Multidimensional Poverty and the Construction of Middle Classes in Ghana

Tim Stoffel

Institut für Politische Wissenschaft und Soziologie
Rheinische Friedrich-Wilhelm-Universität Bonn

Contact: tim.stoffel@gmx.net
Overview

• Definitions of middle classes and the developing world
• Middle Classes in Ghana
• Research bias in understanding middle classes in the developing world
Part 1

Definitions of middle classes and the developing world
Estimates about rising middle classes

- Increasing attention in Research and Media
- Some Numbers:
  - 40 per cent of the developing world’s Workforce (ILO 2013)
  - 1.8 billion people, 58 per cent in the global South (UNDP 2013)
  - 34 per cent of Africa’s population, nearly 350 million people (AfDB 2011)
- Do they really say something about social change?
Functions of middle classes

• Assumption of middle classes as motor for growth and human development
  – “key source for private sector growth” (AfDB 2011, 1)
  – those countries “with a middle class consensus have a higher level of income and growth” (Easterly 2001, 332)

Middle class consensus: “a high share of income for the middle class and a low degree of ethnic diversity” (Ibid. 317)
Defining middle classes

• Relative definitions (share of income)
  – People/households could be included even if they are poor
  – Country comparison would be distorted

• Absolute definitions (income margin)
  – Comparable (relatively)
  – Excluding people under the poverty line
Absolute Definitions of Middle Classes

- Banerjee and Duflo (2010)
- Subdivision
- Subdivision
- Sumner (2012)
- Subdivision
- Subdivision
- Ravallion (2010)
- not poor in any dev. country
- AfDB (2011)
- floating class
- middle class
- upper middle class
- ILO (2013)
- UNDP (2013) [$10-100]

$2.00 $3.00 $4.00 $5.00 $6.00 $7.00 $8.00 $9.00 $10.00 $11.00 $12.00 $13.00 $14.00 $15.00 $16.00 $17.00 $18.00 $19.00 $20.00
Part 2

Middle classes in Ghana
Estimates and projections of middle classes in Ghana

- AfDB (2011) already counts 46.6 per cent of the Ghanaian population as middle class
  - Half of AfDB estimate live on $2-$4
- Brookings Institution (2012) assumes a middle class population of 1.48 per cent
  - Projection: 6.5 per cent 2020, 11 per cent 2030
- Ncube and Shimeles (2013) assume a size of the middle class of 10 per cent in 2003 and 18 per cent in 2008 on an asset bases definition
Middle classes in Ghana

• 50.48 per cent living between US$2 and US$10*

• 97.29 per cent living under US$10*

*PovcalNet
Missing indicators (1)

• Measuring Poverty
  – 28.5 per cent live under the upper national poverty line, 46 per cent live under the $2 poverty line

• Multidimensional Poverty
  – 42.7% are afflicted by poverty on basis of the Multidimensional Poverty Index. Especially due to deprivation in education
  – Also possible for Ghanaians earning more than $2
Missing Indicators (2)

• Employment structure
  – 75 per cent of employment in Ghana is in the area of “vulnerable employment” (ILO 2014)
  – missing structural change

• Inequality
  – Gini-Coefficient
Missing indicators (3)

• Self-identification
  – Economically and cultural/educational
Part 3

Conclusion
- research bias in understanding middle classes in the developing world
Shortcomings

- Insecurity of status
- Vulnerable employment
- High and/or rising inequality
- General problems with measuring poverty also apply to estimating middle classes
General critique

- **Estimates** of emerging middle classes **without concepts** and theories of middle classes in the developing world have little explanatory potential.

- Manifold definitions and **vastly different and exaggerated estimates** and distort the discourse about poverty in the developing world.

- Trend towards **multidimensional view on poverty** is not matched within the discourse about middle classes.
Alternative concepts for defining middle classes

- Occupation
- Asset or Wealth
- Qualitative social indicators
- *Subjective indicators of well-being (UNEP 2013, 28) as part of self-identification*

➢ What shall be gained from classification?
A theory of middle class in the developing world

• Oriented at classical theories
• Complemented by social indicators
• Also based on self-identification
• Context bound; unlikely to be international

If middle class is even a sufficient category
Thank you