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The Parallel Development of Democracy and Markets

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“If Korea had pursued a parallel development of democracy and a market economy from the start, it would have been possible to check the collusive relationship between government and big business that developed within the government-controlled financial sector. It would even have been possible to avoid the destructive storm of the currency crisis.”

Kim Dae Jung, 2001

In East Asia, as in other regions of the world, democratic politics and free market economy have emerged as the twin goals of national development. During the Third Wave of democratization, the number of countries promoting democracy and free markets in parallel has grown substantially (Haggard 2000; Kim 1996, 1999; Ravich 2000; Stiglitz 2002). This trend of building free markets while deepening democracy contrasts sharply with the slow and sequential pattern of capitalist democratic development in Western Europe and North America (Collier 1999; Moore Jr. 1966; Rueschemeyer, Stephens, and Stephens 1992). Thus, the deliberate efforts of East Asian countries to implement democratic and market-oriented reforms simultaneously and rapidly have few historical precedents.

These two development trends also face a variety of challenges. Among the most crucial of these challenges is how the mass citizenry of each East Asian country reacts to the idea and practices of parallel development. Some analysts have argued that democratization and economic growth are contrasting goals, and developing nations must choose between them (Nelson 1994; Zakaria 2001). Other scholars have suggested that democratization in East Asia may unleash ethnic tensions, political forces that actually undermine democratic progress and the institutionalization of civil liberties (Chua 2003).

Other analyses have separately analyzed the attitudes of ordinary citizens to democracy and capitalism in East Asia. One source examines the extent to which ordinary citizens in East Asia embrace democracy as the preferred political system and process, with comparisons to Western democracies (Dalton and Shin 2004). Another source examines the extent to which people endorse the structural principles and behavioral norms of market capitalism as the preferred economic system and process (Shin and Dalton 2004). These separate analyses determine citizens' reactions to democracy and capitalism as separate phenomena, but not how broadly and deeply these publics are committed to the globally emerging movement of building capitalism and democracy in parallel (Bunce 2001). This paper, therefore, examines public's reactions to the dual or parallel transformation of authoritarian politics and crony capitalism into market democracy by considering jointly citizens' basic orientations toward democracy and capitalism.

Do the East Asian mass publics favor the building of political democracy and capitalist economy in parallel? Which subgroups are most and least supportive of the parallel development of democracy and capitalism? What factors motivate people to embrace capitalist democracy most and least powerfully? How does their embrace of capitalist democracy compare with their peers' in advanced capitalist democracies in the North American region of the Pacific Rim? The present paper addresses these questions with further analyses of the World Value Surveys conducted in seven East Asian countries—China, Japan, Korea, Indonesia, the Philippines, Singapore, and Vietnam—and two North American countries—the United States and Canada.

The paper is organized into six sections. First, we briefly review the theoretical literature on the relationship between capitalism and democracy and discuss how the mass publics of Europe and other regions have reacted to the political and economic liberalization underway in their own countries. Second, we compare the mean levels of popular support for democracy and capitalism across the nine Pacific Rim countries and determine whether political liberalization is more or less popular than economic liberalization in these countries. The third section identifies six different types of orientations to political economy on the basis of Charles Lindblom's (1977) classic typology of politico-economic systems. We compare the extent to which East Asians and North Americans favor the capitalist or market democracy and other systems of political economy. The fourth section profiles the demographic characteristics of the most and least supportive of capitalist democracy and compares the profiles across these countries. The fifth section tests four alternative theories—socialization, modernization, culture, and social capital—of popular support for capitalist democratic development. The final section explores the prospects of parallel development in East Asia from the perspective of its citizenry.

Support for Democracy and Markets in other Regions

How do democracy and capitalism relate to each other? Are democratization and market-oriented economic reforms mutually supportive processes or are they in tension? To date, these questions have been examined mostly at the macro level of independent states (Almond 1991; Berger 1992; Elster 1993; Nelson 1994). Some scholars like Robert Dahl (1998), Barrington Moore Jr. (1966) and Joseph Schumpeter (1942), for example, contend that economic freedom is the foundation of political freedom and thus capitalism constitutes a historical precondition of democracy. More recently, advocates of democratic good governance and the Washington Consensus argue that economic and political liberalization complement each other (Williamson 1993; World Bank 1992; see also Chan 2002; Stiglitz, 2002). This is also the logic of the human development model presented by Inglehart and Welzel (2005).

Other scholars such as Jon Elster (1993) and Adam Przeworski (1991, 1993) hold that market reforms derail rather than facilitate the process of democratization because they inflict economic hardships on the mass public. In countries where ethnic minorities dominate markets, Amy Chua (2000, 2003) claims that the concurrent pursuit of free markets and democratic government based on universal suffrage often produces highly destructive ethno-political consequences, such as Indonesia, the Philippines and some of the nations of Southeast Asia.

Other research suggests that the processes of democratization and economic liberalization affect each other differently across place and time. Valerie Bunce (2001) and Hyeok Yong Kwon (2004) recently compared the relationship between capitalist and democracy development across global regions. Their findings indicate that democratization has coexisted favorably with economic reforms in East and Central Europe, but not in Latin America or Southern Europe. Although economic reform has a positive impact on democratization in the former, its effects in the latter are negative. These studies, when considered together, suggest that the ethnic, historical, and regional contexts of independent states shape the form and strength of the relationship between capitalism and democracy.

These types of macro analyses, however, do not reveal the nature of the relationship of capitalism and democracy at the micro level of individual citizens. And, ultimately, the transformation of the political and economic cultures in East Asia will depend on how citizens view these two processes. In the minds of the citizens, how do capitalism and democracy interact with each other? Does their embrace of capitalism drive them toward democracy? Or does their embrace of democracy drive them toward capitalism?

Over the past decade, an increasing number of survey-based studies have attempted to address these questions (Maravall 1997; Kim and Shin 2004; Mason et al. 2000; Rose, Mishler, and Haepfer 1998; Stokes 2001). In East and Central Europe, for example, research has measured popular support for both political and economic liberalization. After the transition, democracy was more popular than capitalism (Duch 1995; Gibson 1996). When democratic and economic attitudes are considered together, relatively small minorities of the East and Central European publics supported the building of democracy and capitalism in parallel (Hiller 2001; McIntosh et al. 1994; Zimmerman 2002). In these post-communist nations, supporters of market democracy constitute relatively small minorities of less than one-third of the citizenry. Supporters are most often found among better-educated, male, younger, and urban people (McIntosh et al. 1994, 503; Zimmerman 2002, 64).

Other research has determined the nature of the relationship between attitudes toward democratic politics and free markets (Duch 1993; Evans and Whitefield 1995; Finifter and Mickiewicz 1992; Gibson 1996; Miller, Hesli, and Reisinger 1994). These studies of post-communist Eastern Europe found that democratic and capitalist attitudes were moderately interrelated, with democratic attitudes influencing economic attitudes more than economic attitudes do democratic ones (Gibson 1996; Rose, Mishler, and Haerpfer 1998). Because these attitudes do not reinforce one another strongly, there are many democrats who oppose capitalism and many marketeers who oppose democracy. Over time, however, the democratic and economic attitudes of East and Central Europeans have become more congruent as they gain more experience with democratic politics and market economics (Hiller 2001; Gibson 1996).

Recent surveys in Africa also find that more people welcome democracy than capitalism. Much more so than in East and Central Europe, attitudes toward democratic and economic liberalization in all Africa countries remain largely unrelated and incoherent. "On the one side, almost all sympathizers of free markets are firmly committed to democracy. On the other hand, less than one-third of all democrats favor the market" (Bratton, Mattes, and Giamah-Boadi 2004, 350). In the minds of Africans,

therefore, capitalism and democracy do not complement one another; they merely coexist because capitalism as a development process is viewed as secondary to democracy (Bratton and Mattes 2000). More surprising is the finding that support for democracy and markets is very weakly linked to demographic characteristics including educational attainment. Comparing these findings from Africa and Eastern Europe reveals that public reactions to democracy and capitalism vary a great deal from one region to another.

How do the citizens of East Asian countries react to democratic and market reforms? How does their support for the development of capitalist democracy compare with what is noted in other regions? To date, no systematic effort has explored these questions. This paper ascertains the patterns, distribution, and sources of East Asians' reactions to the parallel development of capitalism and democracy. We compare opinions in East to the Western democracies included in the 2000-2002 wave of the World Values Surveys (WVS).

Comparing Levels of Public Support for Democracy and Capitalism

To address the question of East Asian support for democracy and markets, the World Values Survey measured overall attitudes toward democracy and capitalism with separate opinion batteries. To measure support for democracy as a political regime, the WVS asked respondents to rate their approval of each of four different systems: (1) having a strong leader who does not bother with parliament and elections; (2) having experts, not government, make decisions according to what they think is best for the country; (3) having the army rule; and (4) having a democratic political system (also see Dalton and Shin 2004).¹ These items tap the affective endorsement of democracy as a political system; the first three measure support for various autocratic regimes, and the fourth support for a democratic system.²

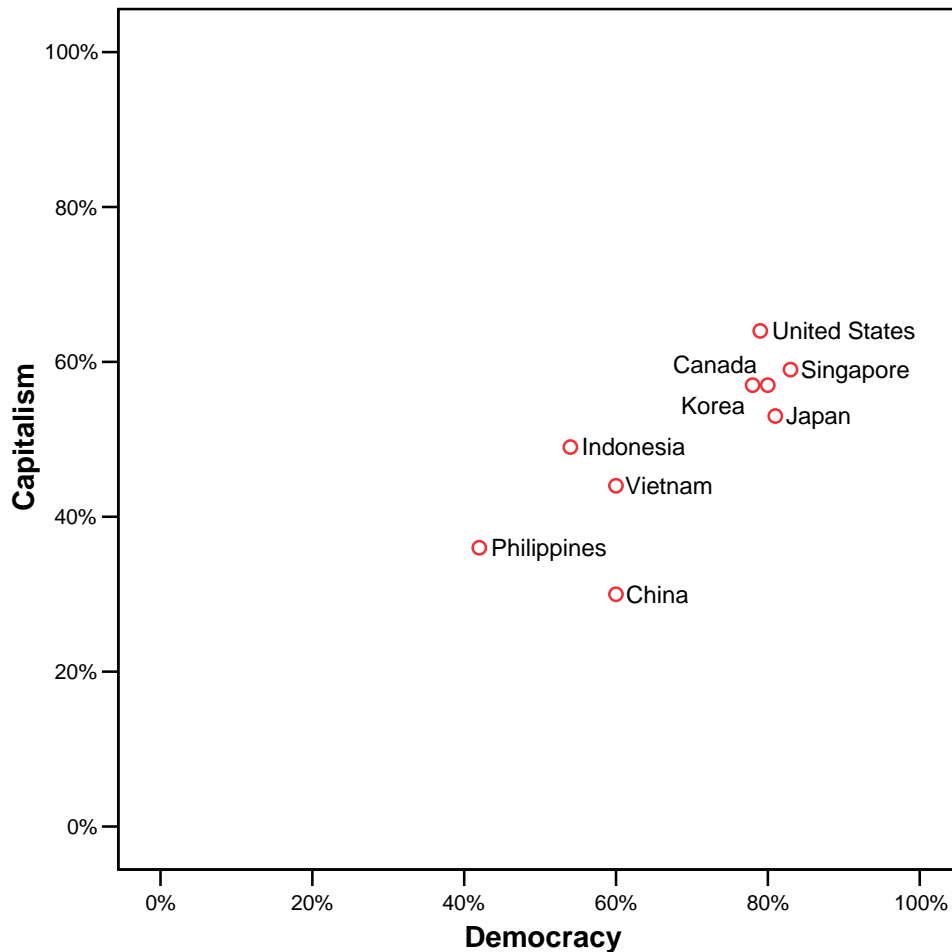
To measure affinity for capitalism, the WVS asked respondents to rate the norms of market capitalism on a 10-point scale, this included: (1) the private ownership of business and industry; (2) competition in the marketplace; (3) the unequal distribution of income as incentive for individual striving; and (4) individuals' responsibility for their own welfare (also see Shin and Dalton).³

Figure 1 shows the percentages of democrats and capitalists for each of the nine Pacific Rim countries surveyed in the 2000-2002 WVS. In all of the East Asian and North American countries, democrats outnumber capitalists by substantial margins. This finding indicates that democracy is more popular than capitalism in both new and old democracies on the Pacific Rim, at least as measured in these surveys. The preponderance of democratic popularity, however, varies substantially across the countries within and between the two regions. In Indonesia and the Philippines, democracy is more popular than capitalism by a relatively small margin of 5 or 6 percent. In China, Japan, Korea, and Singapore the margins are greater than 20 percentage points. Even in North America, there is relatively greater support for democracy among Americans (15 percent) and Canadians (23 percent). Comparing these figures between the two regions shows that the masses favor democracy and capitalism more unevenly in East Asia than in North America.

Across these nations, the Philippines is the only country where a minority (42%) supports democracy, as was shown in Dalton and Shin (2004), as well as only minority

support for market capitalism. This is a pattern also found in the 2001 East Asia Barometer survey conducted in the Philippines (Shin and Wells 2005).⁴ Despite the imagery of the “people power” movement that restored democracy in this country nearly two decades ago, the citizenry is not strongly supportive of democracy, which suggests that the cultural base of democracy in the Philippines remain uncertain.

Figure 1 Levels of Popular Support for Capitalism and Democracy in Comparison



Source: 2000-2002 World Values Survey

By comparison with the two North American countries where large majorities favor capitalism, there is only minority support for capitalism in four of the seven East Asian nations: China (30%), the Philippines (36%), Vietnam (44%), and Indonesia (49%). Clearly, East Asians, when considered as a whole, welcome capitalism much less than their North American peers who have lived all their lives in a free market economy. This finding suggests that the more people experience in a capitalist economic system, the more strongly they support it. Among East Asians, however, popular support for such a system of economy is not always higher in the countries with longer and greater exposure to it. For example, the level of such support is significantly higher for socialist Vietnam

than for capitalist the Philippines. Obviously, the cultural values of each country affect the performance of a capitalist system and popular reactions to the system.

Majorities in the two North American countries support both democracy and capitalism. In East Asia, however, this pattern of majority support for both democracy and capitalism exists in only three countries: Japan, Korea, and Singapore. In China, Indonesia, and Vietnam—majorities fail to support capitalism while supporting democracy. East Asia and North America are alike in that more people favor democracy than capitalism; nonetheless, the two regions are significantly different in the patterns in which majorities favor or do not favor both democracy and/or capitalism.

Support for Parallel Development

The recent outbreak of financial crisis in East Asia demonstrates that democracy and the market economy need each other to improve the quality of citizens' lives on a continuing basis (Haggard 2000). Markets without the institutions of democratic politics, such as the rule of law and checks and balances, cannot operate fully by laissez-faire principles. Only when authoritarian rule is transformed into a democracy and economic freedom coexists with political freedom, a genuine free market economy can be developed. Markets under authoritarian rule can, by themselves, produce the rapid growth of the economy. Rapid economic growth, however, cannot sustain without the democratic political institutions that keeps markets perform both efficiently and equitably (Iqbal and You 2001).

In the words of former President Kim Dae Jung of South Korea (2001, 1), "Democracy and a market economy are like two wheels of a cart: both must move together, and each depends on the other for forward motion." The fundamental solution to the economic problems of market authoritarianism, therefore, requires much more than the policies aiming to liberalize and restructure the economy alone. Such solution requires the democratic transformation of an authoritarian political system that contributes to the malfunctioning of markets (Sen 2001; Stiglitz 2001). To build a nation of wellbeing, advocates of parallel development claim that the development of a democratic political system has to be pursued alongside the development of a free market economy.⁵

To address the question of whether citizens around the Pacific Rim jointly endorse both market capitalism and liberal democracy, we identified basic mixes of opinions on both dimensions (see Table 1). The first four of these types of politico-economic orientations are built on the conceptual foundation that Charles Lindblom (1977) developed for his classic study of political economy. *Market democrats* favor expanding both democratic rule and the role of markets simultaneously. This is the presumed modal pattern in the United States (Lipset 1994). *Social democrats* support further democratization but are reluctant to reduce the involvement of the state in the economy. This category represents the long European tradition of social democracy, such as represented in the Second International. Such orientations are identified with social democracy in Scandinavia or continental social democrats before their acceptance of market-based economies. *Market authoritarians* are the mirror images of social democrats; they support the reforms to expand markets while opposing the expansion of democracy. This orientation might be identified with Lee Kuan Yew's Singapore, Pinochet's Chile, or Deng Xiaoping's China. *Social authoritarians* support neither

democratization nor marketization. Zimmerman (2002) describes this orientation as ideological Leninists in the Soviet context, with strong commitments to state authority in both domains. The East Asian equivalent would be China under Mao or Vietnam before its *doi moi* reforms. Indeed, it is a model widely seen in less developed nations, and sometimes advocated as a course to government-directed development (e.g. Huntington and Nelson 1976). To this mix, we add two additional types. *The ambivalent* are neutral or evenly mixed in their overall orientations to either of these two changes. *The uninformed* are those who are either unable or unwilling to commit themselves to a viewpoint.

Table 1 Patterns of Popular Support for Democracy and Capitalism

	Regime Preferences		Other Opinions
Economic Preference	Non-Democratic	Democratic	
Market Economy	Market Authoritarians	Liberal Democrats	Ambivalent
State-managed	Socialist	Social Democrats	Uninformed

These four core types are also conceptually comparable to the ones that Marry McIntosh and her associates (1994) and Darby Hiller (2001) used in their analyses of Eastern European reactions to the dual transformation of democratization and marketization. The last two types were used in Zimmerman’s (2002) analysis of Russian public opinion. Considering neutral or non-opinions is especially important in developing nations where attitudes might not yet be well-formed. Of all six types, only capitalist democrats are congruent with a system of political economy that promotes capitalism and democracy in parallel. Thus, the proportion of respondents falling into this particular type is considered an indicator of popular support for parallel development in each country.

Respondents of each country were placed into one of the six types by aggregating their overall democratic and capitalist support scores. Those whose overall scores on both the political and economic dimensions were higher than 0 were treated as capitalist democrats. Those who scored higher than 0 only on the democratic dimension were treated as social democrats. Those who scored higher than 0 only on the capitalist dimension were treated as capitalist authoritarians. Those who scored lower than 0 on the two dimensions were treated as social authoritarians. Those who scored 0 on either dimension were called the ambivalent while those who did not answer most of questions in the two chosen sets of four questions were treated as the uninformed.

Table 2 presents the percentages falling into the six response types for each nation. What is most apparent is the high percentage of non-attitudes in the Asian nations, as well as in North America. In six of the seven East Asian countries, from one-third to more than one-half is either ambivalent or uninformed. Singapore is the only East Asian country where less than one-third fall into these two categories. In four of these East

Asian countries, moreover, the uncommitted substantially outnumber the capitalist democrats who support the parallel development of capitalism and democracy, by margins ranging from 18% (Vietnam) to 31% percentage points (China). Only in three countries, Japan, Korea, and Singapore do capitalist democrats outnumber the uncommitted, a pattern observed in both Canada and the United States where the uncommitted constitute much less than one-third of their populaces. These findings indicate two notable differences between the two regions of the Pacific Rim. First, East Asians, as compared to North Americans, are much less likely to express an opinion about the political economy.⁶ Second and especially critical, the former are much less accepting of market capitalism than the latter.

Table 2 Types of Popular Orientations toward the Political Economy

	East Asia						North America		
	China	Japan	Korea	Singapore	Indonesia	Philippines	Vietnam	Canada	U.S.A.
Social									
Authoritarian	4%	1%	1%	2%	4%	15%	3%	3%	3%
Capitalist									
Authoritarian	2	2	5	4	10	15	3	5	7
Social									
Democrat	23	17	16	15	10	14	12	18	12
Capital									
democrat	20	46	45	51	28	16	32	48	53
<u>Uncommitted</u>									
Ambivalent	28	21	27	27	40	39	30	23	24
Uninformed	23	13	6	1	9	0	20	3	1

Source: 2000-2002 World Values Survey

In East Asia, the proportions of capitalist democrats vary a great deal across countries—from a small minority of 16% in the Philippines to a majority of 51% in Singapore. The adherence to both principles by the majority of Singaporeans underscores the public's lack of adherence to the separation of political and economic liberalism that the regime advocates. Respondents are most accepting of market capitalism in Japan, Korea, and Singapore, but even in these three countries only four-ninths to a bare majority register as capitalist democrats in favor of both capitalism and democracy. In contrast, in the two North American countries, capitalist democrats constitute more than one-half or nearly half of the public. Evidently, support for the capitalist democratic system of political economy is much more narrowly based and more unevenly distributed in East Asia than in North America.

In terms of support for other types of political economy, however, the two Pacific Rim regions do not differ much from each other. In both regions, supporters of the social democratic system constitute less than one-quarter of the population. As in the two North American countries, moreover, supporters of the authoritarian system of either a socialist or capitalist nature constitute small minorities of less than one-tenth in five East Asian

countries. Only in Indonesia and the Philippines are more than one out of seven attached to authoritarian rule. These findings indicate that the two regions are more alike in rejecting the authoritarian or socialist system of political economy than in embracing the capitalist democratic system.

Evidently, East Asians, like their peers in North America, do not subscribe to a political economy based on the principle of either authoritarianism or socialism. However, many of the East Asian opponents of the authoritarian or socialist political economy, unlike their North American peers, have yet to embrace the virtues of market capitalism. Only in the economically developed countries of Japan, Korea, and Singapore does a majority or a large plurality support market democracy as in Canada and the United States. In the other four East Asian countries, minorities from just one-fifth to nearly one-third support market democracy. Evidently, a positive relationship exists between levels of economic development and support for market democracy. This is not surprising. Surprisingly, the people of Vietnam favor market democracy more strongly than the people of capitalistic Indonesia and the Philippines.

Supporters of Market Democracy

Building on the themes of this volume and the model of social modernization as a driving force for political and economic change, we examined a set of factors that might tap these modernization processes.⁷ We focus on support for market democracy since this represents the combined orientations toward both a market economy and a democratic political system.

Previous survey-based studies of democratic and economic reforms offer a variety of theories explaining popular reactions to democratic and market reforms (Duch 1993, 1995; Finifter and Mickiewicz 1992; Gibson 1996; McIntosh et al. 1994; Miller, Hesli, and Reisinger 1994; Rose, Mishler, and Haerpfer 1998). Some theories focus on individuals' attributes such as predisposition toward risk and change while others deal with the circumstances in which they lived in the past and in which they live at present. From the existing theories, we selected four general types to account for the reactions of the East Asian masses to market capitalism. They are: (1) modernization; (2) socialization; (3) culture; and (4) civil society.

The modernization theory emphasizes the emancipative and facilitative functions of economic and social development for the human lot (Inglehart and Welzel 2005). According to Seymour Martin Lipset (1959, 1994) and other modernization theorists (Przeworski et al. 2000; Inkeles and Smith 1974), socioeconomic development provides the resources that free people from the physical and cognitive constraints of poverty and illiteracy. In addition, growing socioeconomic resources enable individuals to pursue what they think improves the quality of their lives. Furthermore, individual citizens' acquisition of expanding intellectual resources available in their community affords them greater choices, opportunities, and possibilities. Formal education and economic wealth as core elements of socioeconomic development are, therefore, expected to orient ordinary East Asians toward the system of market democracy, which would allow them to make autonomous choices in their private and public lives.

Education represents the political sophistication of the individual and their likely employment in a higher status profession, exposure to the mass media, and greater

awareness of the global economic and political conditions. Income measures an individual's social status and their living conditions, and like education may reflect exposure to broader information about the work. In addition, we combined education and income to create a summary measure of social status that might more broadly tap exposure to the influences of social modernization (also see multivariate analyses in Table 4 below).

Table 3 reports the percentages supporting market democracy for several social status variables. With increasing education, people become more supportive of market democracy in every nation. Those with little or no formal education are the least supportive of market democracy while the college-educated are more supportive. Even so, the extent of such educational difference varies considerably within and between the two regions of the Pacific Rim.

In East Asia, educational differences are substantial in China, Japan, Korea, Singapore, and Vietnam, and these relationships are weaker in Indonesia and the Philippines. Educational differences are also substantial in the United States (25%) and Canada (19%). The existence of a marked educational pattern across political and economic systems suggests there is an individual element to this relationship, reflecting the social status of the individual and the improving life conditions that come with modernization. In addition, the stronger relationship in most East Asian nations implies that modernization effects are more clearly class stratified in these nations, since they are have more recently experienced these social processes.

Table 3 Supporters of Market Democracy by Demographic Characteristics

Demographics	China	Japan	Korea	Singapore	Indonesia	Philippines	Vietnam	Canada	U. S.A.
Education									
< High school	14	42	29	44	22	11	24	38	34
High school	22	43	41	48	28	16	36	47	49
College	49	62	53	60	31	21	46	57	59
Income									
Low	15	41	31	44	23	15	30	40	47
Middle	19	46	49	56	28	15	31	50	51
High	27	57	54	73	30	24	51	61	64
Age									
<40	23	49	48	51	27	16	34	47	49
40-59	17	47	42	53	27	16	33	49	55
60+	13	41	39	43	30	17	21	49	58
Gender									
Male	24%	54%	50%	57%	28%	16%	37%	55%	53%
Female	16	39	40	46	28	16	28	44	52

Source: 2000-2002 World Values Survey

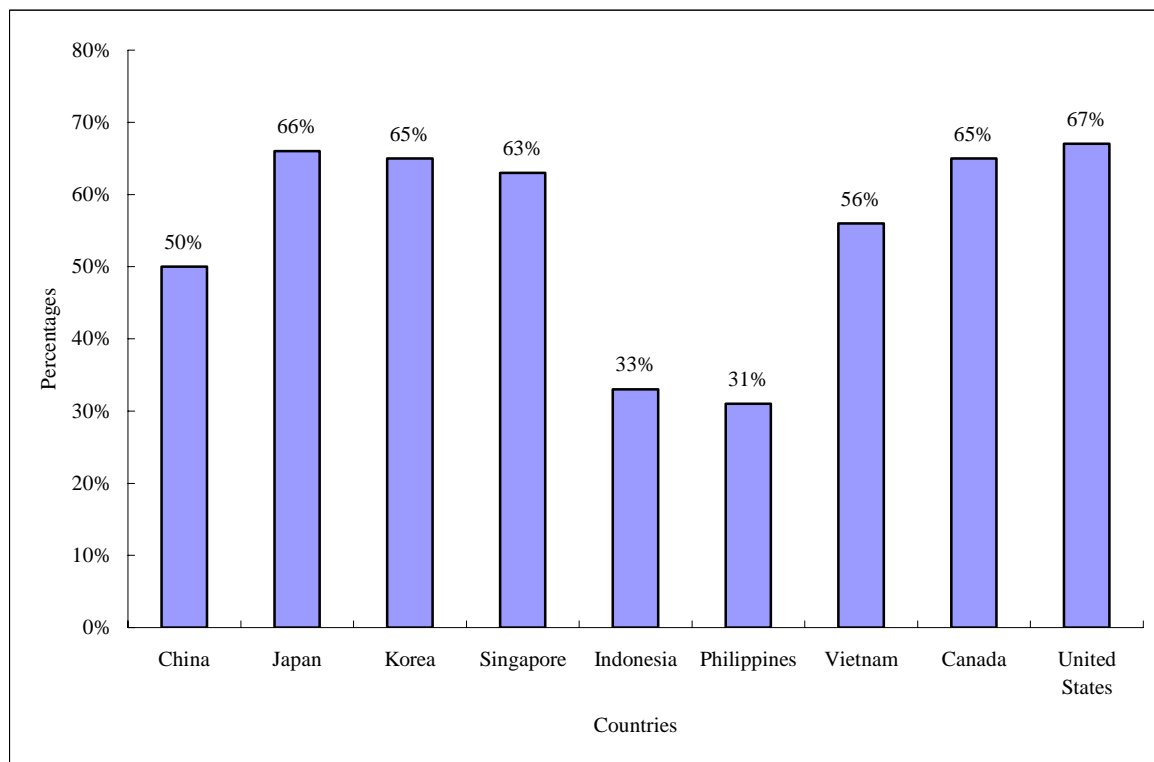
Income, like education, consistently has a positive association with support for market democracy. In all nine Pacific Rim countries, more household income means greater support for market democracy. Consequently, market democrats are most and least numerous among those people at the two extreme ends of the income scale. In East Asia,

the social status differences again tend to be smaller in Indonesia and the Philippines compared to other nations in the region (the large gap is Singapore, 29%). Again, we appear to see the causal processes of social modernization at work in these relationships.

We next combined education and income into an index of socioeconomic resources. Figure 2 shows a striking parallel across most Pacific Rim nations. From one-half to two-thirds of the most modernized segments of the citizenry—high-income people with a college education—embrace market democracy as the preferred system of political economy. This pattern exists in the established democracies of North America, as well as the in most East Asian nations. What differs most between East and West is not the level of support for market democracy across the better educated, but the percentage of the public that fit into this most modernized segment of the population.⁸ Thus, further social modernization that increases educational levels, affluence and participation in modern economic sectors should stimulate even more support for market democracy in East Asia.

Another notable feature of Figure 2 is that Indonesia and the Philippines stand out from the rest of the Pacific Rim countries. In Indonesia and the Philippines, two countries that are relatively underdeveloped both economically and politically, larger majorities of two-thirds of the most modernized segments refuse to embrace market democracy. This finding suggests that the two countries are likely to remain underdeveloped because their elites resist liberal economic and political reforms.

Figure 2 Supporters of Market Democracy among the College-Educated/High Income People



Source: 2000-2002 World Value Surveys

Socialization experiences are another potential influence on support for market democracy. We consider age as a predictor in order to tap the historical changes that might find their expression in the different opinions across generations (also see Ong 2004). Gender also can be a marker of socialized values, with the expectation that women are more embedded in traditional cultural norms.

Table 3 indicates that in most East Asian countries--China, Japan, Korea, Singapore, and Vietnam--support for market democracy is greatest among the young. At least in part, these patterns probably reflect the substantial changes in the political economy of these nations over the past several decades, as either the economic or political systems (or both) have undergone fundamental transformations. As these societies have changed, younger generations have shifted their values to reflect the new realities as modernization theory would suggest.⁹ In contrast, age differences are relatively small--or even reversed--in the two North American populations. On the one hand, since both capitalist markets and a democratic system have a long history in both of these nations, we would expect only small generational differences among Americans or Canadians. The slightly lower support for market democracy among American youth may reflect a growing alienation from the dominant order in this advanced industrial democracy (Inglehart 1990).

Support for market democracy is generally higher among males across both regions, although the magnitude of these differences is small. The gender gap is most pronounced in Japan where females trail males by 15 percentage points. At the other end of the continuum, the gender gap is smallest in the United States, Indonesia and the Philippines. These findings indicate that gender differences in support for market democracy are essentially unrelated to national wealth, the current type of political system, or region.

Multivariate Analyses

While social demographic variables help give a social location to support for market democracy, these orientations should also be shaped by other political attitudes. For example, cultural theory emphasizes the role that cultural values play in shaping human preferences and setting the relative priority of those preferences. According to Mary Douglas and Aaron Wildavsky (1982), the culture that affirms the values of individualism and egalitarianism motivates people to choose political and economic systems that would maximize autonomous human choice. In contrast, the culture that stresses the values of collectivism and hierarchism, found in Confucianism, motivates people to opt for systems that would minimize autonomous human choice (Wildavsky 1987; see also Shin, Chey and Kim 1989). The Confucian cultural values of communalism and hierarchism are, therefore, expected to deter East Asians from embracing market democracy.

However, cultural values cannot be considered the only force motivating people toward or away from market democracy. Even in the same culture, some people have been able to make autonomous choices in their private and public lives more often than others have. In this regard, the socialization theory maintains that the level of autonomy individuals have previously experienced affects their political and economic preferences (Bahry 1987; McClosky and Zaller 1984; Rose, Mishler, and Haerpfer 1988). The more

often people have experienced the freedom of choice in the past, the more favorably they view a system that would allow them to steer their destinies in their own way. These cultural influences also interact with social position variables. Because East Asian males have generally experienced more freedom of choice than females, the former are expected to favor market democracy more than the latter. Young East Asians are also expected to be more supportive of market democracy than older East Asians, who lived most of their lives under oppressive rule.

In addition, the theory of civic society emphasizes membership in a network of voluntary associations and interpersonal trust as the social capital necessary for both democracy and capitalism to work effectively (Dalton and Ong 2002; Norris 2002; Putnam 2000, 2002). Engaging voluntarily in non-political associations, people become less dependent on family or other closely knit groups while establishing connections with other diverse groups where they practice making autonomous choices that benefit others as well as themselves. Through the experience of such autonomous civic life, citizens come to appreciate the importance of institutional freedom for their public and private lives. They also come to appreciate the importance role their trust in their fellow citizens plays in sustaining the autonomy of their economic and political lives (Fukuyama 1995). Civic engagement and interpersonal trust are, therefore, expected to foster support for the system of market capitalism.

To test each of these alternative explanations for support for market democracy, we chose a set of variables from the 2000-2002 WVS. For the modernization theory, we measured the command of socioeconomic resources in terms of formal education and family income that were previously displayed in Table 3. To test the socialization theory, we selected age and gender as indicators of authoritarian life experience. For the cultural theory, we selected adherence to the Confucian cultural values of hierarchical collectivism.¹⁰ To test the civil society theory, we selected membership in voluntary associations and interpersonal trust as indicators of autonomous civic life.¹¹

We used ordinary least squares techniques to estimate standardized regression coefficients (*betas*), for these predictors of support for market democracy. These coefficients estimate the impact of each variable while statistically controlling for the other variables in the model. According to the *betas* in Table 4, modernization, as measured by education and income, matters significantly in all seven East Asian countries. Socialization variables--either age or gender, or both--matter significantly in five of them. Social capital and the culture of hierarchical collectivism, in contrast, matter significantly in only four East Asian countries. In every East Asian country, moreover, indicators of socialization or modernization constitute one of the two most powerful predictors. These findings clearly indicate that support for market democracy among East Asians is, by and large, shaped by the level of freedom they enjoyed in the past and the extent to which they are currently exposed to the forces of modernization.

In the United States and Canada as reference points, socialization and modernization also significantly influences support for market democracy. In addition, social capital matters significantly in both countries, although it is not one of the two most powerful influences. As the theory of civic community holds, social capital motivates North Americans to embrace democratic politics and capitalist economy at the same time. The positive role it plays uniformly in North America contrasts sharply with the split roles it plays in East Asia.

Table 4 Sources of Support for Market Democracy

Theories/ Predictors	<u>Countries</u>								
	China	Japan	Korea	Singapore	Indonesia	Philippines	Vietnam	USA	Canada
Modernization									
Education	.10*	.14*	.05	.03	.14*	.09*	.03	.08*	.12*
Income	.09*	.08*	.13*	.11*	.05	.01	.10*	.11	.08*
Socialization									
Gender	-.12*	-.10*	-.10*	-.12*	.03	-.00	-.12*	-.10*	-.00*
Age	-.07*	.05	.05	.05	.05	-.00	-.06	.08*	.08*
Civic society									
Trust	-.03	.06*	-.02	-.03	.02	-.11*	.06*	.09*	.06*
Association	-.01	.00	.06*	-.07*	----	.03	.02	.02	.07*
Culture									
Familism	.00	-.05	-.07*	.01	-.01	.03	-.05	-.05	-.02
Authority	.01	-.04	.04	-.14*	-.03	-.06*	.17*	.08*	.02
R	.22	.25	.24	.24	.15	.17	.27	.25	.27

Source: 2000-2002 World Value Surveys

Why does social capital drive people away rather than toward market capitalism in two East Asian countries, Singapore and the Philippines, contrary to what is expected from its theory? Perhaps social capital in these two countries is more of the bonding than bridging type. While bridging promotes interactions among people of diverse backgrounds, bonding merely strengthens ties among people with similar history (Putnam, 1993) and therefore would not have the effects civil society theorists would expect.

Another regional difference concerns the impact of age and respect for authority. In the two East Asian countries where age matters significantly, China and Vietnam, old people are less likely than young people to embrace market capitalism. In the United States and Canada, on the other hand, old people are more likely to do so. This difference may be attributable to the fact that old people in the two different regions spent much of their lives experiencing two different realities, authoritarian life in the former and democratic life in the latter. In Singapore and the Philippines, greater respect for authority drives people away from market democracy, as the cultural theory of capitalist democratic development predicts. In Vietnam and the United States, however, adherence to this value drives them toward market democracy. The reason for this discrepancy remains a mystery.

Democracy, Markets and the Future

In East Asia, as in other regions of the world, democratization and market-oriented economic reforms have become dominant trends. These trends have become especially strong in the aftermath of the 1997 economic crisis. Whether these political and economic reforms will successfully transform the existing political economies of authoritarian and socialist natures into fully capitalist democracies depends considerably on the reactions of the masses to the systems and processes of capitalism and democracy.

The analyses presented above indicate that most of the East Asian countries have yet to build the solid popular foundations necessary for the development of a fully capitalist democracy, the system of political economy known as the most compatible with the current age of globalization. Only in three of the seven East Asian countries surveyed has a plurality or a majority of their ordinary citizens embraced capitalist democracy as the most preferred system of political economy, as citizens have done in both North American countries. In each of the four other East Asian countries, more than two-thirds of ordinary citizens are reluctant to embrace market democracy mainly because these citizens are, by and large, uninformed or ambivalent about the virtues of capitalism.

In all of the East Asian countries, moreover, public opinions in favor of capitalism and democracy are not strongly interconnected in a complementary and reinforcing fashion, as imagined by advocates of the Washington Consensus and globalization. Consequently, there are many East Asians who refuse to embrace capitalism while welcoming democracy. There are also many East Asians who refuse to embrace democracy while welcoming capitalism. In all seven East Asian countries, however, these people who favor either democracy or capitalism constitute relatively small minorities. This finding provides little support for the theory that democratization and marketization should be treated as two contrasting or competing goals for human development.

At the same time, there is an optimistic element to our findings that a greater proportion of citizens comes to appreciate the virtues of capitalist democracy as they become educated and their standards of living improve. The higher the level of socio-economic development among East Asians, the greater the level of their support for capitalist democracy. Indeed, individuals of roughly the same social status positions in East Asia and North America are almost identical in their support for market democracy!

By freeing the masses from the hardships of poverty and illiteracy, therefore, future advances in socio-economic modernization in East Asian countries are likely to expand and solidify the popular foundations for capitalist democracy. Furthermore, there is a sharp generational gradient in support for market democracy in several East Asian nations, especially in China and Vietnam where the economic and political reform processes are just beginning. Future generational shifts among the mass citizenry are likely to promote the expansion and solidification of the foundations. Contrary to the Asian values argument, Confucian cultural traditions are not likely to impede the building of capitalist democracy in East Asia.

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Endnotes

¹ The Vietnamese survey did not ask this set of questions. Instead, it asked a set of questions tapping attitudes toward democracy as a process. We used this second set of questions to measure support for democracy in Vietnam (also see Dalton and Shin 2004).

² The ratings of these four systems were first rescaled to range from -2 (strongly antidemocratic) to +2 (strongly pro-democratic). Rescaled scores were then aggregated into an overall index of democratic support with scores ranging from a low of -4 to a high of +4. Those who scored higher than 0 on this index were considered supporters of democracy.

³ The original responses to each of these four items were first rescaled to range from -5 (most strongly anti-capitalist) to +5 (most strongly pro-capitalist). We then aggregated the rescaled scores into an overall index of capitalist support with scores ranging from a low of -20 to +20. Those who scored higher than 0 were considered supporters of capitalism (also see Shin and Dalton 2004).

⁴ The Filipinos who support democracy not only as a political system but also as a political process constitute a minority of 40 percent. Corresponding figures for other new East Asian democracies are 63 percent for South Korea, 61 percent for Taiwan, 38 percent for Thailand, and 22 percent for Mongolia.

⁵ A comprehensive and thoughtful review of the literature debating the democracy—economic development linkage can be found in Chan (2002).

⁶ In part, this may be a cultural tradition of East Asians, who when confronted by survey researchers are hesitant to express an opinion. Such patterns have been consistently noted in surveys in Japan, for example (Flanagan et al. 1979). In addition, several of our nations have non-democratic governments where freedom of expression and the willingness to endorse alternative economic or political systems might be restrained. Thus Japanese and Korean non-response are not markedly different from Americans and Canadians, and the highest percentage of non-opinions are found in Vietnam, China and Indonesia.

⁷ Respondents are divided into three age groups: (1) the young between the ages of 20 and 39; (2) the middle-aged between 40 and 59, and (3) the old aged 60 and older. Respondents are divided into three groups: (1) those with a primary school education or less; (2) those with a secondary education; and (3) those with a college education or more. To create income groups, the survey asked respondents to place themselves on a 10-point scale of household income where a score of 1 indicates the lowest level of income and a score of 10 corresponds to the highest level. The low-income group included those who rated their household income at a 1-3; the middle-income group included those who chose a rating of 4-7; and the high-income group included those who chose 8-10. Three-point scales measuring education and income were also combined into a 5-point index of socioeconomic resources.

⁸ In North America, more than one-fifth (21%) falls into the most modernized segment of high-income people with a college education. In East Asia, however, this segment accounts for less than one-fifteenth (6%). Obviously, East Asians fall far behind their North American peers in modernizing the socio-economic domains of their lives.

⁹ We also note that there are only modest age differences in the Philippines (1 percent) and Indonesia (3 percent).

¹⁰ Four questions asked, respectively, whether respondents were willing: (1) to always love and respect their parents, (2) to do what is best for their children, (3) to instill obedience as a value in their children, and to follow a superior's instructions even if they disagree with those.

¹¹ A pair of questions asked respondents to judge whether most people can be trusted and they would try to be fair. A set of 15 questions asked whether respondents belonged to a variety of voluntary associations, including social welfare services for the elderly, religious organizations, and sports clubs.