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## THE PROBLEM OF MIDDLE CLASS CONSTRUCTION IN THE MODERN ARMENIAN SOCIETY\*

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The post Soviet development of Armenian society resulted in a huge variety of spontaneous and uncontrolled changes in social structure. Social polarization, increase of poverty and formation of reach strata in Armenian society are among the most often discussed changes. However, the changes occurred to middle class are not appropriately discussed.

In the Soviet society there were no market economy, no elements typical for Western society (such as farmers, small and medium bourgeoisie), but there were numerous administrative, technical and humanitarian intellectuals, and high-skilled workers. Can we conclude from the mentioned above that there was no middle class in the Soviet society? According to the no middle class could be identified in the Soviet society. However, in concept of relative approach, it must be admitted that middle class not only existed, but had the role of social stabilizator in the developed socialist society. On the one hand, USSR shouldn't have had middle class, because the country had not reached the postindustrial stage. In the Western countries middle-class was formed by industrial society, but its functions were fully realized in the postindustrial society. There should be a class which consolidates administrative employees, soldiers, doctors, teachers and other professionals. The Soviet Union had a strong technical and cultural potential, a huge administrative apparatuses, multitudinous army, which formed the middle class. According to this, the middle class in Soviet Union included the majority of the population.

Thus Soviet society had created its own model of the middle class. U.S. middle class is living on credit. Middle class representatives in the U.S. have good houses, private cars, good jobs, but their lifestyle include certain risks. Middle class in the USSR has limited economical opportunities, but there is almost no risk to stay unemployed or to get into financial difficulties.

The vague concept of middle class in Soviet class society and crucial changes of social structure stimulated the formation of new social structure. Construction of the middle class in the context of a new social structure was not managed by state at all.

The concept of the middle class is influenced by the modern globalization processes in the World. Different countries face different changes, which focuses not only on the structure of the society and its stratification system, but also has huge impact on stratification conditions in entire world. These developments have the same basic orientation towards economic growth, free market, and social

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welfare. Obviously, the variation of initial conditions, culture, social and economic situation in different countries leads to formation of different social stratification structures. Armenia is certainly involved in all above mentioned processes and current changes are reflected in its social structure.

To study the current state of the middle class in Armenian society the following research methodology was implemented. On the exploratory stage the method of incomplete sentences was used to find out the main social, economic, political and behavioral features of the middle class in Armenia. A questionnaire for the quantitative survey was designed based on the constructed operational scheme. A telephone survey was conducted to estimate the size of the middle class in modern Armenian society. Face to face semi-standardized interviews helped to reveal the distribution of the middle class basic characteristics. Afterwards the focus groups with the representatives of different social strata were conducted to define the demarcation lines that detach the middle class from upper and lower strata. The triangulation of sociological methods provides the reliability and validity of the data on middle class presented below.

National statistic shows the growth of National Domestic Product, average salary and minimal salary<sup>1</sup>. Necessary level of budget revenues was provided and even surpassed the programmed indicators. Budget revenues are also very important to describe the society<sup>2</sup>. This indicator is particularly important, because paying taxes is the responsibility of the middle class, which guarantee economic stability and social transfers.

Besides statistics the reference to the everyday observations is also useful. "There is no middle class in Armenian society". The paradox is that such an opinion is usually spread by people who identify themselves as middle class representatives: "I am the representative of the middle class, but there is no middle class in Armenia". It turns out that people deny their own existence, which is although quite remarkable. Development of information technology leads to uncontrolled dissemination of inconsistent and sometimes contradictory information. That results in distrust to their own future, which is reinforced by increase in the number of economic crises, and other unpredictable and difficult situations. Armenia is not only society which is affected by these factors. Developed European economies and countries with a high level of social protection are losing its classic characteristics of trust in the future; hence the feeling of political and economic stability is melting. However, this does not mean that the middle class is disappearing.

There are indirect indicators implying presence of middle class in Armenia. Among them is the growing amount of banks operating in Armenia. Without the presence of the large middle class the functioning of diverse bank services would not be possible, as well as the increased number of credit and insurance services<sup>3</sup>.

Another important indicator of presence of the middle class is the current development in the social sector; social protection and support mechanisms aimed at poverty reduction. State and NGOs play active role in this process by implemen-

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<sup>1</sup> <http://www.armstat.am/file/doc/99461558.pdf> (25.09.2011, 14:43)

<sup>2</sup> [http://www.taxservice.am/uploads/pdf/annual\\_report-2011.pdf](http://www.taxservice.am/uploads/pdf/annual_report-2011.pdf) (22.01.12, 11:14)

<sup>3</sup> <http://www.cba.am/am/SitePages/achfinancialbankingsystem.aspx> (21.01.2012, 13:31)

ting diverse social protection programs. Redistribution, social protection and support mechanisms (social transfers, including pensions and family benefits) have significant impact on poverty reduction according to the data from the National Statistical Service 1999-2008<sup>4</sup>. The poverty level was significantly reduced during these years. The percentage of population living under the poverty line dropped from 56.1%<sup>5</sup> in 1999 to 28.9%<sup>6</sup> in 2010.

Introduction of brand store chains in Armenia is another important indicator of the middle class existence. Without demand the operation of internationally recognized brands serving the middle class (such as Promod, Mango, Mexx, Motivi, Giordano, etc.) will not be possible.

Evidence is the existence of competing supermarket networks (SAS, Star, Yerevan City). Without middle-class' consumer behavior and corresponding consumption volume the existence, distribution, and sales growth of such supermarkets would not be possible. Another factor that witnesses on expansion of the middle class is the increasing number of the cafes, restaurants and beerhouses. The number of outbound tourist services is constantly growing in Armenia as well, with constantly expanding list of services offered for travelers, targeting different layers of middle class.

In addition to the indicators discussed above, the development of civil society has to be announced. And the middle class representatives are the functional part of the civil society. They also use opportunities created by civil society to protect their rights, as well as of those more vulnerable groups of society.

There are also more obvious indicators on the existence of the middle class: traffic at the city streets on rush hours showing that people live in the certain social rhythm. The diversity of cars in the street, garment shops, growing number of beauty salons, growth of bank transactions are also among the middle class indirect indicators.

The middle class formation process in post soviet Armenia is a quite specific process. One of the existing options is that middle class formation as a result of economic elite functioning in Armenia. The economic activity of so-called oligarchs requires development and maintenance of professional human resources. Rich people try to save their economic capital, which requires the professional staff providing professional services for appropriate remuneration. Thus economic elite contribute to the development of professional class, increase of their income and sustainable job opportunities<sup>7</sup>.

International organizations functioning in Armenia also play an important role in the formation of middle class. The parts of their investments are also used to remunerate professionals.

The state officials who carry out many important functions, aimed at promoting economic development and the improvement of social conditions of the population,

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<sup>4</sup> **Ն. Զրբաշյան, Ն. Եղիազարյան, Վ. Քալաշյան, Յ. Մելքունյան**, Ինչն է աղքատները չեն դիմում ընտանեկան նպաստների համակարգին: Եր. 2010, p. 24:

<sup>5</sup> Ibid, page 23:

<sup>6</sup> [http://www.armstat.am/file/article/poverty\\_2011a\\_2.pdf](http://www.armstat.am/file/article/poverty_2011a_2.pdf), (p. 39) (22.01.2012)

<sup>7</sup> **Յու. Գ. Մելքունյան**, Միջին խավի առկայության հարցը Հայաստանում, Լրաբեր հասարակական գիտությունների, 4 (632), նոյեմբեր-դեկտեմբեր, Եր., 2011, p. 136-137:

are also part of the middle class in Armenia. It is necessary to achieve the objectives of the serious professionalism in the bureaucratic system as well. It worse mentioning that the representatives of this group are still not paid appropriately, but they have alternative income opportunities (such as involvement as an expert in various projects of local and international and non-governmental organizations).

Labor migration has its role in the formation of the middle class as well. During last decades many Armenian families live in separation because of the work migration. Having income from abroad is providing living conditions corresponding to middle class standards. Of course seasonal migration also has negative consequences; many families are destroyed because of seasonal migration.

Another important precondition for middle class formation is the development and spread of information technologies, which not only serves as the basis for a new type of welfare, but also provides new income opportunities for middle class professionals.

The foremost consideration for study of the socio-economic status should be the objective and subjective assessment of opportunities. Very often the objective and subjective evaluations often do not match each other, and sometimes may even be contradictory. However, subjective evaluation has certain social-psychological argumentation and play very important role in status measurement.

Current study of Armenian social structure shows that 61.4% of the population identify themselves as representatives of the middle class. This information matches the data of national Statistics that announce the number of 64.2% of “not poor” in 2010<sup>8</sup>.

Thus, research data shows a clear correlation of the level of education of respondents and their position in the system of stratification according to the subjective self-identification. The percentage of respondents identifying themselves as the middle class representatives grows in direct correlation with the level of education. 52.0% of respondents with secondary education consider themselves as middle class, 56.0% of those having secondary vocational education consider themselves as middle class, and 69.8% of the respondents with higher education consider themselves as middle class.

A similar pattern is also observed when comparing the social status of the respondents with their occupational status. Jobs have decisive role in determination of the individuals’ position in hierarchical system. 67.4% of respondents who have job identify themselves as the middle class representatives. 59.9% out of the respondents who have no job consider themselves as the middle class representatives. 10.8% of employees consider themselves to be poor, when almost double number of unemployed (19.9 %) considers themselves to be poor.

Respondent’s age also affects the position in the social hierarchical system. The elder the respondent is, the greater is the tendency to self-evaluate social status as low. 81.3% of young respondents consider themselves as middle class, while only 39.4% of 60+age group consider themselves middle class representative.

Gender is also associated with self-assignment to the different social groups. Male respondents’ often identify themselves as “rich” and “between rich and the

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<sup>8</sup> The families that have more than 33517 AMD per person are qualified as “not poor”. Աղբյուրը՝ ՏՏԿԱՐ 2004 և 2008-2010 թթ.

middle class” (respectively 1.4% and 5.6%). Male respondents are also highly presented in "between middle class and poor" group of respondents - 18.3%. 66.6% of women and 58.8% of men identify themselves as the middle class representatives.

Summarizing the quantitative analyses we can assume that education and employment are among factors of the certain interest for self-inclusion in the middle class. These classic characteristics are supported also by the factor of sustainable economic growth in their families.

According the survey results, the average middle class family (consisting of four people) has three sources of income. For the 68.4% of middle class families the main source of income is the salary from permanent job. Research data estimates that the average monthly income of the middle class family (consisting of four people) in Armenia is 336150 AMD.

The brief analyses of the basic characteristics of middle class in Armenian social structure determine that uncontrolled market formed the middle class that matches most of the economic requirements and characteristics, such as education, employment, income, property. But the social and cultural aspects of middle class are still tending to develop and need appropriate construction approach.

The properly designed social policy aimed toward the formation, maintenance and development of middle class is the urgent need of Armenian society and the State. The middle class oriented social policy will adequately address the economic challenges affecting the Armenian middle class, challenges that predate the recession. Job creation, business initiatives support, balancing work and family responsibilities, professional education access and affordability, and retirement security are the central targets for middle class oriented social policy. Investing in social state and civil society are key tools for middle class construction.

The middle class is a core social structure in the majority of modern developed countries. The Armenian society, the state and social institutions have a long way to go for realization of the true value of the middle class. The challenges impacting the Armenian middle class did not occur overnight, and they will take time to address. It is the State responsibility to get the middle class, the backbone of the country, up and running forward.

**ՅՈՒՆԻԱՆԱ ՄԵԼՔՈՒՄՅԱՆ – Միջին խավի կառուցակցման հիմնախնդիրը արդի հայ հասարակությունում** – Հայ հասարակության հետխորհրդային զարգացումները հանգեցրել են սոցիալական կառուցվածքի տարերային և անվերահսկելի փոփոխությունների: Սոցիալական բևեռացումը, աղքատությունը և վերնախավի ձևավորումը հայ հասարակության մեջ առավել հաճախ քննարկվող հիմնախնդիրներից են: Սակայն միջին խավի փոխակերպումները բավականաչափ ուսումնասիրված չեն:

Հայաստանի սոցիալական նոր կառուցվածքի համատեքստում միջին խավի կառուցակցման գործընթացը պատշաճ ձևով չի կառավարվել: Այդուհանդերձ, համադրելով այս բնագավառում իրականացված ուսումնասիրությունները, հողվածում արձանագրվում է, որ Հայաստանում հասարակության 61.4%-ը բնութագրվում է որպես միջին խավ: Հետազոտության արդյունքների համաձայն՝ ձևավորված խավը համապատասխանում է միջին խավի սոցիա-

լական և տնտեսական հիմնական բնութագրիչներին, այդ թվում՝ կրթություն, զբաղվածություն, եկամուտների որոշակի մակարդակ, սեփականություն: Սակայն միջին խավի մշակութային բնութագրիչների զարգացումը պահանջում է համապատասխան միջամտություն:

Միջին խավի ձևավորմանը, պահպանմանը և զարգացմանն ուղղված սոցիալական քաղաքականության մշակումը հայ հասարակության և պետության հրատապ խնդիրներից է: Աշխատատեղերի ստեղծումը, փոքր և միջին բիզնեսի զարգացումը, զբաղվածության և ընտանեկան պարտականությունների հավասարակշռումը, մասնագիտական կրթության մատչելիության ապահովումը, ինչպես նաև կենսաթոշակային ապահովումը սոցիալական քաղաքականության առանցքային միջոցառումներ են, որոնք հնարավորություն կտան կառուցելու միջին խավ՝ որպես հայ հասարակության կայունության և զարգացման երաշխիք:

**ЮЛИАНА МЕЛКУМЯН – Проблема конструирования среднего класса в современном армянском обществе.** – Развитие армянского общества в постсоветский период привело к спонтанным неконтролируемым изменениям его социальной структуры. Социальная поляризация, рост бедности и формирование слоя богатых – изменения, которые наиболее часто становятся предметом научных дискуссий. Однако вопрос о трансформации среднего класса не столь популярен и недостаточно изучен.

Конструирование среднего класса в контексте новой социальной структуры никак не контролировался. Тем не менее, исследование социальной структуры, основанное на сопоставлении субъективных и объективных подходов к определению его удельного веса, свидетельствует о том, что 61,4% современного армянского общества принадлежит к среднему классу. По основным социальным и экономическим характеристикам (образование, занятость, доход, имущество) сформировавшийся слой соответствует среднему классу, однако изучение его культурных особенностей требует специального подхода.

Разработка грамотной социальной политики, направленной на формирование и развитие среднего класса, – насущная проблема общества и государства. Новые рабочие места, поддержка предпринимательской инициативы, баланс занятости и семейных обязанностей, стимулирование профессионального обучения, а также достойное пенсионное обеспечение – вот что поможет сконструировать средний класс как основу стабильного развития армянского общества.