

Promoting Democracy

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PROMOTING DEMOCRACY

by Larry Diamond

We stand at an extraordinary moment in history, a time of unprecedented movement toward democracy. Freedom House rated 75 countries as politically “free” at the end of 1991, 10 more than a year earlier. A more generous list counted 89 democracies—approximately half of the world’s independent countries and twice the number of 20 years ago. By either standard, democracy is more prevalent than ever before.

Democracy has won the great ideological struggle of the Cold War. As a dynamic, coordinated, self-confident international movement, communism is, to quote political scientist Ken Jowitt, “extinct.” This extinction has produced a multipolar, fluid, and volatile world in which regimes, ideologies, identities, and national boundaries will experience vigorous change and contestation.

The extinction of global communism opens an epochal opportunity to restructure world politics. The Bush administration envisions a “new world order” in which “nations recognize the shared responsibility for freedom and justice.” So far, however, that vision has been more preoccupied with order than with freedom. Others, such as commentators Charles Krauthammer and Irving Kristol, see a “unipolar moment” in which the primary challenge is to avert chaos and defend the national interest by checking weapons proliferation and protecting countries friendly to America.

A grander vision sees in this fluidity a “democratic moment” when the idea of democracy and the democratic countries of the world lack

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serious rivals on either the geopolitical or ideological planes. To be sure, democracy is not the only alternative. Various authoritarianisms—Islamic fundamentalist, hypernationalist, military, and revolutionary—still hold attraction. But throughout the world people have come, through bitter experience, to a new appreciation of political freedom and constitutionalism as ends in themselves.

The global expansion of democracy continues apace, with more than 30 countries in transition to democracy. After elections in March 1992, Thailand is now restoring constitutional (though not fully democratic) government; Nigeria is expected to do so by the end of the year. Within two years many other countries now in transition, including El Salvador, Ethiopia, South Africa, Taiwan, and many former Soviet republics, may become full democracies.

This global trend may be deeply gratifying, but its roots are shallow. Many of these new "democracies" have initiated only the rudiments of democratic institutions. Elected executives lack effective control over the military and may need to weigh actions against the threat of a coup. Legislatures are weak, poorly financed, and understaffed. Legal systems lack the training, resources, and authority to protect human rights and due process. Political parties lack organization, resources, meaningful ties to interest groups and grassroots constituencies, and the political skill and experience to govern effectively. Also missing, typically, is the cultural and civic infrastructure of democracy: a strong commitment to democracy widely shared among elites and citizens, a variety of democratic associations and interest groups autonomous from the state, and an independent, pluralistic mass media.

Of the more than 40 countries that have made transitions to democracy since 1973, only Greece, Portugal, and Spain can be regarded as stable and fully consolidated. About a third have experienced either the complete breakdown of democracy or substantial deterioration of civil liberties and peaceful electoral competition (as in Colombia, Pakistan, and Sri Lanka). Peru suffered an executive coup against democracy in April 1992. In India, democracy is so marred by political violence, human rights

abuses, corruption, and group conflict that Freedom House has downgraded its rating to “partially free.”

In much of the developing world, democracy is threatened by economic crisis. Most of Latin America remains mired in its deepest and most prolonged depression ever, with per capita income for the region down by more than 10 per cent since 1982, and a much greater drop in such countries as Nicaragua and Peru. Many constitutional regimes in Asia, Africa, Eastern Europe, and Latin America may collapse in this decade if they are not able to cope with economic and social challenges.

This democratic movement does not mean that we are at the end of history, but rather that we have reached a critical turning point in history. Not since the end of World War I have the Western democracies had such an opportunity to shape the political nature of our world. By promoting democracy abroad, the United States can help bring into being for the first time in history a world composed mainly of stable democracies.

“Promoting” democracy does not mean “exporting” it. Except in rare instances, democracy does not work when foreign models are imposed, and many features of American democracy are ill-suited to poor, unstable, and divided countries. Moreover, a missionary zeal for America’s specific institutions and practices is more likely to provoke resentment than admiration.

Nor can Americans impose a preference for democracy where it does not exist. Rather, promoting democracy means offering moral, political, diplomatic, and financial support to individuals and organizations that are struggling to open up authoritarian regimes. Countries that are trying to institutionalize democratic government must receive economic assistance to help them weather painful economic reform and the training and technical support to make democracy function effectively. Assistance must also be provided to the nongovernmental pillars of democracy: parties, civic groups, trade unions, think tanks, and the mass media.

Promoting democracy also implies fostering market-oriented economies, for two good reasons. First, state socialism—meaning state own-

ership and control of the means of production—is intrinsically incompatible with democracy, which requires some distribution of power resources so that political competition can be real and the state can be held accountable. Second, as the past several decades have shown inescapably, state socialism does not produce sustained economic development, and statist economies lag behind. Thus, only market-oriented economies produce the conditions for legitimating democracy.

Promoting democracy means a global partnership for democratic advancement, backing the initiatives and responding to the appeals of aspiring democrats worldwide. This strategy is as old as America's own ideals but new in its emphasis on pluralism, multilateralism, private-sector initiatives, and national modesty.

Why Promote Democracy?

Yet, at a time when the United States itself is in pain, why should Americans bother? Why spend resources to promote democracy abroad? In the post-Cold War era, what should be the purpose of American foreign policy? Where does America's national interest lie?

Certainly military security and physical safety must rank at the top of U.S. national interests. That means reducing nuclear armaments, halting the spread of weapons of mass destruction, regulating the international flow of dangerous technologies, and combating international terrorism. U.S. national security requires the peaceful resolution of regional and civil conflicts, and if peaceful resolution fails, possibly the use of force to halt and reverse aggression.

National security also means economic security and health. These require open access to natural resources and the sea lanes of international trade. Economic well-being at home requires an open international economy, in which tariff and nontariff barriers gradually and reciprocally diminish. In the 1990s, unconventional challenges to national health and safety—the international drug trade, deforestation, global warming, depletion of the earth's ozone, pollution of the oceans—will require unprecedented levels of international cooperation.

America, then, has real interests in a secure world. "Realists" argue that the United States

should limit its foreign policy to the pursuit of immediate security concerns, because America has neither the resources nor the right to pursue its own *moral* vision of how the world or its governments should be structured.

There are compelling reasons to reject the cold calculations of *realpolitik*. One reason is moral. What distinguishes America most as a people and a nation is its commitment to political and economic freedom, to openness, pluralism, democracy, and the rule of law. For that reason millions of people want to immigrate to the United States, and U.S. universities and research centers are bursting with foreign-born talent. That commitment is why America is so widely admired around the world, and why the products of American culture are everywhere in demand. Just as much as U.S. military and economic power, the U.S. commitment to freedom and democracy is the reason so many countries and peoples continue to look to America for international leadership.

U.S. commitment to promote democracy abroad has real political and strategic ramifications as well. With national borders becoming less constraining, Americans are increasingly affected by the forms of government in other countries. For reasons of principle alone, no democrat would prefer to live in a world composed primarily of dictatorships; but as the world shrinks and international exchanges intensify, such a prospect increasingly becomes a direct threat. Whether they are traveling, studying, or doing business abroad, citizens of the United States and other democracies are less secure in nondemocratic countries, and their transactions and contacts less protected by rule of law. Countries lacking stable democracy are more often in the grip of revolution, terrorism, and other forms of disorder that threaten the safety of Americans.

Throughout history, despots and tyrants have viewed democracies as hostile to their hegemonic ambitions and have tried to undermine them. Which countries are the real threats to U.S. security today? Not Germany, Japan, or any other democracy, but Iran, Iraq, Libya, North Korea, Syria, and other fiercely closed dictatorships (in hot pursuit of nuclear weapons) that sponsor and protect international

terrorists. After three years of “constructively engaging” the communist dictatorship in China following the massacre in Tiananmen Square, what has America gained but the transfer of nuclear and missile technology to Iran and other terrorist regimes?

No region of the world better demonstrates urgent U.S. security interests in democratization than the former Soviet Union. If Russia, Ukraine, Kazakhstan, and the other former Soviet states succeed in institutionalizing democracy, their military threat to Europe, Japan, and the United States will end, and they will become lasting partners in the search for global order and peace. If those experiments collapse—like the tentative democracies of Central and Eastern Europe during the interwar period—into a new wave of authoritarian, xenophobic, and fascist regimes, there will almost certainly be warfare among them, brutal oppression of minorities, threats against the West, dispersion and possible use of nuclear weapons, and waves of immigrants pouring across borders. Lacking deep cultural roots in or intrinsic attachment to democracy, those postcommunist states will only be able to establish clear legitimacy for democracy if they can improve the material conditions of life.

The impact on democracies demonstrates the fallacy in thinking that “real” interests can be distinguished from the U.S. interest in fostering democracy. A more democratic world would be a safer, saner, and more prosperous world for the United States. The experience of this century bears important lessons. Democratic countries do not go to war with one another or sponsor terrorism against other democracies. They do not build weapons of mass destruction to threaten one another. Democratic countries are more reliable, open, and enduring trading partners, and offer more stable climates for investment. Because they must answer to their own citizens, democracies are more environmentally responsible. They are more likely to honor international treaties and value legal obligations since their openness makes it much more difficult to breach them in secret. Precisely because they respect civil liberties, rights of property, and the rule of law within their own borders, democracies are the only reliable foun-

dation on which to build a new world order of security and prosperity.

A truly new world order means a qualitatively different world, not just the temporary leashing of dictatorships or incremental progress on arms control, terrorism, and trade. Promoting democracy must therefore be at the heart of America's global vision. Democracy should be the central focus—the defining feature—of U.S. foreign policy.

Such a reorientation is not only morally appealing and strategically compelling, it is politically sensible. A democratic focus promises a bipartisan foreign policy of which all Americans can be proud, because it synthesizes liberal concerns for human rights, conservative concerns for global order, and the desires of internationalists from both parties to see continued U.S. leadership and engagement in the world. At the same time, promoting democracy does not require that America spend large new sums on foreign concerns, neglecting crying needs to invest in its children, cities, schools, and infrastructure, and thus refurbish American economic power and competitiveness. Rather, it means shifting spending priorities within foreign and defense policy.

“Promoting” democracy does not mean “exporting” it.

It is fashionable these days to denounce foreign aid as a waste of taxpayers' money. But foreign assistance—both economic and political—can contribute to democracy and development, and thus to American security. U.S. economic aid made a difference in the early 1960s when the new democracies of Colombia and Venezuela were struggling to get on their feet. It helped South Korea, Taiwan, and Thailand build the foundations for rapid economic development, which ultimately fostered democracy as well. Certainly, development assistance can be wasted or misused. The question is not whether foreign aid is good or bad, but what kind of aid works under what conditions. Aid that goes to corrupt, unaccountable, and abusive regimes, and to governments that cling to bloated bureaucracies and misguided policies, is likely to be wasted or even do harm. Aid to

constitutional and responsive governments, with growth-oriented policies and institutions, can do enormous good.

Many new and struggling democracies today also need financial relief. Even with the various reform and relief programs of the past decade, these countries continue to labor under debt burdens that can never be repaid. Latin America's foreign debt now exceeds \$430 billion, \$100 billion greater than in 1982. Debt service obligations swallow up scarce resources needed for investment and imports to rekindle economic growth and thus strengthen public commitment to democracy. As in Eastern Europe, the new democracies of Latin America are reducing state expenditures and regulations, privatizing state industries, and lifting restrictions on trade and investment. Those reforms, however, cause hardship and provoke political resistance from those who have depended on state largesse and protection. If market strategies do not begin to improve living standards soon, antimarket forces are likely to rebound and politics may polarize again, with each side resorting to antidemocratic methods. The bloody February 1992 military uprising in Venezuela—long considered one of Latin America's most stable democracies—is a clear warning to crisis-ridden democracies that cannot deliver on the promise of market-oriented reforms.

Certainly the West should not reward the larceny and waste of autocratic regimes by erasing their international debts. But when new democracies inherit these huge debts, what is the point in insisting on repayment at the cost of continuing economic stagnation, popular alienation, and political turmoil? Those new democracies deserve a fresh economic beginning if they are willing to pursue serious market-oriented reforms. The 1991 decision of the Paris Club to write off more than half of Poland's foreign debt was a critical step forward for Poland and an international vote of faith in its young democracy. Such action needs to be generalized as a new bargain in dealing with debt-ridden democracies that are genuinely committed to economic reform. Reductions in interest rates, restructuring of debt into longer maturities, swaps of debt for equity, and outright debt relief—all need to be pursued more

aggressively.

Beyond debt relief, the countries of the former Soviet bloc need infusions of short-term financial and commodity assistance. They are attempting what no country has ever achieved: a transition from communism. When prices are freed, state budgets slashed, and state companies privatized or closed, intense pain and dislocation are inevitable. Economic and political imperatives conflict, and economic "shock therapy" risks provoking the political shock of riots by hungry, hopeless people.

Reforming economies need breathing space to put in place the structures of a market economy. Until reforms can greatly expand income and employment, those dislocated will need a safety net to provide food, fuel, clothing, shelter, and health care. The initial U.S. response to the transition crisis in the former USSR was, to quote former president Richard Nixon, "pathetically inadequate" and utterly lacking in vision. Finally, on April 1, 1992, President George Bush announced a \$24 billion program of U.S. and allied assistance for economic stabilization and reform in Russia. While that promises much-needed aid, much of it is not new money, and the overall Bush policy toward the postcommunist states remains timid and poorly articulated.

The administration should organize quickly with Europe and Japan to provide vastly more aid to the former communist states, conditioned on their continued commitment to democracy and economic reform and their refusal to transfer nuclear and missile technology. An aid program should have several components. First, food and medical supplies must be delivered expeditiously and effectively. Humanitarian aid must be administered free to the truly indigent, while larger stocks are sold in the new markets to increase supply and deflate prices to more realistic levels. Given the heavy presence of corruption and communist apparatchiks in the distribution system, hundreds of Western aid officials need to be deployed across this vast territorial expanse, working directly with local governments and with the emerging networks of democratic civic and political groups outside of government.

The first priority of aid for the former Soviet

bloc—not envisioned by the Bush administration's plan—will require not just large sums of money, but a massive, coordinated effort. There is no time to lose, neither for that material aid nor for the equally important technical assistance that is needed to help aspiring entrepreneurs and democrats develop the values and institutions of a market economy and free society. A “democracy corps” of expert and decently paid professionals should be recruited, trained in Russian and other languages, and made accessible to communities, legal systems, businesses, media, and independent groups that want assistance. Just such a corps was proposed in March 1992 by a bipartisan congressional coalition; its bill would authorize \$30 million in 1992 and \$60 million in 1993 to place at least 75 five-member teams of American professionals throughout the former Soviet republics for two-year tours. That longer-term presence would provide a crucial complement to the current program, administered by the U.S. Information Agency (USIA), that places “professionals in residence” for two weeks to six months, helping establish democratic legislatures, media, and judicial systems.

In the longer term, Western aid can make a big difference in helping modernize the archaic transportation, distribution, and food storage systems of the former USSR, as well as in converting its vast military and scientific establishments to peaceful, productive purposes. It will be critical to engage Russian nuclear scientists and technicians in peaceful, challenging work sufficiently lucrative to prevent their defecting to the highest terrorist bidder. Technical, analytical, and policy assistance will also continue to be needed in crafting economic reforms, but should be offered in the spirit of dialogue and engagement, not dictated.

Short-term assistance to these postcommunist states will amount to tens of billions of dollars collectively for the Western democracies in the next two to three years. This is an enormous undertaking, but there is no higher strategic interest for the West in this decade than the successful democratization of Russia and the other former East bloc countries. Even if the U.S. share of that assistance amounted to \$10 or \$20 billion a year, it would still be a fraction

of what America might otherwise need to spend to counter a renewed military threat from an unstable Russia led by a xenophobic dictatorship blaming the outside world for the country's suffering and humiliation. Morality and idealism aside, to say that America cannot afford investing now to prevent that very real prospect is not simply shortsighted, but stupid. No sum America now spends on defense will do more to improve its security than timely, ample, well-organized, and carefully conditioned aid to the former Soviet republics.

U.S. Initiatives

Just as economic development can be aided by the West, so can political development. By helping train legislators and their staffs, party officials, lawyers, judges, journalists, civic group leaders, trade union organizers, and election administrators—and by enhancing their resources, information, and technology early on—the United States can help “jumpstart” the process of democratic development. Such work is increasingly central to the mission of USIA, which administers a wide range of activities to explain and advocate the concept of democracy; to provide information and counsel on institutional and policy options for those trying to consolidate democracy; and to facilitate links with American institutions. In addition to its Fulbright scholarly exchanges, USIA brings hundreds of foreign professionals to the United States each year for month-long visits; sponsors lecture tours by various American experts (with an increasing emphasis on and demand for speakers on democracy); helps train East European journalists; and provides books on the theory and practice of democracy.

USIA missions in 85 countries have undertaken 132 major projects under the agency's initiative for “Building Democratic Institutions,” and another 215 projects are addressed to related themes such as market-oriented economies and the free flow of information. Democracy is also an increasingly prominent theme in USIA publications and in its *Voice of America* and *Radio Martí* programming.

Although it is primarily concerned with economic development, the U.S. Agency for International Development (AID) has also long been

assisting the development of bureaucratic competence and governmental financial accountability. During the 1980s, AID developed programs to improve the administration of justice, the conduct of democratic elections, and the dialogue between civilians and the military. In a major reorientation, AID in December 1990 launched a "Democracy Initiative" establishing promotion of democracy as a central aim. Under that initiative, AID will also help strengthen local governments and legislatures.

All those official, institution-building activities make sense for AID, as the primary U.S. agency giving aid to other governments. No action can be undertaken without the approval of the host government, and such activities can benefit from the U.S. institutional experience. In addition, many of AID's mainstream programs—helping private enterprise, research, and higher education—benefit democracy by enhancing its economic and social foundations. It is further appropriate that democratization become an important criterion in the allocation of AID funds, and that AID incorporate participation and democracy into its development assistance programs.

There are serious problems, however, with making AID the leading funder of U.S. democracy efforts, as it is now. As specialists in the economic, social, and demographic aspects of development, AID officials are not well equipped to oversee the full range of U.S. democracy efforts. Because it is a comprehensive aid organization driven by multiple goals and interests, AID can hardly be expected to put democracy at the top of its agenda. For example, despite an impressive transition to democracy in the absence of the presumed economic and social requisites, Nepal has been slated for a cut in U.S. aid this year while wealthier, less-democratic countries in Asia have been targeted for aid increases. As a potential model of emergence from poverty through democracy, Nepal has a significance for democratization far beyond its small size and peripheral location.

Precisely because of its dense and loosely coordinated bureaucracy, ponderous decision mechanisms, and tedious reviewing, reporting, and auditing procedures, AID is unable to move with the speed necessary to take advantage of

rapidly opening opportunities and respond to democracies in crisis situations. In fact, congressionally mandated restrictions prevent AID from providing assistance, even to nongovernmental organizations (NGOs), in countries where governments have come to power through coups, are in arrears in repaying debts to the United States, or lack diplomatic relations with Washington. Such countries are often precisely the ones most urgently in need of democratic assistance.

The problem is not simply with AID. There are limits to what any official U.S. agency can do to support democracy abroad. Many countries remain deeply anxious about U.S. intervention. That suspicion limits what U.S. government agencies can do to assist private institutions. In addition, any activity that might affect the outcome of electoral competition, such as technical assistance to political parties, is inappropriate for a U.S. government agency. Even the nonpartisan but highly sensitive function of election monitoring is best funded and supervised by an NGO.

A crucial limit to governmental assistance arises with states that cling to authoritarian rule. In those situations, American aid for democracy must go to nongovernmental institutions that seek to bring down the existing regime peacefully. Even after the transition, strengthening democracy involves aiding such groups, which may be in conflict with the government of the day. That is not a suitable task for a U.S. government agency. When an independent trade union or civic group, aided by the United States, crosses its own government in striving for greater responsiveness and accountability, that government is likely to call in the American ambassador or AID director and order the assistance stopped. Worse still, a timid ambassador may exercise a preemptive veto. The problem is not resolved when AID grants money to a U.S. NGO to foster democracy abroad, because that NGO then becomes an agent of AID, subject to its restrictions and priorities. Pluralism and innovation then diminish, and U.S. NGOs lose one of their most important assets abroad: the perception that they are independent and beyond the control of the U.S. government. Political aid to private

FOREIGN POLICY

democratic groups must have the insulation of funding from NGOs that are not instruments of U.S. foreign policy and cannot reasonably be denounced as such.

There are many American NGOs that can deliver democratic assistance, such as Freedom House, the African-American Institute, and the Asia Foundation. The Asia Foundation, with a grant-making budget for fiscal 1992 of \$24.3 million (about 40 per cent from its annual congressional appropriation through the State Department budget), 13 field offices in Asia, and almost 40 years of experience with institutional development in the region, has become a model for American NGOs in this realm. Much of this involves strengthening legislative and legal systems. The Foundation also fills a niche in advancing civil society in the traditionally state-dominated countries of Asia by assisting independent media and scores of citizens' organizations.

Many dimensions of the Asia Foundation's approach are worth replicating in international efforts at democracy promotion: a long-term presence that allows for an emphasis on incremental change; intimate knowledge of each country and sensitivity to its culture; extensive individual and institutional contacts; research programs that complement the grants activity; and concern for strengthening regional ties through intra-Asian exchanges and seminars (as opposed to the costlier and less-appropriate route of always bringing people to the United States). However, comprehensive democracy promotion requires a broader organizational framework dedicated exclusively to that purpose.

The NED Model

A good example of such an independent framework is the National Endowment for Democracy (NED). Since its creation in 1983, the NED has done much to advance the global democratic revolution. A cornerstone of its structure, and one reason for its success, is operational autonomy. Although NED is funded mainly from an annual congressional appropriation, its priorities and grants are decided by an independent, bipartisan board of distinguished citizens, not by the State Department or U.S.

embassies abroad. Because NED, unlike AID, operates autonomously from the general policies and specific directives of the State Department and White House, and allows greater pluralism of approaches and strategies in its democracy promotion grants, NED (like the Asia Foundation) is generally able to maintain independence; yet this is most likely to be compromised when its project-specific funding comes from AID. Both organizations find their autonomy reduced with country grants from AID, as opposed to their annual appropriations from Congress.

Working directly through its four core grantees—the National Democratic Institute for International Affairs (NDI), the International Republican Institute (IRI), the Free Trade Union Institute (FTUI), and the Center for International Private Enterprise (CIPE)—as well as other private American groups, NED has provided assistance to democratic institutions and actors in more than 75 countries. In both Chile and Nicaragua, NED grants facilitated the massive electoral mobilization, observation, and voter education that defeated the Pinochet and Sandinista regimes and brought peaceful transitions to democracy. In Eastern Europe, especially Poland and the former Soviet Union, NED helped build the independent civic infrastructure that broke the communist state's monopoly of information and organization. NED now labors to open such closed societies as Burma, China, Cuba, Iraq, and Vietnam, funding numerous efforts inside those countries and among exiles to track and publicize human rights abuses, monitor political developments, disseminate news about global democratization, publish democratic theories and ideas, and train future democratic leaders. Investment also continues in ongoing transitions, funding, for example, several efforts to encourage democratic change and to train black community and trade union leaders in South Africa.

NED efforts helped facilitate transitions to democracy in Namibia and Zambia, in part through election-observing efforts. NDI in particular has helped organize such efforts in more than 20 countries. That work has bolstered the efficacy and integrity of the electoral process in a wide range of young democracies, exposing

FOREIGN POLICY

outright fraud in the Philippines and Panama, and identifying other problems in Bulgaria, Guatemala, Pakistan, and Romania. NDI is now taking a longer-term approach, strengthening the capacity of local civic groups to monitor elections and to mobilize thereafter for greater public accountability.

NED programs also seek to fortify new and troubled democracies. More than 20 NED projects support democratic organizations and movements in Russia and the other post-Soviet states, including political training, independent publishing, research institutes, and modern information networks to spread democratic ideas, monitor human rights, and analyze public opinion and electoral data. FTUI will spend \$2 million in fiscal 1992 to help build an independent labor movement in the former Soviet states. In Eastern Europe and Latin America, NDI and IRI work to enhance the capacities of political parties across the democratic spectrum to campaign, recruit members, use the mass media, and articulate what they stand for. NDI is extensively involved in Africa and Asia as well, and targets a wide range of other institutional needs, including training legislators and enhancing their committees, staffs, and information networks; providing technical advice to newly democratic local governments; helping develop civilian expertise on the military; and organizing dialogues between military officers and democratic political leaders. Those programs have used political professionals from more than 50 countries in an effort to avoid implying that the U.S. system is the only model of democracy.

FTUI, meanwhile, supports the efforts of independent trade unions to organize, protect workers' rights, reform labor laws, and inculcate democratic values. CIPE fosters the development of open, market-oriented economies and independent business institutions. CIPE's most spectacular success has been its support for Peruvian economist Hernando de Soto and his Institute for Liberty and Democracy in Lima. De Soto's 1987 book, *El Otro Sendero* (The Other Path), became a sensation throughout Latin America. With CIPE's assistance, de Soto and his institute have helped transform development thinking throughout Latin America.

Gradually, these NED programs are weaving a "democratic international," a global political and intellectual network disseminating democratic thinking and strategies. Yet despite its success, NED has been badly underfunded. Its current \$27.5 million budget amounts to less than a hundredth of 1 per cent of the U.S. defense budget for fiscal 1992 and considerably less than half a per cent of the U.S. foreign aid budget for the same year. Although the scope of democratic needs and the quality of applicants has increased dramatically in recent years, NED's budget has grown only modestly.

The gap between needs and resources has been partially filled in recent years by specific country grants from AID, but that is hardly a solution. The U.S. democracy promotion effort today suffers from a sharp contradiction in its institutional framework: The resources to promote democracy—not only the bulk of the funds but also the international network of field officers—lie largely within AID. In most areas of democracy promotion, however, the best capacities lie outside the agency. The framework needs to be reorganized. AID should continue to lead in helping develop the official structures of democratic governance. But the civic and political challenges should be transferred to nongovernmental hands and funded through NED or, as in the case of the Asia Foundation, by Congress directly. That would reduce AID's centralized control and micromanaging of democracy assistance programs and its tendency toward centralized planning of U.S. democracy promotion efforts for individual countries. It would also free the NED organizations, and other NGOs, from the stifling bureaucratic constraints and potential political handicap that goes with accepting AID funding.

NED's much less centralized and restrictive approach has been good for democracy but it has also had its downside in the occasional abuses that accompany loose oversight. Since a March 1991 General Accounting Office report found some misuse of grant funds, improper documentation, and inadequate monitoring of NED grant recipients, NED has constructed a much more comprehensive evaluation program while strengthening auditing and instituting independent reviews of its programs. But NED

must also adapt in other ways to the responsibilities of a larger mission, placing field officers in every major region of the world and in most of the democratic countries in which it operates. Collectively, those steps could increase total expenditures on administration from under 10 per cent to 15 per cent or more, but would still leave NED as one of the most cost-effective organizations in Washington.

AID must also change. Internal coordination must be greatly enhanced, perhaps by vesting overall responsibility with a new assistant administrator for democratic initiatives. AID's reporting and auditing requirements also must be streamlined in order to improve efficiency while deterring fraud, but not to the point where reports and audits swallow a substantial amount of the financial and human energy available, as they do today.

Finally, the U.S. foreign policy establishment must develop a sharper sense of global priorities for America's assistance to democracy. National security considerations should weigh heavily, putting the East European and former Soviet states at the top of the list. The Caribbean, Central America, and Mexico should also rank highly because of their proximity. Other large and strategic states, like China, Egypt, Indonesia, and Pakistan must be incorporated into the democracy perspective as well.

The needs, possibilities, strategy, and pace of democratic reform will vary radically from case to case. In a country like Egypt—where, as in Algeria, immediate and full democratization might produce an even less-democratic regime—shrewd strategy would emphasize support of economic reform and gradual strengthening of democratic infrastructure in government and civil society. Idealism must be tempered with realism and a view toward long-term progress. Pushing forward the pace of democratization from below in a country like Indonesia, and pressing for more rigorous respect for human rights, would make more sense than demands for immediate, full democratization.

Criteria for aid must shift to reflect the end of the Cold War and the increasing importance of democracy to U.S. security. Where governments are highly corrupt and abusive of human

rights, official aid should be suspended except to address those deficiencies, and any aid should go directly to nongovernmental actors. Where governments are striving to institutionalize democracy for the first time, they, as well as independent groups in their societies, should be rewarded with increased assistance. We also must appreciate the importance of establishing successful “beachheads” of democracy in regions where it has been absent or deteriorating. That is why the Baltic states, Benin, and Nepal are important for democracy in their regions, as Costa Rica has been in Central America and Botswana in southern Africa. Even small success stories can generate powerful diffusion effects among neighbors.

Democracy should be the central focus—the defining feature—of U.S. foreign policy.

When America clearly stands for something in its diplomatic relations, it can often affect the choices available to rulers and the evolution of regimes. Historically, however, with some exceptions, American diplomacy has not made promoting democracy a major goal. Indeed, the Cold War obsession with communism often led U.S. policymakers to embrace dictators and even occasionally sabotage popularly elected governments. With the Carter and Reagan administrations, though, American diplomacy began to change in ways likely to endure. Jimmy Carter’s human rights efforts did not democratize Latin America overnight, but they did help save many victims of indiscriminate repression and reinforce pressures for democratic change. Under George Shultz’s stewardship of the State Department, U.S. diplomatic pressure along with efforts in the Congress contributed to democratic transitions in the Philippines and South Korea.

Nevertheless, U.S. diplomacy for democracy has been hurt by inconsistency. Symbols matter in a world of intense and rapid communication, ideas diffuse across borders, and double standards can be devastating. Thus the inconsistency of Washington’s cynical postwar abandonment of anti-Saddam Hussein forces in Iraq is why so much of the pro-democratic potential of

the Persian Gulf war was negated.

Again, U.S. demands for instant democratization simply may not be plausible in some countries, and U.S. security interests sometimes conflict. Getting China's cooperation in halting the proliferation of nuclear weapons and missile technology is more critical to U.S. security today than is its political liberalization. Nevertheless, a foreign policy for democracy must encompass a new paradigm for diplomacy, a different way of seeing the world and of dealing with the powers in it. That means rejecting the "realist" view that only "interests"—as opposed to principles—should weigh in foreign policy, and that Washington should therefore deal with every country on a "case-by-case" basis. Vital strategic interests may override a principled stand for democracy, though not nearly so often as neorealists imagine; but America should proclaim movement toward democracy as its overall diplomatic goal, beginning with the irreducible minimum of cessation of torture and political imprisonment. Where other interests push Washington to abide authoritarian rule, it at least ought to appreciate the symbolic importance of not dignifying that rule with praise, as administrations have done so often in the past.

Consistency is also necessary across the many voices and instruments of American foreign policy. Unfortunately, the White House, the National Security Council, the State Department, the Pentagon, intelligence agencies, the Congress, AID, and U.S. embassies often differ sharply on what American policy is or should be. Only strong, visionary presidential leadership can impose the discipline and coordination necessary to get these bodies to articulate a consistent message on democracy.

Americans have reached a momentous juncture in foreign policy, when their interests and strategy must be reassessed. A foreign policy for democracy would build on longstanding American themes, ideals, and strategies but it would also represent a sharp departure from the past. That approach conflicts sharply with those who advocate a return to classic geopolitical, non-ideological, and largely amoral conceptions of the national interest. It collides with the visions, right and left, of an America largely withdraw-

ing from global responsibilities and involvements. Yet withdrawal is a luxury that the United States can ill afford in the uncertain new world it has entered.

Neither can democracy-centered foreign policy be squared with a "relativist" globalism that views every country as culturally distinct and worthy of a place at the drafting table of a new world order. Rather it demands the courage and conviction to make moral choices; it demands the wisdom not to ground them too closely in American experience. Finally, in its conviction that the pursuit of a more democratic world can only succeed through collaboration with U.S. allies among the industrialized democracies, the strategy outlined here departs both from those who envision American dominance of a democratizing world and those who believe that America must prepare to defend its well-being with the economic warfare they presume will replace conflicts of arms. At the same time, internationalism need not imply unrealism. Indeed, a foreign policy for democracy will only be possible if America recognizes that—with vast unmet needs at home and trillions of dollars of debt—it simply cannot go it alone.

The global democratic revolution cannot be sustained without a global effort of assistance; the United States must encourage democratic allies—especially Japan, which currently lags far behind Germany in this regard—to spend more to support democratization and market reforms. More countries are becoming involved; Great Britain has just established a Westminster Foundation for Democracy, explicitly modeled after NED, but unfortunately it will also suffer from inadequate funding. An effective global effort requires not only more explicit national undertakings and more money behind them, but much closer coordination among the industrialized democracies and their public and private aid institutions as well. Coordination will not only distribute the burdens and avoid duplication, it will protect recipients from becoming too dependent on or identified with any single donor country or agency. And efforts to pressure dictatorships will be much more potent if the dictators see the major economic powers united in a common effort.

Nevertheless, the United States must continue to lead the democratic front. It is the oldest, strongest, most admired democracy in the world. The global future of democracy is intimately bound up with Americans' own global vision and daring. The United States has done much in recent years to advance democracy, but it is not doing enough.

Democracy promotion is one of the cheapest, most cost-effective ways of advancing the national interest. All told, America spends no more than \$200 million annually in political assistance to democratic forces and institutions, and perhaps \$400 million if one includes as an estimate of USIA's effort 20 per cent of its roughly \$1 billion budget. Those sums could easily be doubled—not from domestic funds, not even from cuts in defense spending, but merely by shifting priorities within the existing foreign aid budget.

Emergency economic aid to the former communist states is going to be much costlier, but that need will probably last just a few years and can be financed from savings in defense spending. There may never be a potential boon to U.S. security within our lifetimes as profound as the transformation of a former totalitarian enemy into democratic allies. If America cannot find the funds, skills, and imagination to seize this critical opportunity, then it is unworthy of its own legacy of Washington, Jefferson, Madison, and Lincoln.

It will be a long struggle—more than a generation. But democratic successes will become models and inspirations for their neighbors and increase pressure on authoritarians worldwide. If the United States stays the course of this struggle, as it did in the Cold War, it can create a different world: a community of states under law, a global democratic civilization. If it retreats from the challenge and watches the world descend anew into fascism, bigotry, and strife, there could be decades of needless danger and suffering before the democratic moment arrives again.