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RISING MIDDLE CLASSES IN EMERGING ECONOMIES



■ **The Middle Classes in Latin America: Media Hype and Detailed Analysis**

Stefan Jost

■ **Brazil's New Middle Class: Here to Stay?**

*Christian Matthäus /
Kathrin Zeller*

■ **Black Professionals and the ANC in the 2014 Election: Loosening Ties?**

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Jan Wojschnik

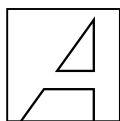
■ **Britain Remains United, but What Now? Scotland's Referendum and its Consequences**

Hans-Hartwig Blomeier



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Klingelhoferstraße 23

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Phone (030) 2 69 96-33 83

Fax (030) 2 69 96-53 383

Internet: <http://www.kas.de>

<http://www.kas.de/internationalreports>

e-mail: nadine.mensel@kas.de

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Editor:

Dr. Gerhard Wahlers

Editorial Team:

Frank Priess

Dr. Wolfgang Maier

Thomas Birringer

Dr. Stefan Friedrich

Dr. Beatrice Gorawantschy

Olaf Jacob

Andrea Ellen Ostheimer

Jens Paulus

Editor-in-chief:

Dr. Nadine Mensel

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EDITORIAL

Dear Readers,

The rise of emerging economies, such as Brazil, China and South Africa, is predominantly viewed under the aspect of the balance of power in international relations. The question dominating the debate in academic and political circles appears to be what it means for the established industrialised nations – most notably the Western ones – as well as world politics when other countries are closing the gap and pushing their way into the big league. But while this focus may be justified, one should pay similar attention to what is happening within the societies in those countries.

Numerous African, Asian and Latin-American societies are experiencing a wave of middle class growth, assuming an income of ten to 100 U.S. dollars a day as the reference point. This is due to a catching-up process, which has been taking place over the last two decades. In 2013, the emerging economies, which make up 85 per cent of the world's population, accounted for approximately half of global GDP. This continued dynamic development has allowed millions of households to share in their countries' prosperity. It is estimated that 3.2 billion people will belong to the middle class by 2020.

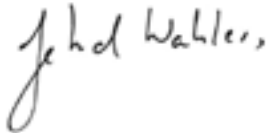
However, a look beyond these figures reveals some downsides: increasing social inequality, vulnerability, disappointment with government services, little or no political co-determination. Also, there are high hopes resting on members of the middle class. Where economics are concerned, they are shouldering the role of a group with increasing spending power that is expected to increase tax revenues and stimulate domestic consumption. At the same time, they are considered key actors capable of furthering political and social change. The reports from Latin America and South Africa on this issue illustrate the nature of these expectations in some detail. In his article on the

situation of the middle classes in South America, Stefan Jost advocates a differentiated and country-specific analysis, which should focus mainly on the potential of these groups of the population to function as significant actors. Only then will it be possible to derive consequences for social and development policies: "The rise of the middle classes could be used as a vehicle for developing and strengthening Latin American civil societies. [...] The question also remains as to whether the current party systems are in a position to absorb and dissect these particular developments in order to formulate specific policies that are capable of gaining widespread or majority support."

In Brazil, which is in the run-up to the presidential elections in October, the emerging middle class is still reluctant to get involved in politics, as Christian Matthäus and Kathrin Zeller have found. People's worries about holding on to their new acquisitions have so far prevented them from translating their dissatisfaction with the deficiencies in public infrastructure into a political agenda. However, the football World Cup and the election campaign have stimulated some movement within the Brazilian middle class over recent months. Taking the African National Congress as an example, Amuzweni Ngoma has been examining the way political parties are homing in on the middle class as a target group and at the question of whether they are, in fact, capable of articulating its interests. For a long time, the party had been able to count on widespread approval by the black middle class. But the parliamentary elections in May showed that this supposedly solid support is crumbling. The author considers this an opportunity for greater political diversity in South Africa.

The growth of the middle classes is a global trend. However, the opportunities it offers go hand in hand with socio-economic and complex political challenges. If the achievements of governments continually lag behind people's expectations and if the new members of the middle class cannot pass their modest, newly acquired wealth on to the next generation, this is likely to generate increasing potential for unrest in the individual societies. Should that unrest materialise, it will be important for democratic forces within civil society to be ready to voice the needs of the middle class and to make a strong impact in political

competition. In this context, the Konrad-Adenauer-Stiftung is a partner that is in great demand around the world. Sustainable development will only be possible if there is a consolidated middle class, which stands on a sound, independent economic footing and has the self-assurance to take on political responsibility.

A handwritten signature in black ink that reads "Gerhard Wahlers". The signature is written in a cursive style with a large, looping initial 'G'.

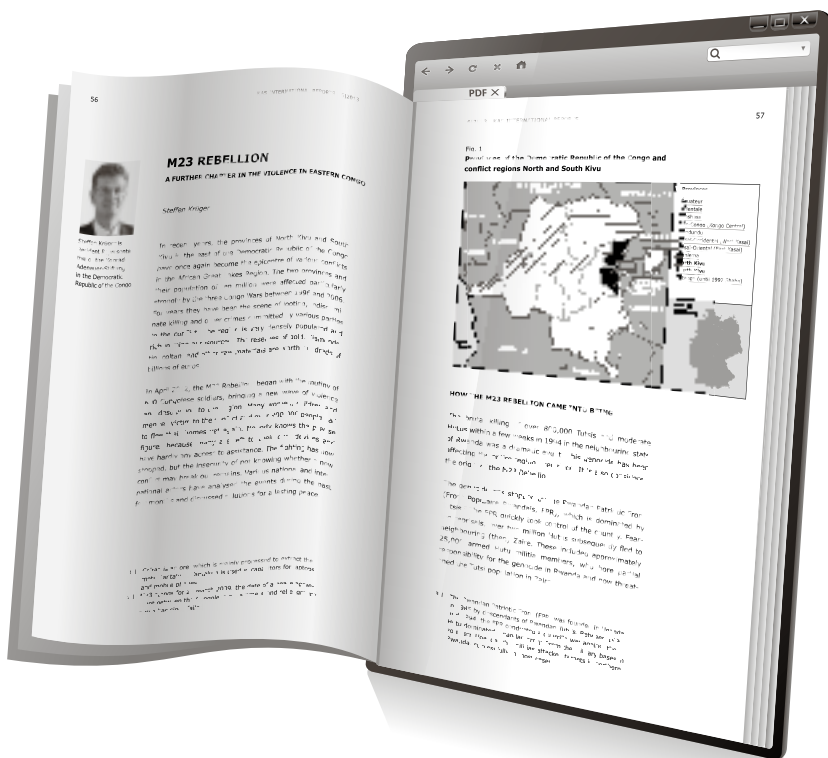
Dr. Gerhard Wahlers
Deputy Secretary General

gerhard.wahlers@kas.de

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Prof. Dr. Stefan Jost is Resident Representative of the Konrad-Adenauer-Stiftung in Mexico and adj. Professor of Political Science at the University of Trier.

THE MIDDLE CLASSES IN LATIN AMERICA

MEDIA HYPE AND DETAILED ANALYSIS

Stefan Jost

A GROWING PHENOMENON...

A phenomenon is spreading around the globe: the rise of the middle classes. Many studies have already been conducted on the growth of the middle classes in Latin America and across other regions and continents.¹ However, the trigger for the largely undifferentiated and widespread media euphoria² that has been raging since last year was the report published by the World Bank at the end of 2012 entitled *La movilidad económica y el crecimiento de la clase media en América Latina*.³

The World Bank's main message is that the number of people in Latin America categorised as middle class grew from 103 million to 152 million between 2003 and 2009. This now represents around one third of Latin America's population.

- 1 | See, for example, Andrés Solimano, *The middle class and the development process: International Evidence*, CEPAL, series 65, Santiago de Chile, Aug 2008, http://www.cepal.org/de/publicaciones/xml/4/33444/LCL2892_P.pdf (accessed 2 Sep 2014); Homi Kharas, "The emerging middle class in developing countries", OECD Development Centre, Working Paper 285, Jan 2010, [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DEV/DOC\(2010\)2&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DEV/DOC(2010)2&docLanguage=En) (accessed 2 Sep 2014).
- 2 | The headline-focused media seldom communicate differentiated approaches. Despite the fact that, alongside headlines like "Middle classes on the move", "A middle class emerges – silent revolution in Latin America", more critical titles exist such as "Middle ground on pumping in Colombia" or "Chile's insecure middle-class".
- 3 | Francisco H. G. Ferreira et al., *La movilidad económica y el crecimiento de la clase media en América Latina*, Banco Mundial, Washington D.C., 2013, http://siteresources.worldbank.org/LACINSPANISH/EXT/Recursos/Informe_ClaseMedia.pdf (accessed 2 Sep 2014).

As a consequence, the number of poor has fallen from 44 to 30 per cent. This is in stark contrast to the situation just a decade ago, when the poor were 2.5 times more numerous than the middle class.⁴ According to the President of the World Bank, Jim Yong Kim, this shows that “policies balancing economic growth while still expanding opportunities for the most vulnerable can spread prosperity to millions of people”.⁵ What is more, the growth of the middle classes is not restricted to Latin America. Similar reports on other regions have been produced, also often by banks or consulting firms.⁶ Even the U.S. National Intelligence Council published a report in December 2012 after completing a four-year study. It focused on the global rise of the middle class, particularly in developing and emerging countries, and the impact on the structures of a multipolar world.⁷

In Latin America itself, some governments have been trumpeting their success in the fight against poverty and backing up their own statistics with those of international organisations.⁸ Yet the overwhelming impression is that

4 | Cf. *ibid.*, 1.

5 | The World Bank, “New World Bank Report Finds 50 Percent Increase in Middle Class in Latin America and the Caribbean over Last Decade”, press release, 13 Nov 2012, <http://worldbank.org/en/news/press-release/2012/11/13/new-world-bank-report-finds-fifty-percent-increase-middle-class-latin-america-over-last-decade> (accessed 2 Sep 2014).

6 | For example, annual analyses by the Asian Development Bank (ADB), “The Rise of Asia’s Middle Class”, in: *Key Indicators for Asia and the Pacific 2010*, Vol. 41, Manila, Aug 2010, <http://adb.org/sites/default/files/pub/2010/Key-Indicators-2010.pdf> (accessed 2 Sep 2014); Michael Andrew and Peng Yali, *The Rise of the Middle Class in Asian Emerging Markets*, KPMG, Apr 2012, <http://kpmg.com/CN/en/IssuesAndInsights/ArticlesPublications/Documents/Middle-Class-Asia-Emerging-Markets-201206-2.pdf> (accessed 2 Sep 2014). On Africa, see i.a. analysis by consulting firm Deloitte, “The Rise and Rise of the African Middle Class”, *Deloitte on Africa Collection*, No. 1, 2012, [http://deloitte.com/assets/Dcom-India/Local%20Assets/Documents/Africa/Deloitte_on_Africa-\(1\)_rise_and_rise.pdf](http://deloitte.com/assets/Dcom-India/Local%20Assets/Documents/Africa/Deloitte_on_Africa-(1)_rise_and_rise.pdf) (accessed 2 Sep 2014).

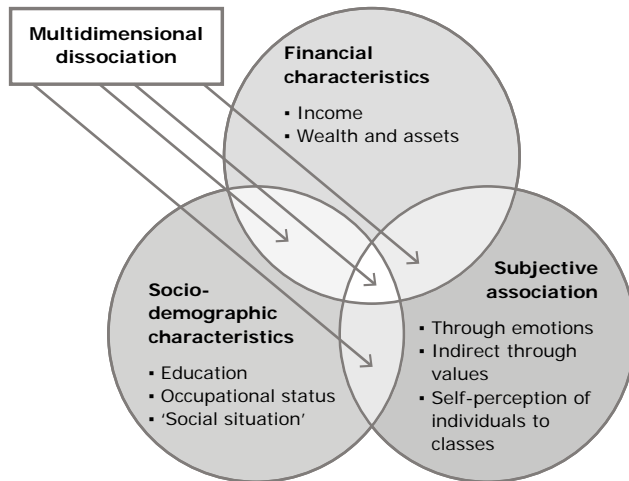
7 | Cf. National Intelligence Council, *Global Trends 2030: Alternative Worlds*, Dec 2012, <http://globaltrends2030.files.wordpress.com/2012/11/global-trends-2030-november-2012.pdf> (accessed 2 Sep 2014).

8 | Before the publication of the World Bank’s report, a number of studies had already looked at the continent as a whole and particular Latin American countries. For example, Francesca Castellani and Gwenn Parent, “Being ‘middle-class’ in Latin America”, OECD Development Centre, Working Paper 305, Oct 2011, <http://www.oecd.org/dev/48938096.pdf> (accessed 2 Sep 2014); OECD, *Latin American Economic Outlook 2011*. ▶

these success stories are drawing to a close. In politics and society there is little debate about whether this development is sustainable. Such a debate would require examining the structural framework of flexible policies that extend beyond assistentialist approaches and cast light on the necessary interdependencies between different policy areas and even the social, socioeconomic, political and institutional consequences of a larger middle class. The political parties are also largely conspicuous by their absence when it comes to setting the agenda in this respect.

Fig. 1

Multi-dimensional classifications of the middle classes



Source: Christian Arndt, *Zwischen Stabilität und Fragilität: Was wissen wir über die Mittelschicht in Deutschland?*, Konrad-Adenauer-Stiftung, Berlin, 2012, 21, http://kas.de/wf/doc/kas_33016-544-1-30.pdf (accessed 2 Sep 2014).

There is a general sense of positivity: growth appears certain, things on the up and up, life is gradually improving for everyone, eliminating poverty is just a question of time, there is no need for major changes. There is an underlying

How Middle-Class Is Latin America?, OECD Development Centre, 2010, http://www.oecd-ilibrary.org/development/latin-american-economic-outlook-2011_leo-2011-en (accessed 2 Sep 2014); country reports such as the study of Mexico by Luis de la Calle and Luis Rubio, *Mexico: A middle class society. Poor no more, developed not yet*, Woodrow Wilson Center for Scholars, Washington D.C., Jan 2012, <http://wilsoncenter.org/sites/default/files/Mexico%20A%20Middle%20Class%20Society.pdf> (accessed 2 Sep 2014).

assumption that the positive trend will continue, but the prerequisites for this, along with its sustainability and potential consequences are largely being ignored. Even in Germany, a major donor country in the international community, to date there has been little evidence of any broad public or political debate as to what this development means for the way it approaches and sets goals for its development cooperation work. Perceptions and reports on the growth of the middle classes are notably one-dimensional. The growth of the middle classes is generally considered in terms of their potential as consumers and converted into possible growth rates for various consumer areas. However, other questions about social, sociopolitical or international consequences are – if considered at all – skirted or totally ignored.

In order to pre-empt a brutal awakening from this false sense of security with significant social and political consequences, the World Bank report and other studies should provide the impetus for taking stock of this growth in the middle classes in quantitative terms and studying its quality as a “process of social transformation”⁹ with regard to its prerequisites, sustainability and potential consequences. It is also necessary to take a critical look at whether non-European countries are likely to share European and German perception of this trend, which almost automatically is given positive connotations. The following remarks refer only to the trend in Latin America and aim to present the empirical fact of the growing middle classes in a more differentiated way and. The objective is to stimulate debate on the growth-focused approach to this issue.

It is necessary to question whether non-European countries are likely to share the almost positive connotations of the European perception of the middle classes' growth.

MIDDLE CLASS – AN ATTEMPT AT A DEFINITION

It is remarkable that the term “middle class” is so freely bandied about, despite the fact that it can be interpreted in so many ways. However, the homogenising political and communicative recognition value of the term conceals the very different implicit realities.¹⁰ The first decisive question

9 | Ferreira et al., n. 3, 1.

10 | Clearly, it has never been easy to define and classify this or other comparable social classes. In 1974, the General Prussian State Law defined the middle classes as “all inhabitants of a state [...] who belong by birth to neither the nobility nor the peasantry”.

must therefore be to define the criteria that describe membership of the middle class. The socioeconomic dimensions system provides a way of classifying the middle class in a theoretical and empirical way (see figure 1).

However, it is clear that this multi-dimensional classification has little relevance to the studies on Latin America. People tend to be classified as middle class mainly or exclusively in terms of their income. But even this criterion does not result in a uniform approach.

Table 1

Income distribution in Latin America in accordance with varying definitions of "middle class" (2006)*

	Median in U.S. dollars (2005) ***	0.5-1.5-fold of the median			2-20 U.S. dollars daily per capita income			1-3-fold of the poverty line**		
		lower	middle	upper	lower	middle	upper	lower	middle	upper
Argentina	416	15.8	47.0	37.2	10.8	55.5	33.7	37.7	41.7	20.6
Bolivia	235	26.2	36.3	37.5	18.2	63.2	18.7	55.2	32.3	12.5
Brazil	354	16.4	47.5	36.1	4.5	68.3	27.2	30.2	44.0	25.8
Chile	463	17.2	49.4	33.4	1.8	60.6	37.6	14.0	46.9	39.1
Colombia	293	23.5	43.0	33.5	12.6	62.9	24.4	49.0	33.0	18.0
Costa Rica	386	17.7	49.4	32.9	6.4	63.3	30.3	29.2	45.8	25.0
Ecuador	337	19.9	44.0	36.1	5.1	68.9	26.0	34.2	44.8	21.1
Mexico	503	15.5	50.3	34.2	0.5	59.6	39.9	32.9	47.6	19.5
Peru	293	20.2	45.6	34.3	4.0	76.6	19.4	36.0	46.7	17.3
Uruguay	453	13.8	54.2	32.0	0.5	65.7	33.8	18.8	51.7	29.5

* Bolivia and Uruguay 2005, Colombia, 2008.

** National poverty thresholds as specified by UN-CEPAL, 2009.

*** Purchasing power parity conversion based on IMF figures.¹¹

Source: Lay and Schotte, n. 16, 3. The Chart is based on Castellani and Parent, n. 8, 15.

11 | Defining the median income: "The median income (also average income) is the amount that divides people into two equal groups, with half having income above that amount, and half having income below. If we were to divide the population into two equal groups according to income, the person right in the middle of this division would have the median income." Definition by the German Institute for Economic >

MIDDLE CLASS – OR MIDDLE CLASSES?

Based on its study, the World Bank classifies “key correlates”. In Latin America, it distinguishes between not only three, but four, social classes.

Table 2

Income and class membership according to the World Bank

World Bank terminology	Income (in U.S. dollars per day)	Percentage of the population
Poverty	0 – 4	30.5
Moderate poverty / “vulnerables”	4 – 10	37.5
Middle class	10 – 50	30.0
Rich / elite	> 50	2.0

Source: Own development of dates in Ferreira et al., n. 3, 2 et seq.

Author’s comment: According to the World Bank, the income distribution described is based on a harmonised survey carried out in 15 Latin American and Caribbean countries, representing 86 per cent of the population (500 million people).

The “moderate poverty” group could also be called the “almost poor” or the “lower middle class”. With this group, it is not possible to talk of the “concept of economic security”, because it has “a relatively high probability of experiencing spells of poverty in the future” (hence the description “the vulnerable”).¹²

Even if income provides a one-dimensional basis for this,¹³ this spectrum alone leads to the question of whether it is possible to go beyond the World Bank’s categories of moderate poverty/lower middle class and middle class to draw distinctions within its definition of middle class. The difference between 120 U.S. dollars a month and 1,500 U.S. dollars a month is huge when it comes to the realities of surviving, living and building a future. Although the upper

Research (DIW), http://diw.de/de/diw_01.c.413351.de/presse/diw_glossar/medianeinkommen.html (accessed 29 Sep 2014).

12 | Ferreira et al., n. 3.

13 | The income range for the middle class as described in international studies is even wider and may be between two and 100 U.S. dollars a day. Cf. *ibid.*, 36.

income threshold of the middle class no longer necessarily includes some of the occupational categories mentioned in the following quotation, this critical appraisal of how to classify the middle class, carried out in the 1980s, is still basically relevant today: "Attempts to attribute specific characteristics and social and political objectives to the middle classes as a whole suffer from a number of methodological and conceptual shortcomings. The subject of the study is rarely precisely defined, but this is vital when dealing with the social potpourri that is the middle classes. Furthermore, without clear evidence it is hardly plausible that a social group that includes small business owners, office workers, managers of large companies, freelancers, lawyers and doctors – in effect, more a residual category than a social reality – should share the same social and political interests. Despite the fact that everyone stresses the heterogeneity of the middle classes, it is rare for the social components of the middle classes to be studied separately in terms of their interests and behaviours".¹⁴



High vulnerability: In many Latin American societies, the emerging middle class is at risk. Added to that is a potential for protest, to which recurrent demonstrations in Argentina and/or Chile point. | Source: Leandro Vellón, LaNoticia1, flickr ©📷📷.

14 | Andreas Boeckh, "Mittelschichten. Lateinamerika", in: Dieter Nohlen and Peter Waldmann (eds.), *Pipers Wörterbuch zur Politik*, vol. 6: Dritte Welt, Munich 1987, 357.

Even at the start of the 21st century, Sotelo's diagnosis that the middle classes form "a fairly heterogeneous conglomerate, which ultimately is defined in terms of its contrast to the lower and upper classes of society"¹⁵ has changed little in its key message. It remains true that "the middle class" is a term that is used as an abbreviation when carrying out analytical and prospective studies. It would be more accurate to refer to "the middle classes", whose differences still have to be explored. This goes beyond mere nitpicking about the use of particular terminology. In the context of development cooperation, it is a question of the homogeneity or heterogeneity of target groups and the policy approaches taken towards them. It also relates to the quality of the actors in this social stratum. There is a second point to be made in this respect. The undoubtedly impressive figure of 49 million people who have recently joined the middle classes should not lead us to neglect another reality in Latin American society: the high degree of inequality. We will now examine this issue in more detail.

Table 3

GINI index in Latin America

Country	Gini coefficient	Year
Honduras	57.0	2009
Bolivia	53.0	2010
Colombia	55.9	2010
Guatemala	55.9	2006
Paraguay	52.4	2010
Chile	52.1	2009
Panama	51.9	2010
Brazil	51.9	2012
Costa Rica	50.7	2010
Mexico	48.3	2008
El Salvador	48.3	2009
Peru	48.1	2009

15 | Ignacio Sotelo, *Soziologie Lateinamerikas. Probleme und Strukturen*, Stuttgart 1973, 147.

Country	Gini coefficient	Year
Ecuador	47.7	2010
Dominican Republic	47.2	2010
Uruguay	45.3	2010
Venezuela	44.8	2006
Argentina	44.5	2010
Nicaragua	40.5	2005

Sources: The World Bank, "World Development Indicators", 2012, 74-76; Author's comment: 0 = equality of income, 100 = inequality of income. Germany's Gini coefficient was 28.3 in 2012.

THE GROWTH OF THE MIDDLE CLASSES: CAUSES, RISKS, DANGERS AND CHALLENGES

The tone of the various studies is generally positive or even euphoric. We often get the impression that the rise of the middle classes represents a consolidated, irreversible and unstoppable process. But is this really the case? We will now take a look at some of the key reasons for this growth of the middle classes, along with the risks, new constellations and dangers that may emerge from this trend.

Causes

The growth in the middle classes cannot be attributed a sole cause. Each country has a combination of different causal factors that need to be analysed individually. According to existing studies, the main reasons for the growth of the middle classes fall into four areas: economic prosperity, structural changes to the labour market, improved average levels of education and assistentialist government programs.¹⁶

A major factor is the economic growth experienced since 2003. According to the World Bank, this accounts for 66 per cent of the reduction in poverty and 74 per cent of

16 | See also Jann Lay and Simone Schotte, "Lateinamerikas neue Mittelschicht: nachhaltiger Aufstieg?", *GIGA Focus*, No. 8, 2013, 4 et sqq., http://giga-hamburg.de/de/system/files/publications/gf_lateinamerika_1308.pdf (accessed 29 Sep 2014).

the growth of the middle class. This was accompanied by macroeconomic stability in Latin America, which was largely unaffected by the financial crises that struck during the period of the studies. This was mainly reflected in moderate rates of inflation, which generally hit the middle classes the hardest. Another important factor is the structural changes made to the labour market. These include a partial decline in the informal sector, a drop in poorly-paid agricultural employment, larger numbers of women in the workplace and a rise in national minimum wages. At the same time, the average number of years in education has risen from five to eight years since 1990. Assistentialist programs on the part of governments have also played their part. Some of these came with conditions, such as compulsory school attendance or the requirement to join vaccination programs. These conditions are important for unlocking positive, long-term potential.



A major cause for the middle class growth is a higher level of education, which is also due to longer schooling times. A good education is the key to success in the labor market. | Source: Brian A. Goyak, U.S. Navy, flickr ©.

Risks

As previously mentioned, we should not view the quantitative growth of the middle classes as an irreversible and unstoppable trend. Closer study reveals that the imponderables and dangers to the long-term growth of the middle classes are almost exactly reflected in key growth factors. The generally high levels of economic growth are

The boom years did not lead to any expansion of national value chains. This continues to be the Achilles heel of economic growth in Latin America.

mainly based on raw materials, i.e. the high prices of raw materials on the world market, but such growth is vulnerable because of its dependence on this market. It should also be noted that it is largely based on export earnings. These boom years did not lead to any significant expansion of national value chains. This continues to be the Achilles heel of economic growth in Latin America. What is more, a number of export-oriented countries can only supply a limited range of raw materials and there has been inadequate diversification. This makes them even more dependent on the world market. Changes to the labour market and financial viability of assistentialist government programs are also basically dependent on this growth and therefore cannot be considered to be fully sustainable.

Even if it is not generally the case at the moment, in the medium to long term the rise in education levels will lead to an increase in labour supply and hence to a fall in wages, despite the fact that the “net wage effect”, which has contributed to around one third of the growth in the middle classes, remains positive.¹⁷

Dangers and Challenges

There are a number of dangers and challenges involved in the rise of the middle classes.¹⁸ One of these dangers is part of a complex problem that can be summed up in the words “ecological footprint”, i.e. the consequences of non-sustainable growth. Concerns in this respect are justified, but this is a problematic argument in the international debate. It is largely voiced by industrial nations, so developing and emerging nations can hardly be expected to accept it without further discussion. In development cooperation work, this argument needs to be accompanied

17 | It is also important to mention the brain drain that exists in certain countries. In contrast to the normal debate on migration and the labour market segments affected, this has not been on the public agenda.

18 | Mark Furness, Imme Scholz and Alejandro Guarín, “Das Wachstum der neuen Mittelschichten in Entwicklungsländern – wiederholt sich die Geschichte des Westens?”, *Analysen und Stellungnahmen*, No. 16, 2012, Deutsches Institut für Entwicklungspolitik (DIE), http://www.die-gdi.de/uploads/media/AuS_16.2012.pdf (accessed 2 Sep 2014).

by a series of policies and instruments that aim to combine growth and sustainability.



Weak spot in adding value: Sustained economic growth has contributed to widening the middle classes in Latin America. But since the development of value chains had been neglected the limits of that growth will soon become evident. | Source: David Sasaki, flickr @@.

Economic growth and the rise of the middle classes are not a guarantee of the social inclusion that is so urgently needed and do not provide a scenario for reform-oriented, stable democracies. The still existing high levels of inequality in Latin American countries harbour significant potential for negative repercussions in the various societies. This is not primarily a problem of more money and programs flowing as part of the North-South cooperation. Instead, national policies will increase in significance.¹⁹

However, the developments that need to remain in view go far beyond the context of the Latin American countries. The global system also needs to be studied with regard to cooperation between states and global governance from the point of view of the rise of the middle classes. So it is rightly pointed out that “the interplay of increasing

19 | The DIE is very clear in its analysis of this issue: “In future, redistribution within developing countries will play a greater role in global development than flows of funding from North to South. It is clear that it is as important to dismantle inequality as to promote economic growth. The keys to this are supporting progressive taxation, universal health and education systems and long-term, formal employment contracts.” Ibid., 3

incomes, the countries' different political systems and cultural diversity [will] change the essence of international institutions" and that "peaceful cooperation [can] be more complicated when more countries with broad, assertive middle classes attempt to influence global processes".²⁰

According to the NIC study, the global growth of the middle classes will also lead to a power shift between states and continents: "We are entering a period of uncharted territory. We've never seen a world ... when the middle class will be the majority in most countries. [...] The traditional West is in many ways in the minority. That's a huge change".²¹ The study also points to a particular "megatrend" which has been neglected in previous studies that focused on the role of the state. This trend relates to the dramatic acceleration of "individual empowerment". In concrete terms, the study warns that "individuals and small groups will have greater access to lethal and disruptive technologies [...], enabling them to perpetrate large-scale violence – a capability formerly the monopoly of states".²²

THE MIDDLE CLASSES AND THEIR ROLE IN STATE AND SOCIETY

This rise of the middle classes is, however, not only linked to the question of which consumer sectors will profit the most, related investment decisions and various risks and dangers. There are other aspects that impact the political and social development of the countries affected and are therefore relevant in terms of development cooperation. Other than income, what characterises this rather diffuse and amorphous "middle" between the "upper" and "lower" classes of Latin American societies? How are they made up? What are the wishes of the people who are defined as "middle class"? What are their medium-to-long-term

20 | Ibid., 4.

21 | Matthew J. Burrows, the lead author of the study, quoted by Carey L. Biron, "Globale Mittelschichten erstarken – US-Report blickt auf Jahr 2030", *neopresse*, 12 Dec 2012, <http://neopresse.com/wirtschaft/wirtschaft-globale-mittelschichten-erstarken-us-report-blickt-auf-jahr-2030> (accessed 25 Sep 2014).

22 | N. 7, 8 and 67-70. This assessment is shared by the European Union Institute for Security Studies, *Citizens in an Interconnected and Polycentric World*, Paris 2012, 131, http://www.iss.europa.eu/uploads/media/ESPAS_report_01.pdf (accessed 25 Sep 2014).

goals, expectations and hopes for themselves and their families? How do they view their role within the state and society? Are these middle classes capable of taking on the role of articulate, constructive and modernising actors in states and societies that are building their democratic systems? Can they instigate a shift towards a democratic system or at least strengthen moves in this direction in countries such as Bolivia, Ecuador and Venezuela? Or is it still a case of “a shapeless middle class”?²³

These questions, which were also tackled some years ago by studies carried out in Germany,²⁴ now barely play a role in the expert debate on this issue. On the contrary, the one-dimensional focus on quantitative growth dominates the public's general perception of this trend. This is problematic in as much as the middle classes have historically had a positive connotation for Europeans. But it is questionable as to whether this can simply be transferred to the Latin American continent and its middle classes. In terms of the trend during the second half of the 20th century, one thing seems clear: “The fact remains that the middle classes were only able to play their part in the theoretical modernisation and structural/functional approaches to a limited extent. This was partly because they were dependent on the state and had been co-opted and integrated into existing power alliances. Their definition was more a result of their presumptive political tasks, their cultural significance, rather than of their real social characteristics. So the function of the Latin American middle classes cannot be compared with that of the middle classes in European history”.²⁵

In light of the urgent need to analyse the quality as actors of the middle class, including their future potential and possible evolution, it should be noted that the middle classes have become even more diverse since the end of the 20th

23 | This was how CEPAL, the United Nations Economic Commission for Latin America, described the growing middle class in 1966, quoted by Nikolaus Werz, “Das Konzept der ‘clase media’ und die Mittelschichten in Lateinamerika”, in: Bert Becker, Jürgen Rüländ and Nikolaus Werz (eds.), *Mythos Mittelschichten. Zur Wiederkehr eines Paradigmas der Demokratieforschung*, Bonn, 1999, 102.

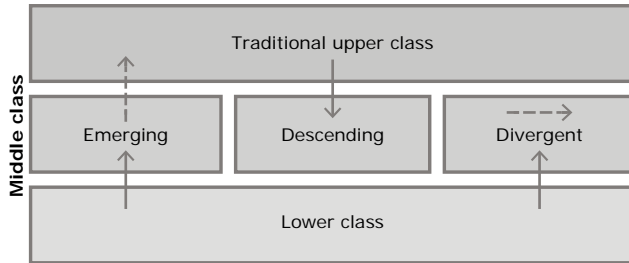
24 | See for example the anthology by Becker et al., *ibid.*

25 | Werz, n. 23, 116.

century. The following analysis is based on an interesting perspective provided by a Peruvian study.²⁶ Arellano distinguishes between three types: climbers, sliders, and the (new), diverging middle class.

Fig. 2

Arellano's model for classifying the middle classes



Source: Chart based on Arellano, n. 26.

The first two groups relate to people who have traditionally belonged to the middle class. They have either moved up from the lower classes or dropped down from the upper class. In contrast, the third group is new and does not display the normal characteristics of the middle class.

The *emerging middle class* is the group that generally lives in countries with consistent, sustained growth, who have aligned themselves with the criteria of modernity such as high industrialisation, a policy of openness in terms of globalisation and protection for private property. This is particularly the case in Chile, but also – though to a less homogeneous extent – in Brazil and Mexico. This middle class emerged between the 1960s and 1980s. It followed the Western model of the urban middle class who were staunch defenders of the status quo and generally conservative on political and social issues. Its members were generally employed by or indirectly dependent on the upper class, which is why their ambition was to integrate themselves into this class through their own efforts. The middle class feels that its influence and status is threatened by migration to the cities (a new “migrant class” which it does not understand but is also economically successful).

26 | Rolando Arellano, “Cómo clasificar a la clase media en América Latina?”, *América economía*, 8 Jul 2013, <http://americaeconomia.com/analisis-opinion/como-clasificar-la-clase-media-en-america-latina> (accessed 2 Sep 2014).

On the other hand, the *descending middle class* includes members of a group that was already losing its economic influence during the 1950s in countries such as Argentina, Uruguay and Venezuela. It is mainly made up of employees who follow urban and Western examples by living close to the wealthy area and wanting to be part of the upper class but increasingly feeling betrayed by them. They realise that the lower classes are gaining on them. In contrast to the climbing middle class, this leads to them adopting more populist or traditional leftist views. Many of them are forced to move to larger cities or even abroad, leading to the loss of their carefully nurtured status and hence to a deep sense of frustration.²⁷

According to this theory, the *diverging middle class* emerged from the major wave of urban migration that began in the 1960s. The rejection of these internal migrants by the government, upper class and traditional middle class led them to turn to the informal sector and the creation of a parallel economy with its own dynamic. This new middle class no longer modelled itself on the upper class because it was not dependent on them. This led to new models of “social co-existence” with many diverse expressions, even in the architecture of their houses. The majority are self-employed in some form and very open to change and new trends, which they adapt without the “advancement filter” provided by the upper class. Arellano believes this new middle class will be the main change agent of the future.

This attempt to distinguish the various middle classes clearly shows the necessity of country-specific categories. Only then can the political, economic and social consequences be assessed. Related to this is the question of whether and to what extent the middle classes, or elements of them, can become established actors in Latin American countries.

Only a categorisation by country allows to assess the political, economic and social consequences for middle classes.

The World Bank is also aware of the problem of the quality as actors of the middle class. In its report, it states: “Latin America stands at a crossroads: will it break (further) with the fragmented social contract it inherited from its colonial

27 | Arellano quotes an Argentinian who says, “no longer being a member of the middle class means no longer being”. Ibid.

past and continue to pursue greater parity of opportunities, or will it embrace even more forcefully a perverse model where the middle class opts out and fends for itself?"²⁸ The fear expressed here reflects a "role potential" that Heinz describes as follows. The middle classes do not "as a rule want to see a process of fundamental democratisation prevail over the introduction of or return to procedural democracy. They live in fear of the striving 'lower classes', unions and left-wing parties, who could make the redistribution of property and income into a political issue", (this raises the question as to what the prevailing concept of democracy might be in the sense of procedural versus substantive democracy). They also rarely support social programs "that are run by the state and largely funded by them as taxpayers". Also, "in the event of a conflict where they feel they have to choose between supporting an elite that protects the status quo or the 'lower classes' who are threatening the status quo, they will almost always choose to support the elite. A small section of society, the 'middle class radicals', may provide an exception to this rule, but they only rarely get involved and are hardly a representative group."²⁹

The World Bank admits that the study does not answer these questions, but simply poses them because they flow naturally "from the recent trends in economic mobility and the size of the middle class, trends that combine the good news of recent income growth and poverty reduction with the reality of limited mobility between generations and persistent inequality of opportunity". The World Bank report goes on to suggest "that the middle classes may not automatically become the much-hoped-for catalytic agent for reforms".³⁰ The quality of democracy in Latin American countries³¹ would suggest, however, that there is a need for precisely these kinds of agents. Others have also warned against an overly-optimistic vision of the political role of

28 | Ferreira et al., n. 3.

29 | Wolfgang S. Heinz, "Mittelschichten: ein zentraler Akteur im Demokratisierungsprozeß?" in: Becker et al., n. 23, 269 et seq.

30 | Ferreira et al., n. 3, 13.

31 | See also the annual *Índice de desarrollo democrático de América Latina* (IDD LAT), latest edition: 2013, Buenos Aires, <http://idd-lat.org/2013> (accessed 29 Sep 2014). For a sub-national study, see the *Índice de desarrollo democrático de México*, latest edition: 2013, <http://idd-mex.org/2013> (accessed 29 Sep 2014).

the middle classes. There is plenty of evidence to suggest that “there is no direct link between the growth in levels of income and the spread of democratic values” and that “the growth of the middle classes does not automatically lead to democracy” or social inclusion. We also do not know whether the middle classes³² will be a driving force for change or whether, once they have become established, they will simply seek to defend their own position.

We do not know whether the middle classes will be a driving force for change or whether they will simply seek to defend their own position.

A “MANTRA” IS NOT ENOUGH – ISSUES FOR FURTHER CONSIDERATION

It is clear that we are dealing with a highly complex, multi-faceted issue with potentially far-reaching consequences that cannot be conveniently summed up by the simple mantra “the rise of the middle classes”. A more in-depth analysis is required. Let us now take a brief look at the key issues involved, along with the conclusions, questions, requirements and desiderata that emerge.

1. There is no generally recognised and accepted definition of the middle class, even amongst the leading categorisation systems. It is not a homogenous group; indeed it is a sector of society that is becoming increasingly diverse, so it is more appropriate to talk of the “middle classes” and focus more strongly on “internal differentiation within this definition”.³³ So it benefits no-one, and particularly not the middle classes or the sections of the population that want to join the middle classes, to talk of Latin America as a whole without some form of differentiation. There is no “one” Latin America and within each individual country there are a number of “Chiles”, “Mexicos” and “Bolivias”. What is needed, therefore, is a clearly differentiated analysis of each of the countries and their very different historical and current sociopolitical, socioeconomic and cultural situations.

32 | Furness, Scholz and Guarin, n. 18, 3. However, the authors’ somewhat vague recommendation is that: “Open political systems should be encouraged regardless of the outcomes of potentially ‘unwelcome’ (election) results”. Ibid., 1

33 | Heinz, n. 29, 268.

2. In the past, the traditional approach to research into issues relating to democracy has focused primarily on institutions. This approach should be strengthened by the addition of country-specific analysis of the (potential) agents and actors that are involved in political development. This includes the Latin American middle classes, who are not a homogenous group, but made up of number of very heterogeneous groups. In order to understand their potential role, we need to look more closely at their particular interests and behaviours, at the types, forms and structures of their style of participation, and at their values and orientation.
3. The economic approach to analysing the growth of the middle classes focuses on economic growth and the potential for increased consumption. But this alone is no longer sufficient if we are to gain a better understanding of this phenomenon, as to a greater or lesser extent it tends to exclude a number of important questions and problems. The growth of the middle classes does not represent a consolidated or irreversible process. Indeed, the economic situation and growth factors at both global and country-specific level mean that fears for the long-term structural sustainability of this trend are well-founded.
4. Economic and income growth do not in themselves automatically lead to “social cohesion” or the development of an integrated society, nor to using Western democracies as role models. In reality, it is more likely that the inertia inherent in *sociedades estamentales* will be reinforced at all levels of society. The question remains as to whether the generally positive cultural, political and social connotations associated with the term “middle classes” in Europe can actually be applied to the emergence and continued growth of the middle classes in Latin America. There is no guarantee that there will be an automatic repeat of the essentially positive European experience of the middle classes as a reform-oriented section of society which has demanded and stabilised the growth of democracy.

5. The middle classes can be the agents of political and socioeconomic change at global and national level. Once this change has been achieved, however, they may also block any further processes of social change. This is why it is important to carry out a country-specific analysis of the interests, values and beliefs of the various middle classes if we are to judge their quality and orientation as actors.
6. An analysis that is limited to economic indicators alone could even be counter-productive in terms of qualitative changes to political systems. So this process needs to include a degree of awareness of the values and sociopolitical orientation of these classes and the constellation of their actors. The question also remains as to whether the current party systems are in a position to absorb and dissect these particular developments in order to formulate specific policies that are capable of gaining widespread or majority support.
7. The fragility of the fight against poverty and the growth of the middle classes is further exacerbated by a widespread lack of structural economic, fiscal and political reforms, leaving the traditional power structures (*poderes fácticos*) largely untouched. In the context of the social market economy, policies aimed at the long-term reduction of poverty and the structural expansion and strengthening of the middle classes therefore continue to be justified as an overall long-term approach. However, in addition to dealing with the social market economy as a macro concept, thought should also be given as to how other intersecting individual issues of an integral agenda can be also be used as a kind of political spark. As the forerunner to an anticipated practical social encyclical from Pope Francis, the *Evangelii Gaudium* apostolic exhortation could turn out to be a significant catalyst for sociopolitical debate in Latin America.
8. The fragility of this trend and the as yet unanswered questions that it raises, along with the desiderata in the area of *políticas públicas*, all carry with them the risk that in a few years' time we will be facing a form of "growth without development" and will once again

be complaining about the politically incalculable risks of “lost decades”. So there is a need for an ongoing agenda of structural change in the wake of the predominantly quantitative growth of the middle classes.

9. This agenda should be made up of two parts: (including relevant overlaps)
 - a. Structural issues: the education and healthcare systems; social insurance systems; taxation and banking systems; bureaucracy and administration; often endemic corruption; the development of a fully functioning constitutional state; and the whole issue of good governance. One of the main problems with this structural approach is the challenge of reducing the risk of a split in society caused by the fact that access to private systems is often income-dependent.
 - b. Policies for change with a high potential for (decentralised) participation: this affects areas such as infrastructure, public transport, urban and transport planning and water and sanitation, to name but a few.



New social contract: The role of economic integration initiatives such as the Pacific Alliance has to be more emphasised beyond the national level. | Source: Alfredo Guerrero, Estados Unidos Mexicanos, Gobierno Federal, flickr @090.

10. The concept of statehood in Latin America has always been influenced by changes in economic fortunes. It is worth considering whether – after the extremes of the phase of neoliberalism and the left-wing, populist-inspired changes that on occasion resulted in a distinct lack of democracy – it is not now time for a new debate about the role and function of the state at all levels of domestic policy and administration and how it relates to society.
11. The rise of the middle classes could be a vehicle for developing and strengthening Latin American civil societies. However, recent history has shown that this is not necessarily an automatic consequence. In a number of countries, economic and income growth have clearly been accompanied by the development of a very rudimentary civil society. The promotion of civil society structures as a central approach, including for development cooperation, should not be self-referential but a direct consequence of a targeted approach to key issues. Political parties are unlikely to pursue policies aimed at promoting civil society. And indeed, if they do so, they are often quickly suspected of instrumentalising civil society for their own party political gain.
12. Political parties do, however, have an important role to play, as the World Bank explains in this realistic assessment: "During most of the 2000s, Latin America's improved policy framework allowed many countries to take advantage of a benign external environment to begin an impressive transition toward a middle-class society. This has created enormous expectations, which risk turning into frustration if this transition stalls. But the region cannot count on the external environment remaining as friendly as in the recent past to achieve further social and economic gains. A much greater policy effort will thus be required to consolidate and deepen the process of upward mobility and to make it more resilient to potential adverse shocks. In the end, the onus will mainly rest on the shoulders of the political leaders and democratic institutions of

the region: they face the challenge of overhauling its social contract.”³⁴

13. In this respect, it will be of critical importance to ensure that the challenge of creating a new social contract will attract broad support in politics and society, so that the necessary changes to national policy do not fail because of factions that favour inertia or the traditional redistribution of wealth. In order to constructively counter these erratic blocks, there is a need to form bold and innovative “creative coalitions”. At international level, more consideration should be given to the role that can be played by economic integration initiatives such as the Alianza Pacífico (Pacific Alliance) between Chile, Columbia, Mexico and Peru in the creation and consolidation of the middle classes.
14. There has been inadequate assessment of the consequences of the rise of the middle classes in terms of the domestic policies required for the long-term reduction of poverty and consolidation of the middle classes, and the effect that the continuing rise of the middle classes may have on national political systems.
15. The strengthening of the middle classes is also likely to have an impact on international relations. The “West” that has dominated the 20th century will now have to face a diverse range of challenges and changes. These also include the fact that the European concept of a middle class which helps to maintain the peace at both national and international level is not necessarily one that can be transferred per se to all emerging economies.

The media hype surrounding the rise of the middle classes needs a diagnostic basis. This can and should not be the sole preserve of university sociologists and economic workshops. The opportunities, risks and dangers associated with this phenomenon are likely to add a socioeconomic dimension and an extremely complex political component to the development of many countries and regions, which must be part of the analysis of how trade-oriented levels

34 | Ferreira et al., n. 3, 14. Translation by the author.

in the political decision-making processes of the affected countries and also of the respective partner countries should be handled in the context of development cooperation activities. It will be a major undertaking to meet the challenges posed by this complexity.



Christian Matthäus is trainee at the Konrad-Adenauer-Stiftung in Rio de Janeiro.



Kathrin Zeller is Project Coordinator at the Konrad-Adenauer-Stiftung in Brazil.

BRAZIL'S NEW MIDDLE CLASS

HERE TO STAY?

Christian Matthäus / Kathrin Zeller

Over half of the close to 200 million Brazilians belong to the middle class these days. This is an extraordinary success story for a country where the official poverty rate was as high as 38 per cent until a good decade ago. One of the first areas where the rise in prosperity has had an impact is consumption, which has increased noticeably. Millions of households now own higher-value commodities such as refrigerators and mobile phones. However, the new middle class is slow in growing into its role as a distinct group in Brazilian society and politics. How did its rise come about and what are the chances that this achievement can be consolidated and continued?

From a European perspective, the term “middle class” is linked to a certain material status, which goes hand in hand with social attainments such as order and security as well as living in a peaceful environment. The picture of a terraced house with a small car outside and a well-tended front garden conveys the idea quite well. In Brazil, by contrast, the reality of the new middle class is reflected by the following impressions: half-completed brick houses, open sewers running along frequently untarmacked roads, or tiny tenements housing large families. According to the Secretariat for Strategic Affairs (Secretaria de Assuntos Estratégicos, SAE), anybody with a monthly income of between 292 and 2,479 reais (converted: between 95 and 817 euros; base year 2012) is a member of the middle class.¹ Accordingly, over half the Brazilian population must belong to this group. With respect to the same classification system, persons with a monthly income of 2,480 reais or more already belong to the lower upper class.

1 | Cf. Secretaria de Assuntos Estratégicos, “Comissão para Definição da Classe Média no Brasil”, 51, <http://sae.gov.br/site/?p=13425> (accessed 8 Sep 2014).

Table 1

Income classes in Brazil

Income class		Income threshold (Brazilian reais/month)
Lower income class	Extremely poor	81
	Poor	162
	Vulnerable	291
Middle income class	Lower middle class	441
	Middle middle class	641
	Upper middle class	1,019
Upper income class	Lower upper class	2,480
	Upper upper class	—

Source: Secretaria de Assuntos Estratégicos, "Perguntas e respostas sobre a definição da Classe Média", <http://sae.gov.br/site/?p=13431> (accessed 18 Sep 2014).

Table 2

Gini-I index in Brazil

Year	1997	1999	2001	2003	2005	2007	2009	2012				
Gini index	60.53	59.78	60.13	58.78	57.42	55.89	54.69	51.90				

Year	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013
GDP growth annual (in per cent)	-4.30	4.42	4.31	3.16	3.96	6.10	5.17	-0.33	7.53	2.73	1.03	2.49

Source: The World Bank, "Brazil. World Development Indicators", <http://data.worldbank.org/country/brazil> (accessed 1 Oct 2014).

By comparison: In the EU, to be classed as vulnerable to poverty, a person needs to have a monthly income below 980 euros.² The threshold in Brazil is therefore considerably lower, although people's expenses are similar to those people have in Germany. Rents in the larger cities, consumer goods as well as daily provisions are similarly priced

2 | Cf. Statistisches Bundesamt, "Lebensbedingungen, Armutsgefährdung", https://destatis.de/DE/ZahlenFakten/GesellschaftStaat/EinkommenKonsumLebensbedingungen/LebensbedingungenArmutsgefaehrdung/Tabellen/EUArmutschwelleGefaeherdung_SILC.html (accessed 18 Sep 2014).

or even noticeably more expensive than in Germany. These relatively high costs are responsible for Brazilian households having a lower standard of living.



Confronted with stereotypes: Most of the people living in favelas belong to the middle class. Their neighbourhoods are being unjustly associated only with chaos, drugs and violence. | Source: alobos Life, flickr ©📷📷📷.

A survey conducted by the Data Popular Institute in 63 favelas showed that 65 per cent of the residents could be categorised as middle class. Back in 2003, the proportion was still just over a third.³ Although some 75 per cent of the middle class own their own home according to the SAE, some basic infrastructure elements such as sewage management and a reliable electricity supply are still inadequate, and at present some 1.4 per cent of households have no toilet of their own.⁴ As they have only a very limited proportion of their disposable income available for private insurance, healthcare or schools, members of the middle class rely on public infrastructure in these respects. This is, however, in a precarious state, which prevents the middle class from consolidating its gains. Life risks such as

3 | Cf. Lilian Quaino, "Classe média na favela sobe de 33% para 65% em 10 anos, diz pesquisa", *G1*, 4 Nov 2013, <http://g1.globo.com/economia/noticia/2013/11/classe-media-na-favela-sobe-de-33-para-65-em-10-anos-diz-pesquisa.html> (accessed 8 Sep 2014).

4 | Cf. Adriano Senkevics, "A 'nova classe média' e o florescimento de escolas particulares", *Ensaios de Gênero*, 27 Oct 2013, <http://ensaiosdegenero.wordpress.com/2013/10/27/2283> (accessed 18 Sep 2014).

illness can quickly lead people back into poverty, while the public education system sets limits to social mobility.

THE EMERGENCE OF THE NEW MIDDLE CLASS

The fact that more Brazilians have risen into the middle class is due to a variety of factors. For one, the country has enjoyed GDP growth rates exceeding five per cent during most of the past decade, generating new private and public assets. This gave the government scope for redistribution programs, such as those set up by Fernando Henrique Cardoso and his Partido da Social Democracia Brasileira (Brazilian Social Democratic Party, PSDB) at the turn of the millennium. His successor Luiz Inácio Lula da Silva from the Workers' Party (Partido dos Trabalhadores, PT) restructured these programs and expanded them from 2002 onwards.

They included the transfer program Bolsa Família.⁵ This program had a strong impact and has already been replicated in other countries of Latin America and Africa. It involves monthly payments to families with a per capita income of less than 20 euros, who receive a certain amount per child up to a total of approximately 100 euros. These benefits are subject to certain conditions, such as regular school attendance by the children. Bolsa Família had reached 6.6 million households in 2004 and 14 million ten years later (and therefore 25 per cent of the population). The costs, which equate to a little over one per cent of public expenditure, are, in fact, relatively low, but have an enormous impact on fighting poverty in the lowest income classes. The program has recently been incorporated into a larger social program, Brasil Sem Miséria ("Brazil without Destitution").⁶

5 | Cf. Karina Kriegesmann, "Das brasilianische Transferprogramm Bolsa Família – Ein wegbereitendes Vorbild für mehr Chancengerechtigkeit in Lateinamerikas Bildungssystemen?", 8 Dec 2011, <http://kas.de/sopla/de/publications/29669> (accessed 18 Sep 2014).

6 | Cf. Jens Arnold and João Jalles, "Dividing the Pie in Brazil: Income Distribution, Social Policies and the New Middle Class", OECD Economics Department Working Papers, No. 1105, 2014, 12, <http://dx.doi.org/10.1787/5jzb6w1rt99p-en> (accessed 18 Sep 2014).

Bolsa Família is a step in the right direction. But if there is no investment in human capital, the program cannot contribute to sustainable development.

Inequality in income distribution, as measured by the Gini Index, has decreased in Brazil over recent years, reaching a minimum of 0.519 in 2012.⁷ The state program Bolsa Família supports people with very limited opportunities in the regular labour market: older unskilled people or those living in areas that are hardly integrated into the economy such as the Amazon region. The program guarantees them at least a minimum standard and access to some, albeit very modest, financial means. The problem remains, however, that there is a tendency to include an ever larger number of people without simultaneously improving the conditions that would encourage them to leave the program. Bolsa Família is a step in the right direction. But if there is no investment in human capital, it cannot contribute to sustainable development. Efforts to take the next step, namely to empower to stand on their own feet, have so far been too hesitant. According to the Ministry for Social Development, only 1.69 million families left the program by 2013. To date, the government has no data to determine whether the families managed the step out of the program due to higher incomes or came off the benefits because they no longer met the criteria.⁸

Labour market reforms have been another influencing factor for the improved income distribution and the associated growth of the middle class. Since 2009, the Micro Empreendedor Individual program, for instance, has reduced the red tape involved in micro entrepreneurs registering their businesses with the authorities. In addition, it led to reduced social security contributions. Thanks to measures such as these, the informal labour market, which employs 32.2 per cent of the working population (as at January 2014), has shrunk. This figure represents a new minimum for Brazil.⁹ At 5.4 per cent, unemployment has also dropped to a record low. The relatively low

7 | Cf. Central Intelligence Agency, "Brazil", World Factbook, <http://www.cia.gov/library/publications/the-world-factbook/geos/br.html> (accessed 18 Sep 2014).

8 | Cf. Demétrio Weber, "Bolsa Família: mais de 1,6 milhão de casas abriram mão do benefício", *O Globo*, 7 May 2013, <http://oglobo.globo.com/brasil/b-8312947> (accessed 18 Sep 2014).

9 | Cf. Instituto de Pesquisa Econômica Aplicada (Ipea), "Boletim do Mercado de Trabalho".

current minimum wage of some 250 euros per month has increased in real terms over recent years, which means that low earners in particular have seen their income rise at an above-average rate. Over half of the growth in income since 2001 – both for the poorest and those in the middle class – can be traced back not to state benefits but rather to increased income from work.¹⁰

Over half of the growth in income since 2001 – both for the poorest and those in the middle class – can be traced back not to state benefits but to income from work.

THE EDUCATIONAL BASIS OF THE MIDDLE CLASS

According to Celia Kestenetzky and Christiane Uchôa from Fluminense Federal University, every tenth head of the family among the middle class was still illiterate in 2013.¹¹ Overall, only some 59 per cent of the members of the middle class had managed to complete their primary education by 2012. Having said that, the value placed on education has been rising among the population. In a survey by the Data Popular Institute, the majority of the respondents stated that education was the best way for their children to improve their lives and that the quality of state schools did not fulfil their expectations.¹² In many cases, state schools are hardly able to provide the pupils with the education that will enable them to compete for jobs with applicants from the upper class or to succeed in the challenging entrance examinations for the state universities. The only alternative for those who can afford it is to send their children to private schools. However, the increasing popularity of private schools is not only based on a desire for educational excellence. Other reasons include higher safety standards at the institutions and a benevolent social environment. State schools have the reputation of encouraging drug use and the vicinity to criminal gangs from the favelas.¹³ Consequently, a decision in favour of a private school also has to do with values and the learning of rules and norms.

10 | Cf. Secretaria de Assuntos Estratégicos, “Determinantes da Produtividade do Trabalho para a Estratégia de Sustentabilidade e Promoção da Classe Média”, <http://slidesha.re/1BBgH1a> (accessed 18 Sep 2014).

11 | Cf. Senkevics, n. 4.

12 | Cf. Lígia Sanchez, “A escalada da classe C”, *Revista Educação*, Sep 2011, <http://revistaeducacao.uol.com.br/textos/173/a-escalada-da-classe-c-235011-1.asp> (accessed 18 Sep 2014).

13 | Cf. Senkevics, n. 4.



Key to a better life: Public schools in Brazil are preparing their students insufficiently for a professional career. Because of that private educational institutions expand their market share. | Source: Andrés Monroy-Hernández, flickr ©①①.

The market for private education services is experiencing strong growth. 14 per cent of middle-class children were already attending private schools in 2012.¹⁴ However, these are mostly establishments in peripheral areas. Parents can expect to pay school fees of between 50 and 150 euros a month, while prestigious private schools ask for up to 1,000 euros a month. The quality of the school system can be assessed on the basis of some figures. State funds for education are distributed unequally between the different education sectors. The discrepancy is particularly obvious when looking at the expenditures for primary school students and university students. The state spends approximately 1,315 euros per primary school student, while paying some 6,380 euros per university student.

In addition to the low funding for schools and universities, there are deficits in terms of quality. The country frequently comes towards the bottom in international rankings. Even among the emerging economies, only four Brazilian universities made it into the top one hundred.¹⁵ Some signs of modest progress in the primary sector emerged from the latest PISA test results. From a total of 65 participating

14 | Ibid.

15 | In this ranking, Brazilian universities came 11th, 24th, 60th and 87th. Cf. *Times Higher Education BRICS & Emerging Economies Rankings 2014*, <http://timeshighereducation.co.uk/world-university-rankings/2014/brics-and-emerging-economies> (accessed 18 Sep 2014).

countries, Brazil came 58th in maths, for instance.¹⁶ Primary school attendance figures have also shown a positive development. The proportion of 15-year-olds attending school increased from 65 to 78 per cent between 2003 and 2012. In addition, 88 per cent of children obtained the certificate of primary education in 2012, an increase of ten per cent compared to 2002. Teacher training has also improved. While only 68 per cent had a degree in 2007, this figure rose to 78 within five years.¹⁷ However, these success stories cannot compensate for deficits that still persist in other areas.

The national education plan envisages investments in the education sector to equate to ten per cent of national GDP by 2020. With this goal in mind, the government intends the profits made from the recently discovered *pré-sal* oil reserves off the coast of Brazil to benefit the education sector by 75 per cent and the healthcare sector by 25 per cent. With this announcement, the government responded directly to the protests that saw millions of people take it to the streets in June 2013. The country is still far away from attaining these objectives. Profits from the oil exploitation are not expected for the next 15 years, and there is also uncertainty about the precise extent of the reserves.

Public investments in the education sector include teachers' salaries and pensions. This means that greater public expenditure will not necessarily directly benefit the education

Only when the schools can offer a qualification that will give school graduates the right skills more funds will actually achieve more.

of middle-class children. Ultimately, an education reform will not only need additional funding, but must also take into consideration the pupils' needs. Only when the schools can offer a qualification that will give school graduates the right skills for the job market or for going to university more funds will actually achieve more. Particularly people from the poorer classes have to rely on access to good public institutions in order to emulate the progress made by the new middle class. For the members of that class,

16 | Cf. OECD, "PISA Brazil (2012)", <http://www.oecd.org/brazil/PISA-2012-results-brazil.pdf> (accessed 18 Sep 2014).

17 | Cf. João Luiz Alves Rizzo, *Elaboração de plano de negócio de uma empresa de Educação Online*, Universidade Federal do Rio de Janeiro (UFRJ), Escola Politécnica, Rio de Janeiro, Aug 2014, 18, <http://monografias.poli.ufrj.br/monografias/monopoli10012324.pdf> (accessed 27 Oct 2014).

the educational opportunities of their children will decide whether the next generation will be able to maintain the progress their parents have made and build on it. But the gap between the haves and have-nots among the population is still deepening and prolonging the existence of parallel worlds, with very little or no understanding between the two. Social mobility also remains poor, restricting the chances of Brazil's economy to improve its competitiveness.

INADEQUATE SOCIAL SAFETY NET

The public healthcare system presents a similar picture. The health insurance system is not funded by employees and employers on a shared basis, but based loosely on the British model. Consequently, all citizens are entitled to healthcare in public hospitals. But as access to the services is not regulated, the scarce resources have to be limited by the supply. That is one of the reasons for the poor equipment of many hospitals and the shortage of medical personnel. Waiting times frequently extend to months, even for life-saving operations. The accident and emergency departments are frequently so overburdened that they cannot even provide care to people with serious problems.

An investigation by the Brazilian Federal Court of Accounts found that in nearly 80 per cent of the 119 examined hospitals the stated gross hospital bed capacity could not be fully utilised, as there was a shortage of doctors, medication and technical equipment. According to the Organisation of Economic Co-Operation and Development (OECD), Brazil currently has an average of 2.4 beds per thousand inhabitants (the OECD average is 4.9 beds, 2011).¹⁸ Due to the precarious state of the public health insurance system as well as the increasing number of people in the new middle class, the private insurance market has expanded. Numerous providers offer low-cost basic insurance schemes with limited services or access restricted to private institutions with lower standards than the private hospitals reserved for the upper class. According to the SAE, just under a fifth of the middle class have taken out private health insurance to date.

18 | Cf. OECD, "Hospital beds", *Health at a Glance 2013: OECD Indicators*, http://dx.doi.org/10.1787/health_glance-2013-34-en (accessed 18 Sep 2014).

Besides additional costs for the lower and middle class through the dual funding of healthcare services with public and private funds, there are further problems. The social security system exposes employees and their families to a high level of vulnerability. Insufficient protection against life risks such as unemployment and illness entail the danger of losing the lifestyle they have acquired and falling back into poverty. Should the economic situation deteriorate with negative consequences for the labour market, economic development would be in jeopardy. Even Bolsa Família, which is aimed exclusively at families with children, or the unemployment benefit, which is limited to six months, can only protect against the risks to a limited extent. Without a coherent social safety net, this new middle class will remain vulnerable.¹⁹

The social security system exposes employees to a high level of vulnerability. Insufficient protection against life risks and illness entail the danger of falling back into poverty.

THE MIDDLE CLASS AND THE MARKET

With 108 million people, Brazil's rising middle class plays a key role in the country's economic development as a new consumer group. According to forecasts by the Federation for Trade, Services and Tourism of the federal state of São Paulo (Fecomercio-SP), it will account for 40 per cent of the growth in economic output by 2020.²⁰ Last year, its spending amounted to 330 billion euros. For 2014, domestic and international travel as well as consumer goods such as domestic appliances, furniture, laptops, mobile phones and televisions were at the top of people's list of planned expenditure.²¹ However, studies indicate that the members of the middle class spend up to 15 per cent more than they earn.²² Part of their consumption is therefore financed by

19 | Cf. Shawn Donnan, Ben Bland and John Burn-Murdoch, "A slippery ladder: 2.8bn people on the brink", *Financial Times*, 13 Apr 2014, <http://ft.com/intl/cms/s/2/e8f40868-c093-11e3-a74d-00144feabdc0.html> (accessed 18 Sep 2014).

20 | Cf. Agência Estado, "Classe C vai sustentar um aumento de 40% do PIB até 2020", *Veja*, 29 Feb 2012, <http://veja.abril.com.br/noticia/economia/classe-c-vai-sustentar-um-aumento-de-40-do-pib-ate-2020> (accessed 18 Sep 2014).

21 | Cf. Serasa Experian, "Dados inéditos da Serasa Experian e Data Popular revelam faces da classe média, que movimentou 58% do crédito e injetou R\$ 1 trilhão na economia", *Últimas Notícias*, 18 Feb 2014, <http://noticias.serasaexperian.com.br/dados> (accessed 18 Sep 2014).

22 | Cf. Joyce Carla, "Estimulada por 'impulso', classe média gasta 15% a mais do que ganha", *R7 Notícias*, 22 Mar 2014, ▶

credit. In 2013, 58 per cent of loans went to members of the middle class. This means it is unlikely that the current sluggish economic growth, which could turn into a moderate recession this year, i.e. 2014, can be reenergised by stimulating the domestic market.



Shortsighted politics: President Dilma Rousseff, here shown campaigning at Osasco, applied short-term policies in order to boost the economy. Programs to support the initiative of the people are lacking. | Source: Mayara Ferreira, flickr @📷📷.

Last year, the Central Bank attempted to provide a boost to the economy by lowering the base rate. In the end, however, it had to yield to rising inflationary pressure, putting the base rate back up to a two-digit figure. In the meantime, President Dilma Rousseff's government maintains programs to boost the economy through special tax concessions for household appliances amongst other things. This measure was originally introduced to combat the latest economic crisis and has not been revised since. There are voices within the government that are now openly questioning the sustainability of this policy, particularly considering the increasing indebtedness of middle-class households. Finance Minister Guido Mantega therefore announced a paradigm shift away from the existing consumption model and towards growth through investment. This will be aimed first and foremost at the country's dilapidated

infrastructure. Numerous major projects for improving airports, roads and ports or for building new sections of railway track have, however, become mired at the planning stage or are only making slow progress. Similarly, more substantial reforms of the economic framework are slow to materialise.

Another problem is productivity. With labour legislation that has been in place since 1943, Brazil has an extremely strongly regulated labour market, which means that making employees redundant, for instance, is more expensive than in most other countries around the world. The currently still relatively positive employment figures should not detract from the fact that the economic outlook for 2014 veers between forecasts of growth of one per cent and fears of a recession. Low unemployment can therefore not be explained by the economic performance alone, but also has to do with demographic factors and the fact that more young people are staying on at school. Last year, productivity in Brazil decreased for the third year in a row, as evidenced by a study by McKinsey. A Brazilian worker's output equals some five U.S. dollars per hour, while a U.S. worker generates seven times that amount. One can therefore assume that GDP growth could have been double the actual amount if productivity had at least remained constant.²³

DISSATISFACTION AND POTENTIAL FOR PROTEST

Last year, massive protests around the country caused major commotion. Millions of Brazilians called for an end to corruption, better public services in education, healthcare and public transport as well as for better protection of minorities. The protests originated in São Paulo, where several thousand residents protested against increases in local bus fares by some seven euro cents. Excessive force used by the police against the demonstrators and journalists further enraged people, who responded with the slogan "Now more than ever!" The pro-

In the summer of 2013, the protests against corruption and for better public services soon spread through the entire country. However, they did not originate in the new middle class to any large extent.

23 | Cf. Estadão Conteúdo, "Produtividade baixa impede que o Brasil cresça mais", *Veja*, 10 Mar 2014, <http://veja.abril.com.br/noticia/economia/produtividade-baixa-impede-que-brasil-cresca-mais> (accessed 18 Sep 2014).

tests soon spread through the entire country. However, they did not originate in the new middle class to any large extent. The daily newspaper *Folha de São Paulo* reported that 77 per cent of people demonstrating in São Paulo in 2013 were students or graduates.²⁴ But these are still predominantly members of the upper class or the traditional rather than the new middle class. According to the official SAE classification, many people participating in the demonstrations therefore counted among the upper class, whose living standards are more comparable to those of the Germany middle class. The assumption that the broadening of the middle class would inevitably lead to greater democracy and demands for more political participation have therefore proved to be illusory for the time being.²⁵

The new middle class itself did not enter the fray until several months after the first demonstrations. Thousands of young people arranged gatherings referred to as *rolezinhos* in the large shopping centers of São Paulo via twitter and facebook. Originally not planned as expressions of protest, these were more about the youngsters wanting to meet up in public places that are more prestigious and modern than the favelas. The mass gatherings of young people – recognisable as favela residents from their clothes and skin colour – caused panic reactions in the shopping centers, normally frequented mainly by members of the upper class. The public was therefore all the more surprised to find that none of the gatherings had led to any violent incidents.

24 | Cf. "Em protesto de SP, maioria não tem partido, diz Datafolha", *Folha de S. Paulo*, 18 Jun 2014, <http://www1.folha.uol.com.br/cotidiano/2013/06/1296886-em-protesto-de-sp-maioria-nao-tem-partido-diz-datafolha.shtml> (accessed 18 Sep 2014).

25 | This was also confirmed by a survey conducted by the SAE, which showed that half of 2,000 middle class respondents agreed with the statement: "I prefer an efficient dictatorship to an inefficient democracy". Quoted (in translation) from Lisandra Paraguasso, "Classe média prefere eficiência a democracia", *Estadão*, 13 Nov 2012, <http://politica.estadao.com.br/noticias/eleicoes,classe-media-prefere-eficiencia-a-democracia-imp-,959573> (accessed 8 Sep 2014).



Atmosphere of change? Brazil's new middle class hardly participated in the nationwide demonstrations in 2013. Later on, once the potential to protest was understood, the youth gathered in peaceful meetings in front of shopping malls, mostly frequented by the upper class. | Source: Adriano Makoto Suzuki, flickr ©📷

These occurrences revealed the essence of one of the problems of Brazilian society. The upper class, constantly worried about their property and personal safety, is living in a relatively secluded world, where contact with the new middle class is restricted to dealings with domestic help or other staff. Hardly anybody who does not live in a favela has ever set foot in such a neighbourhood. There is a great lack of knowledge about the way the other classes live among the members of the upper class. They associate the favelas, two-thirds of whose residents are in fact ranked as middle class, with chaos, noise, drugs and violence. Anybody living there is quickly written off as a social parasite, a criminal or as someone who does nothing to try and improve himself or herself. Most of the favela residents do not match such stereotypes. But these will survive as long as these neighbourhoods remain a refuge for those who represent an acute danger to public safety.

Ultimately, the *rolezinhos* upset the status quo in the relationship between the upper class and the new middle class. The latter gained access to spaces previously reserved to the upper class, after there had never been any significant contact between the two. Renato Mereilles, head of the research institute Data Popular, which specialises in surveys of the new middle class, has noticed a feeling of unease among the traditional upper class in view of the

rise of the others. The well-heeled frequently respond with complaints when faced with the loss of privileges and exclusivity – expressed by status symbols such as smartphones.²⁶

The Impact of the World Cup

The growth of the middle class, most of whose members live in the cities, is first and foremost an urban phenomenon. Consequently, that is where the demand for improved infrastructure and higher-quality public institutions originates. When the Soccer World Cup was awarded to Brazil, this offered an opportunity to reinforce existing demands through pressure to implement long overdue infrastructure investments in new airports and new subway lines, for instance. There was therefore initially a feeling of euphoria in Brazil as it began to make preparations for the major sporting event. But this did not last long. By the time of last year's unrest at the latest, there were repeated occasions when smaller opposition movements formed in different parts of the country. These were directed not so much against holding the event, but more against the manner of implementation. After numerous delays, the state took over investments in stadia, which were originally to be financed privately, because of the urgency of the matter.

The Soccer World Cup offered an opportunity to reinforce existing demands through pressure to implement long overdue infrastructure investments.

The wildly escalating costs of constructing the sports venues were another aspect that fuelled dissatisfaction even further. People soon made comparisons with the expenditures for urgently required hospitals and schools. Although the construction of a hospital will not be of great benefit unless the state realises a sustainable healthcare policy, these were obvious comparisons for the neglected new middle class to make. Nevertheless, it became apparent that it was mainly students who formed the core of the demonstrators rather than members of the middle class, which appears to become even less inclined to organise and mobilise to defend its demands.

26 | Cf. Bárbara Ladeia, "Ricos perdem exclusividade e reclamam da classe emergente", *iG*, 16 Sep 2013, <http://economia.ig.com.br/2013-09-16/ricos-perdem-exclusividade-e-reclamam-da-classe-emergente.html> (accessed 18 Sep 2014).



Big sports events contra social security: Mainly students participated in the social protests of 2013. They voiced their disapproval of investments in sports facilities, when schools and hospitals are also needed. | Source: © Kathrin Zeller, KAS Brasilien.

Political Participation by the New Middle Class

While the new middle class is discovering previously unknown opportunities to acquire material possessions, it is hardly represented at all in the political sphere. Apart from a few exceptions, Congress Deputies come from the traditional elites. A very small number from poorer parts of the country, such as the former TV clown Tiririca, have made it into Congress so far. He gained support on the one hand due to his popularity as a clown and statements such as "Do you actually know what a Deputy does? Me neither. Elect me and I shall find out". On the other hand, he attracted a great deal of sympathy from like-minded people as a poor internal migrant from the Northeast. The promising presidential candidate Marina Silva also looks back on a childhood in poverty, not becoming literate until she was in her teens. Nor should one forget former President Lula da Silva, who in his time had won votes by reminding people of his working class roots and ultimately won the election as someone who was considered to represent "ordinary people". What ensured Lula's success were not just his origins, but also his years of experience as a politician. As a former trade union leader, he already had significant influence over politically significant groups. Lula was also known as a masterful negotiator, who managed to forge majorities within the traditional leadership elite.

Current President Rousseff comes from the left-liberal middle-class milieu, but she continues to take care in her language and choice of words to appeal to the sections of the population that brought her into office. These include specifically the populations of the poor North and Northeast, where she still enjoys the greatest support.

Support for Rousseff decreases both with rising income and with increasing level of academic qualification. Less than a quarter among university graduates vote for the President.

One cannot fail to put the disproportionately high number of votes for her down to the Bolsa Família social program. Support for Rousseff decreases both with rising income and with increasing level of academic qualification. 44 per cent of people leaving school at the end of primary education vote for the President, while it was less than a quarter among graduates.²⁷ Political figures from the North and the Northeast therefore still have a major impact on the politics conducted in Brasília. Small family empires, such as those of the Sarneys and Barbalhos, who determine economic and media activities via regional agricultural or industrial businesses as well as newspapers and TV channels, can have a major impact on elections. Anybody who fails to enter alliances with the Governors and Senators in those regions will soon see themselves relegated to the sidelines of political life.

NEW CHURCHES FOR A NEW MIDDLE CLASS

Unlike the situation in Brazilian politics, the middle class does have a presence in the Churches. Brazil has the largest Catholic population of any country worldwide. At the same time, the number of people among the 200 million strong Brazilian population who claim allegiance to the Roman Catholic Church is falling. In the 1970s, far in excess of 90 per cent of the people were Catholic; today, it is only 64.6 per cent. And this appears to be an ongoing trend. This development is alarming for the Catholic Church as an institution, as it produces a vacuum that the Evangelical Free Churches are increasingly filling. Members of the new middle class in particular find a spiritual home in the "New Churches" of Evangelicalism. While the Free

27 | Cf. Clara Velasco, "PSTU é o partido com a maior proporção de mulheres entre os candidatos", *G1*, 7 Sep 2014, <http://g1.globo.com/politica/eleicoes/2014/blog/eleicao-em-numeros/post/pstu-e-o-partido-com-maior-proporcao-de-mulheres-entre-os-candidatos.html> (accessed 18 Sep 2014).

Churches attracted just under five per cent of the Brazilian population in the 1970s, it is more than a fifth today.²⁸

There are various reasons for this: urbanisation and the associated breakup of the classic Catholic rural milieu, scandals within the Catholic Church in Brazil and around the world, a general shortage of priests, as well as a lack of involvement of the Catholic Church in the favelas. Experts also explain that unlike the Evangelical Churches, the Catholic Church is rather more passive in its approach. Holding regular services on the squares and in the assembly halls of the favelas, the raising of expectations of miracles and a resurgence of the sale of indulgences promise fast solutions to everyday problems. The Pentecostal Churches have a strong appeal for the people living on the fringes of urban centers (such as the northern zone of Rio de Janeiro and the neighbouring highly populated region of Baixada Fluminense with seven cities and a total of three million inhabitants). Close to two-thirds of the members of the Pentecostal Churches earn no more than the minimum wage, the illiteracy rate among them is higher than the national average, and 42 per cent left school without any qualifications.²⁹

The Pentecostal Churches have a strong appeal for the people living on the fringes of urban centers.

This is where a new political force could originate. The Evangelical Churches are very well funded, and they have used their financial clout in recent election campaigns. Although their leaders themselves are not middle class but tend to form part of the country's wealthy elite, the Pentecostal Churches attract representatives from the middle class – and thereby political capital – in enormous numbers. One important advocate and institution embodying evangelical ideas and values is the Social-Christian Party (Partido Social Cristão, PSC).³⁰ One of its most prominent representatives is Deputy Marco Feliciano from São Paulo. He is the pastor of the largest Pentecostal Church Assembleia de Deus (Assemblies of God), which originated in

28 | Censo Demográfico, IBGE, 2010.

29 | Cf. Senkevics, n. 4.

30 | In the Brazilian context, the term "Christian" is generally associated with "Evangelical". It specifically does not stand for the understanding of "Christian" covering both Catholic and Protestant values, as the CDU and CSU parties in Germany see it.

the U.S. federal state of Missouri and whose congregation numbers close to ten million in Brazil. The PSC gained 3.2 per cent of all votes in the 2010 parliamentary elections, making it the eleventh largest force in Brazil's strongly fragmented political system. In 2013, Marco Feliciano was appointed chairman of the parliamentary Commission for Human Rights and Minorities.³¹ Its agenda includes social change, some aspects of which are also being hotly debated within the middle section of society. Feliciano's partly fundamentalist Christian demands have produced controversy, in particular with respect to two specific issues. The PSC is strictly against abortion and defends this stance with quotes from the Bible. Feliciano's radical statements about women, namely that their duty was first and foremost to be a mother, and that equal rights for both genders would cause family breakup, not only caused an outcry from women's rights activists but also among the media generally.³²

Feliciano caused another wave of outrage when he prompted the human rights commission to propose a bill that would permit psychologists to treat homosexuality as a disease. Although the bill was dropped after protests, it is remarkable that such opinions should be voiced by the human rights commission of a state that considers itself liberal-democratic with a "strong democracy".³³ Feliciano took this initiative in order to counter the decision by the National Council of Justice (Conselho Nacional de Justiça) to legalise same-sex marriage in 2013. Another noteworthy aspect is the level of support among the new middle class for calls by the representatives of the Free Churches to retain structures based on conservative values. Thanks to their presence in the favelas, the Evangelical Churches do, however, provide a counteracting force in a socio-polit-

31 | This is remarkable as his political stances on social issues differ greatly from those of the Socialist Workers' Party of President Rousseff. His appointment is a sign of the pragmatism of Brazilian politics. Because the government sought a majority in other policy areas, and the PSC offered its support, it was the turn of the PT to allow the PSC to acquire a post that has a high impact on the media and can influence public opinion.

32 | Cf. "Marco Feliciano diz que direitos das mulheres atingem a família", *O Globo*, 20 Mar 2013, <http://oglobo.globo.com/pais/m-7889259> (accessed 18 Sep 2014).

33 | Antônio Sampaio, "Brazil's Angry Middle Class", *Survival*, Vol. 56, No. 4, 107-118.

ical environment that confronts its residents with violence and drugs on a daily basis. In these neighbourhoods, the churches occasionally assume the role of spiritual leaders of communities that feel abandoned by the state and by society. Furthermore, their institutions replace the frequently fractured social structures of the internal migrants and provide a new, allegedly stable environment.



Congressman Marco Feliciano is pastor of the largest evangelical church in Brazil. His partly fundamentalist Christian demands have more than once caused public outrage. | Source: Jose Cruz, Agência Brasil ©.

Due to the tragic death of Eduardo Campos, a Brazilian presidential candidate and former Governor of the north-eastern federal state of Pernambuco, in an air crash, his running mate Marina Silva is contesting the elections, which she also did four years ago. She has an unusual CV, having worked her way up from being a simple rubber tapper from the Amazon to become Minister of the Environment under Lula's presidency. To everybody's surprise, she gained almost a fifth of all votes in 2010. Since her nomination by the PSB, her approval rating has gone up sharply. While she is an ecological activist, who has campaigned for the Amazonian ecosystem and gained widespread respect for her efforts, Marina Silva has also been a member of the Assembleia de Deus since 2004. She would have been Brazil's first pentecostal president. This would have been a turning point in the political history of the

country, hence demonstrating the growing range of these movements into top political offices. Up to now, Brazilian Presidents have always had links to the Catholic Church – to varying degrees. The fact that its influence is dwindling may now make itself felt at the very highest level.



Rise from poverty: Marina Silva, here at campaigning event, was considered to be a promising candidate for the presidential elections on 5 October. | Source: Jose Cruz, Agência Brasil ©.

Will Marina Silva's membership of the Assemblies of God take her all the way to the presidency? This would be overstating it. But the influence of the Evangelical movement³⁴ – and therefore large parts of the Brazilian middle class – is ubiquitous. The votes of the Evangelical supporters are needed. It is not the case, though, that Silva automatically enjoys majority support among Evangelical voters. The Evangelical movement is very diverse; there are innumerable churches, producing a widely varied and colourful mosaic of different strands. Nevertheless, Silva is believed to share most of the conservative values of the Pentecostal churchgoers in terms of social structures. In

34 | At the end of July 2014, the *Igreja Universal do Reino de Deus* ("Universal Church of the Kingdom of God", IURD) – with an estimated three to six million members the second largest Evangelical Church after the Assemblies of God – dedicated the Temple of Solomon in São Paulo, a palatial and splendid house of God, in an event that was attended not only by regional political dignitaries but also national ones – including none less than President Dilma Rousseff herself.

this context, it is particularly the ethical issue of abortion that is under discussion.³⁵ As she is in favour of referenda on this issue as well as on other socio-political issues, she cannot automatically count on the sympathy of traditional Evangelicals in particular.

OUTLOOK

Marcelo Neri summarised Brazil's development with respect to its rising middle class by stating that Brazil has provided its poor access to the market over recent years.

In his opinion, the country now also has to provide the market with access to the poor.

The lynchpin of sustainable middle-class growth has to be the labour market. Because that is where the opportunities lie for mem-

bers of this class to earn the part of their income that will make a difference. Massive improvements to the education system are absolutely essential. And this applies not only to primary education; opportunities for secondary and higher education are also required for Brazil to fulfil its role of an emerging economy and withstand the competition from other countries in this category. The existing model based on domestic consumption and raw material exports appears to have reached its limits already. To secure the gains made by the new middle class, major structural efforts will be required to improve productivity among other things.

The lynchpin of sustainable middle-class growth has to be the labour market. Massive improvements to the education system are absolutely essential.

Investment in education is also required to strengthen democracy. A politically mature citizenry can further strengthen the important concept of social coherence and solidarity across the classes as a basis for living together in peace. Efforts should be made to encourage the new middle class to articulate its needs constructively and take on some responsibility for shaping society. That is the only way to ensure that this new majority of the Brazilian population can become a mainstay in supporting not only economic development but social development as well.

35 | Cf. Raphael Di Cunto, "Pauta polêmica pode levar Marina a perder apoio de evangélicos", *Valor*, 30 Aug 2014, <http://valor.com.br/eleicoes2014/3674516> (accessed 18 Sep 2014).

In the 1990s, the government of Fernando Henrique Cardoso had laid the groundwork by stabilising the basic economic conditions. The governments of the Workers' Party under Lula da Silva and the incumbent Dilma Rousseff also achieved some progress, particularly where the social and economic inclusion of the new middle class is concerned. It is now up to the next government to create the right conditions for the next phase of development. Besides better educational opportunities and protection against life risks through a more efficient social security system, these also include a strengthening of competitiveness. Only by their combined impact will these measures help the new middle class to consolidate its economic position and find a political voice.

BLACK PROFESSIONALS AND THE ANC IN THE 2014 ELECTION

LOOSENING TIES?

Amuzweni Ngoma

The growing black middle class¹ of South Africa has increasingly become the subject of interest for political parties. Noticeably, more political parties campaigned for votes from that sector in society in the 2014 Parliamentary elections.² Interestingly, the calm was disrupted with the ruling African National Congress (ANC) adamantly viewing the black middle class as the product of their own success and consequently as loyal voters. In light of this recent development the black middle class gains further political significance.

Black middle class support for the ANC had been strong since 1994, and had increased over the years.³ However, prior to the 2014 general elections, there was reason to suppose that black middle class support for the ANC had begun to decline, and that this would prove a significant factor at the polls. To give one example, the ANC Gauteng leadership reportedly expected a fracturing of its support in the province, one that it ascribed to loss of support from the black middle class.⁴ In the event, in the race for the



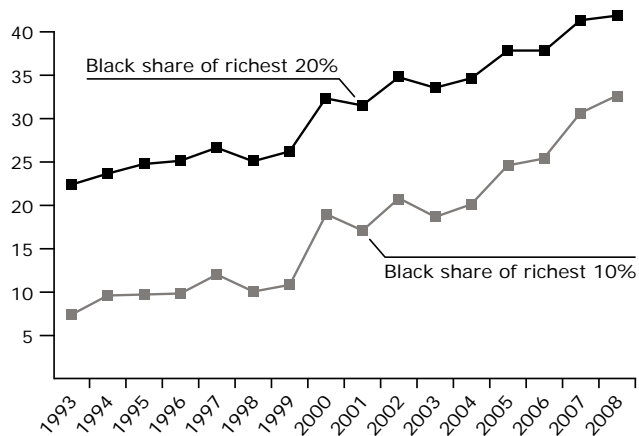
Amuzweni Ngoma is pursuing a Master's degree in sociology at the University of the Witwatersrand in Johannesburg.

- 1 | Black refers to the African population group.
- 2 | The South African elections 2014 see also: Holger Dix, "20 Years of Democracy and the Fifth Parliamentary Elections in South Africa", *KAS International Reports*, 6/2014, 73, <http://kas.de/wf/en/33.38101> (accessed 23 Sep 2014); Collette Schulz-Herzenberg and Roger Southall (eds.), *Election 2014 South Africa. The Campaigns, Results and Future Perspectives*, Auckland Park, Jacan Media, Konrad-Adenauer-Stiftung, 2014.
- 3 | Cf. Collette Schulz-Herzenberg, *Towards a silent revolution? South African voters during the first years of democracy 1994-2006*, Dissertation, University of Cape Town, 2009, 139.
- 4 | Cf. "ANC's 45% Poll Panic", *City Press*, 9 Mar 2014, <http://citypress.co.za/politics/anc-fears-will-get-45-votes-gauteng> (accessed 22 Sep 2014).

provincial legislature, the ANC won 54 per cent of votes in Gauteng, a decrease of nearly ten per cent from its performance in 2009. Furthermore, results indicated that, with the exception of Buffalo City, support for the party in all the country's metropolitan areas and cities had dropped significantly. Malusi Gigaba, the head of elections for the ANC, stated that the party would review the voting patterns of the white community and black middle class, in order to better understand its election performance.⁵

Fig. 1

Black share of the South African upper class



Source: Own illustration modified from "Household Income and Expenditure Patterns in South Africa, 2011", The Bureau of Market Research (BMR) of the University of South Africa (UNISA), 2, <http://unisa.ac.za/contents/faculties/ems/docs/Press429.pdf> (accessed 2 Oct 2014) with data from the All Media and Products Study (AMPS).

Therefore, various accounts of this apparent decline in support by the black middle class for the ANC shall be evaluated. As research foundation for this article, the author draws upon diverse sources to map black professionals' political leanings in the 2014 election. In particular, interviews were conducted mainly with chartered accountants, lawyers, doctors and economists in state departments and corporate sector organisations in the Gauteng and Limpopo provinces. The author also relies on three focus groups, a

5 | Cf. "ANC to look at voter patterns among whites", *News24*, 12 May 2014, <http://news24.com/elections/news/anc-to-look-at-voter-patterns-among-whites-20140511> (accessed 24 Mar 2014).

total of 52 people interviewed, with state managers, entrepreneurs and corporate professionals in Johannesburg and East London in July 2013 and in Cape Town in September 2013. Last but not least, the analysis also includes references to political debates in the (social) media.⁶

Table 1

Comparison of middle class between 1993 and 2012

	1993	2012
Total (in figures)	3,562,874	7,243,596
Share of population (in per cent)	8.19	13.86
Blacks (in figures)	340,874	2,991,143
Share of black population (in per cent)	10.73	41.29
Rural population (in per cent)	9.04	10.63
Average per capita household income (in rand)	4,530	5,523
Years of education	11.34	12.38

Source: "The emergent South African middle class", Stellenbosch University, Research on Socio-Economic Policy (ReSEP), 2, http://resep.sun.ac.za/wp-content/uploads/2013/10/The-emergent-SA-middle-class_.pdf (accessed 2 Oct 2014).

Table 2

Distribution of income groups 2011

Group	Income per annum in euros	Share in per cent
Poor	0 – 3,794	9.9
Low emerging middle class	3,795 – 10,606	18.7
Emerging middle class	10,607 – 25,403	22.4
Realised middle class	25,404 – 44,053	17.7
Upper middle class	44,054 – 60,301	10.7
Emerging affluent	60,302 – 92,957	10.5
Affluent	> 92,957	10.1

Source: BMR, Fig. 1.

6 | Although the author is unable to present her data as statistically representative, there is no reason to believe that representatives of the focus groups held views different from the norm for their class.

During apartheid the black middle class was created to serve as a buffer zone between the white population and the liberation movement.

The socio-political significance of the black middle class has long been of scholarly interest. During apartheid's twilight years, the state made a concerted effort to develop, albeit at a managed rate, a Bantustan and township-based black middle class. It hoped to co-opt this class and thereby underpin white minority rule. This black middle class was created to serve as a buffer zone between the white population, white-ruled state and white capital, on the one hand, and the liberation movement, comprising workers, unions and political organisations, on the other. The effort ultimately proved counterproductive, as the emerging black middle class had long been aligned with the ANC as a liberation party that had been created by individuals from within the class. This created an emotional bond between the two that both the party and observers largely took for granted during the early years of South Africa's democracy.

The importance of this connection was reinforced by the results from the first three national elections, which showed a high rate of black middle-class support for the ANC. However, after the 2009 elections there were increasing indications, some offered by the ANC itself, which pointed to a loosening of ties between the class and the party. This was most strongly evidenced by the formation of the Congress of the People (COPE), a party forged largely by disgruntled former president Mbeki's supporters who left the ANC after he had been "invited" by the ruling party to resign from the national presidency in September 2008. In the run-up to the 2009 national elections, many analysts predicted that COPE's support would come from the black middle class. In the event, although COPE secured some seven per cent of the vote, most of this came from the unemployed and working-class population.⁷ Even so, what has become increasingly apparent is that there has been gradual, albeit slow, decrease in support by the black middle class for the ANC. Even if this has only minimal effects on parliamentary representation, it constitutes a significant political and moral challenge to the ANC's claims of inclusivity.

7 | Cf. Susan Booysen, "Congress of the People: Between Foot-hold of Hope and Slippery Slope", in: Roger Southall and John Daniel (eds.), *Zunami! The 2009 South African Elections*, Auckland Park, Jacana, 2009, 85-113.

WHO ARE THE BLACK MIDDLE CLASS?

Racial categorisations have a long and contested history in South Africa. In this study, the “black” middle class is defined as including only black Africans and excludes coloured, Indian and Chinese people; in contrast, the Black Economic Empowerment (BEE) legislation includes all these groups as “blacks”. This chapter focuses on black professionals working in the public and private sectors as a major constituent stratum of the broader black middle class (that is, they belong to what many depict as an upper middle class). They included engineers, doctors, lawyers, architects, accountants, economists and those in financial services: all professionals who hold a strong position in the labour market, enjoy high status and sometimes wield considerable societal power. Many of them enjoy high levels of mobility across industries and countries. Even within South Africa, their ability to achieve economic autonomy from the state affords them considerable levels of personal and political independence. The disaggregation as well as specificity of this study allows it to move away from the treatment of the black middle class as a homogeneous group, and permits depth in the analysis of the degrees, modes, intensity and quality of political values and activities of black professionals.

Black professionals have historically held, and continue to hold, a prestigious and influential position in black society. Arguably, black professionals have greater symbolic importance to South African society and politics now more than ever before, as they represent a visible manifestation of successful democratic transformation. Through their access to information, knowledge, position and resources, the black middle class is in a stronger position to influence important decisions and, perhaps more significantly, to make those decisions, compared with the apartheid black middle class. Most fundamentally, by virtue of proximity, racial credentials and autonomous sources of economic power and prestige, they are also well placed to hold political officers and institutions accountable. This is in contrast to white professionals, whose critiques of the ANC tend not to enjoy as much political legitimacy.

Through their knowledge, position and resources, the black middle class is in a stronger position to influence important decisions, compared with the apartheid black middle class.

Even under the relatively narrow understanding of the term offered here, there are as many estimations of the black middle class's size as there are definitions. Subjective definitions tend to be more inclusive, while objective definitions using income or occupational categories tend to be less inclusive. The Human Sciences Research Council, as quoted by Laurence Schlemmer,⁸ estimated that the class comprised a total of 2.5 million individuals in 2004. Roger Southall's occupational estimation is close to this figure, citing 950,000 to 1.5 million professionals and managers as composing the upper middle class, with 870,000 to 1.2 million clerks and sales persons in the lower black middle class in 2004.⁹ For all that there are relatively few black professionals in South Africa, they nonetheless represent a powerful segment of black society, many of them making important societal decisions. Furthermore, their political voice and activism have the power to influence the opinions not only of other segments of the black population, but of South Africans in general.

THE BLACK MIDDLE CLASS VOTE

Academic analysis shows that the political strength of the post-apartheid black middle class lies in its ability to countervail and disrupt ANC hegemony and introduce democratic pluralism.

The Employment Equity Act of 1998 and increased entry into the public service have significantly enlarged the size of the black middle class, thereby building upon the pre-1994 foundations. Current academic analysis inclines to the view that the political strength and significance of the post-apartheid black middle class lie in its ability to countervail and disrupt ANC hegemony and introduce democratic pluralism by breaking its allegiance to the party and voting for others.¹⁰ The ANC's rhetoric, too, evidences this, even as it politicises this group. The party lays claim to the expansion of the black middle class, citing the success of its redress and transformation policies, and stating that there can be "no middle class without AA [affirmative

8 | Cf. Lawrence Schlemmer, "Lost in transformation? South African's emerging African middle class", *CDE Focus*, No. 8, 2005, 10, <http://cde.org.za/images/pdf/Lost%20in%20transformation.pdf> (accessed 22 Sep 2014).

9 | Cf. Roger Southall, "Political change and the Black middle class in democratic South Africa", *Canadian Journal of African Studies*, 2009, 521-542.

10 | Cf. Schulz-Herzenberg, n. 3.

action]".¹¹ For example, ANC spokesperson Jackson Mthembu proclaimed in a media release that "the African National Congress celebrates the successes of our deliberate and decisive socio-economic transformation policies which are yielding results".¹² Similarly, President Zuma declared in 2013 that "as a result of these and other developments resulting from progressive government policies, there has been an impressive growth of the black middle class".¹³



More flexible social barriers, but patterns of the past remain: Even two decades after the apartheid ceased, members of the growing black middle class continue to struggle to find their identity. This comes more easily to those possessing professional status. | Source: ign11, flickr ©©.

THE BLACK AND MIDDLE CLASS NEXUS

The intersections of race¹⁴ and class provide important variables in explaining the political character of the black middle class. A racial identity that overlaid middle-class consciousness has produced enduring support for the ANC.

11 | Statement made by Enoch Gondongwana at ANC talk with Professionals on 10 Apr 2014. Personal notes.

12 | Mthembu Jackson, "ANC welcomes findings on expansion of the black middle class", *politics web*, press release, 30 Apr 2013, <http://politicsweb.co.za/politicsweb/view/politicsweb/en/page71654?oid=373342&sn=Detail&pid=71616> (accessed 22 Sep 2014).

13 | Jacob Zuma, "Black middle class has more than doubled in eight years – Zuma", *Acts Online*, 6 Oct 2013, <http://news.acts.co.za/blog/2013/10/black-middle-class-has-more-than-doubled-in-eight-years-zuma> (accessed 22 Sep 2014).

14 | The use of the term "race" is common in South Africa.

As Grace Khunou and Detlev Krige have asserted, black middle-class individuals struggle to identify with their middle-class status and location.¹⁵ This view was strongly endorsed by many of the black professionals who were interviewed for this study: blackness was seen as an immutable and visible identity that in South African politics, which remains heavily racialised, comes with strong and often inescapable ascriptive pressures.

Racial identity still trumps class allegiance among black professionals. They expressed continued support for the ANC.

Conversely, middle-class identity was seen as mutable and malleable. As such, it can be acquired, but middle-class membership was seen as tenuous and precarious, fluid and novel. Consequently, racial identity still trumps class allegiance among black professionals. Typically, therefore, black professionals expressed continued support for the ANC, and had a strong perception of the party's commitment to and support of economic transformation. In the words of an economist working in the corporate sector, "by now I am thinking, you know, the only gap that I have to reach, aspirationally, is to be upper class."¹⁶

Many professionals aspired to consolidate their class position and sought opportunities for mobility into the upper class. They saw support for the ANC as instrumental to strengthening their class position and advancing further. This is reflected in a statement by an entrepreneur working in the engineering sector:

"I'm voting for the ANC. [...] I am a beneficiary of ANC policy. This is a view one can hold whether you work in corporate South Africa, or as an entrepreneur. And even considering where we come from, I don't think, even with my combination of skills and call it the luck I have, the white Nationalist government would have plucked me from wherever I am and encouraged me to actually participate, and to create an enabling environment for me to participate in the mainstream economy."

15 | Cf. Khunou, Grace and Krige, Detlev, "Why is it difficult to be black and 'middle class'?", *Mail & Guardian*, 8 Nov 2013, <http://mg.co.za/article/2013-11-07-why-is-it-difficult-to-be-black-and-middle-class> (accessed 22 Sep 2014).

16 | Xhanti Payi, "Middle class panel discussion with Eusebius McKaiser", *Powerfm Radio*, 19 Mar 2014.

The perceived racism of white-owned businesses was another reason why black professionals continued their support for the ANC, as they felt they were still being excluded on structural grounds. "There are still challenges in the mainstream economy that are structural, that manifest themselves in racial inequality. Whether I am dealing with the banks, I cannot help but think that some of the positions I find myself with the banks, is also largely because I am black." Nevertheless, black professionals did not blindly support the ANC simply because they had been beneficiaries of employment equity and BEE. Numerous criticisms of the implementation of these policies were made. In the main, these were calls for improved implementation and oversight of employment equity and BEE. One black professional explained that the ANC had not succeeded in deracialising the workplace, particularly the corporate sector. This is also supported by a recent thesis by Jeffrey Modisha,¹⁷ who argues that while the corporate environment has seen a significant increase in the numbers of black managers, this has not translated into qualitative participation by black people, and that a floating colour bar remains.

Many of the black professionals working in the corporate sector complained of having to work harder than their white counterparts and of being overlooked for promotions. They viewed the professional culture of corporate organisations as entrenching racialised treatment. On the one hand, black professionals perceived the levels of professionalism within the corporate sector as extremely high and more firmly established than within the state. Consequently, once hired, black professionals have to fall into already established rules and norms of professionalism. On the other hand, they felt that the rules of professionalism were not the same for blacks and whites.¹⁸ One

17 | Cf. Jeffrey Modisha, *The contradictory class location of black managers explored the capacity of African managers*, Master's Thesis, University of the Witwatersrand, 2012.

18 | As one interviewee put it: "Being a professional means arriving on time. Doing what is directed within the timelines. There's already a culture, the culture dictates how you would do. For example, if I come to a meeting five minutes late, 'Ah sorry, guys, that was my nanny.' [...] It isn't the same as a white person saying it. First of all, I am not even expected to have a nanny. [...] So, how professional we are, especially as black people, is very relevant. It depends on the kind of boss I have."

black professional explained that there was a tension in the relationship between being a competent black professional and carrying out one's duties. For example, he explained there was an implicit expectation within the corporate culture that a black professional should know his place; if he "questioned or contradicted what is being said – it is insubordination. Because in this level you are expected to know who is who in the zoo, you must understand levels and your place in them". The corporate culture also promoted formal political neutrality.

An *Independent Online* news report noted that frustrated black professionals had complained to the Economic Freedom Fighters' (EFF) Dali Mpofu and Floyd Shivambu that

The ongoing inequality was viewed as a result of political failure on the part of the ruling party ANC, and a potential point of support for the EFF as a black opposition party.

"white-owned or -led firms made them work twice as hard to get recognition, compared to their white colleagues".¹⁹ This was viewed as a result of political failure on the part of the ruling ANC, and a potential point of support

for the EFF as a black opposition party. Black entrepreneurs in the professional sectors also complained of white corporate racism, saying that most of their contracts came from government. What is apparent from these findings is that the distance of corporate black professionals from the state did not result in decreased support for the ANC or another black opposition party, as Southall suggested.²⁰ Rather, perceived racism within the corporate sector actually ensured that black professionals maintained their support for the ANC in the expectation that it would provide protection against such bias. It was widely thought that the black middle class would not be attracted to the EFF, as it would represented an affront to their middle-class status. This was based on the assumption that black professionals are educated and require a party whose manifesto would support some of the widely held principles of a stable and productive economy, notably, that it would protect and promote private property rights. However, a small number of black professionals saw the EFF as a party they might support, who thought it could "rattle the ANC".

19 | Piet Rampedi, "We're oppressed, say black professionals", *IOL News*, 18 Nov 2013, <http://www.iol.co.za/news/-1.1608420> (accessed 2 Oct 2014).

20 | Cf. Roger Southall, "Political change and the Black middle class in democratic South Africa" (forthcoming).

Compared with their continued support for the ANC, there was a noticeable reluctance on the part of black professionals to support the liberal Democratic Alliance (DA), which stemmed largely from its lack of clarity on BEE. An economist stated: "I would vote for the DA if they were much cleaner on their transformation stance, unfortunately they are not." For professionals such as this, support for the DA would mean risking their competitiveness in the labour market and, by extension, risking their middle-class position. What potential support there was for the DA derived from the perception that it was a party committed to good governance, and thus able to provide social services on a better scale than the ANC. Notwithstanding this, black professionals regarded the DA as perpetuating racial inequalities in the Western Cape. To some extent, the refusal to vote even for a DA that was seen as performing better than the ANC in government reflects some level of distancing by black professionals from the black working class, in that that they recognised greater service delivery by the DA for the poor but did not seek to support the party on this basis. On the other hand, black professionals often complained of being debt-ridden because of their continuing need to make remittances to poorer family members, despite the impact of ANC-led developmental programs.



Dwindling support: The ANC under President Jacob Zuma, here at the launch of a water project, has long been considered as the first choice of the black middle class. However, due to scandals and dissatisfaction the party has to face loosening ties with this group. | Source: Siyabulela Duda, Government Communication and Information System (GCIS), flickr ©111.

Interestingly, one engineering entrepreneur of the studied focus group said that, on close inspection, the DA's policies represented the interests and needs of black people. This, he reasoned, followed from the fact that, within a democracy, a minority group cannot rule over a majority group. As a result, the DA would feel compelled in government to perform better than the ANC for fear of black majority anger: "The white government would work harder to quell any discontent that may arise from the black masses." Nonetheless, comparisons of the DA and ANC revealed major mistrust of the DA and swung the support of most back to the ANC. While the DA's track record for delivery was recognised as a positive aspect worthy of political support, this was nullified by the mistrust arising from seeing images of many black people marching on behalf of the DA and party leader Helen Zille dressed in African traditional attire, which was interpreted

Black and young leaders within the ranks of the DA were regarded as puppets used to further "a white agenda".

as a disingenuous move to dupe black people. Furthermore, the black and young leaders within the ranks of the DA were regarded as puppets used to further "a white agenda". After the election, when DA chief whip Lindiwe Mazibuko resigned from the DA to study at Harvard University, Helen Zille is said to have declared that she "made" Lindiwe. This caused an uproar in the media and on social media platforms, with many citing this as proof that Zille had cynically used Mazibuko as well as Mmusi Maimane²¹ to boost the DA's black support.

Besides aspiration and the need to consolidate their class position, black professionals offered support to the ANC because of what it represented for black people. In the words of an economist, the ANC showed that black people were "good, smart, decent". Another entrepreneur stated that her continued support for the ANC did not stem from its performance, which she perceived as problematic, but rather from an "emotional tie" to the ANC that, in the end made her vote for "for business".²² In short, the history of the ANC as a successful struggle party emerged as one of the major reasons for continued support.

21 | DA candidate for the Gauteng Province and now new chief whip of the DA in the National Parliament.

22 | The statement "I voted for business" meant in the context of the discussion that she had voted for the ANC because of its BEE support policies.

There were also black professionals who, having previously departed from the ANC, were now returning to it: “Deciding to vote for the ANC now, when I might have perhaps not voted for them the last time, is because I think the ANC is under siege. [...] Because while I am in the black middle class and I can actually say that certainly my circumstances have improved. By and large, I think the ANC has done a lot to improve the lives of the black people. ANC must continue to work for the poorer population, and for all of us: to address the vestiges of unequal development.” For the most part, therefore, the black middle class strongly identifies with being black and associates its racial identity with party political support. Members of that group ask “who does serve my needs as a black person?” and only then “who does serve my needs as a black middle class individual?”

BLACK PROFESSIONALS: FRACTURING SUPPORT FOR THE ANC

Class consolidation and aspiration served as major reasons for the continued support for the ANC by some black professionals. However, for other respondents, continued support was seen as a liability as they sought to secure their middle-class status and position. Moreover, the more ambitious often viewed it as a threat to their continued upward class mobility and they feared that poor government performance of the ANC would result in higher costs for the black middle class.

Another reason for cessation of support for the ANC was its leadership. An engineering consultant explained that the ousting of Mbeki at the ANC’s 2007 Polokwane party congress, and his replacement by Jacob Zuma, had represented the overthrowing of the middle-class agenda within the ANC. In addition, Zuma was associated with multiple, highly publicised scandals.²³ These became a breaking point for some professionals in their support for the ANC. There was also strong criticism directed at Zuma for his various gaffes, notably his reference to the black middle class as “clever blacks”. Furthermore, his lack of education,

There was strong criticism directed at Zuma for his various gaffes, notably his reference to the black middle class as “clever blacks”.

23 | Cf. Anthony Butler, “The ANC’s campaign in 2014”, in: Schulz-Herzenberg and Southall, n. 2.

traditionalism, penchant for singing and dancing and his many wives, all combined to offend middle-class sensibilities and values. This critique was aggravated by the perception that the ANC is arrogant and, in being oriented towards the poor, does not address middle-class grievances. One respondent stated, "I find the hubris of the current ANC nauseating and alienating and think EFF can rattle them." It was in a bid to quell such perceptions that the ANC targeted black professionals and professional bodies in the 2009 and 2014 election campaigns, hosting dinners and talks at which the party reiterated its continued support for and commitment to employment equity and BEE.

Considering their vote for COPE in 2009 had been a wasted vote, many within the black middle class sought out alternatives in 2014, and some returned to the ANC.

COPE and Agang South Africa both represent a failed opportunity to win political support from the black middle class away from the ANC, and to consolidate a black opposition party. With a seven per cent win in 2009, COPE had the opportunity to build upon its support base, particularly from the black middle class, but then frittered this away by in-fighting. Considering their vote for COPE in 2009 had been a wasted vote, many within the black middle class who had supported it in 2009 sought out alternatives in 2014, and some returned to the ANC. The result for COPE was its paltry performance at national level (only 0.67 per cent of the votes), forcing its leader, Mosisoa Lekota, to publicly eat his hat, after he had predicted the party would outperform its 2009 results. The failure of COPE thus meant additional black middle-class votes for the United Democratic Movement (UDM) and EFF, as well as returned votes for the ANC.

Agang failed before it even competed in the 2014 general elections. At its foundation, Agang was widely regarded as pitching for the black middle class, especially since its leader, Mamphele Ramphele, was an educated professional who mirrored the aspirations of this class. But within a short space of time, it was evident that Agang was going nowhere. Its potential was destroyed by its failed merger with the DA, which destroyed the credibility of the party among both its membership and potential black middle-class voters.

Those black professionals who were dissatisfied with the ANC, disappointed by COPE and distrustful of the DA inclined towards the UDM and EFF. They explained their support for these parties by saying that while they wanted the ANC to stay in power, the EFF and UDM were needed to keep the ANC in check: “I am voting for the EFF but do not want them to govern. I want a strong black opposition party.” While EFF had some support from black professionals, there was an understanding on their part that the EFF would also need to be managed. Southall has observed that the revolutionary capacity of the apartheid-era black middle class has typically been treated as dependent upon that of the working or poor class.²⁴ In contrast, the black middle class’s vote for other black political parties than the ANC indicates that it is beginning to develop into an independent political actor in its own right. What is more, despite its minority status, this class’s search for alternative black political parties indicates its increasing capacity to contribute to the process of democratic consolidation in South Africa.



Historical bonus: The history of the ANC as a successful party fighting for freedom is one of the major reasons for continued support, even among the black middle class. | Source: Romério Cunha, flickr ©📍

24 | Cf. Roger Southall, “The African Middle Class in South Africa 1910-1994: A Preliminary Overview”, (forthcoming).

PROFESSIONAL IDENTITIES AND AMBIVALENCE TOWARDS THE ANC

Southall has argued that closeness to or distance from the state is a key factor in determining political attitudes or relationships to parties.²⁵ A variant of this argument would be that black managers and professionals working closely with the state tend to support the ANC. However, according to interview data, the veracity of this argument is questioned by the fact that black professionals in the state are increasingly antagonised by the way in which ANC employees overpoliticise work environments.

Professional identity has begun to influence party political support significantly, resulting in higher levels of ambivalence towards the ANC. This is particularly the case among chartered accountants working as chief financial officers (CFOs) in local and district municipalities.

Chartered accountants in ANC governed municipalities explained that they had to balance the “correct technical expertise” with the politicisation of municipal functions.

CFOs are primarily charged with the authority, control and management of municipal finances. Contextually, it is important to note that municipalities, especially those governed by the ANC, have higher levels of black employees across all levels. The CFOs explained that they had to balance the “correct technical expertise” of the municipality financial management with the politicisation of municipal functions. The following extract from an interview illustrates this:

“You can be at a meeting and hear the Mayor saying ‘in two months we will build a bridge for you here’. And you know that there is no money for that. He is talking to the community and children are drowning in the river when they cross it to go to school. You listen and when you get back to the office you basically have to look for that money, rearrange priorities and find the money for the bridge to be built.”

This incident is all about balancing different priorities in a difficult situation, as municipalities must earn revenue in order to continue providing services to their communities. At the same time, citizens must have trust in the municipalities and its leadership in order to pay their rates.

25 | Cf. Southall, n. 20.

One CFO explained how municipal employees organised themselves politically in his department: “They lobby inside and outside. They lobby. They lobby senior officials, municipal managers and councillors, they lobby at the regional office of the ANC. By the time the idea comes to me, it is also already sorted out, they have gotten buy-in from those areas and I have to implement, you have to sign off on it.” This kind of practice and the interference of politicians negatively affected the performance of the municipality, often resulting in qualified audits. CFOs explained that while government structures and regulations existed, they were hampered by this type of politicisation. Furthermore, financial and performance management was put at risk by personal temptation where people transgressed controls for personal gain. The political leadership of the municipalities was also described as problematic because politicians “don’t mean what they say, they don’t lead by example. We need to change the way they do things.”

The practice and the interference of politicians of the ANC negatively affected the performance of the municipality.

For the CFOs, “integrity, honesty, punctuality, dignity” combined with the “correct technical expertise” constitute forms of professionalism. However, these qualities were countered by a culture that is 50 per cent professional and 50 per cent unprofessional. CFOs blamed the lack of professionalism on deployed comrades who are highly unionised and who see themselves primarily as political activists rather than professionals. These comrades were regarded as self-interested and prone to corruption.²⁶ These deployed individuals were accused of “just drawing a salary” and “being untouchable” because of their deployment status. From the study it emerged that the professional identity of the CFOs was stronger than their political identity.²⁷ This meant that there was tension between responding to political directives and responding to professional accounting standards. The CFOs explained that they

26 | One CFO explained: “I think we need economic freedom. But that’s not going to happen. People are out to gain things for themselves as they are deployed, they only want to benefit from the system.”

27 | One professional put it this way: “I am an academic. Accounting does not mix with politics. I am a member of SAICA (South African Institute Chartered Accountants), and I subscribe to Generally Accepted Accounting Principles. I am affiliated to the SAICA. I can’t serve two chiefs.”

had not acquired their qualifications to become politicians. But they did speak about how they manage their professional identity when it is threatened by bad politics in the municipality. For example, one CFO described his situation in this way: "I am a silent politician, but I speak my mind to counsellors. I don't let them get away with anything. I am not a political person really, but I follow them. I must understand what is political. I have never been a politician and I will never be."

Some members of the focus group had moved away from supporting the ANC to supporting EFF, while others were privately ambivalent towards the ANC.

CFOs have become resentful of political interference by ANC employees within the workplace, arguing that this works against service delivery by the municipalities. For the CFOs, this had two implications for party political support. Some had moved away from supporting the ANC to supporting EFF, while others were privately ambivalent towards the ANC, had no interest in another party, but were silent about this position. "This contradictory impulse is most acutely apparent amongst those South Africans who feel both betrayed by and indebted to the African National Congress."²⁸ Consequently, the continued vote for the ANC by black professionals is a grudge vote. This offers a new way of understanding how political attitudes are formed and how they result in party political support. It also suggests that proximity to the party or state can act to undermine black professionals' support for the ANC.

CONCLUSION

The argument presented here goes beyond familiar explanations rooted in the numerous and highly public scandals associated with the ruling party and its leadership. Rather, it is argued that decreasing black middle-class support for the ANC signals a far more fundamental socio-political development, one reflecting a repositioning of both the class and the party. One can say that the black middle class is becoming increasingly confident in its class position, a development that allows it to begin to assess the wider

28 | Msimang Sisonke, "Requiem for a dream: On loving and leaving the ANC, South Africa", *Daily Maverick*, 20 Mar 2014, <http://dailymaverick.co.za/opinionista/2014-03-19-requiem-for-a-dream-on-loving-and-leaving-the-anc> (accessed 22 Sep 2014).

political landscape critically. As a result, an increasing capacity of the black middle class for contributing to the consolidation of democracy is evolving.

On the whole, the alignment of the black middle class with ANC has continued. Yet levels of partisanship have continued to decline among this class as a whole, with dissidents moving in different political directions. The evidence is incontrovertible that the upper and middle classes in South Africa are becoming more racially mixed, a process which, although very much a product of ANC policies, has its roots in economic and political developments before 1994. Nevertheless, racial patterns of power and privilege can still be observed that were established under apartheid and expanded by subsequent attempts of the ANC to bring about racial redress. What this suggests is that “race” continues to be a major factor in shaping “class” and that consequently, even today, it makes sense to trace class interests through the racial contours of South African history.

The black middle class provides the core of the political class in South Africa. The more it moves in different political directions, the more likely it is that the political class will itself display disunity – and open up the prospect of greater political diversity, which will enhance the consolidation of democracy. A strong and well-developed professional identity had the power to disrupt the racial cleavages in party political support. In this way, professional identities create a different and unexpected interaction between race and class. It is their consolidation that may become the main driver of greater plurality in political support. In short, the elections of 2014 offered a moment in which the loyalties of the black middle class to the ANC were tested as never before.

I would like to recognise the invaluable guidance I have received from my two mentors, Roger Southall and Loren Landau.



Dr. Jan Woischnik is Head of the Konrad-Adenauer-Stiftung's office in Indonesia.

CHANGE IN GOVERNMENT IN THE WORLD'S LARGEST MUSLIM COUNTRY

**JOKO WIDODO BECOMES INDONESIA'S
SEVENTH PRESIDENT**

Jan Woischnik

On 9 July 2014, the third direct presidential elections since the end of the Suharto era in 1998 took place in the world's fourth most populous country. Over 190 million voters were called upon to determine the succession to the departing President Susilo Bambang Yudhoyono (SBY), who was barred from standing again after two terms in office. In Indonesia, the President combines the posts of Head of Government and Head of State. On 22 July, the KPU (General Elections Commission), which had been responsible for running the elections, announced the official final results: Joko Widodo ("Jokowi"), former Governor of the capital Jakarta, and his running mate Jusuf Kalla gained 53.15 per cent of the votes, an outright election victory. Their rival pairing, former General Prabowo Subianto and his running mate Hatta Rajasa, for their part, gained 46.85 per cent of the votes. The turnout was just under 71 per cent. The results confirmed those of the preceding parliamentary elections of 9 April 2014, in which Jokowi's party PDI-P, which had previously been in opposition, had won the highest vote with 18.95 per cent. However, the right to nominate a presidential candidate required at least a quarter of the votes, which meant that coalition negotiations were required on all sides.

Despite the clear winning margin of 6.3 per cent of the votes, corresponding to some 8.4 million voters, Prabowo has so far refused to acknowledge his defeat and congratulate Jokowi. On election day, he initially requested people to wait for the final results to be announced on 22 July.

President SBY, for his part, requested both camps to abstain from holding public victory celebrations until the announcement of the official final results. The two camps only heeded this request to a limited extent. But even after the results had become official, Prabowo was not ready to congratulate the election winner. Instead, quoting figures from some unreliable and totally unknown polling organisations, he maintained that it was he who had won the election. He stated that as the KPU had published “deviating” figures, this indicated that there must have been some “election fraud” and that he was therefore “withdrawing from the election process” – whatever that may mean. On 25 July, Prabowo, represented by a team of 95 lawyers, took an appeal against the election results to the Constitutional Court of Indonesia, providing several thousand pages of evidence and some witness statements that were obviously fabricated in part.



Joko Widodo, “Jokowi”, former Governor of Jakarta, is Indonesia’s new President. He is known to be down-to-earth and incorruptible and especially popular among young people. | Source: Øystein Solvang, NHD-INFO, flickr ©.

On 21 August, the Constitutional Court pronounced its unanimous non-appealable ruling, rejecting Prabowo’s claim. As fate would have it, this took place precisely 16 years after the former general had been given a dishonourable discharge from the military. The mood in Jakarta was tense and nervous. Many feared outbreaks of violence and chaos as happened in 1998, when the Suharto regime was toppled by democracy activists. Prabowo followers had

been demonstrating in front of the court building since the beginning of the court proceedings on 6 August, setting car tires on fire and showing their willingness to take violent action. In a statement issued through a lawyer, Prabowo said that “no responsibility could be accepted” for any violent acts by disappointed Prabowo followers. They would need to let off steam somehow, and “were allowed to do so in a democracy, where everything was permitted, after all”. The chairman of the Jakarta district association of Prabowo’s party GERINDRA threatened to kidnap the head of the electoral commission. The well-known TV channel Metro TV, whose owner Surya Paloh had joined the Jokowi camp with his party NasDem, “needed to be put to the torch” according to voices from Prabowo’s followers. There were rumours that foreign or international institutions such as the well-respected Center for Strategic and International Studies (CSIS) could become targets of the outraged mob. Consequently, the security forces were out in large numbers in Jakarta on 21 August. 51,000 members of the national police force were on the streets, and the military bolstered their presence with 32,000 soldiers. Not once did Prabowo appeal for calm among his followers. In view of this behaviour on the part of the election loser, what would have happened to democracy in Indonesia had he won the presidential elections does not bear thinking about.


A NEW ERA IN INDONESIA

Now that the Constitutional Court has confirmed the election results, Jokowi will take office on 20 October 2014. The President-elect, whose four-party coalition will need to rely on support from other parties, stands for a protectionist economic policy, the fight against corruption, reforms in the areas of the rule of law and bureaucracy, as well as demands for mental and moral change. However, Jokowi’s victory can be seen above all as approval of him as a person and less of the party coalition supporting him, let alone its agenda. The people had a choice between two totally different personalities: on the one hand ex-military Prabowo Subianto, a man considered to be impulsive and choleric, who had also been accused of human rights violations, and on the other hand the highflyer Jokowi, who exhibits integrity and the common touch. The latter has no

Jokowi’s victory can be seen above all as approval of him as a person and less of the party coalition supporting him.

military history, does not belong to one of the typical political dynasties and is therefore something of an antitype of Indonesian politics. It is consequently appropriate to speak of a new era. For the first time, the country will be led by a man who does not come from the oligarchy, but has worked his way up within the democratic system. This fact will also be noted in other countries of the region.



Logistical masterpiece: Parliamentary elections in April 2014 were held on the national, regional and community level. Altogether more than 19,000 candidates entered the elections. | Source: Sarah Tzinieris, flickr ©.

With this election, Indonesia has continued its democratic success story, which has already extended over 16 years, even though the election process was somewhat less smooth than usual because of Prabowo. But there were also many other differences this time, as there had been some unrest simmering in politics and society for a while. Joko Widodo's election victory is more than a regular changing of the guard involving him taking over from the incumbent Susilo Bambang Yudhoyono, who has engineered economic progress above all over the last ten years in this regionally and internationally up-and-coming G20 country. The 53-year-old Jokowi and his ascent are, in fact, an expression of a longing for a totally renewed political culture, far removed from corruption, patronage, nepotism, despotism and abuse of power. One will have to wait and see whether the hopes for fundamental political and social change and

the solving of socio-economic problems in the country many Indonesians attach to the election victory will materialise. Jokowi's lack of a solid power base in the governing party and in the national parliament, sketchy draft policies and the chronically inefficient bureaucracy represent the greatest challenges.

TREND FROM THE PARLIAMENTARY ELECTIONS CONFIRMED

Jokowi's party, which is considered both left-leaning liberal and nationalist, had already won the parliamentary elections after previously having been in opposition. By comparison with the previous elections in 2009, the party of Megawati Sukarnoputri, daughter of former President and Founding Father Sukarno, increased its votes by over five percentage points to 18.95 and therefore represents the new strongest force in the national parliament. As has been the case all along in Indonesia, there were numerous parties contesting the elections, ten of which managed to clear the 3.5 per cent hurdle. Prabowo's party, the nationalist GERINDRA, was only founded in 2008 and landed in third place in April. It gained nearly twelve per cent of the votes, an improvement of over seven per cent compared to 2009 (4.46 per cent).

The fact that the parliamentary elections proceeded without any significant problems at national, regional and local level can be seen as a credit to the election organisers and the voters. Transporting ballot papers, documents and ballot boxes to polling stations to all corners of the huge archipelago – over 6,000 of the 17,000 islands making up Indonesia are inhabited – was a logistical tour de force. Not to mention that local and provincial elections took place at the same time. All in all, voting for 523 representative bodies at the different levels took place in 545,000 polling stations. Over 19,000 candidates vied for the various seats. Over four million election helpers were involved in counting the resulting 750 million ballot papers, which came in 2,450 different formats.

Table 1

**Results of the parliamentary elections in Indonesia,
1999 to 2014 (in per cent)**

		2014	2009	2004	1999
Nationalist block	PDI-P	18.95	14.03	18.53	33.74
	GOLKAR	14.75	14.45	21.58	22.44
	GERINDRA	11.81	4.46	—	—
	PD	10.19	20.85	7.45	—
	NasDem	6.72	—	—	—
	HANURA	5.26	3.77	—	—
Islamist block	PKB	9.04	4.94	10.57	12.61
	PAN	7.59	6.01	6.44	7.12
	PKS	6.79	7.88	7.34	1.36
	PPP	6.53	5.32	8.15	10.71

PDI-P Partai Demokrasi Indonesia Perjuangan
(Indonesian Democratic Party – Struggle)

GOLKAR Partai Golongan Karya
(Party of the Functional Groups)

GERINDRA Partai Gerakan Indonesia Raya
(Great Indonesia Movement Party)

PD Partai Demokrat
(Democratic Party)

NasDem Partai Nasional Demokrat
(NasDem Party)

HANURA Partai Hati Nurani Rakyat
(The People's Conscience Party)

PKB Partai Kebangkitan Bangsa
(National Awakening Party)

PAN Partai Amanat Nasional
(The National Mandate Party)

PKS Partai Keadilan Sejahtera
(Prosperous Justice Party)

PPP Partai Persatuan Pembangunan
(The United Development Party)

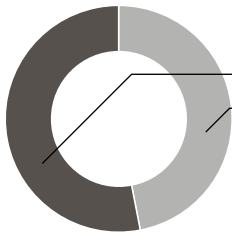
Sources: Iggried Diwi Wedhaswary, "PDI-P Pemenang Pemilu Legislatif 2014", 10 May 2014, Kompas, <http://nasional.kompas.com/read/2014/05/10/0014480/PDI-P> (accessed 7 Oct 2014); General Election Commission, "BAB II. HASIL PEMILU 2009 (DPR-RI)", http://kpu.go.id/dmdocuments/angka_26_30.pdf (accessed 7 Oct 2014); People's Representative Council, <http://dpr.go.id/id/tentang-dpr/fraksi> (accessed 7 Oct 2014); Aris Ananta, Evi Nurvidya Arifin and Leo Suryadinata, *Emerging Democracy in Indonesia*, Institute of Southeast Asian Studies, Singapore, 2005, 14, 22.



It was a tremendous challenge to distribute the ballots, documents and ballot boxes to the furthest corner of the huge archipelago in time. In remote areas, donkeys carried the ballot boxes to the counting stations. | Source: © Seno, ANTARA.

Fig. 1

Results from the Presidential Elections of 9 July 2014



Candidate	Partner	Party	Votes	Per cent
Joko Widodo	Jusuf Kalla	PDI-P	70,997,833	53.15
Prabowo Subianto	Hatta Rasaja	GERINDRA	62,576,444	46.85

Source: General Election Commission, http://kpu.go.id/koleksigambar/PPWP_-_Nasional_Rekapitulasi_2014_-_New_-_Final_2014_07_22.pdf (accessed 8 Oct 2014).

ANALYSIS OF JOKO WIDODO'S ELECTION VICTORY

Traditionally, individuals play a far larger role in Indonesian politics than parties and their agendas. Susilo Bambang Yudhoyono's victory in 2004 was above all due to the fact that he was able to portray himself successfully as a person untainted by the corruption scandals characterising the established political class. During the 2014 presidential elections, the focus on individuals in determining voter behaviour reached a new peak as Jokowi and Prabowo presented the electorate with a choice between two extremely different candidates.

What prevailed from an Indonesian perspective were the honesty, humility and restraint of an ordinary Muslim from the main island of Java. Jokowi's love of heavy metal and red-and-blue checked shirts have made him a favourite, particularly among the younger population. Since the former furniture trader from Surakarta became Governor of Jakarta in 2012, he has enjoyed a meteoric rise to power, turning into the media darling of Indonesian politics within a few months. For a long time, he only made veiled statements about potentially standing for president and referred to the leader of the PDI-P party Megawati Sukarnoputri and her decision-making powers. The daughter of the country's Founding Father Sukarno, who had been President herself from 2001 to 2004, became convinced by Jokowi's high approval ratings in all surveys. She nominated him as her party's leading candidate shortly before the parliamentary elections.

Since Jokowi became Governor of Jakarta in 2012, he rose into the media darling of Indonesian politics within a few months.

On the opposite side was Prabowo Subianto, former high-ranking military man and former son-in-law of the long-time Head of State Suharto. Prabowo has been accused of human rights violations in connection with the disappearances of students in the 1998 unrests as well as his military activities in East Timor. On 21 August 1998, he was given a dishonourable discharge from the army. Although his dubious past kept coming up during the election campaign, it did not diminish his popularity among 46 per cent of the voters. As a former general, he found it easy to portray himself as a decisive and forceful leader. He also fascinated many Indonesians because the incumbent President Yudhoyono was associated with poor decision-making and indecisiveness during his second term in office. Critics complain that while he enhanced the country's economic strength – GDP grew by an average of five to six per cent under his government – he very much neglected key political reforms such as the enforcement of legally guaranteed rights for religious minorities.

IN THE RUN-UP TO THE ELECTION: WILD HAGGLING ABOUT POWER OPTIONS, COALITION PARTNERS AND THE POST OF VICE-PRESIDENT

To be able to put forward a candidate for the highest office of state, a party needs to have gained 20 per cent of the seats or 25 per cent of the votes in the preceding parliamentary elections.

Since 2004, the people of Indonesia have chosen their President and Members of Parliament in direct elections. To be able to put forward a candidate for the highest office of state, a party or grouping needs to have gained 20 per cent of the seats or 25 per cent of the votes in the preceding parliamentary elections. This is not an easy hurdle to clear and virtually impossible in the Indonesian multi-party system without some clever coalition building. Also, the parties cannot readily be divided into opposing left-wing and right-wing camps. Instead, they tend to be either nationalist or religious in orientation, with the parties usually forming a nationalist block on one side and an Islamist block on the other, although the differences between these two camps are becoming increasingly smaller as well. In any case, it is very rare for a party to have a specific orientation in terms of policy or to show clear allegiance to a particular ideology. This is why elections are determined not so much by the party's positions on policy matters but rather by the candidates' popularity.

Accordingly, the outcome of the coalition negotiations after the announcement of the parliamentary election results was by no means certain. Within a few days, media mogul Surya Paloh announced his support for Jokowi's candidacy. Paloh's NasDem Party attracted 6.8 per cent of the votes. This meant that Jokowi's nomination was already constitutionally secured at this early stage. During the following few weeks, the moderate Islamist PKB as well as HANURA, a party led by former Commander of the Armed Forces Wiranto, declared their support for Jokowi as well.

Traditionally, Indonesia's political culture is characterised strongly by negotiating processes and concessions in political power games. All the more remarkable, therefore, that neither NasDem nor PKB or HANURA demanded an obvious quid pro quo for their support from Jokowi, such as the office of Vice President. In the end, this post went to Jusuf Kalla. The entrepreneur, veteran politician and former leader of the GOLKAR party is very well respected

among the people and formerly made a crucial contribution to the successful peace negotiations in the now semi-autonomous province of Aceh in the west of the country. He is the Chairman of the Indonesian Red Cross and heavily involved in various social causes. In addition, he enjoys considerable political support in his home province of Sulawesi as well as on Java. Furthermore, he had proved himself a forceful political strategist during his time as Vice President to SBY in the President's first term in office from 2004 to 2009. His appointment also makes sense because, although the HANURA and PKB parties had by then declared their support for Jokowi, it was clear that the coalition around Jokowi would only comprise 207 of 560 seats and therefore only some 40 per cent of the MPs in the national parliament.



Respected Vice-President: Businessman and long-time politician Jusuf Kalla is highly regarded by the people and is socially engaged. He is supposed to match President Jokowi's lack of experience at the national level. | Source: Sebastian Müller, flickr ©①②.

Seeing that the opposition parties were expected to make up the majority in the national parliament, another point in Kalla's favour was that he has the necessary negotiating skills and powers of persuasion to create the required majorities for the policies of a potential Jokowi government. It was precisely these characteristics, however, that made some figures within the PDI-P doubt Kalla's suitability as Jokowi's right-hand man. Whether their fears will be substantiated, namely that he could become the de facto

President due to his wealth of experience, personal charisma and cross-party popularity, remains to be seen. At first glance, Kalla appears to be a smart choice, as he can compensate for Jokowi's structural deficits resulting from his lack of experience at a national level.

The boundaries between parties within the Indonesian party spectrum have become increasingly blurred. Ideological conviction and clear policy orientation tend to dwindle.

Prabowo, for his part, had already declared a coalition with the Islamist parties PPP, PKS and PAN in early May, although he and his party GERINDRA had made waves in the past with strongly nationalist statements. The boundaries between more nationalist and more religious parties within the Indonesian party spectrum have become increasingly blurred over recent years. Also, ideological conviction and clear policy orientation tend to dwindle as political power comes closer within reach. As a consequence, three of the four parties of the Islamist block, which had already formed part of the governing coalition under Yudhoyono, promised him their support. These coalition negotiations did, however, not run entirely smoothly either. While the then Chairman of the PPP Suryadharma Ali, for instance, has advocated a coalition between his party and Prabowo from the start, the party grassroots have been voicing sympathy for Jokowi for quite some time. Whether the PPP will join his camp after all once he has taken office still remains unclear.

Prabowo also brought on board a politician with vast experience at national level as his running mate. Hatta Rajasa, whose last post was that of Coordinating Minister for Economic Affairs, which made him one of the key figures in Yudhoyono's cabinet, is the leader of the moderate Islamist party PAN and can look back on 13 years of governmental responsibility in various roles. He is considered a knowledgeable economics expert and proved his skills in that field when he spoke out against the nationalisation of the mining sector proposed by Prabowo during the election campaign, pointing out that there were long-term contracts with international cooperation partners and companies involved, whose cancellation could have legal repercussions for Indonesia.

PRE-ELECTION “HORSE TRADING”

The fact that there would be a choice between just two tickets in the end was by no means a foregone conclusion. GOLKAR, Suharto's proud former governing party and mainstay of his authoritarian rule, emerged from the parliamentary elections as the second strongest force with close to 15 per cent, and the demeanour of party leader Aburizal Bakrie, one of the richest men in the country, showed that he was well aware of the power this gave the party. His personal approval rating, however, was never particularly high; the former minister is a controversial figure, both within his party and in public. Initially, Bakrie made overtures to the governing Partai Demokrat (PD) and tried to bring PD politician Pramono Eddie Wibowo on board as his running mate to be able to stand for president himself. When the PD rebuffed him and decided to remain neutral – at least for the time being – it became clear that GOLKAR would not put forward a candidate of its own for the first time ever. Bakrie subsequently approached the PDI-P and offered his services as running mate for Jokowi. Observers reported, however, that he had demanded too many political and personal concessions from party leader Megawati in return for his support, with the result that she refused to include him in her coalition considerations.

GOLKAR, Suharto's proud former governing party and mainstay of his authoritarian rule, could not put forward a candidate of its own for the first time ever.

In the end, Bakrie scored in his dealings with GERINDRA. In the event of his election victory, Prabowo promised him a *menteri utama*, a type of coordinating ministerial office. This was significant insofar as support from Bakrie and GOLKAR would give Prabowo's coalition a nominal 49 per cent of parliamentary seats and thereby the parliamentary majority. But Bakrie's search for coalition partners proved too much for the GOLKAR members in spite of their past willingness to engage in party political flexibility. Party-internal disputes ensued, culminating in some prominent GOLKAR politicians distancing themselves from their chairman and his support for Prabowo and promoting Jokowi instead. Once Jusuf Kalla, former GOLKAR chairman and still a party icon, was confirmed as Jokowi's running mate, the party split was complete. Discussions have continued over whether GOLKAR might also join Jokowi's camp once he has taken office. The party is planning to hold a special

party conference at the beginning of 2015, where Bakrie could be deposed as party chairman. This would clear the way for GOLKAR to join the Jokowi camp.

In view of the low approval ratings, Yudhoyono decided against putting forward a Partai Demokrat presidential candidate.

The departing right-leaning liberal and nationalist governing party PD has also played a special role. Founded by Yudhoyono, the party has been in government since 2004 and gained a landslide victory in the 2009 elections after a first successful term. Five years later, however, it became the main election loser, dropping down to just below ten per cent due to massive corruption scandals involving people from Yudhoyono's inner circle. In spite of an elaborately staged internal party convention to select a leading candidate, Yudhoyono decided against the party putting forward a presidential candidate of its own in view of the low approval ratings. Neither was he willing to publicly support one of the two camps until the end, which is why the PD did not promote either of the two camps until very shortly before election day. At the last second, it voiced its support for the Prabowo camp, without, however, SBY himself having declared his approval. Whether the PD will remain in opposition during the day-to-day parliamentary activities now that Prabowo has lost the election remains to be seen. Its 61 MPs could provide valuable support to future Head of Government Jokowi. The only thing that may hinder this would be the existing close personal links with the Prabowo camp, as one of Yudhoyono's sons is married to the daughter of Vice President candidate Hatta Rajasa.

ISLAM AS A FACTOR IN THE ELECTION CAMPAIGN

Indonesia is the largest Muslim country in the world; 88 per cent of its some 250 million inhabitants are avowed Muslims. Although it is not an Islamic state in terms of its constitution, the religion of Islam, its values and morality as well as some specific legal provisions play no small role in politics, for instance in the form of regional bylaws. And since the democratic transition of 1998 referred to as *reformasi* and the founding of numerous parties, Islamic parties have tipped the intricate balance in the Indonesian political landscape in many elections. This also applied to the 2014 election campaign, during which both presidential

candidates made efforts to secure the support of the various parties of the Islamic block, such as the PKS, PPP, PAN and PKB.

But Islam exerts its influence even more strongly in society itself, particularly in West Java, the most heavily populated part of the country, which frequently determines the election outcome. The presidential candidates correspondingly made great efforts to increase approval from the conservative Muslim voter groups. Jokowi, who is frequently labelled an *abangan*, i.e. a non-orthodox Muslim, made a point of meeting with functionaries of Nahdatul Ulama (NU), with 40 million members the country's largest Muslim mass organisation, shortly after the parliamentary elections. The talks appeared to pay off within a short space of time when the moderate Muslim party PKB, which has close links to the NU, declared its support for Jokowi. And the decision in favour of Jusuf Kalla as running mate was probably made to a large extent with an eye to the desirable effect of his appeal to devout voters. Kalla is involved in a number of Islamic associations, acting as head of the Indonesian Mosque Association, for instance, and he is held in high esteem, particularly by devout Muslims in rural areas.

Prabowo also had members of the Muslim mass organisation NU in mind when he nominated Mahfud MD, who had himself been considered a potential presidential candidate of the PKB or Jokowi's running mate for a long time, his campaign manager. As a former Chief Justice at the Constitutional Court, Defense Minister and MP, Mahfud MD is held in high esteem by many Indonesian Muslims. Prabowo also made efforts to win Muslim votes by bringing the other Muslim parties PAN, PPP and PKS into his coalition. He was not deterred in these efforts by the fact that he and his party GERINDRA were known more for their nationalism than for their commitment to religious values. When political influence and genuine opportunities to gain power are at stake, the ideological and policy differences between the parties, which are not large in any case, frequently become irrelevant altogether. (Even Jokowi, who had advocated measures to deal with the human rights violations perpetrated by the Indonesian military in the past, made no objection when HANURA, the party of former

Prabowo also efforts to win Muslim votes by bringing the other Muslim parties PAN, PPP and PKS into his coalition.

Commander of the Armed Forces Wiranto, announced its support for the presidential hopeful.)

The same political ambition explains why Prabowo and Hatta did not distance themselves explicitly from the hardliners of the Islamic Defenders Front (Front Pembela Islam, FPI) and other vigilante groups. They reckoned that it was not sensible to miss out on the partly considerable political and social influence of such groupings, even if they kept resorting to violence. While neither Prabowo nor Hatta adopted the fundamentalist tendencies of these groups, they were not prepared to contemplate relinquishing potential votes from this milieu.




Jokowi wants to fight the social inequality in the country with comprehensive reforms. Among other things, he plans to raise the minimum wage and to restrict imports. As a result, there could be improvements, for example, in the local food industry. | Source: Joe Coyle, flickr ©116.

JOKO WIDODO'S POLITICAL AGENDA: ECONOMIC NATIONALISM, CONTINUITY IN FOREIGN POLICY, AND MENTAL REVOLUTION

The election campaign centered on the different personalities of the presidential candidates. Discussions about issues, such as the economy and development, were few and far between and mostly superficial. Jokowi, whose party, the PDI-P, is considered both moderately left-wing and nationalist, did not deny that he considered the economic policies of his predecessor Yudhoyono as overly

“neoliberal”. Critics complain that although the departing Head of State had led the country into the club of the G20 states, he had also considerably widened the gap between rich and poor. Jokowi intends to raise the minimum wage to fight this increase in social inequality.



After two terms in office, President Susilo Bambang Yudhoyono was not allowed to stand for re-election. He led Indonesia into the G-20, but failed to deliver in terms of important reforms. | Source: Dita Alangkara, Center for International Forestry (CIFOR), flickr .

Jokowi believes further that Indonesia needs to reduce its dependence on other countries; imports of food and energy should be reduced and support provided to domestic companies. It is hoped that by 2018 no further rice and wheat imports will be required. Indonesian oil and gas companies are to be given further incentives to spur on domestic energy production. The activities of foreign companies should no longer consist primarily of the exploitation of Indonesian natural resources, but should increasingly aim at creating new jobs. That is why Jokowi intends to uphold the decision taken under Yudhoyono to prohibit the export of unprocessed raw materials. This could represent the first step towards establishing a processing and manufacturing industry to tackle one of the greatest challenges, namely the low proportion of added value in the value chain of the Indonesian economy. At first glance, all these measures appear to be protectionist in nature. However, in front of representatives of foreign investors, Jokowi stressed that he would work towards improving the investment climate

by dismantling bureaucratic obstacles. Prabowo had, by comparison, sounded far more extreme during the election campaign with statements that were protectionist and aimed against foreign countries.

State subsidies to keep petrol prices down have put a heavy burden on the national budget in recent years. Jokowi has announced his intention to gradually reduce the subsidies over five years. This would provide savings of 30 billion

U.S. dollars a year, which are then to flow

In view of declining moral standards, citizenship, history, patriotism and character building should feature more strongly in the school curriculum in future.

into the improvement of the crumbling infrastructure and the construction of new roads, airports and harbours. The plans envisage

the building of 2,000 kilometers of road, ten

new airports and ten new seaports. In the areas of education and health, Jokowi has adhered to the fundamental concepts familiar from his past political activities. All Indonesians are to be given the opportunity of twelve years of state-funded education (*Indonesia Pintar* or "Smart Indonesia"). In view of declining moral standards, citizenship, history, patriotism and character building should feature more strongly in the school curriculum in future according to Jokowi and his election campaign team. The state should also fund healthcare, and everybody should have guaranteed access to medical services (*Indonesia Sehat* or "Healthy Indonesia"). Jokowi had already introduced free health insurance for the needy during his term as Governor of Jakarta.

The President-elect also wants to conduct reforms in the areas of the rule of law and bureaucracy, where stricter rules will apply in recruitment and where public services are to be improved. Religious intolerance is to be curbed and the protection of minorities enhanced. In addition, he advocates measures to deal with historic human rights violations as well as comprehensive efforts to come to terms with the past. Plans include investigations of the unrest in May 1998 and the disappearance of several students. Also to be covered are the events of 1965, which have not been revisited in earnest to date, when several 100,000 communists or purported communists were murdered. A Commission on Truth and Reconciliation is to take up its work to this end.

It appears that Jokowi intends to continue the foreign and security policies of his predecessor. He seems to be in favour of Indonesia playing a strong and constructive role in ASEAN and in regional and global forums. In addition, he announced that he intends to continue cooperation with institutions such as the World Bank and the International Monetary Fund, which his rival Prabowo had intended to scale back. Moreover, Indonesia shall expand its capacities as a maritime power, a status the archipelago is predestined for according to Jokowi. His plans further include an increase in military expenditure to 1.5 per cent of GDP over the next five years. Hardly surprising in view of the likely arms race in Southeast Asia. Steps to comprehensively upgrade the armed forces had already been introduced under Yudhoyono, including the purchase of armaments from abroad (including Germany).

During the election campaign, Jokowi not only promised economic and social programs, but also promoted a mental-moral renewal. His agenda included a manifesto, which called for a “mental revolution” (*revolusi mental*) and for people to change their attitudes. He praised the numerous reforms of the last 16 years and the achievements relating to the democratic constitution including free and fair elections as well as the progress made in terms of regional autonomy and decentralisation. At the same time, he stressed that all democratic, constitutional and civil achievements since the *reformasi* would remain limited unless there were “mental reforms” taking place in people’s heads. Problematic habits such as corruption, intolerance and ignoring the principles of the rule of law should no longer be tolerated. He himself would take the first step to ensure that the decision-makers in the country’s political and state institutions would in future work in a reliable, responsible and incorruptible manner. A start in the right direction is to be made by appointing people to high political and public posts on the basis of competence and qualifications.

Corruption, intolerance and ignoring the rule of law should no longer be tolerated. Institutions in future must work in a reliable, responsible and incorruptible manner.

Old Wine in New Skins?

Jokowi's rise and his rather unusual CV for Indonesian circumstances does not necessarily mean that all his political recommendations, projects and plans are entirely new, let alone revolutionary. Since it gained its independence, the country has been continually veering between socialist-protectionist and free-market policy approaches. While Indonesia's Founding Father Sukarno was one of the initiators of the "Non-Aligned Movement" and pursued a socialist economic policy in areas such as land reform, his successor Suharto modelled his approach more closely on the USA and the West – at least in terms of economic policy. Under Yudhoyono, the archipelago finally became far more open to foreign investment, privatisation and free-market reforms. Jokowi's policy of a moderate curbing of foreign influences on important sectors of the economy therefore resembles more a revival of old-established ideas than a completely new political concept.

Although their personalities could not be any more different, Jokowi's and Prabowo's ideas and concepts are very similar in many respects.

Jokowi's ideas have not always shown to differ greatly from those of his opponent either. Although their personalities could not be any more different, their ideas and concepts are

very similar in many respects. Each initially tried to present himself as the legitimate heir of Founding Father Sukarno and to satisfy the people's great longing for a new national identity during the election campaign. While Jokowi's candidacy was announced close to Sukarno's place of birth to catch the headlines, Prabowo used many prestigious symbols of independence and the colours white and red typical of Sukarno and Indonesia. His proposal for solving important issues such as food and energy security was to purchase gigantic swathes of land, which would then be made available to Indonesians for their free use. All in all, his ideas on economic policy, which he refers to as *ekonomi kerakyatan* (people's economy), are not that far removed from Jokowi's. He made explicit reference to nationalist experiments of the Sukarno era, which were realised under Article 33 of the 1945 constitution. According to this, the economy is to be organised according to a cooperative principle, and the state is to manage the most important industries. The former general already made headlines during the election campaign with constant protectionist and

nationalist statements. He said that it was crucial that the influence of international companies and the exploitation of Indonesia this entailed were stopped. He also addressed the same target group as Jokowi: above all the “little people”, who are longing for significant improvements in the social, economic and political conditions after the institutional and democratic stagnation under Yudhoyono.

Where appointments are concerned, Jokowi is not using entirely new methods. Due to the sheer size of their six-party coalition, Prabowo and Hatta almost exclusively relied on stalwarts of the involved parties as

well as numerous members of the security apparatus to make up their campaign team.

But Jokowi, who had stressed during the campaign that he would not fill posts according to party allegiance, did include some

party functionaries from the PDI-P, HANURA and PKB. At the same time, however, he brought new faces into his team, including people such as Anies Baswedan, education expert and Rector of the well-respected private Paramadina University, and Rizal Sukma, Executive Director of the CSIS think tank and one of the country's most distinguished experts on foreign affairs and security policy. It will be interesting to see whether Jokowi will remain true to his election campaign promise and award ministerial posts not on the basis of party allegiance to reflect the party configuration in parliament but on the basis of competence. His demands for a renewal of political culture also sound familiar. Calls for greater transparency, responsibility and efforts to curb corruption are traditionally well received by the population, but at the same time they do give rise to questions of feasibility.

It will be interesting to see whether Jokowi will remain true to his promise to award ministerial posts not on the basis of party allegiance but on the basis of competence.

Outlook: Challenges and Opportunities

Despite the victory of the political antitype Jokowi, which many had longed for, it is by no means certain that the hopes for a fundamental change in political culture and for substantial further development of Indonesian democratisation that the population has invested in the presidency will be fulfilled in all areas in the medium and long term. The period of *reformasi*, which began in 1998 after the Suharto era had come to an end, initiated far-reaching

democratisation, decentralisation and the establishment of numerous civil liberties. Many citizens believe that the positive development has stalled in recent years. Despite a few spectacular cases, the fight against corruption is not progressing sufficiently, the incomplete decentralisation is showing some downsides, and the efforts to enforce the standards of law and order are often half-hearted. Added to this is the fact that the reputation of the political class among the population is veering towards an all-time low after numerous cases of corruption and abuse of power. All these developments have played a significant part in facilitating Joko Widodo's election victory, but whether the new President will prevail in the medium and long term remains to be seen.

To be able to enforce the ambitious reforming agenda will first of all require parliamentary and party-political power. Jokowi enjoys both of these only to a limited degree. The four parties currently forming his coalition only have some 40 per cent of the seats in parliament, which means that new majorities will need to be forged for all political undertakings. Furthermore, the Prabowo coalition will be able to counter the government with projects of its own or torpedo its democratic reforming agenda. This was recently demonstrated in dramatic fashion circa four weeks before Jokowi has taken office. On 26 September, the national parliament adopted a bill that the two camps had fiercely fought over, scrapping the direct election of mayors, district chiefs and provincial governors. In future, these are to be appointed by the respective local and regional parliaments (or the parties represented in them) – as was the case during Suharto's New Order regime. Jokowi had clearly spoken out in favour of retaining direct elections, but only 135 of the 560 MPs followed his lead.

This gave Prabowo and his camp an opportunity to demonstrate their power. Direct elections had been introduced in 2004 and had generally been celebrated as an important democratic achievement of the post-*reformasi* era. During the same year, Yudhoyono was the first President to be directly elected. Jokowi has suffered a clear defeat before he has even moved into the Presidential Palace. The blame for this debacle has been attributed mainly to Yudhoyono (who was still the acting President on 26 September),

whose Partai Demokrat had also taken up a clear position against the bill before the vote. However, the party leader was in New York to attend the UN General Assembly on the day. Because there were some disagreements about questions of detail with respect to the bill, the PD MPs left the building before the vote – apparently against Yudhoyono's instructions – handing victory to the Prabowo camp. The fear is that the existing power sharing configuration – with the Jokowi camp having a majority in the executive and the Prabowo camp the majority in the legislature – will produce similar situations in future and may even result in a further dismantling of democratic achievements, including the scrapping of the direct election of the President, without which a newcomer such as Jokowi could never have come to power. For his sake, it is therefore to be hoped that the PD in particular and GOLKAR will ultimately join his camp. President Yudhoyono from the PD has not made any clear statements on this issue lately, and GOLKAR has a special party conference coming up.

In Jusuf Kalla, a former vice-president, minister and mediator, Jokowi has the support of a smart political operator at national level. But SBY's second term in office showed how difficult it can be to push through political projects; in his six-party coalition, he had to make great efforts to obtain approval every single time. Prabowo has already made it known that the future parliamentary opposition will block *all* (sic!) of the new government's projects. But there will probably also be some challenges awaiting Jokowi from within his own party, the PDI-P. Party leader Megawati Sukarnoputri remains the strong woman behind the scenes, who performed the role of king-maker and was instrumental in securing his candidacy – after some considerable hesitation. Critics therefore maintain that he will only be able to exert as much power as Megawati will deem appropriate. But not much is known about her commitment to reforms.

Party leader Megawati Sukarnoputri remains the strong woman in the background, who performed the role of king-maker and was instrumental in securing Jokowi's candidacy.

Furthermore, Jokowi is neither a board member nor chairman of an influential provincial association or some other party organisation. This lack of a power base could turn into a serious deficiency during the coming five years of his term in office. Without the absolute loyalty of his party,

unconditional support from the associations throughout the country and without political networks of any kind, pushing through his reform agenda, introducing a new political style and meeting national challenges will probably be difficult. The parliamentary elections in April showed already that the support Jokowi can expect from the PDI-P has its limits. In the run-up to the elections, analysts had expected that the party would gain at least 25 per cent of the votes, but it obtained only a fifth of the votes in the end. This was not least due to the fact that some party officials were not prepared to canvass for votes with their prominent leading candidate. The otherwise smart decision to bring Jusuf Kalla on board will not be able to make up for this power deficit either. By standing as Jokowi's running mate, he caused a split in his own party GOLKAR and no longer enjoys its unconditional support.



King-maker: The former President and current PDI-P chairwoman, Megawati Sukarnoputri, appointed Jokowi as the top candidate shortly before the parliamentary elections. She maintains great influence on policy-making. | Source: © KAS Indonesia.

Besides these challenges, Jokowi will probably first and foremost have to reinvent himself in line with his visionary ideas of a “mental revolution” of Indonesia. With its social, ethnic and political complexity and geographic fragmentation, this huge nation cannot be governed in the same way as the provincial city of Solo or the capital Jakarta. In a country of 17,000 islands spanning three time zones and including remote areas difficult to access, he will no longer be able to employ the so-called *blusukan*, unannounced

visits among the people, during which he used to learn about their problems on the ground and which made him stand out and endeared him to the people when he was Governor of Jakarta. If he cannot clearly demonstrate the same great willingness to change that he expects of the population for all to see, his credibility may suffer sooner or later.

It also remains to be seen whether Jokowi's ideas, which frequently appear sketchy, will lead to feasible concepts and can therefore contribute to improvements in the social and political situation. One of the demands he put forward in connection with his call for a mental-moral change and improvements in the education system, for instance, is that more emphasis should be placed on character building in primary schools; at the same time he announced that he wanted 80 per cent of school hours to be used to develop the pupils' character and only 20 per cent for knowledge-based subjects such as the sciences. In view of the numerous challenges in education, such as the high ratio of inadequately trained and poorly paid teachers as well as outmoded teaching methods, one has to ask whether character building is a suitable means to ensure that Indonesia will in future no longer come bottom in the ranking of 65 countries in the OECD PISA tests in the areas of reading, maths and science. Education will, in fact, take on a much greater significance in coming years, once a common market has been established in the ASEAN region in 2015, with free movement of labour and an influx of qualified employees from neighbouring states confronting the Indonesian labour market.

If Jokowi succeeds in implementing his economic plans as announced, this will also have some consequences for the cooperation with the EU and Germany. Under Yudhoyono, Indonesia rose to become one of the G20 states. For the steadily increasing middle class, who is focused on acquisition and consumption, foreign imports will play an increasingly significant role. Within the EU, Germany is Indonesia's most important trading partner. If the economic policy will be conducted along protectionist lines, a continued positive development of the bilateral trade relations may be in doubt.

Notwithstanding all these challenges, the hope remains that the *Jokowimentum* can be sustained and will result in policies that will allow Indonesia to take further important steps. Never since democratisation began in 1998 have the mood for change and the desire for a political and social renewal been as intense as they are today. The fact that close to 60 per cent of MPs were newcomers to the national parliament after the parliamentary elections in April gives some hope that the change towards a new political culture will be supported by large numbers of the political decision-makers. Indonesia is also a very young country in terms of its demography. Almost 30 per cent of voters in the parliamentary elections were under 30. Jokowi has a large following in this age group in particular. These two facts together, i.e. the young population and its support, could play an important role in ensuring that Jokowi and his ideas will determine the future of the country.

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Hans-Hartwig Blomeier is the Head of the Konrad-Adenauer-Stiftung's Office in London.

BRITAIN REMAINS UNITED, BUT WHAT NOW?

SCOTLAND'S REFERENDUM AND ITS CONSEQUENCES

Hans-Hartwig Blomeier

On 18 September 2014, 55.3 per cent of voters in Scotland voted against the country gaining independence from the United Kingdom. Everything indicates that, though the issue has been concluded (for now), the discussion about the political reorganisation of the country has only just begun.

HISTORICAL BACKGROUND

The Kingdom of Scotland, or Alba as it is called in Gaelic, originated in the early Middle Ages and formally existed until 1707. By 1603, the Scottish King James VI had been crowned King of England after England's Queen Elizabeth I died without a successor. In 1707, the parliaments and royal houses of both Scotland and England were merged, and the United Kingdom of Great Britain was founded.

Scotland saw its first referendum on 1 March 1979, with a slight majority (51.6 per cent) calling for a parliament of their own. However, due to the low turnout (only 32.9 per cent) the referendum was declared invalid. 18 years later, on 11 September 1997, another referendum was held; this time, an overwhelming majority of 74.3 per cent called for this kind of regional parliament and, in this context, was to receive extensive rights to self-determination on public health policy, education, the environment and domestic security.

Already by the 1960s, the political heart of most Scots tended to beat more towards the left (as opposed to England). The Labour Party was the primary beneficiary of this.

This was reinforced during the tenure of the Thatcher government. The intervention in Iraq under Tony Blair's Labour government increased the growth of the Scottish National Party (SNP), which has explicitly stated since 2007 that its goal is Scottish independence. With the backing of the clear electoral victory in 2011, in which the SNP was able to achieve an absolute majority in the Scottish parliament, Scottish First Minister and SNP Chairman Alex Salmond increased pressure on the government in London. This resulted in him receiving formal approval for a referendum to be held before the end of 2014 by virtue of the Edinburgh Agreement, which was signed by Salmond and British Prime Minister David Cameron on 15 October 2012.

After the electoral victory in 2011 of the Scottish National Party, Scottish First Minister Alex Salmond increased pressure on the government in London. This resulted in the formal approval for a referendum.

Disputed at that time was the issue of who was entitled to vote, as well as the questions or options to be put to a vote. Ultimately, they agreed on a yes/no vote on the question, "Should Scotland be an independent country?"; the British side dispensed with the original three options proposed by Salmond ("Yes", "No" and the so-called "Devolution max", i.e. extensive autonomy concessions). This abandonment of the third option was undertaken against the backdrop of the (supposed) certainty that, in any case, a large majority already opposed independence, and these concessions could thus be dispensed with – a misjudgement that would nearly result in the division of the country.

With regard to the right to vote, ambiguity prevailed for a long time. Only in March 2013 was the electoral law amended so that 16 and 17-year-olds could vote. It was also determined that, as with local elections, all those living in Scotland and who are entitled to vote (i.e. Scots, English, Northern Irish and Welsh as well as citizens of EU Member States and the Commonwealth with a residence permit for Scotland) would be entitled to vote in the referendum. By contrast, Scots (even those elsewhere in the UK) residing outside Scotland were excluded from the election. In March 2013, the date was finally set: on 18 September 2014, exactly 700 years after the Battle of Bannockburn in 1314 in which Robert the Bruce won Scottish independence from their overpowering English rivals, Scottish First Minister Alex Salmond now wanted to repeat

this historic event in a peaceful and democratic manner through a referendum. For the historically conscious and for those Scots who are proud of their long history, this was certainly an added emotional incentive that Salmond skilfully introduced to his campaign.



A tense relationship: Prime Minister David Cameron (l.) meets the Scottish First Minister Alex Salmond (r.) in 2012 for talks in Edinburgh in order to pave the way for a referendum. | Source: Gordon Terris, Scottish Government, flickr @①②.

THE CAMPAIGN

In May 2012, supporters of independence with Alex Salmond at the front publicly began their YES campaign. As part of this, in November 2013, they released a 670-page white paper, a detailed blueprint for an independent Scotland.¹ In June 2013, the NO campaign officially began with the slogan “Better Together” under former Labour Chancellor of the Exchequer Alistair Darling. However, this was not visible or really even noticeable until the start of 2014. By the end of 2013, with the backing of almost perfectly consistent polling numbers (with a 60:40 majority against independence), the government in London felt their cause was obviously safe and paid scant attention to the NO campaign. This almost gave the impression that

1 | Cf. The Scottish Government, *Scotland's referendum on 18 September 2014 is a choice between two futures*, Edinburgh, Nov 2013, <http://scotland.gov.uk/Publications/2013/11/9348/0> (accessed 30 Sep 2014).

the issue was quite deliberately intended to be dealt with as inconspicuously as possible. It was not until early 2014 when the polling numbers started to shift and the gap between supporters and opponents slowly but surely narrowed that the “Better Together” campaign began to show an increased presence. Given the deep-seated Scottish aversion to the Conservative Party (with only one MP in the whole of Scotland), still stemming from the Thatcher government, the Conservative government in London quite sensibly asked a Labour politician to lead the NO camp.

Not until the gap between supporters and opponents slowly but surely narrowed the “Better Together” campaign began to show an increased presence.

While the YES campaign succeeded in conveying a high degree of positive emotionality (and often to the exclusion of rational arguments and factual issues), the “Better Together” campaign attempted to persuade the electorate with rational end economic arguments, though they themselves even turned toward the (albeit negative) emotional side of things by conjuring threatening scenarios in the event of independence, exaggerated to some extent. The Economist aptly commented, “The No campaign is a machine, the Yes campaign is a carnival.”² The news magazine likewise pointed out that the “Better Together” campaign would end with the referendum due to their core objective, while the YES campaign featured the character of a political movement that would persist even in the event of defeat. In retrospect, this assessment, which was expressed in August, has been found to be only too true.

High points in the run-up to the referendum were two televised debates in August in which Alex Salmond clearly bested the rather wan Alistair Darling, both rhetorically and in terms of the media, although Salmond failed to give clear answers when discussing the British currency. However, Alistair Darling only maintained superiority in that regard (according to the subsequent snap poll, 56 per cent to 44 per cent) until the second debate. With his familiar relaxed and confident demeanour, the Scottish First Minister fielded all factual questions put to him and repeatedly projected the image of a happy and prosperous Scotland, if only it could overcome its English guardianship. He won a decisive victory in this encounter by 71 per cent to 29 per cent.

2 | “Aye’ll be back”, *The Economist*, 16 Aug 2014, <http://econ.st/1C1fH1k> (accessed 30 Sep 2014).



Alex Salmond, First Minister and leader of the nationalists: Due to his strategically clever campaign the referendum remained open for a long time. Immediately after the loss of the YES campaign he announced his resignation. | Source: Ewan McIntosh, flickr ©①②.

An early-September³ ICM poll provides interesting clues when searching for reasons for the significant increase in approval for the YES campaign from the start of August. Here it became clear that, among supporters of independence, their primary motivation was the disapproval of Westminster's policies (51 per cent), with only 41 per cent motivated by "feelings about Scotland" and 40 per cent by "hopes for a more prosperous future". Among NO voters, however, it was clear that concern for the United Kingdom (53 per cent) – i.e. the actual referendum question – was at the top of the list. Accordingly, the YES campaign and Salmond himself also consistently argued not just by demanding Scotland's independence, but also with critique of the "Westminster Establishment".

Parallels to the campaign by the United Kingdom Independence Party (UKIP) in the most recent EU election in May are clear. As part of a European-wide trend, it also won protest votes with its anti-establishment campaign. In this context, announcements by the British government, such as a ten per cent salary increase for Members of the House of Commons in the midst of a rigorous austerity policy and cuts to social benefits, provided additional grist to the mill of the YES campaign. Another bonus point to the YES campaign came in the form of those persons in

3 | See *The Guardian*, 13 Sep 2014.

charge: not only was Alex Salmond the charismatic figure-head, but thanks to his status as a First Minister elected by a large majority, he exuded legitimacy and authority. Because of this, he was far superior to Darling, the former Labour politician installed by London. Celebrities from TV, film and sport also predominantly came down in favour of the YES campaign.⁴

But for all the emotional and physical superiority of the YES campaign (they had a higher degree of visibility, more volunteers and a greater public presence, including in social media), some observers questioned the consequences. The vision of Scottish independence is certainly not the causal result of a campaign and certainly not an invention by Salmond. Rather, it is questionable to what extent the decline in the UK's cohesiveness is and will remain an essential catalyst for the independence debate as well. In this respect, in his editorial in the *Financial Times*,⁵ Janan Ganesh correctly observed that, of the four traditional socio-political cohesive forces in the United Kingdom (empire, threats from continental Europe, Protestantism and armed forces), the first two no longer exist and the other two have become much weaker. Yet one might add that it has become evident that the Queen's role as the common head of state and the monarchy as such has previously not only been unquestioned but actually represents an important link for the cohesion of the Kingdom.⁶

Then there are the economic arguments: Scotland has become the most prosperous part of the kingdom (with the exception of London) and this has nourished the belief that the country could "go it alone" or even do better on its own. The fact that the location of the oil reserves in the North

4 | Here we take the example of Sean Connery: "Sean Connery wirbt für Unabhängigkeit Schottlands", *Cicero*, 27 Aug 2014, <http://cicero.de/weltbuehne/schottische-unabhaengigkeit-sean-connery-ermahnt-schotten/58130> (accessed 30 Sep 2014).

5 | Janan Ganesh, "A bad campaign is not the real unionist problem for Scotland", *Financial Times*, 8 Sep 2014, <http://on.ft.com/1vzvLOH> (accessed 30 Sep 2014).

6 | The Queen last expressed her opinion on the matter on the occasion of her Silver Jubilee in 1977 by pointing out that many Scottish kings and queens numbered amongst her ancestors, but that she had been crowned the Queen of the United Kingdom and that the welfare of all her subjects was thus equally important.

Sea lies mostly in Scottish waters (90 per cent) contributes significantly to this assessment. Often excluded from this argument, however, is the fact that a sizeable part of this wealth has come into being through subsidies from the government in London, regardless of political persuasion.

14 days prior to the referendum, the polls showed a leaning towards independence, the Scottish flag was raised over Downing Street and Cameron appealed to the Scottish people.

However, 14 days prior to the referendum, an updated YouGov poll plunged Cameron's government into a panic and sparked a sense of euphoria in Salmond's camp. While the polling numbers still placed opposition to independence ahead in early August by 61 to 39 per cent, on September 8 the numbers suggested otherwise for the first time. For the first time the independence movement was ahead by 51 to 49 per cent. The relatively emotional *Financial Times* headline read "Pro Union Campaign in chaos".⁷ Finally shaken, the British government now responded: the Scottish flag was raised over Downing Street and the Prime Minister appealed to the Scottish people, practically pleadingly.⁸ In terms of those representing the campaign, there was a last-minute reshuffle: former Labour Prime Minister Gordon Brown (a Scot himself) replaced the hapless Alistair Darling.⁹ That was a clear sign that the political parties in London were now doing all they could to band together to fight for Scotland to remain in the Union. The otherwise stolid Brown actually succeeded in breathing life into the hitherto bloodless "Better Together" campaign; Cameron joined in with his emotional plea ("It would break my heart if Scotland leaves").

Even the news of a new pregnancy in the British royal family became an object of the Scotland debate. It was speculated that the early announcement was deliberately released to provide royalist Scots with an emotional reason

7 | George Parker, Mure Dickie and Alistair Gray, "Pro-union camp 'in chaos' as poll puts nationalists ahead", *Financial Times*, 7 Sep 2014, <http://on.ft.com/1rS2wal> (accessed 30 Sep 2014).

8 | Peter Dominiczak, Peter Spence and Simon Johnson, "Stay with us: David Cameron's desperate plea to Scots", *The Telegraph*, 9 Sep 2014, <http://telegraph.co.uk/news/uknews/scottish-independence/11086060/Scots.html> (accessed 30 Sep 2014).

9 | Cf. Jochen Buchsteiner, "Der unwahrscheinliche Retter", *Frankfurter Allgemeine Zeitung*, 11 Sep 2014, <http://faz.net/i27-7tqh1> (accessed 30 Sep 2014).

to remain in the UK. But Salmond once again proved his cleverness here: he congratulated the heirs to the throne, but did so by addressing them as the Earl and Countess of Strathearn, one of their Scottish titles, and not simply as the Duke and Duchess of Cambridge, as is more common. The Queen herself publicly held back, as expected, up to the day of the referendum, only briefly commenting after attending church on the Sunday before the referendum that the referendum was close to her heart,¹⁰ although it had never been called into question that an independent Scotland would want to retain the Queen as head of state.



Plea for unity: If Scotland would secede from the United Kingdom, it would break his heart, Prime Minister Cameron said. | Source: © Arron Hoare, MoD/Crown.

As a final act, David Cameron ultimately called off the traditional Prime Minister's Question Time in Parliament in order to travel to Scotland with party leaders Ed Miliband (Labour) and Nick Clegg (Liberal Democrats) to make an appeal for Scotland remaining in the UK.¹¹ Together they promised far-reaching concessions to Scotland if Scots voted against independence. In doing so, they essentially returned to

10 | Literally, she said, "I hope the Scottish people will think very carefully about the future." Quoted in Nicholas Watt and Severin Carrell, "Queen hopes Scottish independence voters will 'think carefully about future'", *The Guardian*, 14 Sep 2014, <http://gu.com/p/4xhe5> (accessed 30 Sep 2014).

11 | See also: "Last Minute Reise", *Süddeutsche Zeitung*, 10 Sep 2014.

Salmond's original de facto request for "devolution max", which they had categorically rejected a year before – a win for Salmond even before the referendum.

THE EXIT SCENARIO

British and international media outlets commented on and analysed every possible consequence¹² of a possible victory for independence proponents in the days leading up to the referendum, both for Britain (including the question of a royal head of state, redesigning the flag and the formal designation of the "rest of the United Kingdom" [rUK]) and for Europe (impact on other independence movements, Scotland's membership in the EU, effects on the possible EU referendum in Great Britain in 2017). The United Kingdom

The British currency and numerous entrepreneurs and investors appeared nervous: the British Pound lost six per cent of its value in the weeks before the referendum.

would lose 8.33 per cent of its population and 10.3 per cent of its economic output, to name just a few figures. The British currency and numerous entrepreneurs and investors appeared nervous: the British Pound lost six per cent of its value in the weeks before the referendum, and numerous public statements were made indicating that companies would relocate. It has also been speculated in banking circles that Scotland's exit would make Britain's exit from the EU in the event of a possible referendum in 2017 more likely because of the negative consequences the financial hub in London would face in the event of Scottish independence. The oil reserves cited by the Scottish government as the cornerstone of Scottish economic independence have been scrutinised critically with regards to the sustainability of the reserves and price fluctuations. With the polls narrowing, repeated mention was made of the 1995 Quebec referendum, in which secession from Canada was prevented by only a razor-thin margin of 50.6 to 49.4 per cent. One banker struck at the heart of the generally increasing uncertainty and perplexity by saying, "Over the last two weeks we have come to terms with the unbelievable becoming the possible."¹³

12 | "Der Schotten-Schock", *Handelsblatt*, 9 Sep 2014; "Wetten auf den Ölschatz", *Handelsblatt*, 9 Sep 2014; Peter Rásonyi, "Schottlands Schatten über Londons City", *Neue Zürcher Zeitung*, 9 Sep 2014, <http://nzz.ch/wirtschaft/1.18379736> (accessed 30 Sep 2014).

13 | Cited from Jonathan Guthrie, "Eckxit could trigger Brexit and disaster for City", *Financial Times*, 17 Sep 2014, <http://on.ft.com/ZzvEc0> (accessed 30 Sep 2014).



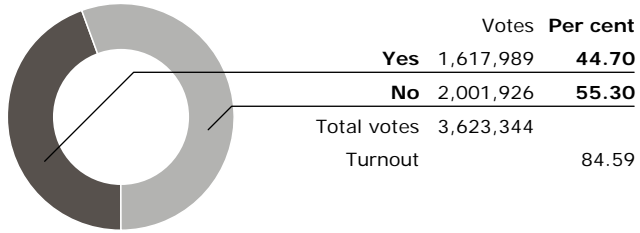
Disputed natural reserves: Scotland is known for its off-shore natural gas and oil resources. A considerable part of the revenues is sent to London. Therefore, the YES campaign expressed the aim to manage the economy independently. | Source: Steven Straiton, flickr ©.

OUTCOME AND ASSESSMENT

After the polls closed on 18 September at 22:00, the tension was palpable and most likely everyone in the country, and many people in Europe were aware of the significance of this decision. But it became clear relatively quickly in the early morning hours that the NO camp would win by a greater margin than expected. With a voter turnout of 84.5 per cent, the end result with all 32 electoral districts reporting was: 2,001,926 votes for NO (55.3 per cent) and 1,617,989 for YES (44.7 per cent). Only four electoral districts (West Dunbartonshire, North Lanarkshire, Dundee and Glasgow) posted victories for independence supporters.

Fig. 1

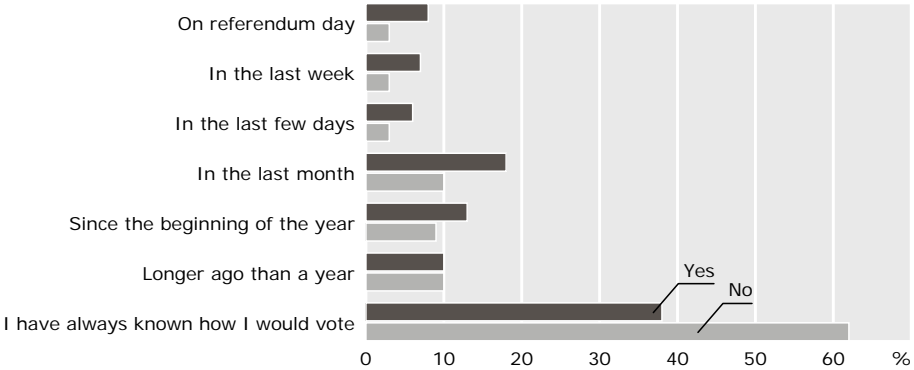
Should Scotland be an independent country?



Source: "Scotland Decides", *BBC News*, <http://bbc.com/news/events/scotland-decides/results> (accessed 8 Oct 2014).

Fig. 2

Moment of voting decision



Source: Figure modified according to n. 14.

Alex Salmond conceded defeat equally early. It is interesting to note here that, according to one poll, at least 72 per cent of voters had made their decision more than a year ago, with only nine per cent deciding less than a year ago.¹⁴ This figure also called into question the real impact of the campaigns. In addition, the final outcome was a setback for the polling institutes themselves as nearly all of them had predicted a narrower margin in the results and had now been proved wrong. One can only speculate about the factors that tipped the scales for such a clear outcome. The uncertainty with respect to currency, the labour market and EU membership may have likewise played a significant

14 | Cf. "Scottish independence: poll reveals who voted, how and why", *The Guardian*, 20 Sep 2014, <http://gu.com/p/4xmd2> (accessed 30 Sep 2014).

role in addition to the certainty that self-determination had already been achieved prior to the referendum through far-reaching political concessions without the country having to take the risk of striking out on its own.

The result was clear in two ways: 55 per cent of voters explicitly addressed the question of Scottish independence by voting to remain in the United Kingdom. Yet at the same time, the 45 per cent of supporters of independence (including the protest votes against the parties and politics of Westminster included therein) send a message that is more than clear, as had already been evidenced in the most recent European elections. In fact, this has resulted in a series of questions and challenges for Scotland and Britain, but also for Europe and these must be addressed seriously and forcefully. For all the relief in the “Better Together” camp (and probably most of the UK and Europe), it would be a serious misjudgement to continue with business as usual and as a lost opportunity to draw lessons from the referendum.

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In Scotland, the focus is now on de-escalating the highly emotionally charged atmosphere and calming the conflicts that came to light. The return to the peaceful coexistence of Scots is an urgent matter for families, organisations, politics and society. Alex Salmond himself retired immediately following the political consequences of the election and announced his resignation as First Minister and leader of the SNP. Upon his departure, he strongly warned against ignoring the 1.6 million votes of his supporters or sacrificing them out of tactical political considerations within the framework of the debate on federalism. A prominent and dedicated successor is poised to take over in the form of previous Deputy Prime Minister Nicola Sturgeon, who took on an increasingly active and visible role during the campaign, and she will insist on compliance with the promises made in the last days leading up to the referendum. The three main parties in Scotland would now be headed by women (another contrast to the political gender reality in London): along with Nicola Sturgeon at the head of the SNP, Ruth Davidson leads the Conservatives and Johann Lamont the Labour Party.

The Scots have their own government, their own flag, as well as rugby and football teams, they control their legal, education and health policies. The debate on autonomy, self-determination and independence that has been maintained since the founding of the Scottish parliament must also be assessed rationally,

even in Scotland. The Scots have their own government, their own flag, as well as rugby and football teams, they control their legal, education and health policies; they have removed tuition fees and largely control their health service (National Health Service). Even nationalism sometimes bears strange fruits, as when “without batting an eye, Scottish nationalists hold the Tories responsible for Glasgow’s slums, even after 15 years of self-governance and even if they themselves live in thriving satellite cities surrounding Edinburgh, whose prosperity is based on Thatcher’s dismantling of obsolete industrial structures.”¹⁵

For its part, the British government must now quickly present a concrete proposal for negotiation. As quickly as the parties agreed to make concessions to Scotland, just as varied are their proposals in detail (amount of personal and corporate income tax rates, social security, health care system, etc.). David Cameron has already entrusted Lord Smith of Calvin with the preparation of this proposal, which will be submitted by the end of November and will then be presented for a vote in Parliament as the “Scotland Act” on 25 January 2015 (Burns Night). It is unlikely that the current Parliament will adopt the corresponding legislation before the elections in 2015. The hastily crafted consensus of the parties before the referendum is on the verge of disintegrating in the face of questions of detail and the apparent power dispute.

One condition of the Scottish concessions is clarification of the West Lothian question,¹⁶ which both the Scots and large sections of the Labour Party reject. The implicit political power game can be explained by looking at the distribution of seats: an overwhelming majority of the 59 Scottish MPs in the lower house belong to the Labour Party (40), with the Liberal Democrats holding eleven seats, the SNP

15 | Matthias Thibaut, “Die Fliehkräfte bleiben”, *Handelsblatt*, 22 Sep 2014.

16 | “English votes for English laws”, i.e. restricting voting rights to English MPs in the House of Commons on the matter of laws that affect only England, or even the establishment of an English parliament with an English First Minister.

six and the ruling Conservatives one; one Scottish member of the House of Commons is independent. The Scottish influence on the Labour faction is thus significantly higher (about 15 per cent) than it is with the Tories (one out of 304 MPs). The discussion and linking of the West Lothian question is a much more important issue for the Tories than it is for Labour, which would have lost a substantial portion of its MPs in the event of Scottish independence and thus the prospect of any parliamentary majorities. The outcome of the referendum not only marks the beginning of a constitutional debate, but also the campaign for the general election in 2015.

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This result of the referendum was a personal achievement for Prime Minister David Cameron. A victory for the YES campaign would have called his authority into question and would have sparked more than just one leadership debate within the Conservative Party in the run-up to the Conservative Party Conference at the end of September and the elections in May 2015. He proved once again that he possesses political reflexes under pressure (which he has no doubt faced and as he has admitted with regard to his health), which have helped him out of hardship time and again. When he was first to address the press at 7 a.m. on 19 September, he adopted the right tone by expressing his joy and relief that he continues to live in a United Kingdom on the one hand, but indicating that he understands that the concerns and wishes of the 45 per cent YES votes should be taken seriously and that this result would have consequences not only for Scotland, but also for Wales, Northern Ireland and England. This enabled him to push the opposition onto the defensive with his call for a solution to the West Lothian question. This was particularly important immediately prior to the Labour Party Conference. It was evident that Labour was not prepared for Cameron's statements and that the party is divided internally.

Furthermore, the British Prime Minister succeeded in taking the wind out of Nigel Farage and UKIP's sails, at least in the short term, and was able to win over his most dangerous opponents within his own party (the so-called backbenchers), who mostly come from ultra-conservative Southern England. This was important for the following

reason: Cameron is under pressure from the defection of Tory MP Douglas Carswell to UKIP and the resulting need for a by-election in early October; this could be the first time UKIP wins a seat in Parliament. Add to this the announcement of his most significant party rival, London Mayor Boris Johnson, that he would run for a seat in the lower house, underscoring his ambitions to become Prime Minister himself. But Cameron's tactics cannot disguise the fact that his government has long misinterpreted the Scotland question and well and truly misjudged it with its reluctance.¹⁷ One can only hope that he has gained some knowledge from the experience, particularly as regards the possible EU referendum.

For Britain, this result means that the country must face the fundamental questions that have smouldered for a long time and have come to light through the referendum. Although a territorial fragmentation was averted, it

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opened up the question of Britain's national identity, and thus the question of what holds the kingdom together aside from its existing symbols, common history and the royal family, which will require discussion and a process of clarification that will be both lengthy and complex. Janan Ganesh struck at the heart of the matter when he said, "The UK has survived, comfortably; the UK in its present design is dead."¹⁸ "Trying to hold together through the emancipation of its parts"¹⁹ is without doubt a fallacy that will be of no avail. In addition, it has become clear that a debate on the territorial structure and the internal political order of the country has been set in motion.

With the concessions now being offered to Scotland, legitimate claims have arisen from Wales, Northern Ireland and England in particular, which can only be solved within the framework of whatever kind of federal reorganisation is settled upon. This requires a serious constitutional debate, including the question of the meaning and purpose of existing institutions, such as the House of Lords. Snapshots

17 | See also Bjoern Finke, "Cameron, der Zocker", *Süddeutsche Zeitung*, 22 Sep 2014.

18 | Janan Ganesh, "The union lives on – but in its present design it may well be dead", *Financial Times*, 19 Sep 2014, <http://on.ft.com/YW2qTC> (accessed 30 Sep 2014).

19 | Matthias Thibault, *Handelsblatt*, 22 Sep 2014.

staged for the media are unsuitable for this because their transparent tactical deliberations will only lead to greater political disenchantment in the country. Well-intentioned references to other federal regimes, such as Germany, are only suitable for the debate in the UK to a limited extent given the differences in history and mentality. The discussions that have now been set in motion will have an enormous impact. Eight months before a general election with an uncertain outcome, in a political landscape that is already on edge due to the rise of the right-wing populist party UKIP, this debate is rather explosive in nature. It is anything but helpful that two ailing and internally divided political parties lay at the center, with each also engaging in (differently focused) leadership debates and each having different territorial preferences (Labour: Scotland, Tories: England).



After the referendum it is important to de-escalate the highly emotionally charged atmosphere and to calm conflicts. To strengthen the coexistence of Scots is the task of families, politics and society. | Source: Gerard Ferry, flickr ©📷📷

This result also has far-reaching impacts for the European Union. On one hand, it managed to defer the uncertainty associated with Scottish independence (there were, for example, more than divergent statements and positions on the extent to which and the speed at which Scotland could become a member of the EU after independence). On the other hand, independence would surely have lent credence to other independence movements in Europe (Catalonia, Basque Country, Veneto, Flanders). Nevertheless, 45 per

cent of the losing YES campaign could motivate these regions and, as such, the discussion of internal fragmentation within the EU has certainly not been silenced.

Edinburgh's accusations of paternalism by London bear a striking resemblance to the reproaches London has levelled against Brussels.

As for the possible EU referendum in Britain (2017), Scotland's independence would have presumably increased the likelihood of EU rejection by the rest of the UK through increased nationalistic tendencies. But the problem has neither been solved by the debate on federalism that has now been triggered, nor by the calls for a greater degree of self-determination for the more EU-critical England. Rather the knowledge gained from the referendum campaign has imposed a (no doubt necessary) campaign for the possible EU referendum. Edinburgh's accusations of paternalism by London bear a striking resemblance to the accusations London has levelled against Brussels. An EU campaign faces the same challenge of avoiding a negative and threatening campaign (in the event of an exit from the EU) and instead launching an emotional plea for Britain to remain in the EU.

The Scotland campaign has also demonstrated that though cross-party consensus is good but not sufficient, that disenchantment with politics can be mobilised in an anti-establishment campaign and can be successful. Salmond used these factors to his advantage in 2014. Nigel Farage will surely want to exploit this as early as 2015 and then again, given the right circumstances in 2017 for himself. The ultimate question of which personalities can and want to move this EU debate into the foreground will remain an exciting one. Nationality and place of birth and even kilts may have had a positive effect in Scotland, but it is hard to imagine how this would be implemented in a European campaign; equally hard to imagine is where the credible and compelling pro-EU voices will come from in the UK.

Timothy Garton Ash, a professor at Oxford University, argues for a future that includes a federal Britain in a confederal Europe.²⁰ This requires a serious constitutional

20 | Cf. Timothy Garton Ash, "Let's not fear the F-word or the C-word: we should move to a federal Britain in a confederal Europe", *The Guardian*, 21 Sep 2014, <http://gu.com/p/4xmt7> (accessed 30 Sep 2014).

debate on the reorganisation of the country, including its integration in Europe. "How on earth can we talk about a federal settlement for Britain without discussing the powers that belong to Europe?" demands Garton Ash further.

The outcome of the Scottish referendum contains a clear warning to Europe. The anything but miniscule approval rates for independence were simultaneously an expression of a desire for the country's own identity and self-determination, and the rejection of paternalism, heteronomy and political disenchantment with an overly autocratic and out-of-touch political elite. These are elements that apply not only to the relationship between Edinburgh and London, but also to the relationships between Member States and the EU in Brussels. The results of the recent European Parliament elections themselves already presented a clear warning. Now, the referendum in Scotland has echoed this warning and the vote should not be discounted as a purely domestic matter for Britain. Scotland has voted, and has ultimately voted not only from the gut, but the heart and mind as well. For the UK, this represents an opportunity and a challenge to experience that "together" is in fact "better". It remains to be seen (and hoped) that this realisation holds sway on the issue of EU membership as well.

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