

OXFORD STUDIES IN DEMOCRATIZATION

INTERNATIONAL DEMOCRACY AND THE WEST

The Role of Governments,
Civil Society, and Multinational
Business

RICHARD YOUNGS

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To Alex

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Preface

The completion of this book takes place against a background of profound instability and change in the international system. The US-led intervention in Iraq is just entering a frighteningly violent post-Saddam scenario; this conflict has added to an already growing tide of global civil society activity; and the progression of the international trade and investment architecture has also thrown multinational companies into the eye of increasingly political storms. A common thread permeating such international concerns relates to the impact on Western interests of democratic trends in developing and newly industrialized countries. And it is this issue, whose topicality is compounded by the fluidity of its backdrop, that forms the subject matter of this book.

The book adds to the vast literature that has in recent years accumulated on the various aspects of democratization by examining the perceived interests and strategies of different types of Western actors. It is contended here that there is merit in attempting to combine analysis of governmental, business, and NGO actors in a single analytical framework. The book adopts a 'triangular' approach, examining in turn the policies of Western governments, multinational companies and NGOs towards global democratic trends. By bringing together political, economic, and social dynamics, and assessing the interactions between these different actors, the book aims to provide a more comprehensive conceptualization of democracy's international dimensions. What has been the essential nature of democracy's international fortunes — both good and bad? Which set of actors — Western governments, MNCs, international civil society — has been most engaged in seeking to spread democratic norms around the world? How have these three groups of actors interrelated in the formulation of democracy-related policies? These are some of the principal questions around which the book is structured.

The summer of 2003 finds many aspects of international debates in dizzying flux. The travails of 'post-conflict' Iraq will have far-reaching ramifications for broader debates over international democracy. Western governments at this stage are just beginning to give firmer shape to their post-September 11 2001 commitments to attack the 'political roots' of terrorism in — it is asserted — the Arab world's autocratic repression.

The book clearly cannot aim to offer any definitive assessment of this rapidly evolving environment. It is hoped that its value lies in taking a backward glance at how positions on democracy have evolved since the early 1990s and in illuminating comprehension of how such debates have come to imbue current predicaments with such uncertainty and controversy.

The book has emerged from my involvement in two EU research projects, one on democracy promotion in the Arab world, the other on the relationship between democracy and emerging European security policies (ESDP Democracy). I am grateful to both the Norwegian Institute for International Relations (NUPI) and Portsmouth University for providing the institutional bases for this research. I would like to thank the editorial team at OUP and the two anonymous referees for their useful comments. Lastly, Laura and Alex made the writing of this book much more difficult, but also an incredibly happy time.

Richard Youngs

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1 A Composite Perspective on International Democracy

A vast canon of work has accumulated on democratization since the early 1990s, offering a myriad of perspectives on international trends in democratic politics. Analysts have assessed the national, regional, transnational, and global factors explaining democracy's fortunes beyond its Western heartland. Considerable challenge has been presented to such analysis by democracy's decidedly mixed record during the last decade. While democracy has enjoyed significant advances in most regions of the world, it has failed to take root in a large number of developing states. Formally democratic states have also suffered from manifest shortcomings in the effective pluralistic quality of their political systems. The most notable expansion has in fact been of hybrid regimes, residing at the blurred edges between democracy and authoritarianism. Democracy has been increasingly acknowledged to be less a simple absolute — either entirely present or fully absent — and more a matter of degree, with states possessing different strong and weak attributes along a spectrum of democratic quality.

These contrasting and complex trends invite deeper consideration of the roles played by Western actors in relation to international democratic trends. This book seeks to add to debates over the international dimensions of democratization by combining study of three types of actors: Western governments, multinational companies, and international NGOs. This opening chapter situates the study's aims within ongoing theoretical debate. The chapter outlines the state of academic thinking on democracy's relationship to, first, international security concerns, and, second, the interests of international investors. This introduction highlights the issues raised by this conjunction of general theoretical deliberation and debate over democracy's strategic and economic utility, and justifies the need for a more composite picture of democracy's international dimensions.

1. Three Spheres of International Influence

During the 1990s it became increasingly commonplace for analysts to advocate more in-depth research of the international aspects of democratic trends. Prior to the mid-1990s work on democracy focused to an overwhelming extent on the domestic factors influencing political change, with attention drawn variously to aspects of modernization theory, rational choice and the coalition-building strategies of political actors.¹ Aiming to correct this imbalance, a range of prominent analysts came to suggest that the gradual spread of democracy warranted a more systematic international focus.² This conceptual reorientation emerged against the background of a growing concern on the part of a range of actors over international trends in democracy. Western governments, multinational companies, and civil society organizations all came to engage more notably in considerations relevant to the domestic political structures of developing states.

A more systematic commitment to promote democratization emerged in the policy statements of Western governments after the early 1990s. Countless policy statements and documents, applying to regions and countries across the world, enshrined this commitment, and references to democracy and human rights became ubiquitous. ‘Democratic enlargement’ emerged as the overarching leitmotif of the Clinton administration's foreign policy, while a commitment to spreading democratic norms was formalized as a priority objective of the European Union's new common foreign and security policy. There were also efforts to multilateralize democracy promotion commitments, the United States most notably succeeding in convening a 100-strong ‘Community of Democracies’ forum in Warsaw in 2000. The encouragement of political reform in the developing world was presented as part of the new post-cold war normative dimension to foreign policy, but also as essential for Western interests. While the United States in particular had a long history of extolling the virtues of democratic governance through its external policies and identity, in the 1990s the democracy promotion commitment was apparently infused with a more robust, unequivocally strategic rationale. In the discourse of Western states, the promotion of democracy was explicitly, firmly, and routinely conceived and presented as strategic self-interest. After September 11 2001, this link was presented by many policy-makers in even more directly instrumental terms, the roots of terrorism commonly being judged to lie in the lack of democratic openness across the Islamic world.

At the same time, work on NGOs — one of the main growth areas in post-cold war international relations research — rarely failed to proceed

from the observation that these civil society organizations gradually adopted a more political profile during the 1990s. From an erstwhile set of concerns largely limited to the micro-level conditions of social development and humanitarian relief, international NGOs based in the West came to embrace more politically oriented advocacy. This represented the deepening of an orientation that had grown out of NGOs' experience in Latin America and Eastern Europe in the 1970s and 1980s. Civil society groups then played increasingly influential roles at successive UN conferences during the 1990s, including that on human rights in Vienna in 1993. The number of NGOs rose exponentially, with those covering human rights issues expanding particularly dramatically. The resources deployed by the largest NGOs working on political issues came to compare favourably with the human rights budgets of most donors. International networks comprising NGOs became denser, with this being widely interpreted as one of the most significant trends in international relations after the end of the cold war. As NGOs gained increasing media coverage and more formal engagement in the policy-making processes both of multilateral institutions and donor governments, they were widely judged to have developed into the pre-eminent architects of a new normative international relations agenda.

As NGO activism strengthened, business's role in international political trends also came under closer scrutiny. The emergence of an apparently more political role on the part of international investors expressed itself most notably in the increasing prominence of the Corporate Social Responsibility agenda. Multinationals drew up codes of conduct covering a range of rights issues pertinent to their operations in developing states. Under the remit of the United Nations, OSCE, EU, and other organizations, a plethora of international compacts and covenants was signed purporting to constrain multinational companies' actions. Western governments established 'corporate citizenship' units within their chancelleries and trade ministries. A more systematic concern with 'reputational costs' was widely detected within Western companies. As the restructuring of the international order opened up hitherto neglected markets, multinationals were also forced more proactively to assess how new political trends might impact upon the ever-expanding reach of their international presence. Spiralling violent civil conflict obliged MNCs to address debates over their own relationship to the nature of local political processes, resulting in a range of initiatives and stated commitments on business's role in war-torn societies. Debate ensued over how far this incipient corporate citizenship should ultimately extend, and the political issues it should and should not seek to encompass.

In sum, Western governments, multinationals, and international NGOs adopted positions and perspectives that claimed greater concern with the nature of political structures within developing and newly industrialized states. These trends together raised a number of questions. Were these actors genuine when they professed a concern with democracy in developing countries? Were they in fact concerned with wholesale democratization or a narrower range of rights issues? In what circumstances was the development of democracy perceived as positively inimical to their respective aims? What was the balance between these strategic, commercial, and civil society dynamics? To the extent that democracy was propelled by an international logic, which element of the latter was most influential? Was the international spread of democratic norms primarily driven by security concerns? Or was it a phenomenon reflecting the changing pattern of economic interests? Or, alternatively, did the strongest impulse come from values-motivated civil society protagonists? Conversely, which of these dimensions was influential in accounting for the *limits* to democracy's international reach? Was an agenda of international democracy promotion sullied by an economically motivated conflation between this and the spread of neoliberal markets, or was it the latter's progressive political potential that was prejudiced by atrophied strategic thinking? Was there a mutually reinforcing network of political, economic, and social actors, or did these dimensions disparately pull in different directions? In short, what kind of phenomenon, what kind of conceptual animal was democracy's international ebb and flow?

This book seeks to shed light on such questions pertinent to the international dimensions of democracy through a study of the policies and actions of these three sets of Western actors: namely, governments, multinational companies, and international NGOs.

The actor-based approach heeds the call of a growing number of analysts for detailed research into the strategies and concerns of different actors in relation to international political trends. From the mid-1990s, theorists argued that it was necessary to correct the common impressions either that some kind of impersonal dissemination or snow-balling momentum has worked in democracy's favour, or conversely, that some apparently exogenous structural trends of globalization have necessarily worked against the vitality of national level democracy. Neither of these forms of analysis, it was widely asserted, accorded sufficient priority to the complex motives and actions of actors whose presence at the international level gave them a key stake in, and influence over, political trends throughout different regions of the world. General agreement emerged that international economic, social and political trends should be conceived less as inexorable, spontaneous processes,

and more as mediated through actors whose fundamental identity is constantly reconstituted through those same trends. The roles played by international actors should be seen as integral to the nature of domestic influences both assisting and prohibiting democratization in developing states, while themselves in turn being conditioned by such factors.³

The book's underlying premise is that there is a need more systematically to incorporate the respective roles of strategic, commercial, and social actors into a single analysis. Analysts have most commonly expressly confined their attention to one of these domains, and there has been relatively little cross-fertilization between debates in each sphere. Work has been either on governmental democracy promotion strategies *or* on new corporate citizenship *or* on international civil society; these have developed as largely self-contained areas of research. Interlinkages between these spheres have been posited most systematically by radical theorists, precisely with the aim of demonstrating the absence of meaningful autonomy among actors whose actions are ultimately reducible to dominant class interests. Consequently, as one expert suggests, it is necessary more successfully to 'disaggregate the "international dimension"'.⁴ The aim to assemble a more composite picture of democracy's international dimension is predicated in this book on detailed examination of political, commercial and social agency, and, crucially, analysis of how these three spheres interact with each other.

This multifarious actor-centred framework both draws on and critically examines the variety of conceptual lenses that have attested to the entwining of social, political, and economic dynamics. A staple element of international relations theorizing from the mid-1990s was the suggestion that more comprehensive analysis was needed to capture the fluidity of contemporary international politics. It was commonly suggested that this was required to combine insights from state-oriented international society theory, structurally focused transnational society frameworks, and the international political dimensions of social class structures. Prominent realists recognized that their focus needed to incorporate some of the tenets of liberal interdependence and transnational civil society theories, while liberals increasingly acknowledged the persistence of aspects of power politics.⁵ Such thinking also chimed with the well-established concept of triangular diplomacy, with the suggestion that far-reaching shifts in international production structures had brought states and MNCs into more pervasive and complex governance networks, replacing the notion of a straightforward, zero-sum competitive relationship between the governmental and private sectors.⁶ It also accorded with historical sociologists' focus on the way that underlying social transformations were reflected through shifts in the nature of state interests at the international level.⁷ The pattern of changing

international norms warranted, it was suggested, more study into the conditions for and limits to emergent 'tripartite networks'.⁸ International factors in this sense must be seen as acting at a variety of levels, relevant to the general moulding of international society's prevailing norms, to the restructuring of the economic context within which political change unfolds, as well as to specific material interventions aimed directly at particular domestic outcomes.

Combining analysis of the political, economic, and social dimensions resonates with ongoing debates over the relationship between interests and norms. In the wake of the cold war, many analysts highlighted the need to see normative liberalism and power politics as mutually conditioning.⁹ While it became common to counterpoise rationalism and constructivism as the defining divide in contemporary international relations, analysts from within the broad canon of constructivist work argued that these should be seen as complementary not incommensurate dynamics. The basic constructivist concern was to demonstrate that preferences and perceived interests were not predetermined, but rather informed by identities that were in turn constructed through social interaction. Constructivism did not contradict rational-materialism's focus on interest; it subsumed or 'went beyond' the latter in allowing for perceived interests to be shaped by intersubjectively formed identities, constituted *through* interaction not prior to it.¹⁰ Constructivist interaction might, it was suggested, be seen as setting broad ranges of legitimate action, within which more instrumental choice was exercised.¹¹

Within this general approach, elements of constructivism evolved in a way that called for study of the interactions between different actors' concrete norm-related strategies. One strand of constructivism focused on state interactions and how these had incrementally and reflectively bred new collective security identities.¹² English school international society theorists were also reinterpreted in this subjectivist light, although were seen as placing more emphasis on the constraining nature of intersubjective structures and less on the potential for any fundamental reconstitution of basic norms through self-reflection.¹³ Many constructivists were, indeed, increasingly concerned that a more rigorous assessment was needed of the genuine co-constitution of norms and actors' agency, in preference to the tendency for much constructivist analysis in practice to work from the top down and treat largely unmediated norms as constraining purposive actors. A more 'agent-oriented' constructivism was routinely called for.¹⁴ It was suggested that work was needed into how states, rather than being restricted by the ideational component of international structure, came to use democratic norms as 'a means of agency', a way of 'enabling' a normative legitimization of new approaches to security.¹⁵

It was constructivist inspired work on the rise of international NGOs that most explicitly addressed the spread of human rights norms. It was suggested that a more multifarious framework was warranted, extending constructivism beyond its application to state-to-state interactions. Analysts suggested that interaction between governments and civil society networks was particularly crucial to the concrete agency assisting the spread of norms, ensuring that states underwent a constant process of social learning. NGO activity, it was contended, shaped governments' discourse, which in turn gave NGOs a further hold to keep governments to their own commitments. Merely tactical commitments to norms gradually reshaped cognitive understandings of what was judged morally appropriate. Means-end rationality was then displaced by a 'logic of appropriateness' governing international actions. In this way, the increasingly mainstream status of constructivist approaches should itself be linked more tightly to the detailed study of different actors' interrelated, concrete strategies.¹⁶ While studies from this perspective were applied to core human rights issues, it was suggested that the approach should and could be extended to inform more in-depth study of the distinct and emergent democracy agenda.¹⁷

In the light of democracy's increasing prominence during the 1990s, testing such eclectic dynamics in relation to international democratic trends appeared *prima facie* particularly pertinent. Democracy seemed to exist somewhere 'between' those basic human rights norms most obviously socialized at the international level and purely strategic concepts such as containment. This raised the question of whether democracy was a concept unique in embracing both rationalist and normative dimensions, or whether it ultimately fell beyond both of these.

These theoretical considerations represented one level at which debate over democracy's international dimensions unfolded. Another level related to democracy's more specific value and/or prejudice to security and economic interests. The book's analysis revolves around governments', companies', and NGOs' respective perspectives on democracy's utility and/or shortcomings in guaranteeing stability and generating economic growth. In this sense, instructive background is provided by two further academic debates that unfolded during the 1990s, one on the relationship between democracy and international conflict, the other on the optimal political conditions for investment and market-oriented reforms.

2. Democracy and International Security

Many analysts came to posit a link between security goals and domestic political structures. Such a modified perspective on international security

argued the importance of looking beyond traditional notions of power projection and defence against direct strategic threat. Rather, security was a matter of proactively fashioning longer-term political trends in a way that reduced the likelihood of strategic stability being threatened.¹⁸ This evolution in thinking was part of a general move towards bridging the divide between domestic politics and the main international relations perspectives — confronting both realism's black box conceptualization of the state and liberal institutionalism's presumption of the pacifying effect of international structures and cooperation regardless of national political structures. One of the most influential frameworks for studying security polices emphasized the importance of a 'securitizing action', which succeeded in taking a perceived threat to justify extraordinary executive-centred action outside the normal processes of decision-making. Significantly, within this framework the 'defence of democracy' was posited as a 'referent object' for such action.¹⁹ Crucially, unlike for basic human rights, legally grounded entitlements to democracy remained negligible and this aspect of the Western foreign policy agenda was consequently seen to revolve more directly around political interests.²⁰

The reworking of security concepts and norms tapped into ongoing debates over the impact of democratic systems on conflict and instability. Copious amounts were written on the 'democratic peace' hypothesis, mainly taking the form of quantitative studies purporting to demonstrate that democracies were less prone to engage in international conflict. Developing arguments first forwarded in Immanuel Kant's (1795) essay 'Perpetual Peace', proponents of the democratic peace argued that peace achieved through containment and deterrence has generally proved unstable, requiring massive military advantage to be maintained, and that democracy was the better guarantor of international stability.²¹ This logic was convincing enough to be widely portrayed as virtually axiomatic.

A standard distinction was drawn between the different, but interrelated, factors explaining why democracies were less conflict-prone. A cultural element was taken to account for democracies' natural inclination to externalize norms of tolerance and compromise. Democracies presumed other democracies to be more peaceable, this becoming a self-fulfilling prophecy; were more amenable to dispute resolution efforts of third parties;²² and were less inclined to initiate conflict, appreciating how more effectively to pursue their interests without resorting to force. A more dynamic perspective on the democratic peace suggested the key to be in the way that democracy facilitated learning and thus embedded peaceable norms over time.²³ A second, 'structural' explanation saw democratic leaders as being constrained by conflict-averse electorates. Freedom of information ensured that leaders would

be held to account if they failed to make every effort to resolve a dispute peacefully. A free media scrutinized and thus constrained actions abroad. A slightly different structural argument suggested that transparency of information better revealed democracies' resolve in responding to provocation, making others less likely to confront them.²⁴ A third dimension flowed from democracies' higher propensity to engage in trade and their consequent embeddedness in economic interdependencies. In this sense, some detected a 'triangle' of mutually reinforcing relations between democracy, trade and membership of international organizations.²⁵

The issue of democratic quality was often stressed: the higher quality the democracy, the more fully these positive logics were likely to function. In response to concerns that new, fragile democracies could be highly unstable, democratic peace theorists argued that such weakness could also be helpful in ensuring that internal issues assumed sufficient urgency to discourage external aggression. It was suggested that even partial, still-developing democracies were likely to be more peaceable than autocracies and that fears over the destabilizing effects of initiating democratic change did not provide a justified argument in favour of non-democracy.²⁶ A more measured and increasingly prominent angle focused less on democracy's supposedly intrinsic virtues and more on the balance between democracies and non-democracies in the international system. Given that tensions were often rooted in the relations between democracies and authoritarian states, democracy could be expected to breed peace to the extent that it predominated. The more democracies there are, the more democracy will fulfil its strategic potential of assisting international stability.²⁷

The September 11 attacks on New York and Washington crystallized in dramatic form the pertinence of political concerns to international security threats. The terrorist attacks lead to much reassessment of the way that issues of political reform and alliances had been handled in the Muslim world. Western support for autocratic Arab regimes had clearly not produced a stable strategic environment. Nominally pro-Western regimes across North Africa and the Middle East, and from Saudi Arabia to Pakistan had increasingly funded *madrasas* turning out a highly puritanical brand of Islam. Far from successfully suppressing radicalism, many regimes had looked to draw on strengthening religious identity as a means of detracting attention from their own lack of legitimacy.²⁸ Across a whole variety of issues Arab regimes were seen as playing increasingly to domestic Islamist opinion precisely because of their lack of democratic credibility. Anti-Westernism expressed more democratically would reduce the chances of its adopting violent form. Most crucial after 9/11, was a democracy-spreading

'civic front' to the war on terrorism: only this could resolve what were in fact wars 'within civilization', undermining the legitimacy of Jihad fundamentalists. (While a democratization of relations between states at the international level was necessary to constrain hardliners in the United States from what had clearly been counterproductive policies of narrow self-interest).²⁹

Of course, many of the West's most pressing strategic preoccupations during the 1990s derived from concerns over the external impact of the numerous civil, ethnic conflicts that erupted in the post-cold war period. In a close linkage with democratic peace work, this also shone the analytical light on the relationship between democracy and internal conflict. Democracy was widely perceived as the system most suited to the management of such growing civil conflict. Democratic procedures were predicated on compromise and, through political parties and civil society channels, the peaceful articulation of grievances. The constant bargaining and cross-cutting patterns of associative activity that characterized democratic politics ensured pacifying moderation. It was increasingly asserted that authoritarianism could do no more than suppress civil conflicts, not fashion peace in any positive or durable sense. Democracy, it was frequently asserted, provided an escape valve, depressurizing social tensions.

Recognizing the danger that pure majoritarian democracy could facilitate a 'tyranny of the majority' and curtailment of minority rights, the concept of power-sharing democracy was widely advocated as particularly well suited to conflict scenarios. This envisaged a form of democracy heavily engineered to favour group, over individual rights, through stipulated representation for minority groups, group vetoes, devolution, proportionality, and coalition government.³⁰ Such reasoning developed from consociational theories of democracy, aimed specifically at increasing political stability in societies beset by ethnic, religious, or other social cleavages, where there was no common belief system strong enough to underpin unconstrained competitive pluralism. The power-sharing concept accorded a significant role to group autonomy and grand coalitions constructed between elites representing different ethnic, religious or territorial groups. It was suggested that this form of democracy was already helping reduce ethnic conflict by the late 1990s.³¹

In opposition to this wide-ranging praise for democracy's perceived virtues, however, a more traditional realism remained prominent. This stuck fast to the abiding principle that strategic conditions had little to do with variations in states' internal characteristics but were a product of the structure of the international system. In this sense, it was predicted that bipolarity's demise would comprehensively cancel out any

potential benefit from democracy's spread. The nature of elites' social interaction with the world was deemed to ensure the continuity of their non-interventionist orientations on security issues. To the extent that strategic policy predominated, it would be in accounting for the paucity of democracy promotion efforts. Attempts to export democracy could, sceptics insisted, only lead to greater instability, as they provoked a backlash against the West. The new conditions of multipolarity demanded that the West was far more accepting of other political systems, as it sought to manage the plethora of cultural and religious tensions unleashed by the end of the cold war. The collapse of democracy's ideological rivals meant that there was less to gain, and more to lose, in foisting pluralism upon other cultures. Meddling in internal politics would merely diminish the ability to mould external behaviour.³²

As their prominence increased, both the democratic peace and democracy's ethnic conflict-solving virtues were increasingly questioned. It was most commonly asserted that the transition period from authoritarianism to democracy had in many states been a period of great instability, as new coalitions constantly shifted and the frustration of newly raised expectations fed into growing support for nationalist platforms.³³ Democracies had, it was argued, adhered to peaceful norms not instinctively as part of their cultural identity, but selectively as and when these served their interests. Statistical studies also cast doubt on the contention that trade interdependencies were higher between democracies.

Critics argued that neither did the supposed 'structural' benefits of democracy weather scrutiny. Electorates actually had limited control over democratic leaders, with political elites shaping more than they followed public opinion on international affairs. Moreover, it was not clear that public opinion in democracies was highly conflict-averse: indeed, wars often manifestly won elections for democratic politicians. Democratic leaders may actually be more disposed to play up external tensions to divert attention from the domestic constraints they faced, where authoritarian leaders would suppress rather than externalize internal pressures.³⁴ Autocrats' heavy investment in the apparatus of internal repression diverted resources from the development of external force projection. Some suggested that the very superiority of democracies' economic growth made them more technologically advanced potential rivals, better able to wage war. If democracy was so superior, sceptics asked, does its spread not actually threaten to reduce the West's comparative dominance? It was suggested that semi-democratic hybrid regimes were particularly susceptible to nationalism being used to compensate for the absence of strong, legitimizing institutions.³⁵ Dangers were associated with the post-cold war rise in

'illiberal democracy': democracy in a context of declining liberal rights — the strategy Western states were charged with pursuing — would breed further unrest and tension; liberalism *instead of* democracy was far more suited to attaining social calm and stability.³⁶

A weaker version of the rejection of democratic peace dynamics argued that the nature of a political regime was simply of limited influence, positively or negatively. From this perspective, peace and conflict were seen as products of other factors. It was contended that the incidence of conflict depended primarily on the scarcity and distribution of resources. Wealthy, Western democracies might not have gone to war with each other, but it would be wrong to extrapolate from this that poorer, more turbulent societies would become more peaceable through democratization, where conflict over resources was so much more acute. Even if a democratic peace could not be entirely dismissed, claims made on its behalf so far failed to recognize that its real test was still to come: namely, whether the logic would hold when extended to poor, non-Western societies, prone to resource conflicts.³⁷ Tests were presented to show that democracy only had a statistical impact in terms of relations between prosperous Western market economies, and not in relations between the West and the developing world.³⁸ Moreover, it was pointed out that there was significantly more conflict in the third world in general than in the first world, poverty explaining conflict regardless of regime type.³⁹ Most democratic peace work took the form of historical studies, and was not centrally focused on the current dilemma of the relationship between already well-established democracy in the West and other political forms in the developing world. Democratic peace hypotheses derived almost entirely from 'dyads of war' correlations simply did not speak directly to current agendas dominated more by low level but pervasive tensions between the West and the developing world over issues such as market access, terrorism, or migration.

In the political dimension too, it was argued that democracy was in itself of secondary importance. It was frequently suggested that there had simply been too few cases of neighbouring democracies to derive statistical significance from the fact that no democracies had gone to war with each other. Both democracy and conflict were so rare, it was pointed out, that what was presented as a law could in fact be no more than apparently reasonable intuitive reasoning. Democracy might contribute to stability, but often did not; consequently, at best it had a differing impact as an intervening variable. Even those sympathetic to broadening a realist-influenced perspective on security cautioned that 'it simply is not clear what political structure would best serve' stability in developing regions.⁴⁰ Instability could most clearly result from

changes of government or key ministers, whether within a democratic or authoritarian regime. Typically, much quantitative work concluded that even though democracy often had a positive effect, it was only as one among many variables, including alliances.⁴¹ The regional context was also flagged up as an additional variable: democracy's positive effect was often dependent on there being a cluster of democracies, a democracy within a cluster of authoritarian states exhibiting different dynamics.⁴² Influential work directly critical of realism's focus on defensive military capacity itself advocated a security doctrine based on the spread of 'mutual reassurance', through military cooperation and information sharing that transcended differences in political systems.⁴³

More critically, some insisted that in the nineteenth century states that could convincingly be defined as democratic did come into conflict with each other. Rivalries between the Western democracies faded only in the twentieth century, because of a need to unite to defeat fascism and then communism. This unity was not the product of democracy per se, but simply a coincidence of interests among democracies. The main driving factor, according to realist critics of the democratic peace, was not democracy but alliance seeking; and non-democracies were no less predisposed to seek alliances than democracies. From this perspective, war and peace depended on the overarching logic of the prevailing international system: multipolarity in the nineteenth century was unhelpful; bipolarity in the cold war was stabilizing.⁴⁴ The choice to use force invariably depended most crucially on whether there was a broad set of allies behind such action; that is, on calculations over whether such a force would be successful.⁴⁵ Evidence showed that some of the newer non-Western democracies might not have engaged in full-scale conflict, but they had been particularly disposed to engage in small-scale interventions, risking regional instability.⁴⁶

In debates on civil conflict, the notion of power-sharing democracy was criticized for institutionalizing representation based on ethnicity, and encouraging ethnic leaders actually to resort even more strongly to nationalist sentiment. Partitioning the polity into ethnic entities or enclaves simply locked-in prevailing tensions, it was suggested. Both power-sharing and ethnofederalist democracy dangerously 'define all politics as ethnic politics'. Rather, the need was for cross-cutting, inclusive institutions, and forums at the national level — including political parties, the media, representative bodies, and a professional bureaucracy — that actually de-emphasized the legitimacy of ethnicity as an organizing principle. In this sense, a 'thick web of liberal institutions' should be developed before any imposition of formal electoral democracy. Where indigenous structures did provide for a degree of cross-ethnic

representation, these should not be shoehorned into an externally designed democratic template.⁴⁷ It was this nationally structured civil society, not democracy per se, that was essential to resolving the 'boundary problem'.⁴⁸ Power-sharing deals risked merely allowing extremists to relaunch an offensive, and had proved viable only where hardliners were militarily defeated first.⁴⁹ The danger here was held to lie both in overly rapid political change and in the kind of engineered democracy so widely associated with peacemaking. Far from ensuring a helpful balance between stability and civic participation, some argued that forms of partial democracy were the most conflict-prone of political systems, possessing neither the capacity of authoritarianism to repress violence nor the unhindered and effective opportunities for the peaceful articulation of grievances of high quality democracies.⁵⁰ Ethnofederalism was seen by some as invariably destabilizing and at best a last resort option where no potential at all existed for standard democracy.⁵¹

One increasingly prevalent view was to suggest that stability-inducing politics required impartial and autonomous processes and institutions, but not necessarily a wholesale Western democratic model. Compacts or coalitions could, it was argued, instil authority, inclusive mechanisms and a 'vibrant political life'. Indeed, by virtue of being 'context-sensitive', these were likely to succeed better than externally designed models that, according to some analysts, risked merely solidifying the 'boundaries' between different ethnic and social groups. While conflict resolution might need to move beyond a focus merely on peace deals to consider underlying institutional structures, 'good politics' was a matter of increasing trust and participation across civil society through a variety of different forms, not about rigidly implanting preordained systems.⁵² A related concern was that the focus on political reform diverted attention away from the most proximate sources of conflict and most urgent peacemaking imperatives, such as mediation and the formation of international commissions. Even if a degree of political liberalization might potentially be welcome over the longer term, its inclusion on conflict resolution agendas was seen by some as overexpanding the latter into a long shopping list of all vaguely desirable objectives.⁵³

3. Democracy, Foreign Investment, and Economic Reform

Debates over the relationship between democracy and international business interests also evolved during the 1990s. During the 1970s and 1980s multinational companies conspicuously allied themselves to non-democratic regimes. The increasing exploitation of oil in North Africa

and the Middle East was predicated on direct collusion between Western governments, MNCs, and Arab autocrats.⁵⁴ Foreign capital also played an influential role in sustaining Latin America's bureaucratic authoritarian regimes. Most dramatically, United Fruit was implicated in the coup in Guatemala in the 1950s, while in Chile ITT was instrumental in the ousting of Salvador Allende. Even where the private sector switched to supporting political change, this was seen as representing a tactical shift to back an ascending pro-democracy alliance led by the working class, rather than a positive adherence to the concept of democracy itself.⁵⁵

One commonplace focus, interpreted in particular as the overriding lesson from East Asia, was on the virtues of soft- or semi-authoritarian systems. It was widely argued that semi-authoritarianism was particularly well attuned to business interests, appearing to combine stability and control over anti-market elements, on the one hand, with clear rules-based economies, on the other hand. One influential analysis suggested that the crucial political condition for successful economic development was the existence of a state competent enough to lead development, and autonomous enough from vested sectoral interests to design policies in the interest of broader society. In this sense, dominant-party regimes had often proved the best arrangement, providing state autonomy and bureaucratic continuity, an ability to distribute both the costs and benefits of economic reform more widely, and low levels of corruption. Developmental states, especially in East Asia but also elsewhere, would suffer from having Western style democracy implanted when this would be ill-suited to the nature of prevailing power relations and norms.⁵⁶ Allied to this logic was the well-established view that some countries were simply 'not ready' for democracy, and that sustainable democratization must follow from socio-economic modernization and class restructuring. The introduction of democracy prior to such modernization would be inappropriate to a country's economic and social structures and its understood norms for resolving disputes — and therefore prejudice rather than enhance investment conditions.

Such debates over the political conditions of economic development fed into the consideration of investors' interests. In semi-authoritarian contexts, MNCs were likely to prosper better by adjusting to local political forms in the conduct of business. 'Deductive logic' suggested that businesses would support partial political liberalization — guaranteeing good governance, the rule of law, and the protection of individual rights — but be ambivalent over full transitions to democracy, as the latter would expand the right to strike and give more scope for anti-market coalitions.⁵⁷ Gradual, paced transitions were widely seen as most beneficial to business. Crisis-induced transitions that could

engender more far-reaching democracy produced features problematic for economic reform: party fragmentation, the rise of anti-market parties, executive–legislature stalemates, more volatile economic cycles. Graduated transitions tended to impose limits on democratization, with the incumbent regime negotiating for certain policy-making enclaves to remain protected from civil society pressure and democratic dynamics, as well as imposing limits on the space available to trade unions and political opposition. In this context, neoliberal technocrats were able to retain *de facto* influence over economic policies and limited, pacted transitions consequently tended to retain more business support.⁵⁸ A related view was that ‘predictable corruption’ was not a major concern to investors so much as change that resulted in doubts as to what new norms were to apply.⁵⁹ The sudden transition was, in this sense, likely to remove old rules and structures before putting in place firm new ones, generating uncertainties for investors.

In contrast to these arguments, during the 1990s many detected growing support from international capital for more democratic systems. This angle arose out of studies of US policies in the 1980s, which, it was argued, came to support democracy only when US-backed dictatorships started acting against US interests, adopting more populist policies and a discourse of independent nationalism. This new US concern with implanting democracy served a ‘restoration of the oligarchy’ actually overturning indigenous programmes of more substantive democracy. Crucially, the reimposition of democracy against radical governments permitted the United States to re-establish links with and control over police and military forces, especially crucial to guaranteeing a climate favourable to US economic interests.⁶⁰ Thereafter, into the post-cold war period, it was argued that foreign investors came more generally to seek a change only in the form, not substance of policy-making structures in developing markets. They were seen as actively supporting the installing of heavily truncated forms of democracy built on the same logic of control and stability as soft authoritarianism, but simply with a formally democratic façade. ‘Low intensity’ democracy would retain considerable state autonomy for economic liberalization while tempering unrest due to its ideological legitimacy and credibility with local populations. Democracy disciplined labour through elites ensuring its ideational hegemony. This preserved ‘ossified political and economic structures from an authoritarian past’, keeping the public quiescent, but in any meaningful sense excluded from decision-making processes. Following a period of evidently mounting tensions under authoritarianism, under a new limited democracy ‘steam is let off slowly and carefully it cools the whole thing down a bit and makes its more manageable’.⁶¹

Such limited democracy was seen as comprising a strong executive; a weak legislature, undercutting possible opposition to economic orthodoxy; the continuation of a de facto military hold over policy choices; weak trade unions; and a lax protection of human rights, the abuse of which served the interests of domestic and international capital. In a not dissimilar vein, notable theorists from outside this critical tradition, while stressing how democracy could embed pro-market policies in a more sustainable manner than dictatorship, advocated limited group rights for civil society associations as a means of preventing society's 'encompassing interests' being undermined.⁶² Crucially for international capital, such limited democracies keenly ceded their own democratic responsibility over many aspects of economic and financial policy to international institutions, protecting themselves from popular pressure.⁶³ Flowing from this was the commonly held view that, whatever its professed perspectives on political change, international business was instrumental primarily as a vehicle of the very dynamics of globalization that had undermined any effective exercise of democratic rights at the national level.⁶⁴

From the critical perspective, it was the low intensity variety of democracy that started to become most prevalent, its spread reflecting the primary influence of multinational capital over Western foreign policies. In this sense, the particular forms of democracy promoted by the West in developing markets were seen as tailored to serve the interests of global capital, with 'elite conservative' democracy representing 'the political corollary of economic liberalization and internationalization'. The further elaboration of the democracy promotion agenda would be at the behest of multinational business, as a vehicle for further subordinating the developing world to the rule of global capital.⁶⁵ Western democracy promotion should be assessed as 'a way to sell more "capitalist" market inequality and disempowerment dressed up as "democratic self-determination"'.⁶⁶ Democracy and human rights promotion had mistakenly been construed as a political project separate from the economic realm. Instead, the economic and political needed to be studied as two dimensions of a single societal framework, and the political projects of dominant social classes investigated.⁶⁷ Democracy promotion could not be studied as a separate political, strategic or ethical agenda: rather, 'the economic realm determines the fate of the political', there being a 'necessary fit between the type of democracy being promoted and the widening gaps between poor and rich created by neoliberalism'.⁶⁸

Opponents of these sceptical views pointed to the more positive benefits of democracy, and the importance of high quality democratic process. This perspective was most prominently the result of explorations

into democracy's developmental virtues. It was famously determined that democracies had a better record at heading off and mitigating both the impact of natural disasters and economic crises. Far from being prejudicial to economic liberalization democracy ensured — indeed, itself constituted — a fuller understanding of proper economic and social needs, and was more likely to secure the social foundations (education, gender equality, and ethnic rights) of more sustainable and balanced market reform. Technical governance reforms needed to be underpinned by changes in ‘the climate of norms and behavioural modes’, especially regarding ‘relative justice’.⁶⁹ Indeed, the more active engagement of civil society and representative channels could improve the technical quality of economic policy and help build the political bases of support for reforms, legitimating the latter far more than decree-based implementation.⁷⁰ Trust was essential for markets to function, this explaining why ‘tyrant capitalism tends to degenerate into bandit capitalism’.⁷¹ As one architect of the ‘Washington consensus’ warned: ‘suppression is the best way to convince the conspiratorially minded that there is something to hide’, and thus provoke greater opposition to economic reform.⁷²

Some authors predicted that business would demand high quality democracy, as deep-rooted social harmony, high levels of education, and a wider range of services became more important to modern firms.⁷³ It was also argued that stronger, technically proficient parliaments were an increasingly important part of the equation for large firms.⁷⁴ MNCs had a growing need for peaceable relations among states as their operations were spread over and divided between so many different states, making the kind of nationalism associated with authoritarian or weakly democratic regimes more costly. Issues of predictability were also emphasized, it being easier to anticipate future economic policy in a well-functioning democracy than in a system where policies were made ‘behind closed doors’.⁷⁵ The pacted, limited transition might maintain a commitment to economic reform, but also might be more prone to arbitrary policy-making. Limited democracies were more susceptible to engaging in ‘spurts’ of reform followed by stagnation or reversal, as technocratic policy-making insulated elites from social discontent until acute crisis erupted and there was an overcorrection towards populism.⁷⁶ Extensive statistical work led to a broad consensus that while there was no strong positive correlation between democracy and economic growth, the claim that authoritarianism guaranteed faster growth among newly developing economies could be refuted. There was no evidence that dictatorship better mobilized resources for investment, and democracy had the advantage of engendering more stress on consumption and in both generating and using more information in the allocation of resources.⁷⁷

While gaining in prominence, however, this more positive angle was linked only to a very limited extent to considerations of international business interests and strategies. Moreover, even if there might be perceived benefits to democratic change, in accordance with some influential perspectives the international business sector might not be expected in practice to play an active lobbying role. Within the seminal ‘collective action’ framework, democratic quality might be equated to the very type of collective good in relation to which little joint engagement emerges: the general benefits of this good contrasting with firms’ primary concern with relative gains over their competitors. In accordance with this classic logic, we would indeed expect multinational investors as a group to possess little incentive to push for improvements in the democratic quality of host country polities, and individually to seek to free ride on any critical pressure brought to bear on developing market governments by other firms.⁷⁸ The pertinence can also be seen of other influential work emphasizing the underlying structural power of the capitalist class, this reducing the urgency of direct engagement on second-order issues. From this perspective, features of the productive environment beyond the ‘accumulation process itself’ were, in the face of divisions between individual firms, seen as being shaped with some operational autonomy by the state.⁷⁹ The validity of this rule might be seen as being proved by its exception, namely the fact that businesses would tend to organize where the absence of collective action did not preserve the status quo but rather witnessed a fundamental destabilization of conditions.⁸⁰ In short, in relation to contemporary global politics, this collective action problem of MNCs gave governments more bargaining power, qualifying assumptions that particular international agendas were primarily the insidious creatures of global capital.⁸¹

4. Towards a Composite Framework

In sum, democracy's evolving fate through the world has spurred work of different analytical hues. At the broad theoretical level there was acknowledged need for an extended body of knowledge relating to the nature of international dynamics. Threads of commonality could be detected through many core approaches to international relations theorizing. There was widespread agreement on the need to combine different spheres of analysis and more systematically to examine the interactions between different actors, as boundaries between the political, economic and social were seen in a myriad of ways to be increasingly blurred and porous. Complementing this was an increasingly pervasive

preoccupation across contrasting theoretical traditions with the relationship between interest formation and the growing prevalence of certain political norms. Applied to the field of international democracy, these analytical developments suggested a need to combine three areas hitherto kept largely separate: the strategically motivated features of Western governments' democracy promotion policies; the evolving human rights policies of international business; and the activity of international NGOs related to the construction of political norms.

The attempt to study these specific aspects of democracy's international dimensions draws on debates over democracy's political and economic properties. This adds two further levels of theoretical work to the equation. At one level, democracy was seen as prospering as the form of politics most conducive to international stability and internal conflict resolution. While elements of the democratic peace often appeared to have gained almost axiomatic status within international relations debates, increasingly forceful counter-arguments also took shape. These most commonly suggested qualifications and caveats to democracy's potential, arguing that the impact of political reform depended on a range of accompanying factors to do with the sequencing of change, underlying institutional structures, regional contexts, economic conditions, and the dynamics of identity. At another level of analysis, the limits to democratic development were linked to globalization and the increasing influence of international capital. The balance of opinion within this area of debate attributed to multinational companies what was seen to be an incremental undermining of liberal rights behind comforting democratic façades. Questioning this, other analysts moved towards consideration of how high quality democratic process was important to sustaining favourable investment conditions. These two areas of debate demonstrated the varied concerns impacting upon governments and business interests, and conditioning NGO debates on democracy's role in development and conflict resolution. These are the issues that inform the studies of Western strategic, commercial, and civil society policies that follow; the book's conclusion revisits these debates in light of the studies undertaken.

Notes

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- (eds.), *Transitions from Authoritarian Rule* (Baltimore, Johns Hopkins University Press, 1986) is generally cited as the major actor-based work; Przeworski, A., *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America* (Cambridge, Cambridge University Press, 1991) is an example of a more rational choice orientation.
2. Huntington, S., *The Third Wave: Democratization in the Late Twentieth Century* (Norman, University of Oklahoma Press, 1991); Whitehead, L. (ed.), *The International Dimensions of Democratization: Europe and The Americas* (Oxford, Oxford University Press, 1996); Pridham, G. (ed.) *Encouraging Democracy: The International Context of Regime Transition in Southern Europe* (Leicester, Leicester University Press, 1991); Pridham, G., Herring, E., and Sanford, G., (eds.), *Building Democracy: The International Dimension of Democratization in Eastern Europe* (Leicester, Leicester University Press, 1994).
 3. The central theme in Whitehead, *The International Dimensions*, in particular the chapters by Whitehead, Schmitter, and Hurrell; Whitehead, L., 'The Drama of Democratization', *Journal of Democracy*, 10/4 (1999): 84–98; Sorensen, G., *Democracy and Democratization* (Boulder, Westview, 1998): 36; Lynch, M., 'Globalization and International Democracy', *International Studies Review*, 2/3 (2000): 91–102; Pridham, G., 'International Influences and Democratic Transition: Problems of Theory and Practice in Linkage Politics', in Pridham (ed.), *Encouraging Democracy*, 9–11 and 'The International Dimension of Democratisation: Theory, Practice and Inter-regional Comparisons', in Pridham, Herring, and Sanford (eds.), *Building Democracy*, 15–16; Whitehead, L., 'On International Support for Democracy in the South', in R. Luckham and G. White (eds.), *Democratization in the South: The Jagged Wave* (Manchester, Manchester University Press, 1996), 271; Schmitz, H. P. and Sell, K., 'International Factors in Processes of Political Democratization: Towards a Theoretical Integration', in J. Grugel, (ed.), *Democracy Without Borders: Transnationalization and Conditionality in New Democracies* (London, Routledge, 1999). More generally on the domestic–international link, see Halliday, F., *Rethinking International Relations* (Basingstoke, Macmillan, 1994); Scholte J. A., 'Global Capitalism and the State', *International Affairs*, 73/3 (1997): 427–52; Evans, P., 'The Eclipse of the State? Reflections on Stateness in an Era of Globalisation', *World Politics*, 50 (1997): 62–87; Clark, I., 'Beyond the Great Divide: Globalization and the Theory of International Relations', *Review of International Studies*, 24/4 (1998): 479–98.
 4. Pridham, G., *The Dynamics of Democratisation: A Comparative Approach* (London, Continuum, 2000), 286.
 5. Halliday, *Rethinking*, 94–119 and 'The End of the Cold War: Some Analytic and Theoretical Conclusions' in K. Booth and S. Smith (eds.), *International Relations Theory Today* (Cambridge, Polity Press, 1995), 50. 'Realism and Cosmopolitanism: A Debate between Barry Buzan and David Held', *Review of International Studies*, 24/3 (1998): 387–416. For an overview of this theoretical evolution, see Walt, S., 'International Relations: One World, Many Theories', *Foreign Policy*, 110 (1998): 28–47.

6. Strange, S., *The Retreat of the State* (Cambridge, Cambridge University Press, 1996); Held D. et al., *Global Transformations: Politics, Economics and Culture* (Cambridge, Polity Press, 1999), 281.
7. A summary of this is provided by Smith, H., 'Why is There No International Democratic Theory?', in H. Smith (ed.), *Democracy and International Relations: Critical Theories/Problematic Practices* (Basingstoke, Macmillan, 2000).
8. Risse, T., 'Transnational Actors and World Politics', in W. Carlsnæs, T. Risse, and B. Simmons (eds.), *Handbook of International Relations* (London, Sage, 2002), 269.
9. Halliday, F., 'The Cold War and its Conclusion: Consequences for International Relations Theory', in R. Leaver and J. Richardson (eds.), *The Post-Cold War Order: Diagnoses and Prognoses* (St Leonards, Australia, Allen and Unwin, 1993), 24; Doyle, M. 'Liberalism and the End of the Cold War' in R. Lebow and T. Risse-Kappen (eds.), *International Relations Theory and the End of the Cold War* (New York, Columbia University Press, 1995), 101; Brown, C., 'History Ends, Worlds Collide', in *Review of International Studies*, 25/4 (1999): 41–58.
10. Wendt's formulation that constructivism in this sense 'subsumes' rationalism, and 'reclaims' power and interest from materialists. Wendt, A., *Social Theory of International Politics* (Cambridge, Cambridge University Press, 1999), 41 and 371.
11. Katzenstein, P., Keohane, R., and Krasner, S. 'International Organization and the Study of World Politics', *International Organization*, 52/4 (1998): 679.
12. Wendt is often cited as an example of the more top-down, state-oriented strand of constructivism, concerned very much with how the 'structure' of such ideas impacts 'downwards' on individual state units; he in fact recognizes that a fully comprehensive theory would need to include more on the domestic sources on identity formation. (Wendt, *Social Theory*: 21).
13. Dunne, T., 'The Social Construction of International Society', *European Journal of International Relations*, 1/3 (1995): 373 and 383.
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- of National Security: Norms, Security and Identity in World Politics* (New York, Colombia University Press, 1996). A recent overview of the general concern with the accumulation of socialization dynamics in relation to democratic norms within regional organizations is provided by Pevehouse, J., 'Deepening Democracy from Outside? International Organizations and Democratization', *International Organization*, 56/3 (2002): 515–50.
17. Risse, T. and Ropp, S., 'International Human Rights Norms and Domestic Change: Conclusions', in Risse, Ropp, and Sikink (eds.), *The Power of Human Rights*, 273. The Katzenstein volume also includes a chapter only on humanitarian intervention by Finnemore, this posited as distinct from geostrategic agendas.
 18. See Brooks, S., 'Dualing Realisms', *International Organization*, 51/3 (1997): 445–77.
 19. Buzan, B., Woever, O., and de Wilde, J., *Security: A New Framework for Analysis* (Boulder, Lynne Rienner, 1998), 38.
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61. Quotes from Gills, B., Rocamora, J., and Wilson, R., 'Low Intensity Democracy', in B. Gills et al. (eds.), *Low Intensity Democracy: Political Power in the New World Order* (London, Pluto Press, 1993), 3 and 28; Chomsky, N., *World Orders, Old and New* (London, Pluto Press, 1997).

62. Olsen, M., *Power and Prosperity: Outgrowing Communist and Capitalist Dictatorships* (New York, Basic Books, 2000). This explains why post-Communist democracies in Eastern Europe have not done well: state companies were often sold to ex-management and workers, for instance. This also accounts for the difference between these and China's successful development: the cultural revolution and the Great Leap Forward having destroyed intermediary 'collusions'.
63. Cox, R., 'Global Restructuring: Making Sense of the Changing International Political Economy', in R. Stubbs, and G. Underhill, (eds.), *Political Economy and the Changing Global Order* (Basingstoke, Macmillan, 1994), 50.
64. Gray, J., 'Global Utopias and Clashing Civilizations: Misunderstanding the Present', *International Affairs*, 74/1 (1998): 149–64; and *False Dawn: The Delusions of Global Capitalism* (London, Granta, 1999), 17.
65. Gills et al. 'Low Intensity Democracy', 4–5 (see note 61).
66. Gunder, Frank A., 'Marketing Democracy in an Undemocratic Market', in Gills et al. *Low Intensity Democracy*, 45–6.
67. Smith, 'Why is There No International Democratic Theory?' (see note 7).
68. Smith, S., 'US Democracy Promotion: Critical Questions', in Cox et al. *American Democracy Promotion*, 81–2.
69. Sen, A., *Development as Freedom* (Oxford, Oxford University Press, 1999), 278.
70. Przeworski, A. et al. *Sustainable Democracy* (Cambridge, Cambridge University Press, 1995).
71. Fried, C., 'Markets, Law, and Democracy', *Journal of Democracy*, 11/3 (2000): 7.
72. Williamson, J., 'Democracy and the "Washington Consensus"', *World Development*, 21/8 (1993): 1330.
73. See the various contributions to Bernstein, A. and Berger, P. (eds.), *Business and Democracy: Cohabitation or Contradiction?* (London, Pinter, 1998).
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76. Przeworski, A., *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America* (Cambridge, Cambridge University Press, 1991): 179–87.
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78. Olsen, M., *The Logic of Collective Action: Public Goods and the Theory of Groups* (Cambridge, Massachusetts, Harvard University Press, 1965), especially chapter 1.
79. Offe, C., 'The Theory of the Capitalist State and the Problem of Policy Formation', in L. Lindberg et al. (eds.), *Stress and Contradiction in Modern Capitalism* (Lexington, Massachusetts, Lexington Books, 1975): 132–4.
80. Przeworski, *Democracy and the Market*: 64, footnote 20.
81. Walter, A., 'Do They Really Rule the World?', *New Political Economy*, 3/2 (1998): 289.

2 Democracy and Western Strategic Interests

Western powers' new democracy promotion policies adopted in the 1990s appeared to correspond closely with the suggestions outlined in the opening chapter that safeguarding security was increasingly a matter of proactively shaping the broad contours of the international environment. The new policy initiatives of both the US and European states were replete with allusions to a new 'comprehensive' concept of security that professed to go beyond policies of containment and defence against direct threats to the national interest, to attack the perceived roots of international instability. Western states claimed to have concluded that strategic interests could not be advanced in a sustained fashion by a policy of unconditional support for nominally pro-Western authoritarian regimes. The latter were seen as having fomented conflictive regional rivalries to shore up their own precarious domestic legitimacy, while provoking internal unrest by hoarding the benefits of economic modernization within a tight circle of elite supporters. Contrary to perceptions, most of these regimes had not been beneficial to Western economic interests; had bred the largest flows of illegal migrants into the West; and had presided over significant increases in drug cultivation. Documents and policy statements argued that anti-Western radicalism in many parts of the world had resulted precisely from the lack of democratic channels for the pursuit of legitimate grievances. Far from threatening Western interests, democratization would remove the reasons why many opposition groups currently espoused hostility to the West. In some places democratization would more directly bring to power pro-Western governments and democracy promotion policies would help ally Western states with democrats as the dynamics of the 'third wave' made transition look increasingly inevitable. In short, democracy was assertively advocated as a panacea for a whole range of strategic objectives.

So went the West's new security logic. This chapter examines the concrete implementation of this new strategic philosophy. Its purpose

is not to present detailed country case studies, but rather to separate out the main conceptual issues both driving and hindering the focus on democracy promotion. After presenting the main contours of Western democracy promotion strategies, the chapter contrasts Western perceptions on democratic change in relation to three conceptually distinct security logics: managing states of strategic concern; the preservation of alliances; and the management of conflict within developing states. An analysis is then offered of changes to democracy-related policies witnessed since the terrorist attacks of September 11.

The chapter finds that support was forthcoming mostly for very gradual processes of political change, through a combination of bottom-up indirect initiatives and support for top-heavy political structures to manage reform processes. Where democracy seemed likely to undermine pro-Western incumbents, to an increasing extent some support for democratic change was forthcoming, but with considerable caution. In conflict states basic democratic norms were assisted, but there was only limited evidence of a comprehensive conceptualization of the form of political structures best equipped to contain violence. Differences between US and European approaches persisted, and in some cases widened after September 11, 2001; however, similarities were also more notable than often presumed. Overall, there was an urgent determination neither to encourage nor hinder democratization. While Western powers' consideration of underlying political processes became more notable, the latter were in practice often judged to impinge in only a secondary fashion on strategic interests — whether from either the introduction or the absence of democratic process. Not all policy was aimed at shoring up illiberal democracy; indeed, more often Western powers focused on extending the observance of particular liberal rights rather than formal democracy.

1. The Strategic Rationale: Democracy without Tears

While democracy came to be promoted as ultimately more stabilizing for international security, the concrete influence that Western powers most often purported to make during the 1990s was to modest political liberalization, not systemic change.¹ The strategic imperative of extending democracy expressly did not frame policy in terms of a 'securitized' resort to exceptional and dramatic actions. Intervention against the perpetration of genocide and external aggression did provoke 'extraordinary' reaction and a recasting of the fundamental rules of international behaviour; democracy promotion did not. Rather, the

latter was approached by Western governments in second-order fashion: stress was placed on incorporating a modest focus on democratic norms through regularized, low-level forums and initiatives. Policy explicitly moved away from attempts directly to impose democracy, for which the United States in particular had previously attracted opprobrium.

The 1994 UN intervention in Haiti appeared to presage a practice of direct military deployment to defend democracy. The Western powers' most forceful commitment to action was indeed adopted in relation to cases where established or newly introduced democratic procedures were overturned. Even in such cases, however, a general caution pervaded Western responses. The growing perception that there was a politically — if not legally — legitimate right to intervene in third countries was explicitly not appropriated to include a right to 'democratic intervention', but was rather restricted to humanitarian objectives.² Interventions from the mid-1990s — Bosnia, Kosovo, Macedonia, Afghanistan — were triggered by concerns over refugees, regional conflict, and direct security threats. Western states did not seek to broaden the concept to use directly or systematically as a democracy promotion instrument. Democracy-building efforts were introduced as one of many post-conflict tools, but it was humanitarian crisis and egregious conflict that provided the rationale for intervention. Haiti remained an exception to this general rule, and was driven by the collapse of a negotiated return to democracy and a dramatic refugee crisis. At most, a limited concept emerged of democratic intervention occurring under a UN mandate — this, of course, ruling it out as a likely policy tool in most relevant cases. For some policy-makers humanitarian interventions actually increased the need to negotiate military conditions with non-democratic governments; this was indeed the flavour of debate that discouraged the US from signing up to the putative International Criminal Court. A commitment to intervene militarily to defend democracy was conspicuously absent from the European Union's new security intervention capabilities after 2000.³ At the Community of Democracies meeting in Warsaw the United States intimated at a more forceful commitment to uphold democracy, but was not supported by European nations.

Also integral to the gradualist approach was the limited use of punitive democratic conditionality. Both the European Union and United States elaborated new provisions for coercive political conditionality. From the mid-1990s, the European Union insisted on a standard democracy and human rights clause being included in all new agreements with third countries, this specifically providing for the suspension of trade and aid provisions where democratic principles were not upheld. With

the central and eastern European applicants in mind, in 1997 the Amsterdam treaty introduced a clause providing for a state's EU membership to be suspended where democracy suffered major reversal. In similar vein, a new democracy clause was inserted into the Organization of American States (OAS) treaty and in April 2001 democracy was made a condition to join the prospective Free Trade Area of the Americas. In September 2001 an OAS Democracy Charter went further than before in talking of any 'unconstitutional alteration' being grounds for sanctions.

In practice, significant coercive measures were adopted primarily against states seen as directly threatening security and regional stability, such as Libya, Iraq, the Former Republic of Yugoslavia, Sudan, Afghanistan, and North Korea, and not in response to an absence of democracy per se. The European Union's use of its new political conditionality instruments was largely confined to sub-Saharan Africa, and agreed in response only to dramatic interruptions of democratic procedure or to situations where egregious human rights abuses arose out of internal conflict. This resulted in measures being taken against a range of countries whose strategic value to the West did not appear to be of the highest order: Niger, Sierra Leone, Cameroon, Lesotho, Togo, the Comoros, the Ivory Coast, Sudan, Somalia, Zaire/DRC, Rwanda, Liberia. These included the cases where instability was obviously and directly a result of coups or electoral tampering. In a typical example, this logic openly drove EU and French sanctions against the Ivory Coast, both after Robert Guei's 1999 coup and again after newly installed civilian leader Laurent Gbagbo continued to bar key opposition members. States suffering a general decline in the openness and pluralism of political processes escaped significant punitive responses: measures taken against such developments in Nigeria, Zimbabwe, and Kenya were in all cases tardy and less than comprehensive; in the case of Zimbabwe their spirit was spectacularly contravened by France's welcoming of Robert Mugabe to Paris in February 2003. Measures taken by European states at the national level were even more selective. France did withdraw some forms of support to autocrats in francophone Africa in the early 1990s, but subsequently became more circumspect about any more systematic imposition of democratic conditionality.⁴ Aid was most commonly suspended temporarily and restored after largely formalistic or symbolic steps back towards a semblance of democratic process — this occurring notably in Zambia and, under French pressure, in the resumption of EU aid to Niger after both the 1996 and 1999 military coups.

Outside sub-Saharan Africa, coercive measures justified directly on democratic grounds were adopted in only a handful of cases. Peru and Guatemala saw European aid suspended in response to presidential

‘auto-coups’, while aid to Haiti was removed again due to conditions surrounding the 2000 elections.⁵ The one case of notable pressure in Asia was against Burma: here apparent strategic leeway and a brutal overturning of already-held elections encouraged the European Union to ratchet up a range of diplomatic sanctions and withhold development assistance — although even in this instance comprehensive trade and investment sanctions were not imposed. In other cases a lighter form of conditionality was favoured, upgraded trade and aid agreements being held back from Belarus as Lukashenko tightened his control and from Pakistan following Musharraf’s 1999 coup — although in large part at the United Kingdom’s behest, Pakistan was suspended from the Commonwealth. Other incentives-based forms of conditionality remained limited. Overall, EU aid allocations were not distributed with any strong correlation to democratic progress, but rather reflected recipients’ respective degrees of humanitarian need; commitment to economic reform; and historic–colonial links to particular European states.⁶ The European Union’s declared strategy was to base rewards on the direction of change, rather than the actual level of democracy.⁷ EU procedures for varying amounts of aid between recipient countries either to reward a reforming state or castigate a democratic laggard were poorly developed, however. The senior official responsible for overall coordination of EU democracy work acknowledged an absence of any tangible ‘scoring’ on democratic conditions of the kind that had emerged in relation to developing countries’ economic reforms. Member states often used their bilateral aid policies to offset common EU positions. Where formal preconditions were established as a basis for European policy, governments advanced new aid on a relatively unconditional basis to their respective client states — this occurred, for instance, with Spain in Cuba, France in North Africa, and the United Kingdom in East Africa. Significantly, no direct democratic conditionality was built into new debt relief programmes offered by European governments.

The United States has generally been seen as far more willing to adopt tough punitive measures on democratic grounds. Indeed, the United States was berated during the 1990s for insisting too robustly on the introduction of formal democratic procedures and underestimating the extent to which these would engender instability harmful to US strategic interests. Critics argued that, influenced by the presence of former Carter personnel in senior positions, the Clinton administration adopted a policy on democracy and human rights that was too forceful to be compatible with the national interest. This was held to be evident particularly in Mexico, the Balkans and Russia.⁸ In this view, an overly direct ‘frontal’ focus on democracy, rather than on

partial political liberalization 'as an end in itself', came to undermine US strategic interests. The United States was seen as having dangerously got 'ahead of the curve' of political reform dynamics in developing countries, where self-interest would be served by offering assistance only when requested to reinforce existing trends. The attempt too abruptly to impose the requirements of full-scale democracy was seen as likely merely to undermine the prospects for sustainable change and provoke instability and antagonism.⁹ Under the Foreign Assistance Act, the United States could not give aid to what were still defined as 'Communist' regimes. European governments certainly complained that they often became associated with tough US approaches, with developing states equating US policy to a 'Western' perspective, thus undermining the European Union's attempts to develop discursive, partnership-based approaches. European states remained unenthusiastic about the Community of Democracies initiative precisely due to their perception that this was designed too instrumentally around US strategic doctrine: while France 'disassociated' itself from the Warsaw conclusions, even the United Kingdom and Nordic states participated at a relatively low level.

While there remained some validity to this interpretation of US policy, the Clinton administration began to adopt an increasingly gradualist approach and often demonstrated a concern to avoid the 'electoral fallacy'. There were countless statements from US officials insisting that democracy would not be imposed 'from above'.¹⁰ The United State's overall use of conditionality that was specifically and primarily exerted on democracy-related criteria was in practice relatively limited. At most, the United States directed its aid slightly more towards some new democracies and there was an increase in the correlation between democracy and US arms exports.¹¹ More generally, it was pointed out that during the mid-1990s the correlation between countries' freedom scores and US aid flows actually weakened.¹² Strategically important states where reforms were limited attracted generous aid flows, with Egypt and Turkey remaining as the second and third largest recipients of US aid for most of the decade. Ukraine, valued by Washington as a buffer between Europe and Russia, had by the end of the 1990s become the third largest recipient of US aid, despite the atrophy of its political reform process. Again, as with European policy, the United States adopted categorical positions where already-existing democracy was threatened: it was made clear that serious measures would be taken when coups were threatened, rumoured, or actually attempted by Serrano in Guatemala, Oviedo in Paraguay, and in Ecuador.

Rather than systematically deploying punitive measures to press for immediate concrete institutional changes, the US and European states professed a desire to augment democratic 'potentialities' and the positive adherence to democratic values. The pursuit of a gradual evolution of identities and norms was seen as the most realistic manner in which influence could be exerted and also as consistent with the substantive aim of minimizing the deleterious effects of the transition to democracy. European policy-makers argued that the primary aim of EU strategy was to build up well-entrenched consent for democratic reform both to render reform more durable and to deflect the expansion of anti-Western forces and outlooks into the political space created by the demise of an authoritarian polity. The European Union's approach to democracy promotion self-consciously emphasized the need firmly to embed a discourse on democratic norms, framing expectations of what norms were integral to full participation in the international community. One policy-maker pointed out that the European Union's democracy clause was conceived primarily as a 'positive' mechanism 'to open the way for political dialogue'. New institutionalized forums of political dialogue were established under all the European Union's external accords with an agreed mandate to focus on democratic reforms. Especially in Central and Eastern Europe, democratic deepening was to be addressed through the 'soft power' tools of persuasion, co-optation, and 'shaming'.¹³ German foreign minister Joschka Fischer in this vein emphasized the extension of democracy efforts to the cultural arena of Germany's external relations.¹⁴ In his second administration from the summer of 2002, President Chirac oriented French policy back towards an even more cautious reliance on gentle persuasion. At the same time, in European policies political change was to be linked to underlying social and economic modernization, explicitly building democracy on such a base so as to make political change more stable.

In the design of US policy, this focus on shaping norms, embedding democratic discourse, and socialization dynamics has not generally been seen as so prominent. It did, nevertheless, become more notable. The Assistant Secretary of State for Democracy, Human Rights and Labor for the last two years of the Clinton administration insisted that policy during the late 1990s had been aimed less at institutional reforms and more at assisting 'democratic culture'.¹⁵ His predecessor had also stressed the search for a balance between the focus on elections, civil society, and pluralistic culture.¹⁶ Against assertions that the United States had focused on merely supporting elections and actually welcoming the advent of illiberal democracies, it was contended that the stress on liberal rights had become the more notable

element of policy and that US policy-makers had come to see a rush for elections as potentially destabilizing where no underlying liberal culture had developed.¹⁷ While still demonstrating a greater proclivity than European states for ‘talking up’ particular leaders or candidates, the United States itself professed a commitment to reduce the emphasis on such approaches.

The way in which such gradualism related to concrete strategic policy-making structures remained ambiguous, however. The Clinton administration's high-profile ‘democratic enlargement’ leitmotif did succeed in drawing together the different areas of external relations policy-making touching upon democracy-related concerns. The Interagency Working Group on Democracy was established specifically to inject strategic coherence into the democracy promotion agenda.¹⁸ The US policy-making machine also set limits, however, to the coherence, force, and clarity with which strategic considerations conditioned democracy promotion strategy. Critics argued that US democracy work over the 1990s was plagued by interagency differences and a lack of adequate coordination between USAID, the State Department, the White House and the Commerce Department.¹⁹ One expert lamented the ‘fuzzy coherence’ between the democracy, strategic, and commercial strands of US policy.²⁰ Policy-making coherence was even weaker in the European Union. Leaders’ suggestion that a European Agency for Human Rights and Democracy be established to inject strategic coordination over democracy initiatives was not implemented. Crucially, few mechanisms emerged giving democracy promoters systematic input into trade policy deliberations, ensuring a paucity of debate over the complexities of affecting spillover between economic and political liberalization. In key negotiations touching profoundly upon governance issues — such as China's WTO accession, or the drawing up of the new Cotonou treaty covering the European Union's relations with sub-Saharan Africa — there was little input from forums focused on the strategic impact of such reforms.²¹ The failure of strategic policy to engage on such issues constituted a major lacuna in the harnessing of economic policy-making to the supposedly comprehensive approach to security.

2. Insights from Political Aid Initiatives

The declared positive strategy accorded democracy aid projects a central role in Western strategy. The overall US investment in political aid increased during the 1990s, before reaching a plateau of between \$600 and \$700 million a year, 6–7 per cent of total overseas development

assistance. European funds allocated for democracy and human rights budgets tripled over the 1990s, rising to slightly exceed US funds and account for 2–4 per cent of overall European aid by the beginning of the new century. High European contributors were Germany, Sweden, and Denmark; with France and Italy at the low end of the range. In 1999, the Commission established a new Democracy and Human Rights Unit to coordinate and develop these political aid projects more systematically. These amounts can be seen as a significant investment in democracy promotion, while also comparing unfavourably to the far greater sums that continued to go to economic reform programmes or, even more so, military expenditure. Democracy aid officers complained that they had, in the words of one, remained the ‘poor cousins’ of the development assistance world. By 2002, the European Union's democracy initiative was the most heavily oversubscribed of all development budgets. Amounts allocated for democracy assistance remained many times lower than traditional categories of aid expenditure; although it might be suggested that the funding of capital-heavy projects was of a different order, not directly comparable to support for political activity.

Western donors oriented their political aid programmes increasingly towards strengthening general democratic process and away from trying to engineer specific policy outcomes. By the late 1990s, the proportion of European political aid allocated for electoral processes had declined to little over 10 per cent. Democracy assistance came instead to focus overwhelmingly on NGOs, primarily for rights-based initiatives. Funding for relatively narrowly defined human rights issues, such as torture, the death penalty, or xenophobia comprehensively exceeded that targeted at political–institutional structures.²² Under EU democracy budgets, a majority of projects on issues such as the rule of law or media independence was channelled through NGOs. Increasingly, socially related support was also accorded priority. A significant and growing share of EU democracy budgets went to service delivery-oriented NGOs. By the late 1990s, support for NGO activity in the field of economic and social rights, vocational training, or cultural cooperation accounted for a prominent share of European democracy budgets. A clear community-level focus emerged, with support for local community leaders, youth councils, parents' associations, and links between citizens and local councils becoming notable components of EU funding. The most common preference among European donors was to assist in the setting up of local consultation forums around specific development projects. Such a focus encouraged a number of European donors to channel increasing amounts of funding through the relatively ‘soft’ development- and rights-oriented work of the United Nations and OSCE.²³

The declared aim was to enhance communal self-administration and participation. Many political aid projects were related in a highly indirect manner to democracy, aimed, for example, at small business development, environmental and service delivery associations or cooperation in the cultural sphere. As one policy-maker observed, European democracy assistance concerned itself with particular areas of rights abuses and was not about imposing any comprehensive 'model of society'. Funding for the strengthening of political parties and parliaments was extremely limited. The German government was often seen as using the semi-autonomous *Stiftungen* party foundations to gain access for political work in difficult states, but itself professed an increasingly 'hands off' approach to these organizations. The UK foreign office acknowledged that it had not been at all 'directive' of Westminster Foundation projects. Within security sector reform initiatives there was only a very tentative shift away from standard military capacity building towards the broader restructuring of civil–military relations. Only light conditions were placed on the removal of officers implicated in human rights abuses or for senior police and military officers to desist from their political and economic engagements. It was acknowledged that security sector reform initiatives were in large part about maintaining alliances with third country militaries, rather than accountability concerns providing an overriding strategic rationale.²⁴

The relative caution of European strategy was expressed further in a reluctance to exert notably coercive pressure in relation to political aid programmes. The European Union concentrated its efforts on assisting states already committed to some degree of political reform. Where it met resistance to democracy assistance projects it rarely exerted sustained pressure or threatened to operate political conditionality provisions. Prior to the mid-1990s EU democracy projects required approval from governmental authorities in third countries. This required the scope of Commission work to be cut back in several Eastern European countries. While European Initiative for Democracy and Human Rights (EIDHR) initiatives could from the mid-1990s formally proceed without such approval, in practice both the Commission and member states remained reluctant to go ahead with controversial projects opposed by governments. European officials acknowledged that funding invariably flowed to NGOs or unions known to be politically compromised, with policy again guided by a conviction that this could still serve to advance particular 'islands' of rights, if not broader systemic reform. Nordic states were a little more muscular at this 'micro' level, but even they were relatively irresolute, stressing concepts of local ownership.²⁵

The absence of any concrete castigation at this level was notable in most cases where prominent civil society recipients suffered reprisals

specifically in relation to their receipt of European funds and when state authorities blocked the use of communications technology provided by donors. While external funding often protected activists and opposition figures from autocratic governments, most donors declined to support associations deprived of formal recognition. In the most closed societies, European governments invariably restricted themselves to funding European-based NGOs fulfilling an information gathering and monitoring role. Particularly noticeable in Africa and the Middle East, European donors chose not to fund religious or clan-based groupings. Overall, it was striking that recipients of European funds were invariably as critical of the European Union as of their own governments. A new EU strategy agreed in 2002 acknowledged that the exertion of pressure to ensure the effectiveness of individual projects should be ratcheted up.

As a counterpart to bottom-up civil society work, there were attempts to build accountability measures into government-to-government institutional strengthening initiatives. Programmes of public administration reform were increasingly linked to new civil society mechanisms aimed at enhancing participation around donors' programmes. Decentralization projects were often pursued through the good governance agenda, with the devolution of capacities being linked to support for new civil society forums organized around the new areas of local competence. An increasing number of economic reform projects had built into them provisions for the 'democratic awareness raising' of public administration officials.²⁶ This approach sought to build on purchase gained for relatively technical governance work to introduce initiatives capable of injecting a modest degree of accountability building and democratic awareness. Such a governance focus was particularly prominent in the United Kingdom's aid profile, oriented heavily towards supporting public sector reforms. By 2002, policy-makers' mantra referred to the need to enhance 'complementarity' between democracy aid and those mainstream aid budgets covering similar areas, such as judicial reform, from an ostensibly different angle. This was all seen as necessary to combine democracy promotion with capacity strengthening, to assist the sustainability of political change.

In contrast to these European approaches, much US political aid corroborated the view that the United States remained wedded to a more overtly political approach than the European Union. Significant amounts of funds were given to exiled dissidents and political opposition groups. The National Endowment for Democracy was widely — if often unfairly — seen as having been used in a more instrumental and political sense than European governments used semi-autonomous foundations. Overt campaigns for democracy were disseminated

through a series of radio stations funded by the United States, including Radios Free Europe, Asia, Iran, Iraq, and Radio Marti in Cuba. The United States declined to fund many of the politically comprised groups that succeeded in securing European funds. Unlike their European counterparts, USAID officials were willing to maintain that 'picking winners' formed a necessary part of the democracy assistance agenda, and that in difficult political environments progress could often only be made if particular progressive reformers, both inside and outside the political system, were accorded direct backing. It was argued that USAID specialists focused on traditional development work were not those who had the most detailed concern with democratic institutions programmed into their calculations.²⁷ In some cases, the United States also appeared to retain a shorter time horizon: in direct contrast to European aid, US funds were by 2001 being withdrawn from states where democratic consolidation was seen as having failed to take root, including Bosnia, Bulgaria, and Croatia.

As the 1990s progressed, US political aid strategies did evolve, however. USAID professed a commitment to focus more heavily on post-transition scenarios, where a commitment to political reform was evident. By the end of the 1990s, over a third of the US democracy budget was going to Eastern Europe and Eurasia, while the main gainers after 2000 were states recently having enjoyed democratic breakthroughs: Indonesia, Nigeria, Mexico, Peru, and Serbia. For all the allusions to its more politicized approach, the United States itself forwarded very limited proportions of its democracy budget to recipients working in the most intransigently non-reforming states: such a route was judged increasingly as both futile and less conducive to stable long-term change than a more indirect shaping of underlying societal conditions.²⁸ By 2002 48 per cent of US democracy funds was being allocated to civil society, up from one third in 1997 and having climbed gradually over the decade; the share going to elections and political processes had fallen to only 7 per cent. US civic education work also increased dramatically to account for 5 per cent of the USAID democracy budget, \$30 million a year by 2001.²⁹ Increasingly, the US supported civil society groups against pro-Western incumbent regimes. Like European donors, the United States launched an initiative to build USAID-led accountability elements into Defence Department military training, aimed at encouraging civil society participation in the formulation of defence policies.³⁰ In implementing its growing political aid budgets, USAID distinguished itself increasingly from the State Department's greater focus on political events, individuals and pivotal junctures, to focus instead on an almost apolitical process of underlying change.³¹

The United States still attributed greater importance than other donors to working with what it termed 'mid-level' political institutions. Some of the cruder attempts to install replica US institutional structures had, however, given way to a declared conviction that a 'middle out' approach was necessary that sought to marry bottom-up and top-down approaches. Policy-makers at the USAID Center for Democracy and Governance expressed concern that funding priorities had in fact shifted too far towards civil society. They insisted that, having declined to under 5 per cent of democracy aid, political party strengthening was a renewed target for strategy planning from 2001. Like European donors, the United States made efforts to improve the combining of capacity building and the strengthening of accountability. The funding of local administration projects was tied to new civil society initiatives providing a bridge for citizens' access to local government positions. Similarly, funds for parliamentary support were increasingly tied to support for civil society interest groups' access to parliamentarians. One US policy-maker admitted that in many situations the approach was to try to incorporate civil society dimensions through state reform programmes precisely so as to render reform processes more stable and gradual. Another senior US democracy promoter revealed that the growing instability of many political institutions had encouraged USAID to refocus on the challenges of state building, this by 2002 recognized as a necessary complement to the late 1990s' preference for civil society funding.³²

The profile of Western democracy aid projects suggested an uneasy relationship between political affairs departments and units responsible for democracy aid. USAID officials continued to emphasize their autonomy from State Department security experts in fashioning the detailed shape and priorities of their democracy-building strategies. Nearly half the US democracy budget was channelled through Economic Support Funds apportioned by the State Department to USAID, which allowed for democracy initiatives to respond to strategic concerns of the administration and Congress. One Assistant Secretary of State for Democracy, Human Rights and Labor argued that one notable change during the Clinton administration was that political aid projects were designed more tightly around strategic objectives.³³ In practice, however, democracy aid programmes were devised and run by a largely self-contained group of experts. This group sought to push democracy promotion in most places, working to a standard template of political change unaccommodating to strategically derived variation. In some cases it was this that led to critical civil society associations being supported by USAID where the State Department or the Pentagon continued to offer firm diplomatic and military support to incumbent regimes; this happened, for instance, in Croatia, Indonesia

and Russia.³⁴ In these cases political affairs departments either had only a vague awareness of what democracy aid work was in progress, or simply assumed that such funding was unlikely to have a fundamental impact.³⁵ On occasion, however, political affairs sections did clash with USAID officials in orienting aid away from general civil society capacity building to back openly pro-US groups — this happened, for example, in Eastern Europe and in some Middle Eastern countries.³⁶ In terms of general approach, State Department officials admitted to significant ‘tension’ with USAID. Where efforts at coordination were attempted, it was recognized that USAID’s extremely decentralized structures militated against the smooth implementation of conceptual improvements deliberated in Washington.

These distinctions were also evident in European states. It was democracy aid officers that ensured the development-oriented approach to democracy assistance, expressing scepticism over political aid projects being designed around strategic considerations. Many of the key documents and statements on EU democracy and human rights originated from its Council of Development Ministers. In most European states, political aid units enjoyed considerable autonomy and attributed much importance to their ability to manage democracy and human rights funding free of strategically motivated diktats. In Sweden, the aid ministry set only overall aid guidelines in conjunction with the ministry of foreign affairs, with democracy projects not subject to ‘political clearance’. Similarly, in Germany political aid officers judged there to have been ‘sufficient autonomy’ for democracy and human rights programmes not to have been unduly restricted by security-focused diplomats. Dutch officials were particularly adamant that in the field of democracy assistance aid divisions tended to ‘predominate’ over political divisions. Policy-making structures in Italy were also felt to have evolved to give ‘a certain degree of autonomy’ to the democracy and human rights unit. In Spain, the department responsible for human rights aid projects professed significant separation from the ‘philosophical’ guidelines over what type of political structures, in which places and in what circumstances, might best suit strategic interests. The creation of a separate development ministry in the United Kingdom in 1997 was felt to have compounded the limited input into democracy programmes enjoyed, or indeed sought, by Foreign Office officials. In Germany and several other states, the ceding of electoral assistance funds to the foreign affairs ministry depoliticized other areas of political aid. In Denmark, responsibility for human rights and democracy funding was fully incorporated into geographical departments, but the latter themselves espoused a strong rejection of security-led approaches.

France remained the exception to this general trend, the submerging of the development ministry into Quai d’Orsay structures being

used by the French government to gain tighter strategic control over new human rights and governance budgets. The Commission's new democracy strategy, agreed in 2002, acknowledged that democracy funding needed to be designed far more tightly around member states' 'strategic activities'.³⁷ In practice, however, policy-makers responsible for coordinating the selection of the Commission's new list of twenty-nine target countries for democracy assistance acknowledged that this had resulted more from tradeoffs and internal bargaining than from any express strategic logic. Within the Commission and European governments much depended on individual desk officers: opinions differed markedly between different democracy promoters on the most basic of questions relating to democracy's strategic value and which groups and institutions should be engaged with. Commonly, one diplomat would exhort the virtues of democracy promotion, only for a colleague a few doors down the same corridor to question its significance. The most common perspective among democracy officers was an aim to 'run good projects' and meet accountability requirements, rather than any broader concern with security debates. Reflecting a lack of joined-up thinking, in a number of cases — China, Egypt, Tunisia, Cuba, and Turkey — political aid field officers lamented that their tentative attempts to begin democracy assistance work were rendered more problematic by acute diplomatic tensions that arose in relation to individual human rights cases. In 2002 the responsibilities of the EU Development Council were transferred to foreign ministers, precisely in acknowledgement of the prevailing paucity of strategic engagement over aid projects.

3. States of Strategic Concern: Democracy as Instrumental Solution?

Beyond these general parameters of Western strategies, three groups of states could be identified as presenting a distinctive set of calculations over the strategic value of pushing for political reform. First, in the case of those states whose governing regimes were seen as presenting the West with acute strategic challenges, it was pertinent to analyse the extent to which democratization was pursued as the means of best providing changes in external behaviour.

Most prominent among such concerns was China. In the face of what many detected as China's growing assertiveness, a common view was that Western states were concerned only with enhancing 'positive engagement'. The United States granted China normal trading status in 1994, making this permanent in 2000. US conditionality focused on

China's adherence to multilateral arms agreements, rather than the internal reform process. European policy appeared even more placatory: post-Tiananmen sanctions were revoked within two years; increases in aid and EU market access preferences were granted over the 1990s; a new business-oriented formal EU strategy was introduced after 1996; European governments increasingly limited their contact with prominent dissidents; sectoral cooperation circumvented the European Union's own democratic clauses; and EU support for the annually elaborated UNCHR Resolution criticizing China's human rights record ceased after 1997. Notwithstanding these developments, strategic calculations were in fact subject to contrasting concerns. On the one hand, a desire to see political liberalization in China was presented by Western states as one of the clearest cases of a 'democratic peace' imperative: political liberalization was a means of moderating Chinese behaviour, seen as crucial after the mid-1990s skirmishes in the South China Sea. This was offset, however, by a growing concern that rapid change might intensify regional-level tensions and fragmentation within China. Some policy-makers claimed that their main concern was with China's internal rupture which made the Chinese Communist Party (CCP) more nationalist, bellicose, and difficult to deal with. For many policy-makers the issue was not China's communism, but its growing nationalism; some expressed concern that the vacuum left by the weakening of the CCP was being filled by the army rather than political alternatives, and that Jiang Zemin had actually reined in the army's anti-Westernism. Contrasting conclusions were drawn, often within the same Western state. For some it was the overextension of reform that risked engendering further nationalism and potential anti-Western backlash from China. For others — most notably, senior figures in the EU foreign policy machinery — it was the *paucity* of political change that was stoking instability within China.

European states developed a policy aimed at slowly ratcheting up pressure on basic human rights issues and good governance reforms. Western diplomatic pressure was confined to a narrow set of human rights issues — prisoners' conditions, the death penalty, Tibet and the Falun Gong sect. The US linked movement on these issues to the holding of US–China summits, and a new EU–China Human Rights Dialogue was established. While the United States declined to allocate development aid to China, the European Union forwarded significant funds for good governance reforms, village level democracy projects, and China's incorporation of the International Covenant on Civil and Political Rights. A key European aim was to assist civil society activity at the national level, its current fracturing along regional and ethnic lines seen as militating against a smooth process of political liberalization.

The bigger European states were most cautious in implementing human rights initiatives, while EU-level 'democracy' aid went nearly entirely to 'soft' issues such as vocational training, combating human trafficking and social development. The European Union placed priority on assisting incipient village-level pluralism, this seen as most relevant to reducing the risk of local unrest spilling over into further nationalist sentiment. The United States in contrast rejected the notion of supporting bottom-up, village-level suffrage while systemic level political change remained blocked.³⁸ China's accession to the WTO was made conditional on governance reforms, this giving rise to discourse on the importance of China developing a 'rules based regime' and 'open civil society', but with overt references to 'democracy' largely absent in policy statements. Under the new Bush administration, however, many rule-of-law projects were held back and funds channelled even more heavily to US-based dissidents and organizations.³⁹ In contrast, in 2002, China was conspicuously added to the 'target countries' of the European Initiative for Democracy and Human Rights, with local governance the priority focus.

Towards Iran, Western policy exhibited a not dissimilar mixture of general support for political reforms but with most concrete effort aimed directly at Iran's external behaviour. In the mid-1990s the United States tightened loopholes in its sanctions against Iran, while the European Union developed its 'critical dialogue'. Within this critical dialogue the European Union reportedly focused almost entirely on Iran's positions on WMD, Afghanistan, cooperation in Central Asia, and the Rushdie fatwa, and very little on internal politics. The concrete conditions set by the European Union for upgrading relations with Iran pertained to external actions and not democratic reform. The 1997 withdrawal of European ambassadors from Tehran was triggered by the German court's implicating of the Iranian regime in the killing of two dissidents in Berlin. While the United States set up Radio Free Iran and talked more robustly about the need for full democratization, its concrete conditionality was also applied to WMD and support for terrorism, not democracy per se.

The European Union's rapprochement with President Khatami after 1997 retained this external focus: one of the most notable developments was the strengthening of German–Iranian intelligence exchanges, while socio-economic and cultural interaction in practice remained limited.⁴⁰ Washington remained less optimistic that limited reform in Iran could have any significant impact in producing more moderate foreign policy positions. Despite Khatami's election, the conservative clerics retained control over the military, weapons development, and through control of the intelligence services, Iranian sponsorship of terrorist

groups operating in the Palestinian territories. Indeed, after the anti-regime demonstrations of 1999, the clerics appeared to reassert a tighter degree of control. While President Clinton did authorize some limited trade provisions in response to the reformists' victories of the late 1990s, where the United States did bend more specifically towards supporting Khatami it was in placing key Iranian opposition groups on its list of terrorist organizations.⁴¹ The significant difference between the United States and European Union was routinely asserted to be the European states' more measured strategic concern over Iranian actions. The more notable factor was that, unlike the United States, European governments saw Iran's hybrid theocratic–democratic mix as capable of moving strategic issues in a broadly positive direction. European states in fact expressed concern that Khatami would seek to buy space for more ambitious internal reforms by retaining hard-line external actions. European governments sought to encourage reform through Khatami; pressure on systemic political structure was expressly avoided so as not to endanger prospects for progress on specific human rights issues, such as stoning. The United States sought more to bypass Khatami and connect directly with what it perceived to be more forceful democratic dynamics within civil society — although policy-makers admitted that in practice no concrete projects or initiatives were implemented to give substance to this aim. Notwithstanding this difference, both the US and European governments also remained focused on external 'balancing' forces between Iran and Iraq. They reached different conclusions on this — the United States arguing that Iraq's weakened condition justified suppression of Iranian ambitions, European governments seeing limited support for Iran as a means of counterbalancing Iraq — but in both cases such a perspective was more prominent than strategic doctrine shaped unambiguously around internal political reforms.

In Iraq, throughout the 1990s and up to the eventual military invasion in 2003, US policy veered between keeping Saddam 'in his box' and forcing regime change. The operation of no-fly zones indicated a preference for direct control to ensure security imperatives, to a far greater extent than the notion of 'managing Iraq' being facilitated by positive support for Shi'ite political representation. Post-Gulf War conditionality applied to weapons development but, after cursory debate, omitted democracy and human rights requirements.⁴² The United States, of course, notoriously withdrew from assisting the Shi'a uprising in 1993, and was accused of sending confused messages to the Iraqi opposition. A common suggestion was that the West expressly did not seek an abrupt change of regime in Iraq, fearing this would lead to a destabilizing fracturing of the country, as the southern Shi'ite region sought to be incorporated into

Iran, and Iraqi Kurds in the north teamed up with Turkish Kurds. Some State Department officials did indeed acknowledge that a degree of planning had been undertaken during the 1990s around the notion of Saddam being replaced by a pro-US 'strongman'.⁴³ The oil-for-food programme was partly about deflecting public criticism over the effect of sanctions, partly about the West's need for oil, but also reflected a desire to stem fundamental societal and political collapse in Iraq.

On the other hand, Iraq was the only significant case where direct regime change was contemplated by the Clinton administration. In 1998 nearly \$100 million of support was authorized for Iraqi political opposition, principally the Iraqi National Congress, and direct operational military support for opposition forces was stepped up again in the late 1990s.⁴⁴ Regime change was adopted as official policy in the Iraq Liberation Act of 1998. In 2001 a further \$50 million was given to anti-regime forces and the United States began to engage more strongly in organizing the fractious set of Iraqi opposition movements — although the State Department remained uneasy with such a strategy. Beyond the obvious clash with some European states over military intervention, political concepts also differed. European states refrained from direct support for Iraqi democracy movements; even the United Kingdom ceased regular contact with opposition forces and distanced itself from US efforts actively to mould the latter into a more coherent force.⁴⁵ For Paris, the strategic dangers of Iraq being ostracized outweighed the prospects of democratization being 'stifled' out of Iraqi society. European donors also expressed concern over US support for exiled opposition figures lacking any local base or support in Iraq. A December 2002 conference of leading exiles had to be moved from Brussels to London due to European states' caution; mediated by the United States, this gathering focused on fashioning a post-conflict democracy that partitioned out shares of power to Iraq's different ethnic groups.

Notwithstanding the intermittent active contemplation of regime change, in policy towards Iraq there were limits to the positive value attached to democratization per se. Regime change was the defining strategic axiom, less so the structural nature of political processes underpinning such a transformation — whether for or against democracy. Democratization was routinely cited as part of post-Saddam policy, but not the purpose of regime change; as was frequently suggested in the run-up to the coalition intervention, cooperation on WMD inspections might have spared Saddam's regime. Democracy was incorporated less as a solution in itself, more as a means of helping to lock in a solution *ex post*. Again, the 'containment versus regime change' debate that dominated policy calculations was not framed primarily

around consideration of which strategy would most encourage or impede democratization, but rather in terms of which might produce direct change in Iraq's external behaviour. As was, of course, revealed after the fall of Saddam's regime, the United States and United Kingdom had during all their planning in practice given little thought to the relationship between democracy and security; in this sense, broader post-9/11 vacillations were reflected in the difficulties experienced during the early post-conflict period in Iraq (see below).

In similar fashion, Western policy towards North Korea was focused overwhelmingly on reducing the regime's capacity to develop nuclear weapons, through the Korean Energy Development Organization (KEDO) initiative and the associated engagement this entailed. Purchase on some form of political change was not considered feasible as an immediate policy objective. Indeed, to the extent that issues of democratic change were conceptualized, they were invoked to caution against precipitate regime collapse such as would render the much-cited 'soft landing' process of unification with South Korea more onerous. The US aim was explicitly to bring about unification through negotiation between the governments of North and South, and expressly to avoid undermining the North Korean regime in way that would encourage it to, in the 1996 phrase of the US ambassador to Seoul, 'lash out militarily'.⁴⁶ Madeleine Albright's visit in October 2000 and European governments' establishing of diplomatic ties after 2000 further developed this approach. To the extent that National Missile Defence was conceived as a response to weapons development by North Korea and other rogue states, the investment in this defensive strategic doctrine comfortably outweighed any pro-democracy efforts, and in its conceptual clarity also contrasted with views on democratization in these states. The Bush administration opened a new dialogue with North Korea in 2002, conditioning relations even more tightly on WMD issues; renewed concerns over the latter caused US energy aid through KEDO to be suspended in November 2002. As the WMD crisis deepened in 2003, policy-makers insisted that challenges emanating from North Korea were not susceptible to being contemplated in standard democracy promotion terms.

In the case of Russia, the aim of ensuring that Moscow move from strategic rival to liberal ally conditioned debate centred on the quality of the country's already-developing political pluralism, as Russia sought simultaneously to retain its great power status and to defend its influence in the near abroad from US designs. It is generally held that the West supported Boris Yeltsin's highly controlled form of democracy in an effort to temper nationalist momentum engendered by the turbulent process of economic and political change. This

occurred to such an extent that Yeltsin's popularity suffered because he was identified among Russians so tightly with the West. Russia became the third largest recipient of US aid, while UK and German political aid went overwhelmingly to strengthening central state capacity. Under both Yeltsin and Vladimir Putin, Russia escaped significant punitive measures over its actions in Chechnya, most notably suspension from the Council of Europe. While the logic of this approach persisted, it was, however, gradually complemented by more significant bottom-up efforts to boost Russian civil society. A 1999 EU common strategy explicitly affirmed that better functioning political pluralism and stability should be approached as mutually enhancing objectives. Pressing for extended pluralism in Russia was seen as important to help contain potential recrudescing nationalism and to provide a voice sufficient to temper frustrations at the periphery of the CIS. This informed new European proposals to 'blur' the European Union's borders and draw Russia into programmes of institutional convergence and a 'common economic space'.⁴⁷ The European Union's new strategy for Russia agreed in 2002 oriented new aid initiatives towards grass roots civil society, judicial independence, the media, regional authorities, trade unions, and consumer associations, and warned against the dangers of Putin's concentration of presidential power.⁴⁸ In 2003, the European Union proposed a 'Wider Europe' framework, offering Russia 'everything but institutions' in terms of its cooperation with EU measures, with enhanced support for governance harmonization. The US and European nations had gradually come to invest genuine effort into dispersing political power in Russia, while also focusing on leadership-oriented dynamics in relation to key strategic challenges such as NATO enlargement.

In sum, in policy towards those states widely seen as presenting the West with some its most pressing strategic dilemmas, democracy promotion efforts were not always absent, but remained cautious and ill-defined. Even in the instances where democratization might have held most instrumental appeal to Western states, in practice the US and European governments targeted their policies directly and overwhelmingly on states' external actions. Democracy remained well down the list of policy priorities, and at most, extremely contained and circumscribed political reforms were supported.

4. Alliances and Democratic Norms

The second conceptually distinct set of questions arose in relation to those states whose incumbent regimes were in some measure supportive

of Western security policies. In such cases attempts emerged to retain these alliances while fashioning underlying attitudes towards democratic norms — efforts that exhibited elements of both variation and constancy across different countries.

The most evident scepticism over the democracy promotion agenda related to whether Western governments were really willing to undermine key strategic alliances where opposition forces kept at bay by autocratic regimes espoused policies prejudicial for Western interests. The European Union sought to counter such a critique through universalizing the democracy commitment across regions through ‘standardized’ provisions and clauses relating to democracy and human rights. Clinton administration officials insisted that encouraging democracy where not immediately and directly beneficial was still desirable to enhance the United States’ credibility as a standard bearer for democratic values. In practice, they also embraced a standard dose of realpolitik variance. While much US rhetoric stressed the universal commitment to democracy, other policy statements cautioned that democracy promotion would not undermine ‘other security needs’, or become ‘an absolute imperative’, and that efforts would be confined to advancing democracy where this was most viable, and most tailored to immediate US interests.⁴⁹ The Clinton security framework was characterized as mixing elements of comprehensive cooperative security with more selective engagement.⁵⁰ At the end of Clinton’s term, Sandy Berger offered a justification of policy that contained much on alliances, economic partnerships with difficult regimes and non-proliferation, and far from defending ‘democratic enlargement’ as a constant doctrine suggested that there was no reason for a catch-all replacement to containment.⁵¹

It was in the Middle East where the coexistence of nominal alliances and autocratic governance was most evident. During the 1990s a commitment to support incremental political change was increasingly enshrined within European policy to the region. New European partnerships incorporating the Arab states of North Africa and the Middle East were built specifically around a formal and institutionalized commitment to democratic norms. The blocking of much hard security cooperation due to the Arab–Israeli conflict encouraged more emphasis to be put on fashioning underlying political change. The European Union explicitly espoused the view that the primarily ‘soft security’ challenges emanating from North Africa and the Middle East had been fomented more than contained by the absence of democracy.

The stated strategy was to enhance ‘democratic capacity’ without launching a frontal assault on Arab regimes. Dialogue came to address individual human rights cases and to seek convergence on basic

human rights standards, but far less to embed discourse on broader systemic political reform. Overt democratic conditionality was not applied to democratic backsliders such as Egypt and Tunisia, or against resolutely authoritarian states like Syria. Even in the case of the more confrontational Libyan regime, conditionality was applied to external actions not internal political reforms; by 2002, even the United Kingdom was developing bilateral links with Tripoli. As Jordan suffered democratic backsliding in 2001, it secured a new free trade agreement with the United States and became the fourth largest recipient of US aid. On the other hand, European donors cited the absence of political liberalization as a reason for their limited aid flows to the region. Judgement on the appropriateness of engaging in dialogue with Islamists differed widely between different Western policy-makers, often even within the same institution. There were protestations at the detention of prominent Western-style civil society figures, but less of a response to cases involving Islamists.

There was an acknowledged desire to avoid antagonizing governments whose support for the Middle East peace process was so crucial. If this applied most obviously to states such as Egypt and Jordan, complaisance was as notable in states such as Syria, wavering between engagement with the peace process and support for insurgent groups. One insider acknowledged that in practice the United States had gone for 'peacemaking rather than democratization', with just a selective focus on some basic rights and individual human rights cases, based on the view that peace in the Arab–Israeli conflict was needed before regimes could afford to loosen their grip.⁵² While pressing for limited improvements in human rights protection, European governments maintained cooperation with Arab regimes on more traditional, defensive approaches to security, including adherence to international arms control agreements; cooperation between law enforcement agencies across the Mediterranean; and on joint measures for reducing illegal migration.⁵³

Western democracy assistance in North Africa and the Middle East increased notably, although was in a number of senses particularly tentative in this region. Neither the European Union nor the United States offered concrete support to Islamist-oriented pro-democracy groups. The United States started to fund such groups in the mid-1990s, but ceased such efforts after an angry reaction from Arab leaders, in particular President Mubarak.⁵⁴ The Clinton administration expressly declined to support professional syndicate organizations as these were taken over by Islamists.⁵⁵ US political aid funding to the region was disproportionately low, at little more than \$5 million a year in addition to modest amounts through bilateral aid programmes with Egypt, West Bank and Gaza, Algeria, and some Gulf states. US policy-makers

stressed a marked 'community services' emphasis in the Middle East, with no political aid funding implemented 'outside a government framework'. European donors similarly focused on civil society actors not working directly for democratic reform. 'Democracy' projects in the Middle East included support for employment policies, education on economic and social rights, environmental associations, and projects on migrants' rights. In many states in the region, France was the only significant donor and its human rights budget went largely to cultural projects. Accountability measures within military cooperation remained negligible.⁵⁶ The United Kingdom admitted greater caution in the Middle East than elsewhere in the extent to which it sought to use good governance projects to enhance 'the interface between government and civil society', preferring a more technical range of projects than in other regions. Official frustration of European political aid projects was, however, met progressively more robustly in states such as Morocco and Tunisia. Western, in particular European, donors funded the establishment of the new quasi-state institutions of the Palestinian Authority favouring a 'top-heavy' polity that enabled Yassir Arafat more easily to prevail over those elements of Palestinian civil society hostile to the peace process. Aid was diverted away from civil society organizations after the Oslo accords towards the new Palestinian security apparatus, while the postponement of elections in the Occupied Territories elicited little pressure from Western states.⁵⁷

As Algeria's conflict became more brutal, European governments forcefully argued that the *pouvoir's* repressive tactics could not succeed in providing sustained stability. The European Union sought to enmesh Algeria within a regional framework based firmly on the development of democratic norms. Having got assurances from the Fronte Islamique du Salut (FIS) that oil and gas supplies would not be cut, some European governments did come to press the regime to engage in dialogue with the FIS.⁵⁸ At the same time, European policy remained strongly 'leader-focused', presidents Zeroual and Bouteflika both being seen to need firm support in their battles with army *erradicateurs*: the European Union's 2002 Algeria strategy listed its main perceived concern as 'the weakness of the president'. Support for the police was by far the biggest category of EU human rights support, along with initiatives aimed at strengthening local administration and French-funded *état de droit* programmes.⁵⁹ Bouteflika's apparent success in restoring a semblance of stability and holding together a ceasefire agreement with the militia groups encouraged the European Union to respond warmly to the new president during the course of 1999, despite the absence of democratic reforms. French policy shifted to a slightly more balanced position after 1995, not openly criticizing the regime, but not openly

supporting it either. Prime Minister Jospin was explicit that French interests were not served by unconditional support for the Algerian regime, but came to place as much emphasis on the limited political reforms that were implemented as on the remaining imperfections.⁶⁰ US policy was more critical, but also cautious in its rapprochement with the Islamists. A re-intensification of violence after 2000 encouraged European states, including France, to abandon many of the aid projects proposed in 1999, but an association agreement was then signed at the end of 2001. The European Union became more outspoken on the question of Berber rights, although not through the same kind of critical engagement it undertook to defend minority rights in the Balkans.

In relation to Turkey, the European Union gained a unique degree of purchase, but veered between contrasting security rationales. Many experts advised against pushing for democracy and EU accession for Turkey, arguing that the latter should serve as a buffer between Western Europe and Central Asia.⁶¹ The European Union seemed to reject this logic in favour of seeking to enmesh Turkey within a European security community predicated on democratic values. In response to accusations of being anti-Islam, the European Union pointed out that Turkey's exclusion from its list of applicant countries in 1997 was triggered by the army's ousting of Prime Minister Erbakan and the subsequent banning of his Islamist Refah party. Once accession negotiations commenced after the Helsinki European Council of December 1999, European governments were firm in seeking to use this new purchase to press Turkey to strengthen civilian control over the army, in the face of the latter's angry insistence that it was the body most committed to preserving the country's Western orientation. The European Union also suggested that the banning of Refah's successor party, Virtue, in the summer of 2001 would have similarly adverse effects. The European Union's high profile focus on Kurdish rights was one of the most recognizable features of its incipient foreign policy identity.

In contrast to the European Union, the United States remained focused primarily on supporting the Turkish army as a pro-Western bulwark and was apparently more concerned over an ultimate orientation of the Islamist opposition towards other Muslim rather than Western states.⁶² The United States was also keen on providing support for Turkey's military alliance with Israel. While the United States was providing Ankara with satellite images of PKK enclaves, several European parliaments reined in their governments from arms sales destined to be deployed in Kurdish areas.⁶³ For the United States, the PKK was classified as a terrorist group; for the European Union as an organization whose group rights should be respected under a better democratic order.

The United States pushed the European Union not to make accession for Turkey so heavily conditional on political criteria. Some observers focused on continued European prevarication and suggested that political criteria were being deployed as a pretext, revealing a containment perspective beneath the European Union's democratic discourse. After the collapse of the Ecevit government, the European Union was perceived to be supporting pro-European candidate Kemal Dervis, this attracting criticism from the Islamist-oriented Justice and Development party that emerged victorious from the November 2002 elections. The European Union did however criticize the prohibition on Islamist leader Recep Tayyip Erdogan and increased accession aid partly in reward for the abolition of the death penalty and an expansion of Kurdish rights. At the Copenhagen summit in December 2002, European governments agreed to assess Turkey's democratic progress in December 2004; this went further than France and Germany had originally advocated, but not as far as offering Turkey a clear route to EU membership as desired by Spain, Italy, and the United Kingdom.

Central Asia was an area exhibiting new signs of strategic rivalry with the West, but where autocratic regimes held at bay Islamist opposition groups. US policy was driven by the search for strategic alliances with Central Asian republics to 'balance' Iran.⁶⁴ There appeared to be little concern over the influence of domestic political structures. Policy seemed to replay 'Great Game' dynamics, focused entirely on ensuring that governments in Central Asia facilitated the negotiation of oil pipelines. Beyond this, it was generally accepted that the United States kept relatively clear from the region, in return for Russian support over NATO enlargement. When the European Union broke off trade negotiations with Belarus on democracy grounds, it then immediately concluded agreements with equally non-democratic Azerbaijan, Kazakhstan, Kyrgyzstan, and Uzbekistan. Both US and European aid to the region increased significantly. In the hunt for Osama bin Laden, US military cooperation was increased, in particular with Uzbekistan.⁶⁵ As the 1990s progressed, the United States did become more critical of the region's increasingly corrupt and erratic leaders. From 1998 Madeleine Albright began to urge democratic reforms, judging a threshold to have been crossed where authoritarianism began to be profoundly destabilizing.⁶⁶ The European Union and the United States were keen to widen the OSCE's remit towards Central Asia. This would incorporate a stronger focus on democracy promotion, but in the same kind of 'controlled incorporation' fashion that had been pursued in Central and Eastern Europe, with policy focusing on technical issues such as improving election laws rather than on trying to intervene to support opposition groups or dissidents.

One of the clearest examples of Western governments encouraging a 'contained transition' during the late 1990s was in Indonesia. The European Union committed itself to pressing for political liberalization in Indonesia and channelled development funds to the financing of human rights organizations, but no comprehensive democracy promotion strategy emerged. Portugal succeeding in keeping EU relations with Jakarta limited because of the situation in East Timor, while other states used bilateral policies to circumvent this obstruction. Such ambivalence continued into Indonesia's transition. The financial turmoil that forced Suharto out in 1998 was provoked by price rises insisted upon by the IMF, but Western governments were in the moment of transition concerned that an abrupt political opening would provoke new ethnic and regional conflict. Both the United States and European Union withdrew support from Suharto extremely late. During Suharto's final months in power, the West offered cooperation on social measures to assuage the effects of the financial crisis. After Indonesia's first democratic elections for forty years in October 1999, almost unconditional support, along with a sizeable package of new resources, was given to President Wahid. Despite growing concerns over his erratic style of leadership and tendency to bypass the very democratic institutions he claimed to be committed to strengthening, Wahid was seen as key to piloting the transition and little pressure was exerted on the president. As violence erupted in a number of Indonesia's provinces, the European Union sought to avoid undermining Wahid in his battle against the Indonesian army, and thus supported some centralization of presidential powers, while also providing financial support for a range of provincial level decision-making competences. Wahid's impeachment on corruption charges in 2001 brought to power the more nationalist Megawati Sukarnoputri, engendering greater concern among Western diplomats over the possible drawbacks of over-centralized executive power.

Western policy towards Central and Eastern Europe did much to galvanize the broader democracy promotion agenda during the 1990s. Western governments pursued a process of controlled incorporation of the region's new and still partial democracies through the accession procedures of the EU, NATO, OSCE, and the Council of Europe. The European Union did impose some direct conditionality, delaying a number of agreements in the 1990s as political reforms teetered. In addition to measures taken against Belarus, in 1997 Slovakia was excluded from the list of first wave EU candidate states due to President Mečiar's increasingly autocratic tendencies; Western states also stipulated in 2002 that Mečiar's return to power would further delay Slovakia's entry into NATO and European institutions. In these

cases, external pressures in favour of democratic process were also against leaders highly ambivalent towards the West. More broadly, however, concrete policy instruments focused on the region's incorporation of regulatory, environmental and social standards, human rights legislation, and the strengthening of administrative capacity. Policy-makers admitted to an absence of any 'composite view' of democracy.⁶⁷ The European Union's firmest preconditions pertained to minority rights, the lack of adequate political representation of minorities still seen to be a major source of instability in the region. Indeed, Western states expressly stipulated a preference for coalition government in states such as Romania and Slovakia, pressing for the inclusion of minority parties in a way that some feared would actually dampen the vitality of incipient political competition. Policy reflected the notion of gradual 'convergence', through incrementally accumulating peer pressure.

At the same time, European and US policy-makers recognized that they relaxed political conditionality for fear of Central European states slipping back into Russia's sphere of influence. This caution was particularly notable in relation to the Ukraine, which was offered generous aid increases, political cooperation, and new access to European markets even as President Kuchma centralized power during the late 1990s. As repression became more acute and Kuchma leaned increasingly towards Russia, the European Union became more critical but some policy matters also for the first time intimated at Ukraine's possible eligibility for EU accession. While engagement was more necessary, democracy promotion was also perceived to be of more direct utility in prising Ukraine away from Russia's sphere of influence.⁶⁸ The United States eventually suspended aid to Ukraine, but in relation to Kuchma's military exports rather than his domestic political activities.

Alliance dynamics were also evident in the French sponsorship of Romania's candidacy to Western institutions. In this sense, talk of exporting the European Union's post-modern identity eastwards coexisted with rather more traditional perspectives on 'dealing with Russia'.⁶⁹ States further east received a far lower proportion of EU democracy assistance than the democratically advanced Central European states. In December 1999, the European Union's two-tier approach to enlargement was abandoned in favour of a more immediate and deeper institutionalized engagement with the region's still fragile democracies. Notwithstanding this, there was still some tension between EU preconditions urging a reduction in military expenditure and Western powers' pressure through NATO for an increase in the regions' military capabilities. While some accused the European Union of increasingly raising the hurdles for accession, others feared it was

unduly watering down democratic conditionality. In 2000, the Council of Europe's admission of Armenia and Azerbaijan reinforced Western states' desire to expand the process of institutionalized convergence of democratic norms into the more politically challenging Caucasus.⁷⁰

In Latin America, the United States sought to harness OAS provisions in similar — if less strongly institutionalized — vein. While Western hemisphere democracy made significant progress, challenges remained that engendered variety in US policy responses. Prior to the mid-1990s, the United States was keen to avoid precipitate political change in Mexico. The United States did not push democratic conditionality through NAFTA or insist on fundamental changes to the Mexican polity. Rather, its focus was on basic human rights and incremental good governance reforms. The 1994–5 financial crisis and the *zapatista* uprising demonstrated the destabilizing effects of the PRI's 'electoral authoritarianism', but were also read as a caution against abrupt change. US policy sought gently to nudge forward underlying governance reforms that were already afoot. In Peru, in contrast, the United States switched to backing democratic transition more reluctantly and reactively. The United States gave significant support to the increasingly autocratic Alberto Fujimori, as a key ally in the war against drugs, while the country also emerged as the biggest Latin American recipient of European Commission aid. After the mid 1990s, however, as instability mounted, there was a significant shift of US aid funds away from public institutions towards Fujimori's civil society opponents.⁷¹ In 2000, after Fujimori stood impermissibly for a third term and then patently manipulated the presidential elections, the United States did not cut aid, but pushed for an OAS mission to Peru. The scope of this mission was limited, but as domestic opinion in Peru moved decisively against Fujimori, the United States moved with this tide and insisted on the president's resignation.⁷²

In Venezuela, limited concern with an increasingly corrupt 'partyocracy' was supplanted by a more instrumental and urgent concern for democracy after Hugo Chávez assumed power in 1998. The US's antipathy to Chávez was overt. The Venezuelan president's dismantling of his country's democratic order and his efforts to frustrate the US campaign against the FARC in neighbouring Colombia combined to cause particular concern in Washington. The United States rejected rumours that it backed those who attempted a coup to oust Chávez at the beginning of 2002, but did not hide its desire to see political change in Venezuela; the United States and Spain welcomed the 'government' that very briefly took over from Chávez. Amidst renewed turmoil at the end of 2002, the United States and Spain called for new elections as a means of restoring stability. A number of states, including France, rejected this in favour of a mediated solution with Chávez. Ironically, by this stage,

unrest was provoked by Chávez's heavy-handed, extra-constitutional efforts to suppress an oil sector strike and resume exports — including to the United States, nearly a fifth of whose oil now originated from Venezuela.

Colombia became one of the top five target priorities for US democracy promotion policy during the 1990s, but in practice the United States gave to human rights and judicial reform under 10 per cent of what was donated for military operations and equipment. Human rights elements were incorporated mainly through police and military cooperation. Policy was seen as trying to boost the capacity of the state — absent from much of Colombia — while also narrowing social divisions. In practice, the United States strongly favoured capacity — over accountability building. Policy towards Cuba, meanwhile, continued to be dominated by domestic US politics. While the Clinton administration insisted that abrupt change in Cuba was not in the US interest, its punitive policies and legislatively enshrined aim for complete regime change were clearly less consistent with this claim than the European Union's positive engagement that was oriented towards incremental improvements in specific human rights. Apparently according greater substance to its human rights policy, in 2003 the European Union responded to Castro's latest clampdown on opposition by excluding Cuba from Lomé convention accession talks, reinvigorating contacts with dissidents and cancelling a number of high profile visits — although proposals favoured by a number of member states for more comprehensive trade and aid sanctions did not attract unanimous support within the EU.

Thus, across these different cases, there was evidence of Western policies beginning to look beyond prevailing alliances and of incremental efforts to at least introduce considerations of political reform into cooperative relationships. There appeared to be genuine concern that alliance-based strategies had not been entirely successful. Policy was notably reactive, however, with really significant democracy promotion efforts emerging only to assist reform processes already moving in the right direction. Elsewhere, conceptual and operational engagement with issues of political reform was imprecise and less than systematic.

5. Democracy and Conflict Management

A third set of concerns flowed from instances of civil conflict and internal state collapse. Western governments insisted that democracy promotion was particularly essential in conflict states, as the best means of securing a 'peaceful conciliation of group interests', as well as for more specific purposes, such as increasing the transparency of military expenditure.⁷³

It was argued that most analysis focused on the technical aspects of peace-building failed to take on board this more political dimension.⁷⁴ Despite such claims, United Nations missions were widely criticized for failing to incorporate political reform as an integral part of conflict resolution strategies.⁷⁵ In practice, policies towards conflict states invariably sought to chart a middle course between too little and too much democratization. Prominent cases demonstrated a variety of approaches. Policy was in a number of cases built around the development of power sharing, partition-based, or group-rights forms of democracy; in other contexts, it more cautiously supported elite-controlled processes of partial political liberalization.

The overall European investment in building democratic institutions in conflict states reflected some of the caution of these approaches. Only in a minority of EU states, such as Sweden, was there a noticeable correlation between democracy funding and post-conflict work.⁷⁶ The European Union was criticized for not focusing on democracy and civil society strengthening until well after conflict was resolved. Despite the supposed move away from 'neutral' humanitarianism towards an engagement with political reform issues, in practice EU humanitarian aid in nearly all conflict states remained far in excess of institution-building funding. Some change was evident, however, as the new 2002 EIDHR strategy was predicated on a far tighter link to conflict-related challenges. Of the twenty-nine newly identified 'target' countries for European democracy and human rights funding, all but six were states either currently or recently in conflict. The two largest recipients of overall OECD government and civil society aid for 1999 were Bosnia and the former Yugoslavia, while a huge injection of funds in 1997 made Guatemala one of the biggest recipient of funds the year after its peace accords.

The most prominent apparent example of Western pressure for power-sharing democracy was, of course, seen in Bosnia. Here, however, the importance of mediation, partitioning and direct military control outweighed that invested in democratic dynamics. After it became clear that Yugoslavia would not be kept together — Germany notoriously sanctioning the state's disintegration prior to its EU partners — Western policy focused on the process of negotiation between leaders. Through the European Union's 'regional conditionality', democratic requirements were given a conspicuously low profile relative to conditions relating to intercommunity cooperation. In return for a moderately more cooperative approach to the Dayton commitments on issues such as refugee return, President Tudjman was generously supported with European aid and welcomed into the Council of Europe, even as he further restricted the functioning of Croatia's democracy.

Judgement that it had few vital interests at stake compounded the United States' reluctance to engage in direct nation building; Richard Holbrooke acknowledged that the United States was reduced to reacting to Milosevic's successive campaigns and only very belatedly came to think in terms of proactive democracy building. Strongest support was given to President Izetbegovic, despite the realization that he was not a strong democrat; the United States was keen for the three presidents to increase their autonomy from their respective parliaments in order to maximize their manoeuvrability in signing a peace deal; and the Pentagon was particularly opposed to helping 'build democracy'.⁷⁷ The Equip and Train programme of military cooperation constituted the central element of US policy in Croatia. Despite their strictures and sanctions against Milosevic, Western powers did not judge it imperative enough to commit to any significant or direct intervention to fashion democratic renewal in Serbia out of the 1997 opposition protests in Belgrade. Joschka Fischer suggested that, contrary to its rhetoric, the European Union had only mobilized any concern with political structures and conflict resolution very late, so that in reality European states reacted to the 'consequences ... not the sources' of conflict.⁷⁸

The 1995 Dayton accord represented a compromise between European states and the United States: the latter got its insistence on a single Bosnian state, but with a high degree of communal autonomy as stressed more by the Europeans. The structures agreed at Dayton reflected a stronger commitment to engineering a power-sharing form of democracy, but also reflected a concern over further successions unleashing greater instability — indeed, the latter fear outweighed an acknowledgement that the Dayton agreement might give incentive to nationalist leaders 'to play the ethnic card'. There was concern that imposing democratic conditionalities would have differential effects and set up destabilizing rivalries.⁷⁹ In sharp contrast to its eschewal of directly political funding elsewhere, in the Balkans European governments overtly supported moderate leaders, anti-Milosevic local officials, and pro-peace parties through initiatives in a range of areas from energy to education.⁸⁰ Into the new century, however, the priority focus across the region remained on refugee returns — a more direct self-interest on the part of Western states and representing by far the largest category of EU institutional reform funding from 2002 — and cooperation with the International Tribunal, rather than on the breadth of democratic process. Parliamentary cooperation remained limited, with only the Commission and the United Kingdom engaged significantly in this area.⁸¹ Critics berated the United States for still orienting its funding unduly and precipitately towards the holding of

elections, these occurring in Bosnia prior to the Dayton institutions building up any nationwide, intercommunal cooperation.⁸² The European Union's main aim was to engage via a programme of 'approximation' with European legislation and standards, this seen as a route to transferring entity responsibilities to the national level. It was recognized, however, that even after the three wartime leaders had departed the scene, peace in Bosnia was held together less by meaningful democracy and more by the steadily increasing role and powers of the High Representative.⁸³ After 2000, Western powers continued to back an incremental increase in the High Representative's powers over local elected officials. New High Representative, Paddy Ashdown, was accused of undermining democratic potential by doing little to strengthen the standing of moderate community leaders.⁸⁴ Only in 2003 did the European Union begin intimating that eventual integration into European organizations would depend on meeting concrete benchmarks relating to the development of cross-community structures in Bosnia.

In Kosovo, the West did try to impose a power-sharing democracy at Rambouillet, giving the Serb community disproportionate representation and veto powers to protect key rights. It was the Kosovan delegation that rejected the proposal, with Belgrade happy with this political solution and rejecting only NATO's presence.⁸⁵ Notwithstanding this, by 1998 the West's overriding aim was to eject Milosevic, stabilization seen as being about the fate of one leader far more than a question of political systems. It was suggested that the United States merely 'appended' a concern for democracy after the prime concern with launching military action had been resolved.⁸⁶ The World Bank and other multilateral organizations berated the United States and European governments for relegating democracy building to a decidedly second tier of priorities within the post-Kosovan crisis Stability Pact for South Eastern Europe.⁸⁷ European strategy in Kosovo became more imprecise in its deviation from straight majoritarian principles. While one senior official in the UN administration in Kosovo accused the international community of having focused overwhelmingly on keeping the Serbs and Albanian populations apart rather than engaging in a positive and broad institution-building effort, the European Union was in fact not drawn to a 'cantonization' process giving autonomy to the small-scale Serb communities scattered though Kosovo.⁸⁸ The key factor was the way in which European governments' ambiguity over Kosovo's eventual status complicated institution-building work. The European Union was more reluctant over Kosovan independence than the United States. Most observers agreed that by 2003, there was little prospect of the international community leaving Kosovo without

violence immediately erupting once again: stability was seen as being guaranteed by a military presence, rather than the province's incipient democracy. The Serbs, still boycotting elections, had clearly not been won over to the new democratic procedures installed. In mid-2003, the European Union backed Serb–Kosovar talks and was seen as leaning more towards support for Kosovan independence; however, with this position still vague it was acknowledged that the sovereignty question continued to cast a shadow over the deepening of internal democratic processes.

The ambivalence of Western policy towards Kosovo was thrown into sharper relief by the subsequent NATO and EU interventions in Macedonia, undertaken to impose a precisely defined power-sharing constitution between the Slav and Albanian communities. Linked to the Bosnian and Kosovan conflicts, Sali Berisha's autocratic control in Albania was seen as a means of tempering conflict and, in the view of states like Germany, Western support for Albania provided a counterweight to Serbia. Western states then withdrew their support as Berisha became increasingly nationalist in relation to Kosovo and was judged to have contributed to Albania's economic collapse, even as the democratic credentials of his successor, Fatos Nano, were soon revealed to be less than perfect.⁸⁹

In sub-Saharan Africa, after an initial flurry of insistence on elections in the early 1990s, the West appeared gradually to reduce its focus on democracy. Critics argued that this demonstrated a lack of any genuine strategic commitment to or interest in Africa. European governments claimed to have been chastened by democracy's evident difficulty in dealing with embedded civil conflicts and talked increasingly positively about attempts to devise democratic polities around ethnic cleavages and local political specificities.⁹⁰ The Clinton administration also came increasingly to support pragmatic power-sharing arrangements in Africa, rather than 'pristine, pure democracy', after concluding that democratic elections had been destabilizing in places such as Ethiopia and Angola.⁹¹ These perspectives were also reflected though the UN's conviction that in sub-Saharan Africa 'democratization can often build upon positive indigenous structures and traditional ways of inclusive governance'.⁹² Under this rubric, Western states focused increasingly on basic human rights, within more flexible institutional parameters seen as suited to conflict containment.⁹³ The French government was seen as having reined back furthest from the commitment to promote democracy in Africa. France did remove or reduce military support from its client states, but this was motivated primarily by domestic constraints associated with armed forces professionalization: conceptually, an essentially patrimonial view persisted

of conflict being contained through elite-oriented diplomacy.⁹⁴ After numerous clashes with the United States, under Jospin's government French policy did come to acknowledge a need to focus on underlying political conditions to quell internal conflict in francophone Africa, and a new process of Anglo-French coordination resulted from this shift.⁹⁵ By 2002, however, President Chirac was once again rowing back to a more tentative line of relying on intra-African peer pressure, paternalistically supervised by Paris through the Franco-African summit process. Overall, while it was often suggested that the West was indifferent in either promoting or frustrating democracy in Africa, the latter did attract increasing and proportionate amounts of institution-building funding from all donors.

Variations were evident between different African states. Nigeria was the state that elicited most alarm from the US and European governments that rising internal instability was increasingly spilling over into regional tensions, increasing migration and drugs trafficking. The European Union agreed a total suspension of aid to Nigeria only after the high profile executions of Ogoni environmental activists in 1995, over two years after the annulment of democratic elections. The United States imposed an even narrower range of sanctions and alluded more positively to Nigeria's leadership of West African peacekeeping. When Nigeria's transition came, it came abruptly upon General Abacha's death and almost despite the West, although at this crucial juncture it was made unambiguously clear that a restoration of Western cooperation would depend on democratization. After the transition, if anything the degree of violence intensified as politicians sought to play the ethnic card and killings increased between Muslims and Christians. In the face of this deterioration, European policy focused on basic human rights and seemingly had little to say on the forms of political institutional organization that might quell tensions in Nigeria.⁹⁶ By 2002, Nigeria was attracting by far the biggest US political aid programme in Africa, including a gradually widening range of democratic transition work.

In contrast to its growing pressure on Nigeria, the European Union enthusiastically supported Museveni's 'no party democracy' in Uganda, supposedly designed to avoid ethnic fragmentation — although it did eventually press for parties to be allowed to form in the run up to the March 2003 elections. In Sierra Leone, there was European support for the negotiated involvement of rebels in government — this conceived as a 'stability-oriented' rather than pure democracy. This did not hold, and by 2002 the United Kingdom was actively propping up a return to a more standard form of majoritarian democracy. The United Kingdom moved to support new elections only four months after its military

intervention to help defeat rebel forces; in a £70 million a year effort thereafter, UK funding focused in particular on security sector reform in Sierra Leone. In contrast, in the Ivory Coast the French government was dragged back into military containment of a new rebel uprising against the political restrictions imposed by the Gbagbo government; in this case France, support by the European Union, pursued a more negotiated approach, bringing rebels (ultimately unsuccessfully) into the incumbent administration expressly in preference to the holding of new and fully democratic elections. In Angola, the West urged and supported the power-sharing arrangement between the MPLA and UNITA after 1994, until this pact collapsed. Thereafter, the United States pressed for greater respect for basic rights, but in a context within which the dos Santos regime centralized control to keep UNITA at bay. Western aid to Angola gradually declined, particularly after the re-intensification of conflict at the end of the 1990s, with the lack of political reform cited as one reason. The European Union invoked temporary sanctions, placing slightly greater pressure on the regime, but also stopped short of pushing for full-scale democratization. In Somalia, after initially focusing its efforts on negotiating between warlords, the United States subsequently concluded that it had insufficient strategic interests at stake to continue any form of engagement aimed at shaping particular forms of political structures.⁹⁷ The peace deal reached in the Sudan in 2002 provided for significant ethnic partition, rather than democratization; the United States intimated at large increases in aid to southern Christian forces if the central government broke the accord.⁹⁸

Rwanda came to be cited as one of the cases most clearly demonstrating the dangers of democracy in conflict scenarios. The French were implicated in support for the Hutu regime that launched the 1994 genocide, Paris never convinced over the 1993 Arusha Accords providing for power-sharing democracy. Many analysts suggested that most other donors pushed too hard for democratic elections that then fuelled the fires of the subsequent genocide. However, even if other Western states provided greater support for the principle of power-sharing democracy, no significant investment was forthcoming from donors to make it work. Moreover, after the genocide, as the Kagame government incrementally restricted democratic rights, pushed a process of Tutsification, increased repression and took more direct control over the judicial system in judgements on the genocide, European donors and the United States did not press hard for democratization. Claiming to have learnt from the salutary lessons of the early 1990s, they did not protest loudly when elections were postponed. Donors consequently worked with and through the government in Rwanda, apparently more concerned with compensating Tutsis for their experiences than balanced cross-ethnic institutional

reform.⁹⁹ In contrast to its general opposition to conditionality on democracy, France was keenest on pushing for a protection of Hutu minority rights, including through the use of sanctions; the United Kingdom, Rwanda's biggest aid donor, was the state most tolerant of Kégame's insistence that stability could only be guaranteed through a presence in eastern Congo keeping Hutu militia at bay. Donors' institution-building initiatives did not focus on creating cross-community bodies and entailed no significant opposition to the government.¹⁰⁰ In 2002, the United Kingdom and the United States did begin to exert greater pressure on the Rwandan government to withdraw from the Democratic Republic of Congo (DRC), but Kégame again appeared to escape any significant castigation after a heavily manipulated election in 2003. While Western states exhibited growing concern with Kégame's authoritarianism, they continued to adhere to a belief that stability was best secured through controlled power sharing within parameters that limited genuinely competitive politics.

In the neighbouring DRC, the lack of any basic foundations for democratic development imbued external actors' policies with an even more personality-focused flavour. The French government held out longest in its support for the Mobutu regime, although the United States only switched to backing Laurent Kabila once it was clear he had gained clear ascendancy and thus represented the best prospects for stability. After Kabila turned to support the Hutu militia against the Tutsis who had installed him, the United States reportedly assisted Rwanda and Uganda to oust the new president. Even after the apparently more amenable Joseph Kabila took office, the perpetuation of conflict in the Congo impeded any positive institution-building efforts emerging as part of international conflict management initiatives. While the United States made some attempt to coalesce opposition political parties, in general Western powers focused almost entirely on support for a peace deal between different factional elites, and eschewed attempts to create national-level civil society and political organizations.¹⁰¹ In June 2003, an EU peacekeeping mission was dispatched to Bunia in Eastern Congo; while this was presented as addressing the basic security prerequisites to getting a UN-backed power-sharing deal back on track, the intervention force lacked any politically significant mandate. After a transitional government was eventually negotiated in 2003, the European Union did launch a new 200-million euro initiative to underpin institution-building efforts, but this aimed at boosting administrative capacity in support of the new power-sharing accord rather than the DRC's democratic vitality.

In Cambodia, the West provided a considerable on-the-ground presence aimed at embedding a unique set of democratic institutions that

guaranteed the participation of both sides to the conflict that had racked the country during the 1970s and 1980s. During the mid-1990s, Cambodia was one of the largest recipients of governance and civil society aid. Parallel to pressing for the broadening of democratic institutions after the 1993 elections, the West sought to shore up nationalist strongman Hun Sen in his efforts to quell the continuing activities of the Khmer Rouge. Despite Hun Sen undertaking a coup in 1997, to eject his co-leader Prince Ranariddh from power, European governments aimed to work with him to restore democratic accountability in a manner capable of preserving stability. This involved both tolerance of a dubious set of 1998 elections results that legitimized Hun Sen's hold on power, and strong behind-the-scenes pressure for a reinstatement of a coalition government. The international community sought to engineer a national unity government, formally democratic but structured with conflict-management aims additionally in mind. In sum, the West was highly tolerant of Hun Sen's putsch and suspected manipulation of election results precisely so as to retain a power-sharing structure that appeared to have achieved the objective of marginalizing the Khmer Rouge.

Across all these conflict scenarios, European democracy assistance projects focused mainly on law enforcement capacity, but were also increasingly oriented towards cross-cutting civil society initiatives. In Bosnia, the European Union supported multiethnic youth councils and cross-community consultation forums with local councils. In 2001, one of the Commission's largest projects in the Middle East was an initiative in Jordan supporting education in 'the culture of peace'. In Irian Jaya, the Commission's main initiative was a project to strengthen local organizations capacity to lobby central government.¹⁰² The European Union's largest peace initiative in Colombia was support for the Peace Laboratory in the Magdalena Medio, a civil society movement for peace, which included work on strengthening the latter's links to local elected institutions. In Somalia, while the United States focused its attention on hunting down warlord General Aideed, the European Union supported local decision-making forums based around existing indigenous structures, in a context where overarching national-level political approaches were judged to have little chance of prospering.¹⁰³ In Macedonia, one of the most generously funded areas of EU work in the wake of the 2001 resurgence in violence was in relation to the decentralization of policy responsibilities to local municipalities.¹⁰⁴ There was, in general, a priority focus on lobbying for economic, social, and minority rights. In the Balkans, the Commission ran projects promoting the adoption of the European Social Charter, the enhancement of social rights being presented as key to peace

support in the region. NGOs providing training for the economic reintegration of combatants were the primary recipients of EU 'conflict resolution' funding from democracy and governance budgets. The main focus of the European Union's new initiative to support Nigeria's democratic transition was on civil society groups lobbying in relation to service delivery issues.

Much US political aid work remained of a more top-down nature. Overall US funding for military training increased, with human rights elements that were still often negligible. In most post-conflict states, the biggest share of US aid continued to go to police training, the legislature and judicial capability building, and away from civil society.¹⁰⁵ USAID officials acknowledged that their efforts to incorporate civil society components into Department of Defense military cooperation had little tangible success, with the Pentagon retaining clear pre-eminence in this area of work.¹⁰⁶ There were also, however, some signs of a shift towards supporting more general civil society processes in such conflict states as in other USAID target countries. Congress insisted, for example, on projects in the Balkans having elements of increasing cross-cutting ethnic cooperation.¹⁰⁷ Even those criticizing the United States for funding elections too heavily compared to other post-conflict challenges, recognized that there was a shift towards more work on civil society and a focus on holding newly elected post-conflict executives more systematically to account; this was observed in some of the most notable post-conflict scenarios, such as El Salvador, Haiti, Mozambique, and Nicaragua.¹⁰⁸ Conversely, by 2002 some European initiatives revealed a more top-down perspective, aimed at facilitating directly security-enhancing outcomes. Under the nascent European Security and Defence Policy, provisions were introduced for the deployment of police, legal, and civil administration experts to conflict emergencies, these facilitating a number of new police-training missions, most notably in Macedonia at the beginning of 2002. Officials responsible for running the new ESDP insisted these measures represented a shift away from development-oriented civil society work towards political interventions more directly organized around strategic objectives.

Significantly, the links between conflict prevention/resolution and democracy units remained relatively weak. The UN opined that no 'integrated strategy' had emerged coalescing conflict resolution and political concerns.¹⁰⁹ Officials in the US State Department Bureau for Democracy, Human Rights and Labor lamented that they were invariably 'called in' by conflict experts only after peace deals had been secured. The US 'shuttle diplomacy' team that was prime architect of the Bosnian peace deal enjoyed almost complete autonomy from democracy officers within the Bureau.¹¹⁰ Within the European Union,

officials acknowledged that very little 'cross cutting expertise on conflict and governance' had been developed.¹¹¹ No systematic links were developed between the new conflict resolution and democracy units inside the European Commission, this mirroring existing divisions within many member states. The new Conflict Prevention and Crisis Management Unit set up in the Commission in 2001 admitted to having eschewed any detailed analysis of the political concepts that should shape the frequently-referred-to comprehensive conflict resolution tool-box: indeed, its officials saw themselves as having a fundamentally 'different focus' from the democracy and human rights unit. In early 2002, the separate conflict resolution budget line within the Commission's democracy and human rights unit was terminated, having failed to engender conceptual guidance specific to conflict scenarios. The UK Foreign Office admitted to having failed to develop any 'overarching meta doctrine' on the relationship between political structures and conflict. As they developed, the policy-making structures of the new European Security and Defence Policy in practice soon became divorced from deliberations over the political aims relating to human rights and democracy promotion.

On the other hand, some signs of greater coordination did gradually emerge. A key change in the early months of the Bush administration was a restructuring of USAID to integrate democracy work into 'failed state' humanitarian initiatives. In some European states, such as Denmark and the Netherlands, democracy promotion and conflict resolution responsibilities were incorporated into single policy planning structures. New all-inclusive 'task forces' were set up to cover the Balkans and the Great Lakes, incorporating democracy and human rights officers, conflict management sections, security experts and those responsible for economic policy. These linkages were generalized through new inter-departmental assessment units. Responding to the eruption of violence in Macedonia in 2001, to a greater extent than before the European Union succeeded in harnessing its conflict resolution policy to a role in drawing up detailed provisions for democratic rights within the country's new constitution, and in turn unequivocally married this to firm economic conditionality relating to the offer of a new Association and Stabilization Agreement. By 2002, a declared priority of US and European foreign ministries was to strengthen linkages between democracy and conflict resolution.

6. Democracy Promotion After September 11

The events of September 11, 2001 were interpreted by many as a watershed, and appeared to shake the assumptions of many Western policies

to their core. Their impact on democracy policies was mixed, and by 2003 still to a significant degree unresolved. One strand of Western policy after 9/11 clearly reprioritized alliance-building dynamics. This was, indeed, already the declared aim of the Bush administration before September 11: one influential Bush aide advocated a separation of basic human rights from democracy; positive engagement with autocratic regimes; and a focus on traditional security priorities such as non-proliferation.¹¹² One assessment characterized Colin Powell as a man inclined to pursue ‘alliances as ends in themselves’.¹¹³ After September 11, a new Bush initiative loosened restrictions on military cooperation and aid flows to states cooperating on anti-terrorism but recognized as having deteriorating human rights records. In June 2003, the United States cut military aid to thirty-five states refusing to grant US personnel exemption clauses under ICC provisions — this direct instrumentalism throwing into sharper relief the lack of any similar linking of military assistance to democratic conditions.

Support for the United States’ ‘war on terrorism’ secured new benefits for many regimes. Most notable was the rapprochement between Western states and Russia — manifest in a new NATO–Russia Council and the European Union and United States granting Russia market economy status — this appeared to eclipse continuing concerns over the state of Russian democracy. In Central Asia, cooperation with autocratic rulers was necessary to gain access for new military bases, with Uzbekistan's US aid receipts tripling in 2002; many of these states' new civil rights restrictions were actually based on US-style legislation.¹¹⁴ New military aid was channelled to Jordan, Oman, Yemen, Tunisia and Egypt.¹¹⁵ The United States increased aid in particular to Jordan as King Abdullah restricted democratic space in order to stem parliamentary opposition to relations with Israel and closed down Al-Jazeera Television's office in Amman. Arguably of most significance, the United States lifted sanctions against Pakistan and offered the latter generous new debt relief and renewed military cooperation, even as General Musharraf prevaricated on a return to democracy. The United States also signed a new security pact with ASEAN states and Indonesia received a new package of US military cooperation for anti-terrorism support, when the faltering pace of Indonesian democracy had begun to cause concern. As post-9/11 and Iraqi strategies were gradually conflated by US policy-makers, pressure for democratic change elsewhere seemed to be sacrificed to the aim of regime change in one country: a form of ‘primitive diplomacy’ returned, with the United States offering additional aid to states such as Turkey, Angola, and Pakistan in return for their votes in UN Security Council deliberations on Iraq. Paul Wolfowitz openly chastised the Turkish army for not intervening to overturn parliament's refusal to provide the United

States with support in Iraq. Some also detected a lessening of human rights pressure on China.

European leaders decided on a further rapprochement with both Syria and Libya, and a mandate to negotiate a new trade and cooperation agreement with Iran was quickly finalized. The European Union removed a number of sanctions against Sudan in return for anti-terrorist cooperation. European diplomats also acknowledged that in Central Asia their priority was to gain 'presence' and that democracy was unlikely to be near the top of the agenda in the foreseeable future.¹¹⁶ A number of prominent cases of harassment against opposition figures — even including one seeking refuge in the French embassy in Kazakhstan — were met with no more than declaratory protestations. A trade and cooperation agreement with Pakistan, withheld since the latter's nuclear tests, was allowed to enter into force, tariffs in a number of crucial sectors were reduced and states like the United Kingdom resumed military cooperation with the Musharraf regime. In all these places, European discussions included the prospect of assistance to local security forces to deal with terrorist groups. A reduced 7 per cent of the European Initiative on Democracy and Human Rights budget was allocated to Arab states for 2002. Some policymakers acknowledged that, contrary to rhetorically expressed commitment, there was no significant engagement with moderate Islamists after September 11.

Western policies demonstrated an inclination towards more defensive-containment security strategies. This was reflected in the promulgation of the US Patriot Act, the creation of the Department of Homeland Security and harsher provisions for the detention of terrorist suspects. The Bush administration authorized a \$50 billion, or nearly 10 per cent, increase in military expenditure; another \$10 billion was agreed for non-proliferation measures and weapons controls; the democracy aid budget remained at under \$1 billion. There was a significant change in policy towards NATO enlargement and the offer of Partnership for Peace agreements, away from these being a priority means of locking in democracy, towards an insistence that the strengthening of capabilities be the alliance's main focus prior to any talk of further expansion.¹¹⁷ The US supported harsh clampdowns against Al-Qaeda suspects in states such as Yemen, Algeria, and Syria, often conniving with elites' breaching of local constitutional provisions and sometimes with direct CIA involvement. Colin Powell suggested that the United States had 'much to learn' from Egypt's tough anti-terrorist policies. A range of Muslim groups, even in China, were added to the United States' list of terrorist organizations. The United States welcomed action take by the Iranian regime to detain Al-Qaeda suspects and temper anti-US demonstrations. It was notable that George W. Bush's categorization of Iran as part of an 'axis of evil' was

not accompanied by any clear message as to what this implied in terms of democracy promotion aims and strategy.

The European Union introduced new conditions and benchmarks for third countries' counter-terrorist measures, this comparing with the still vague stipulations on democracy. The most significant area of EU activity after September 11 was in the field of justice and home affairs. This included measures to stem the funding of terrorists; an expanded definition of terrorism; more police and judicial cooperation; the creation of a Police Chiefs Task Force; increased powers and a significantly increased budget for Europol; new teams of anti-terrorist experts; a strengthened prosecuting organization, Eurojust; a new Common Arrest Warrant, providing for direct apprehension to replace a leaky system of extradition; agreement over a new border police; and an expansion of the legal scope to strengthen border controls where instability in a country threatened to provoke increased migration. These measures were agreed quickly, with little debate or skimping on finance. At the national level, most states introduced tighter immigration controls during 2002. New funds for strengthened anti-migration controls were given to states such as Morocco whose democracy assistance receipts simultaneously declined.

In the European Union's new Political and Security Committee, counter-terrorism assumed priority status, ESDP in contrast engaging little on political issues.¹¹⁸ New provisions were introduced for taking action against states not cooperating on illegal immigration — even if France and Sweden blocked a clause expressly providing for the complete suspension of aid and trade in such circumstances. A new EU–Algeria agreement signed at the beginning of 2002 included a far stronger clause on support for anti-terrorist measures than in previous Middle East partnership agreements. In May 2002, the European Union expanded its list of terrorist organizations to include, *inter alia*, the PKK and the National Resistance Council of Iran, at the behest of the Turkish and Iranian governments, respectively. A British minister acknowledged an aim to draw lessons from Arab states' hard-line anti-terrorist strategies.¹¹⁹

On the other hand, while these aspects of policy defined the general tenor of Western responses to September 11, new democracy promotion efforts were not absent. Colin Powell wrote immediately that while the United States would want to work with as wide a range of countries as possible 'we will continue to advance our fundamental interests in human rights, accountable government ... for we believe a world of democracy ... is a world in which terrorism cannot thrive'.¹²⁰ The new National Security Strategy introduced in September 2002 captured most attention for its proactive strike doctrine, and defended the need

to support 'moderate' allies. However, it also included a commitment to enhance democracy promotion, declaring that greater rewards would be forwarded for democratic progress and that efforts to build the 'infrastructure of democracy' would be boosted.¹²¹ In this, State Department and USAID positions differed from those of the Pentagon. In early 2003, a new State Department–USAID Joint Strategic Framework was elaborated, one of whose aims was to revitalize the strategic thrust of political aid. In Central Asia and Pakistan alliances were strengthened but rhetoric on rights abuses also intensified. As self-styled neoconservative 'democratic imperialists' gained pre-eminence in Washington, a more instrumental logic appeared to energize democracy promotion policy.

It was in the Middle East that this new 'neo-Reaganite' logic was most apparent, linking democracy directly to US security interests.¹²² A new Middle East Partnership Initiative slated \$143 million extra funding for the region from 2003–4, \$35 million of which would be for democracy aid; a broad range of work was planned under this rubric, including on parties and parliaments and a major new emphasis on civil society organizations in Egypt. Increased amounts of democracy assistance were allocated to the Middle East, while Algeria, Jordan, Kuwait, Morocco, Turkey, and Yemen were included in the Community of Democracies forum. Proposals for a US–Middle East free trade zone were linked to explicit political conditionality, and a new regional judicial reform initiative commenced in parallel. The inclusion of a more gradualist democratic capacity-building commitment appeared in particular to represent an evolution in US policy in the region.¹²³ In Egypt, the United States withheld a tranche of aid in response to the detention of a prominent civil society activist in the summer of 2002 and phased reductions in US aid to Egypt were planned. Criticism of Saudi Arabia increased notably. A 50 per cent increase in global US aid was agreed in March 2002, with preconditions covering governance and 'ruling justly'. More directly, the US administration set up a new Office for Global Communication, to coalesce and strengthen explicitly pro-democratic propaganda initiatives, and established a new high profile Middle East radio station, Radio Sawa.

From European governments there was ubiquitous rhetoric alluding to terrorism's roots in political repression. Tony Blair, in particular, stressed the need to encourage democracy in the Muslim world and launched a range of new initiatives and exchanges, defined by the government as a 'Marshall plan of the mind'.¹²⁴ Silvio Berlusconi's inflammatory statement suggesting a superiority of Western values included a recommendation that 'The Western world must be more generous in spreading its model of state organization, public administration and legal system'.¹²⁵ A EU–Islam Dialogue forum met in Istanbul in

February 2002, although concrete follow-up measures from this were limited. A number of new Commission initiatives were undertaken exploring the nature of democratic rights with Islamist groups. The smaller European states gave particular emphasis to this approach, railing against the United Kingdom's 'warmongering' response to September 11.¹²⁶ In the United Kingdom itself, DfID launched a new initiative to intensify support for 'context specific' political change and 'traditional civil society forms'. The FCO for the first time centralized competence on democracy promotion within its human rights policy department, with diplomats expressing a desire to gain purchase over an area of work they recognized as having hitherto been left largely to the development policy community.

The European Union committed itself to exert more conditionality specifically to ensure that the NGOs funded by the European Union 'can operate without undue restriction'.¹²⁷ The European Union proposed a new human rights dialogue with Iran, and Pakistan was identified as a target state for the EIDHR, with significantly increased funding to be allocated for democracy and human rights groups. It might be argued that with all the security reasons not to pressure General Musharraf, it was significant that the West did still prompt the president to return to genuinely free and fair elections — even if sanctions were not reimposed when full re-democratization failed to materialize. The European Union condemned restrictions placed on the principal opposition parties in Pakistan's October 2002 elections, with policy-makers opining that such manipulation contributed to the gains made by Islamist parties in this plebiscite. In December 2002, a first EU–Iran Human Rights Dialogue was held; in early 2003 proposals were launched to initiative a new human rights initiative with the Gulf Cooperation Council (GCC) states; and in May 2003 guidelines were agreed for an enhanced focus on democracy within the Euro-Mediterranean Partnership. During his symbolic visit to Algeria in March 2003, President Chirac signed new preferential partnership agreements with President Bouteflika and declined to meet opposition groups, but also spoke more forcefully and openly than previously of the need for democratic reform.¹²⁸

The biggest impact of the terrorist attacks was naturally felt in Afghanistan. Western states had initially supported the Taliban as a force that appeared better able to guarantee stability, and was a counterweight to Iran; was more amenable to granting oil licences to MNCs; and expressed a commitment to eradicating poppy cultivation.¹²⁹ Accused of turning its back on Afghanistan, the West became more critical of the Taliban, in particular on women's rights, ratcheted up sanctions and gave limited operational support to the Northern Alliance; but it had

little to say on the country's underlying political structures. In 2001 the European Union received United Front leaders in Brussels, but in the wake of Al-Qaeda's attacks on US embassies in 1998 policy was overwhelmingly concerned with hunting down Osama bin Laden.

Strategy in Afghanistan after September 11 was based heavily on the notion of clan-based power sharing. Some critics were concerned that Western-style democracy and elections were being foisted inappropriately and prematurely on Afghanistan.¹³⁰ While Western powers conditioned aid on Afghanistan's acceptance of a Human Rights Commission, they sought to mould policy to 'local structures', combining a tolerance of warlords with a postponement of elections until 2004. Western states sanctioned a government dominated by pro-Western Northern Alliance Tajiks, revealing an alliance-based logic still to be present. Local warlords were not just tolerated, but also actively backed by the United States to hunt down Al-Qaeda cells, in a context where so few Western troops were on the ground.

The main focus in Afghanistan was the creation of national-level security forces, this accounting for an overwhelming share of Western institution-building aid. By 2002, only one limited EU civil society human rights project had been implemented in Afghanistan. Debate continued on the scale of the post-war effort: the United States spent \$30 billion on the military operation to oust the Taliban; under \$5 billion was pledged by the international community over five years for reconstruction and institution building. Military presence and aid funding remained only one eighth of funding to the Balkans.¹³¹ US troops were only reluctantly being authorized for limited civilian tasks by late 2002. No formal US democracy strategy for Afghanistan was introduced before 2003, and then dispensed a tiny fraction of amounts still being spent for the military. The European Union's own institution-building mission acknowledged that support for the warlords had been prioritized over long-term democratic capacity; doubted Afghanistan's preparedness for democracy; and advocated an emphasis on strengthening basic state capacities in the realm of economic policy-making.¹³²

One expert alluded to the international community's 'light footprint' approach in Afghanistan, with the lessons of Bosnia reputedly cautioning policy-makers against pushing democracy too fast.¹³³ Such was the reluctance to be seen to be pushing Western style democracy that some saw donors as actually fomenting what was in fact the root of the country's travails: warlordism.¹³⁴ The influence of local warlords was linked by many to a significant rise in opium cultivation in 2002. Leniency towards the warlords, the rush to set up a national army in preference to committing large number of Western troops, and the absence of the International Security Assistance Force beyond Kabul were all cited in evidence of a lack of comprehensive nation building.¹³⁵

Democratic reform was also advocated as the means of unlocking the Arab–Israeli conflict, as this became integrally linked to the post-9/11 agenda. The United States developed stricter conditions for political reform of the Palestinian Authority (PA), but these were overshadowed by conditionality placed specifically on leadership change and a perceived even greater indulgence of Israeli incursions. When the United States turned against Yasser Arafat its ire was directed not so much at executive predominance per se as at the leader's failure to use this power effectively. European states rejected Bush's insistence that Arafat's removal was key and expressed concerns that rushing forward with new Palestinian elections and requiring far-reaching reforms might be counterproductive.¹³⁶ However, during the course of 2002, the European Union did come to perceive a need for a dispersal of the power exercised by the Arafat entourage. European strategy at this stage came to promote the notion of day-to-day responsibilities in the Occupied Territories being passed to a new prime-ministerial post. Notwithstanding the difference with US policy, the European Union's outlook itself exhibited a significantly instrumentalist logic, the focus very firmly on how Palestinian reform could contribute to immediate improvements in security capacities and far less on the more general potential benefits of a broader democratic process. It remained unclear how far the European Union actively sought full democratization, rather than simply a greater transparency to prevent PA funds being siphoned off to terrorists. As civil society funding increased, the European Union did with some success press for Arafat to widen the political space available to NGOs.

In the deteriorating conditions of 2002, however, most donors channelled an overwhelming proportion of their aid in the Palestinian Territories to emergency service provision rather than taking a directly political focus. Most civil society aid went, according to one diplomat, to 'funding the peace camp', rather than structuring political institutions. Policy-makers acknowledged that in practice much democracy work remained in abeyance awaiting progress on a final settlement between Palestinians and Israel, rather than contributing to the latter. If European governments failed to 'deliver the Palestinians' this was at least partly one manifestation of the shortcomings of their democracy promotion policy. With new Prime Minister Abu Mazen resigning in September 2003 and Israel threatening to 'remove' Arafat, Western policy focused back on the high-politics level — with the European Union backing Arafat, the United States more ambivalent — and away from internal reform efforts.

In sum while democracy promotion thus appeared to assume higher priority after 9/11, it coexisted with more traditional and defensive approaches. Democracy efforts that did emerge exhibited palpable

shortcomings. The United States adopted at most a slightly more forceful approach to democracy aid, without fundamentally rethinking in any qualitative sense the challenges of building pluralistic politics.¹³⁷ Critics charged the United States with merely 'selling the US' rather than 'selling democracy'; such instrumentalism was sufficient to engender mutterings of concern within USAID. Governmental support for the goal of supporting democracy increased, but was debated at the level of high-politics, often with less discernible impact on practical policy implementation. Western political aid amounts remained negligible compared to the investment in post-1989 Central and Eastern Europe.

Of course, by the summer of 2003, the main focus of such limitations was in Iraq. At the time of this writing, only very preliminary observations on the first few post-Saddam months are possible, but these suffice to suggest a number of interesting features. By the autumn of 2003 it appeared clear that Iraq was on course for some kind of democratization process. The United States committed itself to installing democratic politics despite the remarkable Shia mobilization that was seen by many as heralding the prospect of Iranian-style theocracy. Future plans were predicated on power-sharing arrangements between Shia, Sunni, and Kurdish communities, despite constant warnings that this might militate against national Iraqi identity and moderating, cross-cutting competitive pluralism. De-Baathification was presented as clearing the ground for comprehensive democratization, but caused short-term security problems as regime-tainted security forces were disbanded. The US–UK coalition vacillated on the timing of Iraqi self-rule. Initial intimations of a quick setting up of democratic government were replaced by greater caution as the scale of institutional and social collapse became evident. In turn, as the level of violence and insecurity reached even more alarming levels, a quicker, Iraqi-led timetable for democratization was by the autumn seen as necessary for stabilization.

Arguably, by this stage, such calculations had less to do with the virtues of democracy itself and more to do with the coalition's search for an exit strategy. Still, only limited amounts of funding were ploughed into governance issues. The United State's broad institution-building effort had reached about \$100 million by the autumn of 2003, still a limited proportion of total funding to Iraq. In the United Kingdom, DfID allocated a negligible £2 million to its governance teams.¹³⁸ The speeding up of the transfer to Iraqi security forces after two bomb attacks against the UN weakened human rights training components. French and German proposals for an immediate transfer of governing responsibilities to the Iraqi Governing Council were motivated by a desire to temper US dominance and did not, on policy-makers' own admission,

reflect any detailed thinking on the process of democratization per se. While the first steps towards formal democracy were taken, this range of caveats added complexity to developments, as the US–UK coalition was forced to recognize that *both* gradual-limited and rapid-comprehensive democratization promised unenviable risks in Iraq.

7. Conclusion

Analysts have tended rather sweepingly to admonish Western states either for undiluted defensive-containment ‘liddism’ or conversely for unhelpfully taking their eyes off important balance of power imperatives to meddle in developing states’ domestic politics.¹³⁹ After the mid-1990s, policy evolution was in practice rather more subtle and mixed than either of these perspectives suggests. Genuine and significant effort and resources were invested in democracy promotion. Western states adopted more gradualist approaches, aimed most often at encouraging partial bottom-up political liberalization. Robust, coercive action in the name of implanting or upholding democracy was rare. The focus on democracy was in this sense weaker than the increasingly punitive action adopted in relation to core human rights issues. The United States was still widely seen as tougher and more top-down in its approach than European states, but itself came to favour more bottom-up strategies. Western donors most commonly professed a commitment to build underlying democratic culture in developing states. Notable increases in political aid were forthcoming from most Western governments and these funds were oriented more to civil society support, with a significant service delivery and community focus. Policy was presented as reflecting a concern with enhancing clusters of rights protection and effective civil society organization. These grass roots aid initiatives were linked to state level capacity-building programmes, undertaken in partnership with incumbent governments, with the stated aim of strengthening capability and accountability simultaneously. Donors were cautious in choosing civil society partners for democracy, favouring Western-style human rights organizations often in preference to more organically linked and potent opposition forums.

Strategic approaches often exhibited genuine uncertainty over the relationship between democracy promotion and strategic interests. The piecemeal manner in which individual policy decisions were approached in practice compounded this conceptual equivocation. In dealing with the most strategically challenging states, such as Iraq, Iran, and North Korea, democracy was valued for more directly

instrumental reasons, but did not appear to be the primary target of Western policy. In these cases, policy responses were aimed directly at confronting particular external actions; democracy promotion was conceived as a useful but secondary adjunct. In China and Russia, controlled processes of change were sought, aiming to dampen instability engendered by ongoing reform; this was affected in part through elite-oriented governance reform, in part through initiatives at the local level encouraging a dispersal of political power. Approaches in more unstable transition processes, such as Indonesia, also exhibited more 'top-heavy' elements than elsewhere. Pressure for political liberalization emerged even where incumbents defended a country's Western orientation. In this sense, democracy promotion rhetoric and initiative became more universal. Concrete action and aid work were more notable in some of these cases than others, however: more significant in Turkey and Central and Eastern Europe, for example, less so in Central Asia and Algeria.

In states beset by civil conflict, Western powers were most notably berated for intervention that was both too intrusive and too 'lite'.¹⁴⁰ Approaches to democracy promotion in such contexts in fact exhibited considerable complexity. Western governments often supported heavily engineered power-sharing arrangements, predicated on group rights, combined with a focus on select human rights issues. Some limits and greater variation to such an approach were increasingly evident in Africa. Experiences here and in countries like Cambodia encouraged institution-building efforts that went through rather than around local strongmen. At the same time, in many such cases, there was increased funding for building national, multiethnic civil society organizations, invariably outweighing the priority attached to elections.

There were two strands to policy after September 11, one more alliance focused, one committed to intensifying democracy promotion efforts. This new focus on democracy was seen as more instrumental, but also more risky. More resources for political aid were forthcoming, especially in the Middle East; but new initiatives tended to target specific stability oriented institutional modifications, rather than a general broadening of democratic process — this was particularly the case in Palestine and Afghanistan. Post-September 11, it was not clear how far Western powers became more genuinely converted to the cause of pressing for far-reaching democratic reform or rather saw limited openings of political space as a means of placating radicalism without regime change.

Although differences between European and US approaches narrowed in most cases, variation remained. Direct instrumental reasoning was more prominent in the United States than in European policy.

US documents and statements tended to emphasize the value of democracy as a means of spreading moderate, pro-Western government; European reasoning tended to refer slightly more to the deeper and more general benefits of democracy as a means of managing social tensions. Where European governments claimed to detect stability and moderation from a positive direction of change towards a more liberalized polity, the United States invariably committed itself to holding out for more far-reaching change. The universalization of democracy promotion went further in European than US policy: the latter exhibited greater variance, being more muscular where democratization promised tangible benefit, but also less constant in its democratic discourse elsewhere — although efforts took shape later to temper such inconstancy. While exhibiting a remarkable degree of similarity, US and European reasoning in this sense also revealed a nuanced difference of approach: the United States apparently more focused on suppressing powerful rogue states; the European Union seeing value in democracy as a means of enhancing policy-making capacity in weak and collapsed states. Much cited distinctions between US ‘Hobbesian’ and European ‘Kantian’ approaches¹⁴¹ allowed for little recognition of the similarities in democracy promotion commitments, but did capture something of these different shades. In fact, others argued that by focusing its democracy efforts cautiously on those regions where there was nothing too much to put at risk, the United States itself was guilty of pursuing ‘hegemony on the cheap’ rather than a comprehensive security doctrine.¹⁴² While such a criticism might on the evidence offered here seem harsh, it would be difficult to conclude that the security-driven aspects of democracy promotion had by 2003 become systematic or pre-eminent.

Notes

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3 International Business and Democracy

The involvement of multinational companies in the elaboration of a new Corporate Social Responsibility (CSR) agenda during the 1990s imbued investment considerations with a more political profile. A plethora of initiatives expressed the increased salience of the private sector to debates over the respect for basic rights in the developing world. A Global Compact, incorporating fifty of the world's largest MNCs, was established by Kofi Annan, UN Secretary-General, at Davos in 1999, committing these companies to in-house monitoring and cooperation with the United Nations on social projects in developing host countries. Under OECD auspices, the Sullivan Principles committed thirty-six large MNCs, in early 2000, to standards for socially responsible conduct. The Institute of Business Ethics recorded that by 2000, 60 per cent of the top 500 UK companies had a Code of Conduct, many of which were being operated in conjunction with civil society. These codes contained commitments relating to environmental and labour standards, and were complemented by the new Social Accountability 8000 auditing provisions incorporating broader social and human rights based on the UN Declaration on Human Rights. A raft of voluntary codes was introduced in the United States during the mid-1990s, including the 'No Sweat' Campaign, the Trendsetter list of MNCs meeting labour standards and the Apparel Industry Partnership, providing for the inspection of factories. A new OECD Convention on Bribery was agreed in 1997 and by the end of 2002 had been signed by thirty-five countries. During 2002, a set of 'Human Rights Principles and Responsibilities for TNCs and Other Business Enterprises' was agreed within the United Nations, and the European Union also drew up a Green Paper on Corporate Social Responsibility. The United Kingdom and other countries introduced new reporting requirements for pension funds. Ethical Investment funds rose from £370 million in 1992 to £2.8 billion by 2000, and FTSE 'ethical' indices were compiled.¹ A widely accepted new 'triple bottom line' emerged for international companies, encompassing financial, environmental, and social performance.

Critics argued that such CSR initiatives in practice changed little. The vast majority of codes were subject only to in-house rather than external monitoring.² Governments declined to introduce the kind of statutory reporting requirements sought by many NGOs, trades unions, and the European Parliament. Labour standards were not fully incorporated into the WTO. Even where standards improved, sceptics doubted that the codes themselves had constrained business behaviour or impacted upon underlying company values.³ Others insisted that the codes increasingly made MNCs accountable to their own professed commitments and set up a snowball momentum whereby companies were forced to follow those firms seen to be benefiting from a 'cleaner' image. They also pointed out that some companies were increasingly going beyond merely not engaging in harmful acts to increase investment in local infrastructure, health, and social services — this flowing from the influence of the 'stakeholder' concept, giving a moral claim to all those with a 'stake' in the company's activities. Gradually, the number of companies submitting their codes of conduct to external monitoring increased, and a plethora of consultancies emerged providing such a service.

The CSR concept reflected the increasing significance to business agendas of rights-based issues. The analysis presented in this chapter builds on this, addressing a broader range of concerns than has typically been analysed within debates on CSR. The latter proceeded overwhelmingly from an understanding of this agenda as being driven by business's defensive concern with minimizing reputational costs at the behest of NGO pressure. CSR also raised the question, however, of how far NGO-induced pressures on environmental and labour standards related to or impacted upon investors' own perspectives on the broader political conditions pertaining in developing markets. It was acknowledged that deliberations over the core CSR issues had begun indirectly to pose questions relating to wider political developments, engendering fierce debate over the eventual reach of business engagement. It is such concerns that form the subject of this chapter.

Assessing multinationals' evolving positions and actions in relation to democratic norms, the chapter finds that during the 1990s investors adopted a wider range of perspectives on the form of political system deemed requisite to stability and sustainable economic reform. Companies did not always seek autocracy or low intensity democracy, but were most commonly ambivalent over acting as protagonists in the extension of democratic trends. Multinationals' influence in relation to democracy's development in emerging markets was less insidious but also more confused than habitually suggested.⁴

1. State Autonomy and Commercial Interests

It was striking that the overarching nature of political systems was not stipulated as an accepted concern of the CSR agenda and democracy was invariably not mentioned in this context.⁵ Environmental standards were by far the main focus of attention, especially for heavy industry and the extractives sector: while two-thirds of companies introduced environmental reporting, only 30 per cent moved to undertake social reporting.⁶ In the field of labour standards, the main issues related to working conditions within MNCs' own plants — the use of child labour, working hours, safety conditions, remuneration, and discrimination at work — not systemic-level conditions. The Ethical Trading Initiative devised by business, unions, and NGOs in the United Kingdom committed companies to permit 'parallel' workers' committees in their own plants where trades unions were banned, but eschewed critical engagement with such national level restrictions. Similarly with human rights, the commitment was to avoid doing business in a way that directly benefited from or contributed to human rights abuses and assessed rights issues pertinent to multinationals own operations — such as the land rights of indigenous peoples in natural resource extraction.⁷ Ethical Investment Funds did not include democracy as a direct requirement, although they increasingly targeted criteria related to 'military investment' and 'social change' in developing markets.⁸ The high profile Extractive Industries Transparency Initiative — launched by Tony Blair at the Johannesburg summit on sustainable development and grouping over 100 companies, governments, and NGOs — limited its focus to the control of MNC payments and revenues.

One US business group acknowledged that MNCs had in this sense sought to restrict the scope of CSR. The multitude of CSR documents produced by multilateral institutions and companies themselves limited their focus to core labour standards related directly to MNCs' own operations; it was such matters that were seen as falling within companies' 'legitimate sphere of influence'.⁹ Indeed, a number of companies argued that a greater formalization of CSR commitments served to limit obligations to issues 'inside the factory gates'. One view was that MNCs' support for the limited agenda of CSR business ethics enabled them precisely to deflect any potential pressure to push for broader political change.¹⁰ Business groups often presented the human rights agenda almost as a means of insulating companies from broader political developments: 'A strong human rights policy can help reduce a company's vulnerability to sudden changes in the political climate by ensuring a consistent application of company principles.'¹¹

For companies like Rio Tinto, the key resided in demonstrating better awareness of ‘communities around operations’, expressly in contradistinction to ‘high politics’ intervention. One investor stressed that adopting positions on systemic level political issues was seen as endangering the ‘relationship capital’ with host governments requisite to negotiating improvements in individual workers’ well-being, where threatened with detention and other repressive constraints. Many MNCs expressed a strong reluctance to extend politicized engagement ‘outside the factory gates’, with some insisting strongly that their investment plans were not impeded by any perceived ‘no go areas’ beyond core labour standard obligations. In a commonly cited example, an increasing focus on labour standards in Pakistan neither prevented General Musharraf’s 1999 coup or ensured that the latter featured prominently in MNCs’ concerns.

There was much evidence to corroborate the standard suggestions that international investors were drawn by strong state autonomy under conditions of authoritarianism or low intensity democracy. Many investors continued to conceive market potential in relatively narrow terms. Several non-democratic states were among the fastest rising recipients of FDI during the 1990s. Three-quarters of FDI to developing countries during the 1990s was through mergers and acquisitions and it was the incidence of privatization that emerged as the most notable determinant of investment flows.¹² Some of the most dramatic rises in FDI to individual states related to oil projects in notable democratic backsliders such as Algeria, Sudan, Angola, and Kazakhstan.¹³ Working with finite resources and knowledge, many companies admitted working to a simple and ready yardstick of ‘ease of market accessibility’. To cite but a few select examples: British Aerospace, BAT, British Telecom, BP, Glaxo, HSBC, ICI, and Unilever all undertook large new investments in Saudi Arabia; BAT, HSBC, and Shell committed themselves in Azerbaijan; Mobil Oil led the way for US companies into Turkmenistan.

A senior manager of one of the largest multinationals opined that there were ‘not many countries where business is really difficult’. One US business organization acknowledged that multinationals still required ‘a lot of learning’ in realizing that the key was ‘not political stability, period’. Expressing a common perspective, one manager insisted that the priority concern was with governments’ ‘capacity to overcome domestic resistance to foreign investment’. One leading business organization working in the field of Corporate Social Responsibility lamented that, especially in the United States, CSR was understood to mean little more than an increase in social philanthropy, and, few US firms ‘even have the vocabulary to engage in debates’ over the pros and cons of different forms of overarching political systems.

Many investors acknowledged that their overwhelming concern was indeed with a narrow range of issues seen as distinct from the nature of political processes, including the sanctity of contracts, expropriation risks, tax fluctuations and the ease of repatriating profits. Governance issues were often distinguished from democracy in strikingly categorical terms. Even those professing to be keenest on MNCs playing a more positive and proactive role in relation to good governance reforms in developing markets insisted that, as one business representative noted, 'democracy is a word to avoid'. To the extent that governance was a legitimate and necessary focus of companies' action it should be limited to its directly 'business enabling' elements.

In fact, as the 1990s progressed it was not clear that even the narrower concepts of good governance and the rule of law were always judged quite as important as often assumed. To the extent that authoritarian governments had the scope to give more freedom to foreign firms through separate laws and regulations, good governance was not always beneficial to MNCs' interests. Executive discretion often overrode rules-based procedures specifically to further the interest of international investors. As one firm acknowledged, a primary concern was with 'courting the key reformers'. It was argued that only well after establishing themselves in a particular market and benefiting from strong personal networks would multinationals turn their minds to pressing at most for very specific changes — the redrafting of certain legislative provisions or the removal of an individual corrupt official hindering that firm's own business.¹⁴ A common mentality was, as one manager put it, that of 'when in Rome, doing as the Romans'.

Even where increases in FDI were triggered by limited institutional improvements, 'first mover' advantages then encouraged other firms speedily to enter the new market rather than wait for more far-reaching liberalization.¹⁵ Much attention was given to the political connections of large multinationals, although it was suggested that smaller firms seeking to enter new markets often engaged in even more acute forms of 'state capture' precisely because they lacked the embedded influence of bigger firms.¹⁶ Multinationals typically stressed that a key factor was the *extent* of foreign investment in a given market: only where there was a dominant foreign presence would the 'centre of gravity' shift in favour of supporting the adoption of international good governance standards.

In East Asia it was widely felt that Western businesses were attracted by the limited labour rights and social order integrally linked in many minds to the region's lack of democracy. Singapore, with predictable and pro-investment semi-autocratic government, established itself as one the world's highest proportionate recipients of FDI.

A comparison was frequently made between China and Russia, the Former implementing economic reform in a highly controlled fashion and attracting more FDI than Russia. In China, one view was that foreign firms accommodated themselves well to personal *guanxi* networks, and that on many crucial decisions were overtly favoured and protected by key reformists in the regime.¹⁷ One executive captured a common view in suggesting that the Chinese regime was helpfully seeking to 'keep a lid on' the deleterious effects of social and economic change. Despite political atrophy, in 2002 China overtook the United States as the world's largest recipient of FDI. In Vietnam, firms such as Coca Cola and Procter and Gamble were allowed to operate with considerably more freedom than domestic sectors.¹⁸ In Indonesia, President Suharto created a 'parallel economy' for the foreign sector, with streamlined administration, rules that were clearer and less susceptible to bribes, a separate commercial court, and better international property rights protection. This created a model of 'zonal capitalism', comprising sites of attractive investment conditions within a deeply problematic overall political context. FDI to Indonesia rose sharply throughout the 1990s, attracted by sufficiently developed markets combined with stability and the suppression of labour rights.¹⁹

In the Middle East, it was suggested that multinational firms were not concerned with broad governance conditions, but only with far narrower issues. Investors were drawn to the region in the 1990s by the decreasing risk of expropriation and firmer guarantees over the sanctity of contract, but were concerned over the continuing difficulties in repatriating profits.²⁰ In the Arab world investors' attitudes towards political Islam continued to militate against support for political liberalization, with most companies seeing the prospect of Islamist parties' gaining political influence in largely negative terms. Managers commonly attested to the particular need for 'strong helmsmen' in the Arab world, and a view that the lack of a developed middle class would render democracy, in the words of one manager, 'a shambles' for international business interests in the Middle East. In North African states it was the state-party-business nexus that was responsible for getting economic reforms off the ground.²¹ In Morocco, partial political liberalization, new FDI incentives, a pro-European new king, and a new anti-corruption campaign sufficed to attract large increases in foreign investment after 1999. Moroccan civil society protested that MNCs had been exempted from the king's new anti-corruption drive and complicit in the increasingly evident stagnation of the political reform process.

In general, throughout North Africa and the Middle East, relatively rudimentary market structures encouraged companies to maintain patronage-based links. With good governance reforms not seen as an imminent prospect, for MNCs to back a switch to rules-based systems

was still seen as more of a risk than a potential gain. This applied to an even greater extent in sub-Saharan Africa, where it was pointed out that FDI flows were correlated only with the general openness of economic policies, not political–institutional factors.²²

The shares of investment going to the new democracies of Latin America continued to fall relative to the still largely non-democratic East Asian region.²³ Credit rating services ranked most of Asia, and even most North African autocracies, as more reliable and stable investment destinations than most Latin American states.²⁴ Spanish companies — the largest investors in Latin America by 2000 — explicitly attributed part of their success in the region to common understandings of what one manager termed the ‘informal processes’ of business with Latin American elites. Deals involving large Spanish companies, such as Iberia, Repsol, and Telefónica, were often arranged with significant intervention at the highest political level. Spanish businesses even insisted that investment in Venezuela had been made easier as a fractious ‘partyocracy’ gave way to the authoritarian-populism of Hugo Chávez. While the latter adopted more protectionist rhetoric, he also sought to open some of the opaque networks that had benefited local business elites over foreign firms.²⁵ Market reforms were in many Latin American countries facilitated by the supine passivity of legislatures and opposition parties. ‘Flexible rules implementation’ was regularly used to benefit multinationals. To the extent that formerly radical parties and politicians came to espouse more investment-friendly policies, it might be argued that formal democratization in Latin America had simply come to be seen as less of a risk to FDI.

Investment analysts did not distinguish to any significant extent between good and bad democratic performers in Latin America.²⁶ Mexico, one of the region's least pluralistic states prior to 2000, attracted 40 per cent of all FDI to Latin America during the mid-1990s, with NAFTA membership and the ruling PRI's firm control over autonomous, anti-privatization unions appearing comfortably to outweigh any concerns over the paucity of political reform. One key utilities investor suggested that Chile's well-regulated market structures comprehensively eclipsed any consideration of remaining ‘democratic imperfections’. Under Alberto Fujimori, Peru was one of Latin America's most extensive privatizers in the 1990s and one of the fastest rising recipients of foreign investment. Even Cuba opened up to foreign capital from the mid-1990s, including in real estate and the banking sector, and the Cuban regime went as far as offering streamlined procedures for MNCs in export processing zones.

In several countries, investment appeared to be deterred by growing civil society activism. FDI to the Philippines declined in the aftermath of Joseph Estrada's impeachment, the product of a strong and lively

civil society. In many such cases MNCs expressed concern that a dispersal of power would hand greater influence to ministries and lower levels of government less committed to market liberalization. This was particularly notable in states such as China and Vietnam. As one executive opined, 'Decentralization processes can be problematic, as lower tiers can be more open to undue influence'. Another manager lamented that where local bodies, often with more democratic legitimacy than national bodies, gained competences pertinent to FDI this invariably made processes increasingly 'tortuous'. Most investors expressed greater concern over Russia — where companies such as BP had assets expropriated by local democratically elected leaders in the 1990s — than China or Iran. Rio Tinto shut down operations in Russia after 1995, citing corruption and general political uncertainty; a review of this decision in 2002 opined that Putin's strong executive control had rendered the investment climate more attractive, but still not sufficiently for the company to recommence business in Russia.

In short, the logic of the Prisoners' Dilemma often worked against firms pushing strongly for more rules-based structures. Even where all companies would gain from structural changes to institutional procedures, for each individual firm it was better to pursue their own interests through preferential patrimonial-type processes. This was particularly pertinent for investment in extractives and utility privatizations. Most investors judged that forming partnerships with local companies could provide a satisfactory means of dealing with the lack of transparency. Governments in developing countries were recognized to have commonly pushed their policy-making discretion beyond constitutional limits precisely in order to extend economic liberalization and increase access for international capital. Even where MNC headquarters claimed to be concerned with governance, it was acknowledged by the same companies that local managers often remained wedded to a different perspective. Few MNCs put programmes in place to reduce the scope for local managers to adjust to local rules. Within the classic OLI theory of the firm framework, it was argued that 'Location' became less important as a self-standing variable. Insofar as competition between the increasing numbers of TNCs was now a more potent dynamic than TNCs' need for institutional changes to overcome the disadvantages of being 'outsiders', it was argued that location became important primarily for how it affected internal managerial efficiency relative to other TNCs.²⁷

Some evidence indicated that foreign investors operated in a way that actively blocked — rather than purposively assisting — spillover from economic to political liberalization. It was argued that in non-democratic contexts, MNCs in practice tended 'to become de facto

members of the incumbent political regime's support coalition'.²⁸ In particular, FDI reinforced stagnation at a level of partial reform. Most classically, FDI in the oil sector facilitated the continuation of rent-seeking states. Joint ventures were invariably conducted with a government-selected partner, the latter passing on a share of revenue to the state. It was held that foreign investment had this stalling effect especially in North Africa and the Middle East and Asian markets such as Vietnam.²⁹ There was also growing unease over foreign businesses providing services for local stakeholders, with fears that this was actually undermining local democratic accountability and facilitating the atrophy of state reform.³⁰ A report into Shell's community projects concluded that most of these were aimed less at improving long-term local capacities and more at simply placating immediate opposition to investment plans.³¹

2. The Chimera of Truncated Politics

In contrast to these standard perspectives, other evidence suggested that issues related to the quality of democratic processes were increasingly taken on board by some international investors. While the low intensity democracy thesis retained some validity, it could not fully capture the evolution of developments during the 1990s. It was suggested by one business organization that '9 out of 10' companies had embraced the Corporate Social Responsibility agenda due to an enforced crisis affecting their image, but had then more proactively built upon this to reassess the nature of their own interests. One US business group insisted that CSR had gradually encouraged companies to look outside their own internal operations and assess how these related to 'public policy-making processes'. This had led to an expanded definition of 'political risk' and an explosion of board-level forums within MNCs assessing 'politically nuanced issues'. Many of the states where FDI inflows decreased or reached a plateau during the late 1990s were those beset by an atrophy of democratic reform: Jordan, Egypt, Tunisia, Kenya, Ethiopia, Uzbekistan, Cambodia, Malaysia, Vietnam, and Belarus.³² Companies alluded to a number of concerns that touched on the nature of broader political structures within developing markets.

Most notably, a growing preoccupation could be detected with the effects of arbitrary and unpredictable decision-making. Rather than MNCs being uniformly protected by authoritarian regimes, many perceived increasing discrimination against foreign firms. Even where authoritarian governments appeared to be strongly committed to

economic reform, a lack of checks and balances made it easier for regimes abruptly to impose restrictions, nationalizations and limits on property rights, or to reduce investment protection provisions. Where access was determined so arbitrarily and uncertainly, MNCs often found themselves bidding-up the entry price against each other. It was regularly pointed out that the level of required bribes and 'facilitation payments' rose dramatically during the 1990s.³³

Crucially, these concerns suggested limits to how far the good governance issues most directly pertinent to international investors could be improved within a non- or weakly-democratic context. Even the World Bank came to reconsider its narrow, technical view of good governance, at the start of the new century claiming to have learnt that the latter required improvements in the 'formal channels of political influence and interest intermediation'. To this end the Bank advocated firmer judicial independence; strengthened legislatures, within a more rigid separation of powers; political competition, in particular through strong, autonomous political parties; strong labour and business organizations to articulate interests within civil society; and freedom of the media.³⁴ While arbitrary and opaque decision-making were often more marked in authoritarian states, low-intensity democracies had also self-evidently failed to combat corruption and patronage. Indeed, in some ways, weak democracy proved to be the worst of both worlds for investors; on the one hand, it limited the scope for the kind of state-driven clampdown on corruption seen under authoritarian regimes; on the other hand, it failed to guarantee strong rules-based mechanisms for effectively processing demands for less corruption and had dispersed competences in a way that provided for a greater number of entry points to exercise bribery.³⁵

Many Western companies professed a growing recognition of the relationship between good governance and broader political structures. An expert from one leading US business organization pointed out that a separation between narrow good governance and democratic reform might be 'theoretically possible' but that in practice MNCs began to express concerns that attempts to isolate technical reforms from political change 'soon begin to crack' and were often ultimately destabilizing. Corruption was seen as particularly problematic where its costs were difficult to judge, such uncertainty tending to flow from the arbitrary exercise of overarching political decision-making. One US business representative insisted that, while few companies thought explicitly in the same terms as debates over 'democratic quality', they had increasingly come to see broader political changes as 'necessary components' of their perspective on rule of law issues. Significantly, many companies themselves uncertain over such debates professed to have

been influenced by the World Bank's slightly expanded concept of good governance. In new democracies, a general concern raised by MNCs was over the potential for persistent corruption eventually to provoke a dramatic deterioration in political stability, leaving investors 'on the wrong side' of any interruption in incipient democratization processes.

One manager suggested that executive-heavy process was 'a dual-edged sword, better than other systems when it is working for you, far worse when it starts working against you'. Bigger firms often felt they could handle petty corruption, but were hit harder by the uncertainties introduced from a higher political level. Companies complained that import rules or customs procedures were often changed by governmental decree with goods already sitting in ports. Anti-corruption drives in developing markets were most commonly carried forward as personal campaigns of leaders, often with the primary aim of bolstering the latter's political standing. To the extent that improvements were then not embedded in objective institutional rules and structures, they were prone to reversal. Such concerns fed into the judgement of one US employers' organization that the governance elements of the Washington Consensus were drawn far too narrowly for business interests.³⁶

Such problems were, for example, witnessed in East Asia. While FDI to the region increased, severe restrictions and problems were suffered due to the arbitrary nature of political control. Leaders in the region tended to use FDI provisions for political purposes, turning access on and off to effect political influence. In China, the costs of adapting to *guanxi* channels of influence became higher as the reform process deepened and the difficulties of gaining purchase over or an understanding of systemic-level regulatory changes became more evident.³⁷ In Malaysia, Prime Minister Mahatir restricted FDI to states such as Sabah in punishment for their challenging his rule. The weak rule of law in the Philippines was manifest in the Supreme Court reacting to political pressure and blocking both the sale of Manila Hotel and the opening up of the oil sector to foreign buyers. In general, throughout the Asian region limits on imports were related to the influence of vested interests. With leaders able to negotiate away access with so much political discretion, the market entry price rose, with this linked to and compounded by nationalistic drives against the West.³⁸ In Burma, some of the openings to international capital were reversed at the end of 1998, the lack of any prior open debate on these measures leaving companies uncertain. The elite-sanctioned deals so helpful to international investors' access to East Asian markets were widely seen as the ultimate cause of the region's financial crisis in 1997–8. By 2001, interview evidence suggested that European firms were scaling down investment

plans in East Asia due to the prospect of instability returning, with this being linked to the failure of the region's weak and semi-democracies to carry through governance reforms once the immediate crisis was over.³⁹

Similar trends were also evident elsewhere. In Egypt, the Mubarak regime summarily changed bidding rules and backtracked on key privatizations targeted by Western firms.⁴⁰ In Morocco, the anti-corruption campaign launched at the end of the 1990s was eventually scaled back in response to pressure from the employers' organization with strongest patrimonial links to the royal palace. Despite initiating an anti-corruption drive, General Musharraf failed to prevent FDI flows to Pakistan decreasing significantly after 1999;⁴¹ Western companies were openly concerned over his increasing circumvention of institutional procedures and delays to the timetable for reinstalling democracy. While many investors agreed that Musharraf in some senses represented an improvement on the formally democratic, deeply corrupt Sharif government, longer-term uncertainty discouraged them from targeting Pakistan for new FDI.⁴² In the Ukraine, Western businesses lost out to Russian firms tied into patronage-networks with the country's political elite.⁴³ Despite the presence of pro-Western autocrats, the arbitrary nature of policy-making and lack of a rudimentary rule of law in Central Asia sufficed to scupper a number of large oil deals with MNCs.

Such concerns became increasingly prominent in Latin America too. Prominent economists suggested that after the one-off benefits of utility privatizations, sustained increases in FDI to the region had been discouraged by a lack of broader institutional reforms.⁴⁴ Good governance improvements were blocked by political elites intent on retaining domestic patronage networks. On many occasions foreign investors insisted they were excluded from open bidding processes as assets were divided up between domestic allies of incumbent governments. Domestic patronage networks hindered alliances between domestic and foreign capital in Latin America, with local business often blocking the good governance proposals of international capital.⁴⁵ One business organization claimed that the prevalence of a 'know-who' rather than 'know-how' political culture was a major disincentive to many potential new investors in the Latin American market. Even where politically linked investment deals assisted large MNCs, the paucity of rules-based cultures ensured that the presence of small- and medium-sized investors remained negligible throughout the region. Political factors helped confine investment to contained enclaves, dominated by a few very large purchases — Spanish FDI in utilities, German investment through two or three firms in the automotive sector, the United Kingdom's massively increased presence solely through Vodafone's expansion into Latin America.

In addition, while many non-democratic regimes pursued economic openings, the innate nature of their political control invariably limited the reach of market reform. Reform ceilings were increasingly evident in autocratic regimes, restricting investment opportunities. As noted, such regimes were susceptible to stagnating at a stage of 'partial reform, as patronage-based distributional coalitions were able to benefit from new market and regulatory structures while preventing far-reaching change such as might undermine the rent-seeking private interests essential to propping up autocratic governments.⁴⁶ Significant limits to economic reform also resulted from militaries keeping hold of many sectors far beyond the core functions of the armed forces. Limits were commonly placed on the foreign ownership of information-based sectors due to political sensitivities of authoritarian regimes. Local industrialists and producers with privileged political links often ensured that exchange rates were kept overvalued to make their imported inputs cheaper, thus causing serious problems for foreign investors in countries such as Egypt and Burma.⁴⁷ Across the Middle East, traditional loyalty-based vertical structures clashed with the need for horizontal, sectoral cleavages to structure modern market economies; in this region, political elites used patronage networks to regain control over nominally 'privatized' assets, closing out other prospective buyers.⁴⁸ Chile's remaining 'authoritarian enclaves' included a provision guaranteeing military control over the state copper company, Codelco, frustrating a major opportunity for foreign companies. In Russia, the installing of democracy in a context of weak overarching institutional structures polarized party competition along ethnic lines and such fragmentation undermined the very legitimacy of the state, breeding conflict and corruption. These were all factors that contributed to investors' continued wariness of the Russian market.⁴⁹

By end of 1990s, it was clear that the Chinese regime was stalling on loosening its grip over the State Owned Enterprises — seen as the country's biggest potential prize for international investors — as the latter remained central to the CCP's basic political project. While China provided enormous opportunities for investors, limits to the reform process kept per capita inflows at a relatively low level and caused overall FDI receipts to plateau after the mid-1990s.⁵⁰ In 2000, China placed limits on the foreign ownership of Internet companies, mindful of the prospect of its political control being diminished by new technology. While foreign investment to Vietnam expanded rapidly from \$230 million in 1990 to \$18 billion in 2000, by this stage companies were pointing more to the effects of their continued exclusion from 'sensitive sectors', which included not only defence but most infrastructure provision.⁵¹

In Indonesia, while much attention centred on the links between large multinationals and the Suharto clan, a far larger number of firms found it difficult to break into the Indonesian market due to their exclusion from the circle of political favouritism. In the automobile sector, tariff preferences given to Suharto's youngest son kept out foreign competitors. Deutsche Telecom had to pay far in excess of the market rate for a licence to operate in Indonesia, for a partnership with a company with no experience in telecommunications but run by Suharto's second son. A Canadian mining company that believed it had discovered gold in Borneo was pushed aside in favour of another Canadian company, Barrick Gold, with better political contacts.⁵² The relative level of FDI to Indonesia prior to 1998 was actually very low—at \$18 per head between 1990 and 1998, lower than even China and apparently more closed North African states such as Morocco.⁵³ One European employers' group complained of investors losing interest in Indonesia as they were invariably taken to see a Suharto son or daughter as their new business partners in the country, this being increasingly seen as a 'major barrier' to successful investment projects.

In Cuba, despite the significant opening to foreign investment, the scale of opportunities remained heavily circumscribed. Foreign companies were frequently subjected to discriminatory treatment and it became clear that few sectors would be genuinely liberalized. Joint venture requirements remained onerous. These restrictions reflected the regime's fear that economic changes might eventually undermine its political control. One trade group revealed that investors were increasingly uneasy over trying to function within an increasingly bifurcated economic system. Cuba's opening to FDI reflected an expedient need for foreign exchange, and an embedded pro-investment climate was conspicuously absent. Investors in Cuba increasingly complained at the lack of institutional capacity to support FDI.⁵⁴ One multinational that had expressly discounted involvement in Cuba suggested that it had no principled problem with the nature of the political system, but that the lack of democracy could be linked to the country's limited market potential. Another revealed that new investment plans were 'stalled' due to a 'stand off' with Cuban authorities over political control relating to issues such as employment arrangements.

Governments routinely imposed joint venture partners on political criteria, engendering efficiency and operability concerns for MNCs. Invariably, the share of the joint venture that could be accounted for by the foreign firm was also limited. In China it was found that the CCP had established cells in 20 per cent of foreign firms through local partners, compared with only 1 per cent of semi-private firms.⁵⁵ Politically related problems associated with joint ventures were seen

as influential in the first drop in FDI to China for a decade, that was recorded in 1999. A significant fall in FDI to Vietnam after 1997 was also linked to the increasingly onerous requirements of regime-imposed 'business co-operation contracts': these were referred to by Cable and Wireless and Exxon, for example, as influencing their disinvestments plans. The business cooperation contracts were expressly introduced by the Vietnamese Communist party as a means of preventing economic reforms spilling-over to political change.⁵⁶ In Iran, conservatives on the Guardian Council succeeded in diluting President Khatami's proposals to liberalize access for foreign investment, particularly in the oil sector — ironically arguing for 'good governance' as a means of preventing secretive deals between the elected, reformist government and foreign oil companies.⁵⁷ Despite US sanctions, FDI to Iran increased in the early 1990s, but the widely expected 'take-off' then failed to emerge, with receipts stagnating at still lowly levels after 2000.⁵⁸ In part as result of its internal power struggle, Iran forced a BP exploration ship out of the Caspian Sea and to suspend drilling operations.⁵⁹ Even those pointing to the benefits of state autonomy, acknowledged that the legitimacy of many economically successful soft authoritarians was predicated on a determination to 'set the terms' to foreign economic interests.⁶⁰

Authoritarian regimes were widely seen as more likely to revert to aggressive nationalism and bellicosity, in order to establish a legitimacy lacking from internal political arrangements. This often impacted directly on investment decisions. Where analysts looked beyond narrower environmental and labour standards, it was invariably to flag up the prospect of insecurity being bred by harshly oppressive regimes and government-induced nationalism.⁶¹ Throughout the developing world, a major concern was with small, fragmented markets failing to cooperate and integrate between themselves, the prickly relations between different countries within developing regions being seen as a product of the nationalistic policies sustaining authoritarian regimes. The 'hub-and-spokes' structure of many relations between the West and developing regions was a significant limitation for MNCs.

Perhaps the most prominent concern was with authoritarian decision-making undermining support for market reforms, raising doubts over the sustainability of the kind of measures sought by international investors. As outlined in the opening chapter, influential theoretical work focused on the way that good quality democratic process can produce more balanced, more widely supported and understood, and more sustainable market reform and growth. It did appear that such perspectives began to resonate with some companies. One executive

acknowledged that even where democracy 'may create problems in terms of specific tactical issues, it can have a moderating influence against anti-market populism, through the need for coalition building'. Another, representing one of the world's largest MNCs, claimed that an increasing number of investors came to understand that 'stability is not the status quo rolled forward'. It was recognized that authoritarian governments' hoarding of the benefits of economic reform was unleashing unrest, social instability, crime and populist reaction aimed at limiting economic reform. In the words of one manager, MNCs came to realize that where stability was achieved through the suppression of grievances, 'the dam breaks at some time'; the importance was for market reforms to be based on a 'potential for change to reflect underlying social change'.

In Vietnam, the corruption associated with economic reform engendered discontent and ensured that an anti-corruption drive was used actually to weaken the position of reformers and slow the pace of market opening.⁶² In Nigeria, while oil companies were commonly viewed as protected and favourably treated by the dictatorship after 1993, labour unrest paralysed the economy and weakened basic infrastructure essential to foreign firms, with the military government eventually withholding payments to foreign investors. By the final years of the Abacha regime, companies such as Shell and Agip had closed down much of their production in response to attacks on their plants.⁶³ In North Africa and the Middle East, Western companies cited the general degree of repression as a concern in so far as it affected the stability of business practices and bred social tensions.⁶⁴ In Egypt, the technocratic manner in which economic reforms were carried forward bred labour unrest during the 1990s, the population angered at feeling they were being 'kept in the dark'; this unrest in turn encouraged a renewed clampdown on political rights and a slowing of economic reform.⁶⁵ In Turkey, the banning of the main Islamist party in 2001 actually resulted in concern among investors that the coalition behind the country's IMF reform package would be weakened.⁶⁶ Similar concerns explained the withdrawal of a raft of US and other Western companies from China in the aftermath of the Tiananmen Square massacre.⁶⁷

Low-intensity democracy patently failed to invest market reforms in Latin America with greater legitimacy. Where access to foreign capital was opened up through executive decree, considerable unrest and disinvestment often followed, this applying in Venezuela, Brazil, Peru, and Argentina. The consequent backlash against foreign investors focused particularly on Spanish companies, who became the target of windfall taxes imposed on the privatization of public utilities. Far from

welcoming Latin America's uniquely marked social inequalities as a 'disciplining' force, most investors came to list such imbalances as their major preoccupation. One European trade organization insisted that socio-political imbalances had not been a disincentive to MNCs' first entry into Latin America through privatization purchases, but that once foreign companies were present in the market they began to be viewed with concern. In general, nearly all multinational firms professed increasing concern over the emergence of increasingly 'two tier' societies in developing markets, fearing that reformers' failure to carry society with them was storing up far more acute instability for the future.

In Venezuela, the paucity of democratic process culminated in the coming to power of Hugo Chávez in 1998. Investors turned away from Venezuela in droves as Chávez began to dismantle institutional checks and balances. A new law increasing royalty taxes on foreign oil investors was pushed through, evading parliamentary scrutiny. The nationalism underpinning the legitimacy of Chávez's rule proved a significant preoccupation to potential investors. European trade ministries and business organizations recorded a significant decline in interest in Venezuela among investors after 1999. Business worries naturally became even more acute as the country's political instability culminated in the aborted coup of 2002. Amidst the general strike of early 2003, many MNCs withdrew staff from Venezuela — even as Chávez attempted to deploy his troops to keep foreign-owned plants functioning.

A further area of concern expressed by international investors related to the paucity of a range of economic capacities. Companies claimed to be increasingly worried by the tendency for authoritarian governments to overcentralize technical capacity, stifling the development of essential know-how over economic reform beyond a restricted clique of reformers. It was frequently pointed out that MNCs increasingly became more concerned with labour skills than labour costs, reflecting the need to adjust within highly sophisticated and rapidly changing product markets.⁶⁸ It was claimed that business had begun to see high-quality democracy as a guarantee of widely dispersed high skill levels.⁶⁹ In response to increasingly vociferous criticisms of international capital for encouraging a 'race to the bottom', it was argued that it was these variations in skill and capacity levels that helped explain why three quarters of FDI still went to advanced OECD democracies.⁷⁰ Some MNCs reflected such a view, increasingly professing a need for 'a race to the top' in the developing world.⁷¹

While much critical attention was directed at companies operating in Burma, the vast majority of MNCs judged the country's general lack of infrastructure and poor levels of education — the junta having

closed universities for most of the 1990s — to militate against new investment in the Burmese market. During the latter part of the 1990s, FDI to Burma plummeted, with Levi Strauss, Amoco, Texaco, BHS, Heineken, Carlsberg, the Burton Group, and Ericsson all pulling out, and of European firms, only Total and Premier Oil remaining.⁷² Many authoritarian regimes spent excessively on military capacity, in the absence of checks on money being diverted from pressing domestic needs and consumption spending. When Reebok allowed its first free trade union elections inside one of its plants in China in 2001, it claimed this was not simply a sop to NGOs but was essential to encouraging better quality input from the factory floor into the erratic policies of the Chinese regime.⁷³ Government control over information in closed polities meant that statistical information remained unreliable and distributed only very slowly, especially in relation to the state of government finances. Government-favoured companies were invariably exempted from disclosing the sort of market information essential to potential foreign investors. Democracy was seen as better in both generating and using information in the allocation of resources.⁷⁴

In Latin America, external investors complained that the regulatory agencies governing new market structures were under-resourced and weak due to their being run as political fiefdoms. Governmental links were recognized as having 'lubricated' privatization deals, but investors subsequently expressed concerns over the weakness of structures guiding post-privatization operations. Related to this, the state's lack of accountability and legitimacy helped explain Latin America's extremely low tax base, which MNCs invariably flagged up as a major obstacle to better services and infrastructure. The overcentralization of economic competences prevented local levels of administration from varying services better to meet the interests of economic agents.⁷⁵ European pressure groups, with prominent business representation, insisted that the more equal provision of education was the key to providing greater stability and generating longer-term European interest in Latin America.⁷⁶

It was also recognized by many investors that democratic transition became less problematic for foreign investors as the constraints of globalization modified the positions of those forces standing to gain from democratization. Many Islamic groups, for example, went out of their way to stress that foreign investment would still be welcomed in the Arab world should Islamists gain power under new democratic elections. This related to claims that strong, independent political parties could play a vital role in articulating overall packages of policies, addressing issues of coherence between different initiatives and more effectively monitoring corruption.⁷⁷ The absence of party programmes

pitting comprehensively worked-through choices against each other often militated against coherent, overarching reform programmes. Some MNCs revealed that they had built up contacts with political opposition in many non-democratic states with the aim of ‘developing key individuals’. While opposition parties were invariably critical of economic liberalization, where they had no prospect of being allowed to gain power they were discouraged from elaborating policies that addressed difficult tradeoffs between issues or developed a really coherent alternative to government policies.⁷⁸ The resultant, in the words of one German commercial representative, ‘muddling through’ was a big obstacle for possible MNC new entrants.

In summary, the nature of economic policy under authoritarianism or conditions of limited democracy presented dilemmas for MNCs. Far from providing a panacea for international investors, low intensity democracy brought its own problems for MNC operations in developing markets. This was especially the case for those companies not operating in the elite-protected, self-contained enclaves of oil, tourism, or utilities operations, and who depended on a broader social stability and vibrancy. Indeed, oil company representatives insisted that while their exploration business was invariably dependent on support directly from political leaders, their downstream operations were increasingly effected by a range of broader political considerations.

Sectoral differences were compounded by national variation. New thinking on expanded definitions of political risk was seen as most advanced among Nordic, Dutch, and UK firms. Of large oil companies, TotalElfina was among those demonstrating least concern with political rights, and Statoil was one of those most engaged — these positions to some extent mirroring French and Norwegian national traditions, respectively.⁷⁹ It was suggested that variations in MNCs' behaviour still owed much to the contrasting institutional structures of their respective home countries, with, for instance, US and UK firms, under pressure to maximize immediate shareholder returns, focusing on immediate returns more than German MNCs whose traditional links to the banking sectors gave greater managerial autonomy and scope for pursuing longer-term qualitative objectives and values.⁸⁰ Home country institutional features conditioned the way different investors perceived the importance of the host country's institutional environment.

Increasing attention was paid to the way that relatively narrow commitments to improve labour and human rights standards within the company's own operations could have a broader relevance, through the transplanting of MNCs' more transparent administrative culture to developing countries.⁸¹ This positive view related to the importance of the ‘self esteem of managers’ as a motive, managers being seen as

naturally inclined to a democratic perspective incorporated into their outlook from their own experience and values.⁸² One view was that, as such large players in many developing states, MNCs' promotion of 'internal democracy' could often have a major bearing on broader political values.⁸³ Such logic was attributed to MNC's tolerance within their own plants of labour groups banned at the national level.⁸⁴ The link between CSR and more general political concerns was illustrated in business human rights primers that, while focusing on core 'inside the factory gates' issues, increasingly intimated at broader concerns: the need to head off a decline in democracy within post-transition markets; the prejudicial impact of dictatorships diverting disproportionate amounts of resources to the military; patronage networks setting up tensions between favoured and excluded ethnic groups.⁸⁵

While expressing more political concerns, many companies at the same time professed considerable ambivalence towards the significance of either the presence or absence of good quality democracy. Many multinational managers admitted to having no view on the costs and benefits of either democracy or non-democracy. One German trade representative lamented that there was most commonly considerable 'confusion' among foreign investors over the nature in which their own operations were affected by the broader political context. Many MNC representatives acknowledged their lack of conceptual purchase on any possible tension between, on the one hand, the desire for strong rules-based state capacity and political competition to drive high-quality economic policy-making and, on the other hand, their own focus on cutting back the state and circumventing potential civil society opposition to reforms. One lead organization on CSR highlighted that the range of global agreements and compacts signed were seen primarily as representing an 'experimental space' for firms to get to grips with these kinds of issues over which there remained such overwhelming uncertainty.

Managers often referred to the range of politically related concerns discussed above, while still insisting that 'good governance' was pertinent to their interests in a way that 'democracy' was not. One account by a senior BP manager reflected this uncertainty, lamenting the 'uncertainties and insecurities of democracy', but then insisting that, as they moved beyond the natural resource sector, international businesses increasingly sought a strong and vibrant civil society and the involvement of local communities in decision-making.⁸⁶ Reflecting a common distinction, one executive argued that business needed to encourage more 'responsive' political processes without presuming that this entailed imposing a 'democratic blueprint'. While espousing all the substantive features of democracy, the International Chamber of

Commerce insisted it favoured 'no particular cultural or geopolitical model of governance'. Even leaders in the human rights agenda, such as The Body Shop, admitted to having no 'strategic overview' on democracy, keen to limit themselves to support for economic and social rights that were 'not tarred with the same brush' as Western liberal democracy. Crucially, MNC representatives tended to perceive favourable increases in the 'responsiveness' of states most commonly judged to be well short of meeting basic democratic standards. Such a judgement applied frequently to countries like China, Iran, and the Central Asian republics, all cases where a certain social and political 'fluidity' was perceived to provide for opportunities of political access. One business organization saw the division in terms of business seeking an 'enabling environment for democracy, not democracy per se'.

Business groups acknowledged that US firms became significantly more defensive after September 11, 2001. While the New York and Washington attacks forced politicians to at least pay lip service to addressing the political roots of terrorism, most international companies were, according to one business representative, 'just not having this conversation', focusing more narrowly on their own security concerns. The narrowness of the corporate governance agenda was compounded by the Enron and subsequent corporate scandals in the United States. Key corporate players in human rights debates within Europe also acknowledged that, while September 11 had rendered democratic reform more important, investors in practice became 'less brave' in the wake of the attacks. More nervous about being targeted for speaking out on political issues, companies focused more narrowly on grass roots social projects. A number of activist businesses, like the Body Shop, focused their human rights work increasingly on the restriction of rights *within* the West. Significantly, few of the terrorist threat assessments drawn up by MNCs in the wake of September 11 contained any focus on how democratic conditions related to the new security environment.

3. Democracy, Conflict, and International Business

Concerns over instability became even more acute in those cases where unrest descended into systematic, violent civil conflict. The nexus of concerns linking conflict management and political reform was approached in complex and varying ways by MNCs.

Basic security continued to precede all other considerations for MNCs. It was universally recognized that the costs of doing business in conflict scenarios increased significantly during the 1990s. Estimates varied, but in places such as Algeria and Colombia it was thought that between 5 and

10 per cent of oil companies' budgets went to the provision of security services. The International Country Risk Guide's 'political risk' category continued to be measured in relatively narrow terms. It proved difficult to pin down precise variables to measure political risk that correlated strongly with FDI flows. The various political risk indicators in existence focused on very direct aspects of instability: violence directed at foreign firms; riots and strikes; armed attacks. They mostly incorporated counts on specific events — the number of assassinations, demonstrations, or strikes — and included few variables relating to underlying political conditions and structures. Statistical tests over the last twenty years in fact show mixed results as to the strength of correlation between such events and FDI. In general, the proxies used for stability have captured only a narrow range of socio-political conditions and the attempt to provide quantitative estimates for an essentially qualitative phenomenon is recognized to have been unsatisfactory.⁸⁷

From the late 1990s, some investors increasingly expressed concern that the stability offered by non-democratic regimes was unlikely to prove sustainable. With the new world order in flux, it was recognized that non-democracies' erstwhile attraction as guarantors of stability for international business had diminished.⁸⁸ Certainly, when the repression of basic human rights became egregious, such abuses were recognized by international business as a cause of internal conflict, a blight that would 'subvert civil stability and legal integrity essential to long-term investment'.⁸⁹ The leading US employers' organization explicitly stressed that democracy was the 'best guarantor of political stability'.⁹⁰ One influential UK-based business organization set forth a new agenda that captured MNCs' increasingly political approaches to conflict issues, advocating business engagement aimed at strengthened guidelines for human rights in the use of security forces; greater care that ethnic tensions were not aggravated by firms' hiring strategies; assistance for civil society organizations; help to address the roots of conflict in inequality, corruption, and repression; media publicity promoting peace; and the exertion of pressure on politicians to resolve conflict through mediation and compromise.⁹¹ One senior business representative insisted that, while the large extractive MNCs were still obliged to operate wherever natural resources were located, they had distanced themselves from developing country governments seen as stoking civil conflict and in many cases had initiated peace-oriented local education programmes.

In contrast, other views indicated greater doubt that pressure for democratic change in conflict scenarios would prove optimal for business interests. One manager suggested that basic security was the ultimate 'bottom line' and that this could sometimes be best guaranteed by

democracy, but sometimes by firm autocratic rule: the challenge in terms of managing future trends was to assess which type of political system was most appropriate to different host countries. One survey found that executives' main concern was to be kept fully and honestly informed by host governments, in order to be able to assess the risks associated with a conflict. In this sense, MNCs were concerned with the provision of reliable information to minimize uncertainty. While the democratic management of conflict might best provide for such openness, there might also be the risk of a democratic government breaking off privileged channels with MNCs in response to domestic pressure and protest.⁹² Many firms judged coalition-based power-sharing arrangements less as a positive guarantor of stability and more as a likely impediment to speeding up economic reforms. The possibility of restless regions being placated through the devolution of taxation and other measures came to preoccupy many investors, who feared that regional elites were more likely to be anti-Western and protectionist. Expressing a common view, one executive insisted that the private sector was simply 'not competent to comment on how one resolves conflict'.

Security consultants observed that greater variation emerged between companies. While some began to take a longer-term perspective, wanting advice on how they might use their leverage to ensure a more sustainable resolution of violence over the often long lifetime of an investment, others adhered to a purely defensive line focused solely on finding adequate security services. One business organization revealed that many MNCs had expressed a strong preference not to engage in the politics of local conflicts, but had been forced to do so by the increasingly complex and pervasive nature of the security risks effecting their operations. Considerable reluctance remained and few MNCs could be judged to have gained a sophisticated purchase on or understanding of the relationship between conflict and different types of political reform, but managers had at least come more systematically to assess the possible 'unintended consequences' of their presence in war-torn societies.

Again, most MNCs stressed that they did not approach political challenges in conflict scenarios from a viewpoint of 'democracy versus non-democracy', but, in the words of one business representative, tended 'to feel more comfortable at the local level'. A new Geneva-based Business Humanitarian Forum, linked to the International Chamber of Commerce, espoused a strong 'local communities' orientation. The executive of one company present in a large number of the world's most unstable trouble spots insisted that the key was to 'engage the local community'. It is this that would provide the best guarantor of stability for MNCs, helping to prevent businesses getting 'caught in the middle' between paramilitaries

and insurgents by assisting the local community to 'stand up for itself'. Such thinking informed a range of new initiatives run by MNCs in conflict states funding local schools and community groups, presented as development projects with a political rationale. The new UK–US voluntary principles on business and security introduced in 2001 encompassed a notably more political focus in designing joint projects with MNCs in such areas. While this was seen as a significant development, one of its principal protagonists acknowledged that by the end of 2002 much concrete work under this framework had been scaled back and limited to the setting up of 'learning networks', precisely due to companies' reluctance to extend their role too far.

Evidence from different conflict zones demonstrated this uneasy mix of outlooks. In sub-Saharan Africa, a ranking of FDI receipts suggested that some of the region's better functioning democracies provided the stability necessary to foreign investment, with Namibia, Senegal, Mozambique, and Mali ranking high, Congo, Sierra Leone, Ethiopia, and Kenya ranking low. (Although, notable democratic-backslider Zambia was a high recipient, while democratic South Africa ranked low).⁹³ Mozambique in particular was cited by several companies as a 'success story' in terms of democracy improving investment prospects. In contrast, in the Democratic Republic of Congo, MNCs employed corrupt, ex-soldiers from the foreign armies of Uganda and Zimbabwe as conflict deepened under Laurent Kabila.⁹⁴ As part of his increasingly autocratic and anti-Western stance, Kabila actually detained a number of foreign executives, for example, from Heineken.⁹⁵ Talisman's operations in Sudan for a long time exhibited no discernible engagement with the county's repressive autocracy. Investors' perspectives on politics were often determined by the nature of their personal links to a local strongman. Sassou Nguesso's 1997 coup in Congo-Brazzaville led to renewed bias towards French companies, such as Elf Aquitaine, but was strongly opposed by US companies such as Occidental Petroleum that had begun to gain a foothold under the country's new democracy.⁹⁶

In Zimbabwe, Robert Mugabe's undermining of democratic procedure was clearly linked to growing instability and a breakdown in law and order, causing several investors, including Anglo-American, to hold back on planned projects.⁹⁷ Many investors claimed an increasing inability to function in Zimbabwe as basic economic infrastructure crumbled and operations were reduced to 'a shoestring' of bartering for vital supplies and inputs. In Nigeria, Shell coordinated new forums of community dialogue, these facilitated by the return to democracy in 1999. Here Shell was drawn to pushing for greater democratic control of mobile police units in Ogoniland, seeking to deflect criticism of its own use of security forces. On the other hand, a significant increase in kidnappings in

Nigeria after the 1999 transition was one of the major contributions to the global increase in the number of kidnappings of MNC personnel (with some of the largest other increases being recorded in democracies such as Colombia and the Philippines).⁹⁸ Several large companies revealed that the prospects of renewing investment plans in Nigeria actually declined after 2002; indeed, in March 2003, Shell withdrew staff from Nigeria after renewed attacks on its installations. Even where conflict represented the primary reason for not investing in several markets — DRC, Angola, Central African Republic — MNCs admitted to an absence of any coordinated position on how this related to democratic conditions.

Algeria was routinely judged to be an archetypal case of democracy being overturned to preserve stability, pro-market policies and a pro-Western government outlook. Western oil companies were welcomed by the military-backed regime and benefited from generous state protection. However, again, investors' concerns were mixed. After the military revoked elections in 1991, economic reform and privatization plans slowed dramatically, as the regime sought to placate the population and boost its own precarious legitimacy.⁹⁹ Nearly all oil and gas investment had to be undertaken through partnerships with the state companies, Asmidal and Sonatrach — British Gas, Gaz de France, and Germany's MAN AG entered the market this way, and Cepsa, Endesa, ENI, BP, and TotalFinaElf all engaged in state-linked partnerships for developing a gas pipeline to Europe.¹⁰⁰ These partnerships were seen as increasingly constraining on foreign companies. Despite the tight and largely effective security provided in the 'exclusion zones' hosting oil and gas operations, by 2000 less than 10 per cent of the hydro-carbons sector was under the control of foreign companies. The French government's tolerant attitude towards the regime did not guarantee commercial success: Air Algérie awarded a contract for new plans to Boeing in preference to Airbus; Algerian businessmen expressly avoided sourcing French products; and foreign minister, Hubert Vedrine's call for French companies to 'return to Algeria' for a longtime went largely unheeded.¹⁰¹

After 1999, President Bouteflika sought to steer the military away from their tough 'eradicationist' policy, in recognition that this had not succeeded in securing stability and that foreign investment outside the hydrocarbon sector had consequently remained negligible. As a result, a number of companies demonstrated a renewed interest in Algeria. In late 1999, nearly 200 French companies attended a trade fair in Algiers, by far the largest number for a decade. By 2001, however, violence and instability had returned, repression had increased against protests in Berber-dominated Kabilya, and Bouteflika's reform commitments had been comprehensively sabotaged by army

hard-liners. Foreign investors once again recoiled from Algeria. A number of French companies, for example, expressed disappointment at the lack of reform of the judicial system, and pulled out from investments planned in the early weeks of Bouteflika's mandate.¹⁰²

Colombia's civil conflict developed within a formally democratic context, raising the question of whether the country's more open political system had been less successful in reassuring international investors than where regimes had addressed violence in more autocratic fashion. Democratic procedures were improved in a 1991 package of reforms; but, more far-reaching reforms were blocked by the congress, including an aim to revive parliamentary procedures with a view to channelling societal demands into more peaceable political procedure. Investment to Colombia remained very limited, falling from \$5.2 bn in 1997 to \$2.6 bn in 1998. Even with new investment in the oil sector, a decline in investment confidence at the end of the 1990s led to Colombia almost ending up as a net importer of oil. In 2000, having offered new incentives, Colombia did secure \$620 million worth of new investment from two Canadian firms, Spanish firm Cepsa and Texas Star Oil and Gas,¹⁰³ but overall interest in new privatizations remained limited.

President Pastrana's Plan Colombia included reference to strengthening democracy, but focused primarily on eradication through military intervention. Some companies did support the notion of a firmer repression of guerrilla operations. The most marked decline in investment occurred when parliament did eventually act against Pastrana's predecessor, Ernesto Samper's suspected narco-links, and political alliances fractured.¹⁰⁴ Others professed to be keen on assisting a greater focus on Colombia's underlying social problems through a revival of local-level civil society activity. One BP representative insisted that, far from supporting paramilitary forces — for which the company had been criticized internationally — operations had been reviewed precisely because of the way in which the latter's activity was increasingly undermining democratic procedures.¹⁰⁵ Tough anti-terrorist legislation was on occasion used to push through privatizations, only for few foreign companies to then register interest. Concerns intensified as the military displaced local civilian policing, and an exodus of Colombia's middle class deprived foreign investors of partners through which to enter the uncertain Colombian market.¹⁰⁶ One European manager insisted that his firm's plans seriously to examine the Colombian market had been shelved as the increasing primacy of the military dimension had rendered even more remote any 'stable basis to society'.

In Cambodia, post-1993 power-sharing democracy proved to be unstable, with continual and increasing tensions between the CPP and Funcinpec. Some MNCs welcomed Hun Sen's coup in 1997, seeing this

as providing the possibility of greater stability. The keenest advocate of more far-reaching democracy, and one of its potential beneficiaries, Sam Rainsay, was also the firmest critic of MNCs not respecting labour standards and being given too easy access.¹⁰⁷ Similarly, in Afghanistan, much attention was paid to the fact that Unocal initially supported the Taliban as the force most likely to stem Afghanistan's debilitating civil war.¹⁰⁸ In both states, however, FDI soon dried up in the face of opaque decision-making and increasingly violent conflict. Foreign investment also remained negligible in the Balkans. New flows that did emerge went overwhelmingly to Croatia, not the region's paragon of democratic virtue. MNCs' main concern was with the small size of national markets in the Balkans, with the lack of cooperation between different national economies cited as the main disincentive to investment. A number of foreign investors expressed concern that Western pressure for Slobodan Milosevic's extradition encouraged the new Serbian government to circumvent constitutional provisions, this foreign policy aim seen as undermining an incipient strengthening of the rule of law in the country. Bosnia and Afghanistan were cited by several MNCs as examples demonstrating the insufficiency of the short-term restoration of formal democracy: well after these conflicts had subsided and political settlements agreed, investors remained reluctant to engage.

In other cases it was the potential for conflict and the fragmentation of national unity that exercised investors. This was exemplified most clearly in relation to China. China was the most notable market where such concerns over nationalism and conflict were prominent. One view among both analysts and investors was that democratization in China would breed instability and internal conflict. Many sinologists warned that the basic social changes requisite to a stable process of democratization had not occurred in China. Rather than having generated such modernization, the 'open door' economic reforms pursued by the Communist party had actually increased opposition, instability and fragmentation. Little civil society cohesiveness was evident and there were no intermediary political society institutions that could step into a breach left by a withdrawal of the Communist regime.¹⁰⁹ Many foreign investors expressed the fear that far-reaching political reform would lead to disastrous fragmentation, chaos, and a loss of technical economic drive and competence. At the most, very gradual partial reform might be desirable, building up basic social, economic, and democratic capacity while retaining scope for the elite-led economic reform project.

On the other hand, many investors also professed a concern that the lack of any significant political reform had itself become a source of tension and instability. In some cases, MNCs were keen to see a dispersal of

technical competences to ensure better implementation and design of reforms at provincial level. This perspective flowed from a recognition that the stalling of political reform had actually produced exactly what MNCs feared, namely a bifurcation of China into a reforming core of enterprise zones, on the one hand, and a rural heartland run by corrupt and nationalistic fiefdoms, on the other. This split had not only limited market expansion, but also begun to encroach upon existing enterprise zones. Some feared that dynamic reformist states were being held back by the centre, producing increasing tension while regressive states had not been assisted in the development of autonomous regulatory competence and capability. A common view among both analysts and investors was that the Communist party had sought to prevent such fragmentation by engendering a more vehement form of Chinese nationalism. Such nationalism, that is, was seen as the flip side of the disjuncture of socio-economic change being pursued within an unchanging political system. The general climate of political relations between China and the West was a concern for investors, the latter fearing the unpredictable, periodic interruption of economic access for diplomatic reasons and China's increasing insistence on bargaining away such access only for geostrategic gains. Investment in the gas fields of the South China Sea, for instance, looked increasingly risky due to China's attitude towards other states in the region and its stoking up of territorial claims.

4. The Uncertainties of Democratic Transition

A related set of issues pertained to the *process* of political change. The opening chapter outlined debates over the respective virtues and risks of pacted and crisis-induced transitions. While MNCs might prefer democratic conditions when these are already firmly established, the transition to democracy from non-democratic conditions inevitably engenders a range of uncertainties. The nature of transition can be expected to condition the business sector's attitude towards democracy, rather than this position being predetermined. Graduated transition might be less chaotic, but also leave in place many of the old structures of the authoritarian regime with which the business community had itself become increasingly uncomfortable. Even if they are not proactively enthusiastic about democratization, MNCs will need to position themselves to prosper within a context of political change once the latter seems to be likely. International investors might be seen as having to make a judgement when the scales tip in democracy's favour, and transition seems more likely than the survival of an authoritarian

regime. This raises the question of when it serves the MNC to switch from focusing on maintaining links with the incumbent regime to reposition itself to work with the momentum of incipient political change. It might then be the case that MNCs are unlikely actively to resist transition even where they have prospered under non-democratic conditions. If, conversely, they perceive the shifting of allegiances to be prohibitively risky, the introduction of democracy will be seen in less sanguine fashion.

As the political trends of the 1990s unfolded, investors did exhibit a degree of such tactical reasoning. One business group representative pointed out that MNCs had become happier to contemplate assisting processes of democratization where they judged that they were 'pushing on an open door'. In general, MNCs operating mainly through local partnerships insisted that a central factor for them was if and when those local firms shifted allegiances. If they shifted early on, MNCs were more likely to press for transition. If local partners retained allegiances to the regime when societal pressure was pushing for change, MNCs faced a more difficult decision of whether they then sought to press their local partners to switch sides.

Some of the problems associated with transition were seen most clearly in Central and Eastern European states. In most of these transition economies, old structures, and forms of state control over economic activity were removed without strong new democratic structures being put in place. The demand for new patronage networks to deal with the uncertainty of transition was consequently often greater than the supply of new rules and controls. Even if political reforms were seen as generally beneficial, there was a lack of clarity over the impact of structural features of new political systems.¹¹⁰ Indeed, the cost of bribes increased throughout Eastern Europe as the 1990s progressed.¹¹¹ 'Outsiders' still did not perceive there to be good prospects for clean access and influence. Significantly, the incidence of 'state capture' increased in all but the very advanced *and* the very bad democratic reformers such as Belarus and Uzbekistan. The latter, having declined to begin any notable dispersal of political power in some ways retained a more predictable investment climate. However, investment flows suggested that MNCs began betting far more heavily in favour of the potential of the region's new democratic reformers. The more advanced reformers attracted a disproportionate share of new investment, and there was little evidence to suggest that investors preferred the non-reformers to the instability of those still in the more tumultuous phases of transition. FDI went overwhelmingly to the region's more ambitious reformers, as democracy, access to European institutions and economic prospects came to mould together in mutually reinforcing fashion.¹¹²

The 1997–8 financial crisis in East Asia also demonstrated that periods of change to new governance structures could be problematic. Such was the depth of the crisis that corrupt but well-understood norms were in many of the region's economies precipitately dismantled without firm and comprehensive new governance structures being immediately applied. Many MNCs reported that, as governance reforms were implemented under pressure from international institutions after the financial crisis, they actually found it more difficult to conduct business to the extent that it was no longer easy to determine what was either legitimate or necessary to win contracts. For many, the crisis was beneficial not so much for the governance reforms it pushed onto the agenda, but simply because in its wake cheap assets became available to newly international investors — while overall FDI to the region fell following the crisis, mergers and acquisitions actually increased.¹¹³

A number of notable democratic transitions occurred at the end of the 1990s. In Mexico, the key factor was the protracted and gradual nature of a political transition that took place over more than a decade. In Mexico, foreign investment started to fall in 1998, as companies viewed with increasing concern the PRI's political control over the financial system that had aggravated the peso crisis and the government's reluctance to countenance more far-reaching economic reform for fear of losing its political control.¹¹⁴ This was then compounded by the Zapatista uprising in Chiapas. In the words of one European commercial officer, political change in Mexico was 'no longer seen as all risk'. In response to the Chiapas uprising, Chase Manhattan urged a harsher suppression of civil unrest; but this widely quoted view did not accord with most investors' outlook.

In a sense, protracted partial political liberalization had become inherently unstable, having unleashed dynamics it could not itself resolve, and only a full transition was likely to quell the growing unrest and inject momentum back into a flagging programme of economic reform.¹¹⁵ By the 1997 congressional elections in Mexico, the prospect of the PRI massaging the polls to retain control of the legislature was viewed as a strong liability by the money markets.¹¹⁶ Many of the bigger Mexican firms targeted as partners by European and American firms remained ambivalent about democracy, but as the scales increasingly tipped against the PRI, some investors expressed concerns over prioritizing such partnerships with government-linked firms. It was suggested that the transnational faction of Mexican capital gradually prevailed over the more inward-looking national faction, this feeding into MNCs' evolving positions.¹¹⁷

During the gradual process of political liberalization, the centre-right PAN had overtaken the centre-left PRD as the main opposition party.

As PAN candidate Vicente Fox emphasized his business credentials, the PRI's exit from presidential office was by 2000 seen by foreign companies as, in the words of one investment organization, the natural culmination of a smoothly managed transition. Fox had indeed made an express effort to win over the foreign business community.¹¹⁸ His commitment to make Mexico's judicial system more impartial was seen as particularly important by investors. Even though there were some concerns that a democratic government might be more vulnerable to public opposition to market reforms, Fox was judged to possess the kind of democratic legitimacy that could help resolve civil instability. While PRI-linked domestic businesses campaigned against Fox's new opening to the Zapatistas, many foreign companies professed to welcome such moves as a means of stabilizing social relations and helping reverse the decline in investment witnessed during the late 1990s. After Mexico's protracted transition had culminated in the PRI's defeat in 2000, in 2001 foreign investment levels reached a historic high. Newly democratic Mexico weathered the uncertainty engendered by the Argentine financial crisis in 2001–2 better than in previous crises. The Mexican case seemed to confirm that a gradual process of change could help secure a coalition of democratic support behind an essentially pro-market, investment-friendly mandate.

Another Latin American transition was witnessed in Peru. After a number of years of President Fujimori's pro-investment policies being fêted by the international community, after 1998 FDI to Peru declined sharply. A common feeling was, that Fujimori had in the words of one foreign investor, 'out-stayed his welcome'. Fujimori's increasingly personalized and erratic rule came to require more and more increases in social expenditure to retain legitimacy, complicating orthodox reforms.¹¹⁹ Investors pointed worriedly to the weakness of institutional capacities. Tate and Lyle pulled out of a large investment due to the problems of obtaining guarantees over land tenure, like many other investors concerned at an over-reliance on personal support from the president's entourage. By the end of 2000, the international business community was openly calling for Fujimori to step down.¹²⁰ Crucially, business reacted as public support turned against the president.¹²¹ After Fujimori's resignation, political transition occurred relatively smoothly and was viewed favourably by foreign investors. There was some concern at new President Alejandro Toledo having to operate with only a minority in congress, and with the prospect of additional political space for civil society engendering unrest. Most investors, however, welcomed the greater degree of predictability compared to the instability with which Fujimori's rule had increasingly become associated.

Indonesia's 1998 transition appeared, in contrast, to demonstrate the problems arising from abrupt and unstable political change. The varying fortunes of international capital under Suharto, outlined above, raised the question of how different MNCs would fare when transition came. Most obviously, many firms close to the Suharto regime, such as Thames Water, suffered directly as a result of the change of regime. Among large multinationals there was evidence also of concern that democracy brought with it union pressure for higher wage levels in Indonesia, with several MNCs considering relocating to other Asian countries for this reason after 1998.¹²² However, even the 'outsider' firms that had had the biggest incentive to support a political transition found that the conditions after 1998 were not favourable to new entrants. Old norms had been overturned, but new rules had not firmly been put in place. The price of bribes actually increased in the year after Suharto's departure as levels of uncertainty increased.¹²³ The very turbulence of the transition imposed limits on economic liberalization. President Wahid opened some sectors, such as telecommunications, air transport, power generation, shipping, and trains, but others remain closed, as he attempted to quell unrest. Institutional structures were not put in place that were sufficient to guarantee rules-based market operations. The transition was seen, including by external bodies, as dependent largely upon President Wahid. The latter and his team of reformers increasingly bypassed the judicial system and those regulatory bodies putting obstacles in the way of foreign investment to try to reach deals direct with MNCs. This once again favoured the larger politically influential foreign companies. Despite formal democratic transition, the scales appeared not to have tipped in favour of a rules-based culture.

Foreign investors acknowledged that such were the uncertainties of the transition that they looked more to guarantees from a small cabal of reformists and the president rather than to any imminent embedding of the rule of law as the means of securing their interests. One example was the agreement to investigate a Bank Bali corruption scandal, against the obfuscation of institutions still permeated by the previous regime's personnel, introduced by Wahid specifically to try to keep the United Kingdom's Standard Chartered Bank from withdrawing as a potential buyer. This scandal eventually brought down Wahid in the summer of 2001, unleashing a period of further instability. FDI dropped sharply in 2000 and in May 2001 Indonesia's credit rating was downgraded. Uncertainties accumulated as the parliament launched impeachment proceedings against the president. Rumours emerged that Wahid was preparing to dissolve parliament and declare martial law. It was, ironically, the military and police that apparently held him back from doing this. Foreign investors were increasingly

concerned at the country's political climate. The parliament's ostensible desire to attack corruption was seen as an essentially politically motivated vendetta against Wahid. Indeed, investors expressed concern that the impeachment proceedings were leading to a politicization of economic reforms, parliamentary opposition to Wahid blocking economic liberalization measures during 2001.

The conflictive and uncertain nature of Indonesia's transition, integ-rally related to the factors making it difficult for the new democracy to contain regional conflict within the country, had a clearly prejudicial impact on the perspectives of foreign investors. It also conditioned Indonesia's subsequent descent into a spiralling cycle of violence in a number of regions with growing independence movements, in particular Aceh, Irian Jaya, and the Moloccus islands. Indonesian democracy loosened the centre's grip on the provinces, but did not provide sufficient devolution to temper violent conflict. Exxon suspended production in Aceh in March 2001 due to growing violence; by June the company was considering reopening, but was still cautious. President Wahid was judged to be unable to make stick the ceasefire he had negotiated with rebels in Aceh. The problems associated with this helped bring to power Megawati Sukarnoputri on a ticket of strengthening Indonesia's territorial integrity, involving a commitment to clamp down harder on regional movements and resist the sale of natural resources in the regions to foreign investors. To try to placate the provinces, President Wahid had devolved to them new powers over procurement and taxation. Some foreign investors feared that this would merely provide extra scope for corruption. It was also recognized that leading politicians in a number of provinces were far more hostile to multinationals than was the central government. Megawati committed herself to re-centralizing most competences. Neither this, nor the new president's apparent emphasis on providing a firmer army crackdown in the regions, provided comfort to foreign investors. The latter foresaw further battles over regional competences and increasing violence ahead. An executive of one MNC insisted that, if the company was not already committed to a long-term project, by now 'Indonesia would be a long way down the list of priorities'. Indonesia had passed from the violence of authoritarian breakdown to that of a weak, precariously embedded democracy.

Finally, a number of transitions in Africa also presented challenges to Western investors. In Nigeria, many firms that had won contracts through links with the Abacha regime had their contracts cancelled after the 1999 transition.¹²⁴ Shell had to spend millions of dollars in Nigeria mending fences with newly enfranchised local groups with whom its reputation had been extremely low. In Ghana, in the run up

to Jerry Rawlings finally stepping aside in 2000, corruption actually increased as actors sought to use any means possible to position themselves for the new situation, with foreign companies consequently holding back investment plans.¹²⁵ FDI flows to the Ivory Coast also plummeted after the end of the Guei regime, as a severely tainted democracy unleashed unrest and ethnic tension. In Africa as elsewhere, the failure to build democracy on firm, underlying social and institutional structures engendered concern even in those autocracies where investment had dried up and MNCs were keen to see political change.

5. Interaction between Business and Governments

The foregoing analysis reveals a variety of business perspectives on the impact of different types of political systems; this diversity of concerns was reflected in the private sector's practical engagement with and influence over the detailed aspects of governments' concrete democracy promotion initiatives.

By far the most common response from investors was to support the general principle of better quality democracy, while cautioning against the private sector becoming too directly involved in such a 'political' agenda. Lobbying on the concrete aspects of democracy promotion initiatives remained extremely circumspect. Whatever their concerns over the paucity of political pluralism in most developing markets, investors were reluctant to play any role in a politicization of democracy-related issues at the international level. Indeed, many companies expressed concerns that governments were increasingly seeking to push the private sector into such a predominant role on democracy promotion. Even where generally supportive of this agenda, the business sector resolutely resisted such pressure. One US business organization lamented that, despite their genuine interest in better quality political processes, in practice investors were 'only beginning' to realize why it might be in their interest actively to engage in democracy promotion strategies.¹²⁶ One manager insisted that, 'we wouldn't even begin to consider trying to influence political structures ... only to imprint our ethos of transparency and honesty within the company'.

Most firms admitted to considerable uncertainty over the best way to further their perceived interests in this regard. In the words of one trade organization, investors were unwilling 'to stick their head above the parapet' on political issues. Even where business perspectives on political change evolved, the private sector's practical lobbying strategies remained cautious. A strongly reactive attitude prevailed.

One executive acknowledged that, while welcoming governments' focus on democracy, 'it has not been our concern to shape that agenda'. Lobbying over political conditions was, on investors' own admission, negligible in relation to the focus on tariff liberalization or the macroeconomic environment. Despite recognizing the increasing impact of political structures upon their own interests, businesses insisted that the democracy promotion agenda was 'strategic' and a matter for governmental, not commercial, interests. One prominent business consultancy operating in conflict states noted that, while some MNCs became more questioning of autocratic regimes' failure to provide basic security, this did not translate into proactive engagement on governments' conflict resolution strategies. As one business representative observed, conditions in an emerging market had to get 'very bad indeed' before MNCs would be minded to take the initiative in pushing for specific political action.

Revealingly, MNC human rights and government affairs officers were, almost without exception, not even aware of the existence of governments' democracy initiatives — the Community of Democracies, new democracy clauses, increased political aid budgets, democracy-building links to conflict resolution. Retail and pharmaceutical companies insisted that they had far less reason than the extractive sector to engage 'on the big picture' or 'to get a handle on such [democracy promotion] policy-making'. A familiar claim was that in a context of resource constraints, lobbying continued to focus on the issues most directly pertinent to a company. Despite a professed recognition of the need to broaden lobbying concerns, this meant that an MNC like GlaxoSmithKline focused overwhelmingly on issues such as access to and pricing of medicines in developing markets. The International Chamber of Commerce noted that its members lobbied only on issues 'within our own sphere of influence', this excluding any significant engagement over high profile democracy-related diplomatic initiatives. Indeed, lobbying dynamics almost seemed to flow in the reverse direction, with MNCs concerned primarily with resisting governments' 'overly ambitious' expectations of companies' concern with broad political trends. Firms like The Body Shop had no democracy-focused lobbying strategy, but did engage with governments to warn that a 'kickback' against human rights efforts was beginning to emerge within the private sector as governments sought to use companies to 'hoover up difficult political issues'. Significantly, MNCs claimed to be more reluctant to harness Western governments' democracy promotion policies than they were to fund their own new programmes aimed at boosting civil society, legislatures or political parties. Many companies launched new foundations or initiatives providing support for the same

type of work funded under governmental political aid budgets, advocating such direct involvement in bottom-up capacity building even as they professed a distant disinterest in democracy-oriented foreign policies.

At most, companies intervened indirectly, by encouraging their trade organizations discreetly to point out political concerns to government officials. Moreover, business groups acknowledged that the lobbying that did take place was focused overwhelmingly at the multilateral level. Multinationals exhibited a strong preference to address political issues through multilateral compacts and agreements and to shelter behind governments' leadership of these initiatives. One example was the new extractives industry Revenue Transparency Initiative elaborated and promoted by the UK government. Much of the new Corporate Social Responsibility agenda was elaborated by 'leadership groups', with MNCs clubbing together in order to secure a 'critical mass' of private sector participation sufficient to effect more forceful lobbying on both home and host governments. According to one business organization this had not only led to the risk of 'initiative fatigue' but had also divorced the CSR agenda from the concrete actions of in-country managers.

Particularly in newly emerging markets, multinationals acknowledged that their uncertainty over the impact of political reform led the private sector to look to the advice of diplomats with detailed knowledge of local political specificities — the influence of diplomats over investors most often being judged to be greater than the conditioning of diplomatic policy by business lobbying. Somewhat the reverse of standard interpretations, one notable instance of this was the role played by senior US political figures in pushing reluctant firms into more positive engagement with China.¹²⁷ As many multinationals increasingly lost their 'national' base, this further weakened their engagement with national foreign policy aims and identities.

European policy-makers complained that the private sector failed to engage to any significant extent to back up governments' democracy promotion policies. When European trade and foreign ministries solicited views from international investors on democracy and human rights policies, they were disappointed to receive only a limited response. Governments became increasingly more explicit and outspoken in their efforts to get business to assume a more active role in relation to human rights issues.¹²⁸ MNCs did not engage with any significant conviction or commitment in the ASEM Asia–Europe Business Forum to push for political reforms. European governments expressed disappointment that the forums they had set up to help EU companies convey to Asian authorities their concerns over political structures

were not supported with any notable vigour or enthusiasm by those firms, who continued to see them as of marginal value. In the US and Europe, government engagement with business over commercial questions remained largely separate from democracy and strategic planning units.¹²⁹ This restricted input was particularly true of the European Union's Economic and Social Committee, slightly less so of the Trade Advisory Committee in the United States.¹³⁰ Without exception, Western policy-makers strongly lamented the disjuncture between the political and economic dimensions of their own governments' democracy policies, which, in their view, detracted from the coherence of the latter.

It was undoubtedly, and perhaps unremarkably, the case that business argued that new democracy promotion strategies should not disrupt short-term business access to developing markets. This reinforced governments' reluctance to use punitive strategies. Multinationals on several notable occasions lobbied Western governments not to adopt coercive policies against non-democratic states. The Spanish business community pressed particularly hard against the prospect of the centre-right PP government adopting more critical policies in Latin America, and in particular towards Cuba. The UK private sector — in a rare instance of direct lobbying on political issues — pushed for General Pinochet's release from custody in Britain. US firms ratcheted up their efforts to push for some degree of US engagement with Cuba. US oil companies consistently opposed US sanctions against Iran and increasingly found ways to circumvent such restrictions, many operating through European subsidiaries or middlemen in the region, as with Conoco's collaboration with Iranian operations to develop the Azadegan oil field.¹³¹ US companies similarly worked through French subsidiaries to win UN-approved contracts in Iraq. Oil company officials admitted that they increasingly pressed Western governments to warm relations with Turkey and Iran as the development of new oil fields in Central Asia came to require pipelines across these states to reach the West.¹³² In several cases, where there was significant disinvestment from autocratic regimes — as in Burma or Iraq — MNCs alluded to strong government pressure being a key factor. Even TotalFinaElf claimed that a lack of political support caused it to refrain from seeking further contracts in Iraq.

Concrete business engagement focused more notably on narrow governance issues. Good governance became a mainstream focus of MNCs' lobbying. The World Bank's early focus on good governance was interpreted as being heavily oriented towards the agenda of Western business.¹³³ This focused on the transparency of commercial courts, public procurement processes, and customs procedures. The vast majority of investors conceived this governance agenda as an essentially

apolitical agenda, in contrast to governments' democracy agenda. In some regions, MNCs expressed strong disappointment that Western governments were relatively soft in pressing for good governance improvements. Many European free trade area commitments were influenced by business input, this playing a role in ensuring that regional commitments went beyond traditional FTA packages to include commitments on the transparency of customs procedures, dispute settlement mechanisms, and rules-based standards harmonization. Most private sector lobbying sought to address under the good governance label reforms very specifically aimed at facilitating and improving neoliberal reforms. This drove a plethora of European and US initiatives on standard investment codes, public procurement transparency, certification procedures, and intellectual property guarantees. Many of these features of the governance agenda were those most closely aligned to the traditional trade agenda: good governance was, in this sense, perceived as a convenient label which imbued with greater legitimacy the same fundamentally economic objectives. It was the rise of this relatively technical strand of the good governance agenda that was seen as key to governments' need for greater input and advice from the business sectors.

In East Asia, Western companies pressed their governments particularly strongly to exert greater pressure on good governance issues; this was the region where government policy was most strongly conditioned by business pressure. The European Commission's strategy for Asia openly stated the primacy of economic interests for the European Union in the region, and stated that this required a more focused strategy on pushing for a 'favourable regulatory environment' for international firms.¹³⁴ The EU–ASEAN Industrialists Round table was highly proactive in the region and an influential actor on governance issues.¹³⁵ In China, European firms pressed their governments hard not to let foreign policy calculations push them into a premature deal on China's accession to the WTO that did not secure far-reaching commitments to governance reforms. The latter were seen by the private sector as more important than gaining immediate improvements in engagement and access conditions. MNCs berated the Commission for having agreed to a weak deal on public procurement with China that kept this area subject to negotiation rather than established firm objective rules. Due to China's size, this lenient deal on good governance was seen by investors as jeopardizing the whole rules-based trading regime taking shape at the multilateral level.

Even in relation to specific issues of corruption, business action was sometimes mixed. Many MNCs were reluctant to engage even on specifically trade-related governance regulations for fear of being too

politicized, and looked for expedient and individually negotiated solutions to their own problems rather than systemic level reform.¹³⁶ MNCs sometimes pressed Western governments to get their governance-related concerns in developing markets addressed through top-heavy procedures. Western governments often insisted on their broad rule of law and democracy agenda in the face of pressure from Western businesses to get immediate commercial problems sorted out through institution-circumventing executive discretion. In Vietnam, for example, European governments declined to press Vietnamese officials to overrule local banks frustrating credit payments to MNCs.¹³⁷ European multinationals lobbied against the OECD convention on bribery, arguing that this was imbalanced in focusing solely on punishing MNCs for offering bribes and not developing country governments for awarding contracts on the basis of such payments. In North Africa and the Middle East, there was very much less pressure from the private sector in relation to good governance. The overall potential of this region was relatively limited and governance structures were seen as holding less prospect of rapid improvement; as a consequence, few businesses engaged in the elaboration of Western government policies towards this region, and those that did, perceived a continued need for commercial penetration to be predicated on good high-level political contacts.

Notwithstanding such occasional caution, however, it was generally the case that companies' lobbying strategies began to incorporate good governance concerns as integral to and a corollary of the economic liberalization agenda. Even though some European firms claimed increasingly to be linking together concerns over good governance with democracy in regions such as East Asia, the overwhelming majority made a clear distinction in terms of their lobbying strategies on these two issues, a strong engagement on good governance contrasting with a reluctance to push for a particular line on democracy promotion. European employer organizations argued that the European Union's new commitment to democracy and human rights promotion risked politicizing high-level diplomacy and thus blocking the type of engagement that could be used to ratchet-up pressure on more specific good governance concerns. To the extent the narrower governance agenda reflected broader aims of encouraging democracy it was, in the words of one business representative, 'in building it up from the bottom ... through the rule of law approach'. Some investors insisted that they had to this end encouraged the World Bank to develop a more politicized concept of good governance.

Beyond the opposition to sanctions and the focus on trade-related governance issues, however, there was little evidence of proactive

business engagement *against* governments' broadening of the democracy agenda and civil society support. Private sector ambivalence functioned in both directions. If there was little business pressure on governments to pursue particular types of democracy promotion policies, neither was there active lobbying to limit Western governments' democracy agenda. Diplomats and investors insisted that no company lobbied against the increasing orientation of both US and European political aid towards civil society projects aimed at strengthening grass roots organizations. Punitive measures were not always actively resisted, and were most commonly adopted by governments some time after investors had of their own accord turned their attention away from the market in question. US sanctions merely cemented the withdrawal of most US companies from Burma, for instance, rather than prompting this exodus.¹³⁸ Developing country elites did not perceive international business to have been pre-eminent actors in limiting Western governments' strictures to a low intensity form of democracy. One analysis of US policies argued that the weakness of business engagement on democracy-related policies implied that where low-intensity pluralism rather than social democracy was favoured, this was less the result of concrete commercial pressure than the United States's in-built 'image of its own success'.¹³⁹

It was argued that US policy towards Mexico was driven by North American investors' desire for a controlled process of formal democratization which retained the Mexican state's ability to keep labour costs and unrest in check through repressive policies.¹⁴⁰ Some aspects of US policy did not in fact fit this picture. The Clinton administration pressed for limited improvements in basic rights and the rule of law and not formal political transition, insisting of NAFTA including a (albeit relatively weak) labour rights clause but no democracy clause. The United States' emphasis on strengthening military and police capacities in the Andean region might be interpreted as demonstrating a preference for 'controlled' democracy, but there was little evidence that this strategic approach was designed to meet investors' concerns.

Many MNCs conducting business in difficult places, like Colombia, sought to get governments to play a role as 'facilitators' in getting local communities to participate positively in participatory mechanisms set up by companies. The UK–US Voluntary Principles initiative engendered considerable tension: MNCs saw this as an opportunity to gain governmental backing for their concerns in conflict states and were angered when they judged that this failed to materialize; for the US and British governments, the Principles were presented as signing companies up to their human rights objectives. While such initiatives were not framed explicitly in terms of promoting local democracy, they did indicate that in some contexts multinationals were encouraged by

their troubled experiences on the ground to push with increasing vigour for some form of external political involvement, where most Western governments remained reluctant to intervene. Jardine Matheson actively supported Governor Chris Patten's democracy reforms in Hong Kong in the face of Chinese opposition. There was growing recognition that the 'keeping quiet' strategy was in many markets costing multinationals significant business and forgoing possible and necessary political pressure.¹⁴¹

Premier Oil's presence in Burma was perhaps the highest profile instance of tension between government and the private sector. Premier Oil rejected pressure from the British government to leave Burma, but itself professed to support the modest ratcheting-up of European pressure on the Burmese military junta. At the same time, Premier lobbied actively at the EU level for a dilution of the Common Position on Burma. Differences deepened when Premier angrily claimed that after seeking to push them out of Burma, the British government then sought to use the company's presence in Burma to proceed with human rights training on the ground and to gain access to political figures. Premier defended itself by alluding to the human rights programmes it began running with the Burmese military in 2001. While this was acknowledged as being partly about deflecting criticism, it was also seen as necessary to improve Burma's 'standards setting' capacity. The company argued that its lobbying at the multilateral level and within the junta resulted in the opening of access to UN rapporteurs. The latter's presence was presented by Premier as being strongly in the company's own interest, insofar as it could help regularize the human rights and labour standards applicable within Burma — this, it was claimed, was a form of self-protection against both the regime and international pressure. In contrast to Premier's resistance to government pleas, BAT did decide to leave Burma in the autumn of 2003 because — it claimed — of strong pressure from UK ministers.

In some instances, investors expressed greater concern over local conditions than Western governments keen to use new investments to cement a strategically important diplomatic relationship. As noted, French companies were wary to heed government strictures to return to Algeria in the absence of political reforms capable of guaranteeing a better security environment. European employers' organizations opined that EU governments had pushed ahead too fast with a free trade agreement with Mexico for foreign policy reasons, too readily surrendering leverage over local governance structures prior to sufficient political reform having been implemented. British firms were angered when the FCO's new rapprochement with Colonel Q'adfai led the government to promise UK private sector involvement in Libyan

infrastructure projects — way ahead of MNCs' own enthusiasm for re-entering the Libyan market. Indeed, such situations created diplomatic difficulties for Western governments: many developing country governments, accustomed themselves to exercising significant power over the private sector, professed not to understand why Western governments, purportedly keen on improving relations, were unable to ensure that multinationals invested more in their market.

Conversely, in instances where business did push for pure stability or low intensity democracy, governments often did not meekly follow. Despite Unocal's signing of an oil exploration contract with the Taliban, sanctions were progressively tightened against Afghanistan. Policy-makers acknowledged that many such strategically motivated decisions were made with little comprehensive or detailed understanding of the way they might impact upon immediate commercial concerns.

Significantly, external business perspectives on democratic governance were strongly influenced by US–European commercial competition. The standard view is that this worked to undercut democracy and human rights policies. After the Asian financial crisis, for example, many European firms urged their governments to keep a low profile and free ride on the results of US diplomacy. The increases in European investment to Cuba during the latter half of the 1990s took place despite significant problems associated with the political system, as investors sought to gain a foothold in the absence of US firms so as to have a purchase on developments after a future transition.

However, there was some evidence that European–US rivalry over the evolution of multilateral structures of governance was actually one of the factors driving the democratic governance agenda. Governments were often pushed by their respective companies to ensure that the form of regulatory structures adopted in emerging markets mirrored their own. In Asia, there was a feeling among European firms that they were finding it harder to manage social networks in the region than US firms, with the far greater presence of Asian-Americans able to use contact networks in the region.¹⁴² This was a particular concern of European firms in China, worried that this was shutting them out from the Chinese market to the benefit of their US competitors. US lobbying on behalf of AIG Insurance to retain personally negotiated favourable terms within the Chinese market drove European firms to press their governments for more far-reaching good governance commitments within the European Union's WTO deal with China, as a means of guaranteeing European insurance companies more equal treatment.

US firms supported the new OECD Convention primarily because they were already subject to constraints and were losing contracts to European companies. US firms, for example, felt more constrained in

the use of local partners whose actions, in plugging into local patronage networks, could land the US parent in trouble at home. That is, negative reasoning predominated. US investors were concerned to impose new restrictions on European and other competitors to a greater extent than they perceived the prospect of such firmer rules as innately positive for their own operations. As part of its aim to get democracy promotion onto the G8's agenda, the United States proposed a Business Alliance for Democracy, consisting of business leaders from the G8 and semi- or new-democracies to recommend political reforms and galvanize business pressure for democracy. Again this was motivated primarily by a desire to increase the pressure on the European Union, seen as undercutting US democracy policies in several key areas. Similarly, German and Nordic companies and diplomats pressed for tighter EU policies in order to restrict southern European states' companies and officials who they saw as being still too willing to cut deals with incumbents and pay 'grease' payments.

The Union States' use — or threatened use — of extra-territorial sanctions also acted indirectly, as many European firms became more cautious about investing in non-democratic regimes for fear of being subjected to these measures. A number of European firms withdrew from Burma not primarily because of the nature of the political regime but because they had found themselves prejudiced against when bidding for contracts in a number of US states with legislation imposing penalties on companies investing in Burma. The Helms-Burton legislation caused several companies, such as Sol Melía, to review their investment plans for Cuba, with the investment 'disciplines' agreed by the European Union and United States in 1998 failing to resolve such uncertainty. In short, issues at stake between the United States and Europe impacted in complex ways on MNCs' attitudes towards their own governments' democracy promotion efforts in developing states.

6. Conclusion

Significant variation on democracy-related debates emerged between MNCs operating in different sectors and from different home countries. The focus on core rights issues under the CSR agenda remained far stronger than concerns over broader democratic trends. International companies most commonly admitted to having undertaken limited detailed thinking on the impact of political structures on their own longer-term interests. Many MNCs prioritized autocratic stability and the autonomy of elite policy-making from civil society pressure, and much new investment was not correlated with improvements in political

freedom. Some investors, in some instances were increasingly influenced, however, by issues of democratic quality. A range of such concerns often impacted adversely on investment decisions: the risks of unpredictable decision-making; the increasing instability of market reforms pursued without strong civil society input and support; autocrats' tendency to limit market reforms to preserve their political position; unhappy experiences with politically selected local partners; the rise in nationalism in authoritarian and weak semi-democratic regimes; political elites' stifling of technical capacities at a local level.

Particularly strong concerns often emerged where authoritarianism was seen as having dramatic consequences for basic security. A clear view on what kind of political approach to resolving conflict could best protect investors' interests was less in evidence from the business community. The question of whether embedding peace and stability in war-torn states required democratic reform received varying and cautious answers from MNCs. There were increasingly cases where investment dried up where attempts at conflict settlement lacked a good quality democratic component, although companies themselves focused mostly on transparency and the strength of the local communities around their production sites. Transition processes were invariably difficult, cautioning companies to support very gradual change. Even if better quality democracy was often advocated and sought, investors looked for the kind of incremental change that enabled them accurately to read and predict political trends. Crucially for the private sector, strong and durable institutional structures needed to precede democratic transition. Controlled political reform was welcomed, but a dispersal of power was also advocated so that civil society capacities could be strengthened and help to stem instability and radicalism.

Overall, there was considerable ambivalence among international business over the costs and benefits of democracy, as well as over assuming any leading role in what companies still perceived to be an essentially governmental agenda. The piecemeal concerns identified over opaque decision-making structures did not translate into a strong overarching push for democratic reforms or for more significant content to be invested in governments' democracy promotion efforts. While a mitigation of the problems flowing from autocratic and semi-democratic politics was necessary, this was seen neither to require nor justify the imposition of wholesale, Western-style democracy. MNCs' practical engagement with governments on the details of the democracy promotion strategy was limited. The business community lobbied effectively neither in favour of nor against democracy promotion. Its main concern appeared to be with preventing governments' using the democracy promotion agenda to draw companies into more

controversial political issues. International business often exhibited a distinctive perspective on democracy to Western governments, but concerted private sector effort to make a tangible impact on the more detailed aspects of governments' strategies was not strongly apparent.

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4 Civil Society and Democracy Promotion

Few assessments of the changing patterns of international relations today exclude consideration of cosmopolitan civil society. The influence of civil society organizations, and in particular international advocacy NGOs, seemed inexorably to rise during the 1990s and became a staple focus in the analysis of changing political values. The common perception was that in so far as international ethics gained prominence, this principally reflected the growing influence of ideationally motivated NGOs in tempering the narrow self-interest of diplomacy and the private sector. This added a social dimension, a new set of protagonists meriting attention alongside the actions of governments and business. A third strand of debates over Western actors' role in international trends in democracy requires examination of the perspectives and influence of the NGO community.

This chapter finds that standard, general assumptions over the normative role of NGOs requires significant qualification when measured against the evolution of democracy promotion policies. From the 1990s, NGOs were as keen to restrict as to encourage key aspects of the democracy agenda. To the extent that Western-based NGOs influenced governments and business, it was as much in the limits to democracy promotion strategies as in their advances. Civil society's conceptualization of the relationships between democracy, on the one hand, and development, security, conflict, and globalization, on the other hand, was less than straightforward and exhibited agonizing conceptual contortion. NGOs lobbied strenuously for many of the basic tenets of democratic politics and in debates over specific rights questions had a clear impact on both Western governments and multinational companies. At the same time they were at best ambiguous, at worst openly scornful towards

accepting that this implied according democracy the moral or practical worth of core human rights, humanitarian intervention, or anti-globalization activism. For some NGOs democracy was legitimate political crusade; for others it was anathema to cultural heterogeneity and practical development needs; for most it was a broadly welcome yet somewhat fuzzily grasped dimension of international policy, influential in orienting many elements of civil society thinking but absent in name from their stated priorities. The international dynamics of liberal democracy suggested many subtleties, complexities, and arguably outer boundaries to NGOs' influence over global trends in political norms.

1. Normative Politics in the 1990s

The gradual emergence of a more extensive and dense civil society activism was frequently judged to be one of the most significant characteristics of the post-cold war period. Its importance was seen to constitute nothing less than a qualitatively new 'liberal moment', where the erstwhile limitations imposed by a dependence on states' instrumental use of the overarching liberal international project could be transcended by a focus on local level principles, dynamics and resources.¹ Increasingly a range of civil society groups — NGOs, social movements, churches, foundations, intellectuals, consumer groups—coalesced together in cross-border networks constructed around shared values, a common normative discourse, and fast-flowing exchanges of information and services. This cosmopolitan civil society gained influence by framing and presenting information in terms that captured public attention. Information and resonant discourse were widely seen as increasingly important in setting the agenda of international relations. Crucially reliant on the efficacy of their communications strategies, NGOs' prominence was predicated on an incipient global awareness made possible by new media and international interactions; at the same time it was itself a central force constituting and further reinforcing these trends. NGOs were increasingly instrumental in bringing together a range of groups — social, religious, academic, international organizations — to lobby on particular issues. This central coordinating role gave added weight to their international role. Influential in setting new moral agendas, NGOs were also particularly active in monitoring compliance with these platforms. Motivated by values rather than material concerns or interests, NGOs did not define themselves in traditional 'left versus right' terms, but rather forwarded new definitions and categories of normative politics. The increasing influence of NGO transnational networks was conceptualized as one key manifestation of a broader shift away from traditional forms of political activity and

agency. Comprising a complex mix of conventional and protest politics, and of insider and outsider dynamics, global civil society also seemed to cut across and resolve the ‘confrontation versus co-option’ dichotomy.² International NGO movements were seen as representing ‘issues of peoples rather than states ... a new dynamic of embryonic participatory democracy to the global community’.³

The number of international NGOs in existence rose to 37,000 by the end of the 1990s. By 2000 there were in addition over 20,000 NGO networks cutting across national borders. Between 1970 and 2000 there was a sevenfold increase in the resources channelled through such international groups.⁴ The period from the end of the Second World War to 2000 witnessed a fivefold increase in the number of human rights NGOs. By the 1990s, nearly 1,000 NGOs enjoyed consultative status at the UN’s Economic and Social Council. One quarter of NGOs were created after 1990; memberships rose 30 per cent in the decade after 1990.⁵ It was often pointed out that NGOs by now delivered more aid than UN bodies and that Amnesty International had more resources at its disposal than the UN Centre for Human Rights. From the 1960s, NGOs had begun to turn their focus away from pure emergency relief to engage in debates over long-term development issues. Country-based human rights campaigns then grew out of the experience of Latin American dictatorships. Issue-based lobbying was subsequently added to the repertoire. Infant health was an early priority, one of the first and most notable cases of successful NGO activity being when Nestlé was boycotted and forced to withdraw baby milk substitute from developing markets. The environment soon became a prominent focus, accompanied by a series of regularized rights campaigns on torture, the death penalty, women’s rights, and indigenous peoples. Linked to an increasing focus on civil conflicts, the issue of landmines also became an NGO *cause célèbre*.

For many analysts, such activism was novel in the *way* in which it came to influence international politics. It was argued that this new civil society influence acted upon governments in a far-reaching, cognitive fashion. Networks, it was held, gradually changed governments’ self-identity and their understanding of what types of foreign policies were appropriate. Governments internalized norms, as they were profoundly socialized by NGO networks. Civil society dynamics were central to the intersubjective construction of meaning, of new perspectives on the world. Governments did not merely react to particular instances of identifiable pressure, but became entrapped in a pervasive shifting of identities around international norms that were embedded at the international level. Where governments incorporated normative issues merely to placate NGO pressure, they subsequently found themselves caught in a ‘spiral’ leading to a more positive cognitive adherence to such values. Civil society did not so much constrain governments,

as reshape what they wanted; its role was in conveying norms that became constitutive of states' meaning and identity. State preferences were not preordained; civil society networks 'taught' states what was appropriate and desirable in a positive sense. This ideational influence was reflected in the commonality of norms across states whose different strategic needs would imply variation if values were used in purely instrumental fashion. Civil society networks' success in ensuring that governments judged the pursuit of norms to be in their own interest signalled a subordination of means-end rationality aimed at functional utility maximization to a 'logic of appropriateness'.

It was NGOs' influence that constituted the necessary agency at the centre of social dynamics. The spread of norms was an actor-based phenomenon, linked to specific NGO strategies, not an impersonal structural trend. Far from the much vaunted 'snowball effect' of the third wave of democratization constituting an entirely spontaneous momentum, cosmopolitan transnational civil society was necessary as a carrier of 'demonstration' dynamics. The crucial factor was how state and civil society agencies fed off each other in a virtuous circle of mutual influence: NGO activity shaped governments' discourse, which gave NGOs a further foothold to keep governments to their own commitments. In this way, their influence was ratcheted up and a new type of international politics fashioned. In Eastern Europe, significant high-level diplomatic changes, like the Helsinki accords and Gorbachev's eventual removal of the Soviet security guarantee from Eastern Europe, both themselves reflected the growing role of human rights networks, while also constituting the basis for these actors' subsequent influence over democratic transitions.⁶ In such mutual conditioning, the timing of different actors' new normative agendas shed light on civil society's central importance: NGO activity and influence was held to have arisen before governments started conceiving of human rights and democracy as strategic interests.⁷

The growing influence of NGO networks was linked to a new focus on the 'identity dynamics' underpinning Western norm-based external actions. Western human rights policies were routinely conceived to be primarily a 'symbolization' of the West, pursued to reflect and enhance a sense of common identity in the face of domestic political malaise.⁸ This was a particularly common perspective on the evolution of EU democracy and human rights policies. Reference was routinely made to the European normative predisposition to seek an externalization of the values whose defence was the European Union's very *raison d'être*. The norm-based appeal of democratic pluralism to the European Union derived rather from an entrenched cognitive association between democracy and the European Union's successful functioning as a 'security community'. This was both constitutive of the very essence of EU states'

foreign policy cooperation and a reflection of Europeans' self-identity. It was a dynamic that had integrally to do with the European Union's self-perception as a 'normative model', its identity seen by many as a beacon for certain distinctive values and norms. The external conveyance of normative values was widely seen as having been key to the emergence of a common European identity. It was argued that concepts such as democracy, civil society, and rights-based political culture, born in Europe and assimilated elsewhere, were key to understanding what was peculiarly European. Human rights policies reflected the European Union's historically derived 'normative difference'. Theorists of deliberative democracy explicitly suggested human rights promotion as one of the policy areas most clearly demonstrating that the European Union had developed beyond power-interest dynamics.

The dynamics of social learning formed an integral part of both external policy and the evolution of internal EU integration policies. In a common formulation, internal and external human rights developments were seen to feed off each other. European integration legitimized the role of transnational human rights networks, while external human rights efforts were crucial to reinforcing the European Union's own identity as a particular form of rights guarantor. This link was seen as particularly notable in the wake of the promulgation of the Charter of Fundamental Rights. Such identity dynamics were the manifestation of a normative orientation integrally shaped by NGO networks.⁹

Eastern enlargement in particular was routinely presented as driven by the need to preserve the credibility of the European Union's own core values. The aim to export human rights and democracy to Central and Eastern Europe was most commonly described as being about retaining the European Union's essential identity, as reflecting a 'kinship based duty' within which 'Europeanness and democratic regime type ... [were] treated as two sides of the same coin'. The European Union's commitment to incorporate Central and Eastern European states as a means of underwriting the region's nascent democracy reflected 'a community perspective', encapsulating a 'postnationalist, liberal collective identity'.¹⁰ A need to strengthen the European Union's own democratic legitimacy became key to encouraging East European candidates to move towards firmer consolidation of their still fragile democracies, as the internal and external elements of democracy policies became increasingly blurred.¹¹ The European Union's commitment to rebuild a democratic Kosovo was also judged to be driven by a concern with defending 'the identity of twenty-first century Europe'.¹² Notably, for UK Prime Minister Tony Blair, the West intervened in Kosovo to protect 'its values not its interests'. European Commissioner Emma Bonino suggested that the European Union's

uniquely strong focus on humanitarian assistance was not a 'policy ... [but] an integral part of Europe's external identity'.¹³ It was argued that civil society influence was such that humanitarian concerns were deeply incorporated into elites' conceptions of the national self-interest and understandings of European security identities.¹⁴

This emphasis on the external reproduction of internal identities was equally prominent in the United States. Analytical explanations commonly attributed the US focus on exporting democracy to the centrality of democracy to the American psyche. Civil society vibrancy and the uniqueness of American self-definition constituted two sides of the same coin. The peculiarities of the country's history had fashioned a focus on democracy that flowed inexorably from the very essence of societal organization in the United States.¹⁵ Prominent realists were adamant that any US focus on human rights was very much a result of civil society pressure, making such policy a necessary reflection of American 'core values', not an appropriate security doctrine.¹⁶ It was generally held that US elites used the 'democracy' label to mobilize domestic civil society behind foreign policy actions, this being perceived to be even more necessary for legitimation than in Europe. With its deeply embedded roots in America's liberal culture, democracy promotion was explained as the means of building bipartisan and societal consensus behind foreign policy — with such liberal identity dynamics also seen as accounting for the relative caution in using military force to install democracy.¹⁷ Certainly, much of President Clinton's rhetoric linked democracy policies to the 'enduring values of America'. One senior official in the State Department Bureau for Democracy, Human Rights and Labor insisted that the democracy discourse often constituted 'the fundamental way of explaining American values', of inculcating 'mutual understanding', internally and externally, of 'what America is about'. US organizations such as Human Rights Watch claimed that they were if anything more comfortable with official talk of 'spreading American values' — judged a desirable means of generating domestic support and thus ultimately more funding for normative foreign policies — than European NGOs felt towards their respective governments' identity-type discourse.

In response to these arguments, however, a more critical perspective on transnational civil society emerged, questioning the extent to which the latter acted as a benign and genuinely autonomous influence. A large number of authors developed critiques of the pluralist concept of civil society, suggesting that the latter ultimately reflected prevailing power relations. Civil society was itself conceived as a site of difference and conflict between competing visions of society, not a generator of shared identity-dynamics. It was not a neutral sphere focused on the

concepts of human rights and democracy as genuinely universal values. Civil society itself was a field of battle between, on the one hand, those groups reproducing the state system and global capital and, on the other hand, counter-hegemonic projects.

From this perspective many of the most prominent and apparently influential NGOs were seen as having been profoundly co-opted. It was argued that governments sought to deploy civil society to underpin and legitimize a particular model of capitalist accumulation. NGOs were thus trapped into ‘filling the gap’ left by the state withdrawal integral to neoliberal orthodoxy. Reflecting the social relations and international perspectives of their home countries, many Northern NGOs had served as vehicles of a low-intensity democracy agenda and were complicit in pushing a form of politics that merely served the interests of international capital. Alternatively, they had used a values-based discourse expressly as a directly political neocolonialism, as a way of asserting ideational control over the developing world. Even where NGOs were critical, they invariably had ‘stronger cultural affinities with global managers than with local communities’, and unintentionally marginalized vulnerable groups. NGOs had engaged in ‘critical cooperation’, but the critical element had invariably become ‘diluted and eventually lost altogether’. Governments had captured NGOs’ discourse for their own ends.¹⁸ The agenda of those NGOs focusing on rights was inextricably predicated on a reproduction of state sovereignty — to the extent that human rights concepts were framed in a way that required their instantiation through the state system — and was thus linked to the diminution of developing states’ effective sovereignty.¹⁹ Civil society activity should and increasingly did look beyond limited forms of liberal democracy to more radical methods of expanding public participation.²⁰ In sum, NGOs followed governments more than vice versa. Civil society was ‘duped’ into a governance agenda that donors had come to pursue as a means of deepening neoliberalism and Western power dominance, against most NGOs’ own initial remit and objectives.

This critical view associated governments’ initial focus on democracy with a reluctant and merely tactical response to civil society pressure. In the words of one trenchant critic, democracy had been useful for ‘propaganda purposes’.²¹ A link to the spread of illiberal democracy saw governments seeking to placate civil society pressure by promoting the form of democracy without its real substance. Civil society had then played into the hands of a strategy that undertook purely symbolic action to placate domestic opinion without in fact seriously disrupting key diplomatic relations. In forming an integral part of a new ‘complex’ of global economic governance, NGOs’ own concerns had spread beyond

clear-cut humanitarian and rights concerns to make them part of a 'network of strategic governance relations', themselves increasingly projectors of 'liberal power'.²² Policy-makers openly looked to use NGOs to increase the legitimacy of governments' aims and identity, especially as mass-based political parties declined.²³ Even from a more moderate position, while not judged as automatically or directly representing Western interests, NGOs' moral authority was seen as 'not totally disconnected from political, economic, and even military power in the global system'.²⁴ The rise of transnational civil society as a socially constructed sphere of norms *was* the way in which the West ensured the perceived universality of its values.²⁵ Where governments did appear to take on board NGO views there was little cognitive identity change involved, just instrumental tactics that sought to harness values-based discourse to boost traditional strategic interests.²⁶

These contrasting perspectives structured debate on civil society and political values in a very general sense; the purpose here is to link this to the specific evolution of democracy promotion policy since the 1990s.

2. Civil Society Engagement in Policy-making

At many of the big set piece UN conferences that took place during the 1990s, the extent of NGOs' engagement was such that they were in some cases to all intents and purposes part of the official delegations of some Western states. This was particularly so at the conferences on the environment in Rio in 1992 and Johannesburg in 2002, on population in Cairo in 1994 and on women in Beijing in 1997. It was generally agreed that in relation to developments such as the torture convention, NGOs played an educative role, instructing governments at a technical level on what precisely constituted an abuse and how to enshrine rights commitments. Many democracy initiatives involved nothing approaching the same degree of engagement by or inclusion of international NGOs. The Community of Democracies meeting in Warsaw, for example, did not include formalized NGO input. Still less than 1 per cent of NGOs defined themselves as 'political', only 6 per cent as focused on 'individual rights'.²⁷ Acknowledging the paucity of lobbying specifically on new democracy instruments, most NGOs saw their main focus to have been in getting multilateral institutions like the World Bank to include civil society forums and some incorporation of human rights into their remit.

Notwithstanding this, some notable developments did indicate growing NGO purchase. Civil society organizations enjoyed formal status

and were especially active within the policy-making structures of the OSCE's Office for Democratic Institutions and Human Rights. In 1995, One World Action established a website linking together over a thousand human rights and democracy NGOs.²⁸ In the UK Foreign Office, new long-term secondees from human rights NGOs were given prominent posts among ministers' private offices, planning staff, and the human rights policy department. NGOs such as International Alert and Saferworld were increasingly called in by government and EU officials to provide training in more political approaches to conflict resolution. In the United States, more structured and regular consultative forums were held with NGOs in the Bureau for Democracy, Human Rights and Labor. Even the Department of Defence began to court organizations such as Human Rights Watch (HRW), professing concern with the human rights impact of their policies; such 'outreach' efforts were felt to be significant in increasing NGO influence over the traditionally least accessible part of the US policy-making machinery, even if the Pentagon was rather 'clumsy' in its presentation and implementation of such initiatives.

Some of the strongest and most high-profile cases of civil society influence in the United States came from ethnic groups with a particular stake in one specific instance of policy. Such groups were concerned primarily with the well-being of one constituency, not with broader democratic values per se. The Haitian diaspora, active especially through the congressional black caucus, was recognized as playing a major role in pushing for US intervention in Haiti, in a context where Bill Clinton was actively seeking the minority vote. Haitian campaigns were triggered mainly by concerns over provisions relating to refugees. The US Committee for a Free Lebanon succeeded in getting President Bush to push for a decrease in Syria's role in Lebanon after September 11, overturning State Department doubts.²⁹ In the United States, it was the nexus between congressional activism and such diaspora networks that raised the profile of a number of specific human rights cases, somewhat in contrast to standard developmental NGO lobbying.³⁰ Significantly, NGOs acknowledged that the initiative that most galvanized them to engage in political debates was the Millennium Challenge Account introduced by the Bush administration in 2002. Here, NGO access came about by virtue of this explicitly developmental programme itself incorporating a link to a number of human rights and governance criteria; one NGO representative noted that this proposal had a major impact in energizing the civil society community to seek more systematic and overarching influence on issues relating to democracy.

NGOs' critical engagement was widely seen as tempered by competition for funds and incorporation of the NGO community into partnership

with decision-makers on the less controversial, more technical aspects of US policy. Only a few NGOs did not accept funding for the new democracy and human rights agenda. In 1970 under 2 per cent of NGO funds came from governments, by the 1990s this had risen to over 40 per cent.³¹ Relations between the development policy-making community in USAID and NGOs tightened to a particularly notable degree in the United States. Under the Clinton administration, the share of US aid channelled through NGOs rose to over a third and the 'revolving door' interchange of personnel between government and NGOs became significantly more marked.³² Some NGO personnel noted wryly that this hardly placed them in a strong position to protest at the absence of complete civil society autonomy from governments in developing states! Analysts found that increased competition for funds had encouraged NGOs to focus their engagement and input less on critical political advocacy and more on lobbying for particular aid contracts; in places like Rwanda, Bosnia, and Afghanistan NGOs had consequently moulded their proposals around donors' frameworks and timeframes.³³

Studies found that fully conceptualized NGO responses and positions concerning governance in practice remained 'few and far between'.³⁴ NGOs stressed that their political advocacy and range of concerns broadened, to encompass issues such as landmines and conflict resolution, but admitted that most of their input to governments and international institutions focused narrowly on aid priorities, less on broader conceptual issues.³⁵ There was widespread recognition that much political advocacy was the *result*, more than the cause, of new political aid budgets and Western governments' democracy agenda; an agenda that NGOs then sought to harness to their own ends. In this sense, NGOs moved closer to governments. They failed to engage systematically to influence the early stages of how the democracy and human rights agenda was designed, beyond the general commitment to liberal rights.³⁶ According to one expert, the requisite shift from a project to a process oriented approach was not widely in evidence.³⁷

The European Initiative on Democracy and Human Rights was initially established at the behest of the European Parliament, with human rights NGOs having begun to target MEPs more systematically as their principal route of lobbying at the European level. A Liaison Committee of Development NGOs comprising nearly 900 NGOs was set up to coordinate the monitoring of EU policies. A Europe-wide NGO Human Rights Discussion Forum was subsequently established in 2000. Many big NGOs were, at the end of the 1990s, only just beginning to coordinate their EU-related advocacy. In Brussels, NGOs themselves started to coalesce more effectively, forming networks that embraced both conflict and human rights concerns for the first time. Official EU

strategy from 2002 was to support NGOs in setting up forums to monitor MNCs' impact on human rights issues and to provide these bodies with a formal locus in policy-making deliberations.³⁸ From 2002, the European Commission moved to establish new regional consultation forums within the EIDHR framework, with the aim of making these annual events. Arguably most significantly, the European Union's directorate general for international trade reacted to the Seattle protests by creating a new three-monthly institutionalized dialogue with NGOs, to link together the economic, political, and developmental concerns of civil society organizations. The European Union's directorate general for development moved some years earlier to create a number of posts for NGO liaison officers. A key stated aim of the Commission during the 2002–3 constitutional convention deliberating institutional reform of the European Union, was to strengthen the Human Rights Forum, and also to make this body more representative and effective. Commitments were made to increase NGO input specifically into the further development of EU democracy promotion policies.³⁹

Most NGOs felt that access to policy-making was still highly variable. NGOs stressed that the welcome increase in consultation had depended most significantly on individual policy-makers. Consequently, influence was more ad hoc and individual-based than it was formally embedded in institutionalized structures. Access on human rights issues was often closed off as officials rotated. In this sense, there was a general consensus among NGOs that consultation on political areas remained considerably weaker than on mainstream development and social rights issues. Some organizations, such as Action Aid, expressed a preference for informal engagement, a large number of formal consultative forums revolving around predictable set piece speeches were felt actually to militate against a better linkage between development and political issues in the specific contexts of individual developing states. While it was widely judged more productive to focus on those particular desk officers keen on seeking NGO input, it was acknowledged that development officers were in general more favourably predisposed to NGOs than human rights diplomats. This was felt to reinforce a development-oriented approach to rights based issues. Indeed, the fact that most systematic NGO consultation in the European Union took place within the development directorate general and not policy-making forums concerned with human rights was an imbalance of increasing concern to NGOs. Notwithstanding this, new structures of NGO coordination at the European level, agreed in 2003 to replace the Liaison Committee, were divided into a number of development topics but with no human rights thematic group. An unwieldy process of coordination was constituted by fifteen different national NGO platforms, each with a contrasting emphasis on political

issues that often resembled respective embedded 'national traditions' more closely than the perspectives of other civil society communities.

Influence was often still harder in-country, away from national capitals where desk officers had been appointed specifically to liaise with NGOs. NGOs expressed concern that the decentralization of aid responsibilities had made it more difficult for NGOs to coordinate lobbying on overarching themes such as democracy; this was an early complaint of US groups, dealing with extremely dispersed USAID structures, but was also increasingly echoed among NGOs in Europe and the European Union expedited its 'deconcentration' drive. The increased incorporation of a small number of well-known, big international NGOs led smaller NGOs to lament that their access had in fact become more limited even as an increasing number of formal 'NGO consultation forums' were created. High-profile Western NGOs also acknowledged that they had gained far more privileged access than local NGOs — even though they recognized the potential adverse effects of this and justified their role as being necessary to help coordinate the representation of small Southern NGOs' views within Western decision-making circles. NGOs increasingly decentralized their own operations; where lobbying at the local level within Western aid offices in the field was thus emphasized, it was acknowledged that this increased the variety of views put forward by NGOs themselves. A general finding was that Southern NGOs' links into networks with Northern NGOs was harnessed to only a limited extent specifically to political advocacy.⁴⁰

From 2001, a number of serious criticisms were forthcoming. The abolition of the EU Development Council was felt to signal a considerable undercutting of NGO influence; this had by some margin been the official European forum most open to civil society input. A parallel preoccupation was with the incipient European Security and Defence Policy, which appeared to herald a more closed decision-making culture in Brussels and threatened significantly to weaken NGO purchase. While the European Commission's 2001 White Paper on governance attached significant priority to increasing public participation through a plethora of new citizens' forums and new partnerships with NGOs on key international issues,⁴¹ in practice NGO consultation in the convention was relatively limited. Key government figures refused, for example, petitions for more than a single NGO meeting on conflict management policies. Crucially, Oxfam and other groups complained that consultation was actually diluted in the drawing up of the European Union's new Country Strategy Papers, precisely because these reflected a more strategic, top-down approach to human rights promotion. A universal complaint among

NGOs was that Western governments and international institutions were ‘going through the motions’, retaining just enough consultation to be able to ‘tick off the civil society box’, without any genuine ‘movement of minds’. Article 19 insisted that for all its rhetoric to the contrary, the European Union had failed to become ‘genuinely consultative’. Where really substantive implications were at stake, obstacles were constructed. After September 11, for example, the European Union refused Amnesty International and Human Rights Watch participation in its new dialogue with Iran — although a number of other NGOs were eventually included in the European Union’s first Human Rights Dialogue meeting with Iran in December 2002.

It was widely suggested that semi-autonomous foundations, such as the National Endowment for Democracy (NED), the German *Stiftungen* or the Westminster Foundation, emerged as more important actors, forming transnational networks specifically on democracy building. However, these were often used as instruments of national foreign policies to a greater extent than they exerted pressure as autonomous lobbyists for more priority to be placed on democracy promotion. The NED was often more politicized than its European counterparts. With a significant presence of former US government officials and democracy experts, Freedom House established a profile distinct from other civil society groups and saw itself as the organization willing to exert most ‘hard edged’ pressure specifically in relation to US democracy strategies; it was striking that no European equivalent materialized. In Europe, party foundations were generally more cautious over the nature of the political work they themselves engaged in.⁴² Particularly in Europe, diplomats and foundation officials acknowledged that ministries often intervened to rein back the foundations in relation to particular areas of work or particular countries, and that influence ran in this direction as much as vice versa. The foundations focused largely on the task on running good quality individual projects, admitting to a less than systematic engagement with the overarching evolution of Western governments’ approach to democracy promotion. With the exception of the German *Stiftungen*, which received 100 million euros a year by the late 1990s, approximately 40 per cent of total German political aid, government financing for the European party foundations remained limited. In Germany, the *Stiftungen* expressed growing concern with the prospect of their work being used in an increasingly politicized sense, to gain access to ‘poor performing’ countries. US and European foundations were particularly reluctant to engage in either advocacy or practical funding for democracy work in the Middle East.⁴³

3. Human Rights, Democracy, and National Interests

A key finding to emerge was that a strong distinction was made by the vast majority of NGOs between basic human rights and governments' new democracy promotion agenda. A general unease could increasingly be detected over donors' more political approaches. Most NGOs strongly rejected the notion of democracy being promoted through coercive and strategic instruments for reasons of national interest. A universal complaint was precisely with democracy having been linked so strongly to instrumental security strategies.⁴⁴ Echoing language used by nearly all NGOs, a Rights and Humanity representative pointed to widespread disquiet over democracy and human rights being used as labels 'to mask actions taken for more political reasons'.⁴⁵ A common lament was that 'human rights are now being linked to conditionality and no longer being kept pure and apart from political concerns'; consequently, '[n]ational interests must be separated from these international principles'.⁴⁶ From early on, NGOs criticized donors' democracy initiatives for having little to say about poverty relief.⁴⁷

One US group acknowledged that such concerns had led most US NGOs to 'sniff at democracy promotion'. Strikingly, among NGOs there was far more criticism of Western states' selective and 'heavy handed' approach towards democracy than there was positive urging for tougher stances to be taken against the lack of democracy in developing states. There was not so much a proactive engagement as a general worry over policies becoming too 'politicized'. NGOs were uncomfortable with aid being presented, defined and justified as 'political' aid. Oxfam linked the democracy agenda to a critique of the standard 'EU as normative model' argument: European policies were handicapped in most developing regions precisely by a poor 'identity' caused by the perception that 'vested interests' lay at the root of the aim to mould political systems. NGOs were strongly critical of trends in Europe over the latter half of 2002, when several ministers committed themselves to using aid more effectively for foreign policy objectives and to new increases in political aid. These trends, driven by September 11, were seen as drawing resources away from basic development needs. Action Aid opposed the changes to the EIDHR that produced an ad hoc selection of target states, seemingly on grounds of politics and internal tradeoffs rather than any consideration of where practical progress on human rights was most necessary and feasible.

A number of NGOs claimed to recognize some distinction between European governments and the United States, a common perception

being that the European Union did not have quite so much of a hidden foreign policy agenda driving its espousal of human rights aims. Reflecting a common sentiment, one NGO representative opined that European governments had slightly less of an instrumental, 'specific agenda' driving its democratic discourse. Some organizations refused to accept US funding, while accepting European aid, precisely because of what was judged to be the United States' more overtly political focus on democracy. National charity laws prevented many UK NGOs from taking a stand on political questions. Conversely, groups such as HRW noted that a larger number of US NGOs were comfortable with democracy being linked to the 'instruments of power' rather than merely 'soft diplomacy'.

Early NGO discussions of governments' democracy promotion commitment identified the worries that would intensify later on: the danger of the political agenda co-opting NGOs; the prospect of Northern NGOs using this agenda and links with Southern democracy NGOs merely to justify their own existence; the risk of Northern NGOs pushing values not welcome for Southern NGOs. Even those who questioned radicals' claims that NGOs were overwhelmingly subordinate to state interests noted that NGOs themselves had become increasingly paranoid about being co-opted by the new values agenda.⁴⁸ Some analysts suggested that where Western NGOs did take up a degree of political advocacy they did so in part to protect their own position and perceived utility in the face of intimations that donors were intent on moving towards more direct funding of Southern NGOs.⁴⁹ Indeed, some Western NGOs gave the impression that they were highly ambivalent towards the democracy promotion agenda *except* to the extent that it might provide for more NGO influence; many NGOs might themselves be accused of exhibiting a rather instrumental perspective on democracy.

An overriding concern was with NGOs' practical, grass roots activities being compromised by overtly political activity. Northern NGOs should, it was suggested, only take on the advocacy on political values at the request of Southern partners. Most NGOs were highly reluctant to take on more political advocacy to the detriment of basic service provision. One expert observed a 'taming' of social movements, as an increasing number of organizations drifted away from confrontational advocacy.⁵⁰ While a small number of NGOs did begin moving towards complementing service delivery with a more political role, the perceived trade off between a political role and a service delivery function ensured that they were extremely cautious. Even the most politicized NGOs sought to bridge these two spheres.⁵¹ Indeed, a more political focus on the part of NGOs tended to take shape when underlying conditions deteriorated

sufficiently — through conflict or endemic corruption — to impede the practical carrying out of NGOs' service functions.

The imposition of political conditionalities was largely opposed by NGOs. Human rights organizations complained that governments did not consult at all on the initial elaboration of the principle of democratic conditionality. The strongest objection to political conditionality was with the variation in its application. Governments were admonished for a lack of transparency in the criteria governing decisions to withhold aid on political grounds. Somewhat in contrast, another concern expressed was with democratic criteria being used as grounds for withdrawing funding from NGOs after formal transitions; NGOs accused governments as being driven primarily by the objective of legitimizing aid reductions. Despite the fact that in practice political conditionality was invoked only to a very limited degree, NGOs argued that punitive measures had been overused. According to CAFOD, political conditionality constituted a 'new form of colonialism'.⁵² Only a minority of NGOs, such as Article 19, advocated a heavier use of political conditionality; although they themselves admitted to being largely disengaged from debates over the use of Western powers' new coercive instruments — indeed, most NGOs admitted to being only vaguely aware of these.

Democracy and basic human rights were perceived by most NGOs to be separable. Democracy was seen as unacceptably driven by national interests, in direct contrast to policies on basic, universal human rights. The degree to which NGOs made a conceptual separation between human rights and democracy was striking. Some NGOs drew from post-cold war works of political philosophy that argued a moral justification for the international promotion of a limited set of human rights and stronger rules to restrict governments' arbitrary powers, but questioned the legitimacy of a push for Western style democracy.⁵³ NGOs not directly opposed to democracy promotion still urged political capital to be expended first and foremost on traditional human rights concerns. Some of the most prominent NGOs, such as Amnesty International and Jubilee 2000, argued strongly against the linking of more established human rights and developmental concerns to democracy. The use of punitive measures for individual human rights cases was seen by some to have militated against donors' engagement in more gradual, long-term democratic capacity building.⁵⁴ Policy-makers were adamant that in contrast to the way that NGO lobbying pushed them into a more robust focus on human rights, such pressure was conspicuously absent in relation to the democracy promotion agenda. The transnational advocacy networks observed within the human rights field did not expand into the domain of democracy promotion, despite easy assumptions that

their human rights activism implied the latter. Northern NGOs were keen recipients of donors' human rights funds, but insisted they were negligible vehicles for democracy and governance projects — an area in which they remained far less involved not only at an advocacy level but also in terms of project implementation.⁵⁵

Amnesty International stressed regularly in its annual reports that it was not concerned with 'types of political system'. Rather, its remit was limited to a standard range of more narrowly defined human rights issues: children's rights; discrimination; the death penalty; crimes against humanity; disappearances; executions; freedom of expression; impunity; prison conditions; racism; refugees; torture; women's rights; and the use of force. For Oxfam, basic human rights were not 'Western' in the same way that democracy was. It argued that governments' main aim should be to mainstream human rights far more than had been attempted so far, and that this priority risked being complicated and confused by bringing in democracy as a concept linked to strategic interests. The US NGO umbrella group Interaction reported that within its member organizations, debates over the linkages between human rights and democracy were simply 'not on the agenda at the headquarters level' but approached in ad hoc ways by individual field officers. NGOs commonly argued that, in the words of one activist, democracy's 'underlying principles are valid' but that in policy terms basic rights should be disentangled from democracy. Policy-makers suggested that the heavy bias of the EIDHR towards basic human rights categories — torture, the death penalty, xenophobia — owed more than a little to NGOs' own perspectives.

A small number of NGOs argued the opposite. Article 19 and other groups focused specifically on broader political rights argued that human rights and democracy could not be separated. The narrowness of most NGOs' concerns led some critics to accuse them of 'tunnel vision'; their lobbying, it was suggested, often represented an inchoate collection of special interest pleas rather than engagement on overarching models of political organization.⁵⁶ Human Rights Watch also gained a reputation for more directly political stances. It was outspoken, for example, in criticizing donors for funding human rights bodies in developing states that lacked proper independence from non- or weakly democratic governments. One such campaign targeted Western funding of Komnas HAM as this organization actually lost autonomy under the new democratic regime in Indonesia. This was not often expressed in terms of a primary focus on democracy per se, but it was a perspective that sought to reveal the impact of democratic shortcomings on human rights groups. A particular target was the perceived tendency for Western powers to be too welcoming of formal democratic transitions that often

secured little tangible improvement in human rights conditions. Human Rights Watch was, according to one representative, not concerned with ‘bringing down regimes’, but did recognize a need to link human rights concerns more effectively to overarching political structures — an aim the organization perceived its European counterparts as less willing to take on board. In sharp contrast to most NGOs, HRW berated governments for using narrowly focused human rights aid projects as a ‘substitute’ for more broadly focused political objectives and pressure.

Notwithstanding these instances, however, on balance systematic NGO lobbying was confined to core rights concerns: issues involving actual bodily harm and the need for legal entitlements providing for equality of status and opportunity. This encouraged NGOs to stress the extent to which their activity was compatible with local values and understandings.⁵⁷ Social movements were generally reluctant to associate their concerns with the need for a particular type of ‘national regime’.⁵⁸ NGOs worked mainly on matching individual human rights cases against existing UN provisions — even where broader dynamics were triggered by such campaigns, this was rarely part of NGOs’ original focus.⁵⁹ One survey found that only a very small percentage of NGOs were involved in pushing rights not already enshrined in international law. The principle stated objectives of the vast majority of NGOs were to strengthen international legal provisions on human rights; assist victims; protect specific groups, such as women, children, refugees; and monitor abuses of basic human rights.⁶⁰ Indeed, it was widely held that NGOs gained influence precisely because their concerns were so narrow and focused, this being key in encouraging diplomats to cooperate with NGOs over technical and legal issues in the design of new rights provisions and standards.⁶¹

NGOs avowedly favoured simple, concrete, high impact issues: debt relief, landmines, IMF reform. Jubilee 2000's campaign for debt relief was one of the most emblematic examples of this, and in this case the issue's clear and powerful appeal led eventually to civil society working in a profoundly symbiotic relationship with the UK and other governments. Another example was the primary influence of the NGO community in getting labour and environmental clauses inserted into NAFTA. It was universally recognized that women's groups in the United States had a tangible impact on US policy towards the Taliban. NGO campaigns on stoning across the Middle East were taken up by Western governments and pursued with some diplomatic force, for example, in the case of Iran. In all such cases no link was made between the specific issue at hand and broader democratic criteria.⁶² Many NGOs launched campaigns when prominent individual journalists were thrown into jail, less so in response to the systemic-level chipping away at press freedoms.

General levels of democracy were felt by NGOs to lack the clarity of focus and moral resonance on which the impact and success of civil society activism depended. In terms of garnering wide ranging support for their campaigns, NGOs recognized that public opinion remained supremely unengaged on the details of the democracy promotion agenda. Civil society played little role in holding governments to account on the amounts of aid being spent on democracy or, even less, exactly what such funding was spent on within the broad category of political aid.

This profile of NGO activity was evident in a number of countries. The tentative entry of Western NGOs into China was limited to welfare provision, compensating for the social impact of the scaling back of the state-owned enterprises. It was frequently observed that such funding might ease any political constraints on the Chinese Communist Party, arguably providing an ironic twist on radical perspectives: in China, NGOs 'filling the gap' occasioned by market reforms actually helped to keep a Communist regime in power! At the advocacy level, Amnesty International most forcefully called for the European Union to break off its new human rights dialogue with China after the regime's general crackdown against political dissent in 1999.⁶³ In Indonesia, international NGOs focused overwhelmingly on East Timorese self-determination, until regime change in Jakarta seemed imminent and was at that stage seen as a potential means of reducing the role of the military in Timor. In this way Suharto's reputation was already damaged when the financial crisis hit, forcing Western powers into reluctantly withdrawing their backing from him. Here the specific NGO concerns with the military and East Timor did have broader repercussions for political change, but in a relatively secondary and indirect fashion.⁶⁴

In Kenya, NGOs succeeded in pushing Daniel arap Moi to agree to improvements in aspects such as prison conditions, where the United Kingdom and United States were relatively uncritical due to their need for a strategic ally in a region containing Somalia, Sudan, and Libya. Similarly, in Uganda, NGOs pushed President Museveni into a considerably improved human rights record. In these cases there was a clear trade off in NGOs' minds: to get progress on human rights, they had to tolerate the concept of the benevolent strongman, and not push for comprehensive political change.⁶⁵ Many developments in Africa reputedly dissuaded NGOs from a focus on democracy, as they saw human rights abuses, underdevelopment, and the spread of AIDS all intensify in the continent's new democracies.⁶⁶ Alliance for Africa criticized the UK government for being 'fixated with the government issue' in Zimbabwe, for being so intent on ousting Robert Mugabe that

attention was increasingly detracted from local rights work capable of building bottom-up civil society capacity.

Lobbying on Iran focused mainly on the weaknesses of Western positions adopted within the United Nations Commission on Human Rights. NGO strictures prioritized issues such as the rise in the numbers of political prisoners, torture, freedom of religion, the death penalty, and reverses in press freedoms. Restrictions on political parties were a concern of some NGOs, but there was a conspicuous lack of direct engagement on the systemic nature of Iran's political system. In its lobbying on European policies towards North Africa and the Middle East, Amnesty International regretted rights abuses 'on both sides of the Mediterranean', and in fact centred far more on the decline in refugee rights and tougher immigration policies within Europe than on the continuing absence of democracy in the Mediterranean states.⁶⁷ In respect of Venezuela, few condemnations of the broad decline in democratic quality were forthcoming, with NGOs urging a 'negotiated and peaceful solution' to the country's turmoil: here regaining stability was judged to require better respect for individual human rights, an end to impunity and a strengthening of the judicial system.⁶⁸

After the September 11 attacks, there was little NGO focus on democracy as necessary to attack the roots of terrorism. Rather, criticism targeted Western nations' anti-terrorist policies and their tightening of rules on political asylum and refugees. NGOs lamented that these restrictions were spurning 'copycat phenomena' curtailing human rights in developing states. They were strongly critical of the United States' rejection of a UN Resolution purporting to link anti-terrorism and human rights. Amnesty International's 2002 report focused overwhelmingly on criticizing Western policies on terrorism. It did also intimate at a slide towards a slightly broader perspective on human rights, linking the latter more explicitly to security and suggesting that '[h]uman rights are the basis for creating strong and accountable states'.⁶⁹ The report's overall thrust was, however, aimed far more at admonishing Western responses to September 11 than reassessing approaches to political reform in Islamic states. A view expressed more generally by NGOs was that donors had become 'far too keen on the security agenda', to the detriment of human rights policies; despite government rhetoric to the contrary, it was almost universally felt that in practice Western powers became, in the words of one activist, 'more conservative' after September 11 in engaging in human rights work in unstable areas. A major new concern was with Western governments trying to push too much risk onto NGOs, as facilitators in achieving security objectives through a human rights cover.

The Human Rights Watch critique was slightly more measured. The United States was berated for, in practice, still pursuing security and

human rights as ‘zero sum’. New US aid to Indonesia to assist the military and police set up a counter-terrorist unit was also criticized. Unlike most other NGOs, however, HRW did perceive and welcome some progress in democracy and human rights diplomacy. It was recognized that in some places the United States started to exert greater pressure on autocratic leaders. This often tended to be in the places with little discernible September 11 impact — Zimbabwe, Belarus, Burma — but also included an increase in pressure on Central Asian leaders, including the cancelling of a number of ministerial meetings. Increased pressure on the Colombian paramilitaries was also registered and supported. One representative conceded that from 2002, the United States for the first time sought to ‘to be a champion of human rights in the Middle East’. Again alluding to the democracy–human rights divide, the administration was enjoined to start defending the rights of Islamists and not just ‘pristine democrats’. In Afghanistan, the HRW concern was that nation building was being pursued ‘on the cheap’, with the lack of willingness to invest resources outside Kabul in effect delegating responsibility unwisely to warlords: US ministers’ warm comments about and tolerance of the warlords were criticized for reflecting an aim of fashioning a new political system around individuals with appalling human rights records. Islamist victories in the Pakistani regions bordering Afghanistan, that would complicate access for American personnel, were attributed to US heavy handedness.⁷⁰ Indeed, while Human Rights Watch observed more scope to work with the Bush administration on political rights in the wake of September 11, concern grew over US *tactics* that revealed an ‘ideological mistrust of international institutions’.

4. Grass Roots Democracy and Development

The standard NGO refrain urged greater ‘local ownership’, advocated grass roots community control of resources and referred to the need for traditional livelihoods to be protected. In this sense, the overwhelming majority of NGOs tended to a ‘post-liberal’ concept of direct, local democracy.⁷¹ Notwithstanding criticisms of Western democracy promotion strategies, at the conceptual level little wholesale opposition to basic democratic principles was evident; these were recognized as falling into the ‘motherhood and apple pie’ category of political norms. The NGO emphasis was on the need for more incremental, bottom-up institutional change directed more firmly at developmental objectives. Northern NGOs were keen to convince Western powers that there ‘is more than one conception of civility’ and to avoid the risk of understandings of civil society becoming a ‘Northern diktat’.⁷²

A universal NGO preoccupation was that the stress on formal political democracy was not well attuned to developmental needs. ‘What does the new orthodoxy offer the poor ...?’ asked one sceptical activist.⁷³ NGOs routinely warned against too much emphasis being placed on formal political processes and elections; a key role for civil society networks was to rein back what was judged to be a growing trend in this direction within donors’ aid policies. Formal democratic transition may well lead to no tangible improvement in pro-poor development policies; hence NGOs needed to focus on the ‘lower level, where democratic culture has not been established’.⁷⁴ The focus was instead on the concept of an ‘enabling state’. Northern NGOs needed to work more closely *with* Southern governments and ministries in developing governance capacity and to ally such technical support to ‘working from below’ with grass roots local NGOs. The aim must be ‘always to help build the capacity of the civil service to fulfil its role more effectively’. Crucially, the costs of providing such a state and strong, transparent regulation were high and insufficiently recognized or covered by donors.⁷⁵ The types of approach favoured by NGOs such as Christian Aid and Action Aid were to strengthen ‘traditional authorities’; to use ‘existing structures to influence change’; and to focus on the embedded developmental potential of clans, chieftains, and other indigenous forms of organization within civil society. In this sense, analysts warned against equating global civil society with ‘Western liberalism’; in its lobbying, global civil society had actually proved to represent a more ‘fuzzy concept’.⁷⁶ The emergence of such grass roots, developmental perspectives on politics helped mitigate the standard division between development NGOs and human rights NGOs. Amnesty International itself expanded its exploration of economic and social rights, concepts that the organization had hitherto drawn on only to highlight standard human rights abuses, but which should — it was asserted — be more integrally woven into traditional concepts like freedom of expression.

Such thinking helped explain the scepticism towards political conditionality. Withdrawing aid was likely to be deeply prejudicial to the poorest sectors of society most dependent on aid projects. Christian Aid reasoned that the problem with democratic conditionality was that it had not brought forth *positive* linkages to help states with economic reforms in a way that fed into political reforms. Aid was still too focused on basic infrastructure, and had failed to link dictates over economic reforms in any tangible way to the political pre-requisites of stable development. NGOs commonly argued that if political conditionality were to be used, it should be exerted in a way that directly benefited the poor, and not just on overarching ‘catch-all’ democratic grounds. Most

activists acknowledged the potential for some benefit to be gained from allocating aid to assist democratization processes, but argued that this was in practice more than cancelled out by the fact that such allocations were forthcoming only where strategic and not developmental imperatives were paramount. A major new NGO campaign in 2002 pressed concerns with the US administration that the 'ruling justly' criterion of the Millennium Challenge Account was, in the words of one activist, 'setting the bar too high' for what was supposed to be a developmental programme; policy, it was argued, needed to be 'more sophisticated' than simply excluding non-democracies from the MCA on political grounds.

A common suggestion was that 'local responsiveness' should be the aim, rather than necessarily measuring goals directly in terms of national-level multiparty politics. Indeed, it was argued that the kind of 'participation' that NGOs espoused was actually not very feasible when aid recipients were obliged to follow donors' insistence on measuring output in terms of specific, tangible institutional changes within specific and usually relatively short time-frames.⁷⁷ Several NGOs detected a danger in development being rendered 'too politicized' and with too much aid being allocated on political grounds. NGOs and donors must together work only to strengthen the general capacity of civil society, not party politics. The primary focus was on the link between political openness and NGO roles: a strong and open state was desirable because it enabled NGOs to provide a strong contribution to public policy. One NGO argued that the focus of the democracy agenda should be on specific 'low level accountability' improvements, with the specific aim of making trade and economic policies more responsive. Several coordination groups acknowledged that their own funding initiatives heavily prioritized enhancing Southern NGOs' capacities to lobby against Western commercial policies. Many newer NGOs eschewed conventional pressure politics and aimed more at organizing their own parallel activities at the local level within developing states.⁷⁸

NGOs were critical of US policies for prioritizing short-term institutional changes over the longer-term generation of grass roots democratic capacity in a way that actually enabled citizens' groups to play an effective role in the policy-making process. Donors' definitions of democracy was far too short term, requiring 'results' or 'outcomes' to be shown in as little as two years. NGOs complained that donors also unhelpfully encouraged competition between local NGOs for international resources, when what was really needed was more coordination among civil society organizations, not necessarily the kind of pluralist competition underpinning the notion of multiparty politics. Political notions, it was asserted, must 'reflect actual grievances felt by a broad group of people.' Donors in contrast favoured 'static models and concepts about political

reform'.⁷⁹ NGOs opined that donors' democracy agenda was actually of great concern to the extent that it diverted resources away from traditional structures towards those that conformed to a uniform liberal democratic template. Even those NGOs more explicitly in favour of pushing for Western-style democracy argued that local variations were needed in institutional forms, and that the West should merely offer different models and resources from which developing states could take a range of basic concepts; according to Article 19, the key was then to help Southern societies 'transform concepts in a way that they find fits their own social, cultural, historical context'.

This dimension of NGO lobbying was reflected in the fact that European policies arose from and were grounded in new thinking on development policy. The aim of building up local level capacity in the elaboration and implementation of development projects was a stated priority of European Union approaches to democracy. Directly as a result of European parliament and civil society pressure, the European Union's commitment to supporting democratization was first enshrined in a 1991 resolution of the *development* council. Several NGOs expressed concern, however, that by the late 1990s the EIDHR was, in the words of one representative, 'narrowing down' human rights to a political not development agenda and increasingly distancing the democracy initiative from development policy-making. NGOs such as Action Aid accused the European Union of an 'overly restrictive' concept of human rights. This mirrored general and widely held concerns that European states were increasingly following a concept of human rights that was 'narrow', 'too traditional', 'too sectoral and horizontal'. Many NGOs pushing to integrate democracy and development policy felt that policy moved further away from such integration after 2001. Crucially, most NGOs did not attribute this to ill will so much as a simple lack of understanding on the part of human rights officers of how their mandate dovetailed with development approaches. Oxfam warned that the notion of a 'cross-cutting' incorporation of political criteria into development work actually risked marginalizing human rights. Seeking to reverse these trends, in debates on reforms to European policies in 2002, NGOs pressed strongly for a new EU treaty to enshrine a more formalized commitment to 'rights based development'.

NGOs commonly expressed opposition to rule-of-law aid programmes aimed at strengthening legal systems and institutions. They argued that the most vital element of the rule-of-law category should be about increasing NGO advocacy over problems like marginalized groups, rather than systemic level work *with* public institutions to develop formal for constitutional provisions for separation of powers. When the US administration reversed policy and began to work with China on

encouraging rule-of-law reforms, US NGOs criticized this shift in emphasis away from what they saw as the far more pressing issue of political prisoners.⁸⁰ In terms of their own funding, it was very rare for Northern NGOs to fund Southern partners for rule-of-law work that was not in some way linked to development work.⁸¹ Registration rules required organizations like Oxfam, Save the Children and Christian Aid to link any focus on human rights directly to poverty reduction.

NGOs' grass roots perspectives were not without significant caveats. While NGOs sought to disassociate their views from Northern governments' 'imposition' of Western political norms, they were themselves widely criticized for in practice undermining the vitality of grass roots bottom-up models. Three quarters of human rights NGOs originated in Western Europe and North America; these, critics argued, were not organizations well-equipped to represent the concerns of local communities in developing countries. Within an increasingly oligopolistic market, the overwhelming share of funding went to a handful of big NGOs.⁸² Rather than North-South civil society alliances emerging to bypass autocratic regimes, many Southern NGOs were distrustful of Northern NGOs and retained a more nationalist and third worldist rather than 'democratic globalist' position. Northern NGOs were themselves commonly criticized for being unaware of the precise effect of their own role on local organizations and capacity. They were routinely seen as being more concerned with their own accountability to donors than with risking support for genuinely emergent grass roots groups in developing countries.⁸³ Conversely, by the end of the 1990s, European NGOs increasingly opposed policy statements committing donors more directly to support Southern NGOs without going through Northern human rights groups. Some NGOs, concerned at this trend, argued that while better linkage was needed between political and economic programmes, their own rights focus risked being emasculated by development and democracy policies being conflated too much. Moreover, the rise in nationalist and fundamentalist ideologies among many local level organizations was seen increasingly to militate against the formation of pro-democracy North-South networks.⁸⁴ One NGO opined that European policies had actually 'gone too local' and had reduced the role of international NGOs to mere 'implementing agencies' for policies that they had not helped design.

5. Democracy and the Globalization Critique

On the one hand, NGOs espoused a grass roots concept of democracy; on the other hand, they concerned themselves with international level

democracy. Locally oriented perspectives were complemented by pressure at a global level for a democratization of relations *between* states. For many NGOs, the need to restructure international trade relations constituted by far the most pressing issue. It was relative to this that, as Christian Aid representatives noted, lobbying on political rights *within* states was not the number one priority. NGO positions flowed to an overwhelming degree from a primary focus on globalization. The variety of civil society stances on this was well chronicled: from outright rejection, to backing for relatively modest reform of international market structures, through to support for radical alternative models of economic and social organization. Positions on liberal democracy to a significant extent derived from this priority focus on reshaping the distribution of economic power at the international level.

For the prominent international NGOs not focused purely on specific human rights campaigns, most lobbying was aimed at securing a democratization of relations within international institutions. NGOs commonly defined their main aim as being to increase 'stakeholders' voice' within multilateral bodies. This did not necessarily entail strong opposition to the promotion of national level democracy; rather it meant that the latter was simply not seen as the main issue at stake. A standard line was that encouragement for democratization processes within states did not 'go far enough'. The routine complaint was that Western strictures on political rights were not matched by commitments on improving economic and social rights. NGOs declared themselves far less enthused by the concept of national-level republican democracy than by calls for 'cosmopolitan democracy' to be enshrined within international institutions. Even among those broadly welcoming the spread of national-level democracy, the focus was mainly on arguing that the latter needed to be supplemented by changes at the international level.⁸⁵ This bred the standard critique: the West could not convincingly or with legitimacy talk of democracy promotion while it remained unprepared to contemplate greater democracy within international institutions.

It was observed that where international NGO networks contributed in a broad sense to civil society dynamics within democratization processes, it was invariably an indirect and unintentional 'spin off'; more often Northern NGOs bypassed local political processes in their determination to lobby at the multilateral level.⁸⁶ To the extent that the main focus of many NGOs was on critiquing economic liberalization, one of their main areas of engagement was to argue against governments' presumptions of 'spill over' from market reform to democracy. That is, in so far as a link was made between the economic and political, it took

the form of general warnings that orthodox restructuring programmes could be expected to have broadly destabilizing political implications. If the Seattle demonstrations against the WTO became seen as a kind of apotheosis of civil society influence, they threw into sharper relief this more negative and passive take on political trends in the developing world.

Crucially, the rise to prominence of the good governance agenda was perceived by the majority of NGOs to be integral to economic globalization. NGOs largely welcomed donors' attempts to 'bring politics back in', as a correction to the 'market fundamentalism' of the 1980s. However, they mostly argued that in practice good governance had been designed and pursued as a Western concept, designed to lock in Western economic pre-eminence. The governance agenda was thus merely a reflection of 'how the powerful have achieved their success ... [rather than] a development model'.⁸⁷ The implementation of good governance policies was most commonly criticized by NGOs as being unduly 'market driven'. The objectives of accountability and transparency were seen by more radical NGOs as merely designed to create a civil society in practice loaded in favour of the rich and powerful. Genuine good governance was expensive in terms of resources and human skills: precisely the kind of improvements, NGOs asserted, rendered more difficult by governance initiatives being tied into state-reducing structural adjustment programmes.

It was in this domain that some NGOs did escape co-option. Those that were less focused on rights and that took on more of a social movement character, actually sought to reconstruct rights notions. For one expert, this entailed 'fluid forms of critical practice ... that ... *challenge* existing ethical patterning', and that most analysts had failed correctly to conceptualize as sitting rather uneasily with notions of cosmopolitan democracy predicated on the primacy of rights-respecting nation states.⁸⁸ A notable example here was the Zapatista movement. This was widely seen as influential in Mexico's democratization process, in particular by virtue of the way the Zapatistas linked with and galvanized Western NGO pressure. The international profile of the Zapatistas' cause was undoubtedly one of the most spectacular of the 1990s. In Madrid in 1997, for example, 3,000 civil society sympathizers gathered in support. That the movement set out with the primary purpose of making Mexico a fully democratic republic was, however, debatable. International attention was awoken by the military clampdown against the Zapatistas in Chiapas, not Mexico's long-standing lack of democracy per se. The transborder network that subsequently took shape was more anti-globalization than pro-democracy. Indeed, much of the international involvement was kick-started by NGOs'

criticism of NAFTA. This critique was then gradually linked to a democracy agenda, although the language remained ambivalent: the movement revolved around ‘encounters for humanity and against neo-liberalism’ and called for ‘true grass roots democracy’. The Zapatistas actually boycotted elections in 1998, just as most observers argued that a degree of fair political competition was emerging in Mexico. Some argued that Western NGOs might even have been counterproductive in causing PRI reformers to rally around the ‘national sovereignty’ argument and thus causing Western governments to tread more carefully with the Mexican authorities.⁸⁹ One might note the irony that it was the despised NAFTA that actually helped NGOs gain a foothold over political rights issues. Indeed, in general, NGOs criticized regional trade agreements while successfully harnessing their dynamics to gain greater purchase on human rights issues.

As an integral strand of the globalization critique, an area where NGOs became most influential was in their lobbying on multinationals’ actions in developing states. It was universally recognized that NGO pressure was highly instrumental in the development of the Corporate Social Responsibility (CSR) agenda. The largest fillip to CSR resulted from BP and Shell moving hastily to adopt new codes of conduct and civil society dialogue expressly as a result of NGOs targeting their respective operations in Colombia and Nigeria. For the International Business Leaders’ Forum, the focus on human rights owed most to NGOs having left companies ‘no hiding place’.⁹⁰ Reflecting the prominence of NGO campaigns, by 2000 four out of ten global consumers claimed to have boycotted a company on ethical grounds.⁹¹ Human Rights Watch drafted large parts of the US–UK Voluntary Principles on MNC conduct in conflict states. One business representative acknowledged that all the multinationals ‘now getting it right’ in respect of business ethics had passed through the ‘painful stimuli’ of acute NGO pressure. A small number of companies, such as the Body Shop, were even more proactive. The Body Shop moved to undertake most of its lobbying *through* partnerships with NGOs, this being seen as the most productive avenue of influence. The nexus between business and NGO pressure became increasingly tight; MNC managers observed that they were best able to obtain reforms of direct benefit to business operations in emerging markets by approaching autocratic governments with a line of ‘you need to give me something I can take back to NGOs and shareholders at home’.

The NGO influence over international business was very much focused on basic rights issues emanating directly from commercial operations. Business ethics came to be seen most commonly in terms of the balance between universalism and relativism in the way that

managers acted in different cultural settings.⁹² Human Rights Watch urged labour rights but not democratic conditionality to be imposed on MNCs. HRW actually singled out India, Colombia, Nigeria, and Indonesia — all formal democracies — as host countries where US corporate behaviour was most reprehensible and needed most strongly to be targeted by government. The organization's main campaign in 2002 was in relation to Exxon Mobil's use of Indonesian soldiers and the State Department's decision to block a court case in the US against Exxon on grounds of 'national interests'. Human Rights Watch was increasingly critical of the 'lack of substance' of the UN's Global Compact. In 2002, its most prominent new launch was the 'Publish what you Pay' campaign.⁹³ Amnesty International pressed MNCs on employees' freedom of expression, peaceful assembly and association; the right to independent trades unions; and the danger of MNCs' security arrangements worsening human rights abuses.⁹⁴ Amnesty explicitly refrained from pronouncing on the ethics of doing business in countries of particular political complexions, rather urging MNCs to use their presence in all markets to strengthen human rights and the rule of law.⁹⁵

Multinationals and NGOs colluded in the United States over China specifically on the question of avoiding the use of prison labour, eschewing the kind of politicized controversy seen as besetting government policy.⁹⁶ Of significant impact was the fact that NGOs began to use US courts to sanction MNCs for their own direct involvement in or contribution towards human rights abuses in developing states.⁹⁷ Global Witness, one of the most prominent and outspoken of NGOs to emerge with the aim of monitoring international business, focused strongly on the arms trade and the accountability of MNCs within home markets. The broadest political criterion incorporated into ethical investment funds was the issue of regimes' use of arms sales from the West, although with acknowledged problems due to the difficulty in determining end use.⁹⁸ Rather than NGO pressure having pushed MNCs into a fundamentally more political focus, it led companies simply, in the words of one executive, 'to show that we can tick the boxes' of having gone through the process of exonerating their own very specific operations.

Some analysts detected a 'hall of mirrors' effect: MNCs were driven to address the few key issues — land rights, child labour — that were prominent in public opinion; it was these concerns that were consequently incorporated into ethical investment criteria, which in return drove public opinion in a way that reinforced the focus on a small number of headline issues. This was seen to have discouraged a more comprehensive assessment of positive business requirements.⁹⁹ Reflecting a typical perspective, the Save the Children response to the EU Green Paper

on CSR focused entirely on the need to help empower developing states against MNCs, without assessment of the impact on such an aim of those countries' own political systems.¹⁰⁰ Moreover, pressure even on the relatively narrow range of issues pursued was intense in the consumer goods sector and against the largest extractive multinationals, but NGOs recognized that lower profile sectors escaped strong opprobrium. Some suggested that a broader political perspective would in particular necessitate a targeting of hi-tech firms. Internet companies had not come under any kind of critical spotlight and invariably argued that they were inherently liberalizing vehicles. Increasingly, a number of NGOs observed, the dotcoms appeared to be sustaining more than undermining autocratic power in markets such as the China; it was in relation to this sector, activists intimated, that NGOs would begin to exhibit a broader political angle on Corporate Social Responsibility.

NGO-driven private sector concerns with reputational costs were not perceived by MNCs to apply to doing business in non-democratic states. NGOs commonly recognized an indirect link in so far as non-democratic states were more likely to have a poor record on labour rights and environmental standards; their lobbying, however, targeted egregious and high-profile rights concerns, not this link itself. MNCs acknowledged the role of NGO pressure in conditioning their own internal rules and operations, but insisted this had not emerged as any kind of barrier to investing in non-democratic countries. NGOs targeted the effects not the fact of autocracy. The constraints of public opinion were felt only in the case of extremely repressive regimes. Burma was one of clearest cases of NGOs pushing many MNCs to divest from an authoritarian context. Premier Oil stayed on in Burma but was pushed by its own shareholders increasingly to justify its involvement and was by 2003 undertaking some disinvestment from its Burmese pipelines; Unocal also remained but de-Americanized, closing some US operations and moving headquarters to Malaysia.¹⁰¹ One investor noted that pressure from shareholders was not over 'democratic details', and at most precluded investment in the most repressive of environments. US NGOs and public opinion did discourage investors from entering Iraq as much as the formal constraints of sanctions.¹⁰² NGOs did increasingly target MNCs operating in conflict zones where incumbent governments were intervening militarily in a heavy-handed fashion. Canadian firm Talisman planned to pull out of Sudan, citing NGO pressure as the reason.¹⁰³ Part of the stated aim of the US–UK Voluntary Principles on Security and Human Rights, agreed with NGOs and MNCs at the end of 2000, was to broaden the political assessment of companies' impact on civil conflicts.

With a very different profile from most NGOs, Transparency International was formed in 1993 as a network of business experts and by the end of the decade had established itself as perhaps the most prominent NGO working on governance and corruption issues. Transparency's offices and operations expanded dramatically, and the organization's technical guidance on corruption ensured it an influential purchase over this agenda. The TI Corruption Perceptions Index became one of the most powerful global tools for exerting peer pressure on badly governed administrations. Key to its success was TI's coalition-building role, as it gained broader support for what was initially pursued as a business-oriented agenda. Transparency's anti-corruption conferences came to attract over a thousand participants from business, government and NGOs. The NGO's most notable achievement was its campaign for an OECD anti-bribery treaty, finally agreed by governments in 1997. Transparency argued for a focus on specific laws, rather than more 'sensationalist' political topics. The organization explicitly distanced itself from political battles in developing countries. While still cautious on the broader political agenda, Transparency did expand its initial focus on specific cases of international bribery to lobby on domestic institutional frameworks. Some signs emerged of TI adopting a slightly wider remit, with increasing talk of 'political accountability' in a broader sense.¹⁰⁴ Still, the logic was expressly that progress on concrete anti-corruption measures required direct political controversy to be avoided. The NGO's discourse was largely of 'integrity systems', not democracy or regime change.¹⁰⁵ From a critical perspective, it might be suggested that it was such caution that helped bestow such a strongly pro-market NGO with its growing influence.

6. NGOs and Security Dynamics

NGO work on conflict was arguably the most notable growth area of civil society activism of the late 1990s. Far-reaching debate ensued among humanitarian NGOs over whether the traditional apolitical stance — the original International Red Cross (ICRC) model — should be abandoned. For most of the 1990s, humanitarian NGOs were seen as providing an 'alibi' for Western powers' eschewal of intervention in the underlying political causes of conflict. They served to perpetuate the notion of impartial humanitarian intervention saving innocent lives and assuaging Western consciences. Civil society organizations were used increasingly systematically by donors as channels for humanitarian aid resources. A number of US NGOs, such as the American Relief

Committee, were particularly ‘officialist’ in this sense. The experiences of Bosnia and Rwanda encouraged a reassessment, however. In these cases humanitarian relief NGOs became increasingly concerned that their presence was being used by Western governments to justify inaction. In Bosnia, it was recognized that relief organizations’ operations were targeted and skilfully manipulated by hardliners in way that aggravated the conflict; NGOs consequently started feeding back political information to Western governments, for example on the movements of prominent human rights abusers in the Balkans. In Rwanda, NGO work in refugee camps bolstered the regrouping of Hutu extremists. In large part chastened by these two conflicts, erstwhile strictly humanitarian NGOs moved away from solely relief delivery functions towards political advocacy. CARE had already been influential in pushing for US military intervention in Somalia, until it was general public opinion that conditioned the soldiers’ withdrawal. Save the Children moved from a narrow focus on protecting the rights of children in conflict towards a broader coverage of more general human rights problems. Reflecting the change in identity, an alliance between the International Red Cross and Human Rights Watch took shape on a number of issues.

Many humanitarian NGOs adopted an explicitly more political stance that incorporated human rights, institution-building initiatives, and the challenges of political transformation in conflict. A growing number of relief organizations were concerned that the injunction against being politically biased had sometimes amounted to their being ‘politically ignorant’.¹⁰⁶ In conflict states, this evolution in thinking among NGOs with well-established input into decision-making processes was seen as highly influential in pushing Western governments to live up to their human rights discourse. A new form of ‘state humanitarianism’ emerged in Kosovo and reached an apogee in Afghanistan as humanitarian aid was increasingly judged to be prolonging Taliban rule.¹⁰⁷ This constituted a ‘political instrumentalization’ of humanitarianism, and helped explain NGOs’ overwhelming prioritization of the Kosovo crisis, to the detriment of sub-Saharan African conflicts that elicited less response from Western powers. Debate remained fierce, occasioning splits between those NGOs maintaining an anti-political stance — Médecins sans Frontières, the ICRC — and those advocating state humanitarianism — exemplified by Bernard Kouchner’s split from MSF to form Médecins du Monde. MSF acknowledged that they remained present in many places, such as Sudan, where their operations were clearly feeding into political repression because they feared losing prominence and resources to Anglo-Saxon NGOs. French NGOs were in general the most resistant to a political focus on human rights as opposed to pure, traditional humanitarianism.¹⁰⁸

While differences persisted, this incremental reorientation of NGO perspectives served as a backdrop to gathering debates over security and democracy promotion. It was a lens through which democratic institution building did become a notable part of the NGO agenda, and in relation to which NGOs were influential on the ground. Many NGOs did explicitly and forcefully argue that democracy should be seen far more than hitherto as crucial to sustainable conflict resolution. From the early 1990s, the peace movement and other groups like *Libertés sans Frontières* began to focus on the way in which political freedoms were related to conflict resolution. The fact that Western governments' democracy promotion instruments were aimed so markedly at the cases of dramatic and violent collapse of democratic procedure was consistent with this new NGO conflict resolution lobbying. The democracy focus was a notably intensified focus of NGO lobbying in negotiations over the renewal of the EU-ACP convention.¹⁰⁹ Christian Aid argued against EU aid being resumed to Sudan before the political structures capable of sustaining peace had been fully agreed. Many NGOs claimed that one of their strongest lobbying campaigns was for a better linkage in decision-making structures between human rights and democracy policies, on the one hand, and conflict resolution units, on the other hand.

While these reassessments were of undoubted significance, within the community of conflict prevention NGOs there was in general considerable vagueness and ambivalence over the link between conflict resolution and democracy. Most NGOs were highly critical of the UN's new political concept of peace operations introduced in the Brahimi Report of 2000 and its perceived military take-over of humanitarian aid for Western political interests. Outside Haitian groups, NGOs were in fact mostly critical of the US-led Operation Restore Democracy in Haiti.¹¹⁰ Interaction acknowledged that few of its members had come anywhere near to debating whether in each context there was too much or too little democracy for successful post-conflict rebuilding. NGOs still rejected the notion of conditionality being attached to humanitarian aid in conflict zones. In the words of one critic, '[f]or the human rights international, the canonical account is one of criminals and criminal justice', not the broad 'political context'. A pretence persisted that even the expanded form of humanitarianism could stay 'outside politics'. In this sense, NGOs were attuned to Western powers' own reluctance to go beyond a focus on individual rights. NGOs' meaning of the 'political' became equated to being willing to take sides. Little sophisticated deliberation of political concepts was evident from what was after all still a community made up largely of doctors, sanitation and water technicians, and relief experts. NGOs were charged with

pushing for intervention without being fully aware of its 'political implications'.¹¹¹

In relation to the Middle East peace process, all prominent human rights NGOs argued against too much democratic conditionality being imposed on the Palestinian Authority, seeing progress entirely in terms of the use of trade sanctions against Israel. In Colombia, Amnesty International and others berated President Uribe for a tightening of political rights, following new restrictions on Supreme Court independence, legal redress, municipal ombudsmen, and journalistic freedoms, and were critical of new US security cooperation, new civilian informer networks, and the encouragement of 'peasant soldier' forces. In this case, criticism was almost entirely against the government for its curtailment of rights and nothing was offered on how broader democratic quality might more proactively help mitigate conflict and temper guerrilla atrocities.¹¹² Often approaches to conflict openly took the form of views on the balance between forces and which side merited most support. The main focus of US NGOs in Sudan was to persuade the US administration to cease its bias towards the southern Christians, this being seen as the main pre-requisite to a peace deal. In this sense, NGOs tended to take on national perspectives: French NGOs in Rwanda were seen as relatively soft on the Hutus; Greek NGOs were notoriously pro-Serb. Richard Holbrooke was clear that US intervention in Kosovo was driven by public opinion and the media; but this dynamic did not push for this engagement to be carried through to a particular political solution.¹¹³

Many NGOs did not so much forward a fundamentally political concept of conflict resolution so much as they saw the human rights label as a useful means of reinforcing the case for basic humanitarian resources — to the extent that the latter could be framed in terms of rights entitlements. NGOs pushed for humanitarian intervention against the reservations expressed by Western militaries, but still saw such missions as being structured within relatively tight parameters. Critics argued that, rather than having comprehensively thought through the politics of conflict resolution, NGOs were concerned with capturing new human rights and conflict prevention funds, as a means of self-preservation. Competition between the increased numbers of humanitarian relief NGOs in this sense encouraged the latter to ape governments' more security-focused perspective on humanitarianism.

NGOs generally advocated a strongly grass roots approach to institution-building — prioritizing awareness training for NGOs in conflict management skills and small-scale poverty focused projects¹¹⁴ — that represented a generalized set of concerns rather than any detailed assessment of the underlying political considerations specific to conflict

contexts. One official pointed out that funds available for conflict resolution projects within the Commission's democracy unit attracted bids overwhelmingly from NGOs in fact not working at all on democracy and human rights within their traditional conflict resolution focus. This suggested that many NGOs themselves in practice struggled to weld together these two areas of work. It was argued that NGOs pursued the same basic rights approach in conflict scenarios as elsewhere, revealing a lack of any distinctive input or thinking on political approaches to conflict.¹¹⁵ While NGOs were critical of European conflict resolution approaches, they themselves could be criticized for having failed adequately to conceptualize the new peace support agenda.

Experts at Saferworld expressed considerable concern that the West was trying to export set models, when there was no ready-made 'legal framework' for post-conflict situations. Rather, the need was to encourage the gradual strengthening of 'participating structures'. An unhelpful trend was identified of donors 'parachuting' in outside legal and police experts. Notions of the EU exporting its unique 'identity' to conflict situations was felt to be both a 'gross simplification' and anyway not particularly helpful in terms of what was needed in conflict states. For Saferworld, principal lobbying priorities related to arms sales and small arms. In so far as institution building was important, it could most productively focus on community policing and local level 'awareness raising'. Support and training was offered in particular to assist local Southern NGOs engage with and lobby EU decision-making. European governments were judged still to be bad at helping generate 'discrete, ongoing processes' at the local level. At the same time, it was acknowledged that Saferworld itself needed to engage in far more conceptual thinking adequately to 'unpack' the categories of conflict mitigation and democracy building. In general amongst NGOs, in practice the focus was still mainly on achieving security and *then* to work to a standard menu of post-conflict challenges. International Alert's approach revolved principally around concepts such as 'expert facilitation' and 'conversational processes'.¹¹⁶ The organization argued that, to the extent that relatively well-off terrorists were motivated more by identity than socio-economic grievances, civil conflicts could be aggravated by the West 'promoting alien cultural values'.¹¹⁷

For prominent umbrella groups such as the European Centre for Common Ground and the European Peace Liaison Office, the central objective was the mainstreaming of conflict prevention into development. Democracy was important but not a priority element of advocacy. These groups reported that most NGOs were concerned that a careful 'balance' be struck between short-term stabilization and longer-term institution

building. Conditionality had been too tough, with democracy-related conditions specific to NGOs' independence impeding much potentially useful conflict mediation training in autocratic environments. Donors were admonished for lacking a sufficient understanding on the ground of what type of institution building and grass roots capacity work was needed in each particular context. The ostracism of some regimes had also prevented useful work at the municipality level. The suspension of EIDHR micro projects was a notable target of criticism. To the extent that democracy was pertinent to the conflict prevention agenda, it needed to be pursued more 'incrementally' than hitherto, through a gradual ratcheting up of very modest benchmarks. In the Balkans, a top-down imposition of 'democracy' was superficially achieved to enable donors to justify a quick withdrawal, before the conditions for durable peace were firmly in place. Western states were accused of shifting funds too much in accordance with fluctuating media attention, this militating against good quality and balanced institution-building programmes — even if this was seen in part as the result of NGOs' own success in using the media! Indeed, qualifying claims that democracy promotion had its roots in the export of Western identities, democratic processes and constraints within the West were seen as one factor encouraging a superficial and short-term approach to democracy building in conflict situations.¹¹⁸

A significant focus was on minority rights. The Minority Rights Group berated European governments for lacking a framework linking minority issues to conflict-related policy. Strategies on minority rights were far too ad hoc and variable, it was suggested. In practice, conflict issues were 'left to the security people' and then human rights experts were brought in as secondary protagonists within post-conflict strategy. This ensured that Western policies were invariably concerned just with 'getting a peace deal', through whatever means, and hoping that longer-term rights improvements would follow from this. Policies were, in this sense, far too focused on political leaders. No objective standards were advanced to govern minority rights issues, these varying enormously between individual cases in accordance with whatever was judged most propitious for the immediate prospects of obtaining a peace agreement. In Bosnia, while attention was overwhelmingly on Western-mediated elite negotiations, no work was carried out on the really necessary issue of 'helping people see themselves differently', and thus reduce the pathological effects of ethnic identity.

A central issue for NGOs working on conflict was the balance between civil and military elements in peace-building operations. NGOs' approach to this question increasingly encroached upon the human rights agenda. International Alert and other organizations lamented what they saw as the extreme political caution exhibited by

donors on security sector reform initiatives. Within this broad area of work, NGOs called most crucially for Southern NGOs to be given involvement in designing 'local' models for ensuring insight over human rights provisions.¹¹⁹ During 2002, the NGO Forum in Kabul criticized the United Kingdom and United States for channelling so much of their 'human rights' funds through the military, arguing that Western military forces themselves needed a lot more civilian human rights training and awareness than had been forthcoming.¹²⁰ NGOs pushed for new police units and missions to be accompanied by teams of civilian monitors and trainers. The failure of Western governments to complement increases in military deployments with adequate civilian rights training was seen to be indicative in a general sense of an unduly top-down approach to democracy building. A highly worrying feature of post-conflict work was that development and human rights experts still had not fully engaged with this increasingly vital area, leaving it to military experts instinctively favouring a markedly different perspective.¹²¹

Perspectives on the politics–security link were largely secondary to and derived from debates over the question of intervention. NGOs sought military support for humanitarian operations, while remaining circumspect over the broader principle of military intervention. Reflecting concern over the implications of the nascent European Security and Defence Policy, pressure groups lobbied for this to be complemented by strong civilian mechanisms; when these were enshrined in a new Rapid Reaction Mechanism, this was supported as the key to developing EU conflict mitigation policies. NGOs commonly perceived a danger that ESDP had started to divert resources away from civilian institution building in deference to a harder-hitting and 'sexy' image of new European tanks and uniformed presence being more prominent in crisis scenarios. While most conceded the need for a military element —one activist cautioning that NGOs 'must not throw the baby out with the bathwater' in criticizing new military capabilities — they argued that these were being 'politically manipulated' to give the impression to the public that 'something was being done' to find political solutions to civil conflicts. Several NGOs, in both Europe and the United States, acknowledged that they had been insufficiently engaged in the development of new doctrines of military intervention; one insisted that consideration of how such changes related to institution-building aspects of conflict resolution was 'not in the mainstream of NGO debate'. Most organizations insisted that they simply lacked resources to engage, in terms of both conceptual debate and practical lobbying, on political questions still not recognized as enjoying top priority within the standard canon of conflict resolution work. Notwithstanding NGOs' pronouncements on the rights

and wrongs of international intervention, the more subtle and complex democracy-related aspects of intensified efforts to tackle civil conflicts were, in the words of one NGO representative, 'not even on the radar screen'.

The most significant sense in which human rights NGOs formulated a clear conceptual line on democracy and conflict was their criticism of power-sharing arrangements that were predicated on immunity for the perpetrators of human rights abuses. Impunity unleashed arguably the most forceful campaigning in Bosnia, the Dayton agreement being seen at least initially as undermining the prospects of bringing hard line ethnic leaders to justice.¹²² A primary theme in lobbying on Afghanistan was the inclusion of human rights abusers in the Loya Jirga.¹²³ Human Rights Watch pressed for more attention to be paid to guaranteeing basic security before donors rushed ahead with the Loya Jirga, let alone with fully democratic elections. Other NGOs lobbied strongly for Western powers' funding of warlords to cease; this was, they insisted, a plea to which donors did gradually pay heed.

Amnesty International, HRW, Interaction, and other NGOs refrained from adopting an unequivocal public line on the use of force against Iraq. They centred their pressure more or less entirely on the question of bringing the crimes committed under Saddam to justice through an international tribunal. Nothing of any significance was offered by the NGO community in relation to the structure of a post-Saddam political system. Donors' efforts should, it was argued, be on pushing for greater judicial independence specifically so as to expedite justice against crimes perpetrated by the regime. This objective was paramount to the extent that it should override local capacity building; if the capacity could not be fashioned within the Iraqi system, the task should be given to an international body extending beyond the competences of a temporary tribunal. Human rights NGOs were expressly concerned that there should be no exceptions and no deals entered into where policy-makers might consider such compromise in order to assist regime change or even include regime officials in a new coalition government. Activists were critical of the December 2002 London meeting of Iraqi opposition forces precisely on these grounds. NGOs were also critical of the United States for being concerned with weapons of mass destruction rather than human rights per se, lamenting the fact that regime change would have been supported by the US administration even if it was change to an equally oppressive regime.¹²⁴ Interaction and its members' main target was governmental intimation that an 'occupation force' would be prolonged and not immediately hand over humanitarian and reconstruction tasks to civilian bodies. The Stop the War coalition had little to say about the details of building

democracy; indeed, central to their concerns appeared to be a frequent reference to the dangers of Iraq fracturing upon Saddam's departure.

7. Conclusions

The influence of international NGOs became pertinent to the incorporation of broadly normative perspectives cutting across governmental, business, and civil society dimensions. These were not completely bereft of a new discourse on Western societies' democratic self-identity. The extent to which such influence and 'identity politics' aimed specifically to add momentum to the international spread of liberal democracy was subject to significant limitations, however. NGOs' practical engagement and access to decision-making on Western governments' democracy promotion policies was weaker than on other value-related issues. A conspicuous lack of awareness was evident of key developments in donors' democracy strategies, and perceptions of government policies were in many sense unduly simplistic. Western commitments to encourage democratic reforms in the developing world engendered more ambivalence than active support. Governments and NGOs themselves both contributed to such distance. NGOs were ambivalent in significant measure because governments purported to invest democracy policies with strategic rationale, and civil society activists became more circumspect as they perceived a tightening of this security linkage.

While many donors increasingly espoused development-oriented bottom-up approaches to political reform, NGOs remained relatively uninvolved in and ambivalent towards the democracy agenda precisely because they saw this as lacking such logic. Democracy was most commonly seen as desirable without being a priority of NGO lobbying strategies. NGOs sought the developmental gains of political reform, without attaching to this a label as contentious as 'democracy promotion'. They saw the constituent building blocks of democracy as separable from the overarching concept of promoting democracy. NGOs seemed to be urging an apolitical approach to politics. Of no small import, the developmentalist twist to democracy would help fashion new political aid budgets around NGOs' own areas of expertise and ensure that these organizations remained prominent partners for governments.

Democracy was a distinctly lower priority than core human rights issues; many NGOs cautioned that its short-term pursuit might even prejudice progress on more pressing rights challenges. Democracy was a derived concern, relevant to the extent that general political illiberalism

fed into the perpetuation of human rights problems. Democratizing power within states was also judged to be separate from and secondary to a need to democratize power between states. NGOs came to urge more political approaches to conflict mitigation; activism on this issue incorporated new concerns with democratic reform, while simultaneously lacking a conceptually clear and unequivocal prioritization of democracy promotion as an integral element of the conflict resolution tool box. Overall, in their tentative and qualified focus on democratic norms, NGOs often took their lead from governmental thinking, but also retained a distinctive enough perspective to resist complete co-option. Arguably, NGOs' positions themselves lacked rigour in clarifying exactly how concepts such as 'local-level politics' and 'grass roots democratic participation' were separable in any sustainable fashion from a macro-level template of 'Western democracy'.

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Conclusions

This book has taken up the challenge of adding to a growing body of work on the international dimensions of democratization. It set out to explore what value there might be in analysing the strategies of three sets of Western actors — governments, multinationals, and NGOs — in relation to democratic trends in different regions of the world. In this way, different forms of international agency could be measured, combining and comparing rationalist self-interest and the social construction of new normative identities. This in turn drew from and aimed further to inform debates on the relationships between democratic reform and security, economic change, grass roots development, and conflict. This conclusion recaps the findings pertaining to each set of actors' evolving perspectives on democracy; highlights some of the shortcomings in Western actors' deliberations and practical agency on democracy-related issues; and conceptualizes the unfolding interaction between political, economic, and social dynamics.

1. Liberalism versus Democracy: A Shared Curiosity

Variety and commonality were evident in the three actors' respective approaches towards democracy. Governments, business, and the NGO community all demonstrated greater concern with democratic trends, but their strategies were also beset by considerable uncertainty and ambivalence. A general feature to emerge was a common concern with encouraging islands of liberal rights protection, coupled with a reluctance to link this to primary and overarching macro-level action on democracy.

Western states' democracy promotion strategies became more notable in content, while adopting a more bottom-up gradualist approach to political change. Punitive, top-down pressure to install democracy was not common. Coercive instruments and pressure were more notable in relation to core human rights issues than democracy. The United States remained wedded to a slightly more top-down and instrumentalist logic than European states, but by the late 1990s most aspects of

its policies adhered to the same gradualist, rights-based philosophy. Western donors' stated aim was invariably to support underlying democratic culture. Political aid went increasingly to civil society organizations with a community services orientation and to basic human rights projects. Rather than being dichotomized as 'positive engagement versus punitive pressure', much of Western strategy professed to superimpose a 'socialization' approach across this traditional division. While clearly more nebulous than the use of concrete policy instruments, this approach was not without significant content. Political aid resources increased significantly and pressure for incremental political change grew. Key alliances were developed not undermined, yet also infused with a limited impulse to political reform; there was no apparent active deterring of such liberalization. Across an increasing number of countries, Western donors sought to encourage modest political liberalization and funded projects aimed at strengthening basic democratic capabilities.

Most resources were concentrated in states already making some progress in political reform, Western policy aiming more at nudging along incipient democratization than at unleashing fundamental change. It was in the 'already-moving' cases that democracy promotion efforts were seen to be most efficacious — although perhaps also least imperative in terms of making a qualitative difference to security interests. To some extent this showed a still passive attitude towards democracy: there were efforts to widen democracy where some 'room' for this had emerged, less urgency in terms of perceived strategic priorities in actually creating such room in the first place. Although more forceful actions were concentrated against smaller states, the broader evolution of Western policies rendered unsustainable the contention that democracy and human rights were likely to be favoured only where strategic interests were absent. Western policies exhibited many of the standard caveats applied to 'democratic security' arguments, relating to the need for controlled processes of change, variation across regions and the stabilization of economic and social change accompanying democratization. The gradualist–socialization approach sought to encourage political change while minimizing the short-term risks of undermining alliances — although the new strictures on democracy sometimes seemed to unsettle alliances without having any tangible impact for local populations.

The emergence of more bottom-up approaches to democracy building cast doubt over claims that Western powers were intent on promoting merely illiberal democracy. While in some cases support was forthcoming for top-heavy, executive-dominated processes of 'controlled' change, in overall terms this charge did not accurately capture the

evolution of Western policy. Indeed, if anything, policy could be described by the exact inverse: most pressure and aid projects aimed to extend basic liberal rights far more than the institutional edifice of formal democracy. If Western policy could be faulted it was less for actively supporting a façade democracy that facilitated the suppression of liberal rights, more for its faith that liberalism was extendable in essentially non-democratic contexts. Almost by default, the West was often sucked into favouring the kind of semi-democracy that many would suggest combined the most destabilizing elements of both democracy and authoritarianism.

Multinational companies' approach to questions of democratic reform exhibited a similar mix of evolution and caution. Considerable variety of outlook emerged among multinationals during the 1990s on issues related to democratic trends in the developing world. This variation reflected investors' different national traditions, the contrasting concerns of different sectors of business activity, as well as acknowledged uncertainty over the relationship between commercial interests and evolving international political trends. Many companies acknowledged only a narrow range of concerns, focused on labour costs and the market openings offered by developing market governments. Some were openly keen on keeping the Corporate Social Responsibility (CSR) agenda as narrow as possible and to commit strongly to such a well-delineated framework precisely so as to ward off any broader political role. The kinds of basic labour, social, and human rights addressed in relation to companies' internal operations under the CSR platform were not associated in any uniformly significant sense with deficiencies in the broader political contexts within which such rights issues had arisen.

Many companies retained a simple view that stability was best achieved through strong politics, involving the curtailment of democratic rights. State-led development and economic reform were still seen as beneficial in many contexts, as means of keeping market reform processes as smooth as possible. Investors often focused on small groups of technocratic reformers, the existence of such a pro-investment cabal outweighing concerns with the more general political climate. Even relatively narrow, technical governance reforms were strongly supported mostly when the scales had already tipped towards a situation where most domestic business and MNC competitors had begun to privilege such improvements over patrimonial links. Driven by increased competition with other MNCs, investors often referred to the way this Prisoner's Dilemma produced short-term personalistic business strategies.

The investment decisions and professed concerns of many companies, however, did indicate a judgement that the paucity of democracy in

developing markets increasingly complicated and restricted commercial operations. A number of concerns were identified and reflected in FDI trends, most commonly cutting across the authoritarian/low intensity democracy divide. The adverse effects of arbitrary decision-making and changeable rules were identified as a priority worry. Some investors claimed that their experiences during the 1990s led them to perceive a link between business-enabling good governance and broader political issues. The extent to which strategies of political control inherently involved ceilings to market reform also became increasingly apparent. MNCs' complaints grew at autocratic governments' imposition of joint venture partners on political rather than commercial grounds. Many companies alluded to an association between authoritarianism and nationalism, with the latter identified as an increasingly serious impingement on investment plans in the developing world. It became clearer that pro-investment market reforms not built on stable coalitions of support rarely provided entirely favourable investment climates. The centralization of economic policy-making competence in authoritarian and semi-democratic regimes had stifled the broadening of technical capacities, to the detriment of international business. The moderation of many opposition groups previously hostile to FDI also appeared to render democracy a less dangerous option. While governments sought to make the world safe for democracy, business was often reassured that democracy had been made safe for international capital.

In conflict states, there was some ambivalence over democracy's role, but most companies adopted a focus on building up local communities and civil society, seen as the most useful means of underpinning the security of their own operations. Where democracy appeared possible, gradual and pacted transitions were supported, but investors often looked unfavourably on markets where controlled change was not accompanied by stronger civil society and a balancing of overweening state power. In sum, the evolution of business approaches suggested that the 'low intensity democracy' framework accounted for some but not all of MNCs' perspectives on the democracy agenda. Investment decisions and business's concrete political actions often demonstrated a conviction that areas of better quality democratic procedure were an important component of their own self-interest. In some cases, low-quality democracy seemed to combine the worst rather than the best of both worlds, with the uncertainties of partial reform and 'executive heavy' new democracies providing investors with some of their most significant political uncertainties. While investment decisions were often prejudiced by the kind of factors that might be reasonably associated with the absence of democracy, MNCs insisted that a variety of political forms was possible and should be allowed for. International

business was most commonly attracted by and itself advocated incremental reforms to basic rights protection, local-level civil society capacities, and good governance, without attaching to this a push for formal adherence to a Western democratic template — in some senses the exact opposite of the low-intensity democracy model. If they could be faulted, it was less for a clear or uniform search for *democradura*, more for their failure to articulate a connection between their specific sites of political concern and the overarching state of democracy.

International NGOs clearly emerged as important protagonists in the shaping of political norms. The spread of democratic values was seen as welcome by NGOs, and the further development of such trends was generally supported. NGO statements and views assumed a more political perspective. Democracy did not, however, attain the same degree of priority status as NGO campaigning on other issues. Many NGOs were even ambivalent over the moral worth and legitimacy of efforts to promote democracy. Again, a strikingly rigid distinction was made by most NGOs between the democracy agenda and core human rights issues. The overwhelming majority of politically oriented NGOs confined their attentions to the fuller implementation of those human rights standards already enshrined in international law. These efforts took precedence in both authoritarian and semi-democratic contexts. Democracy was not actively pressed as the kind of basic universal value in relation to which NGO input had become so telling. Indeed, many civil society organizations were apt to argue that rights might be secured through different locally specific political forms. NGOs expressed particular concern over democracy promotion being linked to national security interests. What was perceived to be the increasingly instrumental use of democracy promotion after September 11 was more criticized than welcomed by international NGOs. NGOs in general opposed the prospective use of political conditionality and there was judged to be a danger of democracy promotion being used as a form of new colonialism. NGOs were even reluctant to take up funds for some of the more politicized forms of political aid. A number of organizations did cast aspersions on such reasoning, arguing that the separation of human rights from democracy was often misconceived. Some NGOs also claimed to be more comfortable with Western powers' approach to democracy promotion. Such views remained in a clear minority, however.

These concerns meant that NGOs were most prominent and forceful in pushing for grass roots elements of democracy, linked specifically to development aims. A primary objective was to ensure that what was perceived to be a new focus on the top-down implanting of formal democratic institutions did not actually prejudice such development-oriented

political reform. NGOs increasingly tried to juggle their traditional service provision functions with this incremental view of political advocacy. The concepts of local ownership and participation were key to NGO concepts of democracy and to ensuring that political reform was attuned to basic development needs. Efforts concentrated on the strengthening of grass roots civil society organization, and international NGOs placed greater priority on social rights than formal institutional changes. Longer-term bottom-up change was advocated as a means of constructing basic local-level democratic capacities. NGOs saw accountability and transparency as concepts properly about access for marginalized groups through civil society organizations, not about reform within government and state institutions. International NGOs declared significantly less concern with national level democracy than with the democratization of relations between states in international institutions. National democracy was simply no longer viewed as the main debate. Global civil society's vision was less of an international community of liberal republics, more of a centralized machinery for ensuring a greater equality of economic and social rights. Good governance was criticized as a concept pursued at the service of global capital as much as it was advocated for its democratic potential. Most transnational NGO movements were markedly more anti-globalization than pro-democracy. There was a strong rejection of the supposed link between economic and political liberalization.

A significantly more political focus was evident on the part of NGOs working in the field of conflict prevention and peace support operations. One of the most significant changes in NGO action was the shift away from politically neutral humanitarianism and it was through this change that NGOs did become particularly concerned with democracy building. Again, in practice, this manifested itself in a strong rights focus, with NGOs cautioning against too much political conditionality being exerted in delicate conflict scenarios and engaging most notably in grass roots social rights training. Donors' new concerns with democracy were interpreted by NGOs to have been framed and designed merely to facilitate — indeed, to justify — a prompt withdrawal from post-peace deal situations. Civil society groups were particularly hostile to signs that the democracy label was being used as a pretext for the military to take over civilian humanitarian functions. Most notably, the concept of power-sharing democracy was criticized for invariably hinging on impunity for human rights abusers.

In sum, the three actors all purported to focus many of their strategies on a series of basic liberal rights and local-level civil society organization. Actors in all three categories often made a notable conceptual separation, insisting that policies and lobbying efforts were aimed at

promoting liberalism *rather than* democracy. The increasing force and clarity of the core human rights agenda was extended into the realm of democracy promotion in only diluted form. Governments, international business, and NGOs were all guilty of paying insufficient heed to the links between bottom-up rights improvements and the democratic quality of overarching political structures. Their positions on this question were less the product of robust reasoning, more the reflection of a feeling that 'democracy' lacked both universal legitimacy and direct pertinence to actors' immediate political, commercial and developmental concerns. This separation between democracy and its constituent components often appeared conceptually suspect, and shed interesting light on the perceived levels of international credibility enjoyed by different political norms.

2. Advances and Limits to International Democratic Agency

This substantive caution and, arguably, confusion were compounded by the limited extent to which practical deliberations, decision-making structures, and lobbying action in practice centred on democracy. While governments' incremental approach to political change possessed some strategic rationale, it often reflected the *weakness* of security-oriented input into democracy promotion policy-making. Decision-makers attested to a tendency for Western governments to focus narrowly on particular rights issues or individual crises, with an acknowledged paucity of broad conceptual purchase beyond the very general 'democracy enhances security' assertion. Caution and genuine uncertainty were evident over how to progress and how best to seek to build democracies in a way most compatible with security interests. While criticism can justifiably be directed at the West for failing to give greater content to its democracy promotion commitment, it could alternatively be seen as significant that the latter was pursued in a fashion that often did not exhibit clear calculation of self-interest. There was much to suggest a dearth of detailed consideration of exactly how democracy related to other objectives and of any necessary trade-offs between the various areas in which political reform was posited as potentially advantageous. Policies were hindered by genuine conceptual doubts over how to reconcile a holistic, socio-economic philosophy with short-term strategic imperatives.

Where security imperatives were so immediate and pressing, democracy was invested with directly instrumental value as an integral element of regime change. Here, the onus was less on the general

benefits of democratic *process* as such, more on democratic change as a necessary route to installing more pro-Western leaders capable of functioning within the parameters of at least nominal pluralism. If during the cold war this instrumentalist logic was largely unadulterated — democracy welcomed *only* insofar as it provided for pro-Western external policies — as the 1990s progressed it diminished, but did not completely vanish. Again this revealed relatively weak conceptual purchase on the impact of democracy per se, rather more focus on direct governmental change. In the really difficult strategic cases even this instrumental perspective on democracy appeared decidedly secondary to the focus on states' external actions and was rather divorced from the policy-making 'centre of gravity'. If democracy was judged a broadly stabilizing political principle, it was most commonly not the *lack* of democracy itself that was targeted in any direct fashion by Western security policy.

The degree of coordination between security policy deliberations and democracy promotion policy-making exhibited clear limitations. It was development experts that gained the strongest purchase over the emerging democracy promotion agenda and were most influential in elaborating the concepts guiding much Western democracy assistance. Development ministries responsible for democracy aid work enjoyed considerable autonomy from foreign ministries; diplomats responsible for strategic policy invariably had little idea how such funds were distributed or how their use impacted upon security objectives. Efforts to coordinate concrete democracy promotion initiatives with overarching security considerations did emerge but were acknowledged by policy-makers to be limited. Defence departments made limited progress on linking military cooperation to accountability and political transparency initiatives. Aid officers were most commonly concerned with individual projects, professing a lack of insight into how 'their projects' related to broader security objectives. In the field of conflict resolution, democracy experts were in practice often marginal, while conflict resolution units admitted to giving little attention to debates over democracy. September 11 appeared to herald changes to such inchoate policy-making. For the first time, mainstream security diplomats in many Western chancelleries acknowledged a pressing need to engage in the detailed aspects of democracy policy and for these to be designed more tightly around strategic priorities. This change was such to provoke some tension with development experts, hitherto in the driving seat of democracy funding and fearful of more security-focused approaches coming to predominate.

In light of the disparate nature of policy-making processes, doubt might be cast on the extent to which the nature of Western democracy

promotion policies — both their limits and strengthening — were conditioned by rationalist strategic calculations. To some extent, the bottom-up gradualist approach emerged by default, in the absence of any really coordinated linking together of the different levels and dimensions of democracy promotion policies. Moreover, standardization also played an increasingly influential role: once democracy was in effect forced onto the agenda by the changes in Latin America and then Eastern Europe, its incorporation into other areas was in part forced by the dynamics of universalization, rather than reflecting a careful weighing up of strategic interests: pursuing a more universal policy was on balance and in an unspecific sense seen as likely to be more beneficial. While economic competition between Western governments was most commonly seen as militating against a more significant focus on democracy and human rights, in some cases the European Union and United States seemed to compete to boost their respective international profile by gaining lead role as democracy's most effective guarantor. At least in part, that is, democracy promotion was driven by competition within the West rather than deliberation over the values of democracy itself.

Similar shortcomings were also evident in the business sphere. Even where company representatives and investment trends attested to political factors, they still acknowledged limited grip on considerations relating to systemic governance structures. International business most commonly sought improvements in basic rights, and in the stability and predictability of governance and economic reform, but there was limited reflection on the extent to which such progress might involve wholesale democracy. The various specific political obstacles to business operations were related to a general political malaise of developing states but not pieced together into a view on the overall importance of democracy. Companies admitted to having little 'overview' on the effects or role of democracy as such. Conceptually business did not address issues in terms of democratic quality, but rather focused on individual areas of concern. In war-torn states, MNCs in practice undertook little debate on whether democracy, non-democracy or power-sharing forms of democracy were most likely to restore stability in a way that addressed their concrete commercial interests. Companies themselves admitted to lacking adequate conceptual tools to draw from debates over democracy. In terms of MNCs' practical relations with Western governments, a significant lack of awareness was evident of relatively basic changes to democracy promotion strategies.

Compounding these conceptual shortcomings, MNCs anyway rejected suggestions that the new democracy agenda warranted their more proactive engagement. In contrast to both the good governance and human rights agendas, democracy was most commonly classed as

a foreign policy concern and not within the legitimate or appropriate sphere of business influence. Democracy was classed as a political not business agenda. Participation was affected mainly through multilateral, government-led CSR consultation groups. Far from lobbying strongly in relation to democracy promotion — either for or against it — the private sector was often obliged to follow diplomats' lead and advice. MNCs' internal organization was rarely set up in a way that encouraged a more comprehensive political engagement. The finite resources and substantive orientation of government affairs offices further locked-in the concentration on specific and pressing CSR issues. Input into high-profile democracy initiatives was tentative. Business did not take full advantage of many of the forums set up by Western governments to facilitate dialogue with developing country authorities on political issues. Rather than seeing new democracy promotion commitments as a promising opportunity to ensure that governments addressed the kinds of issues that were increasingly pertinent to investment decisions, MNCs were primarily concerned that such engagement would lead to companies being used by governments for political ends.

New NGO forums were created providing for engagement with both governments and businesses on political issues. Many of these enjoyed only informal and relatively marginal status, however. Privileged access was granted only for a small number of large NGOs. Access for NGO influence on issues of political rights remained conspicuously tighter than on mainstream development issues. Proactive lobbying specifically on democracy was relatively limited. NGOs also acknowledged a paucity of overarching thinking on democracy. Decentralized NGO structures complicated conceptual coherence, reinforcing a tendency towards ad hoc approaches to questions of political reform in developing states. Democracy was not a simple, high impact issue of obvious right and wrong, of the type targeted most enthusiastically by NGOs. NGOs were most clearly influential over the CSR agenda, but here too the focus was on a relatively narrow range of issues, and little clarity emerged on how NGOs saw MNCs' broader role relating to democracy.

In conflict situations, NGOs' political focus was on debates over intervention and the balance between contending factions more than on the concept of democracy as such. Indeed, the political focus was conceived as a way of improving conditions on the ground in a way that enabled humanitarian assistance to be implemented effectively. Much NGO work pursued under democracy categories in fact commonly had only the most indirect relevance to political reform. NGOs' mindset was: achieve peace, deal with the most crucial aspects of peace support,

then bring in democracy as one of several second order instruments for locking-in peace over the longer term. NGO aims and influence spoke less to the question of how ongoing processes of political change themselves impacted on patterns of conflict or to how democratic change might contribute to conflict resolution in a more causal sense. Many NGOs, indeed, stressed the need not to divert resources from the most urgent tasks of short-term stabilization for the kind of institution-building aimed unhelpfully merely at consolidating Western influence through the imposition of an inappropriate democratic standard. The overwhelming preoccupation was with the ‘intervention versus non-intervention’ debate, rather than with conceptual input on what political ends might be the ultimate objective of these competing strategies. The move away from apolitical humanitarianism was not fully matched by a move towards comprehensive conceptual purchase on the politics of peace-building.

3. Strategic, Economic, and Social Interactions

The book has aimed to compile a composite picture of the strategies of Western actors in relation to democratic trends. Questions were initially posed concerning the balance of strategic, economic and social dynamics in the West's focus on the spread of democracy and the nature of interaction between these different spheres. The foregoing account reveals many similarities in the way that governments, multinational companies and international NGOs approached and sought to influence political reform in other parts of the world. The three sets of actors developed many common concerns. The distinctive nuances and complexities of their respective aims in relation to issues of democratic reform exhibited elements of striking similarity. Concerns with international democracy emerged at a comparable pace across the three actors; democracy was simultaneously perceived to have pertinence to political, commercial and civil society agendas; many of the same uncertainties, caveats, and conceptual peculiarities pertained to actors in each sphere. These trends suggested at least some degree of political–economic–social ‘network’. The three domains were mutually conditioned, not completely watertight compartments within which each set of positions on democracy was elaborated in an entirely endogenous fashion. The specific concrete actions of individual political, economic and social actors contributed to the construction of a particular form of international dimension to democratic reform, that in turn conditioned the way in which each of those same actors’ strategies evolved.

There was no single, overwhelmingly dominant direction of influence. Elements of genuine three-way interaction could be witnessed. Approaches to international political norms have tended to attribute clear primacy to one set of actors: state-led modified realism pitted against the business-dominated low intensity democracy framework and accounts of NGO-generated normative politics. In practice, in relation to the democracy agenda, there were important elements of cross-cutting influence: each sphere shaped the other two; each sphere was itself shaped by the other two. Each level of deliberations set basic parameters for the other two. Both rationalist and normative dynamics were evident in shaping new concerns with democracy; both were also evident in the limits to that new focus. Each set of actors was both provider and recipient of nascent social learning on international democracy promotion. As all actors groped towards greater clarity on democracy related issues, they were more susceptible to influence than in relation to more firmly established aspects of the international agenda.

It was governments' positions that were probably most 'out front'. It cannot be concluded that Western governments' democracy promotion agenda was reducible to a transnational capital-driven concern for low intensity democracy. Neither were governments simply browbeaten into addressing democracy at the behest of civil society influence. Both economic and social actors often followed aspects of the democracy agenda formulated by governments. Much conceptual thinking that seeped into commercial and NGO perspectives emerged from governments grappling with the new security environment and analysing how best to increase the impact of their democracy assistance programmes.

At the same time, as international business's own experiences of political change in developing markets evolved, the changing perspectives of the private sector fed into governments' calculations. Investors exerted notable influence over good governance issues, including the way in which these assumed broader, more politicized characteristics. Such debates were also recognized to form the background against which NGOs' positions on the politics of sustainable development became more sophisticated. The role played by multinationals was of both a lesser and greater magnitude than suggested by many analysts: lesser in so far as international business agency did not obviously predominate over political and social factors in explaining Western democracy policies; greater to the extent that business concerns were varied and complex, extending beyond any simple determination to curtail democracy.

Alongside this, Western NGOs were vital contributors to an international agenda that paid increasing attention to political rights. NGO positions changed sufficiently to feed into and set new normative

parameters for governments' own adoption of more forward-looking security strategies. Despite some signs of co-option, the specific case of the democracy agenda does not fully bear out the critical view of civil society as a supine creature of governments' interests. Governments often looked to NGOs for advice and for conceptual orientation, and the effects of this were seen in the aspects of development-oriented perspectives on political reform evident in some governmental policies. International NGOs enjoyed their most conspicuous influence in impacting upon multinationals' commitments to upholding basic rights in developing markets.

While such mutually conditioned trends were significant, the degree of political–economic–social intermeshing was, however, subject to notable limits. A standard assertion was that democracy represented a universal good: an enlightened security concept, an economic tool, and a moral campaign all rolled into one. Notwithstanding the notable similarities that emerged in the positions of governmental, business and social actors, this contention overlooked the extent of tension and disconnection between the three domains. The foregoing studies demonstrate how the emergence of a single, coherent nexus of Western dynamics was more limited and tentative in relation to democracy than other normative rights. There were elements of notable divergence and discrepancy between the political, economic and social domains. Some aspects of the deliberations over democracy prevalent in one sphere were actively resisted in the others. Many developments in the democracy agenda were reinforced through mutual learning processes across the three spheres; others were, if anything, subject to increasing diversity. Within the common normative framework of a rise in democratic discourse, actors adhered to contrasting positions in the more detailed debates about tactics, the distribution of democracy promotion resources, and second-order conceptual issues within the overarching democracy category.

Each of the directional links between the three sectors of actors exhibited substantive tensions and limits in the extent of practical engagement and lobbying. While in fact sharing many of the same concepts, governments had limited success in gaining NGO support for or engagement in its democracy promotion policies. Where executive-bias was identified by governments as a cause of strategic belligerence, it was sometimes seen by MNCs as helpful for keeping protectionist forces at bay. Meanwhile, business engagement on government policies was less than enthusiastic and companies often sought more pressure where governments wanted more. While there was, again, apparent convergence between the commercial and social spheres, business failed to win NGOs wholeheartedly over to some of the economic governance

components of political reform. NGOs in turn limited their influence over both governments and business to specific areas of the democracy agenda and continued to claim a different understanding of democratic priorities that was not fully assumed by political and commercial actors.

The book has demonstrated that Western actors' democracy-related strategies have evolved notably and that their actions and aims constitute an important aspect of the international dimensions to political trends. Positions have become more political, broader in conceptual scope, and less inimical to democratic dynamics. They have incorporated many of the subtleties alluded to by analysts in the links between strategic stability, economic modernization, local-level development, and underlying cognitive change. The theoretical lines of investigation proposed by different schools each point to important features of actors' prevailing positions on international democracy agenda: the evolving calculations of strategic self-interest; the varied concerns of international economic activity; and around both of these, the construction of normative parameters fashioned through ongoing and reflective interaction between political, economic and social actors. Each of these perspectives can add to explanations of democracy policy; none is sufficient in itself. Democratic norms may have become a yardstick for framing normative expectations, but the content and nature of international agency relating to democracy is still evolving; is still fluid in its balancing of strategic, commercial, and social concerns; and still lacks fully resolved conceptual understanding.

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