DEMOCRACY & CAPITALISM

Asian and American Perspectives
The Institute of Southeast Asian Studies (ISEAS) was established as an autonomous organization in 1968. It is a regional research centre for scholars and other specialists concerned with modern Southeast Asia, particularly the multi-faceted problems of stability and security, economic development, and political and social change.

The Institute is governed by a twenty-two-member Board of Trustees comprising nominees from the Singapore Government, the National University of Singapore, the various Chambers of Commerce, and professional and civic organizations. A ten-man Executive Committee oversees day-to-day operations; it is chaired by the Director, the Institute’s chief academic and administrative officer.
DEMOCRACY & CAPITALISM

Asian and American Perspectives

Robert Bartley
Chan Heng Chee
Samuel P. Huntington
Shijuro Ogata

INSTITUTE OF SOUTHEAST ASIAN STUDIES
Dedicated to the memory of
Professor K.S. Sandhu
Director of ISEAS, 1972–1992
CONTENTS

Preface
ix

I
Democracy: Evolution and Implementation
An Asian Perspective
CHAN HENG CHEE
1

II
American Democracy in Relation to Asia
SAMUEL P. HUNTINGTON
27
III
Capitalism and the Role of the State in Economic Development
The Japanese Experience
SHIJURO OGATA
45

IV
Capitalism, the Market Mechanism, and the State in Economic Development
An American Perspective
ROBERT L. BARTLEY
57
Intellectual interest in the growth and study of democracy is not a post-Cold War phenomenon, but its intensified interest is. The last decade produced several projects focusing on transitions to democracy in developing countries, the conditions facilitating the emergence of democracy, and the transition process itself, to better understand the opportunities for liberalization, the breakdowns and the reversals. Recently a new question has been asked, that is whether the widespread democratization process will yield similar end-products in different parts of the world which are endowed with vastly different heritages and history, or whether we will see the emergence of variants in democratic models.

In the same way, the growth of the capitalist system and practice of a free market in each country and region may be shaped by individual and special pressures and forces which in some situations lead the state to play a role not anticipated in the traditional free market model.
PREFACE

The differences in the capitalist, free market model of East Asian countries have been observed to be distinct from those in the industrialized West, and most certainly different from that of the United States.

It has been the growing concern of many academics and policy-makers that in the post-Cold War era, these differing perspectives and practices of democracy and the free market could become the substance of the new ideology debate in the coming decade between countries in East Asia and the West, led by the United States.

To bridge the gap and to provide a forum for an exchange of views and discussion, the Asia Society, the Institute of Policy Studies, the Singapore International Foundation and the Institute of Southeast Asian Studies organized a conference on "Asian and American Perspectives on Capitalism and Democracy" from 28 to 30 January 1993 in Singapore. The conference brought together a number of distinguished academics and journalists from the United States, Japan, Korea, Taiwan, Hong Kong and the ASEAN countries to reflect on the two key themes. The conference recognized much common ground as well as some differences in perspectives.

The four essays published in this volume were presented as keynote papers defining the major themes of the conference. We believe they will be useful contributions to the current rigorous and ongoing debate.

CHAN HENG CHEE

June 1993

Director

Singapore

Institute of Southeast Asian Studies
THE AUTHORS

ROBERT L. BARTLEY, Editor and Vice President of the Wall Street Journal, has been responsible for the Journal’s editorial pages since 1972. He won a Pulitzer Prize for editorial writing in 1980, the Gerald Loeb Award for editorials on the international economy in 1979, and a Citation for Excellence from the Overseas Press Club of America in 1977 for dispatches from China after the death of Mao Zedong. He has written a book on recent economic history, The Seven Fat Years: And How To Do It Again (1993).

CHAN HENG CHEE is concurrently Director of the Institute of Southeast Asian Studies and of the Singapore International Foundation. She is on secondment from her post as Professor in the Department of Political Science, National University of Singapore. She has served as a diplomat and has been an adviser and member of numerous panels and committees that focus on issues pertaining to Southeast Asia. Her long list of articles, conference papers and publications
THE AUTHORS


SAMUEL P. HUNTINGTON is the Eaton Professor of the Science of Government and Director of the John M. Olin Institute for Strategic Studies at Harvard University's Center for International Affairs. From 1973 to 1989 he served as Associate Director and then as Director of the Center for International Affairs. In 1977–78 he took a brief hiatus from Harvard to serve as co-ordinator of security planning for the National Security Council in Washington, D.C. He has also served as a chairman of the Harvard Department of Government, Associate Director of War and Peace Studies at Columbia University, and Professor of Government at Harvard. Professor Huntington is widely published in the areas of military politics, strategy and civil military relations, American and comparative politics, and political development. His books include *American Politics: The Promise of Disharmony* (1981), and *The Third Wave: Democratization in the Late Twentieth Century* (1991).

SHIJURO OGATA was educated at the University of Tokyo and the Fletcher School of Law and Diplomacy. He was formerly Deputy Governor for International Relations at the Bank of Japan (1984–86) and Deputy Governor of the Japan Development Bank (1986–91). He is currently Director of Barclays Bank and Fuji Xerox; Adviser to Swire Group, Yamaichi Securities, Imperial Hotel and Coudert Brothers; Member, Chemical Bank's International Advisory Board, the Group of Thirty, the Trilateral Commission and New York Stock
THE AUTHORS

Exchange's Japan Advisory Committee; and Vice Chairman of Japan National Committee of the International Chamber of Commerce. He is author of *International Financial Integration: The Policy Challenges* with Richard N. Cooper and Horst Schulmann (1989), and several articles on international monetary issues.