# Comment

Jamele Rigolini: Eduardo Lora and Johanna Fajardo's paper touches a very important topic of social analysis: who believes themselves to be middle class, and which personal characteristics drive their beliefs. While characteristics claimed to be associated with middle-class status do affect people's beliefs, many people claim (and are convinced) that they are middle class when in fact they may be much richer or poorer than the people who are statistically in the middle. In a recent report (Ferreira and others 2013), my colleagues and I plot, for Mexico, people's self-reported class status against their per capita household income. In deriving the income variable we faced the same problem as Lora and Fajardo face: value surveys do not carry precise information on income. We tried to solve the problem by imputing income based on asset holdings. The results, shown in figure 1, are striking: while the mode of the self-reported class status does have an association with income, some poor people identify themselves as middle class, and others at the very top of the income distribution claim to be of middle- or even lower-middle-class status.

Interestingly, occupation and occupational status do not carry much more predictive power than income in determining self-reported class status. Yet understanding self-reported class status is of great importance for policy design and political economy analyses. If people with widely different social origins, different occupations, and markedly different earnings all claim to be middle class, how much is the middle class a "true" class, composed of people who live, think, and act alike? While politicians, in their campaigns, may benefit from referring to the needs of the "middle class" because they speak to a class with which many associate, the needs and expectations of the self-reported middle class are likely to be heterogeneous. For policy design, it is therefore advisable to understand the factors that drive a person's identification with the middle class—or, for these purposes, any class—which is the objective of the Lora and Fajardo paper.

FIGURE 1. Distribution of Self-Reported Class Status in Mexico, 2007
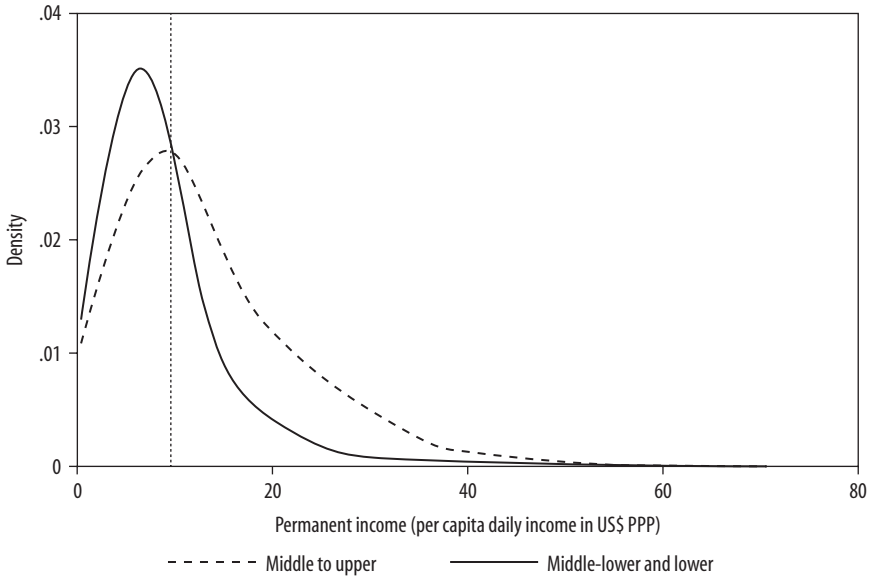
Source: Based on Ferreira and others (2013).

Many interesting findings emerge from their analysis, of which I want to highlight two. First, personal characteristics impact in a similar manner the correlation between self-reported status and both the relative (per capita income of 0.5 to 1.5 times the median per capita income) and absolute (per capita income between US$2 and US$13 a day in PPP terms) definitions of the middle class. This is most likely because, in the context of Latin America and the Caribbean, people in the middle of the income distribution tend to have a per capita income that falls within these absolute brackets; therefore relative and absolute definitions of the middle class overlap to some extent. Hence, for policy purposes, the good news is that the "objective" middle class may consist of a more homogeneous group of people that does not vary as much across definitions as in other regions.

Second, the pseudo R squared of the regressions remains fairly low, around the order of 0.1. This suggests that, even if the factors identified by the authors affect self-reported class status, they explain only a small part of what drives

people to think of themselves as middle class. Such a low R squared is common among values surveys (see, for example, López-Calva, Rigolini, and Torche 2012), in part because such surveys currently capture only a limited number of factors associated with beliefs such as culture, personal history, peer, and family effects. Such an agenda remains an open field for further investigation.