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The Rise of New Urban Middle Classes in Southeast Asia: What is its national and regional significance?

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The Rise of New Urban Middle Classes in Southeast Asia: What is its national and regional significance? [1]

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Abstract

Middle classes in East Asia are a product of regional economic development which has taken place in waves under an American informal empire, over half a century, first in Japan, then in NIEs, then in Thailand, Malaysia, Indonesia and the Philippines and now in China. They are a product of developmental states and their politics of economic growth. Their life styles have been shaped in complex ways by their appropriation of things American, Japanese, Chinese, Islamic, and others. Though created in one generation, they nationally occupy different social, political and cultural positions: Thai middle classes are coherent socially, hegemonic culturally and intellectually and ascendant politically; their counterparts in Malaysia and Indonesia are socially divided, dependent on the state, and unable to shape politics in any significant way; and in the Philippines, middle classes are socially coherent, less dependent on the state, culturally ascendant, but politically weak.

Yet there is no question that new urban middle classes are there as important forces in all these countries. Their emergence as social and cultural formation is significant for the East Asian region making in three respects. First, being a product of financial globalization and regionalization of production, they have vital stakes in their countries remaining open for those forces. Second, they provide regional markets for MNCs. Whether in fashion, life style, music, or other businesses, firms successful in capturing regional markets thrive. The novelty of the familiar is the key to capturing regional markets or their segments. And third, regional middle class markets open up the possibility for the construction of market-mediated national and regional cultural identities. What remains to be seen is who produces what to further integrate the region economically and to construct an Asian identity for economic and political gains.

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[1] This essay will be published as part of the yet to be titled book Peter J. Katzenstein and Takashi Shiraishi edit.

A friend of mine comes to my mind whenever I think about the middle classes in Southeast Asia. A high-school drop-out, he was a journalist in his late 20s in the early 1980s, who, having written several best-selling "pop-novels," was about to become a professional writer. He was a single, living in a slum in the Jakartan central city district with his mother and brothers. He had no car, no phone, and no watch. He (as well as his brothers) ate whenever he wanted to, because his mother prepared all the food for the day in the morning, and he spent his leisure time watching TV and videos. Now twenty years later in the early 2000s, he works as editor-in-chief of a leading weekly; lives in a commercially developed suburban house with his wife, two children, and a maid; works out on a mill; and commutes to his office in the city center, driving his own car. His three-bedroom house with kitchen, dining and living rooms and a maid's room, is equipped with consumer durables, such as TVs, video deck, stereo sets, washing machine, refrigerator, and air-conditioner. He has dinner with his family as much as he can and shops with his family in a suburban shopping center nearby. His children, now in junior and senior high school, watch Japanese animation on TV, read comics, play Nintendo and Sony Play Station games and see Hollywood and Hong Kong films on video. He takes it for granted that they will go to college, and saves money for their education.

He is one of those middle-class people, no doubt more successful than many, who have achieved middle-class status, income and life style in the past two decades in Southeast Asia's major urban centers, above all in Bangkok, Kuala Lumpur, Singapore, Jakarta, and Manila. They can be Pribumi Indonesians, Chinese Filipinos, Thais, Singaporeans, or Malay Malaysians, but they share a lot more in common than their parents' generation did in business, life style, taste, fashion, and dreams. They work as business executives and managers, government officials, consultants, medical doctors, lawyers, accountants, journalists and other professionals; earn above average-income; are highly educated and often bilingual, sometimes trilingual; live in suburban new towns or urban condominium; own their own cars; shop in shopping centers and malls; eat out in American fast food stores and posh Italian and Japanese restaurants; enjoy new urban life style; and invest some of their savings in the stock market. The great majority of those middle-class people attained their present status in their generation, but their children, who watch TV anime and Hollywood films, read Japanese comics, play Nintendo games, and eat out in McDonald's and KFC, take their affluence for granted.

Middle classes in East Asia were a product of regional economic development in the post-war era. The GDP shares of Japan, South Korea, Taiwan, Hong Kong, Singapore, Thailand, Malaysia, Indonesia, the Philippines and China in the world GDP increased from 10 percent in 1950 to 26 percent in 1998, while the US share declined from 27 to 22 percent and the West European share from 24 to 18 percent in the same period [Sugihara, 2003, 5]. The regional economic development took place in waves in the American informal empire in "Free Asia" with the US-led regional security system and the triangular trade system as its two major pillars. It was actively promoted by national states in the region, whether under democratic or authoritarian developmentalist regimes, which espoused the politics of productivity, a politics to transform political issues into problems of output and to adjourn class conflict for a consensus on economic growth [Maier, 1978, 23]. The first wave of regional economic development took place in Japan over the mid 1950s to the early 1970s and led to the emergence of a middle class Japan by the early 1970s. Its second wave took place over the 1960s to the 1980s in South Korea, Taiwan, Hong Kong and Singapore and led to the formation of middle-class societies in these countries by the early 1980s.[i]

The rise of middle classes in Thailand, Malaysia, Indonesia and to a lesser extent in the Philippines took place during the third wave of economic development in the region (we are currently witnessing the rise of middle classes in urban centers in China). This took place as part of the regional economic development from the mid 1980s to the late 1990s. It was actively promoted by national states and driven by financial globalization and the regionalization of production. From the mid 1980s to the early 1990s when global financial transactions were expanding exponentially, these countries liberalized their banking and portfolio investment regimes and made it easier for foreign banks to set up shop and for foreign institutional investors to enter their stock markets. These countries also deregulated the FDI regimes at a time when the Plaza Accord in 1986 led to the appreciation of Japanese yen, Korean wong, Taiwanese dollars and Singaporean dollars, forcing firms to move their production facilities to Southeast Asia. This led to the expansion and deepening of business networks, whether Japanese, Korean, or "overseas" Chinese, and led to the increasing integration of national economies in East Asia. Through this process of global finance- and FDI-led regional economic development, which can be understood as complex processes of Americanization, Japanization and Sinicization in our perspective, Southeast Asia's major urban centers were increasingly integrated into the global and regional system of finance and production and underwent significant transformations [Katzenstein, 2000: 4-15]. Multinational corporations headquartered in world cities such as New York and Tokyo established their regional headquarters in Singapore and country headquarters in Bangkok, KL and Jakarta (and to a lesser extent in Manila). MNCs' country headquarters performed management, international finance, trade and production service functions, operationalizing and translating central decisions and if necessary, negotiating with governments, while establishing their factories in newly developed industrial estates in suburban areas, normally located near international container port facilities. The division of labor informed the transformation of Southeast Asia's major urban centers and their suburbs: The increasing integration of Thailand, Malaysia, Indonesia and the Philippines into the global system of finance and the regional system of production created jobs such as business executives and managers, engineers and technicians, bankers and stock analysts, consultants, lawyers, accountants and white collar office workers in city centers, while jobs for factory managers and workers were created in their suburbs.

The increasing integration of Thailand, Malaysia, Indonesia and the Philippines, above all their urban centers, into the global and regional system of finance and production also explains the competition among Southeast Asian states for comparative advantage. National economic development and the creation of middle classes having long been an important part of nation-building, states competed in meeting MNCs demand for systems of flows in goods, services, capital, information and people and in improving their positions in the global system of finance and the regional system of production. Airport and seaport facilities were upgraded and new ones built. Highways were constructed, global and regional communication networks created, financial and investment regimes liberalized, university education expanded, and immigration controls liberalized. To make itself the gateway to Indochina, the Thai government, for instance, built a second international airport, expanded its deep water container port, upgraded the research park in Pechaburi, deregulated its foreign exchange regime and opened off-shore banking facilities for the internationalization of the Thai Baht. The Malaysian government began building a Multimedia Super-Corridor in the area from KL's central financial district to the newly developed international airport along the Cyber Jaya research city, a new container port at Port Krang, and the new administrative center in between. The Philippines emerged as a leading exporter of human resources, both professionals and domestic workers.

New urban middle classes in Southeast Asia, with their middle-class jobs, education, and income, have in turn created their own new style of life commensurate to their middle-class income and status. To understand this new middle-class consumer culture, it is useful to dwell on the notion of "standard package" and the Japanese appropriation of the "American way of life." As Ryuichiro Matsubara tells us, the so-called "American way of life" found its way of representation with the arrival of a "standard package" and marketing [Matsubara: 52-58]. Middle-class America came into being in the 1920s with the arrival of a standard package of cars, radios, refrigerators, washing machines, cosmetics, and others, the ownership of which made people middle-class and hence Americans. In this new middle-class America, people no longer believed in the enduring class structure, and Americanization, becoming an American that is, meant for people, both locally born and migrant, forgetting their class, ethnic, and linguistic past and living like everyone else and having a family like everyone else. Yet there was no objective standard in this middle-class society, for people no longer accepted the conspicuous consumption of the upper class as the model for emulation and there was no traditionally defined and accepted American way of life. It was the standard package, a set of things a family owns – a suburban house, a car, a TV set, a refrigerator, a washing machine, and well-known brands of packaged food, clothing, and cosmetics - that defined what it meant to live like everyone else and to have a family like everyone else. In this middle-class America, it was imperative for any firm to make its product a part of the standard package. This was where marketing came in. Products were advertised in mass media to impress upon people the fact that these goods were part of the things people needed to own to be middle-class. The arrival of TV in the 1950s revolutionalized the marketing of the standard package. Through mass media, the American way of life, transcending sex, age, class, racial, ethnic, and regional differences, became representable as a standard package. TV programs, Hollywood films and department stores displayed the American way of life as the standard package and educated people how to dress, how to furnish their houses and how to enjoy their leisure as Americans.

The Japanese embraced the American way of life in the post-war era. TV was the most important agent of Americanization. The "typical" American breakfast of toast, milk and jam as well as American "system kitchen" displayed in American TV dramas fascinated the Japanese. Since American products could not be imported to dollar-short Japan and American services could not be provided by English-speaking Americans, Japan went import-substitution and relied on Japanese firms to meet these market demands. Urbanization and the increase in nuclear families also expanded market demands, and translated into the growing demand for TVs, refrigerators, washing machines, and other consumer durables. Urbanization also changed the Japanese notion of the house. Kitchen and bedrooms as well as parents' and children' bedrooms were separated. Bathroom and toilet were now attached to the house. The house became a self-contained family space, the shell in which family life was enacted. Interactions with neighbors became less important, while TVs, radios, and mass-circulation national newspapers became the prime media for social communication. By the 1970s, the great majority of Japanese had the middle-class income to live like everyone else and to have a family like everyone else's.

At this time, Japanese firms started to propose new life styles. The phrase, "new family," coined in the early 1970s by a department store chain, created an image of family life in which people dressed in jeans and T-shirts enjoyed music listening, film-viewing and dining-out, and lived like friends, as husband and wife, parents and children, in a house furnished smartly as a stage for the "new family" life. It was also in the 1970s that new magazines were published such as *an an*, *Pop eye*, and *BRUTUS* which displayed fashion goods in fashion catalogue. Collective dreams people had about the middle class life were represented in housing advertisements, TV dramas, and housing journals and were given expression in new suburban towns [Matsubara, 2000; Wakabayashi, 2000; Miura, 2000; Uchida, 2000] The American way of life was thus appropriated and made part of new hybridized middle-class way of life in Japan, where people now enjoy both toast and miso soup, live in a house with a tatami room and a “western” room with a table and chairs, listen to both American pop music and Japanese-style popular songs (kayo-kyoku) and buy “Asian” goods such as rice cooker and instant ramen. Hybridization also took place in service sectors, in education, health-care, and leisure, because all the services were import-substituted and provided by Japanese using Japanese language.

A similar process of appropriation and hybridization took place in South Korea, Taiwan, Hong Kong and Singapore, where new middle classes emerged as a new social and cultural formation in the second wave of East Asian economic development. In South Korea, for instance, economic development had given rise to a broad stratum of middle income people by the end of the 1980s. One out of every five households owned a car in 1991. The home ownership ratio nationwide rose to 70% in the same year, though in Seoul it lagged at less than 50%, as the capital attracted half a million new immigrants a year. Public opinion polls showed over 60% of total households saying they were in the middle-class income bracket, based on home-ownership and income capable of providing university-level education for their children. And with the democratization now on course, hot political issues gave way to environmental and other longer-range issues, creating a plethora of citizens' groups clamoring for better housing, cleaner water and air, and better-quality goods [FEER, May 30, 1991]. Here, as in Japan, however, houses were hybrid, cars were South Korean-made, and university education was provided in Korean, often by American and Japanese university-trained faculty members. South Korean middle classes in effect developed life-styles that were neither American nor Japanese, even if they were based on the American model and its Japanese experimentation.

And now with the arrival of middle classes in major urban centers in Southeast Asia in the age of satellite TV, new middle-class ways of life are in the making with the appropriation and hybridization of American, Japanese, Hong Kong and Singaporean Chinese ways of middle-class life.[ii] Japanese department stores such as Tokyu, Isetan and Jusco are as prominent as Carrefour, Wal-Mart, Metro and Robinson in Southeast Asia’s shopping centers. Chinese and Thai restaurants are as popular as Australian Steak houses and Italian restaurants. Japanese fast food restaurants are competing with McDonald’s and KFC. Japanese, Taiwanese and South Korean pop music are as popular as American and local pop music. And Japanese anime and comics, Nintendo and Sony Play Station games, are as much enjoyed as Hollywood and Hong Kong films and Taiwanese and South Korean TV dramas.

This chapter explores the national and regional significance of the rise of middle classes as a social and cultural formation. It identifies the forces that have shaped the middle classes and seeks to understand how they are transforming the regional structure as well as the domestic social and political structures in Thailand, Malaysia, Indonesia and the Philippines.

Thailand: ascendant middle classes

Thailand benefited from a long period of economic development from the late 1950s to the late 1990s which culminated in the economic boom in 1987-1995 and led to the emergence and expansion of middle classes which are socially coherent, culturally and intellectually hegemonic, and politically ascendant.

The Thai economy grew by 8 percent on average in 1987-1995. The Bangkok Metropolitan Area (BMA), the capital of Bangkok and its five neighboring provinces that is, emerged as a world city in this period. Global finance and FDIs drove the process. According to a government BOI report, 40 percent of newly approved domestic investment projects in 1979-1990 and 52 percent of newly approved FDI projects in the same period were made in the BMA. Of 93 MNCs with their operations in Thailand in 1993, 53 firms established their country headquarters in Bangkok, while their factories were located in the suburbs. The finance, insurance, and real estate sectors in the BMA grew by 160 percent in 1989-1993. The tourist industry, the second largest industry in Thailand, also boomed and the number of foreign tourists reached the record 7 million in 1995. Office space grew by 16 percent annually in 1987-1993, and in 1993 alone, 1.4 million square meters representing 40 percent of office space then available in Bangkok (3.5 million square meters) was added to the market. The boom produced middle class jobs in manufacturing, in finance and insurance, in the real estate development business, in legal, information, accounting, translation and marketing services, in hotels, restaurants, and entertainments.

But professionals, whether business executives, managers, engineers, bankers, accountants, lawyers or others, were in short supply. In the boom years, therefore, their pay shot up, rising several times as large as civil service pay. Thai university graduates, the majority of whom used to join the government as career civil servants till the end of the 1970s, started to go into the private sector in the 1980s. Better paid than their public sector counterparts, they also started to make their purchasing power felt in the 1980s. This trend was dramatically accelerated in the boom years. More university graduates went into the private sector. Government officials migrated from the public sector to the private. They were more ambitious, more confident about their professional abilities, and ready to change jobs in search of better pay. The middle-class population in Bangkok (i.e., those who were classified as working in middle class jobs – professionals and technicians, executives and managers, and white collar officer workers) increased from 310,000 in 1985 to 710,000 in 1994, while those who earned more than 15,000 Baht a month increased ten times in the same period.[iii]

Thai new urban middle classes also were a product of educational expansion. The number of university students increased enormously in 1975-1985, from 316 for every 100,000 population in 1975 to 2,009 in 1985 and leveled off (in 1995 it was 2,096). The expansion in university education, it seems, benefited traditional Sino-Thai Bangkok middle classes disproportionately. A survey study in 1994 shows that 61 percent of those Bangkok upper middle class professionals making more than 20,000 Baht a month were Bangkok-born and that 59 percent of them were university graduates with 14-year educational backgrounds, while the majority of their fathers were elementary school graduates with 7-year educational backgrounds. (It is also useful to note that the same study shows that members of the traditional middle class such as store owners and small factory owners had less than 6 years' educational background in 1994 [Funatsu and Kagoya, 2002, 216].) Another study also shows that 50 percent of white collar works and 62 percent of university students were Bangkok-born [Matsuzono, 1998, 203]. Clearly the majority of Bangkok new middle classes are Bangkok-born with traditional middle class parents, and achieved their middle-class positions, income, and status in one generation, thanks to their university education.

They are younger. According to a 1990 study, 56.2 percent of the Bangkok middle class working population belonged to the age 20-34 group [Matsuzono, 1998, 193]. They are also predominantly Sino-Thai. To be sure, Bangkok traditionally was a Chinese city. A 1960 study showed that 16.2 percent of those in their 30s, 32.6 percent of those in their 40s, 37.2 percent of those in their 50s and 33.6 percent of those in their 60s had Chinese nationality, while only 0.6 percent of the Bangkok population aged 9 and below as well as 0.7 percent of those aged 10-14 did. To put it in another way, the traditional Bangkok middle classes, still very much of Chinese nationality in 1960, worked as store owners, small traders, and small factory owners. But their children, born in 1945-1955 and aged 5 to 14 in 1960, had become Sino-Thais [Asami, 1998, 313-314]. These same people, Sino-Thais born in Bangkok during the postwar years to traditional, often Chinese, middle-class parents, are the ones who benefited most from the educational expansion in the 1960s and 1970s, spearheaded the student revolution in 1973, and emerged as Thai new urban middle classes in the past 20 years [Chirot and Reid, 1997, 75-98]

The rise of middle classes as social formation further transformed Bangkok's spatial structure and its social and cultural life. Condos were built in city centers. Suburban housing complexes were developed with shopping centers, hospitals, and schools. In 1985-1992 alone, 36 department stores were newly opened (there were 25 only before 1985), often as key tenants of suburban shopping centers. With the deteriorating traffic conditions in the early 1990s, mid- and high-income category middle-class people also developed a new life style, in which they stayed in one-room city condos on weekdays (the first city condo was developed in 1993) and went back to their suburban homes in the weekends. They also obtained standard package items. In 1984, 48 percent of white collar workers in Bangkok owned cars and 53 percent of them had telephones. Ten years later, more than 70 percent of white collar workers owned cars, 80 percent of them had telephones and 40 percent of them owned cell phones [Matsuzono, 1998, 203-204]. Newspapers and TV programs also catered to their interest, publishing feature articles about cars, condos, electronic gadgets, and fashions for their consumption.

Traditionally, the middle classes in Thailand were very small. In 1960, the middle-class population constituted only 2.6 percent of the working population, of which more than 60 percent were in the government. Allied with the US and enlisting support from technocrats trained in Britain and the US, Sarit, the strongman in those years (1957-1963), laid the foundation for the future Thai economic development with the creation of a middle class Thailand as his nation-building objective. [Funatsu and Kagoya, 2002, 204-205] But the subsequent development did not meet his dream in two important respects.

In the first place, students, mainly children of those Sino-Thai traditional middle-class people in Bangkok and products of the developmental state Sarit fashioned, destroyed the authoritarian regime in the student revolution in 1973 and initiated a long process of political transformation which eventually led to the establishment of Thai middle-class cultural hegemony and its successful translation into political power in the 1990s. This history is well known. Open politics, which the student revolution ushered in and in which small urban middle classes as well as peasants and workers for the first time in history emerged as political forces, was truncated with the counter revolutionary coup in 1976 and was replaced by power sharing, often called half-democracy, because the military and bureaucratic elite could no longer ignore urban middle classes at a time when Indochina went communist and thousands of student activists joined the communist insurgency in the jungle to fight for the revolution. The military and bureaucratic elite were willing to share power with party politicians and business elite. Though neither Kriangsak nor Prem were elected members of the parliament, the stability of their governments depended on their success in forming and sustaining a governing coalition of political parties as much as obtaining and maintaining the support of the military. In this period of half-democracy, local bosses emerged as party politicians and came to dominate agrarian-based parties, capitalizing on income disparities between Bangkok and provinces, mobilizing agrarian support with public works and outright vote buying, and making politics a money-making business.

The half-democracy reached a major turning point in 1991 with Chatichai's ascendancy to power. While the military was the senior partner and political parties junior under Prem, the rise of party politician Chatchai as prime minister threatened to relegate the military to the junior partner position. The military under Suchinda struck back, staging a successful coup for the first time in more than a decade and appointed Anan, a diplomat-turned-business leader, prime minister. Middle-class people in Bangkok neither supported nor opposed the coup, because they were dismayed by the corruption which was the hallmark of Chatchai and his lieutenants, local bosses turned party bosses, because Suchinda promised a return to civilian politics in the near future, and because prime minister Anan appointed professionals, mainly technocrats, in important ministerial positions and took many deregulation measures. When Suchinda became prime minister in 1992 and threated to prolong the military dominance in politics, however, they rose in opposition. In the February 1992 elections, parties in support of Suchinda obtained 195 parliamentary seats out of 350, but won only two out of 35 in Bangkok. (In the elections held after the successful "middle class revolt" in September 1992, parties which had opposed Suchinda as prime minister again won 32 out of 35 seats in Bangkok.) There were huge demonstrations in Bangkok in May 1992, culminating in troops shooting and killing demonstrators and in Suchinda's resignation as prime minister. This development was hailed as a successful "middle class revolt," reminiscent of the student revolution 19 years earlier, though studies show that the middle classes did not provide major troops for demonstrations and that the myth of middle class revolt was created more in subsequent journalistic representation than on the streets. Yet it was the same people, Bangkok-born Sino-Thai students in 1973-1976 and middle-aged urban Thai middle class executives and professionals in 1992, who had the cultural and intellectual hegemony and told the story of "successful middle class revolt" in 1992 [Pasuk and Baker,1995, 355-361; Asami, 1998, 320-321; Ockey, 1999].

But this middle class hegemony was far from complete. Middle-class Thailand as Sarit envisioned it - with the great majority of Thais enjoying middle-class status, income and life - has not come about. Those who benefited from economic development have remained limited to urban middle classes in Bangkok, while those in the provinces, above all peasants and farmers which formed more than half of the population, remained outside the sphere of prosperity. This was due to the economic structure. Thai economy grew by 7 percent annually in 1960-1980 and after an interval of lower growth in the early 1980s, grew by 8 percent annually in 1987-1996. But this economic development mainly took place in Bangkok and its vicinities and benefited the Bangkok middle classes in the making. Denied opportunities for high-school, let alone university, education, peasants and farmers in the provinces either remained in the agricultural sector of declining productivity or migrated to

Bangkok as unskilled workers on the short-term contract basis. The Thai agricultural population constituted more than 50 percent of the working population even in the 1990s (while the GDP share of agricultural sector declined to 11 percent in 1995). Thus resulted a huge and expanding per capita income disparity between the provinces and the BMA. The per capita regional GDP in Bangkok was nine times larger than that in the Northeast, the poorest region with one third of the Thai population in the 1990s. And even in 1988, at the beginning of the boom years, Bangkok middle-class people were already making four to six times more money than peasants and farmers in the provinces. The generals and bureaucrats could thus claim to be the "true" representatives and protectors of the silent majority of peasants and farmers. In the institutions of representative democracy, peasants and farmers dominated the franchise. At elections, their votes were influenced by the bureaucratic power of the army and the Ministry of Interior, and by the money and local influence of the jao phor. For the metropolitan business interests, the countryside still remained a new and unexplored political frontier. [Pasuk and Baker, 1995, 364; Funatsu and Kagoya, 2002, 206]

It is not surprising then that the urban-rural division divided parties in the 1990s. In the July 1995 elections, for instance, the Thai National Party, with politicians known for their corruption and vote buying, emerged as the majority party in the provinces and its party president, Barnharn, was elected as prime minister. But the party did not win even a single seat in Bangkok. This was repeated in the 1996 elections, in which the New Aspiration Party under Chawalit emerged victorious, but won only one seat in Bangkok and even all the six parties in his governing coalition combined could win seven out of 37 seats. The major issue in these elections was corruption and vote buying. It was natural for agrarian voters to sell their votes for whatever money they could get when they knew they could not get any benefit from parliamentary politics in any other way. It was also natural that politicians, once elected, tried to get their investment return through corruption and money making. But Bangkok middle classes found it repugnant, and respectable Bangkok newspapers exposed corruption scandals to represent their views.

In the mid 1990s, this war was fought in the process of constitution-making. Middle-class cultural hegemony, however, worked in their favor from the beginning. It was decided that the committee for constitutional amendment be composed of university graduates even though university graduates formed only 2.5 percent of the Thai population aged 20 and above [Asami, 1998, 321-322]. The parliament dominated by parties and party bosses representing agrarian interests were naturally expected to oppose constitutional revisions drafted by the committee.

It was at this moment when the currency crisis hit Thailand. Financial inflow that started with the establishment of an off-shore banking facility in 1993 turned into flood in 1993-1995 with the out-in transactions which was 27.6 billion baht in 1987 reaching 650.4 billion baht in 1995. Money went to the stock market and consumer loans. It also went to real estate development, hotels, and big industrial projects in steel, petrochemicals, and cement [Shindo, 1999, 118-121] In 1994 alone, 77 new major housing development projects started and 250,000 housing units, three times as many as in 1993, were supplied in the market. This real estate bubble popped in 1995-1996. A state bank estimated that there were 275,000 housing units left unsold at the end of 1996 and 338,000 at the end of 1997. Industrial estates and shopping centers also remained unsold and unrented. Out of 75,000 rai space of industrial estates available in 1997, 24 percent remained empty, while 12 percent of 3.16 million square meter space shopping centers remained without tenants. [Tasaka,1998, 13] In this crisis situation, parties could not afford to vote down constitutional revisions and deepen the economic crisis into a political crisis. Constitutional revisions were passed. The new constitution required parliamentary members and cabinet ministers to have university degrees, making it hard for local bosses who made money in illegal gambling, prostitution and hotel business and dominated agrarian-based parties to become parliamentary members and cabinet ministers. Furthermore it prohibited parliamentary members from serving as cabinet ministers, making it hard for politicians to make money with public works and corruption. And it made the senate elective, denying the military the parliamentary arena. The middle class cultural hegemony was thus successfully translated into political power.

But the crisis hit Bangkok middle classes as well as other classes all the same. Many financial and banking institutions closed and MNCs shutting down their operations, more than 1 million workers lost their jobs. According to a labor survey in August 1998, 25,000 professionals and 25,000 office workers as well as 43,000 factory workers were without job out of 136,000 workers identified as unemployed in Bangkok, while 500,000 out of 700,000 university graduates entering the labor market were expected to find no jobs [Funatsu and Kagoya, 2002, 227]. This provided a rare opportunity for business-tycoon-turned-political-entrepreneur Taksin Sinawatra to bridge the urban-rural division. He presented himself to Bangkok middle classes as CEO capable of overcoming the crisis with domestic demand-led development (instead of FDI- and global finance-led development in the past), while calling for equitable and autonomous agrarian development in the provinces. His new party, Thai Rak Thai, which meant the Thais-love-Thailand party, won big in the 2001 elections. Yet with the return of Thai economy to the economic growth path, the urban-rural division is bound to resurface in Thai politics. It is hard to imagine that new urban middle classes in Bangkok, the very product of the integration of Thai economy into global financial and regional production networks remain inward-looking, nationalist and populist as they are for many years to come.

Malaysia and Indonesia: divided and dependent middle classes

If Thai new urban middle classes have emerged as reasonably coherent, culturally hegemonic and politically ascendant in a generation, their Malaysian and Indonesian counterparts, which have also emerged in a generation, remain divided ethnically, dependent on the state, and unable to reshape Malaysian and Indonesian politics in any fundamental way.

In Malaysia, as in Thailand, middle classes were a product of regional economic development which culminated in the boom years from 1986 to 1997, in which Malaysian economy grew by 8.6 percent annually. Malaysian middle classes, above all Malaysian Malay middle classes also were a product of the Malaysian developmental state. Malaysia has been under the National Front (NF) government since the early 1970s. It is a governing coalition of ethnic and regional parties led and dominated by the UMNO, United Malay National Organization. The NF has controlled more than two-thirds of the parliamentary seats, while the UMNO has controlled more than half of the parliamentary seats the NF holds. The UMNO dominance in the NF and the parliament is indisputable. The UMNO has thus run the

NF government for the past thirty years and made it its stated objective to create Malay middle classes.

Its New Economic Policy (NEP) as well as its successor National Development Policy have been geared in part to achieving this objective, improving Malay social and economic positions and creating Malay middle classes with state-led economic and educational development, while lulling non-Malays with the FDI-led export-oriented economic growth. Quotas were introduced for Malay employment in business and Malay enrollment in universities. Malay replaced English as the language of medium at the high-school and university level. The Malay corporate share of 30 percent was targetted. Many public corporations were established by the central and state goverments to create Malay business elite. Malay middle classes were thus produced in the public sector in the 1970s.

But the Malaysian economy slowed down, shortly after Mahathir came to power in 1981. Oil revenues collapsed, public corporations performed badly, and government debt, both central and state, mounted. This forced Mahathir to modify the NEP developmental strategy. In alliance with Japanese corporations, he embarked on heavy industrialization with the establishment of the HICOM, the Heavy Industries of Malaysia, and started the Proton national car project in part to develop Malay human resources and technological capabilities and to promote Malay-led supporting industries [Torii, 2002, 154-155]. He also shifted his developmental emphasis from the public sector to the private and started privatizing public corporations to create Malay business elite. Government officials as well as executives and managers of public corporations migrated from the public sector to the private and were transformed into Malay business elite. (There also developed Japanese and Taiwanese FDI-led export-oriented industrial sectors, above all the electronic industries, in the same boom years, but this development benefited non-Malay middle classes more than Malay.) The NEP greatly contributed to the growth of Malay middle classes. The number of Malay executives and managers increased from 5,000 in 1970 to 54,000 in 1990. In 1970, 68.7 percent of the Malay working population were in the agrarian sector, while the new middle class working population formed 22.4 percent. In 1990, professionals and technicians formed 9.2 percent of the Malay working population, executives and managers 3.9 percent, and white collar office workers 19.8 percent of the Malay working population [Torii, 2002, 158].

Their numbers also expanded rapidly. In 1980 there were 34,000 professionals and technicians (9.1 percent of the working population in KL), 9,000 executives and managers (2.4 percent) and 69,000 white collar office workers (18.2 percent) in 1980, while there were 59,000 professionals and technicians (12.4 percent), 28,000 executives and managers (5.9 percent) and 94,000 white collar office workers (19.6 percent) in 1990. To put in a different way, the number of those classified as working as executives and managers increased by 212 percent in ten years, while professionals and technicians by 72.5 percent [Torii, 2002, 158].

Malay middles classes also were a product of state-led educational development. University education expanded steadily in the 1970s, 1980s and 1990s. There were 266 university students for every 10,000 population in 1975. The number increased to 419 in 1980, 595 in 1985, 679 in 1990 and 971 in 1995. The educational development benefitted Malays disproportionately. While 3,084 Malays and 3,752 Chinese, out of the total enrollment of 7,677 students, entered universities in 1970 (with hardly anyone going abroad for university education), 22,271 Malays (37 percent of the students who went to universities) and 9,142 Chinese (15 percent) went to Malaysian universities and 6,034 Malays (10 percent) and 13,406 Chinese (22 percent) went abroad for university education in 1985 [Torii, 2002, 161]. (The destinations of Malaysian Chinese students going abroad are not known, but it is generally understood that most of them either went to Australian or Taiwanese universities.) Clearly Malay middle classes are the creation of the Malaysian developmental state, while non-Malay, mainly Chinese, middle classes are a product of financial globalization and Japanese and Taiwanese FDI-led, export-oriented industrial development in the past-Plaza Accord regional economic development.

The economic development and the rise of Malay and Chinese new urban middle classes drastically changed the cityscape of KL in the pre-crisis Mahathir years (1981-1997). The office space in KL increased from 2.5 million square meters in 1987 to 4.91 million in 1997. Hotels, shopping centers, and office buildings were built in the KL central business district. The development of the Multimedia Super Corridor was announced in 1996. The KL metropolitan area expanded with the development in the suburbs. The commercial development of suburban housing complexes and new towns took place along the newly built North-South highway. The increase in nuclear families accelerated the real estate development, expanding their demand for urban condos and suburban houses and flats. (The average household size declined from 4.74 persons in 1980 to 4.54 in 1991 [Takayama, 2000, 82]) Shopping centers, malls and leisure facilities with huge parking lots also were developed in suburbs. Japanese and American retailers became key tenants in shopping centers. In Wan Utama Shopping Center in Bandar Utama (which was built in the midst of mid- and upper- middle class housing complexes located in the area between KL and Petaling Jaya), for instance, Jaya Jusco, a Japanese Malaysian joint venture, TOY"R"US, and IKEA occupy the central place together with 200 specialty retail shops, a cinema complex, other amusement and entertainment facilities, and restaurants. In the words of Jusco general manager, the potential customer base for his store is about 700,000 population who live in the 20 minute driving range and whose average household income is 5,000 Ringgit and above. The store displayed high-end brand and trendy goods and was visited by more than 10,000 customers even on weekdays [Takayama, 2000, 83].

A new life style was displayed in department stores and shopping centers, newspapers and magazines, and TV programs and commercials, which, though sensitive to ethnic and religious preferences and prohibitions in food and clothing, looked as if transcending ethic boundaries. Whether Malay or non-Malay, middle-class people have a lot in common. They were and still are confronted with housing problems, from defective housing development to problematic sales practices. They wanted and still want good English education for their children. And they were and still are concerned about environmental problems and feminist issues. Mass media also responded in their reporting to the rising middle class concerns, interests and questions in 1990s. New Straits Times published feature articles in Lifestyle section, while The Star published Section 2 for culture, art, environment, women, leisure and entertainment. Glossy women's magazines publicized a new type of women, dressed western but with jilbab, and a new style of life in a smartly furnished flat or a suburban house. Cars, consumer durables, furniture, and brand food, clothing, cosmetics and life style goods as well as Condos, town houses, and resort villas were offered on TV, in newspapers and magazines, and in department stores and shopping centers. The car ownership expanded from 19 percent of the total households in 1980s to 32 percent in 1991, the TV ownership from 49 percent to 78 percent and the refrigerator ownership 27 percent to 32 percent. Urban youth culture also developed with fast food restaurants, hard rock coffees, discos, brand clothing, cars, tourism and theme parks.

Yet ethnic boundaries remain. Suburban housing complexes and new towns are ethnically segregated. Malays, Chinese and Indians have different tastes in fashion, film, and music. All may enjoy American popular music, Hollywood films, and Japanese anime. But Malays enjoy Malay Pop as well as Indonesian pop music and films, while Chinese enjoy Hong Kong films and music and Indians Hindi and Tamil films and Indian music. Malay translation is superimposed on Hollywood films. English and mandarin Chinese translations as well as Malay translation are superimposed on Cantonese language Hong Kong films. And English translation is given to Tamil and Hindi films. Hollywood films aside, movie theater goers are ethnically segregated.

The ethnic divisions thus remain as the most important division in Malaysian politics. But the rise of Malay and non-Malay middle classes also made its effect felt in Malaysian politics in other ways. In the first place, the UMNO became more business-oriented. Its traditional social bases were among peasants and farmers, civil servents (working for the central government, state governments and public corporations), and school teachers. In the 1981 party congress, for instance, 40 percent of delegates were school teachers. By the late 1980s, however, business executives and managers emerged as a major force in the party. In the 1987 party congress, 25 percent of delegates were business executives and managers, while 19 percent were school teachers and 23 percent civil servants, though only 1.4 percent of the Malay working population were classified as executives and managers even in 1990 [Torii, 2001, 115-116]

The UMNO became business-oriented in yet another sense in the 1980s and 1990s. With the establishment of Fleet Holdings as its business arm, the UMNO went into business in a major way, investing in food processing, hotels, and real estate development. Its branches followed suit. As a result, more than 160,000 firms were established by the UMNO central leadership, its branches, and its party leaders by the mid-1990s. Mahathir's privatization policy and the BOT scheme he introduced for large-scale infrastructural development projects (such as the North-South highway) also worked for the UMNO's business orientation. The logic that informed it was straight-forward. The UMNO leadership, which controlled the government, distributed business opportunities to its supporters. To obtain business in public works, government-funded development projects and BOT projects, business executives and managers joined the party to control important positions in the party organization at the state, branch, and district levels. To get elected to important party positions, they spent money for election campaign, and once elected, they naturally tried to recoup their investment, if necessary, establishing new UMNO firms, obtaining business opportunities in public works, government funded development projects, and BOT projects, and demanding that the government and the party central leadership distribute more business opportunities to UMNO members and business entities.

In the second place, Islamic revival among the rising Malay middle class people also deeply affected the UMNO. Not only Malay- and Arabic-educated, but also and more significantly the increasing number of English-educated Malays have come to follow the straitlaced, Arab-type Islam [Shamsul, 1999,110-111]. In the early 1980s, shortly after the Islamist revolution in Iran, Parti Agama Se-Malaysia (PAS), the only significant Malay opposition party, came under the control of Middle East educated Young Turks with their power base in Islamic Dakwah groups, called for alterations in the federal constitution to bring it more in line with Islamic Law, and attacked the UMNO leadership as kafir, infidel. Another manifestation of Islamic revival among urban Malay middle classes was the expansion of Al Arkam. Established in 1968, Al Arkam called for refashioning the Malaysian society in line with the Islamic ideal, established more than 40 communes in Malaysia, and was joined by civil servants, lawyers, medical doctors, business executives and so on in the 1970s and 1980s. Islamic student movements also became active in the same years, above all ABIM, which under the leadership of Anwar Ibrahim called for the improvement of Malay positions, underlined the importance of Islam for the Malay identity, and expanded its influence in the 1970s among students and urban youth [Shiraishi, 2002, 15-16].

The UMNO leadership capitalized on the PAS' Islamic "fundamentalist" orientation to alarm the public, while clamping down hard on hard-core Islamists. But it also tried to coopt Islamic revivalist forces. Anwar Ibrahim, ABIM chairman, joined the UMNO, ran successfully for the parliamentary in the early 1980s, was awarded a cabinet post, and rose in the party hierarchy to become deputy prime minister in 1993. The UMNO leadership also encouraged its members to join Al Arkam to mobilize support for the party in the predominantly Malay countryside, though the government eventually declared Al Arkam illegal and arrested its leaders in the mid-1990s. The UMNO leadership also took measures to "out-Islam" the PAS. The government funded Islamic research and educational institutions, subsidized dakwah and haj support organizations, and built mosques. It also established a bank on Islamic principles and an international Islamic university.

The UMNO in the 1980s and 1990s thus presented itself to the Malay community as the guardian of Malay economic interests and Malay Islamic Identity. The UMNO leadership under Mahathir and Anwar Ibrahim in 1993-1998 embodied this double guardianship. But all was not well with the UMNO and its central leadership. For one thing, Malays remained dependent on the state and did not become as competitive as Chinese, as Mahathir hoped. For another, ethnic divisions remained. In 1991, Mahathir announced Vision 2020, setting the goal that Malaysia join the group of advanced industrial countries by 2020, with the 7 percent annual growth for the coming twenty years and the nation-building based on Malaysian national consciousness. The nexus between the high economic growth and nation building was easy to see: mobilizing non-Malay human resources and capital was imperative to achieve the 7 percent annual economic growth. In a symbolic move, the government deregulated and liberalized the university educational system and approved the establishment of private university educations for non-Malay students in the mid-1990s. The government also institutionalized policy consultation mechanisms with the private sector, in part represented by Chinese entrepreneurs.

Yet it was generational power struggle that almost wrecked the UMNO and the UMNO-dominated NF government. It started with the rise of Anwar Ibrahim as deputy prime minister in 1993. Former ABIM activists and young business executives and entrepreneurs rose on his coat-tail, obtaining business opportunities in public works, government funded development projects and BOT projects. But it was Mahathir, not Anwar, who had the final say in the distribution of business opportunities. When the crisis started in 1997, the UMNO Youth thus spearheaded as anti-Mahathir force in support for Anwar and attacked the Malay-first policy as represented by the NEP/NDP as “crony economy.” This incensed Mahathir, not only because he was attacked but also because those who attacked him and his NEP/NDP were the very product and beneficiary of his policy and “crony economy.”

What followed is well known. Anwar Ibrahim was ousted from his position of deputy prime minister and arrested. His supporters were kicked out of the UMNO. Young middle class Malays were outraged at the development and the way Anwar was treated (i.e., arrested, tried for sodomy, and sentenced to imprisonment). A new party, Keadilan (the Justice Party), was established with Anwar’s wife as party president and was allied with the PAS to form the Alternative Front. In the 1999 elections, the generational division in the Malay community manifested itself. The NF obtained 148 seats, more than two thirds of the parliamentary seats, though it was down from 162 it won in the 1995 elections. But the UMNO won only 72 seats, down from 89 it won in 1995 and more significantly the UMNO now controlled less than half of the NF seats. UMNO also lost control over three northern states to the PAS. Its defeat was due to the alienation of Malay voters from UMNO. In the 40 constituencies where more than 80 percent of the voters were Malays, the UMNO won only 12, while the PAS and Keadilan won the rest. In the 58 constituencies where Malay voters constituted 50-80 percent of voters, the UMNO won 56 seats. Clearly the UMNO won the seats as it did, thanks to non-Malay votes. Malaysian society has been divided communally. Now the Malay community is divided along generational and ideological lines, while remaining dependent on the Malaysian developmental state.

Indonesian middle classes can be understood as essentially similar to their counterparts in Malaysia: ethnically divided (though to a less extent than in Malaysia), dependent on the state, and nascent and thus smaller than in Malaysia. In Indonesia, as in Thailand and Malaysia, new urban middle classes also emerged in a generation. Like their counterparts in Thailand and Malaysia, they were a product of financial globalization and the regionalization of production. Indonesian economy grew by 7.7 percent annually in 1971-1981. The economic growth slowed down to 4 percent in 1982-1986, but posted 6.7 annual growth in the post-Plaza Accord boom years of 1987-1997. This second boom, which was in part led by Japanese, Korean and "overseas" Chinese FDIs and in part by the inflow of global finance capital, saw the expansion of the private sector dominated by Sino-Indonesian business groups and foreign capital, overshadowing the state sector which was the mainstay of the Indonesian economy in the 1970s and early 1980s. New urban middle classes were born in these boom years. According to 1996 census data, those who were classified as professionals and technicians, executives and managers, and white collar office workers constituted 8.6 percent of the total working population and totaled 7.4 million. Given Indonesia's 5 million civil servants, the majority of middle classes in the provinces were in the state sector. In Jakarta, however, those in the middle-class job categories, which were estimated to be 400,000 in 1980 and to constitute 20.7 percent of the Jakartan working population, increased to 810,000 in 1995, 25 percent of the working population. New middle-class jobs were created in the fast expanding private sector in 1987-1997. The economic development, together with the rise of new urban middle classes, transformed Jakarta into an emergent middle-class city with the population of 10 million, combining the central city district with business and banking headquarters, first-class hotels, and shopping centers and the suburbs with industrial estates and new towns into an integrated structure.

The Jakartan economy was built on three industrial sectors, the manufacturing sector (which constituted 27 percent of the Jakartan regional GDP in the mid 1990s), the commercial sector (20 percent), and the banking sector (19 percent). This industrial structure came into being in the boom years of 1987-1997. In the city center, the financial liberalization in 1988 opened the flood gate for global financial capital. The total banking assets expanded from 63 trillion Rupiah in 1983 to 484 trillion in 1992 and the number of banks increased from 91 in 1988 to 214 in 1993. But banking professionals were in short supply. Since English was a must in the banking business, those in their 20s and 30s who had working experiences in US and British banks and/or were educated in the US and Australia emerged as young banking professionals. They were employed as executives and managers at private banks and were paid 5 million Rupiah a month (while the pay for a new university graduate in the manufacturing sector was 0.5-1 million Rupiah).

The banking boom and the real estate boom led to the expansion and redevelopment of Jakartan central business district, the Golden Triangle (and provided the opportunity for my journalist friend to sell his house in a slum nearby and buy the house he now owns in a Jakartan suburb). Business and banking headquarters, both Indonesian and foreign, were established there. New office buildings, shopping centers and malls, hotels and upper-end condos also were built there.

In the expansion of Jakartan suburbs, on the other hand, the industrial estate and new town development played the key role. Industrial estates were developed by Sino-Indonesian business groups and Japanese trading companies along the 150 kilometer East-West highway linking Karawan, Bekasi, Jakarta, Tangerang and Serang. [Sato, 1999, 131-133]. Japanese and Korean firms established their factories there. In 1998 there were about 150 industrial estates in Indonesia, of which 60 percent were located in Jakarta and its suburbs. New towns also were built along the East West highway. Industrial estates and new towns were developed at each highway interchange like a bunch of grapes. The population in the Jakartan suburbs of Botabek, Bogor, Tangerang, and Bekasi, that is, increased by 5.08 percent annually in the 1980s and by 4.47 percent in 1990-1994, far surpassing the growth rate of the city population which was 2.41 percent in the 1980s and 2.00 percent in 1990-1991 [Konagaya, 1999, 99]. The increasing population moved into commercially developed new towns. In Lippo Karawaci, for instance, a new town developed along the East West highway in 1992-1995 and convenient for commuting to the city center, twin buildings were built in the center for the Bank Lippo headquarters along with a private university, a huge shopping complex with Wal-Mart, JC Penny, Ace Hardware, and Indonesia's Mega Mall as key tenants, a golf course, and upper-end houses and mid-rank condos.

The emerging urban middle classes in the Jakartan metropolitan area figured prominently in mass media representations. Professionals – business executives, banking professionals, journalists, architects, lawyers and university professors – were featured in weekly and monthly magazines and appeared on TV talk shows at a time when the TV industry was being liberalized and new private TV stations opened. Young banking professionals, dressed in brand suits, driving expensive cars, and eating out in posh Italian, French and Japanese restaurants, came to symbolize new professionals in an era of the private sector-led economic development. Their ascendancy also changed the image of the middle classes. If they were non-pribumi and non-Muslim in the 1980s, now they could be pribumi or non-pribumi, Muslim or non-Muslim. Though they were a product of the political patronage to a large extent, “being rich” became cool. Nearly 70 percent of Jakartan middle-class respondents of a survey conducted by Tiara said that they wished to be successful businessmen. [Ariel Haryanto, 1999, 162-3, 177]

Yet the middle classes were small in number in a vast country with a population of 220 million. Moreover, they were divided in many ways, though not as segregated as in Malaysia. There were tensions between Sino- and pribumi-Indonesians and between those dependent on Suharto’s family and crony businesses and independent-minded professionals and executives. There were also tensions between those in the public sector and those in the private and between pious Muslims and nominal/statistical Muslims. As in Malaysia, Islamic revival deeply affected middle class Indonesians in the making. Thousands of books about Islamic theology, politics, political theory, history, law and revolution, were translated from Arabic and Persian into Indonesian. University lecturers and students organized discussion groups on campus and dakwah missionary activities in mosques nearby. Parents sent elementary school children to Islamic summer schools. Prayer halls were built in fancy office buildings, shopping centers, hotels and restaurants. Real-estate firms offered “Islamic real estate” in West Java for the better-off. Islam is no longer associated exclusively with rural poverty, religious dogmatism, the Middle East, anti-Chinese and anti-West sentiments, and with fundamentalists seeking to establish an Islamic state. It is now also associated with television talk shows, mobile telephones, and consumption of ketupat during Ramadan at McDonald's [Ariel Haryanto, 1999, 174-6]. In an attempt to exploit Islamic revival to his own political advantage, Suharto established the ICMI (an association of Muslim intellectuals), tolerated Islamic and Islamist political activism, promoted pious Muslim officers in the army, and alarmed nominal Muslims and non-Muslims.

Then the currency crisis hit Indonesia in 1997. The banking sector, which had already been in trouble, saddled with mounting bad loans, went into a systemic crisis. Sixteen banks were closed in the fall of 1997. More than 80 percent of companies listed in the Jakarta Exchange went bankrupt by early 1998. The regime under Suharto had long been too rotten to survive the deepening economic and social crisis. Anti-Chinese riots took place in more than 100 places in 1997-1998, including massive riots that destroyed many shopping centers in Medan (northern Sumatra), Jakarta, and Solo (central Java) in May 1998. Students demonstrated. Intra-military power struggle increasingly split the army. Suharto tried to blame Chinese and global financial institutions for the crisis. But the military and bureaucratic elite concluded that the only way to overcome the crisis was to take out from the body politic the cancer which was Suharto and his family and his cronies.

New urban middle classes played only a marginal role in the regime change. They were outraged at the killing of university students which triggered the massive riots in Jakarta in mid May 1998, but were stunned and horrified at the violence and anarchy of the urban poor. In six months after he came to power, B.J. Habibie, who succeeded Suharto as president, took measures for democratization. The elections were held in 1999, parties politics was back, the parliament emerged as a new power center along with the presidency and the military, and presidents were elected and ousted. And yet, five years after the end of Suharto's New Order, no broad national coalition is in place, and social divisions between the center and the provinces, between pious Muslims and nominal Muslims and non-Muslims, between Javanese and non-Javanese, and between the urban middle classes and the urban poor are now deeply politicized and beset Indonesian politics. And new urban middle classes, too small and too divided among themselves, and still very much dependent on the state and the military and bureaucratic elite, are not in a position to shape Indonesian politics in any significant way.

The Philippines: dispersed middle classes

If Thai, Malaysian and Indonesian middle classes came into being in a generation in the 1980s and 1990s, Filipino middle classes have been around for at least two generations. This is due to the simple fact that the Philippine industrialization started earlier in the 1950s, though it has remained stunted since. This can be seen in census data. Those in the middle class jobs (professionals and technicians; executives and managers; and white collar office workers) formed 9.4 percent of the total working population in 1956 and 11.5 percent in 1965 on the eve of Marcos' rise to power. The Philippine economy posted 6.2 percent annual growth rate in the 1970s, but remained stagnant in the first half of the1980s. Throughout the Marcos era, those in the middle class job categories thus remained proportionately unchanged at 11-12 percent of the total working population. Even in the post-Marcos era, the Philippine economic growth remained modest, posting 4.1 percent annual growth rate in 1986-1997. Those in the middle class jobs remained proportionately constant at 11.5 percent in 1995. (Their numbers, however, have increased over the years. Those who were classified as working as "professionals and technicians" and "executives and managers" numbered 1,264,000 in 1985, but increased to 2,185,000 in 1997.) They have also remained dependent on the state. In 1985, 67 percent of those who were classified as working as "professionals and technicians" and "executives and managers" were employed in the public sector, and 63 percent still were in 1994.

But this is only part of the story. To understand the Philippine middle classes, it is important to remember that educational development started earlier and proceeded steadily there than in any other Southeast Asian countries. The number of students in the higher education for every 100,000 population was 1,808 in 1975, 2,641 in 1980, and 2,760 in 1995 in the Philippines. (In contrast, it was 316 in 1975 and 2096 in 1995 in Thailand and 266 in 1975 and 971 in 1995 in Malaysia.) [Hattori, 2002, 299] This educational development, combined with the stunted economic development in the Philippines, explains why the Philippines has emerged as an exporter of professionals as well as maids and entertainers in the 1980s and 1990s and why Filipino labor has become deterritorialized. In 1999, the twenty-fifth year of the Philippine government's labor export program, an estimated seven million Filipinos, constituting about ten percent of the population and twenty percent of the total labor force, in 182 countries remitted US$3.272 billion or the equivalent of 21% of the Philippine GNP in the first quarter of the year alone. It is also said that 22. 5 million to 35 million Filipinos, or roughly half of the country's population, are directly or indirectly dependent on these remittances. Needless to say, the deterritorialization of Filipino labor was also due to developments outside the Philippines. The oil boom in the Middle East during the 1970s, and the rapid growth experienced by East Asian economies in the 1980s and 1990s made countries like Saudi Arabia, Japan, Malaysia, Hong Kong, Taiwan, and Singapore major sources of employment for Overseas Filipino Workers. Filipino labor tended to fill gender and occupational niches vacated by the "reserve army" of each labor-receiving country. Scholars have also pointed to the increasingly feminized and "domesticated" nature of Filipino overseas work. From 12% of deployed workers in 1975, the percentage of female OFW's increased to 47% in 1987, 58% in 1995, and 61% in 1998, and 72% in 2001 [Hau, 2003]

In brief, then, it can be generally argued that the stunted economic development has kept Philippine middle classes small in number, socially stable (and separate from peasants, workers, and urban poor), politically visible but insignificant, and in the past two decades, dispersed as university graduates often went abroad to work and/or migrated to the US, Canada and Australia. Moreover, the Philippine political system long dominated by the landed oligarchy, the government has never made it its political objective to create a viable middle class Philippines.

This, however, does not mean that things have remained unchanged in the Philippines. Financial globalization and regionalization of production affected the Philippines, above all Manila and Cebu. After the Plaza Accord in 1985, Japanese trading companies invested in industrial estate development in view of the appreciation of yen, wong and Taiwanese dollars. But the timing was not exactly right. The post-Marcos political instability, as evidenced by a series of unsuccessful coups, as well as the deteriorating infrastructure, above all power shortage, discouraged Japanese firms from moving their production facilities in the Philippines. By the early 1990s, however, East Asia was in boom. There was no need for the Philippine government to campaign actively for foreign investments because surplus capital was not only pouring in to the country from the NIEs, but also from Thailand, Malaysia and Indonesia. This more than made up for the lack of foreign investments from Japan, the US and Europe. Ramos was quick to tap the potential of these Asian capital flows, and he immediately moved towards the further liberalization of the economy. One major strategy was the break-up of monopolies, such as telecommunications industry, which witnessed the emergence of new phone companies including cellular phones. The government also loosened nationality restrictions on foreign investments considerably with 100 percent equity allowed in but a few sectors on a short negative list and opened even the retail trade sector [Tadem, 2002, 468, 472-473].

The post-1986 era also witnessed the arrival of new politicians in national politics. The social background of the post-1986 party leaders differed from that of the pre-1972 party elites. While the pre-1972 party politicians were associated with the landed oligarchy whose rent-seeking and careers were anchored to state patronage and intervention, the post-1986 party elites came from a broader economic base and diverse career backgrounds. This made them more disposed towards free enterprise and limited government. Having experienced the Marcos dictatorship and become allies during the 1986 people power revolution, they were also convinced of the virtues of democratic politics. This included their support for liberalization to counteract the flaws and costs of economic protectionism before 1973 and the adverse effects of crony capitalism during the Marcos regime. Furthermore, changes in the political economy had eroded the power base of the old landed elites. That is, the importance of export crops had declined while that of manufacturing and service industries had markedly increased [Tadem, 2002, 471].

New urban middle classes have thus emerged in the post-1986 Philippines. They were created through growth in retail trade, manufacture, banking, real estate development and an expanding range of specialist services like accounting, advertising, computing and market research. Fostered by government policies of liberalization and deregulation, the development of these new enterprises has been oriented both to the export and domestic markets, and has entailed increasingly diverse sources of foreign investment and variable subcontracting, franchise and service relationships, with a noticeable expansion of ties connecting the Philippines to other countries in East and Southeast Asia. A substantial stimulus for many capitalists, small and large, new and old, has been the growth of the domestic consumer market around the repatriated earnings of the Filipino workers abroad [Pinches, 1999, 278]. As Michael Pinches notes, the most significant change came in these years as the Chinese entrepreneurs made substantial inroads into areas formerly controlled by the old Spanish or mestizo elite, and established conglomerates which surpassed those of some of the old rich. A major factor making this and related developments possible was the opening up of citizenship to Filipino Chinese in 1975. Increasingly, the Chinese Taipans employed more educated middle-clas non-Chinese as they professionalised their corporations. Equally important, the younger generations of Philippines-born Chinese are increasingly speaking Tagalog and other Filipino languages in preference to Hokkien; many of them are entering prestigeous schools and universities which had formerly been the almost exclusive domain of non-Chinese, particularly mestizo Filipino; and large numbers have been moving out of the old Chinatowns into more ethnically mized middle class and elite suburbs [Pinches, 1999, 285].

The Philippine middle classes are thus less divided than their counterparts in Malaysia and Indonesia (though animosities remain), less dependent on the state than in Malaysia, Indonesia and Thailand, but smaller than in Thailand and Malaysia and less hegemonic than in Thailand. Politics in the post-Marcos, democratic Philippines thus shows an interesting contrast with the post-1992 democratic politics in Thailand. Devoid of the cultural hegemony and unable to capture the parliament and the government, middle class forces vacillated between pro- and anti-government positions. NGOs proliferated under Aquino and Ramos, increasing from 20,000 in 1990 to 58,000 in 1993, in part thanks to the accord NGOs worked out with the Aquino administration in the arena of decentralization and participatory development. And yet middle class people took to the streets when there arose major national political issues such as the ratification of US bases agreement in the late 1980s and the question of constitutional amendment toward the end of the Ramos administration.

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New urban middle classes in Thailand, Malaysia, Indonesia and the Philippines have been shaped by complex historical forces. They are a product of regional economic development which has taken place in waves under an American informal empire, over half a century, first in Japan, then in South Korea, Taiwan, Hong Kong and Singapore, then in Thailand, Malaysia, Indonesia and the Philippines and now in China. They are a product of developmental states, whether democratic or authoritarian, and their politics of economic growth. And their life styles have been shaped in very complex ways by their appropriation of things American, Japanese, Chinese, Islamic, and others, from American, Japanese, "overseas" Chinese, Islamic, and other ways of life, often mediated by market. Though created in one generation, they have thus evolved along different historial trajectories and nationally occupy different social, political and cultural positions: Thai middle classes are coherent socially, hegemonic culturally and intellectually and ascendant politically; their counterparts in Malaysia and Indonesia are socially divided, dependent on the state, and unable to shape politics in any significant way; and in the Philippines, middle classes are socially coherent (less so than in Thailand, but more than in Malaysia and Indonesia), less dependent on the state, culturally ascendant, but politically weak.

And yet the fact remains that there have emerged new urban middle classes in all these countries, with their middle class income, status and life styles and that they share a lot in common across the region in business, life style, taste, fashion, and dreams. What is the significance of their rise as social and cultural formation for the East Asian region making? Three points can be made. In the first place, being a product of financial globalization and regionalization of production, they have in part been shaped by Americanization, Japanization and Sinicization and have vital stakes in their countries remaining open for those forces, both globally and regionally.

In the second place, they provide regional markets for MNCs. If Japanese, South Korean and "overseas" Chinese FDIs, geared to a significant extent to the markets outside the region, drove East Asian regionalization in the 1980s and 1990s, regional middle classes have now emerged as expanding markets for MNCs. Whether in fashion, life style, music, or other businesses, firms which are successful in capturing regional markets thrive. Goods need to be tailored for the market. Korean entertainment companies, for instance, have thus tailored their offerings to overseas markets by promoting generically "Asian" looking boy and girl bands with at least one English-speaking member and others who speak Japanese or Mandarin. Their names are often English acronyms (NRG, HOT), their songs' refrains are in simple English ("I am your girl," "I will be back") and they perform in Mandarin, Cantonese or Japanese [FEER, Oct. 18, 2001] The novelty of the familiar is the key to capturing regional markets or their segments.[iv]

In the third place, regional middle class markets open up the possibility for the construction of market-mediated national and regional cultural identities. As Kasian Tejapira persuasively argues about Thai middle class consumption and identity:

“Thainess, unanchored, uprooted, and freed from the regime of reference to commodities signifying national or ethnic Thai identity, is now able, as it were, to roam freely around the commodified globe, to coexist and copulate with Italian ear-rings, American fragrance, English wool, a Swiss-made watch, Seiko, Sanyo, Toyota, Wacoal, or any other un-Thai commodities and sundries” [Kasian, 2001, 153]. And yet markets are there, and now safely Thai (or Malay Malaysian or Sino-Indonesian or Filipino), because national identity is now spectral and undefined, commodities can be assembled and reassembled by cultural entrepreneurs and politicians to construct Asianness in ways not opposed to national identities. Anwar Ibrahim, now out of power and in jail, demonstrated his savvy political entrepreneurship when he said: “It will not be too difficult for Asian countries to gain control of the communication technologies to mount a counteroffensive. But this will be meaningful only if we can offer cultural products that compete successfully for the free choice of a universal audience. This is a challenge to Asian creativity and imagination.” [Straits Times, Feb. 1, 1994, quoted in Ien Ang, 2001, 41] What is important here is not his self-assertiveness, but the point he makes that “Asians” will have “Asian” culture and identity if successful in cultural commodities markets. Markets are there. What remains to be seen is who produces what to further integrate the region economically and to construct an Asian identity for economic and political gains.

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[i] South Korean real GDP tripled from 1962 to 1993 and its per capita GDP rose from $110 in 1962 to $8,470 in 1993; Taiwan’s GDP grew at an annual average of 8.8 percent from 1952 to 1992 with a consequent rise in real per capita GDP from $100 to $10,000 in the same period; Hong Kong GDP grew at over 8 percent per annum from 1953 to 1991 and its per capita income reached $21,987 in 1995; and Singaporean GDP grew at 8.2 percent annually from 1960 to 1990 and its per capita GDP increased from $3,455 to $13,150 in the same period [Jones: 70, 80, 92]

[ii] TV sets were owned by 16 people out of every 1,000 in Thailand in 1975, 81 in 1985 and 189 in 1995; 38 in 1975, 115 in 1985 and 164 in 1995 in Malaysia; and 18 in 1975, 27 in 1985 and 49 in 1995 in the Philippines [Hattori, 2002, 295]. Star TV began with three channels in 1990, including an English sports channel, a music channel, and a Mandarin channel offering Chinese soap operas and variety shows. In the following year (1991), BBC news and documentary and family entertainment channels were added to the package. The penetration of Star TV had been spectacular. Despite measures by some governments to discourage access, by early 1993 the number of Star TV households reached 11 million in twelve nations. (Yao, 2001, 51)

[iii] Another study suggests that the middle class working population constituted 33.4 percent of the working population in Bangkok in 1990, compared to 15 percent in 1960 [Matsuzono, 1998, 193].

[iv] This of course does not mean that there are pan-East Asian markets for all the commodities. Markets are segmented nationally, linguistically, and in many other ways. Giordano, for instance, emerged as one of the region’s biggest fashion retail operations with more than 1,000 outlets in Greater China, Southeast Asia, South Korea and Japan in 1994-2001. In contrast, TVB, a Hong Kong TV producer, has capured the Cantonese language TV programing market and emerged as the largest television program producer in East Asia outside Japan, because of its vast 50,000 hour Cantonese TV program library.