

Sea of Japan—highlighted the need for stronger central authority. Further reforms strengthened the prime minister, streamlined the cabinet, and curbed bureaucrats' influence over Diet politicians.

The current prime minister, the LDP's Junichiro Koizumi, elected in a landslide in April 2001, was the first "to be selected outside of the traditional factional power struggles," says Shinoda. He had the support of younger party members in the Diet and local party members outside Tokyo, and he was able to pick his cabinet without

consulting faction leaders. When the terrorists struck America on 9/11, Koizumi's government was ready to act decisively. Though he failed to win legislation providing for a strong response to any future military attack, he won a hard-fought parliamentary vote last July to send a military force to Iraq. While Koizumi—who's likely to win reelection this fall—has been unable thus far to lead Japan out of its economic morass, Shinoda believes that the stage at least has been set for a revitalized politics and effective national leadership.

Asia's Economic Tortoise

"Can India Overtake China?" by Yasheng Huang and Tarun Khanna, in *Foreign Policy* (July–Aug. 2003), 1779 Massachusetts Ave., N.W., Washington, D.C. 20036.

Though India, like China, has more than one billion inhabitants, it is no match for its fellow Asian giant in terms of gross domestic product (\$477 billion in 2001, compared with China's \$1.2 trillion) and other high-profile economic indicators. Even so, argue the authors, in the long run of economic development, India may have the last laugh.

"China's export-led manufacturing boom is largely a creation of foreign direct investment" (\$44.2 billion in 2001), with much of that money coming from the 55 million Chinese living abroad, note Huang and Khanna, professors at the Massachusetts Institute of Technology's Sloan School of Management and Harvard Business School, respectively. But Beijing has imposed restrictions on indigenous private firms to keep them from challenging its state-owned enterprises. Though the Chinese

economy has taken off in recent decades, "few local firms have followed."

In India, by contrast, foreign direct investment has been paltry (only \$3.4 billion in



To overtake China, India needs more home-grown entrepreneurs like Infosys founder Narayana Murthy, here greeting Microsoft's Bill Gates.

2001), in part because the Indian diaspora is much smaller (20 million), and, resented for its success, it has been much less willing to send money home. But New Delhi, which has backed away from micromanaging the economy in recent years, has provided “a more nurturing environment for domestic entrepreneurs,” say Huang and Khanna. Indian companies such as software giants Infosys and Wipro and pharmaceutical and biotechnology powerhouses Ranbaxy and Dr. Reddy’s Labs “now compete internationally with the best that Europe and the United States have to offer.” The *Forbes* 200 ranking of the world’s best small companies last year included 13 Indian firms but only four from mainland China.

“Democracy, a tradition of entrepreneurship, and a decent legal system have given India the underpinnings necessary for free

enterprise to flourish,” write the authors. And entrepreneurs there—such as Narayana Murthy, the founder of Infosys, who is often compared to Microsoft’s Bill Gates—have become folk heroes.

“India soon may have the best of both worlds,” say Huang and Khanna, for it is poised to reap significantly more foreign direct investment in the coming years. After decades of standoffishness, New Delhi is embracing the Indian diaspora. Not only are expatriates being encouraged to open their wallets, but many engineers and scientists are being lured home.

“With the help of its diaspora, China has won the race to be the world’s factory,” the authors conclude. “With the help of its diaspora, India could become the world’s technology lab.”

The Arab Democracy Deficit

“An ‘Arab’ More Than a ‘Muslim’ Democracy Gap” by Alfred Stepan with Graeme B. Robertson, in *Journal of Democracy* (July 2003), 1101 15th St., N.W., Ste. 800, Washington, D.C. 20005.

Not one of the world’s 16 Arab countries is a democracy, and many Western analysts say it’s because Islam is inherently antithetical to democratic forms. Stepan, a political scientist at Columbia University, and Robertson, a graduate student, beg to differ.

They looked at the Arab countries—including Algeria, Egypt, Morocco, and Saudi Arabia—and at the 31 non-Arab nations in the world with Muslim-majority populations. Using data for 1972–2000 from Freedom House’s annual survey of political rights around the globe, and from a similar undertaking called the Polity Project, Stepan and Robertson tried to identify the “electorally competitive” countries, those whose governments derived from “reasonably fair” elections.

Twelve of the non-Arab countries with Muslim majorities sustained “relatively high levels of political rights for at least three consecutive years,” the authors found. Eight of these—including Bangladesh, the Gambia, Malaysia, Mali, Nigeria, and Turkey—did so for at least five consecutive years. Of the Arab nations, in contrast, only Lebanon passed the three-year test (in the period be-

fore the 1975–90 civil war), and it failed to reach the five-year mark.

It’s conventional wisdom among social scientists that prosperity makes nations more inclined to hold meaningful free elections, yet seven wealthy Arab nations did not pass the rights test, while seven non-Arab, Muslim-majority countries with low gross domestic product per capita did. These political “over-achievers” were Albania, Bangladesh, the Gambia, Mali, Niger, Nigeria, and Pakistan.

The Arab “democracy gap” obviously can’t be blamed simply on Islam, the authors point out. But if “Arab political culture” is at fault, it’s not because of anything intrinsic to it, they believe. People in Arab countries have not developed the strong attachment to their nation-state that usually fosters democracy. Many Arab states, carved out of the defunct Ottoman Empire after World War I, have “relatively new and arbitrary boundaries.” Efforts to promote pan-Arabism and pan-Islamism, as well as the fact that Arabic is spoken in many different lands, have further weakened the nation-state’s appeal. Yet the authors believe that “internal pressures and initiatives” will eventually produce democracies in the Arab world.