

**Policy Coherence and Incoherence:
The Domestic Politics of American Democracy Promotion**

Matthew Spence*
Matthew.Spence@yale.edu
(650) 814-8493

Workshop on Democracy Promotion
Center for Democracy, Development, and the Rule of Law
Stanford University
October 4-5, 2004

Not for citation without permission of the author.

* D.Phil., International Relations, Oxford University, 2004.

Comparing American and European approaches to democracy promotion requires defining what American democracy promotion entails. It is an elusive task. In the 1990s, for example, some twenty-three different departments and independent agencies of the U.S. government carried out programs to promote political and economic change in the former Soviet Union.¹ Around the world, U.S. government efforts to promote democracy involve far more than self-defined “democracy assistance” programs administered by USAID, or the familiar cast of American diplomats overseas.² In fact, a host of less expected players — such as the Pentagon, Treasury Department, and individual Congressmen — devote millions of dollars and countless man-hours to promoting internal political change abroad. It is too simplistic to say that only USAID cares about democracy, and the Pentagon worries only about weapons.

Yet evaluations of American democracy promotion efforts often give scant attention to the complex interaction of various arms of the U.S. government. Discussing the “American approach” to democracy promotion risks implicitly assuming the U.S. government is a rational, unified actor that is implementing a single, internally coherent democracy promotion policy. To the contrary, the American government does not have one democracy promotion policy or strategy, but rather several policies, which interact in complex and often unexpected ways. That is, several different bureaucratic actors within the U.S. government promote democracy using different strategies, resources, tools, and levels of coordination.

¹ Cited in GAO, Report to the Chairman and to the Ranking Minority Member, Committee on Banking and Financial Services, House of Representatives, *Foreign Assistance: International Efforts to Aid Russia's Transition Have Had Mixed Results* (Washington, DC, November 1, 2000). This only includes official bilateral U.S. government efforts. The banner of American democracy promotion efforts often also includes U.S. contributions to the work of the IMF, World Bank, NATO, and other international organizations, and the activities of non-governmental groups (some funded in part by the U.S. government, others entirely by the MacArthur Foundation, Ford Foundation, and other private donors).

² In fact, several fine studies of technical assistance programs have pointed out the limits of looking only at foreign aid programs and called for further research to examine other foreign policy tools. See, for example, Thomas Carothers, *Aiding Democracy Abroad: The Learning Curve* (Washington, DC: Carnegie Endowment for International Peace, 1999); Sarah E. Mendelson, "Democracy Aid and Political Transition in Russia: Between Success and Failure," *International Security* 25, no. 4 (2001).

In short, this paper argues that it is difficult to understand the effects of American democracy promotion abroad without examining the bureaucratic context from which the policy emerges at home. Which actors within the U.S. government are involved in promoting political and economic change abroad? What strategies and conceptual models guide them? What tools and resources do they bring to bear? How does the interaction of American bureaucratic politics affect the impact of American democracy promotion? Articulating this mix of goals, strategies, and resources helps explain incoherent patterns of outcomes on the ground.

This paper explore these questions by reference to the U.S. government's most ambitious democracy promotion efforts of the past decade: the effort to rebuild its former Soviet enemies into a democratic allies in the 1990s. Yet the patterns of American bureaucratic politics are not unique to this democracy promotion effort. While American democracy promotion has changed in tone and substance under the watch of George W. Bush, American domestic politics has powerfully shaped American democracy promotion in similar ways in Iraq, Afghanistan, and beyond.

In the 1990s. American policymakers at the highest levels had a clear vision of their desired outcome in the former Soviet space: stable democracies that would no longer threaten the West. But three obstacles complicated policymakers' attempts to translate strategy into tactics: domestic political constraints in mobilizing resources for the task, competing policy goals, and conceptual uncertainty about the meaning of democracy promotion. Since no consensus existed in the early 1990s about how to promote democracy, bureaucratic policymaking filled this conceptual gap.

This produced not a single U.S. preference or message in support of democracy on the ground, but instead many policies, which often interacted in unexpected ways. The sheer range

of official American activities to promote democracy meant that the U.S. could either wield enormous power to convince other governments to change their behavior, or send weak and disorganized signals that realized little of America's potential for influence.

This paper first describes the particular conceptual uncertainty about democracy promotion that contributed to the bureaucratic confusion. It next articulates the few big, though problematic, ideas that unified American democracy promotion in the former Soviet Union, and still do today. These principles are: defeat the old regime, hold elections on time, and undertake economic reform first. But these elements form an incomplete model of democratization. To that end, this paper next describes the elements of U.S. policy incoherence, which results from as many as six different arms of the American government implementing democracy promotion in different ways: the White House, State Department and U.S. Embassies, USAID, the Pentagon, Treasury Department, and Congress. The interactions of these agencies explain why familiar tools of promoting democracy, like foreign aid, often had less influence than expected. Finally, this paper spells out some of the consequences limited bureaucratic coordination. In the former Soviet Union, these included weak resources devoted to the task, a policy driven by personality and American domestic politics, a reactive policy, and unresolved tensions between policy goals.

The Uncertainty of How to Promote Democracy

Competing goals and limited resources are familiar domestic constraints in policymaking. But the greater conceptual uncertainty about how to build democracy – compared to arms control or international trade, for example – creates even greater space for bureaucratic confusion in promoting political change abroad. In the 1990s, no consensus emerged about how democratization occurs or how to measure democratic change, much less what the U.S. could do

about it. It is ironic that, in the first half year of the Clinton Administration, when Washington spoke out most about Russian domestic politics and the former Soviet leaders most sought U.S. assistance, the American government actually asked the former Soviet governments to do few specific things with regard to democracy reforms.³

Democracy promoters in the 1990s, as today, often lacked even a common intellectual language. Whereas arms control specialists spoke of “security dilemmas,” and economists had causal theories relating interest rates to inflation, practitioners promoting democracy had more of a common-sense checklist of what democracy entailed. To be sure, American policymakers in the 1990s had an internal logic. It held that “all good things went together”: democracy, free markets, and security were mutually reinforcing.⁴ But this thinking was a triumph of optimism over experience. Little actual historical or theoretical evidence showed how the items on this wish list fit together.⁵ In the early 1990s, students of democratization were busily revising their theories to figure out how international influences produced domestic political change.⁶ Scholars were learning as much from the rapidly unfolding changes in the former communist world as U.S. policymakers were.

³ As Toby Gati, the NSC official charged with overseeing policy toward the former Soviet Union at the NSC in the first months of the Clinton administration, recalled: “Using foreign aid as a lever assumes that we always knew what we wanted them to do. But we really didn’t always know exactly what we wanted them to do or in what order. We had general ideas about what a democratic transition involved—elections, an independent press, fair treatment of non-Russian minorities—but there were no specific roadmaps for them to follow.” (Author’s interview with Toby Gati, Special Assistant to the President for National Security Affairs and Senior Director for Russia, Ukraine, and the Eurasian States, National Security Council, 1993 (By phone, August 1, 2002).)

⁴ See, for example, Michael Cox, “Wilsonianism Resurgent? The Clinton Administration and the Promotion of Democracy,” in *American Democracy Promotion*, ed. Michael Cox, G. John Ikenberry, and Takashi Inoguchi (Oxford: Oxford University Press, 2000), p. 234.

⁵ Wilsonians had offered a theoretical explanation of how these three fit together, but offered few historical examples. On Wilson’s ideas, see Thomas J. Knock, *To End All Wars* (Princeton, NJ: Princeton University Press, 1994). For an argument of how democracy, security, and free markets are theoretically at odds, see, for example, Amy Chua, *World On Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability* (London: Doubleday, 2003).

⁶ See, for example, Guillermo O’Donnell and Philippe C. Schmitter, *Transitions from Authoritarian Rule: Tentative Conclusions About Uncertain Democracies* (London: The Johns Hopkins University Press, 1986). Juan J. Linz and Alfred Stepan, *Problems of Democratic Transition and Consolidation* (London: The Johns Hopkins University Press, 1996). Laurence Whitehead, ed., *The International Dimensions of Democratization: Europe and the Americas* (Oxford: Oxford University Press, 1996).

This is not to say that students of democratization did not offer policymakers any guidance.⁷ Yet the field of democratization was much less established and provided fewer prescriptions for external actors than, say, developmental economics. Economic reform offered a clearer game plan (Shock Therapy), more purported examples of success (Latin America and Eastern Europe), and measurable indicators (GDP growth, inflation, and unemployment). In contrast, as one USAID official lamented, “democracy doesn’t lend itself to the same bottom line and performance criteria.”⁸

Exporting America: The Unifying Principles of U.S. Democracy Promotion

Despite the conceptual uncertainty about how to promote democracy, various arms of the American government shared several core beliefs about how to promote democracy. In the 1990s, the Clinton team relied on three big, albeit problematic and uncritically accepted, ideas about how the Soviet successor states would become democracies. These ideas are strikingly familiar to the tenets of George W. Bush’s democracy promotion policy: defeat the old regime and support “reformers” (in the 1990s, it was bury communists), hold elections on time, and undertake rapid market reform first. These were the big ideas that unified disparate parts of the American bureaucracy and produced efforts with intense resources, and specific requests. These issues showed the potential power the U.S. could bring to bear.

⁷ For example, scholars explained how constitutional arrangements shaped the durability of democratic institutions. The “perils of presidentialism” held that a parliamentary system was more likely to sustain democracy. Comparative political scientists found that proportional representation electoral systems encouraged party growth more than the single-mandate districts found in the U.S. See, for example, Rein Taagepera and Matthew Shugart, *Seats and Votes* (New Haven: Yale University Press, 1989); Matthew Shugart and John Carey, *Presidents and Assemblies: Constitutional Design and Electoral Dynamics* (Cambridge: Cambridge University Press, 1992); Juan J. Linz, “The Perils of Presidentialism,” *Journal of Democracy* 1 (1990).

⁸ Author's interview with Robert Herman, Former USAID Official, Bureau for Europe and New Independent States, Office of Policy, Program, and Coordination (formerly called the USAID Global Bureau's Center for Democracy, Conflict, and Humanitarian Assistance) (Washington, DC, July 23, 2002).

Defeat the Old Regime: The Red Menace

The most powerful unifying belief in the U.S. government in the 1990s was that building democracy meant defeating communism. In the same way that George W. Bush declared “mission accomplished” in Iraq after the statue of Saddam Hussein fell, American policymakers in the 1990s acted as if most of the hard work was done when the Communist Party lost control of the Soviet Union. U.S. policymakers often acted as if democracy would naturally come from discrediting communism as a legitimate political ideology. Although it is important to note that U.S. policymakers did not have readily more attractive and politically viable democratic candidates to support in Russia, the *degree* of U.S. opposition to the communists incorrectly colored American policymakers’ view of Russian politics, led to reaching out to a limited political spectrum within Russia, and likely inadvertently approved Yeltsin’s undemocratic behavior.

The immediate consequence of American anti-communism was a belief that “reform” meant supporting Russia’s “reformers.” Since U.S. policymakers believed communism was the opposite of reform, Boris Yeltsin and his allies who were not communists (or nationalists) suddenly became “reformers,” with little critical analysis exploring what being a “reformer” actually meant. In the two major contests between Yeltsin and the communists – the violent clash with the parliament in the fall of 1993, and the 1996 presidential election – most in the Clinton team genuinely believed that supporting Yeltsin meant supporting democracy.⁹ Although U.S. support of Yeltsin became less intense over the 1990s, America’s principle of defeating the old guard only lost to the idea of holding elections. That is, although Clinton wanted Yeltsin to win reelection in 1996, U.S. officials pushed Yeltsin hard to hold the presidential elections on

⁹ Author’s interview with White House officials and U.S. diplomats in Moscow.

schedule, even when they thought the communists might win (even though U.S. policymakers made clear their support for Yeltsin, and overlooked undemocratic practices in the election).

Democracy Equals Elections

For all the disagreement about what democracy promotion meant in practice, one major idea unified the bureaucracy: democracy meant holding elections on time. One U.S. diplomat in Moscow explained, “We narrowed the definition of ‘democracy’ largely to elections, and that’s what we focused on...throughout the Yeltsin period.”¹⁰ Of course U.S. policymakers thought democracy entailed much more, but elections were the starting point, something everyone could agree on. Reflecting the coherence of this idea, U.S. policymakers lobbied the governments of Russia, Ukraine, and Kyrgyzstan most intensely when they considered canceling or postponing national presidential elections. U.S. policymakers pushed Yeltsin to hold elections on time in 1996, even when many genuinely believed the communists could win. However, the *conduct* of elections got far less attention than whether elections took place at all.¹¹

“Marxist Democratization”

The final shared belief, for both the Clinton and first Bush administrations, identified a causal mechanism: markets build democracy. It is ironic that some claim Russia as an example of the failure of simultaneous economic and political transition, because American policymakers thought that economic reforms had to come first. Take the makeup of U.S. assistance spending.

¹⁰ Thomas Graham, Chief Political Analyst, U.S. Embassy Russia, 1994-97 (Interviewed in May 9, 2000), Transcript available at: <http://www.pbs.org/wgbh/pages/frontline/shows/yeltsin/interviews/graham.html> (accessed on August 23, 2003).

¹¹ At least in Russia, the conduct of the scores of parliamentary and regional elections often slipped beneath the radar entirely. U.S. policymakers felt that trying to influence the conduct of regional or parliamentary elections was both too difficult and improper. (Author's interview with Andrew Weiss, Director for Russian, Ukrainian, and Eurasian Affairs, National Security Council, 1998-2001; U.S. State Department Policy Planning Staff, 1994-98; Office of the Secretary of Defense, 1992-94 (New York, July 15, 2002).)

One quarter of U.S. obligations to the former U.S.S.R went to private sector development, economic restructuring, and market reform, five times that spent on democracy assistance programs.¹² U.S. diplomats reported that energy on the ground followed the money.¹³

More striking was how many U.S. policymakers seemed to consider U.S. influence on economic reforms more “legitimate” than offering advice about an equivalent “political shock therapy.” To be sure, America’s brand of economic reforms reflected a clear ideological bent: downsize labor, cut government budgets, and rollback government services. But, compared to democracy promotion, U.S. policymakers instead acted as if their economic advice was less about pushing American national interests than about merely explaining a scientific reality, like the laws of physics.¹⁴

Why did U.S. policymakers emphasize economic reform in this way? There were several reasons. First, many U.S. policymakers held the prevailing assumption that markets were a precondition for democracy. The “end of history” embrace of “market democracy” reigned in the 1990s, and the experiences of South Korea and Taiwan, and China’s economic success over the Soviet Union only appeared to give empirical support to the proposition economic change had to come before political change.¹⁵ As several U.S. policymakers later reflected, it was an ironically Marxist logic.

¹² Figures from U.S. State Department, Office of the Coordinator of U.S. Assistance to the New Independent States.

¹³ William Miller, the U.S. Ambassador to Ukraine from 1993 to 1996, recalls, “Most intellectual energy went into de-statization...to destroy the structures of the Soviet Union. And one way to do this was to get rid of the state assets as quickly as possible. Privatization was like a theology.” Author’s interview with William Miller, U.S. Ambassador to Ukraine, 1993-98 (By phone, April 10, 2002).

¹⁴ Strobe Talbott, U.S. Deputy Secretary of State, 1994-2001; Ambassador-at-Large and Special Adviser to the Secretary of State on the New Independent States, 1993-94 (Interviewed in May 9, 2000), Transcript available at: <http://www.pbs.org/wgbh/pages/frontline/shows/yeltsin/interviews/talbott.html> (accessed on August 23, 2003).

¹⁵ Scholars later vigorously debated this proposition. See, for example, Larry Diamond and Mark F. Plattner, *Economic Reform and Democracy* (London: The Johns Hopkins University Press, 1995). The Asian financial crisis of the late 1990s led others to question the relationship between the Asian Tigers’ economic growth and democratization. See, for example, Laurence Whitehead, *Democratization: Theory and Experience* (Oxford: Oxford University Press, 2002), pp. 260-62.

Second, compared to those favoring political change first, articulate economists who favored shock therapy in the U.S. government offered a purportedly tested plan to put to work immediately.¹⁶ Knowledge gave the economists policymaking power. In part due to this claim of expertise over economics, the Treasury Department was also the U.S. government's gatekeeper to the biggest pot of resources in democracy promotion—billions of dollars in IMF and World Bank loans. Third, key Russians seemed to want economic change first. Yeltsin's advisors both publicly introduced plans for major economic change first, and American diplomats in Moscow in the early 1990s recalled that the Russians asked for advice about economic reforms far more than about any political restructuring. Finally, emphasizing economic transformation helped build domestic political support for U.S. assistance, in that liberalizing post-Soviet markets promised opportunities for American business and helped persuade Congress to pony up money for assistance programs. Those who pushed for alternative policies – either for a stronger social safety net to accompany economic reform, or “political shock therapy” of quickly strengthening democratic institutions – did not have the same bureaucratic power as those stressing economic change first.¹⁷

¹⁶ Assistant Secretary, Undersecretary, and ultimately Secretary of the Treasury Larry Summers had been the chief economist of World Bank. His deputy, David Lipton, was a former IMF official who had worked with Jeffrey Sachs, a Harvard economics professor, in giving advice to Poland. Summers and Lipton had written extensively about market reform in post-communist societies. See, for example, Jeffrey Sachs and David Lipton, "Remaining Steps to a Market-Based Monetary System," in *Changing the Economic System in Russia*, ed. Anders Aslund and Richard Layard (New York: St. Martin's Press, 1992).

¹⁷ Although a few notable economists had written in the early 1990s about the need for a social safety net to cushion the blow of shock therapy, they were in the minority. Not until April 1997 did the international community, through a World Bank loan, make a major loan to Russia primarily for social services. (Jeffrey Sachs, "Western Financial Assistance and Russia's Reforms," in *Making Markets: Economic Transformation in Eastern Europe and the Post-Soviet States*, ed. Shafiqul Islam and Michael Mandelbaum (New York: Council on Foreign Relations, 1993); Chrystia Freeland, "World Bank Lends \$6bn to Russia," *Financial Times* 1997.) In fact much of the criticisms of the Washington Consensus and shock therapy came from the experiences of the former Soviet Union. See Joseph Stiglitz, *Globalization and Its Discontents* (New York: W.W. Norton & Company, 2002). For a call for “political shock therapy,” see, for example, see Michael McFaul, "Why Russia's Politics Matter," *Foreign Affairs* 74 (January-February 1995).

“Ornaments on the Democracy Christmas Tree”

Beyond these three unifying principles, finding other common points of agreement in the U.S. bureaucracy was difficult. One U.S. government official described the resulting policy of promoting political reforms abroad as hanging “ornaments on the democracy Christmas tree.”¹⁸ At times, it was almost as if the U.S. government was making a checklist for what a democracy should have: an uncensored press, a large number of civic groups, political parties, religious freedom, and other familiar features of American democracy. Everyone knew they were important, but few understood how these ornaments hung together, or how to replicate them in the former Soviet Union. There was even less consensus over how to bring about these features where they did not yet exist, and different arms of the U.S. government each produced different – and at time conflicting – answers.

**Incoherence in Implementation:
One Government, Many Democracy Promotion Policies**

The rough agreement about these three general ideas of what democracy generally entailed thus still left unanswered countless questions for democracy promoters’ daily trench warfare. Despite overall agreement about the broad strategy for promoting democracy and reform, there was extreme disagreement within the U.S. government about particular tactics and approach. What tools did the U.S. government have to help put features of democracy in place where they did not yet exist? Which specific reforms should come first? When was U.S. involvement in their domestic politics going too far? When historical experience or the intellectual road map offered no clear answers to these questions, different parts of the U.S. bureaucracy came up with their own answers.

¹⁸ U.S. Government Official, Interview with the author.

In practice, six different arms of the U.S. government implemented, in essence, six different democracy promotion policies. They came from: the White House, State Department and Embassies, Treasury Department, USAID, Pentagon, and Congress.¹⁹ Each agency was much more interested and involved in democracy promotion than conventional wisdom holds. Namely, it is both simplistic and misleading to characterize the Pentagon as always battling the State Department and USAID to spend less U.S. energy on democracy.

Yet each agency had different mandates and bureaucratic interests, different tools, and different approaches to influencing democratization. Unfortunately, the agencies most directly responsible for promoting democracy, as we commonly conceive of it, had the least power to do so. USAID and the State Department had limited funds and other tools to change behavior, and an aversion to plunging too deeply into their host country's domestic politics. In contrast, the Pentagon and Treasury Department had the most powerful tools with their host countries and bureaucratic pull within the U.S. government. Although these agencies sought to promote democracy in the former Soviet Union, their strategy was less direct and, at the end of the day, their *primary* bureaucratic mandate was to focus on security and economic issues first. Congress actually had the most powerful voice of all, but also the most inconsistent, episodic, and incoherent efforts to promote democracy.

These different ideas about how to promote democracy produced schizophrenia in U.S. policy. The contrast was most acute between promoting democracy and market reform, which at times operated in separate universes. USAID and State officials pushing political reforms

¹⁹ To be clear, lines blurred between bureaucracies. Policies reflected not only different bureaucratic interests and resources, but also the personalities who held these positions. For example, top NSC officials previously held posts at the Treasury Department, State Department, and USAID. One ambassador to Ukraine was a former senior USAID and NSC official. At times, some policymakers sided more with colleagues in other agencies than their own. Yet, on key issues of how to implement a democracy promotion policy, different bureaucracies viewed policy in different ways.

publicly and privately blanched at the idea of “meddling” in post-Soviet domestic politics, and felt they had few tools to influence domestic politics. In contrast, Treasury officials had few qualms about what was “inappropriate” involvement, had more powerful resources at their disposal, and, thus, had higher expectations for success.

Why Democracy Promotion Saw Weak Coordination

It would be incorrect to suggest that *overall* U.S. policy toward the former Soviet Union was either incoherent or uncoordinated. Senior U.S. policymakers recognized that different arms of the U.S. government brought different tools to bear in democracy promotion. The National Security Council staff at the White House worked to coordinate the tools of the U.S. foreign policy bureaucracy, and conceived of a democracy promotion strategy based on a combination of diplomacy from the top, and USAID and other “technical assistance” that was to create the grassroots pressure for democracy. Moreover, different bureaucratic agencies were well coordinated with respect to major security issues – such as arms control, or securing Russia’s cooperation in the Balkans and other regional flashpoints. But, in practice, supporting democracy saw more halting bureaucratic coordination than other issues, precisely when the lack of consensus over how to promote democracy issue demanded even more attention. Why?

First, U.S. democracy promotion policy simply engaged more agencies and thus required more extensive coordination. The second reason was the Clinton administration’s tendency for informal policy coordination. From 1994 to 1996, Clinton held only one formal meeting evaluating policy toward Russia, and that was driven by NATO expansion.²⁰ Even decisions about major reform policies, such as whether to support a given IMF loan, would not lead to a

²⁰ Author's interview with Coit D. Blacker, Special Assistant to the President for National Security Affairs and Senior Director for Russian, Ukrainian, and Eurasian Affairs, 1994-96 (Stanford, CA, October 3, 2002).

formal, top level meeting – which might have evaluated how all the elements of democracy promotion fit together.²¹ Battles over what to emphasize in speeches and visits with foreign leaders forced policy choices.

Informal coordination often hurt democracy promotion in two ways. First, since democracy promotion was a new type of policy initiative, the default mode of the bureaucracy was often to stress more traditional security and economic foreign policy priorities. Second, the nature of democracy issues did not seem as immediate as competing U.S. concerns. As one NSC official from the second Clinton administration explained, “Security issues were immediate and defined in the now, but democracy was a process objective, seen more in the long-term. You had to compromise on democracy as a result. To be unwilling to do so would be irresponsible.”²²

White House

The White House was a distinct actor of its own right in promoting democracy. Although the president’s National Security Council staff at the White House had responsibility for integrating the different elements of the U.S. bureaucracy, the White House – through the personal preferences of the president – reflected its own particular understanding of democracy promotion. Bill Clinton believed that promoting democracy meant leveraging personal relationships with democratic reformers in other countries. Yet this was not, as critics have claimed, a habit of Democrats. Presidents George H.W. Bush and George W. Bush also relied heavily on their personal rapport with Mikhail Gorbachev and Vladimir Putin, respectively, as have countless other American presidents with their foreign counterparts.

²¹ Author's interview with Mark Medish, Special Assistant to the President for National Security Affairs and Senior Director for Russian, Ukrainian, and Eurasian Affairs; U.S. Treasury Department Official; USAID Official (Washington, DC, August 1, 2003).

²² Author's interview with Medish.

American president's reliance upon personal relationship to promote democracy is a natural consequence of their main tools of diplomacy: summit meetings, and other personal relationship with politicians of foreign nations. Bill Clinton saw this as one of his particular strengths. Clinton said he wanted to "stay close to Yeltsin" and "really bond with the guy. When he's got hard calls to make, he's more likely to make the right ones with the knowledge that I'm there for him."²³ For his part, Yeltsin told Clinton, "Bill, when you and I get together and agree on something, there's no problem that we can't resolve."²⁴

Clinton leveraged that relationship in countless meetings and phone calls with Yeltsin. He met formally with Yeltsin eighteen times during their presidencies, more than all of his predecessors – from Harry Truman to George H.W. Bush – had met with their Soviet counterparts during the entire Cold War. This was in addition to the host of other meetings between other Russian and American senior policymakers at the IMF, G8, and Gore-Chernomyrdin Commission. Clinton personally intervened with Yeltsin at critical points in Russia's democratization: in the 1993 clash with parliament and the 1996 presidential election. In addition to the foreign policy changes U.S. officials attributed in part to Clinton's personal chemistry with his Russian counterpart,²⁵ Russians felt that Clinton had such influence over Yeltsin that a Russian prime minister and foreign minister privately asked for US officials to persuade Yeltsin to let them keep their jobs.²⁶

²³ Quoted In Strobe Talbott, *The Russia Hand: A Memoir of Presidential Diplomacy* (New York: Random House, 2002), p. 103.

²⁴ Talbott, Frontline Interview. Yeltsin wrote in his memoirs how his personal relationships with heads of state were key to Russian diplomacy. (Boris Yeltsin, *Midnight Diaries*, trans. Catherine A. Fitzpatrick (New York: Public Affairs, 2000).)

²⁵ U.S. officials cited, in part, Russia's participation in the NATO peacekeeping force in Bosnia and acquiescence to NATO enlargement. (Warren Christopher, *In the Stream of History* (Stanford, CA: Stanford University Press, 1998), p. 38.)

²⁶ Russia's Foreign Minister in the early 1990s Andrei Kozyrev was afraid of being sacked because of his pro-American profile, and asked Warren Christopher to help him keep his job. (Christopher, *In the Stream of History*, p.

Such meetings with foreign leaders, private phone calls, and public criticism, all bearing the powerful stamp of the President of the United States, were the NSC's main tools for promoting democracy. Summit meetings were not only chances to conduct diplomacy. Their very occurrence was a signal of support or disapproval, an opportunity to breed familiarity between each side, and a deadline to force bureaucratic movement on a policy in both governments.²⁷

Yet even holding out the powerful carrot of a meeting with the U.S. president was unlikely to produce the specific changes in another country's behavior that the White House hoped. Democracy issues were typically on summit agendas, but rarely a central part of the discussion.²⁸ Democracy issues only came *first* on the President's talking points when they involved elections, defeating the communists, or some other key element of the US model of democratization. As described above, short-term issues of economic or security more often claimed the precious space in summit meeting than democracy issues, which were seen as long-term goals. Even when US policymakers made a presidential visit conditional on some specific behavior, in practice, they lost most leverage after holding the summit. It was difficult to command White House attention to monitor how the transition government followed through on its promises to behave more democratically.

38.) On a ride from the airport into Moscow in September 1998, Viktor Chernomyrdin pleaded with Clinton to convince Yeltsin not to abandon Chernomyrdin's nomination for prime minister. (Talbot, *Russia Hand*.)

²⁷ U.S. policymakers cite the Gore-Chernomyrdin commissions as an example of "action-forcing events" on policies that stalled at lower levels of the government. Russian Prime Minister Viktor Chernomyrdin used these meetings to call out his subordinates who were slow to implement unpopular decisions. (Author's interview with David Lipton, Under Secretary of Treasury for International Affairs, 1997-98; Assistant Secretary of the Treasury for International Affairs, January 1996-97; Deputy Assistant Secretary of the Treasury for Eastern Europe and the Former Soviet Union, 1993-96 (Washington, DC, July 17, 2002).)

²⁸ Talbot, *Russia Hand*; Author's interview with Thomas Pickering, Undersecretary of State for Political Affairs, 1997-2001; U.S. Ambassador to Russia, 1993-96 (Arlington, VA, July 16, 2002); Author's interview with Richard Morningstar, Ambassador-at-Large, and Special Advisor to the President and Secretary of State on Assistance for the New Independent States of the former Soviet Union, 1995-98 (Stanford, CA, October 2, 2002). Information is also based on the author's reading of past summit agendas while working at the National Security Council in the summer of 1998.

Yet, even while seeking to implement the president's policy wishes, Clinton's advisors counseled their boss to not rely too much on his personal relationship with Yeltsin, and to expect less US leverage over domestic political change than he did. There was, therefore, disagreement even within the White House – the nerve center of American policymaking – over the best way to promote democracy.

The State Department and the Embassies

Compared to the Treasury Department, Pentagon, or Congress, State Department officials—both in Washington and in the embassies—had more ongoing contacts with the former Soviet governments to monitor their democratic developments. Yet they were also more skittish about trying to influence internal political change in foreign countries, and felt they had fewer tools to do so effectively. Namely, State Department officials were uncomfortable about exerting the same tough diplomatic pressure to influence domestic reforms as they were over more securing cooperation in “traditional” foreign policy issues, such as arms control, NATO expansion, or troop withdrawals. State Department officials, like their colleagues at the NSC and USAID, frequently said many types of U.S. influence on a country's domestic politics was “improper.”²⁹ Clinton's Deputy Secretary of State Strobe Talbott captures this distinction well.

Although he spent his time thinking equally about Russia's foreign policy and domestic reforms,

The time we spent on the internal stuff was trying to understand it. The time we spent on the foreign policy stuff was operational, trying to get Russia to do things they didn't want to do. It would have been counterproductive and arrogant to push Russia too hard on internal stuff, in addition to foreign policy.³⁰

²⁹ Author's interview with James Collins, U.S. Ambassador to Russia, 1997-2001; Ambassador-at-Large to the New Independent States, 1994-97; Deputy Chief of Mission, U.S. Embassy in Russia, 1990-93 (Washington, DC, July 18, 2002); Author's interview with U.S. State Department Official 1).

³⁰ Author's interview with Strobe Talbott, U.S. Deputy Secretary of State, 1994-2001; Ambassador-at-Large and Special Adviser to the Secretary of State on the New Independent States, 1993-94 (Washington, DC, July 24, 2002).

This reflected, first, the State Department's competing bureaucratic interests in more traditional U.S. foreign policy goals with the newer "state building," and, second, State's limited tools to influence internal political reforms.

That is, State Department officials felt that their familiar diplomatic toolkit—money, international organizations, private diplomacy, and public criticism—gave little purchase over democratization. American domestic politics made foreign aid, the most visible currency for promoting democracy, a particularly weak carrot or stick to encourage governments to behave more democratically.

First, the State Department controlled too little money. The Coordinator of U.S. Assistance to the New Independent States, who was formally charged with overseeing policy coordination between some twenty-three U.S. departments and independent agencies receiving funding, had little freedom to change the budget allocations Congress set, and only controlled half of the FREEDOM Support Act funds.³¹ In practice, the State Department had hardly any say over the real money—the IMF and World Bank loans—which Treasury dominated.³²

³¹ The legislation authorizing much of these funds was the *Freedom for Russia and Emerging Eurasian Democracies and Open Markets (FREEDOM) Support Act of 1992*, Public Law 102-511. Funds for the non-Soviet former communist countries of Eastern Europe came from the Support for East European Democracies (SEED) Act of 1989. FREEDOM Support Act funds went to a range of U.S. agencies, from USAID, to NASA, to the FBI. The FREEDOM Support Act's budget allocations remained remarkably unchanged from the original 1992 budget allocation. Other U.S. foreign programs did not come out of the FREEDOM Support Act at all. After bitter turf wars between the Coordinator's Office and other U.S. agencies, such as USAID, in the early 1990s, coordination of the allocation of funds improved. (Author's interviews with U.S. government officials). For a detailed breakdown of the spending of these programs, see the reports of the U.S. State Department Office of the Coordinator of the U.S. Assistance to the NIS, *U.S. Government Assistance to and Cooperative Activities with the New Independent States of the Former Soviet Union*.

³² In policy toward the former Soviet Union, the State Department only trumped the Treasury Department's insistence on tough economic conditionality when a significant security issue or political instability was at stake. This happened infrequently, such as continuing to loan money to an under-performing Ukraine in order to use Ukraine as a balance against Russia. For the IMF's loans before Russia's 1996 presidential election and 1998 financial crash, the Treasury and even IMF officials agreed that Russia's political stability was more important than rigid economic criteria. (Author's interviews with U.S. government officials; Randall Stone, *Lending Credibility* (Princeton, NJ: Princeton University Press, 2002).).

Second, the composition of State Department (and USAID) funds was hardly an incentive for the former Soviet governments. The U.S. government gave very little cash, and by 2000 close to three-fourths of U.S. assistance dollars went to the private sector, NGOs, or regional governments, not central governments.³³ U.S. policymakers argued this was money better spent than on non-reforming central governments, but it had the ironic side effect of reducing a tool of U.S. leverage. On the ground, Ambassadors had few discretionary funds and little power to influence changes on how to spend foreign aid.

Third, on principle, State Department officials believed in using many carrots and few sticks in foreign aid. Whereas Congress readily used its control of the purse strings to threaten to cut off aid to punish undemocratic behavior, Ambassadors in Russia, Ukraine, and Kyrgyzstan rarely, if ever did. They felt most U.S. assistance projects—such as paying to dismantle nuclear weapons, train journalists, monitor elections, or send students on exchange visits—benefited the U.S. as much, if not more, as the former Soviet governments who received them. Most democracy programs were of this type of “technical assistance.”

With foreign aid bearing a tenuous connection to a nation’s democratic behavior, the State Department had few other tools. Although membership in NATO and the EU were potentially powerful incentives in Central Europe, they mattered less for countries further east that did not appear to have a realistic chance at membership in the near future. Thus, in the former Soviet Union, the State Department relied primarily on a “default democracy promotion toolkit” – private diplomacy and public criticism to influence a government’s behavior. Unfortunately, these remaining tools had little purchase once transition governments rationally learned that the State Department’s rhetoric was hardly ever tied to the material support their

³³ Curt Tarnoff, "The Former Soviet Union and U.S. Foreign Assistance," *CRS Issue Brief IB95077*, Updated July 24 2003. The U.S. government only gave cash for private sector loans, equity investments, and—mostly in the early 1990s—surplus agricultural products, which foreign governments could then sell for cash.

country received. Bureaucratic confusion further diluted the impact of public statements.

Although U.S. officials tried to coordinate their public remarks, at times Congressmen, Treasury, and Pentagon officials praised a government for undertaking some economic reform or security agreement precisely during a political crackdown.³⁴ The political elite many of the former Soviet states were small and tightly knit, and it assumed the same was true in Washington. These officials believed that America's mixed signals were calculated to signal lack of commitment to democracy promotion, rather than mistakes that merely reflected American pluralism.

USAID

USAID was the most visible, but also the weakest, democracy promoter in the U.S. government. Other arms of the U.S. government gave USAID much responsibility for building democracy in the former Soviet Union, but little authority to make it happen. USAID handled much of the work we most readily identify with building democracy, such as strengthening political parties, training independent journalists, and funding NGOs. Yet the agency had little experience, money, bureaucratic power, or tools to address the deeper obstacles to democracy taking hold. Unfortunately, the heavy lifting expected of USAID was less of a division of labor in democracy promotion, than an easy target of blame by other arms of the U.S. government.

First, USAID had meager funds, and thus, little leverage over the governments in which it sought more democratic behavior. USAID's foreign aid budget was a pittance, compared to the budgets of the Pentagon or Treasury Departments (counting IMF and World Bank loans). For example, USAID's FY2001 budget to Russia was only \$91.4 million, compared to the

³⁴ At other times, U.S. Congressmen would reinforce the State Department's message. Congressmen, in particular on the Helsinki Commission, often criticized a country more harshly than the State Department did. Congressmen's public statements often played more prominently in the Ukrainian press than the State Department's official statements did. (Author's interview with U.S. Embassy Official in Ukraine 1.)

Department of Energy's funds for Russia of \$335.5 million.³⁵ That same year, roughly 44% of USAID's budget allocation went through other agencies.³⁶

Second, Congress constrained USAID's ability to spend its money effectively. U.S. assistance to former Soviet Union ramped up from zero in 1990, to \$400 million in 1991, to a peak of \$1.6 billion in 1994. Early on USAID had to spend these precious funds that year or lose them, but it also took the blame for the well-publicized anecdotes of waste that followed from this hasty spending.³⁷ The early 1990s saw bitter turf wars between USAID and other government agencies, who "all wanted to play in the sandbox" and spend U.S. funds on their own assistance projects.³⁸ Russia's former USAID Mission Director Janet Ballantyne arrived in Moscow in 1996 to find over 100 different activities, spread among trade, democracy and governance, and environment. She had little freedom to move money between programs.³⁹

Third, like State Department foreign aid, the structure of USAID assistance reduced its leverage over foreign governments. Most important, Congressional legislation required that the U.S. government only provide foreign assistance projects under an official agreement with the host government.⁴⁰ In effect, this gave the host government a veto over all U.S. assistance projects within its borders. While intended to respect the sovereignty of the host country, this created an odd dynamic for democracy building. That is, a foreign government had to approve democracy projects that indirectly sought to weaken its power, through such activities as giving greater political access to opposition leaders or power to an independent media that is criticizing

³⁵ Figures from U.S. State Department, Office of the Coordinator of the U.S. Assistance to the NIS, *U.S. Government Assistance to and Cooperative Activities with the New Independent States of the Former Soviet Union: FY2001* (Washington, DC, 2002).

³⁶ Tarnoff, "U.S. Assistance," p. 3.

³⁷ See, for example, Matthew Bivens, "Aboard the Gravy Train: In Kazakhstan, That is USAID," *Harper's* August 1997.

³⁸ Author's interviews with USAID officials.

³⁹ Author's interview with Janet Ballantyne, Mission Director, USAID/Russia, 1996-99 July 24, 2002).

⁴⁰ *U.S. Foreign Assistance Act of 1960*, 22 U.S.C. § 32.

the government. In effect, USAID democracy programs were trying to indirectly challenge the status quo of excessive government control over political life, under the dangling sword that the host government could ask USAID to leave at any time.

Moreover, the agency's programs offered host governments few incentives to change their behavior. USAID was not in the business of giving money to democratizing governments or putting money into the domestic economy. In fact, roughly 78% of funds for USAID programs are spent on U.S. good and services.⁴¹ By the end of the 1990s, Congress virtually forbade the agency from giving any money to the central governments of their host countries, because these governments were not reforming or promoting democracy. U.S. foreign aid legislation prohibited using funds to try to influence domestic political outcomes, such as foreign elections.⁴² Despite the understandable concern about preventing U.S. funds from fixing foreign votes, and thus undermining democracy, this prohibition was often broadly interpreted to prevent the very involvement in domestic politics that is central to promoting democracy.

Instead of managing aid programs that were carrots or sticks to induce changes in behavior, USAID provided "technical assistance," which meant advisors or training programs. USAID distributed the bulk of its funds through private groups, NGOs and for-profit "democracy contractors," with an average of half a dozen employees in the field.⁴³ With high Western salaries

⁴¹ Tarnoff, "U.S. Assistance."

⁴² On the public scandals that put USAID in Russia on the defensive, see, for example, Janine Wedel, *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe, 1989-1998* (New York: St. Martin's, 1998); Carla Anne Robbins and Steve Liesman, "Aborted Mission: How an Aid Program Vital to New Economy of Russia Collapsed," *The Wall Street Journal*, August 13 1997.

⁴³ USAID disburses 25-30% of its total budget worldwide through private groups, a similar figure as the governments of Sweden, Switzerland, Norway, and the European Union. (Ian Smillie, "NGOs and Development Assistance: A Change in Mind-Set?," *Third World Quarterly* 18, no. 3 (1997): p. 564.)

and costly overhead, even much of that money did not go into the local economy—eliminating a side benefit that many assume foreign aid provides.⁴⁴

Fourth, U.S. domestic politics created some disincentives for effective programs. Bureaucratic inertia kept programs alive that many USAID officials felt were foolish. Grantees and contractors had few incentives to report failing projects—even if an intransigent government was to blame—because their income came from continuing a project. In Kyrgyzstan, for example, through 1999 a foreign contractor voluntarily ended only one project, because the host government was not cooperating as expected.⁴⁵ Some USAID-funded groups had patrons on the Hill, whom they could appeal to when their funds were threatened. This added tensions to the relationship between USAID officials and their grantees.⁴⁶

Faced with these constraints, USAID pursued a strategy of democracy promotion that I call “the privatization of U.S. foreign policy.” The agency’s strategy around the world entailed giving limited funds to U.S. NGOs and for-profit democracy contractors, who would try to build grassroots demand for reform and provide “technical assistance”—purportedly objective advice about how to make a reform more effective.⁴⁷ In effect, the U.S. government did not provide democracy assistance, but instead outsourced it to private groups on the ground. In addition to the problems of coordinating the efforts of so many private groups, USAID’s strategy of promoting democracy by providing “technical assistance” suffered from the fatal flaw that the biggest obstacles to democratization were political, not technical, in nature. U.S. officials

⁴⁴ Alexander Cooley, "The NGO Scramble: Organizational Insecurity and the Political Economy of Transnational Action," *International Organization* 27, no. 1 (2002).

⁴⁵ The one project that was ended was the EU’s TACIS Civil Service Reform project. (Cooley, "NGO Scramble.")

⁴⁶ Author's interview with Sylvia Babus, Civil Society Advisor, Office of Democratic and Social Transition, Kiev Regional Mission of USAID for Ukraine, Belarus, and Moldova, 1998-2001 (Washington, DC, August 1, 2003).

⁴⁷ USAID follows this operating model worldwide. USAID does not provide “technical assistance” to foreign governments. It pays private groups to do so. USAID officers are supposed to find qualified individuals and groups to implement projects. Federal acquisition laws and Congressional requirements direct USAID to provide an overall strategy to guide assistance choices, and to routinely review the implementers’ progress in meeting those goals. On the USAID strategy, see USAID, *USAID/Russia Strategy Amendment (1999-2005)* (Moscow, 2002).

understandably could not simply buy a newspaper or take over a television station to pump in favorable ideas of democracy. But the exclusive reliance on technical assistance was that USAID officials would help draft a law, but could do little in the short-term when that law stalled in the parliament but wait for a political opening. Doing more than that was the job for diplomacy—in USAID parlance, “the policy dialog.” Unfortunately, that diplomatic support rarely came.

Pentagon

The Defense Department had some of the U.S. government’s strongest means of influence, and was particularly active (in ways often overlooked) in supporting reform in the former Soviet Union. But Pentagon officials saw their role differently from their counterparts in other U.S. agencies that promoted democracy. First, they did not want to publicly lecture countries to democratize, but instead preferred making private comments backed by good relationships, and working closely with militaries to model proper behavior of how the armed forces should function in a democracy. Thus, even though the Pentagon offered military assistance that mattered more to the host government⁴⁸ – both in larger funds than USAID programs, and dollars that went more directly to the governments – from 1991 to 2003, the Pentagon never actually cut its security assistance programs to the post-Soviet governments, even though the U.S. government published catalogs of human rights abuses in these countries.⁴⁹

⁴⁸ Indeed, in the early 1990s, the Pentagon’s largest initiative, the Cooperative Threat Reduction (CTR) Program, received six times the funds of American democracy assistance in the region.

⁴⁹ Although Congress cut funds for religious freedom or missile sale to Iran, the executive branch never actually cut security assistance programs on human rights grounds, until in Uzbekistan in July 2004. (Dafna Linzer, "U.S. Assails Uzbekistan Politics, Trims Aid," *Washington Post*, July 14 2004.) The State Department’s Human Rights Reports documented a host of violations of civil liberties and democratic freedoms in Russia, Ukraine, and Kyrgyzstan, as in many other regions of the world. However, from 1991 to 2003, the State Department did not find that these violations of human rights rose to the standard that would have required suspending U.S. assistance. See the U.S. State Department, *Human Rights Reports for Russia, Ukraine, and Kyrgyzstan, 1991-2003* (Washington, DC); U.S. State Department, Office of the Coordinator of Assistance to the NIS, *U.S. Government Assistance to and*

Nor did Pentagon officials publicly criticize democratic backsliding, on the belief that the State Department's policy of doing so was ineffective and counterproductive.

Second, democratization was not the Pentagon's main goal. This inadvertently contributed to policy incoherence, because the Pentagon appeared to speak with the loudest voice about security issues, while downplaying the concerns about democracy that other arms of the American government were publicly pressing. Even though the Pentagon stressed reform privately, the public face of this policy gave locals the impression that the American government was much more interested in security than democracy.

Treasury Department

The Clinton Treasury Department had three assets to make it arguably—and unexpectedly—the strongest bureaucratic player in influencing U.S. policy toward reform in the former Soviet Union: knowledge of how reform worked, money from the IMF,⁵⁰ and the personality of an effective bureaucratic fighter – Larry Summers. Whereas the White House, State Department, and USAID officials were uneasy about intimate involvement in these countries' domestic politics, Treasury officials felt less restrained and exerted higher leverage. Although critics later tried to paint Treasury officials as economic technocrats with little time for promoting democracy, in reality, Treasury officials spent much energy working toward building democracy and considering how economic reform would support democratization. Treasury officials parted company from other arms of the U.S. government not in their ultimate goals, but in their more powerful tools and – what some called – a Marxist approach to democratization

Cooperative Activities with the New Independent States of the Former Soviet Union: FY1991-2003 (Washington, DC).

⁵⁰ From 1992 to 2002 the IMF loaned \$22 billion to Russia, about three-quarters of all international lending to Russia, and almost three times total U.S. bilateral aid. (GAO, *Mixed Results*)

that held economic change had to come first. The result was that issues of economic reform – macroeconomic stabilization, liberalization, deregulation, and privatization – became central elements of U.S. efforts to promote internal political change in the former Soviet Union, even though at times they undermined democratic efforts in the short term.

Whereas other U.S. government agencies relied most on symbolic tools and paltry “technical assistance” dollars to promote democracy, Treasury had the most powerful tool in the U.S. government: the ability to turn on or off the spigot of billions of dollars in IMF loans. IMF funds were a more powerful incentive than State and USAID foreign aid, because there was much more of it, IMF money went directly to the other countries’ central government, and Congress interfered much less with what Treasury could do. From 1992 to 2002 the IMF loaned \$22 billion to Russia, about three-quarters of all international lending to Russia, and almost three times total U.S. bilateral aid. IMF loans presumably had to be repaid, but many elites in Russia and Ukraine never expected the loans to come due.⁵¹ By both design and misuse, IMF loans were the biggest source of free cash to these governments.⁵²

Treasury officials used IMF funds to get more deeply involved in the former Soviet governments than State Department and USAID officials would have been comfortable with. Treasury officials would not lobby legislators directly, but told foreign leaders what specific legislation they wanted to see passed and when to fulfill IMF programs.⁵³ They were not shy

⁵¹ On the IMF’s credibility problems in holding post-communist governments to their loan agreements, see Stone, *Lending Credibility*.

⁵² For example, Ukraine depended on IMF funds to cover their balance of payment gaps of some \$5.5 billion and pay their enormous energy debts to Russia and Turkmenistan, after energy prices skyrocketed to market levels after the collapse of the Soviet Union. Russia, for its part, was able to use IMF funds to subsidize their poor tax collection. Other funds were simply stolen. The former Soviet states also needed IMF endorsement to reschedule debt with the Paris Club, and to obtain additional loans from the Asian Development Bank, World Bank, and other governments.

⁵³ Though, U.S. officials would not instruct other governments about what specifically to cut in the budget. (Author's interview with National Security Council Official 4; Author's interview with U.S. Diplomat in Ukraine 3; Author's interview with Medish, Medish.)

about the IMF's "unprecedented" monthly meetings and detailed performance criteria to ensure that specific reforms passed. Although State and NSC officials felt that explicitly tying foreign aid to undertaking certain political reforms was improper and poor diplomacy, Treasury officials felt that doing the same for specific economic reforms was well within bounds.⁵⁴

Although Treasury officials did not see capitalism existing without democracy for very long, they believed that economic reform required some short-term measures that others criticized for undercutting democratic processes. A key example: At the same time USAID funded programs to strengthen parliaments, Treasury officials supported presidents in bypassing their legislatures to enact controversial economic reform by decree. Clinton's Undersecretary of the Treasury for International Affairs, David Lipton, explains, "Many times they told us that something could only be passed by decree, and we did not object." Yet Lipton admits that "things were done by decree almost to the point of abusing the law" and "some decrees came close to the line" of being illegal.⁵⁵

Although Treasury influenced much of U.S. policy toward domestic reform in the former Soviet Union, its mandate and method for promoting democracy were less direct than either the State Department or USAID. Treasury's economic policy may have also harmed democratization, at least in the short-term, in unintended ways. Consider the counterfactual: How different would U.S. democracy promotion have looked if USAID or the State Department had Treasury's billions and bureaucratic influence?

⁵⁴ For example, at the G-7 Meeting in Tokyo on July 9, 1993, U.S. officials laid out detailed economic reforms Russia needed to undertake to receive a multibillion-dollar foreign aid package. U.S. policymakers offered no such political conditionality. (Talbot, *Russia Hand*, p. 84.)

⁵⁵ Author's interview with Lipton, Lipton). U.S. policymakers claim that Russian decrees were always legal, since Yeltsin's legal advisors approved them. Ukraine enacted several reforms the U.S. advocated through executive orders. Yet Kuchma's executive decrees "were often just worthless," because the fine print of the decree did not actually provide for the reforms the U.S. wanted, or because Kuchma would not introduce the legislation needed to implement the decree. (Author's interview with National Security Council Official 4.)

Congress

Congress had less of a coordinated strategy for promoting democracy than it had two powerful and blunt tools: first, controlling the purse strings; and second, rhetoric that became more important when potentially tied to money. Congress's constant threats to cut funding to the former Soviet Union had two contradictory effects. On the one hand, it provided the rare—and occasionally useful—sticks in the U.S. democracy promotion toolkit. State Department and USAID officials often used the threat of Congressional cutbacks in funding to try to encourage more democratic behavior.⁵⁶ On the other hand, rhetoric and controlling America's budget for promoting democracy were still incoherent tools. Five-hundred and thirty-five Congressmen each had their own constituencies and agendas, and were able to talk about whatever they wanted, whenever they wanted, often with little of the necessary knowledge of the situation abroad.

For example, when a former Soviet government did not accede to U.S. security demands, Congress cut completely unrelated programs targeted specifically for democracy. Even when Congress cut funds in response to democratic misdeeds,⁵⁷ the delinquent government was often happy to see go these democracy assistance programs go (in contrast to security assistance or IMF funds, which Congress did not include in these cuts). Moreover, Congress imposed tight restrictions on how funds could be spent, which limited the use of foreign aid as a carrot or stick. Congress budgeted funds at least six months before they could actually be spent, typically required the money be disbursed within a year, and earmarked funds in rigid line items. If the executive branch did not spend all it was allocated, Congress threatened to cut assistance in later

⁵⁶ For a description of this negotiating tactic, see Peter B. Evans, Harold K. Jacobson, and Robert D. Putnam, eds., *Double-Edged Diplomacy: International Bargaining and Domestic Politics* (Berkeley, CA: University of California Press, 1993).

⁵⁷ A key example of Congress threatening to suspend U.S. assistance in response to democratic backsliding came after the Russian Duma passed the restrictive 1997 Law on Religious Freedom.

years, just when more might be needed.⁵⁸ Congressional earmarks hamstrung the ability of the Embassy and USAID staff closest to the action to use foreign aid to react rapidly to changes on the ground.⁵⁹ As one Clinton administration official who served in USAID, the Treasury Department, and the NSC, explained:

Domestic politics made aid a problem of timing. There was not enough money before Clinton came into office. In 1994 there was this huge influx of money that was too difficult to spend in a strategic way. By the time we understood how to target money appropriately, Congress was looking the other way, and the money just wasn't there.⁶⁰

Much of the incoherence in U.S. foreign aid came from trying to win over American, more than post-Soviet, voters. Although foreign aid is hardly a campaign issue for Congressmen, catering to U.S. interest groups helped sustain a domestic constituency for funding democracy promotion programs. A Congressional report in 2003 boasted that roughly 78% of funds used in USAID programs were spent on American goods and services. At different times, U.S. foreign aid policies reflected American ethnic politics (increasing aid to countries with vocal diasporas), interest group constituencies (continuing the funding of well-connected NGOs over the objections of their nominal supervisors in USAID), and attempts to win over American farmers. For example, even after the food crisis of the former Soviet Union had passed, almost half of the total assistance package at the 1993 Vancouver summit was for food transfers.⁶¹ In the first

⁵⁸ Author's interview with Corbin Lyday, Former USAID Official, Bureau for Europe and New Independent States, Office of Policy, Program, and Coordination (Formerly Called the USAID Global Bureau's Center for Democracy, Conflict, and Humanitarian Assistance) (Washington, DC, July 18, 2002); Author's interview with Jennifer L. Windsor, Deputy Assistant Administrator of USAID and Director of the USAID Global Center for Democracy and Governance (Washington, DC, July 22, 2002).

⁵⁹ Author's interview with U.S. Diplomat in Ukraine 3.

⁶⁰ Author's interview with Medish.

⁶¹ Laurie Morse, "Thumbs down from grain traders," *Financial Times*, April 6 1993.

Clinton aid package, the budget for credits to purchase surplus American food products was over four times the amount for democratic development.⁶²

At times, it appeared as if the only groups that did not come out ahead from U.S. aid were the very advocates for reform in the former Soviet Union whom the U.S. government purported to support. Critics mocked some U.S. assistance projects as the “U.S. full employment program.” To some Congressmen, that was not an epithet, but these programs’ central purpose.

The Consequences of U.S. Policy Incoherence

What were the overall consequences of several different arms of the American government promoting democracy in isolation of, and at times in conflict with, each other? There were four major problems: first, weak resources devoted to the task; second, an idiosyncratic policy driven by personalities and American domestic politics; third, a reactive policy; and, fourth, unresolved tensions between policy goals

First, democracy promotion received weaker resources than other American foreign policy goals. Many in the U.S. government felt promoting democracy was in America’s long-term interest, but the agencies most directly responsible for implementing the policy—USAID and the State Department—had the weakest bureaucratic resources. Whereas privatization and economic reform found a powerful patron in Larry Summers, democracy promotion was often an orphan in the American bureaucracy. USAID could not stand up to the Defense or Treasury Departments. The State Department’s Bureau of Democracy, Human Rights, and Labor, where

⁶² Of the \$1.6 billion in aid promised, grant food assistance accounted for \$194 million, and concessional food sales (credit assistance to purchase American food products) made up \$700 million of the total package. In contrast, the Clinton administration pledged only an additional \$148.4 million for private sector development and only \$48 million for democratic development. (White House, Press Release: Vancouver Summit Assistance Package (Interviewed in April 6, 1993),)

democracy promotion might have found its natural advocate, had less bureaucratic influence than State's regional bureaus.⁶³

Without a serious bureaucratic advocate for bringing democracy promotion to the center stage of American policy, the U.S. government often defaulted to pursuing short-term interests in the critical daily decisions that make policy. On summit agendas, for example, political reform often lost to the security and economic issues championed by the Pentagon or Treasury. For example, even at the 1993 Vancouver Summit which Clinton held to signal his strong support for Russian reform, he and Yeltsin created joint commissions on defense conversion, the environment, and trade, but conspicuously did not establish a similar working group for political reform.⁶⁴

Democracy also lost in the allocation of foreign aid. From 1992 to 1998, democracy promotion came in last in U.S. assistance priorities, in terms of money spent, after denuclearization, economic reform, and humanitarian projects.⁶⁵ One study calculated that only 2.8% of USAID's total assistance to Russia – that is, only \$133 million out of \$4.471 billion – went to programs directly aimed at promoting democracy.⁶⁶ In 2001, the Department of Defense allocated \$385.7 million for Russia, whereas USAID offered Russia only \$16 million for democratic reform out of a total budget for Russia of \$91.4 million.⁶⁷ One statistical analysis of

⁶³ Author's interview with Windsor.

⁶⁴ Author's interview with Gati.

⁶⁵ Only in 1998 did the assistance dollar budget to democratic reform exceed the money devoted to market reform. Funds for democracy assistance did not increase, but were merely reduced at a lower rate than other assistance programs. (Assistance figures provided by the Office of Coordinator of U.S. Assistance to the NIS; GAO, *Mixed Results*).

⁶⁶ By contrast, the EU spent 19% of their funds for Russia on democracy projects (\$393 million). (Sarah E. Mendelson and John K. Glenn, "Introduction: Transnational Networks and NGOs in Postcommunist Societies," in *The Power and Limits of NGOs: A Critical Look at Building Democracy in Eastern Europe and Eurasia*, ed. Sarah E. Mendelson and John K. Glenn (New York: Columbia University Press, 2002), p. 5; Carnegie Endowment for International Peace, Carnegie Endowment for International Peace, *An Agenda for Renewal: U.S.-Russian Relations* (Washington, DC, 2000).)

⁶⁷ U.S. State Department, *2001 U.S. Assistance Report*

the distribution of U.S. Official Development Assistance concluded, “contrary to its declared intentions, the U.S. government did not systematically incorporate factors relating to democratic development in the distribution of economic aid.”⁶⁸

Second, the personalities of U.S. policymakers and impulses of American voters mattered more in democracy promotion than in other areas of U.S. foreign policy. The idiosyncrasies of American domestic politics often determined what features of democracy to promote, or what specific requests of the governments of democratizing states to make. These factors mattered because, in contrast to economic reform or arms control, a coherent intellectual guide for democracy promotion was not readily available.

Third, in the absence of a clear roadmap for building democracy, American policy was often reactive. This was the consequence of U.S. policymakers struggling to pursue competing foreign policy goals and manage multiple crises, all with limited time and resources. Rather than promoting constitutional change or the economic foundations for an independent press, high ranking U.S. policymakers could typically only give serious attention to democracy issues in two circumstances. Either a government did something blatantly undemocratic, or a senior official was about to give a major speech or attend summit meeting. U.S. policymakers, thus, implicitly defined democracy as the absence of undemocratic behavior. This superficial analysis did not address the real sources of political change in these countries.

Finally, tensions remained unresolved between U.S. policy goals of promoting democracy, free markets, and security. At a broad strategic level, U.S. policymakers saw each goal as mutually reinforcing. As a policy reality, they did not have the luxury of choosing to pursue one goal instead of the others. As one NSC official said, “It was not about picking one

⁶⁸ Steven W. Hook, "Building Democracy Through Foreign Aid: The Limitations of United State Political Conditionalties, 1992-1996," *Democratization* 5, no. 3 (1998): p. 167.

policy goal over another. Obviously, security issues were a paramount concern with Russia, but we also had to learn to walk and chew gum at the same time.” But even when policymakers believed that goals conflicted with each other in practice, the limited policy coordination meant that tradeoffs were not thought of explicitly and were, instead, often made in an ad hoc way.

In sum, it is difficult to understand the impact of U.S. policy without appreciating the American domestic political context from which it emerged. Intellectual disagreement about what democracy promotion meant in practice, American domestic political constraints, and tensions between policy goals produced a tale of two different policies. Several big ideas, and unfortunately simplistic idea, unified American efforts. In other cases, American officials believed they were promoting democracy in the long-term, but differed sharply about what that meant in practice. Thus, the U.S. government often had no single democracy promotion plan or strategy, but instead several overlapping, disjointed, and incoherent policies. Understanding the different types of American democracy promotion helps explain why these policies produced different impacts on their intended targets, and helps inform how to target policy recommendations for improvements.