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**ASIA'S  
RISING POWER**  
*and America's Continued Purpose*

*Edited by*

Ashley J. Tellis, Andrew Marble, and Travis Tanner

**Domestic Politics**

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**Politico-Economic and Radical Islamic Challenges  
to Democracy in Asia**

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## EXECUTIVE SUMMARY

This chapter examines the prospects for democracy and democratization in Asia.

### MAIN ARGUMENT:

Though the region's established democracies, notably Japan and India, seem stable, the global wave of democracy has seemingly stalled in most other states in Asia. First, Asia's established democracies have followed multiple paths toward democratization that may not prove easily replicable elsewhere in the region. Second, the phenomenal rise of China over the past three decades has made authoritarianism a viable competitor to democratic capitalism. This phenomenon has created a challenge for democratization not only through the demonstration effect but also as China has quietly begun to export its model abroad. Third, democracy faces a challenge from political Islam in Asia.

### POLICY IMPLICATIONS:

- U.S. strategic interests in Asia are threatened less by the stalling of democratization in the region than by changing power dynamics, notably the rise of China.
- State capitalism and political Islam have important negative consequences for U.S. interests:
  - State-backed firms not only will distort the normal functioning of the market in countries where they compete with U.S. firms but also are likely to reduce U.S. influence in many resource-rich countries such as Iran and Myanmar, which are already unfavorably disposed toward the U.S.
  - In order to meet the challenge of political Islam, the U.S. will need a global strategy that is sensitive to local conditions. Further, the U.S. cannot selectively target al Qaeda while ignoring other radical Islamist organizations in different parts of the world.

## Politico-Economic and Radical Islamic Challenges to Democracy in Asia

*Sumit Ganguly and Manjeet S. Pardesi*

The euphoria surrounding the “end of history” prognosis at the conclusion of the Cold War has proved to be premature, if not erroneous.<sup>1</sup> Contrary to such expectations, the seemingly inexorable march of liberal democracy has stalled and even reversed in many parts of the world. Given the dramatic shift of economic power to Asia in recent years, this chapter seeks to understand the prospects for democracy and democratization in Asia. It will show that while the region’s established democracies are not in danger, the onward march of democratization has stalled across most of Asia. This chapter will argue that the multiple democratic paths followed by Asia’s established democracies do not offer easily replicable models for the region’s transitional regimes. Though democratization faces a number of regional challenges, authoritarian development and political Islam are two of the more serious impediments. The chapter will also show that the state continues to play a strong interventionist role in the region’s political economies by examining the political and economic changes taking place in the region’s pivotal states—China, India, Japan, and Russia. This model of “state capitalism” (as opposed to free-market capitalism) has a wide appeal across Asia and is an argument used by leaders throughout the region to support authoritarian development. The two main factors impeding democratization in the region—authoritarian development (especially state

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<sup>1</sup> Francis Fukuyama, *The End of History and the Last Man* (New York: Free Press, 1992).

capitalism) and political Islam—have important negative consequences for U.S. interests. At the same time, U.S. strategic interests in the Asia-Pacific are threatened less by the stalling of democratization than by the changing power dynamics, notably the rise of China.

The chapter comprises five sections. The first section provides an overview of democracy and the authoritarian challenge in Asia. The second section discusses the different democratic paths taken by Asia's established democracies, notably Japan and India. The third section focuses on the authoritarian developmental model followed by many states across Asia, primarily China and Russia. Section four discusses the challenges posed by political Islam to regimes ranging from Pakistan to Malaysia. The concluding section discusses the implications of these changes taking place across Asia for U.S. policy.

## Democracy Stalled

The prospects for the march of liberal democracy in Asia remain fraught. The states that have successfully managed to consolidate democracy will maintain their structural features in the years ahead. Indeed, the world's largest democracy, India, will likely become even more representative, however unpredictable in terms of electoral outcomes. There is also little reason to believe that democracy in Japan is at risk, despite the dramatic defeat in 2009 of the well-entrenched Liberal Democratic Party (LDP). If anything, the LDP's defeat may even presage a greater level of openness and transparency in Japanese politics. Already the nascent Democratic Party of Japan (DPJ) government, which until recently was led by Prime Minister Yukio Hatoyama, has stirred up considerable controversy through revelations of the LDP's various secret military pacts with the United States during the Cold War era. In most other states in Asia, however, the global wave of democratization has seemingly stalled (see **Table 1**). This is true not only with respect to the transformation of authoritarian regimes into electoral democracies but also with respect to the transformation of electoral democracies into "well-functioning liberal democracies."<sup>2</sup>

Having been among the first countries in the "third wave" of democratization in East Asia, Taiwan and South Korea possess robust structural attributes of democracy. The likelihood of military takeover in either of these countries, both of which have long histories of martial law, remains remote. These states hold free and fair elections and their citizens

<sup>2</sup> See Doh Chull Shin and Rollin F. Tusalem, "East Asia," in *Democratization*, ed. Christian W. Haerpfer, Patrick Bernhagen, Ronald F. Inglehart, and Christian Welzel (New York: Oxford University Press, 2009), 356.

TABLE 1 Freedom House rankings of the status of freedom in Asia

|                                | <b>Free</b>   | <b>Partly free</b>  | <b>Not free</b>  |
|--------------------------------|---|---|--|
| <b>East Asia</b>               | Japan, South Korea, Taiwan, Mongolia, and Indonesia | Hong Kong, Thailand, Malaysia, Singapore, the Philippines, and East Timor | China, North Korea, Myanmar, Laos, Cambodia, Vietnam, and Brunei         |
| <b>South Asia</b>              | India   | Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka, and the Maldives          | Afghanistan  |
| <b>Russia and Central Asia</b> | –   | –   | Russia, Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan, and Uzbekistan |

SOURCE “Freedom in the World 2010: Erosion of Freedom Intensifies,” Freedom House, January 12, 2010, <http://www.freedomhouse.org/template.cfm?page=505>.

NOTE The term East Asia as used in this chapter refers to Northeast as well as Southeast Asia.

enjoy the benefits of a free press and other civil liberties. More quotidian problems, however, such as rampant corruption in high places, will continue to hobble the quality of these democracies. For example, Taiwan’s former president Chen Shui-bian and his wife were both sentenced to life imprisonment in September 2009 after being found guilty of corruption and money laundering. While there was little doubt of their guilt, the manner in which the trials were conducted drew massive criticism, leading one analyst to conclude that “Taiwan’s legal system was as much on trial as the defendants themselves.”<sup>3</sup> Likewise, in South Korea, corruption in high offices and political infighting resulted in the suicide of former president Roh Moo-hyun in May 2009.

Asia’s other third-wave democracies—Mongolia and Indonesia—have maintained their robust democratic structures even as some challenges remain. Mongolia faces difficulties not only due to poverty and corruption but also as a consequence of constitutional amendments that have undermined horizontal accountability. The emergence of democracy in Indonesia—the state with the largest Muslim population in the world—is a welcome development. With the re-election of President Susilo Yudhoyono

<sup>3</sup> Thomas B. Gold, “Taiwan in 2009: Eroding Landslide,” *Asian Survey* 50, no. 1 (January/February 2010): 73.