

The end of democratic conditionality: good riddance?



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The end of democratic conditionality: good riddance?¹

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When the democracy promotion agenda began to take shape in a more systematic fashion after the Cold War, the concept of 'political conditionality' gained currency. What might more specifically be termed 'democratic conditionality' referred to the notion of Western relations with other countries varying in accordance with regimes' degree of plural democracy. Where authoritarianism persisted or deepened, punitive sanctions might be considered. Conversely, where democratic advances were forthcoming, benefits would flow. In the 1990s, Western states and several international institutions introduced formal measures and policy instruments of both the carrot and stick variety of democratic conditionality. It seemed that the principle of democratic conditionality was set to become a core feature of international democratisation.

In practice, democratic conditionality has not been deployed in a significant or consistent fashion. In recent years, its use has almost disappeared from Western foreign policies. As the international context has become more turbulent and uncertain, Western governments have reverted to attaching a high priority to deepening political engagement with autocratic regimes. Western governments' use of sanctions as a means of prompting democratic reform is now extremely sparing. The rewards and incentives they offer for democratic reform remain partial and unevenly distributed. Democratic conditionality has been superseded and undermined by other types of conditionalities attached to more immediate, short-term security goals.

Should this move away from democratic conditionality be celebrated or mourned? Many would proclaim a welcome 'good riddance' to democratic sanctions. Numerous analysts were initially alarmed at the prospect of conditionality being used to prioritise democracy promotion. It was widely seen as a Trojan horse for aid reductions and market liberalisation convenient for Western commercial interests.

¹ This working paper is based on a chapter to be included in the forthcoming J.Haynes (ed.), *The Routledge Handbook of Democratization* (London: Routledge, 2011).

Criticisms have grown over the ineffectiveness of sanctions as a tool for incentivising political reform. A striking degree of consensus has taken shape among analysts and policy-makers: sanctions are too blunt a tool to help engineer democratisation and are appropriate as a response only to the most egregious of rights abuses. While positive conditionality enjoys firmer support, much doubt exists that Western governments today possess incentives sufficient to have anything other than a marginal impact.

So, is it time simply to relinquish the whole notion of trying to press and cajole non-democratic regimes towards political openness? Is all hope to be invested in unconditional engagement, assisting modernisation and socialisation in a way that eventually spills over into democratisation?

This paper argues that engagement with non-democratic regimes, underpinned by the assumptions of modernisation theory, is desirable, but that political leverage is also needed to unblock the potential of liberalising reform. For a variety of reasons, in today's environment punitive sanctions cannot be considered a pre-eminent tool for democracy promotion. More positive incentives, such as financial rewards in return for regimes introducing reforms, can still be used to greater effect, but must also be conceived as part of a broader range of policy instruments. Western governments concerned with advancing democracy internationally need to move from narrowly conceived conditionality to broader means of exerting political leverage. This paper suggests a number of ways in which they should make this move.

Analytical doubts

Academic studies weigh heavily against sanctions. Over the last decade, analysts have on balance concluded against the widespread use of political conditionality. Few studies extol the virtues of democratic conditionality; many point to its limitations. Space precludes a comprehensive review of academic

literature on the topic; suffice it to summarise the range of problems with political conditionality that has been catalogued:

- The explosion in international commerce, and the technologically complex forms in which it is carried out, means that it is increasingly difficult to make sanctions watertight.
- The very fact that the targeted political elite is not accountable and generally able to protect its own privileges means that it has little reason to heed strictures on the need for greater accountability. The catch 22 is that sanctions tend to work in countries that already have a functioning multiparty system; they may work for other aims but not democracy.
- Strongly recalcitrant states may be backed even further into a corner, while in cases where soft- and hard-liners are beginning to converge around a 'pacted' plan for transition, tough punitive measures will be likely to unsettle this fragile alliance.
- Counter-productive backlash is more likely to the extent that punitive measures will inevitably be selective – they cannot be imposed in response to every case of democratic imperfection without fundamentally undermining the West's own capacity to influence those same concerns over democracy – and will therefore lead to charges of 'double standards'.
- To the extent that they bring about general hardship, sanctions are likely to encourage political elites to rely even more heavily on opaque and corrupt means of hoarding a bigger share of the smaller pool of resources: scarcity will discourage elites even further from opening up procedures of governance. Indeed, sanctions may hit hardest at the incipient entrepreneurial class, precisely the group whose prosperity is most likely to lead to pressure for political change. Sanctions actually make citizens more dependent on their government for economic provisions and less independent in basic means.
- The feasibility of targeting sanctions to affect only the hard-line government elite is widely doubted. Selecting particular companies to subject to targeted measures can produce anomalies, and a frequent complaint is that the more international actors delve into choosing particular businesses and individuals for sanction the more the limits of their local knowledge are tested.
- In most states, the quantity of aid flows is too limited for threats to remove development assistance to have a significant impact. What may hurt more is the symbolism of measures such as sporting bans, rather than the actual impact of a loss of revenue or transfers.
- Governments can easily 'dupe' donors by implementing only cosmetic reforms which do little to disperse effective power: conditionality will then encourage 'empty shell' democracy with a few showpiece practices to satisfy donors.
- Encouraging democracy properly entails building widespread and strongly embedded consent for democratic norms. Political liberalisation adopted as a result of external pressure, reluctantly and in the absence of positive consent, will rarely be sustained for a long period of time. Indeed, the isolation of a non- or weakly-democratic regime is likely to undermine rather than generate such consent.
- Aggressive coercion imposed by Western countries in the name of democracy weakens democracy's moral appeal in the developing world. There is a real danger of democratic values being associated with, and tainted by, the developed world's heavy-handed domination of international politics.
- The implementation of punitive measures cuts off the possibility of an ongoing partnership and dialogue, which is the only way of helping to build up consent and gain leverage over the series of challenges confronting incipient democracies. Punitive measures might actually hinder the accumulation of potential democratic 'capacity'. If sustainable democracy requires the generation of equitable growth, social capital, increased literacy and education levels, it might over the longer term simply be delayed by the interruption of trade preferences and development funds, even if such conditionality succeeds in forcing through a few institutional modifications.

In sum, analysts tend to argue that conditionality and sanctions are appropriate only in very specific

circumstances: where internal reformers themselves seek heavy international pressure; in moments of acute economic crisis when a tough policy on the part of international actors might help hasten the end of an already-weakened authoritarian regime; or in response to fundamental reversals from established democracy to authoritarianism.² After summarising the academic debate on restrictive measures, Michael McFaul suggests the policy lesson is clear: 'Sanctions must never be enforced alone as a policy for supporting democratic development'.³ In general the use of sanctions denotes the failure of policy signals sent by both the imposer and the target state; if the point is reached where sanctions are actually implemented it is in effect too late for them to have any effect.⁴

Democratic sanctions in practice

Policy has moved in line with these analytical doubts. In 2005, the World Bank noted a general retraction from any form of governance conditionality that was predicated on the 'micromanagement of reform programmes', along with an emerging feeling that in the delivery of aid it was necessary to 'respect domestic decision-making processes'.⁵ The Paris and Accra agendas have put the onus on 'local ownership' in the

use of development aid. These international policy frameworks have given impetus to the use of direct budget support, whereby donors channel increasing amounts of their aid direct into the treasury accounts of recipient governments without stipulation regarding the use of these funds. More broadly, United Nations sanctions have not been aimed at supporting democracy.

The Obama administration has repudiated the punitive approach to national security policy of its predecessor. Out of inertia some sanctions remain, but the conceptual approach has tilted decidedly against their use. The 2010 US National Security Strategy pivots around a section headed 'Pursuing Comprehensive Engagement'.⁶ Caveats are added about the propriety of 'principled engagement', but the whole tone of US policy since Obama's election has been to downplay punitive diplomacy. The re-set with Russia is only the highest profile example of this general trend. Of course, many would point out that by his second term president Bush had himself already reverted to realpolitik engagement with autocrats. Regardless of where we situate the inflexion point however, the drift away from a belief in the systematic use of democratic conditionality in US foreign policy is clear.⁷

Despite the fact that the EU has been imposing sanctions for two decades, their use was only formalised in 2005, with a narrowing of the focus to 'smart sanctions'.⁸ Many European governments and the EU institutions have elaborated principles for the use of sanctions that effectively circumscribe their use. These principles establish that sanctions must not impact negatively on ordinary citizens; they must be contemplated only as a very last resort, and only in response to massive rights abuses; they must be accompanied by a clear and easily-implemented exit

² Select references on political conditionality, from a large literature, include: R. Gottemoeller, 'The evolution of sanctions in practise and theory', *Survival* 49/4 (2008), p. 101 at (p.99–110); A. Moll and F. Zimmerman, 'A farewell to policy conditionality', OECD Development Centre Policy Insight, August 2008; N. Marinov, 'Do Sanctions Help Democracy? The US and EU's Record 1977–2004', Stanford University, Centre on Democracy, Development and the Role of Law, working paper 28, November 2004; F. Lavin, 'Asphyxiation or Oxygen? The Sanctions Dilemma', *Foreign Policy* 104 (1996), pp. 139–54; D. Hendrickson, 'The Democratist Crusade: Intervention, Economic Sanctions and Engagement', *World Policy Journal* 11/4 (1994), pp. 18–30; G. Sorenson (ed) *Political Conditionality* (London: Frank Cass, 1993); O. Stokke (ed.), *Aid and Political Conditionality* (London: Frank Cass, 1995).

³ M. McFaul, *Advancing Democracy Abroad: Why we should and how we can* (Lanham, MD: Rowman and Littlefield, 2010), p. 163.

⁴ J. Hovi, R. Huseby and D. F. Sprinz, 'When do (imposed) sanctions work?', *World Politics* 57(July 2005) p. 482 (at pp.479–99).

⁵ World Bank, *Conditionality revisited – concepts, experiences and lessons*, 2005.

⁶ United States National Security Strategy 2010, p. 19. See http://www.whitehouse.gov/sites/default/files/rss_viewer/national_security_strategy.pdf

⁷ T. Piccone, in *Around the Halls: A New National Security Strategy*, Brookings Institute, May 27 2010 See http://www.brookings.edu/opinions/2010/0527_halls_clinton.aspx

⁸ E. Hellqvist, 'Success and credibility in EU's sanctions policy', Paper presented at the ISA Annual Convention 2010(Panel: Assessing the Usage of Coercive Diplomacy), Thursday, February 18, 2010.

strategy for their removal; and the focus must be on targeted rather than general sanctions.⁹ While the EU increased its use of human rights sanctions during the 1990s, this trend is now reversing.¹⁰ Moreover, there is in practice little consistency in their deployment.¹¹ In nearly all cases, the preference is now for targeted restrictions on admission, the freezing of funds and arms embargoes – and invariably with review clauses that limit their application to relatively short periods of time.

The EU includes a human rights and democracy clause in all its international agreements that explicitly provides for punitive measures. But this clause has been used no more than a handful of times. Many European diplomats would now like to see the clause removed; they argue that it has no impact, merely complicates security and economic objectives, and persists simply as a sop to the European Parliament. The EU very rarely uses sanctions that are not tightly targeted at regime officials. There have been extremely few cases where sanctions have been designed in a way that has disrupted European trade and investment flows with autocratic states. Even the Nordic states, traditionally seen as the most committed supporters of democracy – and often labelled pejoratively as ‘hard liners’ on this issue by other member states – now question the potential of conditionality.

The EU agreed a new democracy support strategy at the end of 2009 which states that ‘no new political conditionality is needed’.¹² Several member states had indicated they would not sign such a strategy if it were seen to give a green light to the greater use of democratic conditionality. A 2009 EU strategy

document expressed caution even over the use of sanctions narrowly targeted at regime officials responsible for the most serious of human rights abuses.¹³

Sanctions have been used in a small number of ‘really bad cases’. Even here, however, the trend is away from a conviction in pure isolation. To demonstrate this, it is instructive to look at four examples of particularly repressive regimes where punitive measures have been adopted. Each case demonstrates the way in which Western strategy is conditioned by a balance of policy calculations, with the United States retaining only a slightly firmer position on sanctions than European governments.

In Belarus, targeted sanctions have been imposed against members of the Lukashenka regime and the EU removed special trade preferences in 2007. But European governments did not break off relations with the continent’s ‘last dictator’. And recently sanctions have been diluted, travel restrictions eased and aid increased. Even Sweden – for a long time one of the firmest advocates of a hard line – has increased engagement through a new aid programme and the opening of an embassy in Belarus. In contrast, in 2007 and 2008 the United States imposed new sanctions targeting government entities, as well as officials responsible for human rights abuses and repression. However, following the release of political prisoners in 2008, the United States suspended sanctions against two subsidiaries of state-owned petrochemical conglomerate Belneftekhim. This suspension was extended in November 2009.

In the wake of Russia’s invasion of Georgia, Lukashenka is seen as a potential ally to be courted against Russian expansionism. There is a general feeling that with Belarus isolation has not worked. The country’s opposition, which was denied a single seat in parliament in the 2008 elections, supported the EU offer of new dialogue but not the removal of targeted

⁹ House of Lords Select Committee on Economic Affairs, ‘The impact of economic sanctions’, May 2007.

¹⁰ J. Kreutz, ‘Hard measures by a soft power? Sanctions policy of the European Union 1981–2004’, Bonn International Center for Conversion (BICC), Paper 45, 2005; Portela, Clara, ‘Where and why does the EU impose sanctions?’, *Politique européenne* 3/17 (2005), pp.83–111.

¹¹ C. Brummer, ‘The not so “normative power Europe”’, *European Foreign Affairs Review* 14 (2009), pp.191–207.

¹² Council of the European Union, ‘Council conclusions on democracy support in the EU’s external relations’, 17 November 2009.

¹³ Council Secretariat, ‘Guidelines on implementation and evaluation of restrictive measures (sanctions) in the framework of the EU common foreign and security policy’, Doc 17464/09.

sanctions. Belarus is now included in the EU's Eastern Partnership and a new Commission aid package was made available to Belarus in June 2009. In March 2009 sanctions were waived for another nine months. Conditionality is switching more to the EU's desire that Belarus not recognise South Ossetia and Abkhazia rather than focusing on internal democratic reform.

European sanctions imposed on Uzbekistan in response to the 2005 Andijan massacre were retained in full for only twelve months before being incrementally removed. Germany led a campaign to have these sanctions overturned. The Karimov regime released two political prisoners identified as justification for European governments to remove sanctions. It then immediately imprisoned two others, once relations with the EU had been normalised. The only remaining measure imposed against Uzbekistan, an arms embargo, was removed in October 2009. The US also holds a de facto aid programme and a set of trade preferences for Uzbekistan.

In Burma, the EU has had a relatively wide range of sanctions in place since the mid 1990s, including an arms embargo, aid reductions, a ban on high level visits, asset freezes and a prohibition on funding going to state enterprises. Trade preferences were also removed. A ban on the import of timber, metals and precious stones from Burma has more recently been added to the list of EU punitive measures, with these – products representing about 1 per cent of Burma's total exports.

The Obama administration has carried out a review of US-Burma policy and decided that the US would engage in direct, senior-level dialogue with Burmese authorities. The first senior-level meeting between the United States and Burma under the new policy took place in September 2009. However, prohibitions remain on investment in Burma by US persons (regardless of whether the activities are 'grandfathered' or not). Also prohibited are imports, exports, and purchasing shares in third country companies whose activities derive from resources located in Burma. The US Congress has renewed the

Burmese Freedom and Democracy Act, most recently in July 2010.

Within Europe a big division now exists on Burma. A majority of EU member states want sanctions to be eased. Their retention is supported by only a small minority of states (the UK, Czech Republic, Netherlands, Ireland and Denmark). Pleas for stiffer sanctions by the main opposition, the National League for Democracy party, have gone unheeded. Overall it is widely perceived that the EU has relaxed its position on Burma because of the growing importance of unblocking relations with Asean. Those arguing for a softening of sanctions suggest that the social ties of tourism would be particularly beneficial in opening Burma up. They also point out that EU sanctions have actually prejudiced suppliers in neighbouring Thailand more than the Burmese junta.

Zimbabwe remains to some extent an exception. The US and EU imposed sanctions a decade ago, but even here these are selective and targeted rather than comprehensive. In 2009 they both reluctantly backed a power-sharing deal between President Robert Mugabe and the opposition, but sanctions have not yet been lifted. The US's Zimbabwe Democracy and Economic Recovery Act, passed in 2004 and containing a similar range of targeted restrictive measures, also continues in force. Then UK foreign secretary David Miliband said in early 2010 that the functioning of the coalition government and general human rights situation were still too precarious to lift sanctions, and that punitive measures should 'be lifted only in a calibrated way, as progress is made.' Even here, however, some donors – such as the European Commission – have increased engagement and support through humanitarian aid that goes beyond the strict confines of the non-political. Moreover, Mugabe has been welcomed by France and Portugal at their respective hosting of EU-Africa summits.

Beyond Zimbabwe, the EU has invoked its democracy clause to impose sanctions on a dozen occasions in Africa over the last decade. Here sanctions have been used mainly in response to military coups in places

such as the Central Africa Republic, Guinea-Bissau, Togo, Niger and Mauritania. Measures have invariably taken many months to be introduced, as the EU undertakes rounds of formal consultations with the offending regime; and they have generally been removed before anything resembling genuine democracy is (re-)installed. Member states do not always adopt the same critical measures in their bilateral relations with the same regimes. EU sanctions against Cuba were lifted in 2005; Spain has restarted a full development programme on the island.

In 2009 the EU did decide to remove GSP preferences for Sri Lanka in response to human rights abuses committed in the government's campaign against the Tamil Tigers. But this again represents a relatively modest and symbolic move. Sri Lanka was allowed several months to engage in dialogue and take 'corrective' measures, such that trade preferences were not actually withdrawn until the summer of 2010. The effect on trade and investment was widely expected to be modest.

An arms embargo remains in place against China, but this is a minor measure set alongside the plethora of new cooperation agreements between the EU and Beijing; moreover, this embargo only remains in place because a small minority of member states have been able to block the French, German and Spanish-led campaign to have it revoked. In general, the EU's relatively weak code of conduct on arms sales has not prevented massively increased sales of weaponry to non-democratic countries.

The disinclination to exert pressure for reform through critical measures is even more striking in countries which are not so politically closed but which are still moving in an anti-democratic direction. A large number of non-democratic countries have in recent years won from the EU new agreements and/or more generous trade and aid benefits, even as repression has increased and elections have been patently manipulated. A select, illustrative list of such beneficiaries would include Libya, Syria, Egypt, Tunisia, Armenia, Azerbaijan, Kazakhstan, Russia,

Ethiopia, Rwanda, Kenya, Nigeria, Uganda and the Ivory Coast. Space precludes entering into details on each of these cases; but the list suffices to demonstrate a clear conclusion: there are many, many more instances of democratic regression that the EU has met with policy upgrades than with sanctions.

Sanctions *have* been used in relation to security aims. The best known examples are sanctions related to the development of WMD programmes. The flip side of these sanctions is that when deals are struck on nuclear and chemical weapons programmes – as with Libya, Syria, North Korea, and for a period Iran – punitive measures are invariably lifted without any improvements in democratic rights. In Syria, concern over democracy is not absent – especially from the US Syria Accountability Act of 2004 – but in practice it is of secondary concern and not in itself the barrier to engagement. The US has had more of a focus on regime change in Iran, but even here has increasingly sought to keep the nuclear and democracy agendas separate from one another. This was evident in the extremely cautious US response to the violence surrounding Iran's 2009 elections.

Sanctions have been imposed against al-Qaeda affiliates and on the question of terrorist financing. Look at US and European access bans: more names are denied entry by virtue of being on terrorist lists than on lists of autocratic officials. The much-lauded Kimberly process is related to diamond sales used to finance rebel insurgency, and is not attentive to democratic governance standards. Because these kinds of security-related measures are used mostly against non-democratic regimes, analysts often confuse them for democracy-related conditionality and thus conclude that this represents a heavy use of the latter. This is not precisely the case.

Incentives conditionality

In light of the limits to coercive pressure, rewards-based conditionality is widely touted as a more productive policy option. It appears to offer the prospect of encouraging democratic reform without counter-productive intervention from the outside. However, what is presented as incentives-based political conditionality often crosses the line into largely unconditional engagement: rewards are invariably granted on the basis of no more than the vaguest of promises of future reforms. Conversely, the difference between positive and negative conditionality is not always perceived to be that great by many in target states: denial of an expected reward is not always seen as qualitatively different from the removal of an existing preference.

Established by the Bush administration in 2004, the Millennium Challenge Corporation is formally based on the principle of *ex post* rewards for proven achievements. Countries are selected to apply for MCC assistance based on their performance on sixteen policy indicators in three areas: ruling justly, investing in people, and promoting economic freedom. Indicators are used from several independent sources. The 'ruling justly' criterion includes indicators on civil liberties and political rights; voice and accountability; corruption; the rule of law; and government effectiveness. Selection for eligibility initiates a multi-year partnership dedicated to pursuing economic growth and poverty reduction through the development and implementation of a compact. If a country suffers a significant policy reversal, the MCC may issue a warning, suspension, or termination of eligibility and/or assistance.

In practice, some non- or only partially democratic countries have received sizeable amounts of MCC aid. These include Armenia, Madagascar, Senegal, Uganda, Jordan, Morocco and Nicaragua – although in the case

of the first two, aid was belatedly cut. Some of these are included on development grounds, some seemingly on security grounds – the democracy indicators seem to get squeezed from both these sides. A host of non-political indicators are thrown into the mix.

Some states have been subject to measures prohibiting them from receiving US development partnerships on political grounds, including China, Cuba, Venezuela, Burma and Ivory Coast. But the list of the top ten recipients of mainstream US aid includes Egypt, Ethiopia, Kenya and Uganda. Reflecting the perceived policy trade-offs, US aid officials argue that Ethiopia is making good progress on health issues so should not have its aid diverted to better democratic reformers even after patently unfree elections in 2005 and again in 2010.

EU enlargement continues to be clearest case of positive democratic conditionality. But is not quite the cut and dried example that it is often assumed to be. Extensive work on the conditionality deployed by the EU in the context of eastern enlargement has concluded that incentives played a secondary role and were linked mostly to second phase governance reforms, not the big, overarching choices in favour of democracy.¹⁴

In the Balkans a twin dynamic exists, both of whose elements cloud the clarity of incentive conditionality attached specifically to democracy. The EU's group of 'friends of the Balkans' increasingly insists that even positive conditionality should be toned down to get countries from the region admitted as soon as possible. Conversely, those member states more sceptical over future enlargement now find it convenient to continuously raise the hurdle of reform conditionality as a convenient delaying tactic. Policy outcomes reflect an ad hoc mixture of these dynamics.

¹⁴ F. Schimmelfennig and H. Scholtz, 'EU democracy promotion in the European neighborhood: Political conditionality, economic development and transnational exchange', National Centre for Competence in Research Challenges to Democracy in the 21st Century Working Paper 9; F. Schimmelfennig and W. Wagner, 'Preface: External governance in the European Union', *Journal of European Public Policy* 11/4 (2004), pp. 657–60.

So, for example, diplomats argue that conditionality has failed in the case of Serbia, and that the fragility of this country's fledgling democracy requires more engagement than external pressure. The Dutch government has unblocked Serbia's association agreement without key war crime suspects having been apprehended. In Bosnia and Herzegovina (BiH), the EU has been more cautious in pushing for democracy-deepening constitutional reform. Bosnia's Stabilisation and Association Agreement was held up until 2008 over the issue of police reform; after this failed to incentivise far-reaching reform of the police, most member states concluded that positive conditionality should be used in a less heavy-handed fashion in the future. Conversely, Macedonia complains that the EU has added more and more conditions beyond the Copenhagen criteria. And some technical aspects of entry talks with Croatia are being held up by the condition that fuller cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) is still required.

Outside the sphere of accession candidates, the Eastern Partnership introduced in 2008 – that includes Belarus, Ukraine, Moldova, Georgia, Armenia and Azerbaijan – offers new association agreements conditional upon progress in democracy and human rights. Deep free trade is proposed and the carrot of visa-free travel is waved. At the same time, the notion of 'graduated membership' has gained currency, with debates over how states can participate in an ad hoc range of EU policies without full membership.¹⁵ However, reformers in aspirant states see this as a rebuff rather than incentives-based engagement. One expert notes that eastern neighbourhood governments continue to use engagement with the EU as a lever against Russian influence, not as a tool for modernisation.¹⁶ In some sectors, Russia's own neighbourhood policy actually offers more immediate gifts than the EU's Eastern Partnership.

Since the Orange Revolution Ukraine has expressed bitter disappointment at being denied a 'membership

prospect', arguing that the EU has failed to reward it for its 2004 democratic transition. The EU has sought to compensate by offering Ukraine a range of new policy initiatives. Under the mandate for the new association agreement being negotiated are plans to develop 'deep free trade' and incorporate Ukraine into the EU energy market. But all this is still interpreted in Ukraine as a dereliction of the EU's commitment to help consolidate democracy.

Elsewhere, the use of positive conditionality exhibits similar limitations. It has been found that no statistical link exists between aid allocations and improvements in governance standards.¹⁷ Lists of the top ten recipients of European development assistance include some notably non-democratic countries. For Germany these include Cameroon, China, Egypt and Morocco; for the UK they include Nigeria, Ethiopia, Sudan and China (although the last of these is set to decline in importance under the Conservative-Liberal government); for Spain they include Morocco, China and Senegal; for France, Cameroon, Morocco, Tunisia, China, Congo and Senegal.¹⁸ Suggesting that president Sarkozy has failed in his promise to close down *la francafrique*, the shadowy network of French-African elites that has long run France's Africa policy, the list of top recipients of French aid is still dominated by *la francophonie*. After Gabonese dictator Omar Bongo died in spring 2009, France helped his son to power.

In Africa the biggest aid increases have not gone to the most reformist states. The European Commission insists it has added significant amounts to European Development Fund allocations for good reformers. But many African democrats berate EU donors for inflating the reformist grades of many states as they need to show 'successes'. Countries like Mali, Mozambique and Ghana have attracted sizeable increases in aid from major European donors on the basis of commitments to political reform. But overall,

¹⁵ V. Schmidt, 'A "Menu Europe" will prove far more Palatable', *Financial Times*, 22 July 2008.

¹⁶ N. Popescu, 'The EU's Sovereign Neighbours', London: European Council on Foreign Relations, 2008.

¹⁷ D. Girod, Stephen Krasner and Kathryn Stoner-Weiss, 'Governance and Foreign Assistance: The Imperfect Translation of Ideas into Outcomes', in M. A. McFaul et al., op. cit.

¹⁸ Aid figures are from 2008, the latest figures available from the OECD DAC statistics database. www.oecd.org/dataoecd

the correlation between European aid and recipients' democratic quality remains low in Africa. Three billion euros of the 10th European Development Fund budget (out of a total 22 billion euros for 2008–2013) were set aside to reward those ACP states cooperating with the EU on governance reforms. But the Africa Governance Facility has been distributed among 70 states and this governance tranche represents less than 1 per cent of countries' aid receipts. Member states explicitly say they are unwilling to push beyond African regimes' own reform plans in allocating this governance tranche, while stating that the latter 'is not a form of conditionality'.¹⁹

From conditionality to leverage

The calculations of how to mix engagement and pressure judiciously are extremely difficult. The challenge of getting this balance right is reflected in the fact that Western governments and international institutions are criticised from both directions. Some critics berate them for overdoing the use of sanctions, because ministers have to be seen to be 'doing something' to assuage domestic public opinion. Conversely, other observers lament that the West unduly eschews democratic conditionality due to strategic self-interest. Debate becomes confused: Western powers are widely criticised for their unethical engagement with dictators; then as soon as they do adopt sanctions they are slammed for the neo-imperial imposition of their own values. Some commentators see the use of sanctions as unadulterated self-interest; but groups like Human Rights Watch and Amnesty International tend to see the lack of sanctions as rendering stated commitments to human rights hollow – rather than as a legitimate tactical calculation.²⁰

¹⁹ Council of the European Union, 'Draft Council Conclusions on Support to Democratic Governance – Towards an Enhanced EU Framework', 9047/09, Brussels: European Council, 27 April 2009.

²⁰ S. Wood, 'The European Union: A normative or normal power?', *European Foreign Affairs Review* 14 (2009), pp.113–28.

This working paper has stressed the highly circumscribed ways in which both negative and positive conditionality have been deployed in support of democratic reform. In formal terms, the commitment to political conditionality has not disappeared altogether. The Swedish development minister has, for example, stated: 'the implementation of both negative and positive conditionality has been weak. If democratic development is to take place, we must dare to implement the tools we have at hand. While there is a need to recognise the diversity of democratic practices at country level, firmness on principles is still necessary.'²¹ Sweden's aid programme for 2009–2011 commits to sharpening up the use of conditionality. Other states often make similar statements of intent.

In practice, however, political conditionality looks set to decline in importance. The challenge for Western governments is to move beyond conditionality to fashioning a more widely-cast, effective leverage. Amongst Western policy-makers the conviction is now strong that disengaging from authoritarian regimes is rarely helpful for democratic reform. Compounding a paucity of faith in democracy-related sanctions, the feeling is also that short term policy challenges are today so complex and myriad in nature that it is simply not feasible to vary relations only in accordance with other countries' degree of democraticness. Given security and development objectives, few diplomats are prepared to tighten the correlation between depth of engagement and recipient countries' degree of commitment to democracy. Add to this the West's declining relative power and the case against conditionality would appear overwhelming.

Does this confluence of factors render obsolete all forms of pressure in favour of human rights and democracy? Not quite. But bearing in mind the patchy evidence on the effectiveness of punitive sanctions and governments' reluctance to compromise engagement, it does mean that a number of policy questions present themselves as pertinent.

²¹ 'Supporting Democracy - Highlighting the Political Dimension of International Development Cooperation', Speech, 28 May 2007, G. Carlsson, Minister for International Development Cooperation. See <http://www.sweden.gov.se/sb/d/8812/a/83076>

First, the pressing policy challenge is to consider how pressure can be exerted within a framework of positive engagement. The advocates of deeper engagement with non-democratic regimes argue that this can assist rather than negate the possibility of greater pressure for political reform. There is certainly logic in this argument. After all, there needs to be engagement and interdependence for a non-democratic regime to have some stake in cooperation continuing. But this 'dual track' approach, central pivot of the Obama administration's post-Bush values-based re-engagement with the world, must still demonstrate tangible results. Evidence is required that it can indeed be distinguished from unconditional engagement.

A number of policy options should be pursued in this vein. Where Western governments have built up or consolidated diplomatic, government-to-government partnerships with authoritarian regimes, they should use such relations as leverage to negotiate access for a much deeper track two civil society component to engagement. Support for independent civic organisations should be raised as a quid pro quo for the security cooperation that authoritarian regimes really like. At present, the international community is still too willing to forego this dimension. Western governments must at least resist the imposition of reverse conditionality: autocratic regimes pushing for such civic links to be downgraded as a condition for security cooperation. They should also point out that economic engagement aimed at increasing investment and economic modernisation implies more commitment to the rule of law. And opaque political dialogues must begin to hone in on more concrete and tangible reform aims – at present many see such dialogues as a cover for inaction.

Second, smart sanctions may still be useful at the margins, but the way in which they are crafted needs to be re-examined. To date, smart sanctions have not shown themselves to be that smart. Targeted sanctions are now the most common form of measure adopted. But their popularity with policy-makers has not yet been fully justified. There is a danger that targeted sanctions will end up being neither one thing nor the

other: they do enough to stifle a country's full integration into the modernising potential of international linkages, but do not do enough to impose costs on elites sufficient to effect a change in their repressive behaviour. Few assessments are yet available on whether smart sanctions live up to their name.

Indeed, smart sanctions have clearly failed to dislodge some very repressive regimes. Is this a failure of external pressure per se? Or is it a result of sanctions being too narrowly and selectively targeted? Systematic review is required of the way in which targeted sanctions have impacted upon political dynamics within different states. Asset freezes would appear to have been too restricted in scope and would, at a minimum, need extending down to mid-level officials to stand any chance of being effective.

Two issues need to be distinguished from each other more clearly. One problem is where punitive pressure by its very nature impacts prejudicially on the democratic dynamics of the society in question. Another problem is where Western governments deploy different policy instruments that cancel each other out. Sanctions hit the people; Western powers compensate for this through humanitarian provision; they take with one hand, and give with the other. This reverts to the same point: the need for policy to be defined in its broadest totality.

This leads us onto a third policy challenge: the relationship between pressure for democratic reform and conditionalities imposed in other areas of policy. There is some truth in the complaint that Western offers of new agreements have become overloaded with conditionalities. But most of these are conditionalities other than democracy-related conditionality. Arguably, they reduce the negotiating capital available to push for political reform. Democratic conditionality is increasingly crowded out by other forms of conditionality. Today, it is used more for security containment than democracy. Where sanctions have been used against autocratic regimes it has most commonly been due to security concerns and not those regimes' lack of democracy per se.

It must be considered how these various conditionalities now relate to one another: how far do they undercut each other? Which should be prior? Why is it assumed that punitive pressure can work for some policy aims but not democracy? The US and EU have to re-examine the way in which they prioritise their different policy aims. Ostracising regimes for security-related purposes may cut across the kind of engagement required to assist the kind of political reforms that would render those same security aims more achievable. Conversely, offering rewards to regimes purely for agreeing 'hard security' cooperation is likely to undercut pressure relevant to more enlightened rights-based security approaches over the longer-term.

One lesson from academic studies is that sanctions must be legitimate in the eyes of the broader population; for this reason it is untenable to separate out the use of sanctions for security aims while concern for human rights is allowed to wallow in insubstantiality.²² Western arms embargoes have been crafted with loopholes sufficient to permit increased sales of weapons to the world's most repressive regimes.²³ At present there is a dramatic lack of joined-up thinking between defence and human rights policy units. Arms embargoes at least must be tightened up.

All this leads to a crucial observation: efforts to press for and incentivise democratic reform must be formulated in a less stand-alone fashion. If international leverage is to be retained, it must be through more systematic incorporation of the democracy agenda into trade, development, security and energy policy as well as into multilateral diplomacy. More innovative ways must be found of intersecting incentives and pressure between the 'silos' of different policy domains. One example of such new measures is found in current efforts on the part of the

US and some European states to build into post-crisis financial sector regulations requirements for banks to report more transparently on their dealings in overseas markets. More such innovation and lateral thinking is required.

A fourth consideration is how Western governments incorporate the views of local stakeholders. How far are they really willing to take a lead from local actors? Most Western governments now make a point of stressing that their democracy support policies must be driven by local demands. But what happens when local actors ask for more not less democratic conditionality? If donors have already decided against conditionality, their commitment to following the lead of local actors may appear rather cosmetic. The evidence is that civil and political society organisations in non- and weakly-democratic states are divided over the use of conditionality on the part of external actors. Better local consultation and awareness-raising is urgently needed on this question. Western governments can still be shockingly unaware of what local democrats actually want from them. And where local actors do ask them not completely to override pressure for democratic reform, the Western commitment to listen to local voices can suddenly dissipate. A pressing challenge is to align the forms of political leverage and pressure that are used to the specific demands of local actors and circumstances.

In sum, to the extent that some genuine commitment does remain to support democracy, Western governments and international institutions must move away from deliberating policy choices purely in terms of stark choices between engagement and ostracism. The era of imposing sweeping conditionalities is over – for both practical and normative reasons. Engagement with non-democratic regimes is proper and does not in itself denote a lack of commitment to encourage political reform. But engagement can and should be more effectively leveraged to ensure that such broader partnerships facilitate more than they undercut democratic potential.

²² D. Shen, 'Can sanctions stop proliferation', *The Washington Quarterly* .31/3 (2008), pp.89–100.

²³ L. K. Yanik, 'Guns and human rights: Major powers, global arms transfers and human rights violations', *Human Rights Quarterly* 28/2 (May 2006),

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In recent years, the use of democratic conditionality has almost disappeared from Western foreign policies. Governments have reverted to attaching a high priority to deepening political engagement with autocratic regimes. Democratic conditionality has been superseded by more immediate, short-term security measures.

So, is it time simply to relinquish the whole notion of trying to press and cajole non-democratic regimes towards political openness? This paper argues that engagement with non-democratic regimes is desirable, but that political leverage is also needed to unblock the potential of liberalising reform. Western governments concerned with advancing democracy internationally need to move from narrowly conceived conditionality to broader means of exerting political pressure.

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