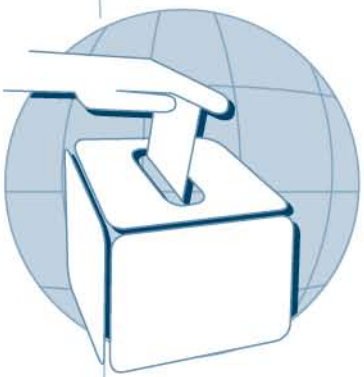
Compass 2020

Germany in international relations
Aims, instruments, prospects



Democracy in the Ascendant?

Opportunities and limitations of strategies to promote democracy

Marika Lerch

June 2007

FRIEDRICH EBERT STIFTUNG

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The Compass 2020 project represents the Friedrich-Ebert-Stiftung's contribution to a debate on Germany's aims, role and strategies in international relations. Compass 2020 will organise events and issue publications in the course of 2007, the year in which German foreign policy will be very much in the limelight due to the country's presidency of the EU Council and the G 8. Some 30 articles written for this project will provide an overview of the topics and regions that are most important for German foreign relations. All the articles will be structured in the same way. Firstly, they will provide information about the most significant developments, the toughest challenges and the key players in the respective political fields and regions. The second section will analyse the role played hitherto by German / European foreign policy, the strategies it pursues and the way in which it is perceived. In the next section, plausible alternative scenarios will be mapped out illustrating the potential development of a political field or region over the next 15 years. The closing section will formulate possible points of departure for German and European policy.

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ISBN 978-3-89892-731-4

Design and Layout: Dreispringer, Berlin

Democracy in the Ascendant?

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Marika Lerch

Abstract

At the beginning of the 21st century the world is freer and more democratic than ever before. The external promotion of democracy has been thriving for years. Yet the trend towards a democratic world is full of contradictions. The vast majority of states that have introduced reform processes over the past 30 years are anything but consolidated democracies. The transformation landscape is dominated by defective democracies and semi-authoritarian regimes. The conditions for a successful transformation in many of the authoritarian regimes still in place are extremely unfavourable. At the same time the balance of forces is shifting to the disadvantage of the old democracies. Authoritarian regimes are exploiting this to roll back international efforts at democratization on the legal and diplomatic fronts.

Their success or otherwise in curtailing the scope for international action in support of democracy for any length of time will strongly influence the prospects of democratic advances being made over the next 15 years. Other important factors are military conflicts, the attitude of regional hegemonic powers and success in achieving redistribution by means of development processes. Only if several favourable conditions coincide is the "normative power of democracy" likely to succeed in triggering a further positive trend with significant progress towards democratization by 2020. If democracy remains just an international norm, while structural hurdles and conflicts block political reforms at national level, there is a danger of "decoupling". Although more and more states recognize democratic principles as part of "world culture", they do not fully implement them. In the long term the contradiction between discourse and practice will create an unstable situation. The worst-case scenario would be the emergence of a strong coalition of authoritarian states opposed to the concept of "liberal democracy". Such a "polarization" would cause the struggle for zones of influence to intensify in the name of different interpretations of democracy.

Germany's long-term interest in a democratically ruled world, along with its international obligations, indicates that democratization remains an important aim of German foreign policy. The conditions for success, however, are becoming more difficult, while contrary interests are growing in influence. Democracy promotion should therefore be more strongly anchored in the institutional structure of German foreign policy.

At the international level the Federal Republic of Germany, because of its multilateral tradition, is predestined to form broad alliances for the promotion of democracy. Trade and economic relations should be systematically geared to the inclusion of broad social strata. In the process of further developing the toolbox of political instruments, it will be necessary to develop suitable political approaches for authoritarian states as well.

I. "Unfinished business" – The context of democracy promotion after the "third wave"

I.1 More democracy, more democracy promotion

At the beginning of the 21st century the world is freer and more democratic than ever before. In 2005, according to the classification used by the U.S. organization Freedom House, almost two-thirds of all states (123 out of 192) are considered to be "electoral democracies". This marks a historical highpoint and a significant increase since 1974, when less than a third of all states qualified as "electoral democracies".[1] The number of "liberal democracies" adequately guaranteeing civil and political freedoms over and above the right to vote more than doubled between 1974 and 2003 – from 32 to 76.[2] Overall the protection of civil and political rights has significantly improved.[3]

The "third wave of democratization", a term used by Samuel Huntington to describe the striking spread of democracies that began in 1974 with the democratic revolution in Portugal and accelerated with the collapse of the Soviet Union, has not been without its effect on international relations. The strengthening of the democratic camp in international organizations and the weakening of communism as an alternative ruling ideology have enabled democracy and human rights to gain new status as global points of reference for modern statehood and legitimate rule. The representatives of the states attending the UN Millennium Summit in September 2000 unanimously pledged "to promote democracy and strengthen the rule of law, as well as respect for all internationally recognized human rights and fundamental freedoms, including the right to development".

Democracy promotion by the OECD countries, i.e. supporting processes of political opening and democratization by transferring ideas and norms as well as committing material, organizational and (in exceptional cases) military resources, has experienced a boom since the early 1990s. The political upheavals of 1989 expanded the scope for intervening in political power struggles beyond national borders. Relations with numerous developing and emerging countries were (temporarily) freed from the corset of geostrategic considerations. The states of the former East bloc offered a whole new terrain that was open to democracy promotion and Western influence. The positive measures were considerably expanded. According to rough estimates, about 10% of all public spending on development aid in the 15 years after the end of the East-West conflict was used for democracy, human rights and good governance.[4] At the same time, political conditions have become a standard element of development co-operation due *inter alia* to increasingly tight budgets and the need for greater efficiency. For while the academic debate continues about the advantages democracy brings for growth and development, it has become generally accepted in the official political discourses of the donor nations that accountable, and if possible democratic, governance is a precondition for the effectiveness of development aid.

1] For these figures see www.freedomhouse.org and Larry Diamond: The State of Democratization at the Beginning of the 21st Century, in: The Whitehead Journal of Diplomacy and International Relations, Winter/Spring 2005, pp. 13-18.

2] This calculation assumes a minimum score of 2 in the Freedom House index for civil and political freedoms (cf. Diamond (footnote 1), p. 16. The scores range from 1 (most free) to 7 (least free).

3] In 1974 the average global score for all states rated by Freedom House for civil and political rights was 4.47, while in 2002 it was 3.38 (Diamond (footnote 1), p. 15).

4] Peter Uvin, 2004, quoted in Massimo Tommasoli: Democracy Building and the Political Dimensions of Development, in: International Institute for Democracy and Electoral Assistance: Ten Years of Supporting Democracy Worldwide, Stockholm: IDEA, 2005, p. 30.

Many young democracies in the countries of the southern hemisphere also added the dissemination of democratic values to their foreign policy agenda in the 1990s.[5] The most influential actors, however, continue to be the U.S.A. and the European Union, which can combine a democratic value system with political leverage.

However, for all the differences they may have, it holds for both the U.S.A. and the EU, especially the larger of the latter's member states, that the quantitative and qualitative increase in programmes and initiatives has not done away with the inherent weakness of human rights and democracy policy, which is its lack of coherence and consistency. Democracy is only one among many foreign policy goals and one that is at a structural disadvantage when it comes to conflicts of interest. First of all, promoting democracy is a "laborious business",[6] which can in the short run entail enormous costs (instability, worsening of bilateral relations), whereas investments usually take many years to pay off. Given the numerous variables influencing democratization processes, the consequences of political interventions are hard to calculate. The desired elections may bring forces to power that have an ambivalent attitude to liberal democracy, an ethnic or tribal agenda, or a commitment to aims which conflict with the core foreign policy interests of democracy promoters (such as Hamas in Palestine or Chavez in Venezuela). This risk can be reduced but not eliminated by influencing the date of the elections (especially in post-conflict states) and supporting the liberal forces. Secondly, promoting democracy is an abstract and thankless task which does not arouse much domestic enthusiasm in the countries practising it. Thirdly, although the lobby for human rights and democracy is growing, it is still weak in relation to the advocacy of economic interests. Consequently, policy is characterized – to varying degrees depending on the donor country – by political compromises, paradoxes, and incoherence.[7] In the case of the EU, internal conflicts of interest and the different colonial legacies of the member states are additional factors.

The priority of other short-term interests and the principle of consensus also weaken the capacity to act of the international organizations that actively promote democracy. Nevertheless, the growth in multilateral activities is remarkable. In the 1990s, the Council of Europe and the OSCE took an active interest in democratic transformation processes in Central and Eastern Europe and acted as important forums for multilateral negotiations, albeit without strong leverage on governments unwilling to reform (e.g. Russia, Belarus). In Latin America, the Organization of American States (OAS) pioneered the formulation of democratic principles as a constitutive element of regional co-operation. More recently, monitoring and sanction mechanisms have been developed in the British Commonwealth and the African Union. A major innovation is the New Partnership for Africa's Development (NEPAD) with its "African Peer Review Mechanism" aimed at the mutual examination and formulation of recommendations by the participating transformation countries in Africa. However, the political and institutional conditions for an effective democratic regime in Africa do not exist as yet. The weakest areas in the network of regional democratic regimes are Asia and the Near and Middle East. A list of documents from international organizations on the strengthening of democracy drawn up by the Office of the UN High Commissioner for Human Rights (OHCHR) contains 73 entries, of which there are only three from the Arab world and none at all from Asia.

UN activities (election monitoring, promoting programmes and projects, decisions by political bodies on democratic standards and rights of intervention) have also become broader and more high-profile. The policy of the United Nations, however, continues

5] Robert G. Herman/Theodore J. Piccone (eds.): Defending Democracy. A Global Survey of Foreign Policy Trends 1992-2002, Democracy Coalition Project, 2002.

6] Friedrich Ebert Foundation: Das mühsame Geschäft der Demokratieförderung. Konzepte und Erfahrungen aus der Internationalen Entwicklungszusammenarbeit der Friedrich-Ebert-Stiftung, Bonn 1999.

7] For a systematic evaluation see Hermann/Piccone (footnote 5).

to be largely shaped by countries that are not democratically organized and have no interest in a policy of active democratization. The result has been the formation of a Democracy Caucus within the UN and the founding of the Community of Democracies as a partial community which, unlike the UN, defines itself in terms not of the principle of sovereignty, but of democratic rule, and which may be regarded as the organizational platform of a global democratic regime with a potentially global reach. In the Warsaw Declaration of 2000, the members pledged not only to consolidate democracy in their own countries, but also to raise democracy promotion to a normative postulate of their foreign relations.[8]

Neither the World Bank nor the International Monetary Fund (IMF) is allowed to award loans based on political criteria. Since the 1990s, however, wielding the banner of "good governance", the World Bank has in fact been giving consideration to such core elements of the political system as the accountability of the executive, transparency and the rule of law. The Poverty Reduction Strategy Papers introduced in 1999, which are a prerequisite for debt relief and concessionary loans as well as subsidies to the poorest developing countries, must be drafted in a participatory process with the involvement of civil society. However, the decision-making scope of the recipient countries is still limited, as the national negotiation process is overshadowed by the power of the donor institutions. The quality of participation varies greatly from country to country, but it can contribute to the empowerment of non-governmental organizations.

As a good deal of the funds devoted to democracy and human rights is channelled via non-governmental organizations, the latter have also profited from the boom in democracy promotion. On the other hand, some actors which are largely independent of state funding, such as Amnesty International and the Soros Foundation, are themselves global players that influence not only practical activities, but also the international debate on democratization policy.

In general, the number of actors engaged in democracy promotion has greatly increased in recent years and their roles have become more diversified. On the one hand this has aggravated the problem of co-ordination, while on the other it has opened up new possibilities of access to political reform processes.

I.2 Headwind and hangover: current challenges to democracy promotion

Although the status of democracy as an international norm, political system and foreign policy goal has been considerably boosted, the political and especially the academic debate on the prospects of a democratically ruled world is currently marked by scepticism. In many places it is proving difficult to consolidate democratization processes, while the prerequisites for transition in the remaining authoritarian states are not very favourable. All in all, there are more negative than positive trends at present; they constitute the challenges that will need to be addressed in the years ahead.

8] Cf. Ministerial Conference Final Warsaw Declaration: Toward a Community of Democracies, Warsaw, Poland, June 27, 2000.

Hard cases

Since the end of the 1990s many reform processes have begun to flag. The relative proportions of free, partly free and not free states (to use Freedom House terminology) are largely static. Furthermore, the progress made towards transformation has been very unevenly spread by region. The hard cases of authoritarian states in the Middle East, Africa and Asia have been left to the 21st century.

Liberalization/democratization by region, 2005 (as rated by Freedom House)

Region	Percentage (number) of electoral democracies	Percentage (number) of free states	Percentage (number) of partly free states	Percentage of not free states
Western Europe	100% (25)	96% (24)	4% (1)	0%
America	94% (33)	69% (24)	26% (9)	6% (2)
Eastern Europe (incl. CIS-states)	63% (17)	48% (13)	26% (7)	26% (7)
Asia	59% (23)	41% (16)	31 (12%)	28% (11)
Sub-Saharan Africa	48% (23)	23% (11)	48% (23)	29% (14)
Middle East and North Africa	6% (1)	6% (1)	33% (6)	61% (11)

Source: Arch Puddington: Freedom in the World 2006: Middle East Progress Amid Global Gains, Freedom House Essay.[9]

Some of the not free states are rentier economies that are threatening to stray from the path of liberalization into "dead ends of transition".[10] Many of these countries lack strong democratic forces that external promoters of democracy could back. When it comes to economic reforms, patrimonial networks often prove to be very persistent. This results in "defective market economies" in which the political and economic classes are closely intertwined. A second group of hard cases is made up of states with an extremely low level of development and barely functioning or even disintegrated state structures. In cases where the latter applies, democracy promotion goes hand in hand with state building and nation building, which in themselves are long-term and resource-intensive processes requiring a massive international presence.

In many of the remaining not free countries these internal structural difficulties are accompanied by regional obstacles to democratization, such as hegemonic powers with authoritarian systems or tendencies (e.g. China, Russia) and conflicts with a regional dimension and transnational movements of refugees (e.g. Iraq, Lebanon, Israel/Palestine, Congo, Sudan).

Predominance of the grey zone

The above table also shows that the category of elective democracy is a deceptive one, since in most regions the number of free states in which political and civil rights are respected is much lower. This phenomenon is a result of the uncompleted "third wave"[11]. Only in a minority of cases have initial steps towards liberalization and the holding of reasonably free and fair elections led to consolidated democracies. The great majority remain in a grey zone between autocracy and democracy. In the "defective democracies" the principle of popular sovereignty is institutionalized by elections, while other condi-

9] http://www.freedomhouse.org/template.cfm?page=130&year=2006.

10] Michael Dauderstädt/Arne Schildberg (eds.): Dead Ends of Transition. Rentier Economies and Protectorates, Frankfurt am Main: Campus, 2006.

11] In 1974, four-fifths of all democracies were liberal democracies. In 2003 this applied to less than two-thirds (Diamond (footnote 1): pp. 16, 18).

tions necessary to a functioning democracy are missing.[12] Thus the boundaries between these democracies and moderate autocracies, competitive authoritarianism[13] or semi-authoritarian regimes,[14] which deliberately introduce liberal institutions in doses so as not to endanger their own power, are fluid. Even more difficult than classifying the various hybrid regimes is assessing how they are going to develop. Even in states that have been given the label of a (defective) democracy, the continuing movement to consolidation is anything but inevitable. Defective democracy can turn out to be a permanent state,[15] which in turn impairs the political results. For defective democracies do not generally produce the benefits promised by the democrats and democracy promoters, i.e. greater prosperity, social justice and security. As the output legitimacy is undermined, defective democracies are particularly prone to producing populist or nationalist parties, as can be observed in some Latin American states. From a statistical point of view a low economic level of development even increases the risk of a relapse into autocracy. This risk applies particularly to the countries of sub-Saharan Africa.

Decline in influence of the old democracies

Given the runaway economic development in some emerging countries and the growing problem of securing energy supplies, the balance of forces is shifting to the disadvantage of the old democracies. The OECD's democratization policy towards states with large energy reserves (Russia, the Central Asian republics, the "petro-regimes" in the Middle East) or with considerable potential as an economic power (China) is made more difficult by the loss of "leverage".[16] Not only the *ability* to exert influence by political pressure or sanctions against powerful partners, but also the democratic political *will* to exert influence can weaken because of economic and energy dependence. Another source of weakness, however, is the loss of moral authority due to policies that are inconsistent or of dubious international legality. Foreign policy contradictions arouse suspicions that behind the moral appeal to liberal values lurks a hidden agenda of spreading geostrategic or free-market influence. The U.S.A. and its allies, in particular, have lost credibility as a result of the controversial Iraq war waged under the banner of democracy and freedom.

The success of external democratization efforts, however, depends not only on leverage, but also on linkage, i.e. social, economic and communicative networks and interactions with the transformation countries. It has proved to be a crucial variable for assessing the sustainability of the influence exerted and its degree of social penetration.[17] In the context of economic globalization, modern communications technologies and the increasing importance of non-governmental organizations have meant that the role of linkage has tended to expand, both within the regions and between the democratic OECD countries and other parts of the world. This can strengthen the diffusive or infectious power of democracy and may even partially compensate for loss of leverage.

12] Wolfgang Merkel/ Hans-Jürgen Puhle/ Aurel Croissant/ Claudia Eicher/ Peter Thiery: Defekte Demokratien, Band 1: Theorie, Opladen: Leske und Budrich, 2005.

13] Steven Levitsky /Lucan A. Way: International Linkage and Democratization, in: Journal of Democracy 16:3 (2005), pp. 20-34.

14] Marina Ottaway: Democracy Challenged. The Rise of Semi-Authoritarianism, Washington: Carnegie Endowment for International Peace, 2005.

15] Thomas Carothers: The End of the Transition Paradigm, in: Journal of Democracy 13:1 (2002), pp. 5-21.

16] Levitsky/Way (footnote 13): pp. 20-34.

17] Ibid.

Backlash against democracy promotion

An increasing resistance on the part of (semi-)authoritarian rulers to external democracy promotion can be observed worldwide.[18] In over 20 countries the International Centre for Not-for-Profit Law (ICNL) has noted a tightening of legislation aimed at restricting the freedom of action of civil society groups and their international supporters. At the same time, authoritarian regimes are stepping up their diplomatic offensive against international democratization efforts. The Shanghai Co-operation Organization, to which Russia, China and four Central Asian republics belong, has rejected external influence on political reform processes as interference. The Russian political vocabulary now includes the term "sovereign democracy", which postulates the primacy of *internally controlled* processes of political and economic reform.[19] At the same time, China is strengthening its position as a donor nation that seeks to translate development and trade relations into political influence. The governments of Russia, Iran, Syria and Venezuela also support – in competition with the influence and development policy of the OECD countries – those foreign political forces that accord with their geopolitical and ideological interests. Although there is no sign at the moment of any coherent ideological alternative to the *principle of democracy* and political participation as a basis for legitimizing rule by the state, the consolidation of the cultural hegemony *of liberal democracy* and universal human rights is not a foregone conclusion.

Lessons learnt

Finally, there is a largely positive trend. The new emphasis on democracy and human rights as a foreign policy objective in the 1990s was accompanied by an intensification of research and evaluation. Observers of German and European democracy promotion note a "learning curve" and a widening of the field of vision. This is seen in the efforts for more co-ordination among donors and a deeper analysis of the preconditions and consequences of external influence with regard to power relations.

The debate about the connection between development and democratization has moved beyond mechanistic variants of modernization theory and unhistorical hopes of an unimpeded victory of democracy to yield more differentiated insights. Growth does not automatically lead to democratisation, nor are there any minimum socio-economic thresholds that would in principle justify postponing democratization in poor countries. The empirically demonstrated connection between wealth and democratization[20] relies for its effect on the mechanism of *redistribution*. Economic development brings such actors as a working class and a middle class onto the scene, who unleash democratization processes and carry them forward. This is accompanied by a weakening of the role of traditional elites, whose wealth and power are based on extensive landed property and control of mineral resources. New economic elites (finance capital) have less to fear from democratization and any redistribution of income it might bring, as their wealth is more mobile and hence less endangered by excessive taxation or even expropriation.[21] The extent of the redistributive effect of economic development processes, however, depends also – and this is where politics comes in again – on institutions.

18] Carl Gershman/Michael Allen: The Assault on Democracy Assistance, in: Journal of Democracy 17:2 (2006), pp. 36-51; Thomas Carothers: The Backlash against Democracy Promotion, in: Foreign Affairs, 85:2 (2006), pp. 55-68.

19] Sabine Fischer: EU-Russia. Democracy Promotion in a Strategic Partnership? in: Annette Jünemann/Michèle Knodt (eds.): Externe Demokratieförderung der Europäischen Union, Baden-Baden: Nomos Verlagsgesellschaft, 2007 (in course of publication).

20] From a statistical point of view the level of per capita income significantly affects the chances of survival of existing democracies. There is more dispute about the influence of economic growth on the emergence of democracies, even though recent studies have established a connection. Cf. Carles Boix/Susan Carol Stokes: Endogenous Democratisation, in: World Politics 55: 4 (2003), pp. 517-549.

21] Carles Boix: Democracy and Redistribution, Cambridge 2003.

II. Promoting and preaching – democratization as a goal of German foreign policy

The German policy of democracy promotion, which was systematically developed during the 1990s, involves a wide variety of participating actors. A strategy paper at national level covering the democracy promotion efforts of the various actors in all departments and for all countries, has yet to be produced, however.[22] Support for elections and parliaments, international conferences on democracy and human rights diplomacy as well as political dialogue, sanctions and joint measures within the framework of the EU's Common Foreign and Security Policy are the responsibility of the German Foreign Office. In these areas of activity, which are bound up with foreign policy in the narrower sense, three basic principles have proven great continuity:

1) Multilateralism: Attempts to go it alone diplomatically tend to be rejected; sanctions are only ever supported within a multilateral framework (EU, UN), and policies are geared to internationally agreed norms.

2) A preference for dialogue: In general, Germany prefers a soft conditionality, consultations and dialogue as well as the exertion of long-term influence through involvement. Coercive measures are only advocated in exceptional cases.

3) A focus on the protection of human rights: In the foreign policy discourse of the German government, democracy and human rights are often mentioned in the same breath. However, the institutional and strategic measures, which were further expanded under Germany's Social Democrat/Green government, are primarily geared to the narrower area of human rights protection.[23] The same is true of EU policy in this area.

Germany's Ministry of Economic Cooperation and Development (BMZ) is in overall charge of long-term democracy promotion within the framework of development co-operation. The political criteria (last revised in 2006), which are intended to define the scope and focal areas of development cooperation, give prominent mention to democracy and the rule of law. The five criteria are the basis for all country-related decisions of the BMZ, without, however, being linked to a narrow democratic conditionality. The partner countries for German deveopment cooperation include such outright autocracies as China, Laos, Nepal, Vietnam, Tunisia and Syria. Some countries with poor or even negative trends in the field of democracy received aid increases in the period 2000-2006.[24]

Development policy programmes and projects are implemented by subordinate agencies. In the field of democracy promotion these include above all the GTZ, while in the non-governmental sector there are the political foundations and a large number of NGOs. The BMZ's first strategy paper on democracy promotion was drawn up in close co-operation with the non-governmental actors in 2005.[25] In addition to the above-mentioned principles, the following strategic focal areas are chractersitic for Germany's "political" development co-operation :

22] On the other hand, inter-departmental strategy development in other fields has made progress in recent years. The 2015 Action Plan to attain the millennium development goals, the German Government's National Action Plan for Human Rights and the Action Plan for Civil Crisis Prevention, Conflict Resolution and Peace Consolidation approved in 2004 contain measures in the fields of democratization, the rule of law and good governance. As regards a strategy for democracy promotion, however, they are no more than modules.

23] This includes the German government's annual human rights reports, its Commissioner for Human Rights Policy and Humanitarian Aid in the Foreign Office, the German Institute for Human Rights, and the Action Plan for Human Rights.

24] Richard Youngs (ed.): Survey of European Democracy Promotion Policies 2002-2006, Madrid: FRIDE, 2006, p. 130.

25] BMZ: Förderung von Demokratie in der deutschen Entwicklungspolitik, BMZ Spezial, Bonn: BMZ. [2005]

- pluralism with regard to approaches and partners, as reflected in the party politica spectrum represented by the political foundations;

- explicit linkage between democracy promotion and the democratization requirements of the international organizations;

- close linkage beween the goals of poverty alleviation, development and democratization;

- decentralization and participation at local and regional level;

- prominent regard for output legitimacy, especially in government development co-operation (administrative reforms, institution building, good governance, etc.); a strategy for co-operating with countries that have poor governance and fragile state institutions is currently being developed.

The BMZ strategy paper on democracy promotion explicitly recognizes the political power dimension of democratization processes and the importance of just redistribution and social cohesion. In describing the options, however, the position paper confines itself to positive development policy measures, which are in the purview of the BMZ. Trade and economic policy measures are only vaguely outlined.

The coalition agreement between CDU/CSU and SPD signed in November 2005 promises to give equal weight to values and interests in the future: "Our foreign and development policy will not be silent in the face of threats to democracy, freedom, the rule of law or minority rights. We will pursue a credible foreign and development policy which will openly address shortcomings and promote the best interests of our country." In the past these aspirations have not always been matched.[26] In such a morally charged field of policy as democracy promotion, however, it is not a question of *whether* practical measures fall short of the goals set by their authors, but of *the degree to which* rhetoric and practice diverge. German development co-operation with its highly ramified network of non-governmental and quasi-non-governmental actors reveals marked strengths. The long-term and value-related work of the foundations is rated as particularly effective and suited to the problems addressed. The BMZ's funds for the promotion of democracy, civil society and public administration total around 360 million euros or about 9% of the entire BMZ budget.[27] In half of the partner countries this area is a priority area for development cooperation. If account is also taken of the fact that democracy and participation have been incorporated into other parallel programmes and projects as cross-cutting issues, it is possible to speak of a real prioritization in German DPC.

In international diplomacy, Germany has - in line with its own principles - seldom remained passive when democratic processes went into reverse,. At the UN bodies Germany has always voted for the pro-democratic side. With regard to authoritarian regimes Germany has often openly supported the opposition forces and shared responsibility for sanctions within the framework of multilateral bodies (EU, UN).[28] Germany is the fifth largest donor to the UN Democracy Fund set up in 2005 to support young democracies and has been a member of the International Institute for Democracy and Electoral Assistance (IDEA) since 2002.

26] In a comparative analysis of the democracy promotion policies of 40 states in the years 1992-2002 Germany received an overall score of "good". Only Canada, The Netherlands and Sweden were classified as "very good". Hermann/Piccone (footnote 5): p. 16. For a more ambivalent balance sheet cf. Richard Youngs (footnote 25), pp. 109-132.

27] Claudia Zilla: Externe Demokratieförderung in Bolivien. Die Politik Deutschlands und der Europäischen Union, SWP-Studie 28, Berlin: SWP, 2006, p. 15.

28] Herman/Piccone (footnote 5), pp. 83-87.

As for specific country-related measures, Germany as a "civil power" implements democratization policy with due caution, albeit often with an eye to its own interests, primarily commercial ones. For many years the political pressure on Russia and China was applied in small doses or remained ambivalent. Economic sanctions are applied selectively – usually, it must be said, after difficult decision-making processes within the EU – and they mainly affect economically insignificant states in Africa. Most studies point out that this can only be partly explained in terms of the varying effectiveness of sanctions. In the Middle East, Germany has long played a restrained role in the promotion of democracy. The Iraq war, however, has opened up new perspectives and initiatives. On the one hand, the subject of reforms is now on the agenda in nearly all countries of the region. On the other, Germany is perceived as a more credible actor in the societies there because of its rejection of the Iraq war. The EU as a whole has a more positive image than the U.S.A., which is attributable to its involvement in the Mediterranean region in a spirit of partnership and its more differentiated attitude to the Israel-Palestine conflict. The German and European policy of democracy promotion, which is characterized by indirect measures (civil society, human rights, economic reforms) and an avoidance of confrontation, relies on the trust it has built up as a "partner", without, however, exploiting the potential to the full.

III. Scenarios

Scenarios for a policy with global reach, in which everything really is "connected with everything else" and every specialist article begins with the statement that generalizations are worthless, have a mainly heuristic function. If we focus on possible development paths and set aside the numerous alternatives, the following scenarios may at least be instructive and provide food for thought.

All the scenarios proceed from certain shared assumptions. The democracies consolidated in 2006 succeed in maintaining their democratic systems even under adverse conditions (e.g. economic crises, populist and nationalist movements). The democratization processes in the transformation countries of Central and Eastern Europe, which lie in the catchment area of the EU, are generally making progress. In the defective democracies of Latin America there is no lasting relapse into authoritarian systems of government despite crises of confidence, populist temptations and the limited capacities of the elected governments. Nevertheless, globally a significant proportion of states remain far from the status of a consolidated democracy by the year 2020.[29] In the oil-rich states of the Arab world rapid progress towards democratization looks unlikely in the medium term because of the concentration of power and the likelihood that the elites will continue to be able to safeguard their economic position.

The unfolding of the three scenarios depends initially on one parameter at the level of international relations, which determines the scope for governmental and non-governmental democracy promotion: the influence of "liberal democracy" as a global norm (scenarios I and II) or the growing resistance to it, which can lead to a new polarization (scenario III). To this must be added factors favouring democratic practices in the transformation countries, such as a) at regional level: the settlement of conflicts and the progress towards democracy made by regional hegemonic powers; and b) at the

29] According to the 2006 Bertelsmann Transformation Index, 29 of the 119 countries investigated do not have the necessary prerequisites to develop into democratic market economies in the medium term. Twenty-five states also lack the prerequisites for developing into democratic market economies in the long term. Bertelsmann Foundation (ed.): 2006 Bertelsmann Transformation Index, Gütersloh: Verlag Bertelsmann Stiftung, 2005, p. 28.

domestic and transnational levels: development processes favouring redistribution that produce and strengthen the standard bearers of political reforms.

III.1 The "power of democracy": the chances of a "fourth wave"

At the international level, astute diplomatic initiatives and close co-operation between democratic countries succeed in strengthening the claims of liberal democracy and human rights to be international norms and in containing the backlash. The "community of democracies" develops binding standards for democracy promotion and reinforces the co-ordination of bilateral measures. A new occupant in the White House makes the U.S. revert to a more multilateral course and support the relevant initiatives at the UN. Democratic elections and effective participation continue to gain ground as sources of domestic legitimacy and a precondition for international co-operation.

In return the democratic industrialized countries offer the developing countries a greater say in the WTO and the international financial institutions, support for the democratic political programmes of regional organizations (e.g. MERCOSUR, AU), and the setting up of international stability funds to be administered by the UN with a view to improving the output performance of young democracies. The efforts to attain the Millennium Development Goals and a just distribution of the globalization gains are stepped up at all levels.

Under the following favourable conditions the "normative power" of democracy again triggers a positive trend with significant progress towards democratization by 2020.

A number of poor countries succeed in in launching inclusive economic development processes with high redistribution effects. The PRSP processes generate their own dynamic, while the claims to and chances of participation are noticeably enhanced.

In Russia and China a new economic class emerges that breaks free of the old leadership cliques of the ruling parties and adopts a positive stance to reforms. In Russia the trend away from democracy is curbed, while in China a political liberalization process gets under way. In Iran more moderate forces come to power after the social and economic failures of the Ahmadinejad government.

In some Arab countries (such as Morocco or Yemen) successful economic and social policies plus an opening up of political competition strengthen moderate Islamic forces, which participate as partners in democratic reform processes, thus setting an example to other states in the region.

Trouble spots such as Congo, Sudan, Somalia and Israel/Palestine are defused through international mediation. New conflicts are contained at an early stage through international intervention. In Iraq and Afghanistan stabilization and reconciliation make progress, while international support is maintained.

Even under these favourable conditions only a minority of the numerous defective democracies are able to overcome their shortcomings. Nevertheless, the international environment and the successes in the war on poverty facilitate a gradual improvement in democratic quality. Political opening and redistributive development reinforce each other and give rise to a virtuous cycle in the developing countries. In this environment, policies of a populist nature and dubious democratic quality, but aiming at more social equality, e.g. in some Latin American countries, also lead to a stronger demand for democracy in the medium term.

In the (semi-)authoritarian states the political pressure for reform steadily increases both within and without. The opening and diversification of the economy – whether desired or enforced by the drying up of sources of rent income – permit alternative power centres to arise. Political windows of opportunity (e.g. the death of rulers or the stepping down of the old leadership cliques; economic or humanitarian crises) can bring reform-minded forces to power which with international support can master the transitional crises and take the path to (defective) democracy. However, the rulers of states who oppose political and economic reform can pull up the drawbridge for as long as their magic potion (oil, natural gas, nuclear weapons) lasts.

III.2 The "impotence of democracy": de-coupling

Human rights and liberal democracy are still normative points of reference in international relations. But since few if any of the above-mentioned favourable factors take effect at regional or domestic level, the actual democratization processes in many states remain blocked. An externally induced "fourth wave" can only operate on the surface. Authoritarian regimes evolve at best into semi-authoritarian regimes. In this scenario the number of "electoral democracies" continues to increase. The phenomenon of a "de-coupling" of public discourse from the political actions of the decision-makers sets in, as is already observable in many hybrid regimes.[30] The norms of democracy are recognized as a part of "world culture", but are not fully implemented as they clash with national or local norms and expectations. Wars and ethnic conflicts, violent struggles with opposition movements or – from a left-wing populist direction – entrenched property interests also justify the (transitional) restriction of democratic rights. Democracy in many countries is still just a game at which only a few really play.

This leads to a detachment also on the part of the "democracy promoters". As the investments in political reform processes seem not to pay off, they become ever more mindful of their own economic and security interests. Active democracy promotion is concentrated on less problematic regions or delegated to non-governmental actors. Some OECD countries fall back on the doctrine of "change through trade", which justifies abandoning political interference as long as stability and a minimum rule of law are guaranteed for investors and economic actors.

In the long term the contradiction between discourse and practice brings about an unstable situation, which may open up possibilities of democratic revolutions but also makes the world more vulnerable to domestic and international crises. The danger of this superficial liberalization getting out of control does not escape the notice of the authoritarian leaderships. Their resistance to the liberal democratic discourse takes us to the third scenario.

III.3 "History goes on": the new polarization

Democracy as a norm of behaviour is increasingly called into question by authoritarian states and hybrid regimes. Governments of countries like Venezuela, Russia, China and Iran formulate arguments against the hegemonic notion of a universal right to "liberal democracy" and the practice of external democracy promotion. They organize themselves into international bodies across regional and cultural boundaries (UN General Assembly, Human Rights Council, UN conferences) and into regional alliances like the Shanghai Co-operation Organization or the Arab League so as to defend their own development paths under the banner of sovereignty. The concept of democracy is not rejected

30] Andrea Liese has plausibly introduced the concept of "de-coupling" into organizational sociology in order to explain continuing human rights violations in a context of global recognition of human rights norms. Cf. Andrea Liese: Staaten am Pranger. Zur Wirkung internationaler Regime auf innerstaatliche Menschenrechtspolitik, Wiesbaden: VS Verlag, 2006.

but reinterpreted. Concepts such as "development democracy" or "Islamic democracy" are propagated as "sovereign" models adapted to the needs of non-Western developing countries; they are characterized by a stronger concentration of political power, state control of vital economic resources in the service of the common good, and – in the case of Islamic democracy – religious restrictions on civil liberties. The alliances have no common ideological basis, but are purely ad hoc coalitions aimed at repelling external interventions in the members' domestic affairs, legitimizing the rejection of civil society transactions and thus to ensure they retain power in their own countries and spheres of influence ("co-ordinated backlash"). Both governmental and non-governmental efforts at liberal democracy promotion are only permitted within strictly defined limits, while UN initiatives that seek to go further are blocked. In view of the global power shift the authoritarian clusters can commit considerable resources to finding and keeping economic and military allies. To some defective democracies – in Africa for example – offers of economic support and trade preferences are attractive, as they are made with no strings attached and make it easier for the rulers to stay in power. In states that are ethnically divided and torn by civil wars the model of a "development democracy" with strong leaders can temporarily meet with a positive echo even among the mass of the people. In defective democracies, in which the benefits of participation are not obvious to the poorer strata of the population, the combination of democratic nomenklatura and nationalism, populist or religious ideologies, falls on fertile ground.

In this context of polarization the IMF, the World Bank and the UN lose some of their significance. Co-operative conflict resolution becomes more difficult. The economic and military power set-up becomes a crucial variable in the further development of democratic structures worldwide. The U.S.A. and Europe draw closer together and consolidate their commitment to democracy and a market economy primarily in their "zones of influence" (Latin America, Eastern Europe, to some extent North Africa). Instead of the "proxy wars" in the period of the East-West conflict, quite a few countries could experience a proxy struggle for legitimacy, popularity and victory at the ballot box.

The mutual economic dependence of liberal and "sovereign" democracies means that there is no danger of a new "Cold War". In this scenario, however, the promotion of liberal democracy faces a severe test. However, its opponents also have little room for manoeuvre. Apart from the heterogeneous nature of their camp the question of the long-term legitimation of power is the Achilles' heel of the "sovereign democracies". The governing elites have to legitimize themselves mainly in terms of economic and social output. For "developing democracies" like China or Vietnam the balancing act between an open market economy and political control is costly in the long run. If the authoritarian regimes in the Arab countries miss the right moment for political and economic reforms, they run a long-term risk of crises of legitimacy and abrupt or even violent overthrow under the pressure of an increasingly dissatisfied population and radical Islamic movements.

IV. Options: "More of the same" and new ways forward

Democracies are demonstrably more peaceful in their dealings with one another. Democratic regimes tend towards an open trade policy, which has particular advantages for export nations such as Germany. Democracies are also more likely to settle domestic conflicts peaceably. Germany's long-term interest in a democratically ruled world, the existing international obligations and the growing network of actors calling for compliance with these obligations indicate that democratization remains an important objective of German foreign policy. However, the conditions for success are becoming more difficult, while opposing interests are growing more powerful. Democracy promotion should therefore be more strongly anchored in the institutional structure of German and European foreign policy. As a first step the structures and institutions created for the narrower field of human rights work could be expanded and their remit expressly extended to democracy promotion. The drawing up of an interdepartmental action plan for the German government would help to mobilize the country's whole foreign relations potential. In addtition, the following options can be derived from the above-mentioned challenges and scenarios.

IV.1 Strengthen international norms

At the beginning of the 21st century the use of external influence to impose democratic principles is being called into question by powerful actors. Because of its multilateral traditions the Federal Republic of Germany is predestined to intensify international dialogue in close co-operation with the other EU member countries and the members of the Community of Democracy and to form the broadest possible alliances dedicated to the promotion of democracy. The diplomatic initiatives should be aimed at securing the acceptance of liberal values and the credibility of international democracy promotion and, in the medium term, at institutionalizing it to a greater degree at the UN. To achieve this, ideological ballast must be jettisoned, a clear distinction made between military regime change and democracy promotion, and democratic norms separated from narrowly defined economic models. Binding rules on the means permitted for external democracy promotion (right of intervention) can prevent new polarizations from arising and strengthen the coherence of external influences. At the same time, demands for more participatory decision-making structures in international organizations should continue to be supported.

IV.2 Promote redistribution[31]

A balanced distribution of economic, intellectual and organizational resources in a society enhances the chances of democratization. The following development and economic policy measures, which – in harmony with the Millennium Development Goals

- are geared to the participation and economic security of broad social strata, should therefore be expanded;

- measures for redistributing wealth and increasing access to land, e.g. by means of land reforms, leaseholder protection and the formal legal recognition of the informal titles to property of the poor;

- massive investment in the education and health of the poor (as outlined in the Millennium Development Goals) so as to raise their productivity as well as support for microcredit programmes giving the poor access to their own sources of income;

- support for the creation of small and medium-sized enterprises outside of state patronage networks;

- opening of markets in areas where poor countries are able to compete with commodities produced by as wide a range of producers as possible (primarily agricultural);

- initiatives for political control of the income derived mainly from rents (proceeds from the export of raw materials, loans, aid, etc.):[32] The most radical option would be a proviso that economic partners in the rich democracies would no longer pay such moneys to elites and undemocratic governments but into funds that finance modernization (e.g. land reform, education, health). Less sweeping would be the strengthening of international regimes that pledge the governments of rentier economies to transparency and participation in the administration of revenues. Both steps are only conceivable if it proves possible to forge a broad coalition which, in the case of rentier economies exporting raw materials, would also include such major importers as India and China;

- maintenance of state control. The classic paradigm of liberal reforms that reduce the authority of the state has often tended to have unfavourable redistribution effects and thus harmed the prospects of a sustainable democratization. In relation to young democracies the delicate balance between state and market – apart from basic principles of a social-market economy – must not be imposed, as this makes the gain in participatory democracy a reductio ad absurdum. The requirements of the international financial institutions must be critically examined from this point of view.

IV.3 Sharpen political instruments

The political instruments used in German foreign and development policy to support democratic forces, parties and governments in transformation countries are already fully developed. In order to maintain their effectiveness under increasingly difficult conditions and to develop suitable political approaches to authoritarian states the following options need to be examined:

31] The argumentation in this section draws very heavily on Michael Dauderstädt/ Marika Lerch: Internationale Demokratieförderung. Mit begrenzter Macht zur Machtbegrenzung. Reihe Frieden und Sicherheit, Bonn: Friedrich-Ebert-Stiftung, March 2004

32] This is dealt with in detail in: Dauderstädt/Schildberg (footnote 13).

- As the backlash against democracy promotion is blocking the important channel of exerting influence via transnational networking processes and the promotion of NGOs, the right to freedom of association deserves particular and speedy attention in the political dialogue and the conditionalization of development aid. The special aspect of trade union rights should also remain high on the agenda of German human rights policy so as to facilitate the development of alternative social forces at the interface between the economic and political sphere and to ensure the redistribution effects of economic growth.

- Organizations that enjoy massive social support but do not pursue clearly liberal democratic goals can either hinder reform processes or – if they accept them – contribute crucially to their relevance and legitimacy. They are therefore – despite the obvious risks – to be upgraded as addressees of external democracy promotion. For the Middle East in particular the isolation of Western democracy activists and the weakness of secular civil society groups leave no alternative to involving moderate Islamic forces in political reform efforts.

- The existing formulas for making the political processes of development co-operation more participatory – such as within the framework of the PRSP and the Cotonou Agreement – should be systematically put into practice. Parallel to this the German government might propose the introduction of Human Rights and Democratic Transition/Consolidation Strategy Papers in the EU.[33] They would promote the process of national reconciliation and hence ownership in the countries concerned while at the same time bringing more coherence into European policy.

- Under certain conditions the underpinning of concrete political demands by the threat of sanctions of an economic nature is both called for and effective. But in view of global power shifts the tendency is towards a decline both in the leverage individual states can obtain through sanctions and in the vulnerability of numerous authoritarian states. In the short term, therefore, there is a need for a more closely coordinated sanctions and conditionality policy within the EU and OECD. Medium-term options include internationalizing rules and decision-making processes for imposing UN sanctions for breaches of democratic norms (see 4.1).

- Democracy promotion turns out to be particularly effective and sustainable when there is a high level of linkage. The "power of democracy" is then exerted through transnational channels. The promotion of integrative processes, interregional relations and co-operation structures – especially through the EU – is thus an important element of long-term democracy promotion, particularly when social and cultural exchanges are facilitated.

- The relevance of linkage also underlines the importance of influential democracies in other regions of the world. Countries like South Africa, Brazil, Mexico, Indonesia, India and Turkey are possible "anchor countries of democracy promotion", which for their part can develop the necessary networks and exert influence in their neighbourhoods. Russia and China are major addressees of German democracy and human rights policy because they are of crucial importance for the democratization prospects and integration processes in Central and East Asia. Energy, security and migration concerns suggest the need for a strong commitment to political reforms in the Middle East and North Africa. The obvious choice of regional focus would be the countries of the EU-Mediterranean partnership, where linkage and political institutions are already well advanced.

33] Richard Youngs et al.: No lasting peace and prosperity without democracy and human rights. Harnessing debates on the EU's future financial instruments, EP Policy Department Study, EP/ExPol/B/2004/09/10, Brussels: European Parliament, 2005, p. 25.

- Democracy promotion is an act of interference in the balance of political and social forces which can trigger destabilization processes and internal conflicts. The strategies must therefore be defined on the basis of a profound knowledge of the country concerned and constantly reviewed and adapted to avoid possible unintended consequences. In order to assess the political consequences of the various possibilities of intervention, expertise on democratic transition processes within the respective countries should be nurtured or built up. Such an infrastructure is not least a prerequisite for adopting and taking account of recommendations made by the democratic movements in the countries.

- There is a general consensus among people in Germany and Europe that democracy and human rights are paramount values. However, an honest debate on the future of democracy promotion in German foreign policy should not omit to mention that sacrifices and adjustments are also required in the old OECD countries. Economic development and modernization, which are considered to be important factors in the consolidation of democratic systems, entail increasing competition for raw materials and world market share. If the desire for democratic development is sincere, Germany will have to make a long-term switch to a sustainable economic policy that can manage with fewer raw materials and a smaller foreign trade surplus.

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ISBN 978-3-89892-731-4