



## The new middle classes rise up

### Marx's revolutionary bourgeoisie finds its voice again

THE past four years have seen a sharp contrast between recession-hit rich countries and buoyant emerging giants. This year the rich countries' economic woes have spilled over to their politics, too: European governments are bogged down in the euro crisis while America brought upon itself a sovereign-debt downgrade. But the woe is not all on one side. Despite their economic achievements, the likes of China, India, Indonesia and Brazil—to say nothing of the Middle East—are suffering discontent almost as profound as the malaise in the West.

In India the Congress-led government of Manmohan Singh has faced its biggest challenge so far from mass demonstrations by supporters of Anna Hazare, a veteran anti-corruption campaigner who went on hunger strike in Delhi. This week Mr Hazare halted his strike with a cup of honeyed coconut water after the government agreed to pass tougher laws against graft. The protests were the culmination of a sequence of huge corruption scandals, from last year's Commonwealth games in Delhi to the distribution of 2G mobile-telecoms spectrum licences. "What you are seeing on the street is a middle-class rebellion," says Mohan Guruswamy, a former official at the finance ministry.

Rebellion is in the air in China, too. In mid-August one of the largest demonstra-

tions since the Tiananmen Square protests took place on the streets of Dalian, a north-eastern boomtown, which forced the authorities to shut down a chemical factory that had been damaged in a storm. Demonstrations and capitulations on this scale, though not unprecedented, are highly unusual. This one was reminiscent of the outcry that took place in 2007, in the southern city of Xiamen, over plans for a similar project. That event is usually seen as the first big example of a new willingness by China's middle class to confront the government over environmental abuses. Moreover, the Dalian protest erupted only weeks after an explosion of popular anger, mostly expressed through micro-blogging services such as Sina Weibo, which blamed official neglect for a rail crash between two new high-speed trains that killed 39 people. The criticism was so widespread that even state-supervised media joined in.

The crash was the more sensitive because, in February, China's parliament had sacked the minister responsible for building the high-speed network. He was accused of skimming off 1 billion yuan (\$152m) in bribes and of keeping 18 mistresses. Another top official in the rail ministry was later dismissed for corruption, and state auditors said millions had been embezzled from the high-speed network.

That story has some echoes in Brazil, where an orgy of ministerial sackings has been in full swing. Since June, President Dilma Rousseff has fired her chief of staff, the minister of transport, dozens of officials at that ministry and the deputy minister of agriculture, all of whom have been subject to various allegations of misconduct. The minister of agriculture himself resigned. More than 30 officials at the tourism ministry, including the deputy minister, have been arrested on suspicion of theft. Again, this is not the first corruption scandal on such a scale—a former president, Fernando Collor de Mello, was impeached on corruption charges—and a big difference between Brazil and elsewhere is that the president seems to be leading the charge to clean things up. Still, this is easily Ms Rousseff's biggest challenge since she took office eight months ago.

### Bourgeois boom

In rich countries the humbling of governments has been largely a result of economic slowdown, combined with problems in controlling public finances. Emerging markets, in contrast, have kept growth going, while public spending is (mostly) under control. The explanation for their political woes must lie elsewhere. The most plausible one is that India and China—and possibly other emerging markets, too—are experiencing the early stirrings of political demands by the growing ranks of their middle classes.

According to Martin Ravallion of the World Bank, the middle classes (defined as people earning between \$2 and \$13 a day) trebled in number between 1990 and 2005 in developing Asia to 15 billion; they rose from 277m in Latin America to 362m over

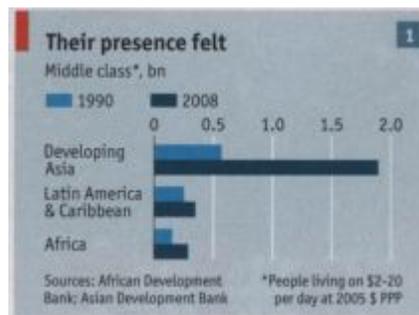
the same period; and in sub-Saharan Africa from 117m to 197m. Newer estimates from the Asian and African Development Banks, using a definition of \$2-20 a day, confirm the picture (see chart 1). They show that the middle classes (which, on their definitions, include many only just out of poverty) accounted for a third of Africa's population in 2008, three-quarters of Latin America's and almost 90% of China's.

Polling evidence says middle-class values are distinctive. In a survey of 13 emerging markets by the Pew Global Attitudes Project in Washington, DC, the middle classes consistently give more weight to free speech and fair elections than do the poor, who are more concerned than the middle class about freedom from poverty (see chart 2). These differences hardly come as a shock. But they still matter because they mean that as the middle class grows, abstract ideas about governance come to play a bigger role in politics.

That seems to be happening now. Manu Joseph, editor of *Open*, an Indian weekly magazine, calls the protests in support of Mr Hazare "a self-righteous middle-class uprising". The protests were unusually effective partly because they were broadcast round the clock on cable TV, which is widely watched by the middle classes. Demonstrators have included icons of India's new bourgeoisie, such as businessmen in suits and Bollywood stars, but few dhoti-clad farmers.

Dalian in China is a wealthy port city, long associated with the rising middle class. "Their influence over the government is far greater than the ordinary people's," says Yang Yang, of China University of Political Science and Law in Beijing. The high-speed rail system is mostly a middle-class concern, because China's new elite are the only ones who can afford the tickets. Pan Caifu, a Hong Kong-based columnist, argues that "the most direct consequence of this rail accident has been to ignite middle-class anger." In one example of media criticism of the crash, an announcer on state-run CCTV turned to the cameras and, instead of reading the news, launched into a diatribe of classic middle-class complaining. "Can we live in apartments that do not fall down?" he asked. "Can the roads we drive on in our cities not collapse? Can we travel in safe trains?" The poor don't live in city apartments, drive cars or travel on bullet trains.

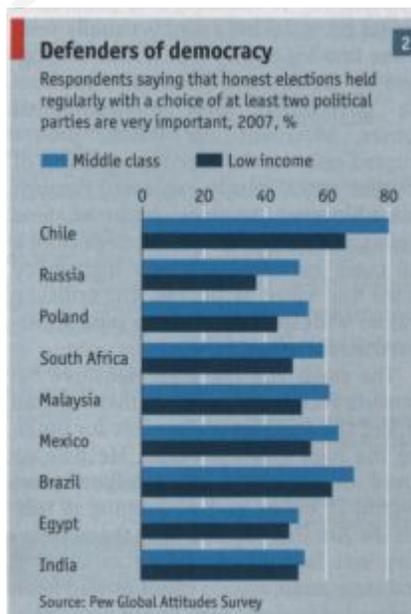
In other emerging markets the influence of the new middle classes is less clear-cut. But Chile suffered a general strike last week, in part over the role of the public sector in education, a common middle-class concern. And among the many reasons for the Arab spring was a sense that paternalistic autocracies are no way to run well-educated, Twitter-using societies. The "people who are better off, who want new opportunities... Those are the people that



are inspiring the new language of politics in the Middle East," says Vali Nasr, a former adviser to Barack Obama's administration.

In some ways, the surprise is not that this is happening now but that it has taken so long. For years, the new middle classes have been politically quiescent in emerging markets. In China they have kept themselves to themselves as a result of the implicit social contract offered by the Communist Party: you let us rule and we will let you get rich. For different reasons, the upshot in democracies has been similar. The new elites of India and Brazil have been less politically influential than either the poor (who are more electorally important because of their numbers) or the old elite, entrenched in positions of power. In India, the urban middle classes are said to vote in smaller numbers than the rural poor, whereas in Brazil both Ms Rousseff and her predecessor, Luiz Inácio Lula da Silva, owed their elections to strong backing from the poorest. The middle classes have been quiescent also because, by and large, the liberalising and modernising policies pursued by India, China and Brazil have benefited their members. Until now, theirs has been a silent revolution.

There is no single explanation for the new middle-class activism. Given the rise in their numbers, it was probably bound to



happen at some point. The spread of micro-blogging services has surely made some difference. Sina Weibo claims 140m users, mostly from China's urban middle class. They posted 10m messages about the rail crash within days. The emerging giants have lost some of their economic sizzle lately, which might have had an effect-not (as in the West) by cutting jobs and government services, but by casting doubts on the cult of growth. Some observers (including, it seems, the Chinese Communist Party) have even worried that demonstrators might be emboldened to copy the Arab spring, though that seems far-fetched.

In contrast to the unrest in Middle Eastern countries, the middle-class activism of India and China is not aimed at bringing governments down. Rather, a narrower concern animates them: corruption. Mr Hazare wants to set up an anti-corruption ombudsman. The rail crash stirred the ire of China's middle classes partly because of corruption in the rail ministry: online photos of the rail minister's collection of watches went viral. In another emerging giant, Indonesia, the biggest problem for President Susilo Bambang Yudhoyono is an investigation into \$350m-worth of government contracts by the Corruption Eradication Commission. The former treasurer of his ruling party fled to Colombia the day before the commission was due to obtain a warrant keeping him at home. He subsequently implicated other high-ranking officials in a scam and has now been brought back to face charges.

#### From anti-corruption to pro-democracy

This focus on corruption suggests that, at the moment, middle-class activism is a protest movement rather than a political force in the broader sense. It is an attempt to reform the government, not replace it. But that could change. In most middle-income countries, corruption is more than just a matter of criminality; it is also the product of an old way of doing politics, one that is unaccountable, untransparent and undemocratic. Ashutosh Varshney, at the Institute of Social and Economic Change in Bangalore, also argues that richer Indians resent corruption less because of the money wasted-which they can afford-than because they want clean government for its own sake: "the middle class is asserting its citizenship right to get government services without a bribe."

In these circumstances, anti-corruption protests could easily morph into something wider. It used to be said that the emerging middle classes would not be politically active. Now they are "just" objecting to corruption. Both arguments underestimate the consequences of the middle-class rise. As Marx said, "historically, [the bourgeoisie] played a most revolutionary part" in Europe. In emerging markets, that revolution now looks closer.