

# Asian Middle Classes – Drivers of Political Change?

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November 2014 **Asia Policy Brief** 2014 | 06

Asia watchers have been kept exceptionally busy by recent political developments in the region. An unprecedented landslide victory in India's general elections, pro-democracy protests in Hong Kong, close elections in Indonesia, a coup in Thailand – the list goes on. As unrelated as these events appear, analysts may find a missing link among a social group that is currently exploding in numbers: Asia's middle classes. Often discussed simply in terms of its economic potential, Asia's middle-income population is also flexing its political muscle. A closer look at its influence throughout the region in recent months seems to confirm for the field of politics what economists have known for some time: The rise of the Asian middle classes constitutes one of the most fundamental transformations of our time. The consequences remain to be seen.

According to recent estimations by the Brookings Institution, the Asia-Pacific region will account for two thirds of the world's middle-class population by 2030. Although this will inevitably increase the influence of the Asian middle classes, growing numbers and power do not translate into democratization in any straightforward manner. If modernization theorists were to be believed, the rise of the Asian middle classes would accelerate the Westernization of political systems and of tastes, values and lifestyles, as the emerging masses press for change in the form of greater freedom and influence. And yet, at present Asia offers ample evidence to challenge these predic-

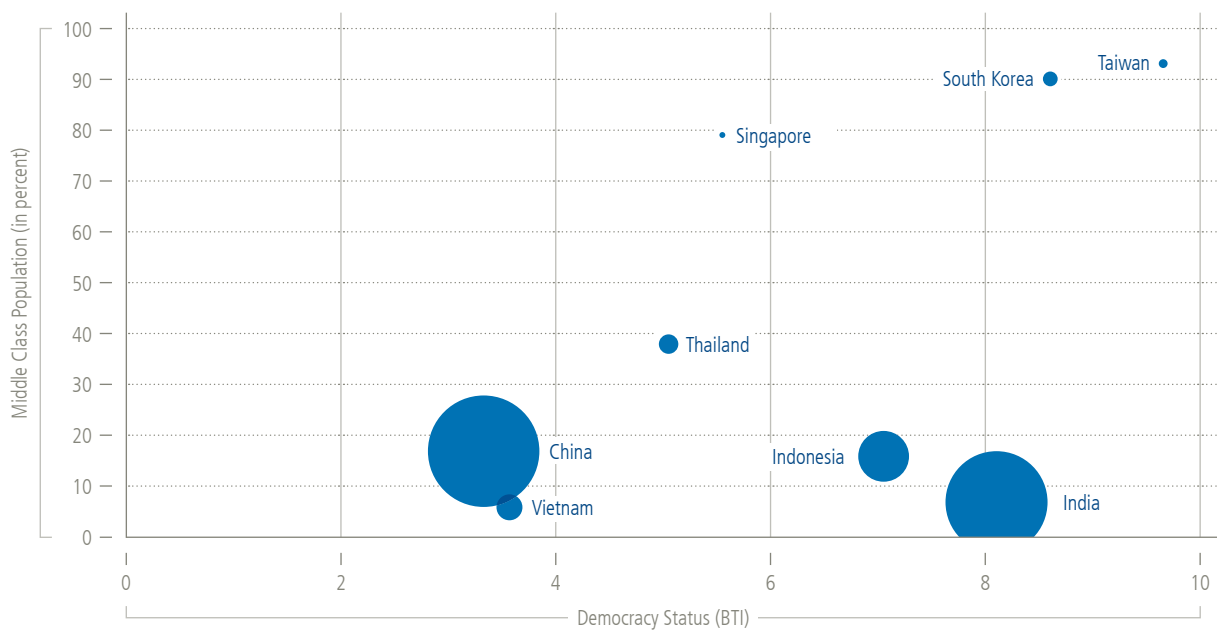
tions. A comparison between the level of democratization based on the Bertelsmann Stiftung's Transformation Index (BTI) and the size of the middle class in selected Asian countries reveals that there is only a loose correlation between the two variables (Figure 1). In relative terms, India's middle-income population is tiny compared to Singapore's, but democracy has fared much better in India than in the Southeast Asian city-state.

In fact, conservative middle classes often use their numbers and political clout to prevent democratization from happening. Across the Asia-Pacific region sections of the middle classes are supporting *anciens régimes*.

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Figure 1: Democratization and Middle Class Size, 2012



Note: The BTI uses five criteria to measure a country's democracy status: stateness, political participation, rule of law, stability of democratic institutions, and political and social integration. The size of a bubble represents the size of a country's population.

Sources: Middle-class population (in percent): "Development, Aid and Governance Indicators (DAGI)", Brookings Institution, 2012; Democracy status: BTI 2014, [www.bti-project.org](http://www.bti-project.org); Population data as of 2012: World Development Indicators of the World Bank; Taiwan: Directorate General of Budget, Accounting and Statistics.

These can take the form of one-party states, unaccountable monarchies or autocracies whose leaders are elected on the basis of their religious credentials or order-generating capacities and who often represent the supposedly traditional Asian strongman. And yet other countries seem to support the assumption that the middle classes can indeed bring about political liberalization. To complicate things, even within individual states the middle classes are often strongly diversified; rising and aspiring, they are confronted with more established peers, who defend the fortunes they acquired in previous development cycles against their new competitors. Recent examples from throughout the region highlight the complex relationship between politics and Asia's growing middle classes.

### The Political Potential of China's Middle Classes

In September 2014, Hong Kong's so-called Umbrella Movement started making international headlines. The protesters, mainly university students, were demanding free elections of Hong Kong's next Chief Executive in 2017 and thereby challenging a decision by Beijing's central government to only allow a vote for preselected candidates. The demonstrations lasted several weeks and repeatedly turned violent when police tried to disperse the movement with tear gas (unsuccessfully, as the students hid behind umbrellas that became the symbol of their campaign) and groups of masked thugs attacked protest camps.

The Umbrella Movement is Hong Kong's strongest act of civil disobedience to date and enjoys support from a



majority of the city's seven million residents, according to an opinion poll conducted by the Hong Kong Polytechnic University. Commentators were quick to draw connections to the 1989 democracy movement in Beijing's Tiananmen Square, which is omnipresent in any discussion of how China's Communist Party deals with social unrest. While fears of a similar tragedy appeared unfounded and the movement did not pose any serious threat to the central leadership, the protests did touch a sensitive spot: the question of how to handle a rapidly growing middle class with rising aspirations and demands, which is high on Beijing's agenda.

China's state controlled media did their best to diffuse the Hong Kong demonstrations by framing the protesters as spoiled kids and troublemakers who were acting under the influence of hostile foreign forces. In the absence of a free press or independent polling, public opinion in China is impossible to measure. But even if a majority of mainlanders follows the official spin, it is at least safe to say that a substantial number of Chinese privately sympathize with calls for more public participation and checks on the power of the Communist Party.

Nevertheless, Hong Kong can hardly serve as a testing ground for how civil pressure for democratization could play out on the mainland. Whereas in Hong Kong the majority belongs to the middle class, it is difficult to quantify the middle class in mainland China. Estimations range from four to 25 percent of the total population or eight to 50 percent of the urban population. The number most commonly cited amounts to roughly 300 million people mainly located along the east coast. Mainland China's middle class is broadly defined by criteria of socio-economic wellbeing, which is why the triad "apartment, car, money" has become a popular symbol of this social group in China. Since its members have experienced a dramatic improvement of living conditions in their lifetimes, the majority holds a strong desire for social and political stability and a fear of a return to the chaotic conditions that predominated in the Mao era. The need

to maintain stability at all costs is the core argument against democratic reforms of China's system of government. Members of mainland China's middle class focus on a good career rather than political activism. Moreover, they worry about the education of their offspring, their own health insurance and pensions, as well as the care required by their parents. Despite the distinct preference for stability and material desires, however, China's middle class appears not to share common values or a collective identity and political attitude around which they could unite. Middle-class members display a broad variety of identities, lifestyles, occupations and family backgrounds. They may be managers in state-owned enterprises, university professors, cadres, or self-employed artists, or work for foreign-invested companies, which is why one could speak of Chinese middle classes rather than of a unified middle class.

In terms of their political affiliations, the middle classes are roughly divided into those who are "inside the system" (*tizhinei*) and those who are "outside the system" (*tizhiwai*), referring to government and non-government employees. Since the former and their careers are completely dependent on the regime, they tend to be more supportive of it than those who are formally outside the system. Also, "insiders" naturally are more hesitant to support political change. Due to the importance of personal networks (*guanxi*), however, even "outsiders" often cannot and do not want to dodge the system's influence entirely.

But this is only one side of the coin. A growing part of China's middle classes – not only outside, but more importantly also inside the system – is increasingly dissatisfied with everyday living conditions being spoiled by environmental pollution, food scandals, omnipresent corruption and lax protection of individual rights. In recent years, Chinese civil society has gained more and more influence in regard to these issues. The internet and social media, such as the microblogging service Weibo, help them organize and get their message across. China has seen a surge



in protests, which were triggered and reinforced by these new means of communication that are especially popular with members of the middle class. China's new leadership headed by Xi Jinping takes the threat of too much freedom of communication seriously and has once more tightened the state's already iron grip on the internet. Nevertheless, there is an explosive social vigor in China which ought not to be underestimated. It is not only China's middle classes that are divided, but the country itself – between rural and urban areas, the developed east and a developing west, rich and poor, the latter clearly seen in the alarming increase of the Gini coefficient from 0.2 in 1988 to 0.47 in 2013 – with its middle classes literally in the middle of it. Even though this heterogeneous social group currently may not be deemed a unified driver of political change, its members will continuously strengthen their political participation through various formal and informal channels.

### The Tyranny of the Old Middle: How Middle Class Reactionaries are Bullying New 'Classmates' in Thailand and Indonesia

In Southeast Asia, as in China, the term middle class should be used in the plural, i.e. middle classes, to reflect their internal diversity. This diversity goes a long way toward explaining not just the class dynamics of Southeast Asian societies but the rocky political paths that some countries in the region have recently taken. Developments in 2014 have made it impossible to ignore that democracy in Southeast Asia has faced setbacks, raising concerns of a sustained democratic rollback in the region. Incremental but fragile progress in countries such as Myanmar and the Philippines notwithstanding, clashes over conflicting interests and political influence have caused societies to drift apart. Consensus on how to organize the state has broken down in various places. A closer look at the middle classes in Thailand and Indonesia is crucial to understanding why.

2014 was a decisive year for both nations. Thailand experienced yet another wave of violent protests, which

culminated in another military coup, while Indonesia held a peaceful presidential election, which nevertheless revealed a political rift in the country. In both states, political developments were affected not primarily by tensions between the extreme ends of society, but within the growing middle of the societal hierarchy.

It may be odd to compare two seemingly disparate places like Thailand and Indonesia, the former being ruled by a bizarre and reactionary military junta and the latter by a democratically elected president who ran on a progressive ticket. In fact, in recent months analysts have started to hold up Indonesia as the new beacon of democracy in the region, contrasting it with Thailand's constant slide into the political abyss. It is easy to agree with such an analysis if one compares the rational and humble nature of Indonesian president Joko "Jokowi" Widodo with the clumsy exploits of Thailand's military dictator Prayuth Chan-ocha. But this means forgetting how narrowly Indonesia escaped a return to its authoritarian past, the so-called New Order, in the presidential elections: Almost every second Indonesian voter risked a New Order revival by supporting the controversial candidate Prabowo Subianto, who promised a firm dictatorial grip. And even though Prabowo was the losing candidate, parties backing him still dominate the parliament and began an assault on democracy in September by trying to scrap direct elections at the local level.

In search of explanations for the polarization in both countries, it is important to look beyond a simple poor-vs.-rich dichotomy. Media reports suggested that it was not primarily the poor and uneducated on the margins of Indonesian society who supported Prabowo – quite the opposite. In the weeks before the elections, Jokowi had to work particularly hard to woo the urban-based and supposedly rationally minded middle class to secure his victory. While voters with only a primary-school level of education were mostly backing Jokowi, those with a university degree and a monthly income of more than two million Indonesian rupiah (US\$165) had been shifting their sup-



port to Prabowo. It was their nostalgia, their longing for the good old days of effective authoritarianism, and their disenchantment with a corruption-prone democracy that almost led to Indonesia's democratic demise. Anti-democratic protests in Thailand were likewise driven by an urban-based middle class with fond memories of a time when Thai generals ruled the kingdom in tandem with the monarchy. Democratic support, in contrast, seemed to come from members of the emerging lower middle class in the provinces.

The historic trajectory of Southeast Asia is key here. In the second half of the 20th century, developmental regimes throughout the region fostered the emergence of a middle class that owed its existence to these authoritarian states. Middle-class identities were not shaped in a democratic setting or in resistance to government interference, but in the context of a symbiotic relationship with it. Only when this arrangement started to fail, particularly in the wake of the 1997 Asian Financial Crisis, when the frailty of technocratic efficiency and top-down development became obvious, did the middle class help overthrow authoritarianism. But as the region's economies expanded again and captured people at the margins, a new and aspiring middle class stirred suspicions among the established one, with its sentimental ties to the old developmental regimes. While the newcomers considered democracy a useful tool to secure for themselves a slice of the national cake, the established middle class – relatively small in numbers and therefore insecure – grew more defensive. Its members had simply not learned how to share. These middle-class reactionaries began again to support authoritarians like the royalist generals in Thailand and the New Order lackey Prabowo in Indonesia, thereby reversing, or endangering, democratic progress and the material improvement of their new fellow class members. The “Tyranny of the Old Middle” has succeeded in destroying democratic institutions in Thailand. Indonesians averted this fate for now by electing Jokowi, although his winning margin was, as already noted, far from impressive. It is

the Old Middle that Jokowi and other democrats in Southeast Asia have to convince of the need for greater solidarity and democratic governance.

### The ‘Great Indian Middle Class’ at the Crossroads

The results of India's 2014 general elections came as a surprise to many. It was not so much the fact that the Bharatiya Janta Party (BJP) and its charismatic leader Narendra Modi carried the day that astonished observers, but the decisiveness of the mandate, reflecting the enormity of anti-incumbency feelings among the electorate. It was largely a result fuelled by the Indian middle class's anger over the “business as usual” attitude of the country's political class. This suggests that the Indian middle class is gradually becoming a player of importance as it embraces an ethos of “change” that many would see as commensurate with its size and societal role.

For a long time after liberalization had unleashed an unprecedented dynamism of the Indian economy, writings on the Indian middle class were either concerned with its apolitical and introspective nature, or they were corporate-driven and, usually, far too optimistic about an ever-growing consumer market. It looks as if this perception of the country's middle class has changed in the last couple of years. From Anna Hazare's campaign against corruption to the activism surrounding the Dec. 16, 2012, rape case and, most recently, the 2014 general elections, the middle class seems to have realized its potential as a game changer addressing key issues, such as the unequal distribution of power, policy paralysis, and corruption. Is the Indian middle class thus finally increasing its power through democracy and by embracing a distinctively political and participatory agenda – as modernization theory would predict?

Definitions of what constitutes this new Indian middle class and estimates of its size vary widely. One yardstick is qualitative criteria based less on the middle class as an empirical reality, and more as a conceptual category.

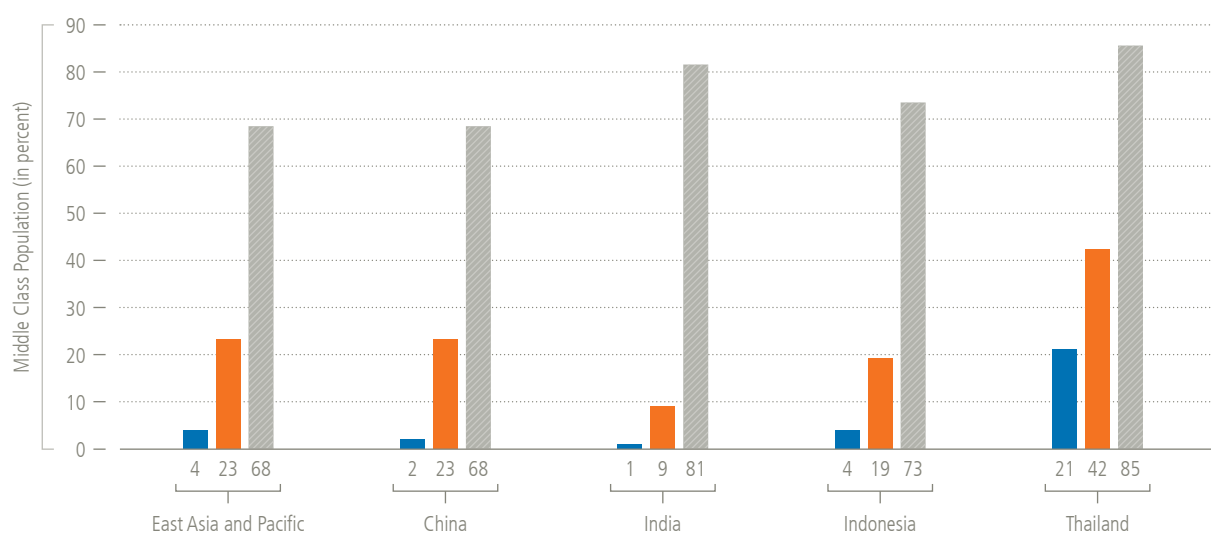


The most striking feature, which the Indian middle class shares with the middle classes in other Asian countries, is its extraordinary internal diversity. Divisions are numerous and include caste, region, occupation, income, community, etc. Nevertheless, the most powerful subgroup of the Indian middle class is becoming more and more homogenized, ideologically speaking. It is a genuine “class,” and its influence goes beyond the numbers, not least due to the use of modern technology such as social media. This dominant subgroup is largely made up of prosperous, white-collar, young and mostly upper-caste Hindus in the metropolitan areas, as opposed to the much less vociferous lower middle classes in small cities and rural areas. In terms of income and visibility, the dominant Indian middle class is therefore primarily an urban phenomenon. Contrary to its pre-liberalization predecessor, which was centered around the public sector and consisted overwhelmingly of civil servants, today’s post-liberalization middle class is tightly wedded to the

private sector, having a stronger entrepreneurial spirit and greater economic independence.

What, then, is the middle class’s agenda? Until very recently, protecting their own material interests and social privileges more or less epitomized the ethos of the members of the new Indian middle class. There are now signs that the middle class is beginning to act as a class that engages in collective action, making new political demands and holding potentially more progressive views on issues like corruption, government accountability and inequality. Before the Hazare movement gained momentum, middle-class engagement largely played out in the realm of “new politics,” outside the electoral arena. Disillusioned with the “dirty” business of politics, the middle class turned to other avenues in order to enter local governance structures, such as Resident Welfare Associations or Advanced Locality Management Groups. The street protests and media frenzy during the Hazare movement and, especially, the subsequent formation of the Aam

Figure 2: Middle Classes: Estimation and Forecasts



Note: The middle class includes people earning or spending US\$10 – 100 a day (2005 purchasing power parity).

Source: “Development, Aid and Governance Indicators (DAGI)”, Brookings Institution, 2012.

■ 2000 ■ 2014 ■ 2030





Admi Party marked a departure from the earlier rather apolitical and introspective engagement.

However, is this really the advent of a long-term democratic force, and not just a generally more pragmatic and instrumental support of democracy? Is it really an engagement that reflects more progressive values geared towards – inter alia – transcending caste identities, developing a stronger focus on the common good and shedding the traditional “strongman proclivity” prevalent in Indian society? The lower middle class, still vulnerable to economic shocks, tends to maintain its rather pragmatic outlook on democracy and remains riddled with identity politics. The dominant, more prosperous and urban middle class – which on more than one occasion was able to impose its demands in the political debate, drawing attention to issues such as corruption, the role of women in society and improving access to infrastructure, such as roads, water or electricity – may therefore be more capable of political engagement as a corrective force. But it, too, lacks patience with the muddled ways of democracy, displays a proclivity towards Hindu nationalism as a reaction to the rise of political parties representing lower castes, and seems to prefer efficiency (or the one who promises to provide it) over genuine political participation. The real test as to whether the Indian middle class will act as a driver of political change is yet to come.

### The Way ahead for the Asian Middle Classes

Although indicators and forecasts vary, the expansion of the Asian middle classes will become one of the defining features of global development, if projections are anything to go by (Figure 2). However, developments over the past year in China, Southeast Asia and India seem to underline a simple fact: Expectations of a straightforward democratization brought about by the growing middle classes in Asia are misplaced. The presence of a substantial middle class does not automatically correspond to an acceleration of democratization – quite the reverse. Some

Asian states have been incredibly apt at providing development in the form of “bread and circuses” by catering to the material demands of their citizens. In some places, an already established middle class has even sought to disenfranchise a new and rising middle class, which the old guard considers an annoying competitor. As long as members of the dominant middle class feel that their immediate interests are served by defending the status quo, there seems to be no need for them to change the rules of the political game.

However, it is too soon to write off the Asian middle classes as agents of political change. It is easy to forget that their counterparts in the West have also not always been, and still are not, the sole source of enlightened progress. Observers of sections of the middle class in Europe’s interwar period – of Germany’s *Mittelstand* in the 1930s, say – would have been hard pressed to ascribe a reformist role to them. An analysis of class is always culturally and historically contingent. And as cultures and times change, so does the outlook of the middle classes. Compare, for example, middle-class demands in Taiwan or Hong Kong with those in mainland China, and all talk of Chinese exceptionalism, of an unchanging Chinese psyche that stands in the way of democracy, should fade away. If anger over corruption spreads, if economic development slows due to cronyism and inefficiency, if markets dive because of a dismal global outlook, if criticism can no longer be suppressed, and if the deliberate fuelling of nationalism fails to distract from domestic problems, the Asian middle classes may in time also demand less paternalism and a more direct say in the running of their countries. This would not merely be the result of Westernization. It would be a natural response to the failure of the state to serve its citizens. But these are many ifs. It remains to be seen whether modernization theorists will have the final say in Asia.



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ISSN 2195-0485

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