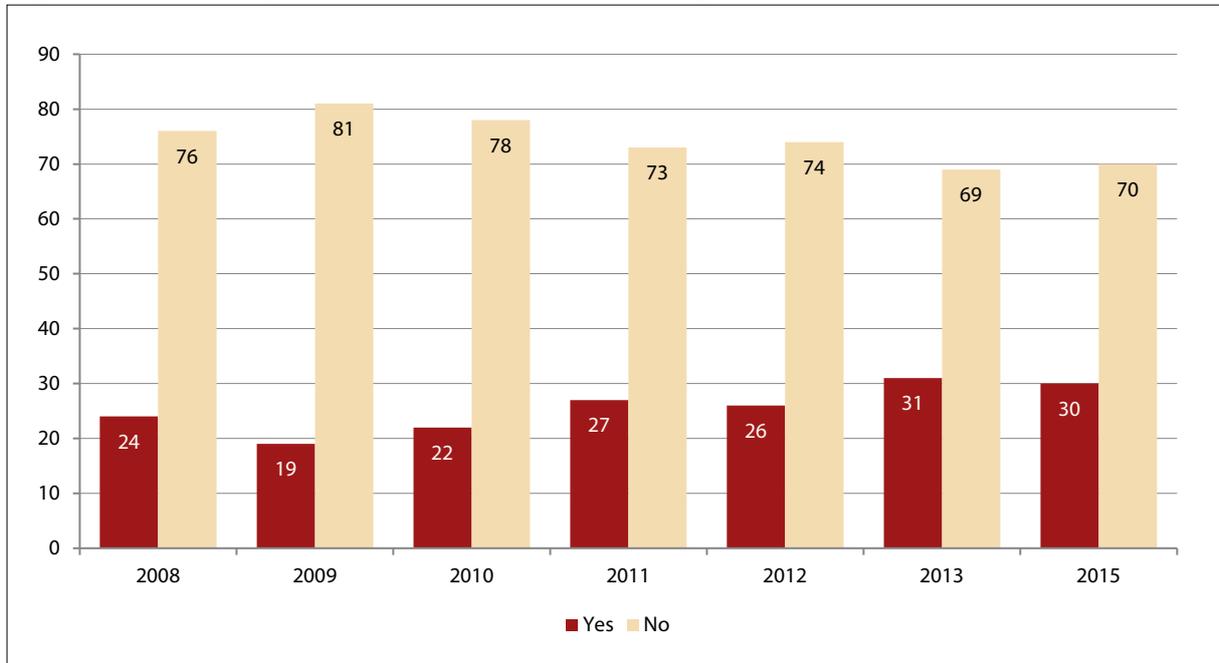
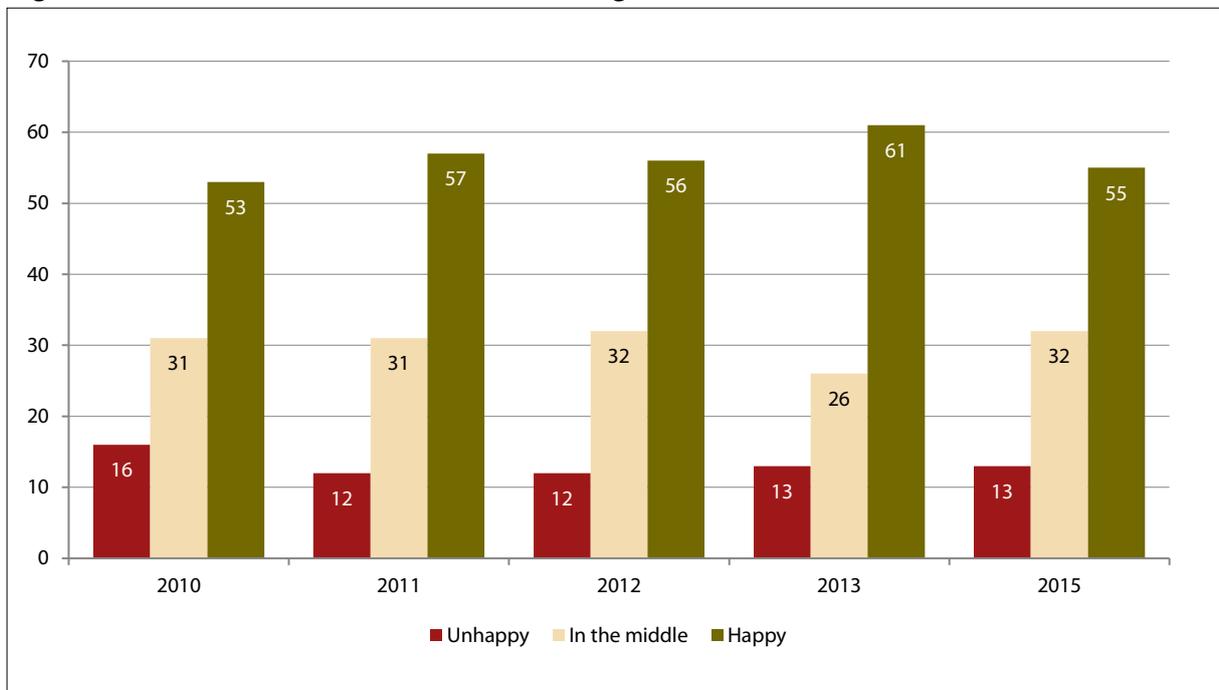
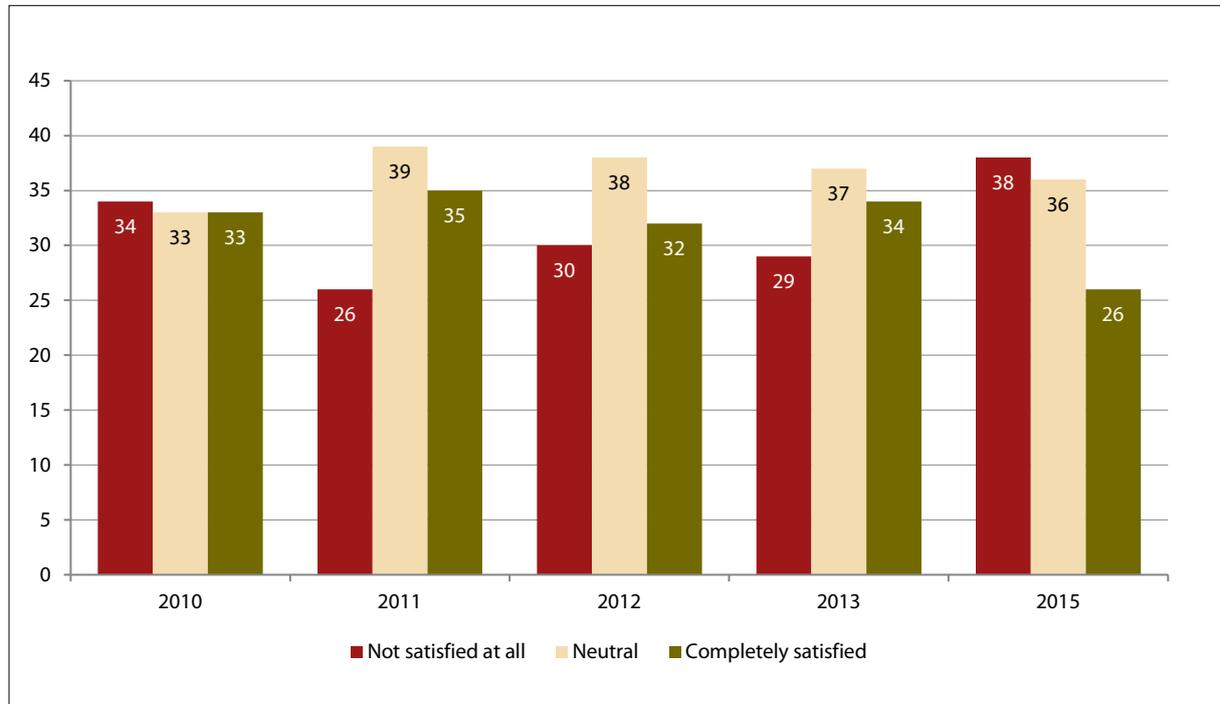
**Figure 3 Ownership of a Car, by Households in Georgia (in %, Caucasus Barometer, 2008–15)****Figure 4: Overall Satisfaction with Life in Georgia (in %, Caucasus Barometer 2010–15)**

Figure 5: Reported Levels of Happiness in Georgia (in %, Caucasus Barometer, 2010–15)



## ‘Middle-Class, Limited-Edition’? Middle Class Subjectivities in Urban Azerbaijan

By Cristina Boboc (Ghent University)

### Abstract

This article discusses the preliminary findings of an ongoing research project on the characteristics and dynamics of Azerbaijan’s urban middle class. The aim of this article is to examine what ‘middle class’ means in the country currently when new westernized consumption practices and lifestyle aspirations meet traditional local values. Additionally, what is the social role that the new middle class plays in the country’s development? Based on ethnographic data collected throughout 2016 in Baku, this contribution argues that the middle class identity is more than an interplay between the accumulation of material goods, education and occupation; middle-class belonging is also defined by linguistic identity and assumed modernity.

### ‘Middle What...?!’

Talking about my research topic while doing fieldwork in Baku, I am constantly asked by locals and by foreign residents alike if there is a middle class in Azerbaijan at all or if I ‘managed’ yet to find some middle class people. These questions are obviously intended more to mark their surprise and/or to express doubts

about the mere existence of a middle class in present-day Azerbaijan. Therefore, I will use this opportunity to answer to the most common questions: Is there any middle class in Azerbaijan? What does ‘middle-class’ mean in Azerbaijan’s societal context? The perception of ‘the middle-class’ in common knowledge is generally associated with the economic aspects of the middle strata

of society. According to this understanding, income is the main criterion that draws the lines of social stratification. In this article, however, I intend to show that class structure in post-Soviet countries is more complex than a quantitative analysis of income and of the ability to accumulate material goods. Moreover, this contribution argues that class belonging is expressed not through a group identification but in an asserted distinction from the other classes.

The selection of the respondents involved in my ongoing research is based primarily on self-identification. The intention is to document the perceptions, the meanings, and the boundaries of class belonging in the urban landscape of Azerbaijan. The revenues from oil and gas extraction allowed a relatively more rapid recovery of post-Soviet Azerbaijan in comparison with the other Soviet successor countries in the southern Caucasus. The Azerbaijani government paid special attention to 'putting Azerbaijan on the map', as the locals used to say, by hosting a score of large international events. As a result, especially in the capital city or at least its central parts, an intensive modernization process took off, which includes beautification of the city, modernization of infrastructure, an upgrade of public services, and the reorganization of the educational system.

### Standard of Modernization

However, in this context, the formation of a middle class has become a point of reference since, from the national political perspective, the formation of a strong middle class is part of the country's rapid modernization process. The eradication of extreme poverty and the expansion of the middle class clearly became priority issues, at least in the public discourse of the national and local authorities who emphasize, for instance, that "the problem of 'absolute poverty' will constantly be the center of attention again, and along with that, the expansion of the middle class and the strengthening of the role of this class is one of the main purposes. The experience of various countries shows that countries with a stronger middle class are more sustainable from political, economic, social and other aspects and have higher development potential."<sup>1</sup>

While receiving a World Bank delegation headed by the bank's then newly appointed regional director for the southern Caucasus, Henry Kerali, in spring 2014, the president of Azerbaijan, noted that "the country is carrying out targeted measures to improve the social situation

of the middle class"<sup>2</sup>. Therefore, the 'middle class issue' is constantly on the political agenda of Azerbaijani authorities. International organizations and local researchers have shown a growing interest in the economic middle class topic as well. In a report from summer 2015, the World Bank estimated the size of the middle class in Azerbaijan at up to 29 percent in comparison to the national average and in Baku at up to 44 percent of the city's population.<sup>3</sup> The situation of the middle class and the impact of the recent economic changes has also been extensively discussed in a report on the regional branch of Radio Free Europe-Radio Azadliq.<sup>4</sup>

The interviewed researchers, mostly economists, argued there that the Azerbaijani middle class is seriously shrinking as a result of plummeting oil prices and the devaluation of the national currency. This reflected again that the interest in the existence and predicament of the middle class considerably increased over the last few years, yet, it is still primarily discussed using economic and financial terms. Even though a financial-economic framework does provides data and assessments on the size of the middle class in Azerbaijan, from a social anthropology lens, to size and assess the Azerbaijani middle class is, for now, almost an impossible mission. In the aforementioned research, I do not consider income as the main criteria in analyzing the class belonging for two reasons. The first reason is the omnipresent and strong informal economy in the country causes official statistics to fail to reflect the population's real income. Second, as the partial results show, social class in Azerbaijan, as in other formerly Soviet countries, is much more than the power of accumulating material goods.

### Class Understanding

As the understanding of this social stratum opens a big debate, I consider it necessary to clarify my conceptualization of the middle class. I consider the middle class a stratum of society, where the distinction is made by profession, occupation, education, manners, and the assumed level of 'modernity' one has achieved. As noted already, I do not consider income an absolute standard

1 Portal of the president of Azerbaijan, 'Development concept—Azerbaijan 2020, look into the future', <[http://www.president.az/files/future\\_en.pdf](http://www.president.az/files/future_en.pdf)>, accessed on 27.04.2016

2 Portal of the president of Azerbaijan, <<http://en.president.az/mobile/articles/11172>>

3 World Bank Group, "Azerbaijan systematic country diagnostic", South Caucasus Country Management Unit—Europe and Central Asia, report № 97113. This report is based on income analyses before the devaluation of the Azerbaijani manat. However, according to it, the middle class in Azerbaijan grew from 4.26 percent of the population to 28.89 percent between the years 2007 and 2012. In this World Bank study, the middle class is considered any household with a minimum per capita consumption above \$10 PPP.

4 Радио Азадлиг, «Остался ли в Азербайджане средний класс?», <[www.radioazadlyg.org/a/orta-tebeqe-azerbaycan/28082555.html](http://www.radioazadlyg.org/a/orta-tebeqe-azerbaycan/28082555.html)>

for being part of this class, even if income does offer possibilities for achieving middle class status. Moreover, in terms of social distinction, the language one speaks is an important social mark and draws the borders of group appurtenance. To better understand the situation of the middle class in today's Azerbaijan, I propose to look briefly at its regional history. The different perceptions and common understanding of class during the Soviet era left a fingerprint on today's perception of class in former Soviet countries.

Soviet socialism advocated classless society and equality between the citizens. However, as demonstrated by much research, the propagated equality was largely a myth since the real social stratification in the Soviet Union was very complex and sophisticated. Without entering into too much detail about the many subdivisions, there were roughly three classes then, which included peasants and the working class; intellectual professions or the *intelligentsia*; and the ruling state bureaucratic class or so-called *nomenklatura*. The destruction of the local aristocracy and the urban bourgeoisie, during the Soviet era, affected today's class stratification in the country. After the collapse of the Soviet Union, the term 'middle class' entered Azerbaijan with a clear economic connotation. The Western model of social prosperity reached Azerbaijan quickly when the revenues from the extractive industry, especially oil and gas, gave the Azerbaijanis enormous hopes and aspirations.

### 'Middle-Class, Limited-Edition', or a False Dis-Identification

A new, financial-economic middle class indeed started to emerge, while the 'old', professional middle class, still nicknamed *bakinskaya intelligentsia* or *ziyali*, remained stranded in the precarious state caused by the collapse of Soviet socialism. Today, the professional middle class, is too weak and impoverished to form a solid middle class, while the newly emerging middle class is too small and fragile to be considered a class itself. A coexistence or merging between these two groups or in their corresponding interpretations of 'the middle class' is nearly impossible as the intelligentsia perceives the new financial-economic middle groups as *parvenu*, even more so when those concerned arrived from the provinces and settled in Baku relatively recently. The status of members of the Baku intelligentsia currently is frequently pitied, and they are not seen as being middle class by the newly enriched. This professional middle class does enjoy social status, but often has no means to maintain a decent standard of living.

The insignificance and the weakness of this social stratum is constantly emphasized by my informants, i.e., 'middle class, ah, there are so few of us left' (claim

the old intelligentsia) and 'there is no middle class here'. Interestingly, at the same time, the refrain 'I'm middle class' is often heard among the new financial-economic middle strata, thereby emphasizing their success and denying a group belonging. This apparently contradictory phrase became a leitmotiv in my research. The prevalent economic perception of a class belonging shows an apparent absence of class identity, and a very sharp distinction and belonging to distinctive groups. From this perspective, class identity seems absent. In fact, it looks more like a class dis-identification.

However, besides the narratives of middle class existence or absence, the research so far shows a strong group belonging in distinction and relation to the other groups as follows: *my Bakinty* ('we, Bakuvians') in opposition to the *rayonie* (internal migrants from the countryside or small provincial towns); *we kul'turnie lyudi* (educated and well-mannered people, or *ziyali* in Azerbaijani), vis-à-vis *nyekul'turnie* (the uneducated, ill-unmannered), and 'we Russian speakers' in opposition to 'Azerbaijani speakers'. The class dis-identification is just a false premise, and the absence of a strong class identity is seen in other class marks. When speaking about class belonging, Azerbaijani people often claim that one 'does not need to be part of a class but has to have class'.

### Struggling in the Middle Moat

As sociologist Sergey Rummyantsev argues, Azerbaijan is in a constant process of "modernization of the country and its citizens".<sup>5</sup> However, the modernization project seems to focus mostly on the capital. Only recently have some modest modernization projects been started in the other, secondary cities of the country. The countryside, for its part, is still largely excluded from the process. The concentration of the development projects, city beautification, the proliferation of luxury retail and shopping malls, and the arrival of skilled foreigners and external specialists locally engendered new middle class aspirations. The imported occidental lifestyles and trappings, combined with Dubai's luxury mirage, created a need for distinction through consumption among the middle strata. The 'modernized' lifestyle, including perceived 'European' manners, ways of thinking, and ways of acting, collided with local norms and values and started to create an identity crisis.

As one of my informants noted, "When you are on one side or on another side, you know very well who

5 Sergey Rummyantsev (Сергей Румянцев), «Ускользающая современность: постсоветская модернизация Азербайджана. Социологическое эссе», *Historians*, summer 2015, <[www.historians.in.ua/index.php/en/doslidzhennya/1641-sergej-rummyantsev-uskol-zayushchaya-sovremennost-postsovetskaya-modernizatsiya-azerbajdzhana-sotsiologicheskoe-esse](http://www.historians.in.ua/index.php/en/doslidzhennya/1641-sergej-rummyantsev-uskol-zayushchaya-sovremennost-postsovetskaya-modernizatsiya-azerbajdzhana-sotsiologicheskoe-esse)>

you are. When you are poor, you live in your community with your customs and social norms. When you are rich, you live as you wish. Nobody judges you because people respect money more than people here. But that's fine; you know which side you are on. But when you live in the middle, you try to live with both sides inside, and this just divides you; it collides inside you. You live a double life in a way you try to fulfill traditional societal norms, but at the same time you aspire to a modern life, a 'European lifestyle' that is contradictory to our norms and values." Living with the struggle of being in the middle where someone has to address the norms dictated by tradition and with the aspirations of a modernity is what links people and makes them part of the same middle class.

### **Some Concluding Remarks**

Due to natural resources and high world market prices for these commodities and a favorable geopolitical position, the Azerbaijani economy went through rapid growth, at least during the first decade of this century. This engendered stark changes in the country's social landscape and social stratification. The state used a portion of the revenues from the extractive sector to invest

in the modernization of the country and in the creation of new aspirational values for its citizens. The formation of a stable middle class has become a priority project for the Azerbaijani authorities. Nevertheless, despite the growing interest in the condition and predicament of the middle class, the social strata under examination are still weak and lack class unity and coherence.

Class identity is expressed through group belonging, in distinction to other groups. The impoverished professional middle class seeks distinction in spoken language, manners, education and occupation. Meanwhile, the emerging financial-economic middle groups distinguishes itself through consumption power, including holidays, overseas education, western products and westernized lifestyles. These two groups will not see themselves as belonging to the same class and will claim that their positions are distinct from one another. However, to trace clear borders between these groups of the same wider stratum is impossible as they interfere in their aspirations and achievements. In either case, the rapid modernization process brought to the country new aspirations and a desire for a 'Western European' lifestyle that placed the emerging middle class in tension with the local, 'Caucasian' values and traditions.

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