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The Urban Middle Class in the Instability of New Democracies

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Abstract

The recent revolts of the middle class in the national capitals of the Philippines and Thailand have raised a new question about democratic consolidation. Why would the urban middle class, which is expected to stabilize democracy, expel the democratically elected leaders through extra-constitutional action? This article seeks to explain such middle class deviation from democratic institutions through an examination of urban primacy and the change in the winning coalition. The authoritarian regime previously in power tended to give considerable favor to the primate city to prevent it revolting against the ruler, because it could have become a menace to his power. But after democratization the new administration shifts policy orientation from an urban to rural bias because it needs to garner support from rural voters to win elections. Such a shift dissatisfies the middle class in the primate city. In this article I take up the Philippines as a case study to examine this theory.

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1. Introduction[*]

The recent uprisings of the middle class in the national capitals of the Philippines (in 2001) and Thailand (in 2008), and which created political instability, raised a puzzling question about democratic consolidation. Why would the urban middle class, which is expected to mitigate conflict and stabilize democracy[1], try to expel the democratically elected leaders through extra-constitutional actions? This article will argue that urban primacy, which the previous authoritarian regime enhanced, and the change in the winning coalition after democratization determine the behavior of the middle class of the primate city.

The authoritarian regime previously in power favored the urban area, especially the national capital, being fearful of an urban uprising. On the other hand, the regime did not concern itself so much about the area outside the national capital because the rural population is dispersed and did not pose a threat. Such favoritism to the urban sector, what is called urban bias, causes urban migration, urban development, and eventually urban primacy, which is the concentration of population in the primate city (the largest city in the country). After the coming of democratization, the new administration, conversely, shifts policy orientation to a rural bias because it needs to garner enough votes from outside the primate city and where the majority of the population still resides. Such a shift of policy dissatisfies the residents of the primate city, especially the urban middle class which has been the beneficiary of urban-biased development. They have little chance of winning elections against the rural vote due to their limited numbers. Therefore they believe that there is a higher probability that they can change the administration through the extra-constitutional means of uprising because of their geographical advantage. These conditions give the urban middle class the incentive to take extra-constitutional action to obtain political power.

[1] Most notably, Seymour Martin Lipset, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy" *American Political Science Review*, 53 (March 1959), 69-105. Daron Acemoglu and James A. Robinson also perceive the middle class as a buffer to stabilize democracy. See Daron Acemoglu and James A. Robinson, *Economic Origins of Dictatorship and Democracy*, (New York: Cambridge University Press, 2006), pp.38-40.

The urban-rural cleavage affects democratic stability significantly, especially in new democracies which have experienced economic growth, though not all cases of instability are caused by this cleavage. This article focuses on democratic instability related to the urban-rural cleavage as one of several patterns of instability. In the following section, I present a model of urban-sector deviation from democratic institutions. I will then examine this model using the Philippines as a case study.

2. A Theory of Instability in New Democracies

Democracy as Equilibrium

Democratic institutions become stabilized when democracy is "the only game in town." It is the situation where major political groups observe democratic institutions in solving conflicts. This fits the argument of "self-enforcing democracy," which claims that the stability of democracy comes about when it constitutes equilibrium. In other words, democracy becomes stable when no one has the incentive to deviate from the strategy of observing democratic institutions[2]

Democracy brings the equality of political participation, but not the equality of outcomes. If we follow Joseph A. Schumpeter's classic definition of democracy[3], which emphasizes the institutional arrangement for selecting a leader, that person must be decided by competition, particularly by elections. Equal political participation is a fundamental condition here. In this institutional setting, the representative of the majority naturally acquires power. The problem is that he represents only the majority's

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[2] Adam Przeworski, 1991, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America*, (New York: Cambridge University Press, 1991), p. 26. Instability arises if at least one of the major players does not follow the strategy of observing democratic institutions. We can suppose two patters of deviation from democracy as Barry R. Weingast suggests. One is that the leader suspends democratic rule and exercises power arbitrarily. For example, the leader remains in power despite losing the election, or the leader suspends elections in anticipation of his defeat. Another pattern is that of out-of-power groups taking extra-constitutional action. For instance, they try to remove the leader through violent demonstration instead of constitutional procedures. See Barry R. Weingast "Constituting Self-Enforcing Democracy in Spain." in Irwin L. Morris, Joe A. Oppenheimer, and Karol Edward Soltan eds., *Politics from Anarchy to Democracy: Rational Choice in Political Science*, (Stanford: Stanford University Press, 2004), pp. 161-195. This article focuses on the latter pattern of instability.

[3] Joseph A. Schumpeter, *Capitalism, Socialism and Democracy*, (London: George Allen and Unwin Ltd. 1976), p.269.

interest. He does not optimize the interests of the entire population, which should include the minority. Hence, the equality of political participation produces the "winner" who can make policies closer to his ideals, and the "loser" who is excluded[4].

The stability of democracy, therefore, depends on whether or not the "loser" accepts defeat. The loser's acceptance means that the leader concedes power to the new winner if he lost in the competition, and that the out-of-power groups refrain from taking extra-constitutional action to oust the leader if they do not win power through democratic procedures[5].

I define the expected utility of the out-of-power player (the loser in the election) in accepting defeat, i.e., observing democratic institutions as[6]:

$$EU(acquiesce) = \delta \cdot p_E \cdot Y$$

$\delta \in [0, 1]$: discount factor for the future payoff
$p_E \in [0, 1]$: the probability to win the next election
Y: the increased share of resources deriving from holding power

I also define the expected utility of the out-of-power player in taking extra-constitutional actions as:

$$EU(rebel) = p_R \cdot Y - C + E$$

$p_R \in [0,1]$: the probability of winning power through extra-constitutional means
C: the cost for extra-constitutional action
E: the entertainment effect obtained by participating in extra-constitutional action[7]

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[4] Adam Przeworski, "Minimalist Conception of Democracy: A Defense" in Ian Shapiro and Casiano Hacker - Cordón eds. *Democracy's Value*, (New York: Cambridge University Press, 1999), pp.23-25.

[5] Przeworski, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America*, p.19; Christopher J.Anderson, André Blais, Shaun Bowler, Todd Donovan, and Ola Listhaug, *Loser's Consent: Elections and Democratic Legitimacy*, (New York: Oxford University Press, 2005).

[6] To make the calculation of payoffs simple here, I do not suppose a repeated game.

[7] This means fun, enjoyment or satisfaction in taking part in the collective movement.

If the former payoff is larger than the latter, the out-of-power player keeps to the institutions. Otherwise, it takes extra-constitutional action.

$$\begin{cases} \delta \cdot p_E \cdot Y \geq p_R \cdot Y - C + E & \text{---------- observes institutions} \\ \delta \cdot p_E \cdot Y < p_R \cdot Y - C + E & \text{----------- ignores institutions} \end{cases}$$

The seriousness of social cleavages, the types of political institutions and geographical conditions affect the expected utility of the out-of-power player and that of the leader.

The resource share Y is related to the stakes of politics[8]. Political institutions decide how much discretionary power is given to the leader especially regarding resource distribution. As the stakes of politics get larger, Y increases. It is a matter of how much the constitution provides power to the leader, and how exclusively power is controlled by the majority.

Political institutions also affect p_E and δ. The electoral system is the most important institution in this regard. Proportional representation opens the chance for small parties to obtain seats in the legislature, and enhances opportunities for the minority to join the ruling coalition, unlike the single-member district. The length of the term in office and term limits on public office decide the discount factor δ. If the term is short, or reelection is not granted, δ gets larger for the out-of-power player.

Political institutions also affect cost C. This is primarily the cost of risking individual lives and assets. Secondly it is the cost of solving the coordination problem. In order to pose a strong threat to the leader, the out-of-power player as a group usually needs to become unified and formulate a protest movement on a large scale. The out-of-power player is rarely a cohesive entity as it has intra diversity. The difficulty in getting groups with different interests to cooperate in taking collective action is called the coordination problem, and this is also considered as a cost for the protest movement. If there is a focal point which induces cooperation among groups, cost C is restrained to a lower level[9].

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[8] Przeworski, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America*, p.36.
[9] See Barry R. Weingast, "The Political Foundations of Democracy and the Rule of Law." *American Political Science Review*, 91, (June 1997), 245-263.

Figure 1 shows the relation between the expected utility of observing democratic institutions and that of deviation from such institutions.

Figure 1 The Out-of-Power Player's Expected Utilities and Strategies
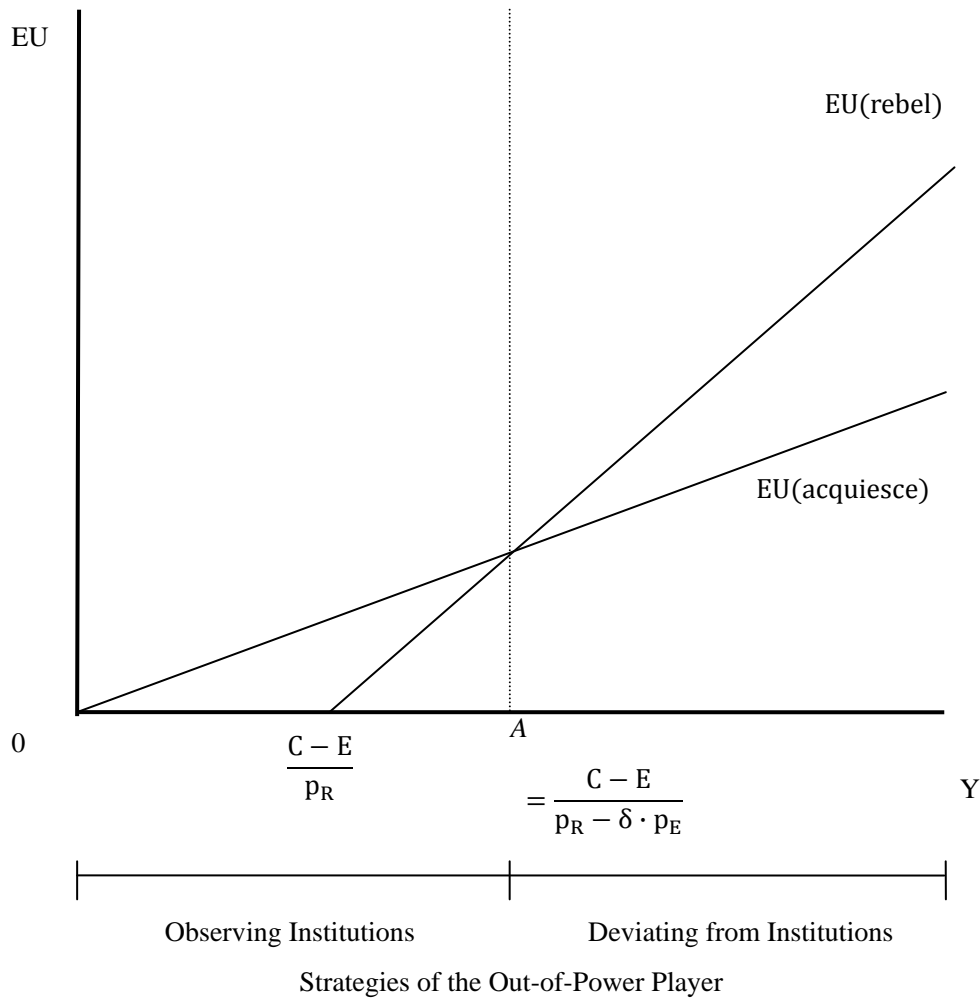
Assumptions: $\delta \cdot p_E < p_R$, $E < C$.
Source: Author.

This figure is based on the assumption $\delta \cdot p_E < p_R$, on which the lines of EU (rebel) and EU (acquiesce) cross. Crossing point A is the threshold of deviation from institutions. If Y exceeds this point A, the out-of-power player deviates from democratic institutions and challenges the leader by means of extra-constitutional action. Otherwise, the out-of-power player keeps to democratic institutions and remains in the

constitutional framework. Threshold A depends on the discount factor δ, the probability of winning elections p_E, the probability of taking power through extra-constitutional means p_R, the cost of uprising C, and the entertainment effect E. Holding other variables constant, threshold A gets closer to 0 as δ and p_E decrease. If E and p_R increase or C decreases, threshold A also gets closer to 0. In these cases there is a higher probability of deviation from institutions[10]. On the other hand, if $\delta \cdot p_E \geq p_R$, the lines of EU (rebel) and EU (acquiesce) do not cross. In that case the out-of-power player always keeps to democratic institutions regardless of Y.

Change of Winning Coalition

Instability in new democracies is caused by the drastic change of winning coalition following democratization. Regardless of the type of political regime, either authoritarian or democratic, the leader needs the support of certain groups in the society. These groups, which sustain power, are called the winning coalition[11]. The composition of the winning coalition varies depending on regime type and country. Generally, an authoritarian regime has a limited coalition. A democratic regime tends to have a relatively wide winning coalition, and the coalition is usually more diversified than that in the authoritarian regime.

Normally the new winning coalition replaces the old one when democratization takes place. The old coalition loses its status, or at least needs to cooperate with other groups to take part in the new coalition. The winning coalition changes, firstly because the

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[10] There are two contrasting arguments regarding the size of the opposition and the probability of democratic breakdown. One argues that the opposition prefers to keep institutions if the size gap between the leader and the opposition is smaller, because the opposition has a high probability of winning the next election. The other contends that the opposition prefers to challenge the leader through violent action if the size gap between the two is smaller, because the opposition has a higher probability of expelling the leader. See Mario Chacon, James A. Robinson, and Ragnar Torvik, *When is Democracy an Equilibrium?: Theory and Evidence from Colombia's "La Violencia"*, (NBER Working Paper Series 12789, 2006). This is actually about p_E and p_R. The opposition's action is decided by both parameters, not by one of them alone. The opposition obtains information about the size of its support through elections. For the significance of elections in providing information, see Przeworski, "Minimalist Conception of Democracy: A Defense" pp.48-49; James D. Fearon, *Self-Enforcing Democracy*. (Center on Institutions and Governance Working Paper No. 14, Berkeley: University of California Berkeley, 2006).
[11] Bruce Bueno de Mesquita, Alastair Smith, Randolph M. Siverson, and James D. Morrow, *The Logic of Political Survival*, (Cambridge: MIT Press, 2003), pp.51-55.

leader changes. Secondly, and more importantly, the coalition changes because the required size of the winning coalition varies under different political regimes. An authoritarian regime needs only a limited coalition. But a democratic regime needs a larger-sized coalition since power is obtained through elections. Under democratic rule, groups that seek power need to garner enough popular support to obtain and maintain power. The old winning coalition under the authoritarian regime is usually composed of the military, business elite, the bureaucracy and the hegemony party. Following democratization the old coalition either loses power or needs to collaborate with new forces in the society to join the new winning coalition.

Such a change of winning coalition does not cause serious problems if the conflict between the old and new coalitions does not become intensified. But the conflict between the two coalitions becomes intensified if the gap between the leader and the out-of-power groups increases due to resource distribution, or if the old coalition is totally excluded from the new winning coalition. The old coalition also has an incentive to deviate from democratic institutions and challenge the leader if it believes that it has enough political resources to depose the ruler. In this sense, the instability of new democracies is, for the most part, determined by how the previous authoritarian regime deals with and is dealt with by the winning coalition.

Instability of New Democracies in the Urban-Rural Conflict

We will now turn to the conflict between the middle class of the primate city and the rural populace. Here the urban area means the primate city of the country, which is usually the national capital. The rural area, on the other hand, means the area outside the national capital including smaller cities.

Robert H. Bates argues that the government policy of providing low-priced agricultural products to the urban residents is the main cause for the underdevelopment of the rural areas in Africa. The government, he argues, is afraid of an urban uprising which is a crucial threat to power. To avoid this risk, the government takes the resources from the rural area and distributes them to the urban area. An urban uprising would have a critical impact on power since the urban area is the place where power exists and economic activity is concentrated. By contrast, the rural population, although larger, is dispersed over a wide area which is a serious impediment to collective action, and therefore it poses less of a threat to power. This is the logic of Bates' argument, and it is usually

7

called urban bias[12].

Urban bias is often seen under authoritarian rule because keeping the urban sector acquiescent is more important than garnering the majority in elections. At the same time there is a higher probability that urban residents have an incentive to rebel. The urban area is politically significant as it has a strategically critical role in sustaining power. Paralyzing the functions of the national capital can inflict fatal damage on power unlike guerrilla activity in the mountains. Moreover, the collective action problem can be mitigated relatively easier in the urban area as the cost of mobilizing people for mass action is lower. The necessary size for mass action is also smaller than in the rural area. The media deliver information about an uprising faster in the urban area so that the opposition can share the information and lower the cost of the coordination problem. These conditions enhance the incentive of urban residents to resist the ruler when they become dissatisfied with government policies. Even the entertainment effects seem to be higher in the urban area. Meanwhile, the rural area does not get much attention under an authoritarian regime as it does not pose a great threat because the ruler does not need to get its support in elections. Under an authoritarian ruler elections are highly controlled or can be suspended.

The urban bias under an authoritarian regime induces a migration flow from the rural to urban area, especially to the primate city. Alberto F. Ades and Edward L. Glaeser., who examined the political effects of urban primacy using an econometric approach, showed empirically that an authoritarian regime has a statistically significant positive effect on migration to the primate city[13]. Ironically, the more that government policy encourages the urban bias, the greater the political threat that the urban sector imposes to the ruler. The urban sector accumulates the resources for political action through the urban bias. The increasing concentration of population and resources in the urban area makes the urban sector the core of the winning coalition. At the same time this shift means that the rural sector has less chance of getting into the coalition[14].

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[12] Robert H, Bates, *Markets and States in Tropical Africa: The Political Basis of Agricultural Policies*, (Berkeley: University of California Press, 1981).

[13] Alberto F. Ades, and Edward L. Glaeser, "Trade and Circuses: Explaining Urban Giants." *The Quarterly Journal of Economics* 110 (February 1995), 195-227.

[14] Even under an authoritarian regime, however, the ruler sometimes emphasizes rural development if he has an ideological inclination toward the rural area. In such a case, the urban bias is limited. See Ashutosh Varshney, "Self-Limited Empowerment: Democracy, Economic Development and Rural India," in Ashutosh Varshney ed.,

The urban bias encouraged under the authoritarian regime causes a serious problem for the new leader after democratization. The liberalization that comes with democratization brings the rural sector into the winning coalition. Even though the urban sector grew under the urban bias, the rural population occupies the majority of the entire population in most of the developing countries. Politicians have a hard time taking power without the support of the rural vote[15]. Aside from voter geographical distribution, if a freely elected legislature is composed of representatives from the local districts, the legislators from the rural area will have the majority giving them the chance to implement policies that fulfill the demands of the rural vote. It has often been pointed out in fact that under a democratic regime politics acquire a rural bias[16]. Under a parliamentary system, party leaders need to take into consideration rural interests in order to take power. Even under a presidential system, a president needs to respond to the rural demands from the legislature. This situation gives the leader the incentive to adjust his policy orientation toward the interests of the rural vote. As long as the majority is rural based under a democratic regime, political leaders need to pay attentions to the demands of that majority.

In the transformation of policy orientation from urban to rural bias through democratization, the middle class, which has been regarded as the median voter and the stabilizer of democracy, demonstrates that it is an urban voter in the urban-rural cleavage. This seems to explain better the urban middle-class deviation from democratic institutions. When a new democratic regime shifts policy toward a rural bias, the urban sector can be expected to show dissatisfaction[17]. This is especially true if the urban bias had been prominent under a previous authoritarian regime during which the urban sector grew rapidly. An urban middle class can emerge on a large scale during this time, and this new social class has interests that differ from those of the rural sector[18].

Beyond Urban Bias, (Portland, Oregon: Frank Cass), p.209.

[15] However, if urban migration has been huge and the urban sector has come to compose the majority of the entire population, the theory set forth in this article would obviously be invalid.

[16] Varshney, pp.177-180; Samuel P. Huntington, *Political Order in Changing Societies*, (New Haven: Yale University Press. 1968), pp.433-461.

[17] Samuel P. Huntington also claims that the urban sector is always anti-government under a democratic regime. He argues that political instability is caused by the most advanced area, not by the backward part of the society. See Huntington, pp.72-78.

[18] The urban middle class also plays a crucial role in democratization. This does not mean that the urban middle class is out of the winning coalition under the authoritarian

The new leader under a democratic regime faces two conflicting problems. One is the threat from the old winning coalition, i.e., the urban sector, which was protected and strengthened under the urban bias of the previous regime. The other problem is to secure enough votes from the new winning coalition, the rural sector, which has a larger population. As a consequence, the leader faces the dilemma of trying to balance between the demands of the urban sector and those of the rural sector. If the leader fails in balancing his policies between the two, he will be deserted by the rural sector and lose the next election, or face a challenge from the urban sector that resorts to protest action[19].

The probability of an urban uprising following democratization is determined by the degree of urban bias before democratization. This is shown in the following model which again considers the expected utility of the out-of-power player.

$$EU(rebel) = p_R \cdot Y - C + E$$

This time the expected utility of the out-of-power player on extra-constitutional protest action without the urban bias before democratization is defined as:

$$EU(rebel)^0 = p_R^0 \cdot Y - C^0 + E$$

regime. Only if the authoritarian regime is no longer capable of providing the urban middle with enough favors will it decide to leave the winning coalition. Democratization is partially, as Guillermo O'Donnell and Philippe C. Schmitter point out, the process of the struggle between the hard liner and soft liner. The behavior of the middle class can be understood in the same context. See Guillermo O'Donnell and Philippe C. Schmitter, *Transitions from Authoritarian Rule: Tentative Conclusions about Uncertain Democracies*, (Baltimore: Johns Hopkins University Press, 1986), pp.19-20

[19] Richard Sandbrook sees the urban sector in Africa as the political winner in democratization but economic loser after democratization. He points out that the structural adjustment policies imposed by international donors actually has meant correction of the urban bias policy. Structural adjustment, therefore, triggered the frustration of the urban sector and eventually caused democratization. The new democratic governments, however, have had no choice other than continuing structural adjustment. Sandbrook notes that some leaders wooed the support of the rural rather than urban sector whereupon the urban sector turned its back on the new government. See Richard Sandbrook, "Economic Liberalization versus Political Democratization: A Social-Democratic Resolution?" *Canadian Journal of African Studies*, 31(3, 1997): 482-516.

And the expected utility with the urban bias is defined as:

$$EU(\text{rebel})^1 = p_R^1 \cdot Y - C^1 + E$$

The differences of two expected utilities are the probability of success in protest action p_R and the cost of rebelling C. Urban bias increases the urban population and raises the income of the urban residents. This means the increase in political resources which leads to a higher probability of a successful uprising; hence $p_R^0 < p_R^1$. The development of the primate city also brings better transportation and information infrastructures. This reduces the costs of moving and solving the coordination problem; therefore $C^0 > C^1$. Figure 2 shows the relations of these different utilities.

Figure 2 Effects of the Urban Bias on the Out-of-Power Player's Expected Payoffs

EU

EU(rebel)^1

EU(rebel)^0

EU(acquiesce)

0

$\dfrac{C^1 - E}{p_R^1}$ A^1 $\dfrac{C^0 - E}{p_R^0}$ A^0

Y

$= \dfrac{C^1 - E}{p_R^1 - \delta \cdot p_E}$ $= \dfrac{C^0 - E}{p_R^0 - \delta \cdot p_E}$

Without the Urban Bias

Observing Institutions   Deviating from Institutions

With the Urban Bias
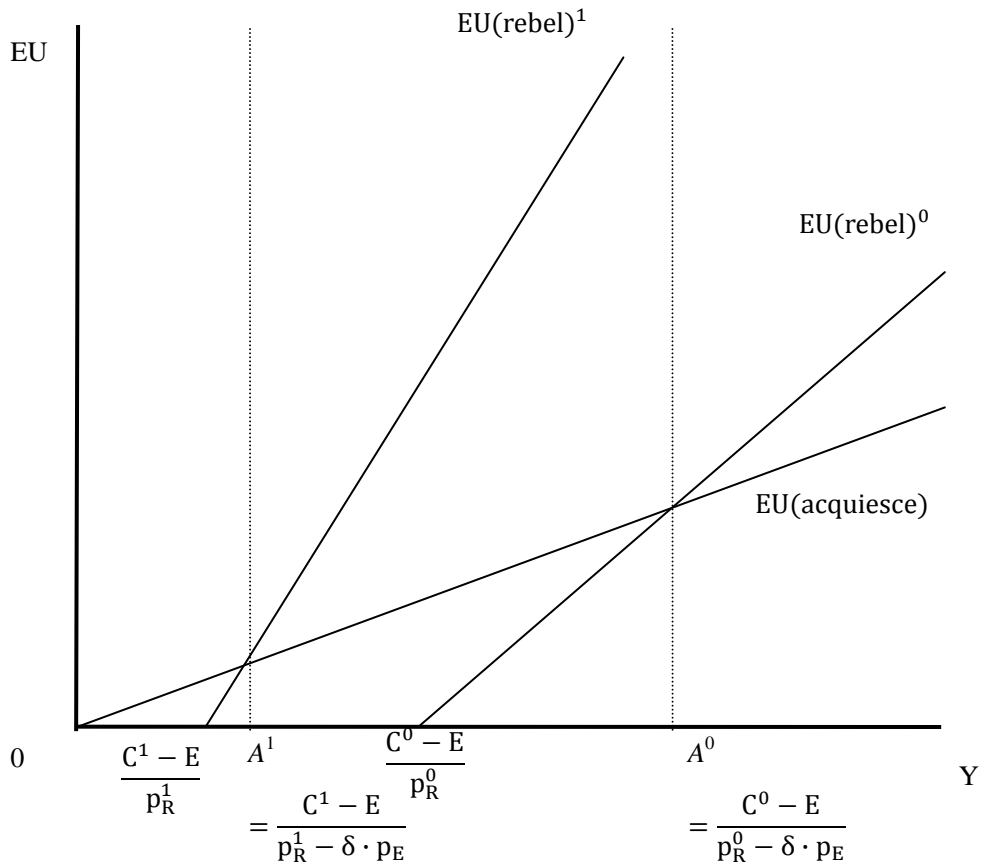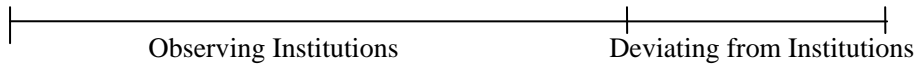
Observing Institutions   Deviating from Institutions
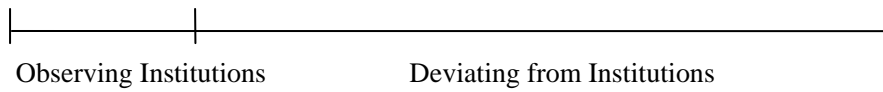
Strategies of the Out-of-Power Player

Assumption: $\delta \cdot p_E < p_R, E < C.$

Source: Author.

This figure indicates that the out-of-power player tends to rebel against a leader at the lower threshold A^1 if the pre-democratization regime had an urban bias. This means the urban sector has a higher propensity to deviate from democratic institutions if it

12

experienced an urban bias. The urban bias, in addition, widens the gap between interests which causes a larger Y. This promotes the condition for deviation from institutions.

Here I have assumed that the out-of-power player's expected utility in observing institutions is constant. Since urban bias enhances the inflow of migration to the primate city, the probability of winning the next election, P_E, is actually expected to be higher. Nevertheless, urban bias increases probability P_R more than P_E because the increase of population in the primate city has more effect toward uprising than election when considering the entire population. Furthermore, probability P_E is multiplied by the discount factor $\delta \leq 1$. The impact of the increase of P_E on threshold A^1 does not seem to be so large.

3. Deviation from Democratic Institutions: The Philippines as a Case Study

We will now examine the Philippines to test the theoretical model set forth above. The Philippines is grouped among the lower-middle-income countries by the World Bank. The country had democratic regimes after its independence in 1946 but turned to authoritarian rule in 1972. Democracy was restored in 1986.

Since 1986 the Philippines has been regarded as a politically unstable country. President Corazon Aquino, under whom the country returned to democracy, endured repeated coup attempts during her term. President Joseph Estrada was ousted from the presidency by the protest movement in Metro Manila in 2001. President Gloria Macapagal-Arroyo has also confronted urban demonstrations calling for her resignation.

The ouster of President Estrada and the protest movement against the Arroyo administration were and have been mainly initiated by the urban middle class. These movements have used the word "democracy" to legitimize their actions, but they have deviated from the democratic institutions provided by the constitution. This phenomenon can be explained through focusing on the interests of the rural-based new winning coalition and those of the urban sector, mainly the middle class.

**Democratization and Change of the Urban Bias**
In order to claim that political instability in the Philippines since democratization has been caused by the change of policy orientation based on the shift of the winning coalition, it needs to verify, first, that there was an urban bias under the authoritarian

regime, and second, that the urban bias was eased following the return of democratic rule.

Figure 3 shows the score of POLITY IV, which is a measurement of the political regime, and the ratio of the population in the national capital to the entire population[20]. As mentioned above, the empirical examination of Ades and Glaeser, based on a large data set, shows that an authoritarian regime tends to enhance the population inflow to the primate city. The data on the Philippines also show the same trend. The concentration of population in the national capital increased after 1975 under authoritarian rule. During the democratic periods before and after authoritarian rule, this trend was not and has not been seen.

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[20] POLITY IV Score is used here; it measures from maximum +10 to minimum -10, and the higher score indicates a more democratic regime.

Figure 3 Regime Change and Population Concentration in the Nationa l Capital in the Philippines（1948—2007）

POLITY 2 Score

Population Concentration in the National Capital

POLITY IV Score ——— Population Concentration in the National Capital
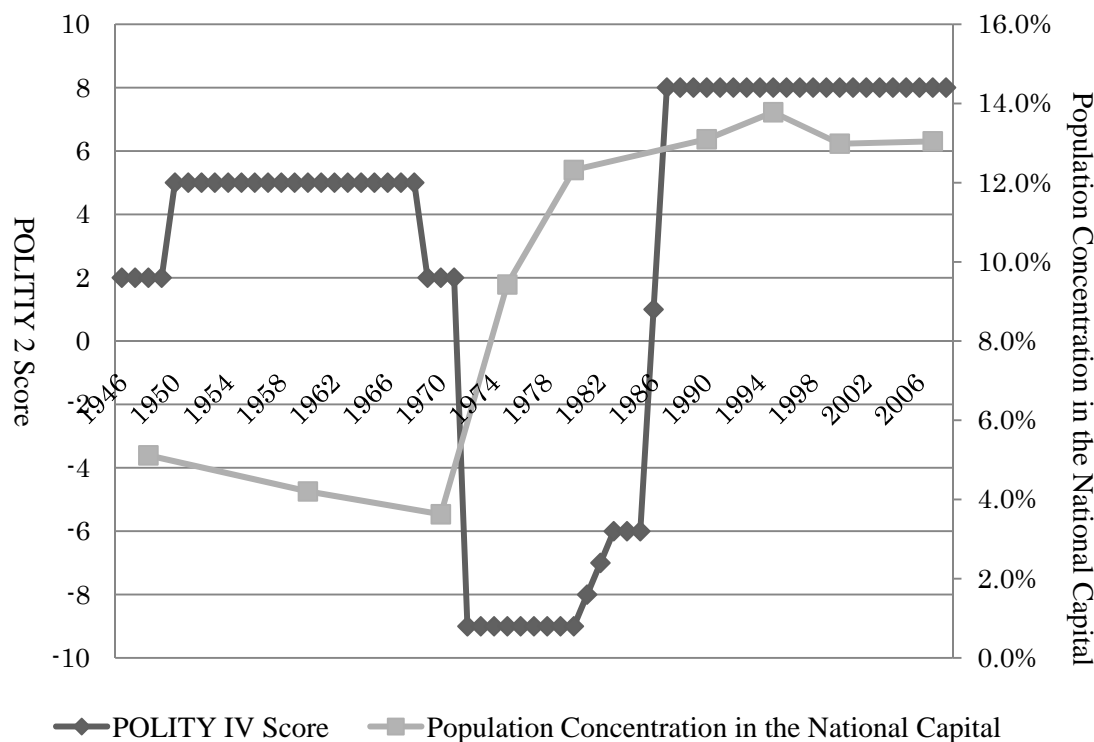
Note: The National Capital means the City of Manila and its vicinity for 1948－1970 and Metro Manila after 1975.
Source : National Economic Development Authority, *Statistical Yearbook*, (Manila: National Economic and Development Authority,1974); National Statistical Coordination Board, *Philippine Statistical Yearbook*, (Makati: National Statistical Coordination Board, various years); Monty G.Marshall, Ted Robert Gurr and Keith Jaggers, *Polity IV Project: Political Regime Characteristics and Transitions, 1800-2008,* (Maryland: Center for Sytematic Peace, 2009).

The outcome of the period of high migration is that the level of urban primacy in the Philippines is now high by international standards (Table 1). As of the 2000 census, of the four largest cities in the Philippines with a population size exceeding a million, the top three are part of Metro Manila[21].

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[21] National Statistical Coordination Board, *2009 Philippine Statistical Year Book*, (Makati: National Statistical Coordination Board, 2009), Ch. 1. The four largest cities are Quezon City (2,173,831), City of Manila (1,581,082), Kalookan City (1,177,604) and Davao City (1,147,116).

Table 1 Urban Primacy of Selected Countries

Country	Urban Primacy	Primate City/Total	Primate City/Urban
Thailand	14.57	0.13	0.21
Argentina	8.99	0.33	0.36
the Philippines	8.38	0.13	0.21
France	7.04	0.16	0.21
Chile	6.83	0.35	0.40
Mexico	4.70	0.18	0.24
United Kingdom	3.75	0.14	0.16
Indonesia	3.31	0.04	0.08
Japan	3.17	0.28	0.42
Korea	2.77	0.20	0.25
Germany	1.96	0.04	0.06
Malaysia	1.71	0.06	0.08
Brazil	1.60	0.10	0.12
USA	1.52	0.06	0.08
Spain	1.16	0.13	0.13
India	1.14	0.01	0.05
Italy	1.13	0.06	0.08

Notes: "Urban Primacy" is the ratio of the first largest city's population to the second largest city's population. "Primate City/Total" means the share of primate city's population in total population. "Primate City/Urban" means the share of primate city's population in urban population. Populations of primate cities are as of 2007. Total populations, urban populations, and populations of the second largest cities are as of 2005.

Source: World Urbanization Prospects: The 2007 Revision Population Database. http://esa.un.org/unup/

As for the income gap between the urban and rural area, the income level in the national capital has been higher than that in other areas. Table 2 shows the average income per family in the Philippines.

Table 2 Income per Family (nominal, in pesos)

year	1985	1988	1991	1994	1997	2000	2003	2006
National Average	31,052	40,408	65,186	83,161	123,168	144,039	148,000	172,730
Average in Metro Manila	57,193	79,314	138,256	173,599	270,993	300,304	266,000	310,860

Source: National Statistical Coordination Board, *2009 Philippine Statistical Yearbook*, (Makati: National Statistical Coordination Board, 2009).

The gini coefficient as of 2006 for the entire Philippines was 0.4580, while that for Metro Manila was 0.3988[22]. This indicates that the level of income inequality in the Philippines is relatively high by international standards, but the income gap in Metro Manila is actually lower than that in other areas. This means that the gap between Metro Manila and other areas is large, although each area contains it own income gap.

Having confirmed the growth of the national capital under authoritarian rule and the income gap between the urban and rural area, the question is whether government policies affect the gap between social classes in the urban and rural area. To test the effects of the government policies precisely, multivariate regression has to be used to control the other variables. Due to the limited amount of data available, the test will have to at least confirm the change of government policy from the urban bias under the authoritarian regime to less urban orientation under democratic rule.

Cristina C. David presents effective rates of protection for the different sectors based on the series of estimations performed by the Philippine Institute for Development Studies. Figure 4 shows the data.

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[22] ibid., ch.2.

Figure 4 Estimates of Effective Protection Rates in the Philippines
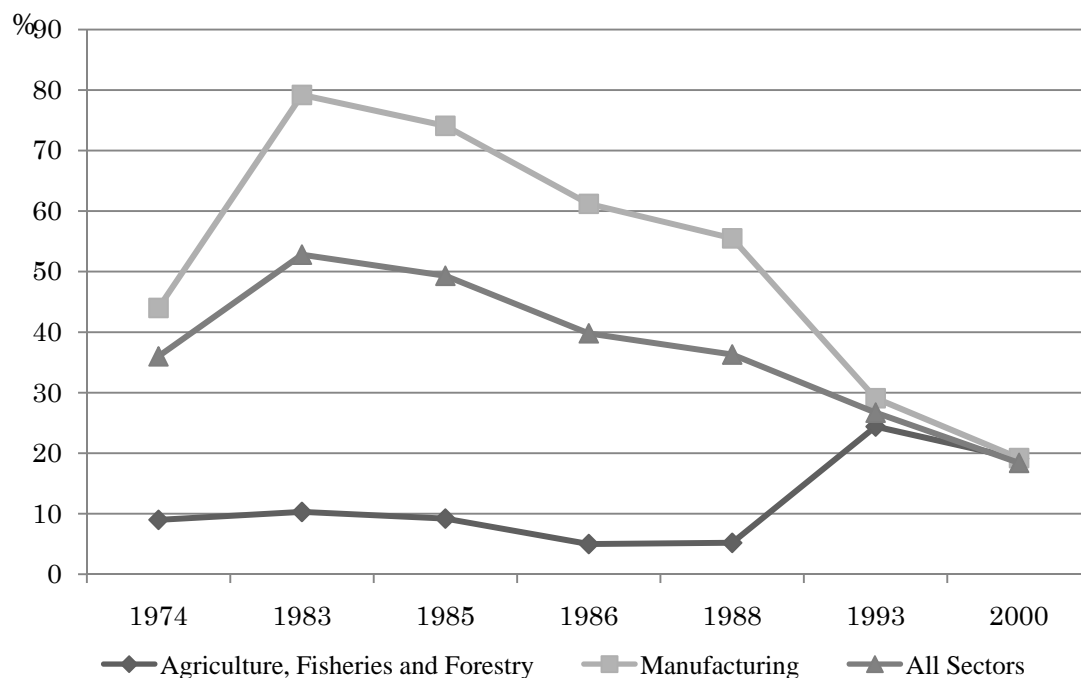
Source: Cristina C. David, "Agriculture," in Arsenio M. Balisacan and Hal Hill eds., *The Philippine Economy: Development, Policies, and Challenges*, (New York: Oxford University Press, 2003), 175-218.

These estimates take into consideration the effects of government policies on intermediate input prices. The protection rate for manufacturing in 1974, two years after the start of authoritarian rule, was relatively high, reflecting the import substitution industrialization policy which started in 1950s. But the rate increased sharply thereafter until authoritarian rule collapsed in 1986. The rate went down after the return of democracy. On the other hand, the protection rate for agriculture, fisheries and forestry remained low throughout the authoritarian period. Starting from 1993-95 under the democratic regime, the rate went up. In other words, the gap of effective protection rates between the urban-based manufacturing sector and the rural-based agriculture, fishery and forestry sector was high under the authoritarian regime, but later decreased under democratic rule.

Focusing on the agricultural sector highlights the urban bias under authoritarian rule and

its diminishment after democratization. Ponciano S. Intal and Marissa C. Garcia show that rice-price policy in the Philippines shifted from farmer protection in the 1960s to taxing the farmers in the 1970s, then a reversion to farmer protection in the 1980s and a further strengthening of that protection in the 1990s[23]. David also points out the same trend[24].

How do people perceive the policy shift on urban bias? Opinion surveys indicate that since the return to democracy, urban residents have constantly shown a low support rate for the government[25]. Table 3 shows the average rate of satisfaction in Metro Manila for the presidential administration compared with that rate outside the capital and nationwide[26].

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[23] Ponciano S.Intal, , Jr. and Marissa C. Garcia. 2008. *Rice and Philippine Politic*, Research Paper Series No. 2008-1, (Makati: Philippine Institute for Development Studies, 2008). They used the examination results of Kei Kajisa and Takamasa Akiyama. Kajisa and Akiyama dealt with the rice-price policies in Thailand, Indonesia and the Philippines, and they pointed out that self-sufficiency and price stabilization are the main motive of rice-price policy. See Kei Kajisa and Takamasa Akiyama, "The Evolution of Rice Price Policies over Four Decades: Thailand, Indonesia and the Philippines." *Oxford Development Studies* 33 (June 2005), 305 – 329.

[24] Cristina C. David, "Agriculture," in Arsenio M. Balisacan and Hal Hill eds., *The Philippine Economy: Development, Policies, and Challenges*, (New York: Oxford University Press, 2003), pp.184-185.

[25] Ideally, there should be a comparison of the approval rating for the authoritarian regime with that for the democratic regimes. However, there apparently is no data for the authoritarian regime as it is impossible to conduct a survey on the issue under such a regime.

[26] Net satisfaction rate means the difference between the level of satisfaction and dissatisfaction. A positive figure indicates that there is more satisfaction than dissatisfaction with the administration.

**Table 3 Average Net Satisfaction Rate with Each Administration by Areas (%)**

Administration	Metro Manila	Average Outside Metro Manila (1)	Nationwide
All	-3.8	9.9	7.7
Aquino	-15.4	9.3	8.4
Ramos	4.7	15.8	14.4
Estrada	12.4	14.8	14.3
Arroyo	-11.8	4.6	0.6

Note: Outside Metro Manila is composed of the areas of Luzon (excluding Metro Manila), Visayas and Mindanao. Sample size is 300 respondents in each area.
Source: Social Weather Stations.

This data clearly indicates that all presidential administrations since the return of democracy in 1986 have received less support from the urban area. On average the Estrada administration was relatively supported by the urban area, although the satisfaction rate in the rural area was higher. But the rate of satisfaction in the urban area for his administration dropped sharply just before his regime collapsed in January 2001. Figure 5 shows the trend. The Estrada administration had a net satisfaction rate of 6.7% in Metro Manila in September 2000, but it went down to -14% by December 2000. During that same period the net satisfaction rate outside Metro Manila did not drop so much.

Figure 5 Net Satisfaction Rate before and after the Fall of the Estrada Administration
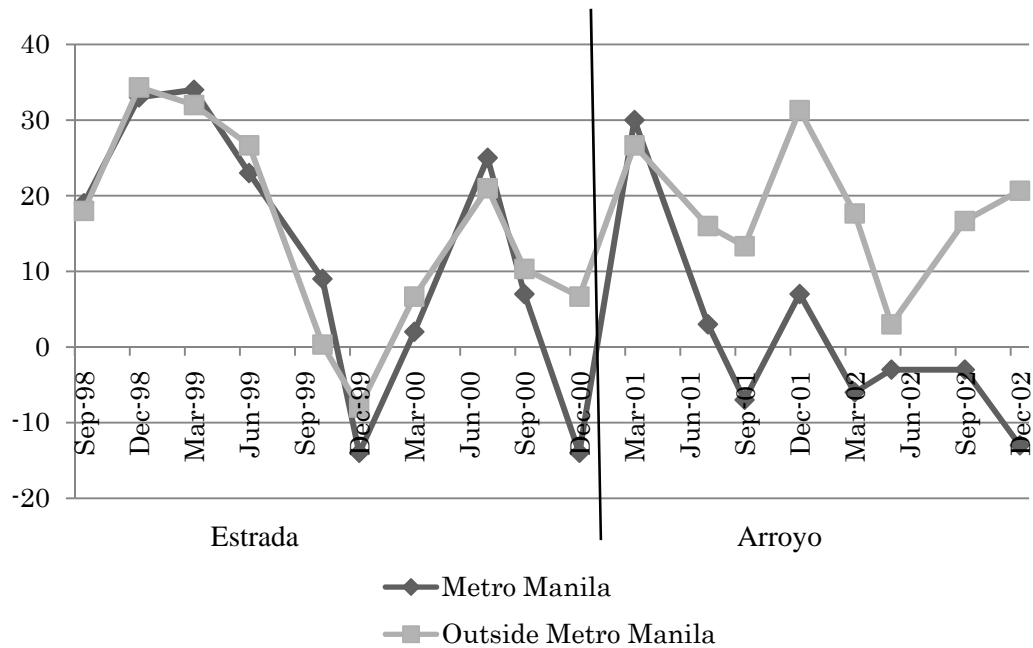
Source: Social Weather Stations.

As the above data indicates, there was an urban bias under the authoritarian regime, and a shift away from this after the Philippines returned to democracy in 1986. Coinciding with this policy trend, each administration since 1986 has faced the frustration of the urban area.

The 1987 Constitution of the Philippines, which was enacted after the return to democracy, prohibits reelection of the president. This causes a problem in explaining the policy bias toward the rural area as an incentive for a president to seek reelection. Nonetheless, the president still needs to gain support from the rural area, firstly because he/she needs the cooperation of the House of Representatives to legislate policy initiatives. Most of the Lower House members are elected from single-member districts in the rural area, and rural demands are predominant there. For this reason the president has an incentive to consider the rural interest. This is one of the consequences of democratization, as the House members are elected in free elections. Secondly, the president has an incentive to raise the support rate for stable political management. Providing the resources to the rural area serves this purpose more efficiently than to the urban area, as the majority of the rural populace is in the lower income class which tends to rely on government subsidies.

Deviation from Democratic Institutions: The Fall of the "Populist" President

Vice President Joseph Estrada won the 1998 presidential election by a large margin over House Speaker Jose de Venecia, who placed second. Considering that Speaker de Venecia was backed by the incumbent president, Fidel Ramos, along with the organization and resources of the government, it seems that Estrada's victory was made possible by his personal popularity. Table 4 shows the share of votes of each candidate in the 1998 presidential race.

Table 4 Share of Votes for Candidates in the 1998 Presidential Elections (%)

	Metro Manila	Nationwide
Joseph Estrada	37.0	39.9
Jose de Venecia, Jr.	10.8	15.9
Raul S. Roco	25.8	13.8
Emilio Osmeña	3.4	12.4
Alfredo Lim	16.2	8.7
Renato de Villa	3.6	4.9
Miriam Defensor-Santiago	2.3	3.0
Juan Ponce Enrile	0.7	1.3
Santiago Dumulao	0.1	0.1
Manuel Morato	0.1	0.1
Total	100.0	100.0

Source：Commission on Elections, May 8, 1998.

Although Estrada received slightly less support in Metro Manila, he garnered sufficient support nationwide. On the other hand, de Venecia, who depended on the resources of the government through the incumbent president's support, received support mainly from the rural area. This implies that the government resources were more effective in the rural than urban area[27].

The Estrada administration, however, soon after its inauguration began to exhibit an inclination toward cronyism. The media started reporting scandals. The expose that proved fatal was delivered in October 2000 by a local politician on Estrada's

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[27] It is possible to say that critical voters in the urban area who had supported the Ramos administration switched to supporting Estrada as the urban sector was not supportive to the incumbent administration.

22

involvement in an illegal gambling operation. This triggered the impeachment trial in December of the same year. As the impeachment hearing went on, the entire picture of president's corruption was gradually uncovered. One of the core issues was the bank account Estrada had under a fake name. When the Senate, which was conducting the impeachment trial, decided in January 2001 not to make public the information on the account, people gathered at EDSA Street in Metro Manila and marched toward the Presidential Palace to demand the immediate resignation of the president. The military leaders and some cabinet members then withdrew their support, and Vice President Gloria Macapagal-Arroyo was sworn in as the new president. The Estrada administration had collapsed in the middle of its term[28].

Estrada's involvement in illegal gambling is usually highlighted in the incident, which gives the impression that a conflict among traditional politicians was the cause for the administration's collapse. But if we take a look at the participants in the event, it would be more precise to say that the president's behavior damaged urban middle-class interests, and this led to the demonstration against the administration.

Emmanuel S. De Dios has argued that the Estrada administration was involved in a new type of the corruption, what De Dios terms "market-mediated" corruption, in addition to the traditional "old-niche" corruption[29]. "Market-mediated" corruption operates through market manipulation, especially stock-market manipulation, while "old-niche" corruption is based on rent-seeking through government regulations. The Estrada administration allegedly utilized government social security funds to intervene in the stock market, and this benefited close allies of the president. This type of corruption destroys trust in the market, and when the government cannot show its commitment to a fair market, investors hesitate to enter the market. When the scandal over stock-market manipulation (the BW Resource scandal) was reported in the media in January 2000, stock prices plunged sharply; by October prices had gone down more than 30 percent compared with the previous year. The exchange rate was also affected; the value of peso went down from 1 dollar = 39.98 pesos to 51.95 pesos.

Such a situation mainly affected the urban sector. The impeachment trial which started

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[28] See Sheila S. Coronel, *Investigating Estrada: Millions, Mansions and Mistresses*. (Quezon City: Philippine Center for Investigative Journalism, 2000); Amando Doronila, *The Fall of Joseph Estrada: The Inside Story*, (Pasig City: Anvil Publishing, Inc., 2001).
[29] Emmanuel S. De Dios, "Corruption and the Fall," in Doronila, pp. 43-61.

in the Senate in December 2000 made public the information about the market-mediated corruption. The daily impeachment hearings and the fall in the peso exchange rate became the focal point for the urban middle class and business elite which solved their coordination problem. The Senate's rejection of revealing the information about Estrada's secret bank account greatly reduced the probability that the impeachment trial would solve the political confusion. In the situation the urban middle class turned to a strategy of extra-constitutional action to change the administration. The media's reporting on the street demonstration raised the entertainment effects which helped further in solving the coordination problem.

The Estrada administration wooed the support of the members of Congress, especially of the House of Representatives, through additional distribution of pork barrel funds to prevent the impeachment trial from starting. The administration also organized the populace of the lower-income class to counter the movements of the middle class. Estrada constantly displayed the pro-poor stance that he had presented in the 1998 election. This was actually the redistribution of private goods, through pork barrel, to the lower-income class. Although there is a significant-sized lower-income class in Metro Manila which benefited from this redistribution, the rural area has the greater number of lower-income residents. Consequently, the Estrada administration's redistributive policy favored the rural sector more[30].

Estrada's opponents and the participants in the four-day demonstration in January 2001 were mainly the urban middle class. Maria Cynthia Rose Banzon-Bautista confirmed this using the data of Pulse Asia. Pulse Asia along with the Social Weather Stations, both prominent survey institutions, use the ABCDE ranking of social classes for their social research[31]. The criterion for classifying social classes is consumption. A and B indicate the rich; C indicates the middle class; D is the poor, and E is for the very poor. The ranking distribution in the Philippine population is 10 percent for A, B and C, 72 percent for D and 18 percent for E. The majority of the Philippine population belongs to D and E, the poor and very poor. According to the Pulse Asia research, the composition of the participants in the anti-Estrada demonstration in Metro Manila was 18 percent from A and B, 47 percent from C, 31 percent from D, and 4 percent from E. This means that the people from the A, B and C classes combined made up 65 percent of the

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[30] Arsenio M. Balisacan, "Poverty and Inequality," in Balisacan and Hill, p.315.
[31] Maria Cynthia Rose Banzon-Bautista, "People Power 2: 'The Revenge of the Elite on the Masses'?" in Doronila, pp.1-42.

participants in the demonstration. Considering the abovementioned ranking of the population distribution, we can see the prominent role that the rich and the middle class played in bringing down the Estrada administration. Bazon-Bautista adds that 9 percent of D that joined the rally was from the educated class and the participants from E were mostly organized laborers. Table 5 presents the data on the participants.

Table 5 Composition of the Participants in the Anti-Government Rally in Metro Manila in 2001 by Social Class (%)

	Population Distribution in the Entire Nation	Participants in the Rally	
A and B	10	65	(18)
C			(47)
D	72	31	
E	18	4	
Total	100	100	

Source: Maria Cynthia RoseBanzon-Bautista, "People Power 2: 'The Revenge of the Elite on the Masses'?" in Amando Doronila, *The Fall of Joseph Estrada: The Inside Story*, (Pasig City: Anvil Publishing, Inc., 2001), p 9.

The middle-class protest against the government has continued since the Estrada administrations. Arroyo, who assumed the presidency after Estrada left office, was initially supported by middle-class support. But eventually she sought the support of the rural area. The net satisfaction rate in Table 3 clearly shows the urban-rural cleavage in support for the Arroyo administration. Table 6, which shows the share of votes in the 2004 presidential election, also augments the evidence that President Arroyo depended on the rural vote. The 2004 election was an exception to the 1987 constitutional framework because the incumbent president ran for reelection. Arroyo was able to seek reelection as she assumed the presidency in the middle of her predecessor's term. As the incumbent leader, Arroyo was able to use the government resources for her election campaign. It was the typical electoral campaign of the incumbent, based on the reelection incentive to mobilize the rural vote through the use of government resources[32].

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[32] For example, there were reports that health insurance cards are distributed to the lower-income class in the rural area. *Philippine Daily Inquirer*, March 11, 2004. It was later reported that government funds for fertilizer were allegedly used to finance the election campaign; this report affected the popularity of the Arroyo administration after

Table 6 Share of Votes in Exit Polls for the 2004 Presidential Election (%)

	Metro Manila	Nationwide
Gloria Macapagal-Arroyo	26.5	40.4
Ferdinando Poe, Jr.	36.5	36.5
Panfilo Lacson	19.0	10.8
Raul S. Roco	8.1	6.2
Eduardo Villanueva	9.8	6.1

Source: Social Weather Stations.

A year after the 2004 election, it was revealed that the Arroyo administration had manipulated the vote counting in the election. News of the scandal set off calls for the president's resignation. Ten cabinet secretaries resigned to protest the scandal. There was a coup attempt in 2006, and anti-administration demonstrations repeatedly took place in Metro Manila. Urban dissident action has been the main cause of political instability under the Arroyo administration.

4. Conclusion

This article has sought to explain the political instability of new democracies focusing on the out-of-power player's deviation from democratic institutions. The main argument for the cause of this instability is 1) the growth of the old winning coalition under the authoritarian regime previously in power, 2) the change of the winning coalition following democratization, 3) the shift of policy orientation by the new democratic administration, and 4) that administration's failure to coordinate class interests. By focusing on the urban-rural cleavage, this article has sought to explain why the middle class, which is supposed to consolidate democracy, sometimes deviates from democratic institutions. Another factor has been urban primacy, a phenomenon widely seen in developing countries where many new democracies are emerging. The puzzling question of middle-class involvement in democratic instability is better explained in such an economic and geographical context.

the election. *Business World*, August 28, 2005.