DEMOCRACY PROMOTION:

THE CASE OF EUROPEAN UNION STRATEGY

RICHARD YOUNGS

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Abstract

This working paper examines the nature of European Union democracy promotion policies since the mid-1990s. The analysis covers: EU democracy assistance projects; debates over the imposition of political conditionality; the importance attached to 'socialisation' dynamics; the relationship between commercial policy and democracy promotion; and a comparison between European and US approaches to political change. It is noted that the EU has developed significant new initiatives in the field of democracy promotion, many of which compare favourably with those of the US. The EU's approach to encouraging political change in the developing world has focused on enhancing the social and ideational foundations of sustainable democratisation, and has not favoured the systematic use of punitive conditionality. There have been notable attempts to link the democracy agenda to both grass roots development work and good governance initiatives. However, European democracy promotion still suffers from significant weaknesses. In particular, the different components of EU policy need to be dovetailed more effectively, based on a more balanced and comprehensive conceptualisation of the complex relationships between social, economic and political change.

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1. Introduction

A decade has passed since Western governments and some multilateral organisations committed themselves to the promotion of democracy as a priority focus of their post-Cold War foreign policies. Issues pertinent to the promotion of democracy have consequently received increasing attention within academic work. At the broadest, conceptual level debate has ensued over the degree of genuineness in Western governments' democracy promotion commitment and over the relationship between this new agenda and perceived geo-strategic interests. In normative work differences have emerged over the ethics of actively seeking the universalisation of liberal democratic principles. At another level, academics and practitioners have engaged in debate over the kinds of strategy best able to give effect to the stated aim of encouraging democratic processes in the developing world. It is on this question of strategy that the current paper focuses. Within work on democracy promotion strategies, one group of experts has addressed the issue of 'positive' measures, and most specifically the growth in 'democracy assistance' aid projects aimed at enhancing democracy and the observance of human rights. Such political aid has generally come to be seen as an increasingly well-established and important democracy promotion instrument, although it has most commonly been seen as a useful supporting, rather than primary factor in assisting political change. Some analysis has focused with greater precision on the question of where democracy assistance funds should most appropriately be directed, revealing increasing concern over the appropriate balance between different types of political aid funding. A different focus has centred on high-level diplomatic initiatives designed to further the democracy promotion agenda, and in particular on the issue of political conditionality. The overwhelming majority of analysts have expressed scepticism over the use of punitive conditionality, holding such coercive action to be inappropriate to the generation of embedded 'consent' behind democratic norms. There has been analysis of the potential utility of a more 'positive' form of conditionality, based on the notion of releasing additional parcels of aid in response to progress on democratic reform or, at the micro-level, the fulfilment of certain conditions providing for greater societal participation in the

management of allocated aid. On all these issues, analysts have acknowledged debate to be at a relatively early stage, in line with Western countries' own comparatively recent interest in developing a more systematic focus on democracy promotion.[1]

Seeking to contribute to this range of ongoing debates, the paper provides an overview of EU strategies in the field of democracy promotion as these have evolved since the early 1990s. By drawing on interviews with policy-makers – over sixty of which were carried out between May 1999 and February 2001[2] – the analysis pays particular attention to the EU's own conceptual justification for the nature of its policies. The EU has sought to establish itself as an influential actor in the domain of democracy promotion and by the middle of the 1990s had availed itself of new democracy assistance funding, provisions for political conditionality and an extensive network of democracy-related initiatives and dialogues with developing countries. Both within in its overall foreign policy objectives and its regional aid protocols the EU established a broad remit for democracy work, specifying an aim to focus not only on the minimal formal requisites for democracy but also to strengthen the effectiveness of legislatures, to assist public administration reforms, NGO activity, civic education and democratic awareness programmes, human rights projects, greater civilian control of the military, minority rights and the transparency of governance structures. In offering an audit of EU democracy promotion policies, the paper's purpose is twofold. First, it provides a detailed outline of EU policies as a means of informing recommendations for the future

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[1] The literature touching on the range of issues pertinent to democracy promotion is too vast to list in its entirety here, but a number of works are worth noting. On the issue of democracy assistance two recent volumes have synthesised the debates carried out during the 1990s: Carothers, T. (1999), *Aiding Democracy Abroad: The Learning Curve* (Washington, D.C.: Carnegie Endowment for International Peace); and Burnell, P. (ed) (2000), *Democracy Assistance: International Co-operation for Democratization* (London: Frank Cass). On political conditionality, see: Stokke, O. (ed) (1995), *Aid and Political Conditionality* (London: Frank Cass); Nelson, J. (1992); *Encouraging Democracy: What Role for Conditioned Aid?* (Washington, D.C.: Overseas Development Council, Policy Essay no.4); Burnell, P. (1994), 'Good Government and Democratization: A Sideways Look at Aid and Political Conditionality', *Democratization,* 1/3: 485-503; Barya, J. (1993), 'The New Political Conditionalities of Aid: An Independent View from Africa', *IDS Bulletin,* 24. For broader discussion of issues such as imitation effects and the dissemination of 'consent', see: Whitehead, L. (ed) (1996), *The International Dimensions of Democratization: Europe and The Americas* (Oxford: Oxford University Press).

[2] Interviews were carried out with officials in: foreign and development ministries in Denmark, Germany, the Netherlands, Britain, France and Spain; the Commission, the Council Secretariat and member states delegations in Brussels; Commission and member state democracy desk officers in Morocco and Egypt; the Friedrich Ebert Stiftung; and USAID.

development of democracy promotion work. As a relatively new area of activity, most analysis of democracy promotion has been largely speculative and normative, assessing the potential and legitimacy of different kinds of approaches. Little comprehensive overview of what activity has actually been undertaken by the EU has been attempted, those factual compilations that have been prepared having focused almost exclusively on US policies. Forward-looking advocacy needs to be based on a better understanding of actual on-going activity, since, as will be shown, many features ritually assumed to apply to Western democracy promotion efforts actually bear little resemblance to the way in which practical, on-the-ground European policies have evolved. The paper's second overarching concern is to link together analysis of democracy assistance work and high-level democracy-related diplomatic initiatives. Thus far, these micro- and macro-levels have been largely assessed as two separate domains. As the paper will argue, this has militated against a realisation that the most pressing challenge for democracy promotion strategy relates to the need to secure better linkages between different policy levels.

The paper begins by offering a description of EU democracy assistance work, and then proceeds to outline the use of political conditionality provisions. It then assesses the significance of those areas of policy aimed at promoting democracy in a more indirect fashion, before comparing EU strategies with those of the US government. Building on the factual overview of European policies, the paper concludes by suggesting ways in which EU strategy might fruitfully be developed. A more holistic approach to democracy promotion is advocated, within which 'positive' and 'negative' measures, and 'political' and 'economic' policies, would be elaborated and operationalised more as a seamless whole. This, it is contended, would secure a more effective dovetailing of the different components of democracy promotion strategy and facilitate a number of tangible improvements in EU policies, including: an expansion of the range of democracy assistance funding; a more subtle and incremental use of political conditionality; a firmer embedding of democratic 'discourse'; and a more effective harnessing of the democratic potential of structural economic reform and good governance initiatives.

2. Democracy Assistance: The Bottom-up Philosophy

Western donors' commitment to the promotion of democracy has been manifest through an increase in and more systematic use of political aid, and the funding of projects aimed specifically at strengthening democratic procedures has been presented as a central component of EU strategy. Political aid did indeed establish itself as a significant element within the profile of EU aid work during the 1990s. Notwithstanding this, assessing the precise magnitude of EU democracy assistance

funding has remained problematic. Member states have used slightly different categories and definitions for political aid, making any effort to compile precise figures for an overall EU – member states plus Commission – effort a somewhat arbitrary exercise. European governments have compiled categories of political aid combining human rights, democracy, governance and peace building work in different combinations, rendering direct comparison difficult. States have placed similar types of project in different categories. No EU donor separated out a distinct, US-style 'democracy assistance' category of aid – as we shall see below, the EU's use of broader and more diverse delineations of political work in part flowed from and reflected the EU's distinctive conceptual approach to democracy promotion. Notwithstanding these definitional problems, it can be safely determined that democracy-related aid grew significantly during the early- to mid-1990s, before in the case of nearly all donors reaching a plateau by 1997-8. Summing donors' own definitions of political aid, the EU's overall effort had reached approximately 800 million euro a year by the end of the 1990s, approximately a threefold increase from the beginning of the decade. Germany was the largest funder, giving approximately 200 million euro per year by 1998 to 'State and Civil Society' work, about half of this amount being channelled through the party foundations. Amounts allocated by the UK to 'Human Rights and Governance' rose to over 100 million euro per year. Commission-managed funding under The European Initiative for Human Rights and Democracy (hereafter 'the Democracy Initiative') expanded rapidly from 59 million ecu in 1994, to 98 million euro in 1999, and 201 million euro allocated for 2001, with total funding for the period 1996-9 totalling 307 million euro.[3] The Dutch government was distributing 140 million euro per year by 1998, split evenly between 'Human Rights' and 'Good Governance and Peacebuilding' and France and Denmark were each giving 70 million euro per year to 'Human Rights and Democracy' by the end of the decade, in the Danish case this accounting for a notable 6 per cent of total aid.

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[3] Figures from: Commission of the European Communities (1999), *European Initiative for Democracy and Human Rights*; Council Secretariat (1999), *EU Annual Report on Human Rights 1998-99*; Commission of the European Communities (2000), *Report on the Implementation of Measures Intended to Promote the Observance of Human Rights and Democratic Principles in External Relations 1996-99;* Cox; A. and Chapman, J. (1999), *Les Programmes de Coopération Extérieure de la Communauté Europeéne* (Commission and London: ODI); Cox, A. and Koning, A. (1997), *Understanding European Community Aid* (London: ODI); OECD (1999), *Development Cooperation Efforts of the Members of the Development Assistance Committee* (Paris, OECD). See Appendix for breakdown of budget categories and institutional structures governing European democracy assistance.

Sweden was the highest proportionate contributor, 11 per cent of its aid budget going to political work.

While these increases were significant, democracy assistance amounts remained relatively modest. In all principal regions, democracy funds committed under the Democracy Initiative accounted for less than 2 per cent of the EC aid budget. This was the case even in the priority states of Eastern Europe, with percentages even smaller in the more difficult areas such as the Mediterranean and Asia. The largest recipients of democracy assistance in absolute terms were the sub-Saharan African states within the Lomé Convention, but even in this case such funding accounted for only 0.3 per cent of EC aid. In all areas, between eight and ten times more was given for economic reform, and political aid was dwarfed by the big ODA categories such as humanitarian aid, natural resources and social infrastructure projects. Democracy assistance aid was distributed geographically widely and relatively evenly across regions. As the largest recipients, the ACP countries received a total of 252 million ecu for political aid projects between 1992 and 1997. In the first years of the Democracy Initiative, funding was strongly oriented towards Latin America, which received nearly 40 per cent of funding up to 1996, but a relatively balanced spread across regions gradually emerged thereafter. For the 1996-99 period the ACP states received 21 per cent, Latin America 17 per cent, the Central and Eastern European states, the Balkans and the CIS together 35 per cent, with a smaller 14 per cent of the budget going to the southern Mediterranean partners of the North Africa and Middle East region. Asia, receiving only 1 per cent of funding, was the area where democracy funding remained most conspicuously limited. Member states efforts were also spread relatively evenly across developing regions, although all but the biggest national donors concentrated political aid efforts on a smaller number of countries.

The projects funded by the EU indicated a strongly bottom-up approach to assisting democratisation processes.[4] Until the mid-1990s, the largest share of democracy funding went to election assistance, engendering criticism that the EU exhibited an unwarranted concern with the minimal, formal

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[4] The analysis of the EU approach to democracy assistance that follows is gleaned primarily from interviews with policy-makers. Official documents give a flavour of this approach but are generally notable for what they do not explain. Examples include: DfID (2000), *Making Good Government Work for the Poor*, Consultation Document, June; German Development Ministry (BMZ) (1998), *Promotion of Democracy in Development Cooperation* (Basis-Info 22); more comprehensively, Danish Foreign Ministry (1999), *Evaluation: Danish Support to Promotion of Human Rights and Democratisation*, Volume 1, Synthesis Report, 1999/11.

institutional elements of democracy.[5] However, thereafter the proportionate focus on elections fell markedly, coming to account for no more than a fifth of overall EU efforts. This, it was suggested, certainly did not appear an excessive share in the context of growing electoral manipulation, in particular in 'second round' sub-Saharan African elections.[6] More generally, the most striking feature of EU political aid was a marked preference for funding NGOs. By the end of the decade, in most areas over 90 per cent of democracy and human rights expenditure went to advocacy NGOs. Most such NGOs were supported for initiatives relating to basic human rights issues. This consisted primarily of human rights education and seminars, and training in human rights standards for administrators, army and police officers and judges. That is, in practice considerably more funding went to human rights issues than to broader democratic institution-building. A related feature of the EU's approach was a stress on socially-focused 'grass roots' issues. The Democracy Initiative and governments' bilateral democracy initiatives included a notable emphasis on funding service delivery NGOs, assistance for street children and psychological support for victims of torture and conflict, and for women's groups. In turn, an integral part of this focus was the significant amount of work undertaken on conflict resolution out of the democracy budget. Such efforts focused on the social and economic reintegration of combatants, with vocational training linked into projects aimed at facilitating the active participation of disbanded fighters within incipient local decision-making forums. The latter often included EU support for mediation forums set up to promote power-sharing arrangements, combining reconciliation and the development of democratic procedure. The key aim was to enhance 'communal self-administration'.[7] European work was predicated on a conviction that priority should be given to ensuring that national-level political change was 'underpinned by local democracy'.[8] Underlying these concerns, European policy-makers acknowledged that their democracy assistance work was seen in large part as extending the concept of 'ownership' that had established itself as a guiding maxim of standard development aid work.

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[5] Crawford, G. (2000), 'European Union Development Co-operation and the Promotion of Democracy', in Burnell, *Democracy Assistance*: 110.

[6] Burnell, P. (2000), 'Democracy Assistance: The State of the Art' in Burnell, *Democracy Assistance*: 348.

[7] Commission, *Report on the Implementation*: 21.

[8] Council Secretariat, *Annual Report*: 42.

This approach was presented as constituting a priority focus on civil society. In fact, the concept of civil society favoured was itself narrow, with groups other than NGOs attracting relatively little support. Trade union funding, for instance, was very limited, and not even classified as a separate category of assistance, with support for employers' groups also not notable within the EU's political aid profile. A significant lacuna was the lack of funding to church-based organisations, given the latters' important role in democratic transitions prior to the 1990s.[9] The overwhelming share of funding for the media was channelled to freedom of expression NGOs, and a link made to the developmental focus though a large slice of such funding being aimed at better press coverage of deficiencies in 'social rights'.[10] While Western-style advocacy NGOs were heavily funded, nothing of any magnitude was aimed at enhancing the democratic potential of local forms of civil society organisation, such as mosque-based neighbourhood groups in the Islamic world or councils of elder statesmen in Africa. Some Nordic states had by the end of the 1990s just begun tentatively to discuss the appropriateness of funding such groups, but even they remained far from initiating any significant concrete action in this regard. Most significantly, the EU's civil society emphasis ensured that only very limited support was forthcoming for political institutions, such as parliaments, parties, judiciaries, local tiers of government or the issue of civil-military relations - what has generally been referred to as 'political society', defined as a distinct sphere existing between civil society and the exercise of executive power. Of the Democracy Initiative's total budget of over 300 million euros for 1996-1999, only 4.5 million went to parliaments, 24 million for the media, 6 million on public administration transparency, and only 2 million for civil-military relations. Moreover, it was precisely some of these more political areas whose funding dropped most notably in the last two years of the decade. Considerable funding was allocated for legal reform, this constituting the one notable non-civil society area of funding. Even here, however, the concern was more with providing legal aid, the financing of ombudsmen and other aspects oriented specifically to the defence of human rights, than with initiatives aimed directly at the systemic-level politicised characteristics of judiciaries: the 'target group' for legal reform programmes was expressly delineated to focus on those seeking redress for

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[9] Crawford, 'European Union Development Co-operation': 113.

[10] Commission, *Report on the Implementation*: 24.

human rights abuses.[11] The direct funding of political parties from the Democracy Initiative was not permitted, with a limited amount of funding forthcoming only for training programmes on highly general, non-political issues and incorporating all of a country's main parties. There was no significant focus on strengthening systemic level guarantees of political party autonomy. Political society work was even more conspicuously absent from member states' political aid profile, with southern European governments in particular judging this area to risk an approach that was, as French policy-makers cautioned, unduly *contre-pouvoir*.

The same profile of work was evident, with modest variations, across the different developing regions. The budget established specifically for democracy assistance work under the new Euro-Mediterranean Partnership (MEDA Democracy) focused almost entirely on relatively narrow human rights issues. Up to 1999, of the 306 projects funded under this initiative 290 went to NGOs, and only sixteen to public institutions. Even in Morocco, the most reformist of the EU's Mediterranean partners, over a third of democracy assistance was spent on the single question of women's rights and even after the 1999 succession brought to power the more reformist King Mohammed VI no significant funding for political society or state institutions was forthcoming.[12] While the European Parliament made a point of exempting democracy and human rights funding from its block on funds allocated to Turkey under the 1995 customs unions, in practice only a limited programme of human rights training was financed thereafter. In sub-Saharan Africa the profile of democracy work reflected the more basic range of challenges, with nearly one half of Commission funds between 1992 and 1997 still going to electoral assistance and funding oriented overwhelmingly towards South Africa after the 1994 multi-racial elections.[13] Work in post-apartheid South Africa did shift away from civil society towards technical assistance in establishing a new constitutional and institutional

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[11] See Commission, *Report on the Implementation,* for this breakdown of spending. See page 17 for an outline of the legal reform 'target groups'.

[12] For a more detailed account of European initiatives in the southern Mediterranean states, see Youngs, R., 'The EU and the Promotion of Democracy in the Mediterranean: A New or Disingenuous Strategy?', *Democratization* (forthcoming, 2002). A more in-depth study of EU democracy promotion policies in the Mediterranean and East Asia can be found in Youngs, R., *The European Union and the Promotion of Democracy: EU Policies in the Mediterranean and East Asia* (Oxford: Oxford University Press, forthcoming).

[13] *ACP-EU Courier,* no.171, September-October 1998: 36.

framework[14], but policy-makers lamented that efforts to develop a more comprehensive range of political society projects still encountered obstacles. In Asia, the range of work was particularly narrow and limited in magnitude. In 1998 more was given to cover the running costs of the Hague Tribunal for Yugoslavia than was spent on democracy assistance in the whole of Asia. In China and Vietnam EU funding amounted only to a very tentative beginning of work on basic human rights training. In Indonesia, prior to the 1998 transition funding was negligible and confined to a small number of human rights NGOs; from 1999, a number of European donors initiated small programmes aimed at strengthening parliamentary and political party capacities, but despite the new democratic setting work in Indonesia remained focused mainly on human rights.

Arguably more surprising, the range of democracy assistance undertaken by the EU was also relatively narrow in states firmly engaged on post-transition challenges. In Eastern Europe over 50 per cent of the Commission-managed PHARE and TACIS Democracy Programme went to NGOs. A sizable 10 per cent went to the media, but only negligible amounts went to other more politicised areas of work, such as parliaments, the public administration, security structures or trades unions. In some of the democratically less advanced Central European states these more political projects were completely absent – indeed, the relative level of funding in the region's non-applicants and especially the CIS was relatively low, with under 3 per cent of funds going to the broader government and civil society category compared with 13 per cent for the East European applicants after 1999.[15] The impact of the Commission's democracy programme in Central and Eastern Europe was recognised as having been limited to 'raising the visibility of recipient NGOs'.[16] By 2001, the focus in Eastern and Central Europe was if anything even more markedly concentrated on the issue of minority rights.[17] Latin America's post-transition states attracted a broader range of democracy work, but even here over half the budget went to human rights and most of the rest to 'democracy education' initiatives and legal reform. Political society funding in Latin America was still

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[14] Hearn, J. (2000), 'Aiding Democracy? Donors and Civil Society in South Africa', *Third World Quarterly*, 21/5: 815-830.

[15] Commission of the European Communities (1997), *Evaluation of the Phare and Tacis Democracy Programme 1992-7: Final Report:* 42; Cox and Chapman, *Les Programmes*: 33.

[16] Commission, *Evaluation of Phare and Tacis*: II.

[17] Commission of the European Communities (2000), *Compendium of the European Initiative on Democracy and Human Rights*.

limited in comparison, with less than 1 million going to parliaments, for instance. In 2000 three quarters of the Commission's democracy budget for Latin America went to a single project supporting the creation of a network of human rights and development NGOs in Central America, and in 2001 a similar project of equal proportionate magnitude was allocated to the Andean Community. In Latin America's one remaining formally non-democratic state, Cuba, European political aid projects did not take off.

The prioritisation of NGOs, human rights and grass roots projects was conceptualised by policy-makers as a positive philosophy and a relative strength of the EU's approach. NGOs were seen as likely to play the crucial role in igniting democratising momentum in pre-transition states, and the best means of counter-balancing the power of elites in semi-democratic contexts and still-fragile post-transition states. The inclusion of socially focused projects was presented as part of a broad understanding of the requisites for citizens effectively to be able to exercise their formal democratic rights. This approach was seen by policy-makers as addressing the often-advanced criticism that Western donors were unduly concerned with the formal institutional features of democracy rather than its more substantive social elements: the profile of the EU's democracy funding suggested that if anything by the end of the 1990s in most regions the reverse was true. The strategy was, in broad terms, predicated upon a belief in the need to link over-arching institutional reforms to concrete development issues. Also indicative of this was the insertion of governance components into many traditional development projects. For example, micro-credit schemes were invariably structured around the building-up of local decision-making groups that were then trained to strengthen access to formal power structures. As an overall approach, policy-makers most commonly described these different elements as constituting a strategy that was 'non-prescriptive' in terms of 'institutional end-goals'. Rather, it was concerned with expanding the scope for individual sites of democratic process, and aimed, in the words of one policy-maker, at 'constructing a political will for democratic policy-making' rather than implanting 'given institutional forms'. European democracy promotion policy was, as another official put it, about 'giving people a voice' in social development work and not about 'replicating institutional patterns'.

While justified in such normative terms, the EU's strategy also owed much to a reluctance to engage in more controversial work. Most recipient governments became significantly more amenable to cooperating on human rights projects, but remained hostile to democracy assistance aimed at political institutions. Such resistance was witnessed across all regions, with the EU facing obstruction

to a broader range of funding not only from the more obvious democratic laggards – Syria, Egypt, Cuba, Burma, China, Vietnam – but also from more advanced reformers such as Turkey, Morocco and Mexico. Even states well beyond formal democratic transition, such as the East European applicants, the Mercosur states and Chile, did not welcome the offer of funding for more politicised initiatives. The EU did not push with any significant force to overcome such restrictions. The Commission's mandate did not require it to seek the authorisation of recipient governments for new democracy work, and in a number of cases – most notably, the Mediterranean and Eastern Europe – this provision was codified within Association Agreements that also included suspension clauses for democracy-related issues. In practice, however, this potential for exercising pressure on third countries was not used. The Commission and European governments invariably refrained from funding projects that recipient governmental authorities objected to. They operated in a largely passive fashion, choosing between those proposals received rather than proactively deciding a range of projects of their own choosing.

The Nordic states did seek to push slightly harder for broader access, but even they – with the partial exception of Sweden – espoused a strongly 'cooperative' approach to political funding. Crucially, this was seen as significantly different to projects relating to basic human rights issues, where European donors came to exercise increasing pressure for access. These considerations helped explain the relatively low level of democracy assistance funding, this being due more to the level of funding solicited than to indicative limits imposed by European donors. They also compounded the bias to NGO funding: most proposals were forthcoming from NGOs and NGO funding was both less strongly objected to and less easily frustrated by third country governments. Increasing pressure on recipient governments was seen more as a matter of funding NGOs than trying to prize open access for more work in the area of political society. Notwithstanding the conceptual justification of the NGO- and socially-focused approach, policy-makers lamented that in this sense funding decisions were in practice made in a piecemeal fashion, aimed at wherever some kind of foothold could be gained for political work in each particular country, and in the absence of any overarching 'grand plan'. Donors had opted for the flexibility of an *ad hoc* funding structure, rather than one governed by general 'sectoral' aims.[18] As one official noted, European donors in

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[18] Danish Foreign Ministry, *Evaluation*: 17.

reality felt they were still 'finding their way' in the field of democracy promotion, in the absence of agreed 'good concepts' to guide their work.

A degree of more political work was undertaken through semi-private bodies, such as the German party foundations and the Westminster Foundation in the UK. Many European donors only acquiesced to supporting tentative political society work 'at two removes': that is, from national funds managed by the Commission, then in turn channelled by the Commission through the foundations. Much was made of this type of work, and it certainly did facilitate a slightly broader range of work. However, the limitations to governments' use of semi-autonomous foundations were considerable. Apart from the case of the German Stiftungen, financing of these bodies remained extremely limited. The Westminster Foundation, for instance, was still receiving a paltry annual budget of £4 million by the end of the decade. Governments sought to rein in the foundations as much as they sought to use them as cover for their own objectives. The foundations often carried out work European governments themselves were uneasy with. The UK government had expressed its unease over a Westminster Foundation project funding an independent radio station in China, for example. But often they were not completely immune to the occasional entreaties from their respective governments for caution. The German government retained some formal power over the work of the Stiftungen in strategically important areas such as Eastern Europe, precisely to exercise a tempering influence.

In fact, the foundations themselves focused on relatively 'soft' projects, primarily training programmes with civil society actors, and were often unwilling to engage in difficult projects targeting state institutions in any directly political fashion. The German foundations certainly engaged with their respective sister parties, the Friedrich Ebert Stiftung with trades unions and the Konrad Adenauer Stiftung with business associations, but overall their approach was strongly oriented towards NGOs, civic education programmes and self-help schemes. Indeed, in many areas if anything the foundations became slightly more cautious as the decade progressed. The German foundations, for example, withdrew from political party funding in sub-Saharan Africa, somewhat paradoxically precisely because this sphere was judged to be so weak. They found that a head-on, top-down approach in China did not prosper and, in order to preserve an effective working access in the country, adopted more tentative culture-based projects. They similarly modified their approach in Eastern Europe, having on occasions become embroiled in election contests, with the different foundations having been seen to be too closely associated with their respective co-religionaries and the effort having

been counter-productive as a result. Offsetting the common impression that they provided for significantly better access than governmental political work, the foundations lamented that in many countries they themselves found access for political society projects increasingly curtailed.[19]

A slightly broader range of access was carved out by governments in post-conflict scenarios. In these cases, political aid work did go beyond the relatively narrow focus on NGOs, and was approached as a means of more proactively crafting 'power-sharing' forms of democracy as a conflict-management strategy. In the Balkans, the Dayton and then post-Kosovo deals gave the EU a firm foothold to work on institutional issues. By the end of the 1990s, a large number of European lawyers were on the ground in Bosnia administering and monitoring the still-fragile judicial system. In the Former Republic of Yugoslavia, more systematic links with Serbian opposition parties were built up late in the 1990s, with significant capacity-building cooperation initiated. The list of Commission projects funded in the Balkans during the latter part of the decade showed that, while much work was still oriented towards human rights training, self-help, assistance for victims of torture and democratic education, there was an increasing emphasis on parliaments and trade union networks.[20] Such EU work was predicated upon the wider international, and especially UN and OSCE, engagement in the Balkans. It was the Office of the High Representative that was able to cajole and pressure the different ethnic groups into democratic power-sharing arrangements and the broader Stability Pact initiative that provided the framework for much of the new political society work. Notwithstanding this, there was some concern that in Bosnia civil society was still being prioritised as a means of actually circumventing ethnic-based political parties, this militating against necessary citizen participation in local self-government forums connected to formal power structures.[21]

Other conflict situations where influential on-the-ground involvement in rebuilding institutions was gained as part of peace deals included Cambodia, Guatemala and Palestine, and a degree of political society assistance was also forthcoming in these cases. Policy-makers themselves acknowledged

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[19] Quigley, K. (1996), 'For Democracy's Sake: How Funders Fail – And Succeed', *World Policy Journal*, 13/1: 109-18. For an overview of the work of the German foundations, see Mair, S. (2000), 'Germany's Stiftungen and Democracy Assistance: Comparative Advantages, New Challenges', in Burnell, *Democracy Assistance*.

[20] Commission, *Compendium.*

[21] Chandler, D. (1998), 'Democratization in Bosnia: The Limits of Civil Society Building Strategies', *Democratization* 5/4: 78-102.

that much support for security services in such instances had been complemented with a limited amount of human rights training and 'repackaged' as democracy assistance. An executive-tilt was particularly notable in the Occupied Territories, where the European Union was the largest donor funding the setting up the quasi-state institutions of the Palestinian Authority and where assistance was heavily biased to shoring-up Yasser Arafat's pro-peace process executive rather than what were judged to be the potentially destabilising groups within Palestinian civil society.[22] The slightly different profile of democracy assistance work flowing from such cases of conflict-resolution engagement demonstrated that where specific conflict-reducing outcomes were sought the funding of state institutions was seen as more appropriate and, indeed, imperative. The aim in these instances was to craft a particular form of 'power-sharing democracy', rather than simply igniting potentially destabilising civil society dynamics.[23] The priority attached to deepening the link between democracy aid and conflict management work was demonstrated by the commitment made in March 2001 to create a Rapid Reaction Mechanism to facilitate the deployment of civilian expertise, such as human rights and legal experts, in crisis situations.

While most analysts and development experts have approached the new democracy promotion agenda from an 'NGO angle', concerns have increasingly been expressed over imbalances between civil and political society. It has been suggested that in many places problems have reflected the weakness of political society, and of the articulation between civil and political society, and not of civil society *per se*. Some have argued that the fact that external funding was so heavily biased towards NGOs encouraged many activists to form NGOs rather than concentrate their energy and talent on forming political parties and trying to coalesce a broader range of demands to be filtered into incipient democratic political processes.[24] This was flagged up most specifically as a problem in 'collapsed' sub-Saharan African states, where it was widely held that external funding overloaded civil society in a context where political structures were too weak to ensure any beneficial mediation

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[22] See Assenburg, M. and Perthes, V. (eds) (1998), *The European Union and the Palestinian Authority: Recommendations for a New Policy* (Ebenhausen, Stiftung Wissenschaft und Politik, S421).

[23] DfID, *Making Good Government Work.*

[24] Carothers, *Aiding Democracy.*

of these groups' activism.[25] In this light, the EU's aid profile during the 1990s cannot be held to have represented a comprehensive or balanced democracy assistance agenda. Moreover, despite the focus on grass roots social issues, most of the NGOs financed to undertake such work were in fact capitals-based NGOs with relatively little organic links with populations, the EU in this sense having fallen into the trap most commonly warned against by analysts: a review of the groups funded in each area shows a preference for a relatively small group of high profile NGOs, with strong international links, often with single groups taking large shares of a country budget. Despite policy-makers' protestations, critics suggested that such favoured NGOs did not have a strong local-level rights focus.[26] East European NGOs often complained that they felt stifled by the dominance of EU NGOs in their partnerships.[27] While the EU focused increasingly on grass roots capacity-building in relation to social development, it often undertook such work through large, well-established NGOs, sometimes setting up tensions between the latter and smaller rural groups. In addition, an assumption prevalent amongst European policy-makers that the heavy focus on human rights was coterminous with the democracy promotion objective could also be questioned as unduly simplistic. While human rights improvements and democracy might broadly go hand in hand, the tendency unthinkingly to conflate these two agendas failed to recognise that overarching progress in democratic process can be seen as underpinning basic human rights guarantees rather than itself simply being inherently contained within 'human rights' policy. EU policy-makers involved in democracy assistance acknowledged that little thought had in fact gone into the relationship between the human rights and democracy agendas, and at least one foreign ministry admitted to a 'blurred' conceptualisation of this question.[28]

As the 1990s ended, there was some evidence that some of these concerns were being taken on board by European policy-makers. Many claimed to be favourably disposed to suggestions that a broader range of projects was needed to give better balance and effectiveness to European efforts.

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[25] Barkan, J. D. (1997), 'Can established democracies nurture democracy abroad? Lessons from Africa', in Haddenius, A. (ed), *Democracy's Victory and Crisis* (Cambridge: Cambridge University Press): 395.

[26] In the context of Africa, see Hearn, J. (1999), *Foreign Aid, Democratization and Civil Society in Africa: A Study of South Africa, Ghana and Uganda*, IDS Discussion Paper 368 (Sussex: IDS).

[27] Commission, *Evaluation of Phare and Tacis.*

[28] Danish Foreign Ministry, *Evaluation*:16.

This began to be seen, for example, in the planning for future projects in post-transition Indonesia and Nigeria. Many were more open to accepting that the Eastern European experience of the 1990s had demonstrated that building democracy did entail very much more than supporting democracy activists in civil society. Development Commissioner, Poul Nielsen, was among those expressing concerns that the heavy focus on NGOs might actually be undermining state institutions in many fledgling democracies. The Commission introduced provisions encouraging a more proactive identification of projects to address specific local challenges, and to avoid funds continuing to be ploughed into the same group of human rights NGOs, with most policy-makers recognising this to have been a shortcoming of policy during the 1990s. In deciding between projects, policy-makers were enjoined more carefully to assess the likely self-sustainability of organisations. A new Commission initiative was launched in 2000 aimed specifically at assisting smaller NGOs attract funding. Within those projects that did win funding, new elements were to be included in the closing stages aimed at preparing smaller organisations to prosper autonomously after funds were due to be withdrawn. For 2001, the democracy and human rights elements of the Commission budget were formally separated, and in principle equal allocations given to each.

Other policy-makers still insisted that the NGO focus was a particular strength of the European approach and one that actually warranted further emphasis, arguing that the EU should reverse, rather than extend, its tentative entry into political society work. Significant differences emerged between member states on this question, some advocating the pursuit of more political projects, others strongly opposed to venturing beyond relatively uncontroversial civil society projects not actively opposed by recipient governments. Cutting across these national divisions, a divergence could also be detected between the foreign policy (CFSP) and development policy communities. The latter's initial scepticism towards the democracy promotion agenda had been assuaged by the prevalence of the kind of grass roots, social capital-oriented approach influencing new development thinking. Many representatives on the Development Council were thus eager to ward off signs that some chancelleries were pushing for a more 'top-down' approach, aimed at strengthening political checks and balances on the kind of executive power that in some states threatened unwelcome strategic consequences. These debates revealed growing divisions over democracy promotion policy within the different policy-communities of the EU's complex institutional machinery. In sum, by 2001 there were some signs of an evolution in thinking on democracy assistance, but no evidence of universal support among EU institutions or member states for any significant change to the European

political aid strategy. Neither was there any significant pressure from donors for big increases in the level of political aid funding, a common feeling among policy-makers being that democracy assistance could best be retained as a useful but modest tool, and used essentially merely as a symbolic external protection to NGOs operating in difficult domestic contexts.

Compounding these limitations, EU institutional structures were such that the coordination of democracy assistance work was negligible. Nobody in Brussels or national capitals was aware of the extent of the EU's overall democracy assistance effort. Diplomats in capitals complained at having little idea what the Commission was doing, while the Commission accused European governments of opaqueness. The foreign policy community had little idea what development specialists were working on in the democracy assistance field. This clearly increased the scope for duplication of effort and implied an extremely *ad hoc* process of project selection. Even just within the Commission, which had perhaps the best-developed funding structures, work was financed from such a plethora of budget lines that officials were forming strategy with little or no idea of how their own projects related to an overall picture. There was, arguably, some evidence of convergence: while much analysis of 'European' policies often pays undue attention just to Commission-managed work, the latter was seen by some national policy-makers as having crystallized the grass roots socially-focused approach and influenced some of the larger member states previously more drawn to 'top-down thinking'. However, beyond such a broad and nebulous dissemination of basic ideas, policy-makers also acknowledged that the degree of concrete coordination of democracy aid remained far less than on the more established areas of development assistance. This problem was recognised and from 2000 Commission officials began preparing country papers incorporating information on member states' bilateral efforts as well as Commission programmes. Offsetting this - and often overlooked amidst the standard criticisms of poor EU coordination - national governments saw the institutional splits as often helpful for the democracy promotion agenda. On occasions, when trying to get a minimal degree of purchase over difficult governments, member states would strongly favour channelling democracy work through the Commission. The Mediterranean and the Balkans were the two best examples of this. In these cases, this approach did depoliticise political aid work to a degree, with the Commission often attracting less hostility than member state governments. However, this argument was in some cases clearly overstated and in fact sometimes seemed to have the opposite effect. In Algeria, for example, Commission work was not seen as an entirely benign alternative to French 'colonial type' intervention, but to some degree as an extension of French

policy: as a result, northern states felt their work became more associated with French policy and consequently more politicised. Adding to the complexity, on the occasions when a reformist government had come to power and expressed a desire for democracy-related cooperation, member states were in these circumstances keener to keep democracy assistance initiatives to themselves and thereby maximize their own credit and good relations with recipient governments. In sum, a mix of flexibility and deleterious dispersal characterised the institutional structures pertinent to EU democracy assistance.

3. Political Conditionality: The Dog that Didn't Bark

The new democracy promotion commitment was notable for expressly including a remit to use political conditionality. One of the most visible and high profile developments was the introduction in 1995 of the EU's standard democracy and human rights clause, to be included in all new contractual agreements with third countries and specifically providing for the suspension of provisions under the agreement where democratic principles were not upheld. In addition, in 1997 a membership suspension clause was introduced in the Amsterdam Treaty with the future development of East European applicants in mind. As commented, most analysts of international democratisation issues reacted critically to the emergence of such political conditionality, with a large number of works cautioning that heavy-handed coercion would fail to engender the requisite positive and sustainable adherence to democratic values. However, while critics frequently admonished Western governments for this apparent intention to start 'imposing' political values on other societies, in reality the EU deployed its political conditionality mandate to only a very limited degree. A notable feature of European policy was that democratic shortfalls were only extremely rarely deemed sufficient in their own right to justify punitive measures. Sanctions and strategies of isolation were reserved for what were considered to be seriously 'rogue' states threatening security and regional stability, such as Libya, Iraq, the Former Republic of Yugoslavia, Afghanistan and North Korea. Neither sanctions nor the rescinding of contractual aid and trade provisions were employed systematically against simply non-democratic states. When conditionality was imposed in relation to ethnic conflict or security concerns, democracy was increasingly incorporated as part of a broad package of conditions. Significantly, this reflected a growing conviction that the lack or paucity of democracy was in such situations a contributory cause of internal conflict and external bellicosity. In these cases, however, democratic conditionality was still relatively measured, suggesting that democracy was seen as a potentially useful if still indirect adjunct to the resolution of broad strategic issues, rather

than itself the principle end of EU policy. In essence, the EU could be said to have targeted the most serious security–related effects, more than the fact, of democratic shortfalls.

Decisions to suspend the EU's trade and aid provisions were largely confined to sub-Saharan Africa. Even in respect of the Lomé states, however, such provisions were suspended in only fifteen instances between 1990 and 1996,[29] only a small proportion of the number of cases where democracy was less than fully developed. These suspensions were applied in relation to two types of situation. Firstly, they were applied in response to coups and other dramatic reversals or interruptions of democratic procedure. Aid provisions under the Lomé Convention were, for instance, suspended following coups in Niger in 1996, Sierra Leone in 1996, Cameroon in 1997 and Lesotho in 1994. Provisions were then made more systematic, with the new democracy clause being incorporated into the Lomé IV mid-term review that entered into force in 1997, providing more explicitly for both suspension and a strengthened 'consultation procedure' prior to such a decision being adopted. Under these provisions aid was then suspended following interruptions of the democratic process in Togo, Niger, the Comoros and Ivory Coast. The latter case provided an example of conditionality decisions shifting in response to unfolding events on the ground. Following the 1999 coup in the Ivory Coast development aid was withdrawn and a package of electoral aid offered as and when new elections were called. This electoral assistance was later withdrawn as preparations for the new elections were judged to be unsatisfactory. When elections were eventually held, the key opposition leader was barred on dubious nationality grounds, and while coup-leader General Gieu did step aside, the second poll was conducted with the same restrictions in place. As a result, the EU did not restore aid and reopened a further round of the consultation procedure. Crucially, in this and other cases, the French government came round to supporting action often against leaders with whom it had close and longstanding relations and against militaries tightly engaged in defence arrangements with French forces. This withdrawal of French support to

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[29] Crawford, G. (1998), 'Human Rights and Democracy in EU Development Co-operation: Towards Fair ad Equal Treatment', in Lister, M. (ed), *European Union Development Policy* (Basingstoke: Macmillan): 141.

democratic laggards in francophone Africa was judged to have played an important role in the early 1990s transitions in Mali, the Central African Republic, Cameroon and Gambia.[30]

While this course of action indicated a willingness to impose coercive measures, even in these most dramatic of cases there were invariably limitations to EU action. Only aid, and often only new aid, was suspended, reflecting a notable reluctance to suspend all Lomé provisions and hence break-off engagement entirely. Moreover, the conditionality applied at the European level through the Lomé provisions was not matched by EU governments at the bilateral level. Member states invariably reduced aid flows to the worst offending countries, but assistance was rarely broken off to the same extent or in the formalised way it was through the Lomé democracy clause. In the case of the main EU donors conditionality was also applied to a much smaller number of countries.[31] Moreover, in most cases, including significantly Niger after the 1999 coup, aid was restored after elections recognised as less than completely free and fair and which served primarily to regularise the position of military authority. In this, the limits to the shift in French policy were of particular importance. France was still seen to tolerate elections in West Africa seen by others as grounds to reduce aid.[32] For example, the French government reinstated bilateral aid to Niger only two months after the 1996 coup, when the junta agreed to hold new elections, with the EU as a whole then following suit, despite most states concluding that these elections were subject to serious irregularities.[33] Likewise in Cameroon, France was widely judged to have offered tacit support to the 1997 coup and subsequently to the only partial return to political pluralism.[34] France was seen by most other member states as unduly reluctant to be tough on President Mobutu in Zaire and extremely late in its

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[30] Bratton, M. (1997), 'International versus Domestic Pressures for Democratization in Africa', in Hale, W. and Kienle, E. (eds.), *After the Cold War: Security and Democracy in Africa and Asia* (London: I.B. Taurus): 165.

[31] For the case of German policy in Africa, see Engel, U. (2000), 'Still in Search of a Political Agenda: Germany's Africa Policy under the Red-Green Government 1998-99', *African Affairs*, 99/134: 116.

[32] Diamond, L. (1997), 'Promoting Democracy in the 1990s: Actors, Instruments and Issues', in Haddenius, *Democracy's Victory*: 339 and 351.

[33] Olsen, G. R. (2000), 'The Promotion of Democracy as a Foreign Policy Instrument of 'Europe': Limits to International Idealism', *Democratization,* 7/2: 160-2.

[34] Joseph, R. (1999), 'Africa, 1990-1997: From Abertura to Closure', in Diamond, L. and Plattner, M. (eds), *Democratization in Africa* (Batlimore: Johns Hopkins University Press): 9.

conversion to tougher measures in the Ivory Coast. Indeed France was seen more generally to have rowed back from the use of conditionality in its client states as the decade progressed.

The second type of situation where punitive action was witnessed in sub-Saharan Africa was in response to particularly egregious human rights abuses perpetrated within the context of internal conflict. These were not actions taken under the democracy clause, and were nearly always manifest simply in a *de facto* winding down of aid. Aid to the Sudan had effectively been withdrawn by the early 1990s, the country's suspected support for international terrorism being compounded as the 1990s evolved by the government's growing Islamic fundamentalism and the conflict with Christian groups in the south of the country. Similarly, the aftermath of conflict in Somalia left a legacy of instability, a lack of cooperative interlocutors and a simple absence of state institutions through which to channel assistance. Aid ceased in Ethiopia and Eritrea because of these two countries' war, and to Rwanda and Burundi during the genocidal conflict of the mid-1990s – although in the latter two cases assistance was subsequently restored. Liberia's scheduled Lomé assistance projects were revoked in June 2000 in response to Charles Taylor's support for rebels in Sierra Leone. Zaire/Democratic Republic of Congo was the most dramatic case of conflict determining a diminution of effective aid work. If the EU was studiously ambivalent towards President Mobutu during the early 1990s, in view of his potential stabilising role in the Tutsi-Hutu conflict, when the president started to drag Zaire into and aggravate this conflict, conditions for cooperation broke down. After a few months of optimism when Laurent Kabila took power in 1997, the new DRC leader soon erected new obstacles to cooperation. The ensuing regional conflict then ensured that Lomé (European Development Fund) aid did not restart. EU initiatives in the Great Lakes region, from a new package of humanitarian aid to the remit of the new EU Special Envoy to the area, were overwhelmingly oriented to restoring stability and in practice eclipsed immediate considerations of democracy.[35] In Nigeria, only a partial range of punitive measures was adopted after the annulment of the 1993 elections, with a total suspension of EU aid being agreed only in response to the execution of Ken Saro-Wiwa and other Ogoni environmental activists in November 1995. In all these cases, action was taken in response to profound conflict and violence, and while nominally

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[35] Olsen, G.R. (1998), 'Europe and the Promotion of Democracy in Post Cold War Africa: How Serious is Europe and for What Reason?', *African Affairs*, 97/388: 366.

linked to the democracy promotion objective, the use of conditionality was not determined in accordance with levels of political pluralism *per se*.

The common occurrence of democracy undramatically but incrementally weakening following the series of 'founding elections' across sub-Saharan Africa in the early 1990s did not in itself elicit punitive measures. The EU did not, that is, react in coercive fashion to the widespread rise of what was labelled 'virtual democracy' – a situation where formally democratic institutions and elections coexisted with a persistence of actual power relations based on patron-client relations.[36] Zambia was the most notable case of a formal democratic transition at the beginning of the 1990s gradually deteriorating back into semi-authoritarianism and rampant corruption: over this period it received generous increases in EU aid. Zimbabwe witnessed a similar steady decline in democratic quality and, while most aid projects were wound down due to Robert Mugabe's general hindrance of cooperation (especially with the IMF), there was no formal suspension of EU aid presented as being taken on democratic grounds. The possibility of more significant punitive action was discussed only in response to the eruption of violence over the issue of land reform. After the decidedly unfree elections of 2000, once again no formal conditionality was imposed, but the consultation procedure was eventually invoked in March 2001 in an attempt to gain some form of engagement on Zimbabwe's deteriorating political situation. Uganda's 'no-party democracy' was funded heavily, and, most significantly, its manifest limitations openly declared by the UK Labour government not to merit any critical action. This suggested that the EU sided with President Musevini's claim that his restrictions on political parties were an appropriate means of containing ethnic sectarianism, more than with those who suggested that no-party democracy could more convincingly be seen as a contradictory and self-serving concept of the country's political elite.[37] Some categories of aid to Kenya were suspended in 1991, but then reinstated and gradually increased after President Arap Moi's introduction of formal democracy in 1992, despite the president's piecemeal restriction of political and civil liberties during the mid-1990s. In this case, the deterioration was sufficient for aid once more to be removed – somewhat tardily – during the final years of the decade.

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[36] Barkan, J.D. (2000), 'Protracted Transitions Among Africa's New Democracies', *Democratization* 7/3: 227-243.

[37] For an account of the debate on Uganda, see Kasfir, N. (1999), ''No-Party Democracy' in Uganda', in Diamond and Plattner, *Democratization in Africa*: 202.

Outside sub-Saharan Africa punitive measures were used even more sparingly as a democracy promotion instrument. Aid to Peru was briefly suspended in response to President Fujimori's auto-coup in 1992, but quickly reinstated when a timetable for new elections was agreed. Despite the country's gradual drift towards 'soft authoritarianism' thereafter it became the biggest Latin American recipient of Commission aid during the 1990s and also received particularly generous increases in Spanish aid. Firm European pressure on democratisation only emerged in response to the elections in 2000, when Fujimori was already subject to overwhelming pressure from civil society and a newly credible political opposition party. After General Musharraf's coup in Pakistan, the EU took only the relatively timid step of holding back the implementation of a recently concluded new Trade and Cooperation Agreement (which in fact was already in abeyance due to Pakistan's holding of nuclear tests). The same measure was adopted in Cambodia after Hun Sen's 1997 coup broke the power-sharing government installed under the UN's auspices in 1993: in this case international pressure did succeed in ensuring that new elections were held, with the EU unblocking its agreement with Cambodia only after a new and balanced coalition had been agreed. Algeria was invariably cited as the clearest failure to invoke punitive action, with the military-controlled regime benefiting from significant increases in aid and EU-supported multilateral lending in the wake of the revocation of the 1991 elections. At the other end of the spectrum, Burma was one of the highest-profile cases where democracy-related conditionality was deployed. The EU's response to the over-turning of the 1990 elections was tardy and relatively limited, with GSP provisions being withdrawn only in 1996, and no investment ban or comprehensive trade sanctions being adopted. However, the EU did refuse to engage in structured diplomatic dialogue, ratcheted up a range of more limited sanctions, withheld development assistance (decreasing even humanitarian aid), and for much of the decade held up relations with the whole of ASEAN rather than sit down with the Burmese regime. While critics lamented the lack of comprehensive sanctions, Burma was one of the few cases of the EU pursuing a policy of ostracism directly in response to a paucity of democracy.

Again, in other countries where the quality of democracy declined gradually and without dramatic episodic events, no punitive response was forthcoming from the EU. Despite some debate over whether it might be appropriate, no critical reaction to Hugo Chávez's dismantling of democratic institutions in Venezuela was forthcoming. Far from having aid and trade withdrawn in response to a progressive tightening of political space, Egypt, Tunisia and Syria were offered new agreements and generous aid increases under the Euro-Mediterranean Partnership. Turkey was offered its Customs

Union at a time of tightening repression, and the critical focus in the wake of this agreement was on the Kurdish situation far more than on democracy *per se*. Only after Turkey was granted candidate status at the December 1999 Helsinki summit did attention start to focus on the need to reduce the political role of the Turkish military in order to complete the country's democratisation. States whose democratic institutions were either weakening or pure façade attracted critical attention only when more dramatic and immediately destabilizing problems emerged. The range of coercive measures applied to China after the Tiananmen Square massacre were reversed within two years, and no further punitive action taken against the Chinese Communist Party, despite its periodic tightening of political space during the 1990s. The EU had been increasing aid and negotiating a Trade and Cooperation Agreement with Cuba during the early 1990s, before breaking off talks following the shooting down of a US civil aircraft and the imprisonment of a group of prominent dissidents in 1996. With both China and Cuba, the prospect of the degree of cooperation which had been on the agenda was not reopened after the events which triggered the EU's action, but relations did return broadly to normal and a range of sectoral cooperation developed. Debate within CFSP forums did at least contemplate measures in response to Russian actions in Chechnya – with a number of European states pushing for Russia's suspension from the Council of Europe – when the deteriorating state of structures of governance within Russia had not elicited such deliberation.

The tightest inter-linking of the conflict resolution and democracy agendas was seen in the Balkans. EU trade preferences were restored to the FRY after Dayton, but then removed again after Milosevic's revocation of local elections in 1996. If this indicated a willingness to impose conditions directed specifically at preserving some semblance of democracy in Yugoslavia and Bosnia, it was Milosevic's determination to frustrate implementation of the Dayton peace plan and, by 1999, the actions perpetrated in Kosovo that triggered by far the most significant punitive action. Over the twelve months prior to sanctioning NATO's bombing campaign, European governments had incrementally imposed a series of sanctions, including a UN arms embargo, a selective EU visa ban on FRY officials, an export credit moratorium, a freeze on FRY government personnel assets held abroad, a ban on new EU investment in Yugoslavia and a ban on Yugoslav air carriers flying to EU countries. The measures taken against the Serbs aimed at forcing democratic change served to highlight the EU's willingness to adopt coercive measures primarily where democratisation was pursued as part of a broad conflict resolution package. Sanctions were retained after the Kosovo conflict and linked specifically to Milosevic's departure. If this did contribute to events in the

October 2000 elections, it demonstrated how the rolling of a conflict resolution package into a democracy promotion strategy had apparently not been without some impact.

The lack of political will to deploy punitive measures was compounded by institutional lacunae and shortcomings. The procedures governing the democracy clause remained vague until 1998, and militated against easy implementation: beyond the wholesale interruption of democratic process, the democracy clause did not specify the criteria that might trigger action. It provided for an automatic reaction in neither substantive nor procedural terms. If there were a number of important institutional changes, which demonstrated that the democracy promotion objective itself pushed forward a 'deepening' of external relations co-ordination, the EU continued to suffer from gaps in its arsenal of policy instruments. The EU's competence to employ a comprehensive range of sanctions remained limited, and in practice the EU was almost never willing to act independently of a prior UN Resolution.[38] The Code of Conduct on arms sales agreed in 1998 did not specify democracy in its list of criteria which would trigger a restraint in exports, this applying only to client governments engaged in human rights abuses, internal repression or regional conflict. The lack of competence over investment promotion and export credit provisions rendered commercial undercutting between member states easier. Moreover, institutional procedures were not set up so as to systematize consideration of conditionality specifically in relation to democracy. Institutional structures were arranged around a 'horizontal' layer of coordinated decision-making on human rights, both in national foreign ministries and at the European level, but no similar mechanism was established in relation to democracy. Officials within this human rights machinery explicitly and expressly limited themselves to firming up basic human rights positions. Policy-makers acknowledged that the lack of any streamlined institutional structure to systematise discussion of democracy-related conditionality decisions was a considerable weakness. Even within those member states keenest on some use of critical measures, officials lamented that deliberations on the use of such instruments to further the democracy promotion agenda remained extremely *ad hoc*. The series of EU reports on human rights had no equivalent designed to assess democracy-related trends and policy. This reinforced the fact that substantively there was a general consensus in favour of using firmer policies in relation to human rights, but still greater differences over democracy promotion strategy. CFSP decision-making on

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[38] Fouwels, M. (1997), 'The European Unions' Common Foreign and Security Policy and Human Rights', *Netherlands Quarterly of Human Rights:* 301.

issues of conditionality reflected the same tendency as that of development aid, namely an assumption that democracy promotion was being addressed as, in the words of one official, 'a natural continuum' of the tougher diplomatic postures developed on human rights. In fact, 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 human rights.

4. Incentives Conditionality: An Underused Tool?

There was an express aim on the part of the EU to operate a 'positive' form of political conditionality. As noted, analysts have advocated the use of 'rewards' or 'incentives' conditionality as a means of exerting pressure on developing states without heavy-handed and counter-productive coercive intervention. Both democratisation theorists and aid experts have argued that this offers a more propitious instrument for exerting influence in favour of democratic change. Conceptually, EU policy appeared well attuned to such recommendations. New regional aid protocols expressly stipulated that additional assistance could and should be advanced to those states making progress on democratic reform. In this sense, the declared overall strategy was to base rewards on the direction of change, rather than the actual level of democracy.[39] However, while the principle of such a strategy was enthusiastically embraced, its use in practice displayed significant limitations. It was most notably operationalised through the moves of smaller states, such as Denmark and the Netherlands, towards focusing on a more limited number of recipient countries, with bad democratic performers being excluded from the list of these donors' eligible recipients. Overall, however, EU aid allocations were not distributed with any strong correlation to democratic progress. Even the Nordic states that had pre-selected out many states at least in part on the grounds of their lack of progress on democracy acknowledged that in the absence of a better ability to adjust aid flows to evolving developments this was a relatively blunt instrument. Two aspects of the limits to incentives conditionality were evident.

First, many non-reformers were allocated significant increases in aid and trade provisions. In the Mediterranean, Egypt continued to receive generous increases in aid. Vietnam was in proportionate terms one of the fastest rising beneficiaries of European aid, and was offered a new Trade and

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[39] See comments by Poul Nielson, *ACP-EU Courier* no.177, Oct-Nov 1999, p.3.

Cooperation Agreement with generous preferential trade provisions in textiles, a crucial sector within the developing Vietnamese economy. The sub-Saharan African states that rose up or stayed high on the rankings of Lomé Convention aid recipients – Ethiopia, Rwanda, Uganda – did so overwhelmingly because of needs related to humanitarian crises, the scale of which dwarfed any minor tinkering in response to the degree of progress on democracy. Despite a regular insistence that UK-French competition over their respective spheres of influence within Africa had ceased, most in the EU lamented that these states' aid distribution continued to be conditioned by the Anglophone-versus-Francophone distinction more than other, including democratic, criteria. The French government increased support to many Francophone states clearly going backwards in terms of democracy.[40] The UK pushed hardest for increased assistance to many Anglophone states, most notably including Arap Moi's increasingly kleptocratic Kenyan state. Indeed, by the end of the decade, not only were significant democracy-backsliders Kenya, Zimbabwe and Zambia all in the top twenty recipients of British aid, but, by virtue of increases in humanitarian aid, so was Sudan.[41] The 1998 EU Common Position on Democracy, Good Governance and Human Rights in Africa was seen by some member states as a means of making it harder for France and, to a lesser extent, the UK to use such bilateral support to offset more critical actions taken by other European donors. However, by 2001 the impact of this instrument was recognised by policy-makers to have been negligible. Indeed, the 'client state' feature was still prevalent more generally in bilateral aid distribution. In many cases where a majority of European donors declined to initiate a more significant aid programme, a particular member state's historically- or culturally-based support cancelled out this reluctance. The progressive increases in French assistance to Algeria and Spain's strengthening partnership with Cuba provided two notable examples of this.

In cases judged to be more finely balanced, rewards were often given very lightly, less in response to an actual positive direction of change than a rhetorical commitment to reform. Commonly, new leaders that had adopted strong rhetoric against corruption and lingering authoritarianism would be favoured with upgraded policy initiatives and increased aid, prior to them actually making disappointing progress and succumbing to the influence of conservative forces. This applied, for

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[40] Rajoharison, J. (1999), 'The Role of France in the Lomé IV Convention', in Cosgrove-Sack, C. (ed.), *The European Union and Developing Countries: The Challenges of Globalization* (Basingstoke: Macmillan): 50.

example, to the EU responses to Presidents Nano in Albania, Zeroual in Algeria and Khatami in Iran. EU governments in nearly all cases avoided laying out precise expectations or requirements, in order to maximise their discretion to emphasise the support of what were judged to be 'promising' leaders. That is, in some cases a leader-focused element emerged as a prominent feature of EU democracy promotion policy. Another factor militating against the holding back of increased support for and engagement with democratic backsliders was that the EU's experience of the incentives approach suggested this did not in fact avoid the kind of diplomatic tension associated with more coercive policies. While many analysts asserted this to be the key advantage of the rewards-based approach, in reality European policy-makers were concerned that where a possible withholding of new measures had been intimated, developing country partners had reacted sharply and in a way that was disruptive of broader relations. Recipients, that is, did not see the EU's rewards-based commitment as qualitatively different from the use of punitive measures. Due to the rolling nature of EU contractual agreements, with most states being given a periodic upgrading in their relations with the EU, those not offered this perceived that they were being punished, in so far as they were 'falling behind' other developing states, rather than being presented with a positive incentive to undertake political reform.

The second limitation to the implementation of incentives conditionality was that, in practice reformers were not significantly rewarded. In general, those states that registered progress on democratic reform did attract new EU initiatives, but these were invariably as notable for their limits as for their generosity. In Nigeria the EU set up a new budget line to expedite increased aid after the 1999 transition, including through a 'quick start' programme which was rapidly installed and an 8 million euro contribution to help with the elections and other immediate imperatives in the area of institutional modification. However, after this promising initial reaction, additional elements of a more long-term and structured policy failed to emerge, in particular on the crucial issue of debt relief, very little of which had been forthcoming by the end of 2000. Similarly, after its first free elections for forty years in 1999, Indonesia was declared a new priority for European foreign policy, and a series of new aid packages were launched at both the bilateral and multilateral levels, along with a trade facilitation accord and a structured political dialogue designed to give President Wahid high-profile diplomatic support. While, compared to its responses to earlier transitions, this represented a

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[41] DfID (1999), *Statistics on International Development 1994/5-1998/9*: 17.

relatively speedy and far-reaching reaction, Indonesian officials complained that the new initiatives were of negligible import alongside the EU's reluctance to commit itself to a preferential trade agreement with Indonesia. Morocco rose up the rankings of EU aid recipients after Mohammed VI's succession in 1999, but much to the new administration's consternation the EU declined to forward the kind of major new, comprehensive and targeted initiative sought by the king's inner circle of reformists. The EU's exceptional offer of an FTA to Mexico was seen as an external boost to and vote of confidence in the country's ongoing process of reform during the 1990s. While political reforms under both Salinas and Zedillo were faltering, they were seen by the EU as developing in the right direction. However, while the new preferential agreement with Mexico was justified as a positive response to this slow but incremental political liberalisation, it was more convincingly seen as motivated by the need to counteract the EU's declining market share in Mexico in the wake of NAFTA. Despite a high-profile dispute with Mexico over its new democracy clause and the subsequent development of new social and capacity-building projects in Chiapas, the democracy-component to the new association with Mexico was in practice not conspicuous.

The most notable case of incentives conditionality was, of course, operated in Central and Eastern Europe. However, even in this case, where the EU enjoyed a unique degree and qualitatively different form of influence than in other regions, democracy promotion was far from being the prime determinant of strategy. The conclusion of the initial Association Agreements offered to Central and Eastern Europe states in 1990-91 were linked to concrete early moves on institutional reforms, this holding back agreements with Romania and Bulgaria in particular. The 1993 Copenhagen criteria then enumerated a set of democratic preconditions for accession. However, the subsequent pace of the accession process was conditioned primarily by economic concerns and difficulties in the transposition of EU legislation, not by applicants' progress on meeting these democracy-related criteria. Indeed, the scale of the challenge of preparing both the applicants and the EU itself for enlargement was such that, in the crucial period of the early 1990s when democratisation processes were still in acute danger of being reversed, it was the more immediate prospect of entry into NATO, the OECD and the Council of Europe that provided the strongest incentive to the region's political elite.[42] The widely touted idea of offering an intermediate status between association and full

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[42] Hyde-Price, A. (1994), 'Democratization in Europe: The External Dimension', in Pridham G. and Vanhanen T. (eds), *Democratization in Eastern Europe: Domestic and International Perspectives*

membership, as a means of rectifying this and facilitating the staggering of concrete rewards, did not prosper.

The EU explicitly stated that its strategy in Eastern Europe would be based on the incentives principle, with faster reformers being separated out from laggards and offered a speedier timetable to accession. The 1997 decision to divide applicants into two waves was conditioned in part by democracy-related considerations, but was influenced more markedly by non-political criteria. Of the states not admitted into the first wave, Slovakia was excluded on the grounds that it fell well short of minimal democratic criteria, and the fragile state of democracy in Romania and Bulgaria was also cited as having been taken into consideration. Overall, however, whether a state was placed in the first or second wave reflected its degree of progress on economic reform, strengthening administrative capacity and transposing environmental and social standards, more than on democracy. Broader strategic calculations were also evident. It was, for example, recognized by the Commission that some of the most serious restrictions on minority democratic rights were seen in Estonia, inviting speculation that the inclusion of this state in the first wave indicated that intra-EU trade-offs had been struck to include at least one Baltic state.[43] Aid within Eastern Europe was not notably correlated to democratic progress, with Bulgaria, Slovakia and Romania getting at least a proportionate share of overall EU aid. The ERBD explicitly abandoned an initial commitment to allocate funds in reward for democratic progress.[44]

At the Helsinki European Council in December 1999, the 'two wave' strategy gave way to a decision to commence access negotiations with all Central and Eastern European candidates. The Commission justified such a change as representing a further development of the rewards-based logic to democracy promotion. Those states excluded from the first wave in 1997 were all held to have made sufficient progress to comply with the political criteria for accession. Slovakia in particular, after the autocratic nationalist President Meciar had lost elections and been replaced by a

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(London, Routledge): 233. Also see Rupnik, J. (2000), 'Eastern Europe: The International Context', *Journal of Democracy* 11/2 115-129, for a similar critique of the remoteness of EU influence.

[43] See Avery, G. and Cameron, F. (1998), *The Enlargement of the European Union* (Sheffield: Sheffield Academic Press).

[44] Pridham, G. (1999), 'The European Union, Democratic Conditionality and Transnational Party Linkages: The Case of Eastern Europe', in Grugel, J. (ed.), *Democracy Without Borders: Transnationalization and Conditionalities in New Democracies* (London: Routledge): 68.

more moderate and seemingly more democratic government, was deemed to have made notable progress. The effect of Slovakia having been left in the second wave of enlargement was seen as having had a salutary impact on voters. The former communists were similarly ousted in Bulgaria and Romania, in each case with more reformist pro-EU governments being voted in. These developments were seen as vindication of the incentives conditionality operated during the 1990s, and requiring the long-delayed reward of accession negotiations now properly to be granted. However, the Helsinki decision could perhaps more convincingly be interpreted as a move even further away from the rewards-based approach. This was encouraged by member states' concern that, ten years on from the fall of the Berlin Wall, full democratic consolidation was still absent from Central and Eastern Europe. Indeed, the Commission seemed to undermine its own argument that the Helsinki decision was the final reward for progress on democracy by recognizing the limited improvements in corruption, good governance and respect for minority rights in candidate countries. Such concerns intensified when nationalist parties scored a victory in Romania's 2000 elections. Ministers were increasingly sensitive to the observation that after a decade of reform, for over half the region's new democracies the prospect of concrete accession negotiations was still not on the table. In addition, there was growing concern that the prospect of some entering before others might set up rivalries and allow early entrants to implement policies directly prejudicial to the later applicants.[45]

The shortcomings in the operationalisation of incentives conditionality were particularly notable in the Balkans. The Regional Conditionality provisions introduced after Dayton laid out clear incentives, with built-in periodic reviews. Again, while including a number of democracy-related stipulations – including requirements on media ownership and electoral reform – these focused mainly on conditions of good neighbourly relations and respect for territorial borders. Rewards were given for moderateness, when the quality of democracy was not improving or actually declining. While President Tudjman stifled any significant momentum of political liberalization, his slightly more cooperative attitude towards the Bosnia peace plan – and in particular his agreement to a plan providing for the return of Serbian refuges to their homes in the Krajina – sufficed to attract generous

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[45] See Commission of the European Communities (1999), *Enlargement Composite Paper: Report on Progress Towards Accession by Candidate Countries*; Whitehead, L., 'The Enlargement of the European Union: A Risky Form of Democracy Promotion?, *Revue Internationale de Politique Comparée*.(forthcoming, 2001)

reconstruction aid, trade preferences and support for Croatia's accession into the Council of Europe and OSCE. Upon being elected to head the Republika Srpska federation in Bosnia, moderate leader Dodik was immediately offered 6mecu from the EU, despite his democratic credentials being widely seen as less than immaculate. The EU's most generous programme of support was given to Montenegro, not because this part of the Yugoslav federation registered spectacular improvements in democratic quality, but because its leadership was increasingly hostile to Milosevic. In 1998 over 10 per cent of the CFSP budget was spent in Montenegro, an extra 5m ecu was found for reconstruction aid and 3mecu to cover social security arrears – such was its determination to forward rewards for pro-Western attitudes in the Balkans that the EU went to unique and unusual lengths to find a means legitimately to provide such support to a non-sovereign entity.

Moreover, the most obvious criticism of European Balkans policy was that insufficient 'rewards' were offered. Most significantly, during the 1990s no offer of accession was made to the Balkan states. The countless EU statements appealing directly to the region's population talked in vague terms of the region's 'European vocation' and its 'rightful place in Europe', but in failing to mention even the possibility of EU membership at some stage in the future they were interpreted as a shun as much as an incentive to democratic moderation. Only after the Kosovan crisis, when the Stability Pact for South Eastern Europe was inaugurated, was the prospect of EU membership held out, along with the prospect of faster tariff cuts in the shorter term on exports to the EU market. A new type of agreement specific to the region was introduced, Stabilisation and Association Agreements, the main focus of which was, again, regional cooperation. The first of these agreements was concluded with Macedonia in early 2000, and one was offered to Croatia, with the strongest pressure being placed on the requirement that Croatia cooperate with the Hague tribunal. This offer still seemed too uncertain and remote, however. Tudjman's more moderate successor, President Racon, openly coveted membership of NATO's Partnership for Peace more than EU accession. Just as the EU was putting new parcels of money on the table at the end of 2000 nationalist parties were strengthening their positions in elections in Bosnia. Moreover, the Stability Pact seemed to be less a well-worked out incentives-based approach to democracy promotion than an attempt to isolate Milosevic: Yugoslavia was informed that it would be invited to join the Pact not if more substantive democracy developed but, rather, if and when Milosevic was ousted. The EU channelled oil supplies directly to local politicians speaking out against Milosevic. Ahead of the 2000 elections, the EU promised to lift sanctions if Milosevic was defeated, again focusing on the fate of one man

rather than broader institutional structures. Debates over new cooperation after Kostunica's election centred on fixing conditions to hand over officials to the Hague Tribunal, refugee returns and cooperation with Bosnian institutions, more than on democratic institutional reforms in themselves.[46]

Overarching these particular regional cases, the EU did state a commitment to give greater effect to its incentives-based approach through the use of 'micro-level' conditionality. The latter was conceived as entailing a more systematic linking of the release of particular parcels of aid to cooperation on specific types of reforms or a greater breadth of civil society participation in projects. Most obviously, additional aid for electoral assistance was offered but only released in accordance with strict conditions relating to the fairness of electoral arrangements. The EU did try increasingly to set conditions regarding the nature of NGO and civil society participation in democracy assistance and other projects. The Commission insisted on arrangements for channelling political aid direct to NGOs, where most recipient governments had fought hard to retain some control by having funding go through central governmental budgets. Discontent with the lack of genuine autonomy of NGOs caused additional aid commitments to be held back in an increasing number of cases, two notable examples where this was an issue being Egypt and Zimbabwe. In Guatemala, a large slice of funding was designed to flow specifically from the passing of a broad package of constitutional reforms, and thus advanced only after the government majority allowed through these power-dispersing measures. This was increasingly used as an approach by the European Parliament in Turkey – a power given it in this case due to its control of elements of funding under the customs union – with particular projects not being approved until Kurdish participation was allowed, or until the Turkish government agreed to set aside a particular proportion of each allocation for democracy-related projects.[47] The micro-conditionality approach was developed furthest by the Nordic states, which more regularly began withholding aid projects when recipient governments obfuscated broader civil society participation in the management of these projects. Denmark, for example, most notably withdrew parcels of aid allocated to Kenya, Zambia and Zimbabwe on these grounds. There was a general recognition that diplomatic pressure needed to be more specifically related to and supportive of democracy assistance efforts, and that micro-

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[46] See recommendations of the EU High Representative Wolfgang Petritsch expressed in the *Financial Times,* 12 October 2000: 23.

[47] *Agence Europe,* 30 October 1999: 10 and 3 December 1999: 10.

level incentives conditionality offered a means of combining positive and negative instruments into a single strategy rather than these being weighed up as mutually-exclusive alternatives. However, overall the EU's actual moves in this direction remained relatively limited. Beyond the issue of NGO status, the EU's use of micro-level conditionality was cautious. Pressure from some European governments for the introduction of provisions explicitly facilitating this form of conditionality was blocked by other member states. Funding procedures were still too reactive purposively to search out areas in which to offer funding as a means of enhancing influence over recipient governments. EU governments acknowledged that they would nearly always cede their micro-level demands in the face of recipient government opposition rather than withdraw a project.

Decision-making procedures also hindered the use of incentives conditionality. Procedures for switching aid from bad to good reformers were not well specified. It was recognised that the rewards logic could not be easily implemented in the Lomé states as the EDF country keys were set for given periods. The fund contained an increasing amount of unspent money as aid was withdrawn from poor reformers, but this could not be spent in those making more progress, such as Ghana. In the face of opposition from African states, the EU dropped its proposal to incorporate into the new Cotonou treaty (the fifth Lomé convention, in effect) a provision for an increased pool of unallocated aid to be distributed in accordance with progress on democratic and human rights reforms.[48] The EU introduced into its GSP programme a provision for additional trade preferences to be granted in return for improvements on labour and environmental standards, but this incentive did not apply to democracy as such. Moreover, by 1999 only one state, Moldova, had taken advantage of these provisions, prompting the Commission to suggest that a more punitive approach might be the only one capable of having any real impact.[49] Conditions for debt relief were limited to economic reform and a relatively narrow-range of good governance issues. Debt relief was, in any case, not an EU competence, seriously hindering coordination: when a common fund of 1 billion euro was offered for debt relief to African states at the first EU-Africa summit in April 2000, EU states could then not reach agreement on the conditions that would be attached to this relief.[50] EU debates over the use of positive conditionality showed that the effect of consensus voting could be varied: if it was most

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[48] *ACP-EU Courier* no.179, February-March 2000: 6.

[49] *Agence Europe,* 5 December 1998: 11.

[50] *Financial Times,* 15/16 April 2000: 7.

commonly criticised for enabling 'realists' to block punitive measures against authoritarian states, the unanimity requirement also enabled 'ethical' states to block further rewards being given to states where democratic progress was only very limited. Thus in some cases, CFSP procedures militated against a rewards based strategy as much as against a coercion based approach.

5. Economic Dimensions and the Indirect Approach

An analysis confined to the direct purposive instruments of democracy promotion discussed so far would present an incomplete picture of EU strategy. In the context of the limitations to the use of the specifically democracy-related policy instruments examined above, the indirect impact of the EU's general economic and commercial policies on political change in developing countries must be seen as being of primary importance to democracy promotion strategy. In this sense, EU policy was heavily predicated on an assumption that economic reform and market- and administrative-related capacity-building was likely in most cases to spill-over to broader political reform. Policy-makers saw this dynamic as the overwhelmingly dominant logic driving European strategies, its influence recognised as dwarfing that of policies more directly and purposively labelled as democracy promotion policies. The clearest manifestation of this policy was the EU's far more extensive and frequent use of economic conditionality than of its political counterpart. Conditionality was, in both its punitive and positive forms, oriented overwhelmingly to economic, not political, criteria. Generous aid rewards were advanced both directly to assist, as well as to reward, economic reforms carried out in countries with bad and even deteriorating records on democracy: Egypt, Tunisia, Vietnam, Uganda and Peru were significant examples of this within EU policy. On the punitive side, the EU had no qualms in holding back aid expressly where economic reforms, particularly those for which the particular parcel of aid had been allocated, failed to materialise. In particular across Africa, the distribution of aid was seen as determined primarily by recipients' respective willingness to cooperate over economic, not political, reform.[51] The use of economic conditionality was itself presented as being an integral part of democracy promotion strategy. It was justified not merely as the only feasible type of conditionality – being far more firmly rooted within the world-view of international technocratic elites than its political form – but also in more positive terms as potentially the most productive way of encouraging democratisation. Pressing for economic change, it was

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[51] Young, G. (1999), 'Africa: An Interim Balance Sheet', in Diamond and Plattner, *Democratization in Africa*: 76.

argued, ensured that democratic institutions would emerge from socio-economic structures appropriate to and consistent with pluralistic politics, and avoid the danger of the latter being pushed in contexts whose social and economic foundations would be unlikely to sustain democratic process.

If this element of the economic-political link established itself as a primary and well known aspect of policy relatively early on in the 1990s, the pursuit of a less obvious and more micro-level linkage emerged as a significant influence over policy as the decade progressed. Assistance in the field of good governance was gradually broadened in scope and was increasingly conceptualised as an instrument aimed at adding momentum to broad democratising dynamics. Work directed at capacity-building relating to broad social and economic reform was of far greater magnitude than aid forwarded under 'democracy' budgets – and, somewhat confusingly, was also itself often taken from the latter. Analysis looking solely at the EU's 'democracy' budget lines – a common tendency – fails to pick up the scale of this other democracy-related assistance. If good governance had started in the late 1980s as a relatively narrow technical and apolitical concept, the EU gradually invested it with more significant political import. The stated aim was to pursue governance work in a way that was conducive to or facilitative of broader democratic enhancement, mostly without such efforts being labelled overtly as democracy-focused. The UK, which earlier in the 1990s had gone as far as actually avoiding mention of the term 'democracy' in this context, was particularly keen on the governance-based approach.[52] Policy-makers contended that governance work was aimed not solely at technical measures but increasingly at strengthening broad 'policy-making know-how'.

It was through this lens that executive-related work was approached, with a stated aim of carefully balancing the strengthening of state-capacity, on the one hand, with an increase in structural control over executive authority, on the other hand. Support for what was seen as the democratic role of employers' groups was also advanced through this agenda. A particularly notable example of the governance-democracy link was the EU's increased emphasis on assisting fiscal reforms in a way that explicitly defended a government's capacity to meet social commitments within a context of on-going structural adjustment, such commitments often being integral to sustaining delicate 'democratic deals' between domestic forces. Within programmes of public administration reform, assistance for

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[52] Crawford, G. (1996), *Promoting Democracy, Human Rights and Good Governance Through Development Aid: A Comparative Study of the Policies of Four Northern Donors* (University of Leeds, Centre for Democratisation Studies, Working Papers on Democratisation).

policy-making capability was often linked to mechanisms and new forums aimed at enhancing accountability and participation. Decentralisation projects were seen as a key contribution to strengthening democratising dynamics, and one of the few political society areas where external assistance was viable, but were pursued to an overwhelming extent in as apolitical fashion as possible through the good governance agenda. The emphasis on incorporating increased participation within economically-focused work was notable in the Netherlands and the Nordic states' perspective, these countries aiming to harness specific sectoral reforms sought by recipient governments to push mechanisms for increasing systemic-level 'participation'. As one official described it, the aim was to search for 'democratic side effects' to a governance agenda that in most developing countries offered a more propitious 'foot in the door' to overtly democracy-related work. The Friedrich Ebert Stiftung also purported to be especially keen on this approach.

A number of individual examples can be cited to demonstrate the use of this approach. After the 1999 succession, while the share of MEDA democracy funding going to Morocco was very limited and actually declined, the EU initiated a new 34 million euro project on judicial reform – this representing an amount greater than the whole 'democracy' budget for the southern Mediterranean region after 1996. This initiative was expressly designed as a way into strengthening the policy-making capacity of a range of state institutions, whose subservience to the Moroccan monarchy remained a significant obstacle to genuine democratisation. As such, this type of governance-related judicial project was actually of more far-reaching political significance than most of the more narrowly human rights-focused rule of law projects funded from the EU's Democracy Initiative. In Central America, a large programme of police reform was pursued as part of a broad administrative capacity-building programme, and undertaken with a human rights dimension and initiatives aimed at facilitating the independence of civilian bodies from security forces, these elements seen to be of particular priority for the democracy agenda in this region. While still sensitive, many of the more difficult states were amenable to cooperating on the governance agenda. In Syria, where direct democracy assistance work had been virtually impossible, a first entry into governance work began in 2000 through a micro-credit project, designed by the EU in such a way as to increase local decision-making capacities relating to business generation. Perhaps the largest scale such effort was undertaken in China, where the cooperation sought by the Chinese authorities to prepare the country for WTO accession became the main component of EU policy. Here support for strengthening the capacity of local tiers of government to implement and enforce WTO rules was conceived as a

means of boosting a general decentralisation of power away from Beijing, this being a prerequisite to any eventual systemic-level political change in China. Most of the new political work initiated in Indonesia after 1998 focused on improving the transparency and institutionalisation of natural resources management. The amounts given to administrative capacity building specifically in relation to the transposition of the *acquis* in Eastern Europe dwarfed the democracy programme. While political relations with Turkey were blocked and attention was on the accession question, economic networks were built up and used successfully to press for changes seen as contributing towards stronger institutional capacity and transparency, with the EU designing, for example, new competition rules and a more independent institutional structure governing issues of standards harmonisation. As the range of good governance work expanded, so did the scope of 'economic' conditionality: conditionality attached to good governance became seen as a means of pressing indirectly on the political sphere.

The focus on this intertwining of the economic and political dimensions appeared highly significant given that the EU has most commonly been criticised for its weakness in effecting just such linkages. However, while undoubtedly a notable evolution in conceptual thinking, the indirect economically-based approach demonstrated clear weaknesses in its actual implementation. At the most general level it would be difficult completely to reject the contention that EU protectionism and overly-harsh economic conditionality actually militated against sustainable democracy in many countries. Access for agricultural goods and textiles from developing countries did improve through WTO commitments, but the EU resisted a fundamental dismantling of barriers in these sectors. Its use of anti-dumping duties and safeguard clauses rose dramatically during the 1990s. In its regional trade agreements, the EU was seen to be pursuing an increasingly asymmetric process of liberalisation, overwhelmingly skewed towards its own comparative advantages. The trade deficits of Eastern European, Mediterranean, Latin America and sub-Saharan African states with the EU all grew during the 1990s. At the same time, while new funding was made available for political aid work, overall DAC development assistance flows fell from 0.3 per cent of OECD states' GDP in the 1980s to 0.22 per cent in 1997.[53]

These features of EU external policy are, of course, well known and have long been the subject of critical analysis. In the context of this paper, they are pertinent in so far as they increasingly became

an obstacle to the EU's democracy promotion agenda. Developing country political elites resisted EU strictures on democracy by referring to how EU trade policies restricted their room for manoeuvre and destabilised socio-economic conditions such that political liberalisation was rendered more risky. In South Africa, for example, relations were adversely effected by the contrast between, on the one hand, the provision of a huge increase in aid and the sizeable new democracy programme after 1994 and, on the other hand, the EU's refusal to grant the country full access to the Lomé trade regime and its reluctance to include within a proposed FTA sectors of crucial importance to the South African economy.[54] Such 'disconnects' deepened throughout the EU's external relations frameworks as multilateral forums became more important: not only were political considerations even more absent from multilateral negotiations, but the increasingly tight restrictions on preferential regional agreements made it harder to use the latter as foreign policy instruments. Indeed, in a move of considerable importance, in 1997 the EU placed restrictions on its own scope for using preferential trade agreements for political purposes, in order to protect evolving multilateral principles.[55] The end of the EU's non-reciprocal preferential Lomé trade regime heralded in the new Cotonou agreement was also interpreted as evidence of a growing gap between the EU's traditional partnership approach to development and multilateral dynamics.[56]

It would be difficult to deny that the EU's approach to democracy promotion would have been invested with greater coherence if trade policies towards developing countries had been more generous and symmetrical. The political impact of such tough economic policies has long been the subject of fierce debate, an assessment of which is far beyond the scope of this paper. However, whether one views far-reaching economic liberalisation and shock doses of free market competition more as contributory to or disruptive of smooth and sustainable democratisation, the crucial factor to note is that such deliberations did not in any significant way inform the detailed elements of EU democracy promotion strategy. In this sense, a more telling criticism than the standard admonishment

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[53] OECD, *Development Cooperation Efforts*.

[54] See Holland, M. (1998), 'Vices and Virtues: Europe's Foreign Policy and South Africa 1977-1997', *European Foreign Affairs Review* 3/2: 215-232.

[55] The Brittan Memorandum on EU Preferential Agreements, *Europe Documents* 27 February 1997 No.2025.

[56] Gibb, P. (2000), 'Post-Lomé: The European Union and the South', *Third World Quarterly*, 21/3: 457-482.

of protectionism and the imposition of structural adjustment refers to the absence within EU decision-making of any measured consideration of the precise nature of the economic-political inter-relationship in developing countries. In sharp contrast to the growing recognition among analysts that the relationship between economic and political reform is a complex and varied one, European policy-makers admitted working to only a very rough expectation that one would feed the other. There was no examination of how EU policies related to the shifts in distributional coalitions and alliances that must be seen as crucial to determining the actual democratising impact of economic change. At least until the very end of the 1990s, there was no evidence of EU commercial policy evolving in any tangible sense specifically as a result of the new democracy promotion agenda. This can be seen as a manifestation of the particularly closed and technocratic nature of EU trade policy-making, within with commercial experts are extremely detached from broader politically relevant deliberations.[57] Notwithstanding the linkage made at the conceptual level, policy-makers admitted that the 'democracy input' into good governance work was in practice not great. As one policy-maker suggested, despite ubiquitous rhetoric pointing to their mutually enhancing linkages, political and economic components essentially remained 'two separate domains' in their elaboration and implementation. The disconnect between democracy promotion strategy and new business-focused initiatives was particularly marked. Business forums were set up under all the EU's regional initiatives and it was assumed that these would provide for a dissemination of good governance values as European investors impressed the need for such improvements as a precondition to increased investment flows. This assumption was loosely made, however, with no actual engagement with the private sector on this question being pursued. In reality, the engagement of the European private sector towards the good governance and democracy agenda remained highly ambivalent.

By the end of the1990s, there was some indication of a realisation that the economic-political link needed to be tightened up. A number of states, most prominently France, claimed to be increasingly wary of positing such automaticity in the spill-over from the economic to the political sphere. The growing difference between France and the UK on this question appeared to be of potentially far-reaching significance for the coherence of EU democracy promotion strategy. The EU's agreement to allow ACP states another twenty years of preferential trading access in the Lomé V negotiations,

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[57] Smith, M and Woolcock, S. (1999), 'European Commercial Policy: A Leadership Role in the New Millennium?', *European Foreign Affairs Review* 4: 419-62.

with 39 least developed countries to retain preferences beyond that, was presented as a realisation of the political dangers of pushing too hard for economic liberalisation. This was followed by a commitment to move towards duty free access for virtually all imports from least developed states. A number of modifications to the EU's institutional machinery did increase the contact between trade policy experts and the CFSP community, in particular through the fusing together of pillar one (trade) and pillar two (CFSP) working groups within new regional frameworks such as the Euro-Mediterranean Partnership. However, it was universally acknowledged by those involved in these initiatives that serious shortcomings remained, such that the input of democracy promotion experts remained limited to providing 'broad concepts' in the hope of these guiding commercial policy debates. It was recognised that more coherent policy would also continue to be hampered unless the political departments responsible for democracy policy themselves became, in the words of one official, 'more economically aware'. In 2000 debate started in the Commission over the actual value added by the small democracy budget to the more narrowly-defined good governance work, in recognition that this had in reality not been systematically addressed. A new NGO forum was set up within the Commission's trade Directorate-General after the Seattle WTO meeting, but this focused overwhelmingly on environmental and development questions, rather than addressing in any depth the trade-democracy link. A reorganisation of the Commission in fact moved responsibilities for democracy work away from regional economic and governance work, and similar trends were also apparent in a number of national ministries. This widened the gap between broad 'politically-determined' priorities and 'on-the-ground' funding decisions. Decision-makers lamented that consequently even greater distance was emerging between democracy considerations and the EU's detailed social and economic engagement in each individual country, reducing the scope for more effectively harnessing the former to the particularities of each country's socio-economic evolution. Substantively, if there was a growing concern with not pushing too hard, too fast on economic reform and with extending greater social assistance, this did not appear to have extended to a more comprehensive analysis of the complexities of the relationship between economic and political reform.

6. Socialisation Dynamics

A final element of EU democracy promotion strategy relates to more cognitive aspects, centred on efforts to embed a new 'discourse' on democratic norms. European policy-makers insisted that this was a key component of the EU's approach, and one overlooked by commentators. In this sense,

European democracy promotion strategy was predicated heavily on a belief in the influence of 'socialisation' dynamics. EU policy revealed a strong inclination towards seeking influence over democratic trends through patterns of 'deep' institutionalised cooperation, capable of locking third country political elites into relationships strong enough positively to impact on cognitive attitudes towards democratic norms. This self-avowed socialisation approach corresponded closely to constructivist perspectives on international interaction, which posit a 'co-constitution' of the nature of that interaction and the evolution of its participants' goals, perceived interests and identities. European policy, suggested its architects, was to be about effectively constructing shared democratic identities, rather than about purely material policy instruments. This was strongly predicated on a faith in the impact of imitation and demonstration effects, while also reflecting a conviction that such 'soft power' needed to be assisted and its effectiveness enhanced through concrete policy initiatives. It was such thinking that justified the eschewal of strong forms of punitive conditionality, the latter seen to risk an interruption in socialisation processes. The new democracy clause and an insistence on dialogue on democracy were seen as crucial in these terms: policy-makers invariably suggested that these were important as a mechanism for beginning dialogue, as one official put it, 'to get the vocabulary of democracy' into relations with non- or weakly-democratic third countries. The democracy clause was important, that is, as symbolizing a commitment to partnership oriented towards the development of democratic norms. As another policy-maker suggested, the EU's main achievement had been to get difficult governments to at least 'pay lip service' to democratic norms, as a base from which some kind of political purchase could proceed. This thinking also encouraged new positive policy initiatives aimed at enhancing this approach. These included: decentralised cooperation programmes; a big increase in aid channelled through NGOs; and civil society forums established under all the main regional frameworks.

As suggested, this was, for example, the direction that policy took in Eastern Europe: the decision to abolish the two wave strategy indicated that full engagement in the negotiation of accession preparations would be pursued as the means of building up cooperation over consolidating and improving democratic procedures, rather than such influence being brought to bear through the withholding of this offer until democracy was improved. The approach was more one of seeking an inclusive process of institutionalised cooperation, enmeshing states within networks of low politics cooperation. The socialisation approach was perhaps most explicit and well-developed within the Lomé Convention, where, despite this being the area where some punitive action was taken, the

concept of 'partnership' was specified most strongly as the guiding framework for democracy promotion strategy.[58] The principle of 'contractuality' became more prominent during the 1990s and the depth of formal civil society engagement within the Lomé convention increased dramatically. In the Lomé states, even in the cases where punitive action was taken, dialogue was almost always kept open and only new aid projects suspended, the 'consultation procedure' being explained in terms of facilitating 'mutual dialogue' on political norms. The emphasis on this dialogue strengthened further in the Cotonou agreement, within which this commitment was codified in a new article (Article 8). This was also the philosophy emulated in North Africa and the Middle East, in particular within the Euro-Mediterranean Partnership. The Commission acknowledged that such ongoing partnership was important in seeking to negotiate joint efforts to comply with democratic expectations, rather than degrees of actual compliance governing European policy responses.[59] The stress on partnership-based discourse approaches was further encouraged by lessons drawn from Iraq, Libya and Serbia that coercive measures had rarely succeeded as intended.

The socialisation approach represented a policy somewhere in between unconditional positive engagement and systematic, rigid *ex-ante* incentives conditionality. From institutionalised positive engagement, pressure could then gradually be ratcheted up, in a back-loaded rather than front-loaded fashion, and through peer pressure around established discourse rather than material threats and incentives. That such an insistence was not completely without bite was shown by the reluctance of some states – Mexico, Egypt and the ASEAN countries were notable examples – to accept the EU's democracy clause, not because this was seen as likely to be wielded in any substantive fashion, but because it was seen as acquiescing to the notion of democracy being a legitimate subject and aim of a cooperative relationship with Europe. This was the sense in which the EU exercised pressure and 'conditionality'. A willingness to sign up to some kind of dialogue on and commitment towards democracy was seen as the crucial variable. For example, after 1999 the EU developed an incentives-based approach to Cuba, but rather than setting concrete preconditions – either for renewing trade agreement negotiations or joining Lomé – the EU judged that it could most productively influence change in Cuba by obliging the latter to sign up to the democracy clause. This

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[58] Scappucci, G. (1999), 'EU-ACP Relations in the 1990s', in Cosgrove-Sacks, *The European Union and Developing Countries*: 112.

would give a formal mandate to at least begin talking more systematically about democracy, with the EU accepting that only major reversals would be likely to trigger a subsequent suspension of aid and trade provisions. This approach was also evident towards Turkey. All member states except Greece were keen to engage with Turkey without requiring fundamental changes in the role of the military, arguing that beginning a pre-accession strategy would at least establish a more legitimised discourse on what type of democratic reforms were expected of Turkey. Interestingly, the fact that the discourse approach was most prominent in policy towards the ACP states – that is, the one area where a degree of coercive conditionality was applied – demonstrated that deep socialised engagement could often embed a mutual confidence and stability in relations that enabled, rather than precluded, consideration of firmer diplomatic pressure.

There was much that was distinctly 'European' about the socialization approach. The latter was in all cases less evident in member states' individual national strategies. The language of socialisation was much more evident from CFSP officials, and Brussels-based officials, than from national ministries. Socialisation was seen as the element where coordination at the European level provided 'value added': it was what was specific to the nature of Europeanised democracy promotion policy, a qualitative not merely scale difference over bilateral initiatives. Indeed, crucially this approach derived from and reflected the EU's own unique internal experience and philosophy. The approach was also encouraged by the nature of EU institutions, it being the core ground on which member states could generally find agreement. Notwithstanding such consensus, however, there were nuanced differences over the degree of pressure required to give effect to the discourse approach as a basis for securing a convergence of political values. France favoured a relatively 'soft' form of socialisation, focusing on the process of partnership, building up state capacity to defend rights, letting each state go at its own 'rhythm', and cautioning against rhetorical posturing over values.[60] For other states, a firmer 'nudge' was deemed necessary and appropriate to make sure socialisation links were able to prosper.

In practice, there were limits to the EU's adoption and pursuit of the socialisation approach. Confronted with ACP states' opposition, the EU dropped its insistence on the new Cotonou

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[59] *Official Journal of the European Communities*, 24.11.94: 431, quoted in Lister, *European Union Development Policy:* 31.

convention extending the scope of the standard clause to cover good governance issues, the latter eventually being included as a non-essential element and within a remit covering only 'serious cases' of corruption. This demonstrated a certain reluctance on the EU's part fully to use its diplomatic weight to secure as firm a foundation as possible for a more effective discursive approach. In some cases, where issues of fundamental values were at stake, rather than values-based persuasion becoming easier and being ratcheted-up, once engagement was embedded EU states were actually increasingly wary of this unravelling. In a sense, this surreptitious approach raised the price and the degree of conflict involved in introducing ethics at a later stage in relations, where democratic preconditions might have been less provocative if initially laid out more clearly – the lack of transparency in EU expectations being a common complaint from developing countries.

The funding of NGOs was justified as being part of the socialisation process and actually valued for this more than for any direct impact that could be expected from the strengthening of particular civil society groups. However, the EU at the same time imposed limits on the extent to which NGOs and other civil society groups were incorporated into formal policy-making frameworks. Civil society forums were set up as part of the EMP and ASEM processes, but in both cases were kept marginal. Moreover, in these two regions the EU – including even the Commission – deliberately refrained from funding significant initiatives construed by the partner governments as an effort to promote a discourse on Western values. Indeed, governments distanced themselves from those values-based initiatives that were funded, in sharp contrast to their keen association with other sectoral, especially economic, initiatives. While in the really 'difficult' cases, such as Algeria, the values-based approach was supposedly the main plank of European policy – as only a general promotion of the basic value of democracy could be pursued in a context where more materially-based instruments were judged unviable – in practice little was done actually to engage with radical groups with a view to at least exploring the scope for values convergence. Even within Lomé forums, limits were placed on NGOs' involvement in negotiations over reforming the convention. Indeed, the lack of access for non-state actors to engage in the democracy promotion agenda was identified in one report as a particular weakness of EU policy.[61] Compounding this, northern NGOs were often themselves

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[60] Vedrine, H. and Moisi, D. (2000*), Les Cartes de la France a l'heure de la mondialisation* (Paris: Fayard), chapter 6.

[61] International IDEA (1998) *Dialogue for Democratic Development* (Stockholm, International IDEA).

reluctant to be used to transmit democratic values for what they perceived to be foreign policy reasons and beyond their own remit.

7. Comparing EU and US Democracy Promotion Policies

While any detailed examination of US policies is well beyond the scope of this paper, a brief comparison of American and European approaches is instructive in shedding further light on the relative strengths and weaknesses of EU strategy. Having adopted the democracy promotion agenda slightly earlier than European governments, the US has generally been perceived as the overwhelmingly dominant actor in this field. In the 1990s, democracy promotion was placed, nominally at least, at the centre of US foreign policy and, under the banner of 'democratic enlargement', enshrined in a readily identifiable *leitmotif* of the sort that EU policy lacked. The US structured its institutions and procedures so as to facilitate a more systematic focus on democracy promotion to a far greater extent than the EU. Departments working specifically on the democracy promotion agenda were set up within both the State Department and USAID, with President Clinton later establishing an Interagency Working Group on Democracy specifically to coordinate different elements of democracy-related strategy.[62] These features contributed to the common perception that the US was far more efficient in the implementation of its democracy promotion policies. The US availed itself, for example, of a unit charged with providing rapid assistance when conflict situations appeared to offer new prospects for peace, expressly so as to link such incipient movement into democracy funding. It would be easy to overstate the extent of such coordination and efficiency. US democracy work over the 1990s was itself plagued by inter-agency differences and a lack of coordination between USAID, the State Department, the White House and the Commerce Department.[63] It was argued that USAID specialists focused on traditional development work did not have a detailed concern with democratic institutions well programmed into their calculations.[64] However, it was undeniably the case that democracy promotion occupied a place more evidently 'at the heart' of US foreign policy than was the case in Europe. This did not mean that democracy

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[62] Diamond, 'Promoting Democracy': 352.

[63] Hook, S. (1998), 'Building Democracy Through Foreign Aid: The Limitations of United States Political Conditionalites, 1992-96, *Democratization,* 5/3: 169.

[64] Carothers, T. (1997), 'Democracy Assistance: The Question of Strategy', *Democratization,* 4/3: 125.

promotion was necessarily pursued as a higher priority for the US, but rather that in its worldview the US government did make the kind of linkages between different policy domains that were relatively absent in EU policy-making. Indeed, the effecting of such linkages itself engendered considerable variance in US democracy promotion strategy, with democratisation pursued in a given state or region to the extent that this was perceived to be compatible with national strategic interests.[65] If such variance was greater, or at least more overt, than in the EU, this seemed indicative of the fact that US democracy strategy exhibited a stronger geo-strategic dynamic, compared to the more prominent development-based logic conditioning European approaches. This difference was manifest most notably in the contrasting roles played by the European Parliament, which consistently used its leverage to enhance democracy and human rights assistance, and the US Congress, which was in many cases openly sceptical towards the appropriateness of such funding.

The magnitude and nature of US democracy assistance was, in fact, not fundamentally different from that undertaken by the EU. While the US had established significant political aid programmes earlier on during the 1980s, by the end of the 1990s European democracy funding was of no lesser magnitude. US allocations for democracy assistance briefly fell after the Republicans took control of the Congress in 1994, before rising again to total $700 million a year by 1999 – this comparing with the roughly estimated EU effort of approximately 800 million euro. Of course, given the US's far smaller overall aid budget this represented a larger proportional commitment, democracy assistance accounting for just under 10 per cent of US aid, compared with the 2 per cent of EU aid. Like the EU the US spent several times more on economic reform.[66] The distribution of funds between countries was not radically different to the EU's political aid profile. Sub-Saharan Africa, Eastern Europe and Russia were the largest recipients of US democracy assistance, while Latin America received 16 per cent of these funds. Significantly, this implied that received wisdom on the re-emergence of a 'spheres of influence' dynamic to international relations did not appear to materialize in the field of democracy assistance: the US did not give significantly less to the EU's eastern periphery than did European governments, while the EU advanced no less of its democracy assistance budget to Latin America than did the US. North Africa was the notable exception to this,

[65] Carothers, T. (2000), *The Clinton Record on Democracy Promotion* (Carnegie Endowment Working Paper, no.16): 3.

[66] Hook, 'Building Democracy': 162.

the US leaving the lead engagement on democracy promotion in this area – at least, outside Egypt – to the EU. One difference that did emerge towards the end of the decade was the winding down of US work in some Eastern European states: by 1999, eight of this region's democracies were considered far enough advanced to graduate out of the US's Support for Eastern European Democracy programme, while European political funding to these states was still increasing.[67] In this sense, the EU appeared prepared for a longer-term commitment to the region, in a context where even the most advanced Eastern European democracies were widely regarded to be some way from full consolidation. Similarly, the US did begin to wind down some of its conflict-resolution work in situations such as Central America, Cambodia and the Balkans where the EU sensed an increasing, not decreasing, need for political aid.

While US democracy work followed more than it pre-empted trends in democratisation, the US was slightly less hesitant than the EU in seeking a foothold for political work in strongly authoritarian contexts. For example, it channelled increasing amounts of funds through the National Endowment for Democracy to states such as Burma, Vietnam and Sudan.[68] The sectoral profile of US work also exhibited some differences. While, like the EU, the US advanced the largest share of its democracy assistance to civil society projects, its efforts in the domain of political society were more notable than those of the EU. The US had favoured a strongly top-down strategy in the 1980s, when the aim was unashamedly to ensure 'controlled' transitions that actually guarded against radical civil society movements assuming too much influence. It shifted towards a more priority focus on civil society during the 1990s. By 1999, the civil society category was the largest component of the democracy assistance budget, receiving just over one quarter of US political aid. By the end of the decade the US was giving under 10 per cent of its democracy budget to election funding, Washington having corrected the disproportionate focus on formal electoral processes for which it had previously been criticised. Despite these shifts, however, the US continued a significant degree of work aimed at political society. The profile of US work exhibited a balance between top-down and bottom-up projects that was absent from the EU's overwhelming focus on NGO funding.

Conversely, within the civil society category the EU's range of projects remained broader than that of the US, the latter still less inclined to incorporate a focus on grass roots groups and service-

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[67] Carothers, *Aiding Democracy:* 41.

delivery organisations explicitly into the democracy agenda. Like the EU, the US showed little interest in funding civil society organisations that did not fit into the mould of Western liberal democracy. The EU allowed greater 'localism' in the design and implementation of projects, alongside Washington's continued preference for centrally designed projects carried out by visiting American consultants. Of course, what EU funding gained in terms of providing for 'local ownership', it lost in terms of its overall balance and coherence relative to US funding. When it engaged in political society work, the US aimed more openly than the EU for particular outcomes in specific situations. Hence, while European party foundations focused on building up the general organisational capacity of political parties across the board, the US inclined to a greater (although lessening) extent to offer short-term support for favoured parties during election campaigns.[69] While it might be naïve to believe that, despite their claims to the contrary, European governments did not in fact approach democracy-building through the lens of their own forms of democracy, the US was more explicit and forceful in pushing replica features of American democracy – strong checks and balances, two moderate parties, privately owned media, decentralised union bargaining. This was one of the principal features of US policy that caused European governments to feel that Washington was overly prescriptive and heavy-handed in its approach to democracy promotion. To the EU, US democracy assistance projects too eagerly sought high profile initiatives, often insensitive to local conditions and designed primarily to assuage Congress's doubts over political aid funds. To the US, European approaches were disingenuous in their supposedly non-institutional logic and in their claim that non-conflictive grass roots work was actually capable of having a broader political impact.

A common perception has been that the US has been more willing to adopt a tougher line against autocrats than European governments. In reality the US did not demonstrate a notably greater readiness to impose punitive conditionality specifically as a means of promoting democracy. Like the EU, the US adopted punitive measures in response to perceived security threats, and especially the issue of weapons proliferation, and generally not in relation to democratic shortfalls *per se*. Cuba was a notable exception to this, as in a slightly different sense was the US's lead role in galvanising opinion within the UN for the intervention to restore democracy in Haiti. While policy towards Havana was invariably held up as emblematic of the difference between American coercion and

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[68] Carothers, *Aiding Democracy:* 85.

[69] Carothers, *Aiding Democracy:* 150.

European engagement, Cuba was in fact something of an exceptional case, rather than one more broadly representative of any fundamental tension between the US and the EU over the use of political conditionality. The US did push harder than the EU for the conditionality operated by the World Bank and IMF to be widened into slightly more political areas. In general, however, as the 1990s progressed the US was seen as gradually slipping back into an uncritical stance towards autocrats where important economic interests were at stake, such as in Nigeria and Central Asia.[70] The US response to the coup in Pakistan was not notably stronger than the EU's, with President Clinton's visit to the country in March 2000 actually signalling a willingness to engage with General Musharraf shared by few European governments. In Africa, the distribution of US aid did to a degree develop to the disadvantage of those countries with particularly bad records on democracy,[71] and certainly more so than was evident in the case of EU aid to the continent. In addition, the US differentiated more between front and back-markers in Eastern and Central Europe.

On other occasions, however, the US was slow and reluctant to 'reward' incipient signs of political liberalisation. The US declined, for example, to emulate the EU's rapprochement with President Khatami. Washington's less optimistic perspective towards Iran flowed from a more prominent concern with the issues of arms proliferation and international terrorism, as well as from greater scepticism over Khatami's ability to temper the influence of conservative forces and the Revolutionary Guard. More generally, Washington offered only a third of the EU contribution to the Highly Indebted Poor Countries debt relief package. Having footed the bill for military action in the Balkans, the US insisted that prime responsibility for 'rewarding' post-conflict moves towards democracy in the region lay with the EU. In general, while the EU tended to offer supportive policies and rewards to leaders exhibiting little more than a rhetorical commitment to democratisation, the US often held back and continued to focus more on the strength of opponents to reform. Conversely, 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 slowness of its political reform process: in this case, European policy was based more notably on a degree of incentives

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[70] Carothers, T. (1997), 'Democracy Without Illusions', in *Foreign Affairs*, 76/1: 85-99.

[71] Bratton, 'International Versus Domestic Pressures' 163.

conditionality and caution. In sum, the overall distribution of US aid was no more significantly correlated to democratic criteria than was EU aid. Rather, the area in which US policy did have a more coercive element was at the level of high-level diplomacy, where Washington's public withdrawal of support for erstwhile allies sometimes helped unblock democratisation processes in cases where EU policy was more notable for its indecisive procrastination. This was seen, for example, in the contrasting European and American approaches to Presidents Suharto and Fujimori in the midst of the crises afflicting Indonesia and Peru in 1998 and 2000 respectively: if Washington had previously been even more strongly supportive of these two leaders than the EU, when the balance of domestic forces tipped against them the US intervention was swifter and less ambivalent than that of European governments.

In contrast, an area where EU strategy appeared further developed than US policy was in relation to socialization dynamics. The discursive philosophy highlighted by European policy-makers as being of central importance was less prominent in the outlook of American officials. The US did not develop the dense network of formal and highly institutionalised cooperative frameworks with developing regions that characterised the EU's external relations. The notion of such regularised and broad-based partnerships being central to the democracy promotion agenda was significantly less present in the US than in the EU. Despite the high visibility of the OAS in election monitoring, in terms of the breadth and institutionalisation of discourse on political issues it was actually much more limited than EU initiatives. The US often stepped outside the confines of the OAS partnership to adopt unilateral measures in a way that the EU declined to do in relation, for example, to the Euro-Mediterranean Partnership. Where the EU was concerned to continue and incrementally ratchet-up dialogue on democratic norms within the context of deeply embedded partnership, the US attached greater importance to expediting well-timed diplomatic interventions. While the EU insisted, in the face of initial opposition from Asian states, that the ASEM process contain dialogue on and initiatives relating to democracy, the US did not push for a similarly formal, regionalised political remit within APEC. Where the EU did apply conditionality in sub-Saharan Africa it was within a context of a continuation of dialogue within Lomé's formal consultation procedure, this contrasting with Washington's more absolute rupture of relations in many cases. The Lomé Convention's principle of long-term, sustained contractuality compared with the more sporadic bursts of attention, interspersed with bouts of pressure, from the US in Africa. In this sense, in the field of democracy promotion, there was some substance to the view of the US being drawn more to power-politics

approaches than the EU. The US was seen as more capable of responding quickly in the fast-moving moments of transition, the EU more attuned to assisting the background conditions to political reform over a longer period of time, including the construction of genuine 'consent' to the value of democratic norms.[72]

Arguably, of greater import than the relatively modest differences in US and EU conceptual approaches to democracy promotion was the question of the inter-relationship between the two actors' respective strategies. The US's shift away from such a strongly top-down approach was not wholly unconnected with the EU's espousal of the importance of generating bottom-up dynamics to underpin political change. Indeed, the EU's role in pressing the US to move away from its overtly politicised approach of the 1980s was arguably one of its main influences over the international dimension of democratisation. Conversely, while most European policy-makers were strongly critical of US approaches to democracy building, it was undeniably the case that the succession of changes to CFSP during the 1990s were undertaken to equip the EU with the means to emulate to kind of effective diplomatic intervention still seen as being the United States' particular strength. However, if a degree of mutual influence was apparent, an element of competition was also increasingly evident. The US was more strongly concerned than the EU about what it saw as the tendency for Europe and America to undercut each other and thus militate against the adoption of tougher positions towards developing countries. China was invariably cited as the clearest example of such undercutting. There were moves to coordinate strategies on democracy and human rights more tightly, with a new dossier on this being included within the New Transatlantic Agenda. In reaching their agreement on the Helms-Burton legislation, the EU and US also drew up a list of shared 'principles' to guide the use of sanctions. However, all parties concerned saw the results of the new dialogue on democracy as negligible. Moreover, the sanctions principles were interpreted in differing ways, the EU seeing them as limiting the use of punitive measures, the US emphasising their role in placing more stringent conditions on trade and investment with rogue regimes. The US attempted to introduce the issue of democracy promotion into G8 deliberations precisely so as to minimise undercutting between American and European approaches, but EU governments resisted this

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[72] This view was invariably reached on the basis of study of the EU's enlargement processes – for example, see Whitehead, L. (1996), 'Concerning International Support for Democracy in the South', in Luckham, R and White, G. (eds), *Democratization in the South: The Jagged Wave* (Manchester:

suggestion, some member states fearful of being drawn into what they saw as Washington's unduly politicised approach. There were certainly strong grounds for arguing that, by the start of the new century, the paucity of EU-US coordination on democracy promotion was still a seriously under-estimated deficiency, and one arguably of greater significance than the individual weaknesses in each of these two actors' own policies. Interestingly, while much focus was on the extent to which US-European commercial competition diluted democracy promotion policies, often this 'undercutting' prejudiced EU strategy in exactly the opposite manner: the EU often felt that it became associated with tough US approaches, with developing states equating US policy to a 'Western' perspective, thus undermining the EU's attempts to develop discursive, partnership-based approaches.

8.   Conclusions: Future Directions for EU Democracy Promotion

The foregoing account demonstrates that the EU has established a significant presence in the field of democracy promotion. Its commitment to assisting democratisation processes compares favourably in quantitative terms with US policy, while qualitatively the EU has developed a distinctive approach that avoids the pitfalls of Washington's first forays into the field of democracy promotion in the 1980s. While there have been nuanced differences between EU member states, a kernel of sufficient commonality between their respective policies can be detected so as to make it reasonable to counterpoise broadly 'European' to American approaches to democracy promotion. Inevitably, an overall assessment of EU strategy can dwell more on either the progress registered or the continuing limitations apparent in the design and implementation of democracy-related policies. It is contended here that the core tenets of the EU's conceptual perspective on democracy promotion have much to recommend them, in particular as they do show evidence of having been increasingly predicated upon recognition of the need for democratisation in developing countries to be constructed on the foundations of both effective socio-economic rights and a genuine cognitive adherence to democratic norms. Although the focus on elections has remained significant, criticism that the EU is overly concerned with the merely procedural elements of political democracy looks seriously out of tune with the evolution of European strategies during the 1990s and policy-makers' proclaimed conceptualisation of the democracy agenda. While, in this sense, EU strategy was designed at least in part in response to the perceived shortcomings of US approaches, future policy could be informed

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Manchester University Press) – but, as we have seen, by the late 1990s it characterised the European approach across all developing regions.

by an assessment of where the European approach itself exhibits clear weaknesses. The persistence of the most evident weaknesses emerges clearly from the forgoing description of EU policies:

More resources need to be devoted to democracy building to make on-the-ground work commensurate with the stated priority of this area of policy at the diplomatic level;

A more significant correlation between levels of democracy and the distribution of both positive and negative policy provisions is needed for the EU convincingly to be able to claim that democratic trends constitute a priority determinant of external policy variations;

Better coordination between different institutions and states, along with speedier and more decisive responses to political changes, is needed to meet the stated aim of improving the efficiency of policy delivery.

Of course, such shortcomings mirror the standard weaknesses commonly held to afflict the EU's external policies and similar recommendations could be applied to most areas of foreign policy. However, in the case of democracy promotion, unlike some other areas, improvements are also needed at a more conceptual level. That is, what emerges from the above overview of European policies is a need more comprehensively to assess the linkages between different levels of policy. If one abiding characteristic of EU strategy can be identified it is its tendency to treat democracy promotion, and democracy itself, as a dependent rather than independent variable. Within the EU's world-view, positive trends in democratisation have readily been seen as flowing from improvements in a whole range of other areas: social change, better protection of basic human rights, initially modest NGO activity, successful conflict-prevention and -management, a tackling of international terrorism, economic liberalisation, technical good governance measures and capacity-building, changes in third countries' ideational values with respect to international cooperation. In this sense, democracy has been approached as a secondary or indirectly resultant objective. The EU's self-proclaimed social, indirect approach makes European democracy promotion efforts, almost by their very nature, difficult to evaluate – their stated objective being less the tangible establishment of particular institutional designs than the instilling of a more nebulous and difficult-to-measure 'democratic potential'. On the EU's own terms, however, this approach has clearly fallen short of the rhetoric, policy positions and explanatory documents which have been replete with suggestions that democracy should itself be pursued as a means of furthering other objectives – which have, that is, portrayed democracy as cause not merely effect. In practice, concrete policy initiatives based on

this supposed direction of causality have been negligible compared to those based on its inverse. Two changes are needed to mitigate these shortcomings.

First, a better conceptualisation is needed of the spill-over logics upon which EU strategies are so heavily predicated. As this paper has demonstrated, the nature of EU decision-making processes suggests that limited avenues have existed for the complexities of such linkages adequately to direct policy. This is best seen within the common trade policy, where there has been no attempt to audit the democratic impact of commercial decisions. Cultivating a better conceptual link here goes beyond the question of the need for EU protectionism to diminish. On the latter issue there has undoubtedly been fault on both sides: if the EU has been intransigent, third country elites have themselves used European commercial policies as often unconvincing cover for refusing to disperse political control. The more pressing imperative beyond this is, rather, for a greater agility, flexibility and responsiveness of policy, capable of assessing and taking on board the varying political impact of economic reforms across different sectors and at different moments in time. If it has increasingly been recognised that economic reform processes are neither inherently helpful to nor obstructive of political liberalisation, but unleash a range of state-private sector dynamics, this is something EU policy has not in any significant fashion moulded itself to. Policy needs to be about more than just whether to speed up or slow down the pressure on economic change. Rather, it needs to be able to focus resources on sectors and specific junctures with most democratising potential, while avoiding contributing in overall terms to instability and constraints which produce a backlash against Western values and delay political reform. Thus far, both in economic and more general civil society work funded by the EU there has been no real assessment of the impact of this external involvement on the balance of power between different domestic coalitions themselves.

Second, a better locking together of top-down and bottom-up approaches is needed. The eschewal of policies aimed directly at seeking democratic improvements is unsatisfactory. There is a strong case for arguing that more work is needed on political rather than civil society, in recognition of the fact that structural level institutional change most effectively progresses in a symbiotic relationship with the generation of NGO activity and grass roots participatory forums, and cannot convincingly be expected automatically to flow from this latter bottom-up focus. The reasoning that firm and sustainable foundations for democracy need to be constructed is convincing, but in heeding the ubiquitous advice of recent years pointing in this direction the EU has gone too far to the other extreme. One critic goes as far to suggest that the EU's labelling of much socially focused work as

'democracy assistance' is a straight 'miscategorisation'.[73] Even if one accepts the basic development-oriented philosophy, however, it cannot be convincingly held that this in itself suffices for a comprehensive and effective democracy promotion strategy. This is not to advocate a policy predicated primarily on punitive conditionality, especially where such coercion is aimed selectively at weaker states and ensures no more than a precarious adherence to formal democratic forms. It is of some concern that, as we have seen, where the EU has deployed coercive measures it has fallen into precisely this temptation. The limited use of such measures cannot, as is often argued, be seen to render the EU's commitment to encouraging democratisation processes disingenuous, and…

However, a democracy promotion strategy consistent with the EU's stated conceptual approach could still be enhanced through a closer combination of 'grass roots' and 'high level' critical initiatives as two sides of a single policy coin, rather than the preference for the former being seen to make the latter inherently inappropriate. Indeed, the most notable recommendation to emerge from most recent work on democracy assistance is for just such an 'integrated' approach, based on an appreciation of how the different levels of policy effect each other.[74] Most clearly, the EU needs to be willing and able to use micro-conditionality far more forcefully and systematically. If it fails to do so, the positive approach to democracy building will remain of limited scope and may in the longer term even set up imbalances of its own, as dangerous as those it was designed to correct. The socialisation approach must be seen as admirable, and consent does clearly need to be built up around democratic norms. There is some evidence that the EU has pursued a discourse on democracy with sufficient force to have made some impact, for example in Morocco, among part of the Turkish establishment, in Indonesia in the crucial period after Suharto's fall, and in a number of the sub-Saharan African states who were pushed back onto the path of at least semi-democracy through the EU's 'consultation' dialogue. However, as a second stage to this approach, the norm-building element of policy needs to be invested with greater concrete manifestation if it is to go beyond being merely a rather nebulous aspiration. Without a better operationalisation of the mutual locking-together of these different levels of policy, the EU's valuable emphasis on 'partnership' and 'ownership' will remain notable as much for the types of democracy-related actions and funding it militates against, as for those it inspires.

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[73] Crawford, 'European Union Development Co-operation': 103.

[74] Burnell, 'Democracy Assistance: The State of the Art': 352.

Appendix

European Democracy Assistance: Institutional Structures

A. Commission

Up to 1999, there were eleven budget lines covering democracy aid, managed between four DGs:

- DG1: Human Rights and Democracy in Asian Countries

- DG1A: Support for Democracy in Central and Eastern Europe, including parts of the former Yugoslavia; Support for Democracy in the CIS and Mongolia; Support for certain activities in support of human rights; Support for International Criminal Tribunals and International Criminal Court; Election monitoring

- DG8: Human Rights in ACP countries; Human rights and democracy in Southern Africa; Special programme for democracy and good governance in Nigeria

- DG1B: Democratisation process in Latin America; MEDA Democracy

A Human Rights and Democracy Unit within DG1A oversaw general policy guidelines, but played a very secondary role within a highly dispersed funding structure.

From 1998-2001 structures were reorganised, with responsibility for all project selection, preparation, implementation and monitoring moving to SCR (Common Service for External Relations), which from 2001 became Europe Aid.

Commitology procedure takes place through a Human Rights and Democracy Committee, with member states' representatives.

B. Member states

Germany A Democracy and Good Governance Unit was created in mid-2000 within the Ministry for Economic Co-operation and Development (BMZ) to lead on democracy assistance. Responsibilities are shared, with most human rights and election monitoring led by the MFA (A.Amt). Germany gives more discretion to local embassies to select field projects.

The Netherlands Two sections have been formed with the Development Ministry: Human Rights; and Good Governance and Peace-building. Local embassies have discretion for small projects.

Denmark A Planning Unit directs overall democracy promotion strategy. Danida and MFA responsibilities are mostly fused, with desk officers for bilateral relations also overseeing in-country democracy programmes (unlike other member states).

United Kingdom Most democracy assistance is managed by a Governance Department within DfID, albeit with overlap with human rights projects falling under a separate Social Development Department. Considerable discretion is given to local field officers, with London-based officials enjoying only a weak overview of democracy-related work.

Spain No central democracy unit. Political aid managed under separate regional divisions of the Spanish Development Agency (AECI), and over half of funding coming from the Institute for Ibero-American Co-operation (ICI).

France A Democracy and Human Rights budget line is managed under the Direction General de la Co‑operátion Internationale et du Développement.

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