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Partnership for Peace Consortium of Defense
Academies and Security Studies Institutes

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Democratic Deficits, North America, and Security

David M. Law¹

Since the end of the 1980s, we have been living in what could well be called democracy's golden age. We have seen the collapse of a communist bloc that had been democracy's archenemy for more than half a century. We have watched the marginalization of communist parties in domestic politics—in the West, in what the West used to call the East, and in most of those states that belonged to the construct known as the Third World. In the span of two decades, we have witnessed a threefold increase in the numbers of states holding democratic elections. According to the *UN Development Report*, what had been an élite group of 37 states in 1980 (out of a total of 121 members of the world body) had by 1998 mushroomed into a club of 117 (out of 193 UN member-states). By this latter date, some 55 percent of the world's population could be said to live under democratic rule.²

Golden Age or Credibility Crisis?

Despite some backsliding in democratic practice that was visible in a number of the newest members of the club after the middle of the 1990s, the democratizing trend remained solidly on track as the century, and millennium, turned. In a study released in late 2000, Freedom House concluded that democracy and human rights had notched up major gains in that year alone. The organization's annual survey rated as "free" 86 countries, containing 40.7 percent of the world's population; another 59 states, with 35.5 percent of world population, were considered to be partly free.³

If we accept that there must be a connection between what our governments say that they want to do in the area of foreign policy and what actually transpires, then this democratic revolution cannot have happened haphazardly. President Ronald Reagan, for example, would refer often to a "global campaign for democratic development." Nor did the need to promote democracy figure any less prominently in the declaratory policy of his successors.⁴ With the fall of commu-

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² "Freedom's Journey: A Survey of the 20th Century," *Economist*, 11 September 1999, 7. The expansion of democracy during the last century is even more impressive, when one considers that in 1900, only six of the world's forty-three states could be considered to be democracies. See also *Human Development Report*, New York: United Nations Development Program, 1998, 23.

³ "Global Democracy Continues Forward March," available at the Freedom House website, <http://www.freedomhouse.com>.

⁴ See Michael W. Doyle, "Kant, Liberal Legacies, and Foreign Affairs," in *Debating the Democratic Peace*, ed. Michael E. Brown, Sean M. Lynn-Jones, and Steven E. Miller, Cambridge: MIT Press, 1997, 3-57.

nism and the collapse of the Soviet Union, the way was open for both the U.S. and Canada to pursue the campaign of which Reagan spoke. And pursue it they did.

In September 1993, President Bill Clinton unveiled a grand strategy of "democratic enlargement" before the UN General Assembly. He called for democracy to be encouraged wherever possible and for reactionary regimes opposing democracy to be contained.⁵ In Canada, a key foreign policy objective for successive governments during the 1990s was the projection of democracy as a core Canadian value, in a bid to promote stability within and among countries. Conservative Prime Minister Brian Mulroney established democratic development and human rights as central themes in Canadian foreign policy with his speeches at meetings of the Commonwealth and the *Francophonie* during the autumn of 1991, and the Liberals have not deviated from this policy line since returning to power in 1993.⁶

All this has been underpinned, although not without serious detracting, by democratic peace theory, a loose set of notions about what democracies do and do not do to one another. This theory's central thought can be summarized succinctly: democracies tend not to go to war with one another, and that when they do go to war it is against non-democracies, who are combated for the best of causes and in defense of democratic values. From this it follows that it makes good sense for democratic states to seek, as a primary security policy objective, to expand the family of democracies.

A further consideration underpinning this approach is the notion that two singularly blessed lands, the U.S. and Canada, have a unique range of assets that can be applied to the objective of expanding democracy. For starters, they have the power of example, in their case a longstanding "security community" in North America. They also possess ample "hard" resources that, even if they are not unlimited, can be deployed in support of democratization. Together the two states can prosecute a democratization agenda with like-minded allies in the world's most influential multilateral institutions: NATO, the G7/G8, the IMF, the World Bank, the WTO, and the OECD, all of which are held to be ideal frameworks for developing policies aimed at encouraging states to embrace democratic practices and values. Given all of this, is it any surprise that the North American and European allies should be tempted by the prospect of not only fostering successful transitions from totalitarianism and authoritarianism in the Euro-Atlantic area, but also of building an ever-broadening coalition of democracies worldwide?

Of course, the democratic credentials of many of the new democracies, or to use a more accurate term, "democratizing states," can and often do leave much to be desired. In fact, they can leave so much to be desired that some authors have ar-

⁵ Douglas Brinkley, "Democratic Enlargement: The Clinton Doctrine," *Foreign Policy* 106 (Spring 1997): 111-27.

⁶ Robert M. Campbell and Leslie A. Pal, *The Real Worlds of Canadian Politics: Cases in Process and Policy*, 3rd ed. Peterborough: Broadview, 1994, 237; and *Canada in the World* (Ottawa: Government of Canada, Department of Foreign Affairs and International Trade, 1995, 35.

gued that the real dividing line in this post-Cold War world is between liberal constitutional democracies and all other states, including those that have been termed “illiberal democracies.” Some go so far as to argue that the “unfinishedness” of the latter states can pose a real danger to the credibility and even the security of their more advanced tutors.⁷ A related criticism is that the structural instability of democratizing states tends to make them *more* prone to engage in wars than their totalitarian or authoritarian antecedents, in particular during the first decade or so after their transition to democracy has begun.⁸ Indeed, newly democratizing states have often tended to be anything but peaceful; among the states that have risen out of the ashes of formerly communist Europe, approximately half have fought wars since the end of the Cold War, almost invariably of an intrastate nature.⁹

Notwithstanding the weaknesses and shortcomings of the democratizing states, the fortunes of the global democratic revolution are also dependent on the quality of the democratic process in the mature democracies that profess to be their mentors. In fact, it will be argued in this article that the prospects for the global democratic revolution are being undercut by the diminishing quality of governance in the mature democracies, including in the U.S. and Canada. This is a disturbing paradox. At the same time as the adherents of democracy have multiplied around the globe, the democratic credentials of the Western countries that have championed this process appear to have become increasingly tarnished, so much so that it is hardly alarmist to decry the onset of a credibility crisis of systemic proportions.

The tarnish takes many shades and hues. In Europe, the tone for the scandal-infested 1990s was set early on by *Tangentopoli* (“Bribesville”). This saw some 2500 members of Italy’s political and economic élite being investigated for corruption and influence peddling, with nearly 20 percent being found guilty, including several former government ministers and party officials.¹⁰ Ending the decade was an even more troubling scandal, Germany’s *Spendenaffäre*. This brought into disrepute former Chancellor Helmut Kohl, the father of German reunification and, until the scandal, one of the most respected politicians the entire Western world had known over the past half century.¹¹

⁷ See for example Fareed Zakaria, “The Rise of Illiberal Democracy,” *Foreign Affairs* 76 (November/December 1997): 22-43.

⁸ Edward D. Mansfield and Jack Snyder, “Democratization and the Danger of War,” in *Debating the Democratic Peace*, 301-34.

⁹ Transition states that have become embroiled in military conflict include Russia, Georgia, Armenia, Azerbaijan, Moldova, Tajikistan, and Yugoslavia and its successor states of Serbia, Croatia, Slovenia, Bosnia, Montenegro, and most recently Macedonia.

¹⁰ “A Slightly New Italian Establishment,” *Economist*, 10 July 1997, available at <http://www.economist.com>.

¹¹ See Robert Gerald Livingstone, “The Party’s Over: Kohl’s Disservice to German Democracy,” *Foreign Affairs* 79 (May/June 2000): 13-17.

In North America, the record has been equally alarming. The fundraising scandals that occurred under the Clinton Administration sparked two of the leading Democratic and Republican candidates in the 2000 presidential campaign to make campaign finance reform a central policy plank in their (unsuccessful) bids for their parties' nomination, and the cause for which they struggled continues to capture attention on Capitol Hill. In the words of would-be Republican torchbearer John McCain, the enemy of party finance reform was "an iron triangle of lobbyists, zillion-dollar political contributions, and corrupt politicians."¹² In Canada, suspicion was widespread in the first half of 2000 that the governing Liberals had been involved in a multimillion-dollar effort to grease the palms of private sector actors in return for political (though not individual) profit.¹³ The Democrats and the Liberals possess, of course, no monopoly on political scandals relating to money. However, as will be discussed below, there are reasons to believe that on their watch during the 1990s, what had been a bad situation under their Republican and Progressive Conservative predecessors became worse.

Nor is democratic governance in North America simply at risk because of real or perceived wrongdoing. There is also the prospect of something more banal: fecklessness. This is especially the plight of many parliamentarians in Canada's House of Commons, and may not be replicated elsewhere in the West. A report on a May 2000 meeting of Canadian parliamentarians interested in strengthening the work of the committee system painted a disconcerting picture. Backbenchers were reported to have feelings of worthlessness and an oppressive sense of being "at the end of (their) rope," "... to feel indecisive, and unable to make decisions..." and of suffering from "... alternating experiences of lethargy and agitation, of experiencing sleep disturbances, and of losing interest in pleasurable activities..."¹⁴

Added to the list of democracy's woes, in North America at least, is voter indifference. Parties supported by more than 50 percent of the voters, to say nothing of the electorate, rarely win national elections these days in North America. The anemic turnout rate at the polling places is regularly the topic of discussion. Until recently, the Canadian case had been different, even though it is true that federal governments have hardly ever (there were two exceptions) been brought to power with more than 50 percent of votes cast. What is recent in Canada is the reduction in the portion of the electorate that bothers to vote: the turnout rate (62.9 percent) in the federal election of November 2000 was one of the lowest ever. And while this still compares favorably with American levels of participation (around 50 percent), the trend in Canada has been downward for the past four decades, making it

¹² Quoted in Lexington, "The Lonely Charge of John McCain," *Economist*, 2 May 2000.

¹³ In late May 2000, there were reportedly \$10 million worth of projects under the jurisdiction of the Canadian Department of Human Resources (HDRC) that were being investigated by the Royal Canadian Mounted Police; at least four of these projects were in the prime minister's home constituency. See "Jane Keeps Running," *Ottawa Citizen*, 22 May 2000, A14.

¹⁴ Susan Delacourt, "Eunuchs in the Governmental Palace," *Ottawa Citizen*, 15 May 2000, A6.

the “only country where the rate of decline in turnout begins to approach the U.S. rate.”¹⁵

Lack of confidence in the political process appears to have been on the increase on both sides of the Canada-U.S. border. While commitment to democratic values does not necessarily appear to have slackened, disillusionment has risen dramatically. A poll taken in 1998 showed that only 39 percent of Americans trusted their government to do what was right.¹⁶ In a survey organized two years later, two Canadians out of three stated that they had no influence on decision making at federal, provincial, or even municipal levels of government.¹⁷

Democracy's Dilemmas

Scandal, fecklessness, and apathy aside, there is a structural problem common to all mature democracies, namely the growing gulf between what is expected of the democratic decision maker and what he or she is actually capable of delivering. All the crucial pillars of the mature democratic system are hopelessly overburdened, whether it be the individual parliamentarian, the legislature as a whole, or the individual citizen in his or her relationship to parliament and its members. This is hardly surprising when one considers how much the environment in which decisions are made has changed, and how little the capacity for making those decisions has altered.

There are several dimensions to this. First, there is the increase in the sheer number and complexity of challenges thrown up by modern science and technology. Second, there is the tendency for issues for which the territorial sovereign state has been traditionally responsible to be relegated to other levels of aggregation or other actors both within and beyond its borders. Third, there is the accompanying tendency towards multi-jurisdictional and multi-actor co-deliberation in an ever greater number of issue areas. Fourth, there are the additional pressures on the decision-making environment associated with such phenomena as enormously enhanced communications and greater access to information. And fifth, all these processes seem to be unfolding at an ever-quickenning pace. All this notwithstanding, there has scarcely been any improvement in the decision-making capacity of politician, parliament, or public. Indeed, the only changes of note that the advanced democracies registered in the last century were the extension of the suffrage to women and the introduction of opinion polling.

The processes outlined above would constitute first-order challenges even in the most efficient of political environments. But the advanced democracy, whether

¹⁵ John Gray, “Voter Turnout Breaks Previous Low of 1896,” *Globe and Mail* (Toronto), 29 November 2000, A10.

¹⁶ Susan J. Pharr, Robert D. Putnam, and Russel J. Dalton, “A Quarter Century of Declining Confidence: Trouble in Advanced Democracies?” *Journal of Democracy* 11 (April 2000), 5-25.

¹⁷ Alexandre Sirois, “Deux Canadiens sur trois pensent ne pas influencer leurs gouvernements,” *La Presse* (Montréal), 27 July 2000, C20.

it be North American, Western European, or Japanese, is deficient in terms of both organization and resources, and lacks the requisite professionalism. A prime problem here is the inadequacy of the political party as a vehicle for elaborating political decisions that aim to integrate the legitimate interests of society's myriad stakeholders into a functioning whole. This integration is something of which none of the institutions that have increased their impact on the political process in recent years—courts, media, nongovernmental organizations of civil society, and bureaucracy—seem capable of fostering.¹⁸

The 2000 elections in the U.S. revealed another organizational deficiency that hitherto had not attracted much attention, namely the widely divergent regulations and infrastructures for casting and counting votes, varying as they do from state to state, and even from county to county. Canada, for all its shortcomings, showed with its election in that same month of November that on the organizational front it is better equipped to carry out a fair and rapid count. That said, the Canadian record as concerns electoral impropriety is not unblemished, as irregularities in the 1995 Quebec referendum demonstrated.

Both countries appear to be equally reluctant to invest adequate resources in the political process. Let us look at the figures for election expenditure that, in view of the fact that parties in Canada and the U.S. are little more than operations designed to wage campaigns, remain far and away the most important item in political budgets. Canada spends slightly more than 1 percent of its GDP on its federal election process. The U.S., the top spender among the mature democracies, still devotes only 2 percent of its GDP on an election cycle, a far smaller proportion than at the beginning of the century. To put it in comparative perspective, American political commentator George Will has claimed that the money spent on the 1994 congressional elections was about half of what the U.S. public spent on yogurt that year!¹⁹

This level of resources is insufficient to ensure that parties can do anything more than act as vehicles for bringing out the vote. Even in this role, parties find themselves hard pressed. The costs of election campaigns in both the U.S. and Canada have increased by leaps and bounds. In 1980, the bill for the U.S. presidential and congressional elections came to \$1.2 billion.²⁰ By 1992, the costs had more than doubled, to \$3.2 billion.²¹ The 2000 election again set records, with an estimated \$4 billion being spent on presidential, congressional, and state contests.²² In Canada, where the baseline is substantially lower and less electing

¹⁸ This passage is inspired by an analysis made in an unpublished paper by Herman F. Achminow, "Die Zukunft der Demokratie und die Demokratie der Zukunft" (Munich, 1979).

¹⁹ John Robson, "Do Not Interrupt the Politicians," *Ottawa Citizen*, 7 April 2000, A16.

²⁰ Unless otherwise specified, all dollar amounts are expressed in the currency of the country being discussed in the text.

²¹ Jane Bussey, "Campaign Finance Goes Global," *Foreign Policy* 118 (Spring 2000), 75.

²² Lexington, "Selling America to the Highest Bidder," *Economist*, 21 January 2000, 79.

needs to be done, the trend in party expenditures is similar for both election and non-election years. For example, such expenditures in non-election years 1995 and 1996 were respectively 15 and 11.5 percent higher than in the immediately preceding years.²³

The cumulative effect of under-funded parties is that candidates have to spend more and more time in quest of funds, bending and skirting the law in ways that can make similar sins of earlier decades look petty by comparison. The repercussions have been on display: much ado but little being done on campaign reform in either the U.S. or Canada; the inability of the political party to play its innovating and integrating role in modern society; and the discrediting of other institutions of democracy.²⁴ To growing numbers of citizens, what is supposed to be democracy of, for, and by the people looks more and more like being democracy of, for, and by the purse.

The deficiencies of American and Canadian democracy differ importantly in the details. In the case of campaign financing, the most important vector of abuse south of the border has been soft money, i.e., electoral resources that may not have been raised in accordance with federal limits and regulations. These funds are not contributed directly to candidates but to a variety of committees associated with the parties. They dwarf the resources made available through public matching funds, and their volume has been on the rise. While not made directly available to individual candidates, they are often contributed with the understanding that some or most of the money will benefit federal candidates whom a donor wishes to support.²⁵ The origin of soft money has nevertheless to be reported.

Most Canadians would be surprised to learn that laws are far tougher and disclosure more timely in the U.S. than in Canada. North of the border, it is the loopholes making it possible for parties to avoid identifying the source of campaign funding that pose the greatest problem. This is a particularly acute problem at the riding level, where oversight of funding for local party associations remains weak despite recent changes in federal laws. At election time, a contributor to a federal party riding association that does not require a receipt can remain anonymous, and the party is free to use those resources to benefit the national party or candidates in other ridings. It is also possible to make donations in secret to MPs outside an election period or to party leadership candidates. There can be a delay of as much as eighteen months in the reporting of a contribution that becomes public, and the date of the contribution does not have to be identified.²⁶ Slush funds created at the

²³ See "Registered Political Parties' Fiscal Returns," Table 1 in the section on Election Financing at the website of Elections Canada, available at <http://www.elections.ca>.

²⁴ See Jane Taber, "Liberal Backbench Revolution Spreads," *Ottawa Citizen*, 8 June 2000, A3.

²⁵ "Reporters' Guide to Money in Politics: Campaign 2000," on the Common Cause website, available at http://commoncause.org/pressroom/congress_contributions.html.

²⁶ Aaron Freeman, "For the Best Government Money Can't Buy," Democracy Watch website, available at <http://www.dwatch.ca/camo/OpEdJan400.html>.

local level are estimated to represent some \$10 million, or 60 percent of the total of public funds made available to the parties.²⁷

Another loophole in Canadian electoral law relates to the practice whereby funders use numbered companies and obscure subsidiaries to make contributions. In view of America's status of global leadership, it is understandable that the inadequacies of its regulations for governing contributions to political parties are subject to much more scrutiny than those of Canada. Nevertheless, in relative terms, the potential for abuse in the Canadian system is at least as great as in the American one. The upshot is that in Canada it is relatively easier to conceal an effort to exert illegitimate influence (*i.e.*, to buy a politician or a party) than it is in the U.S., even if the overall size of campaign spending in the latter dwarfs that in Canada. At the same time, the strategic risks associated with the private sector's purchase of politicians are obviously much less significant in the Canadian than in the American context.

But in both countries, the struggle to raise—by hook or by crook—the funds necessary to run a campaign can be a debilitating distraction for the political class. It can also exacerbate, even if it may not be the cause of, the tendency for foreign policymaking to become increasingly dysfunctional within the democratic West. In the following sections, I highlight three areas of dysfunctionality that can, in one way or another, be traced back to the above-cited dilemmas of democracy. The first is the ability of developed democracies such as the U.S. and Canada to muster the level of competence needed to implement their foreign and security policies. The second is the degree of public confidence in and support for these countries' roles in international relations. And the third is the impact that these two (and, by extension, other) western states' "democratic deficits" might have on their leadership role within the democratizing world.

Competence in Foreign and Security Policy

It is far from easy to assess objectively a government's degree of competence in the area of foreign and security policy, and to identify the factors that might attain causal significance. Does a policy fail, or become less than successful, because it has not enjoyed sufficient public support, because it is based on an erroneous reading of the balance of power, or because it derives from a misjudgment born of domestic political desperation? These and similar questions come to mind when foreign policy goes afoul. It stands to reason, however, that the chronic under-resourcing of foreign policy in mature democracies such as the U.S. and Canada will also take its toll.

In a period when the international environment facing the two countries has become ever more complex and challenging, resources available for foreign policy

²⁷ Alexandre Sirois, "Kingsley insatisfait de la nouvelle loi electorale," *La Presse*, 17 January 2000, A1.

activity have actually fallen dramatically. The “150 account,” which covers the nonmilitary costs of protecting U.S. security and foreign policy interests, which stood at roughly 4 percent of the federal budget in the 1960s, fell to 2 percent in the 1970s, and to just 1 percent in the 1990-95 period (there was a slight upward correction towards the end of the 1990s). America’s national defense budget for FY 2000, at \$304.1 billion, was more than thirteen times greater than the 150 account, a relationship that is scheduled to become even more lopsided in favor of the defense budget.²⁸

The trend in Canada is similar, though the proportions are different. The budgets for the Department of Foreign Affairs and International Trade, the Canadian International Development Agency, and the outreach activities of the Department of Indian Affairs and Northern Development, which together form the approximate equivalent of the 150 account, were also in long-term decline before experiencing a small upswing in FY 1999-2000. At roughly \$3.75 billion, they represent about a third of military spending, itself suffering from decades of downsizing, and just under 2.5 percent of the federal budget.²⁹

As for the U.S., it would make no sense to advocate a reversal of the relative spending proportions between military and nonmilitary activity; nevertheless, a narrowing of the gap would seem to be in order. Even a modest effort in this direction could pay dividends that could lead to possible reductions in military expenditure over time. In view of the progressive decreases in the Canadian defense budget over the last few decades, the most welcome course for Ottawa to pursue would be to increase spending both for military and for nonmilitary activity, with larger increases for the latter category.

The justification for so investing is both quantitative and qualitative. The relative and real reduction in resources available for foreign policy problem-solving intersects with an international environment that has become incomparably more complex than that of the Cold War. From a Western perspective, East-West confrontation tended to provide a scheme, for the most part perceived to be largely one dimensional, into which most problem-solving activity could be integrated. While we may no longer face the threat of great power war, we are confronting a host of challenges that could in time produce a geostrategic paradigm shift, one for which we will have shown ourselves to be dreadfully unprepared, as a function of our deliberate neglect.

²⁸ These figures are based on the new Bush Administration’s budget forecasts. See Table S-10, *Blueprint for New Beginnings: a Responsible Budget for America’s Priorities*, available at <http://w3.access.gpo.gov/usbudget/fy2002/pdf/blueprnt.pdf>. Richard N. Gardner addresses this issue in “The One Percent Solution: Shirking the Cost of World Leadership,” *Foreign Affairs* 79 (July-August 2000): 2-11.

²⁹ See Volume 2, part 1 of the Canadian Treasury Board website, available at <http://www.pwpsc.gc.ca/recgen/text/pubacc-e.html>.

Already, in many problem areas things appear much less comprehensible today than they did a decade ago. To take an example that is a central objective for Western, and in particular U.S., policy, how should we integrate the Russian Federation and the People's Republic of China into the international community after the end of the Cold War? How do we deal with the proliferating numbers of weapons of mass destruction and their potential users? How do we work internationally to meet the challenge of global climate change? How do we respond to the situation in Africa, where such problems as inter- and intrastate conflict, medical emergencies, environmental crisis, and dysfunctional states loom larger than elsewhere? Most importantly, what is to be our approach to the conundrum posed by the increasingly prevalent juxtaposition of sovereignty and human rights in security contingencies? Too often in the past few years, the answer that seemed to prevail was to bribe élites in democratizing countries where this was thought effective, and to resort to tactical bombing where not. Throwing money at these problems would be injudicious; failing to allocate to them the necessary resources may prove suicidal.

Can the Confidence of the Public Be Retained?

A second foreign policy implication stemming from the democratic deficit has to do with the electorate's ability to have confidence in the rationale for government policy, a problem exacerbated by the role of special interests—corporate or otherwise—in the formulation of foreign policy. Former President Clinton, who had attacked his predecessor during his successful 1992 election campaign for being soft on the “butchers of Tiananmen Square,” seems to have changed his tune after coming under pressure to relax the controls on the export of technology to the PRC that had been instituted in 1989. According to the report of the Cox Commission, which focussed on the espionage dimension of technology transfer, two leading contributors to the Democratic Party—Hughes Electronics and Loral—undertook a major lobbying campaign in support of their efforts to transfer sensitive information technology to China. In the commission's view, this contributed to the PRC being able to move quickly to enhance its strategic nuclear capabilities.³⁰

Arguably, there are several reasons why the U.S. might have wished to transfer to the Chinese information technology, and these could have been in the legitimate national interest. One such reason could be that the transfers constituted an investment in a strategic partnership that would yield important benefits for the U.S.—for instance, securing China's help in convincing North Korea to rein in its nuclear program. Another reason could be that the transfers were part of the price to be paid for constructively engaging China, through an intensifying trading relationship that would in time help bring about its long-heralded political liberalization.

³⁰ Aaron L. Friedberg, “Arming China Against Ourselves,” in *American Foreign Policy*, ed. Glenn P. Hastedt, 6th ed., Guilford, CT: Dushkin/McGraw-Hill, 2000, 66-73.

A third reason could be to help the Chinese improve the safety of their strategic assets, thereby diminishing the risk of accidental launches. But whatever one thinks of the merits of these considerations, the revelation of the information about the financial contributions to President Clinton's party suggests that the government's operative consideration may have been fundraising. At best, to the voter the motivation behind U.S. policy towards this strategically critical relationship was highly suspicious.

The pipeline issue in the Caspian basin and the Caucasus region provides another example. The Clinton administration created a special office, headed by a diplomat with ambassadorial rank, to promote the cause of a pipeline running from Azerbaijan wells to the Turkish port of Ceyhan, thus avoiding Russian territory. This may make economic sense, although some observers have asserted that there is not enough oil to justify the construction. Russia, on the other hand, has been keen for regional producers to use existing or new pipelines that cross its territory in Chechnya and elsewhere in the northern Caucasus, and may have decided to risk fighting its second Chechen War in five years in an attempt to underscore the fact that it controls this territory. There are important geopolitical issues here. In the case of Russia, it is not difficult to imagine those in government circles believing that the territorial integrity and the overall credibility of the Russian state are at stake. In the case of the U.S., the exploitation of energy sources in the post-Soviet states of the Caucasus and Central Asia, and the establishment of oil-transport channels that are independent of Russia, can be seen as keys to securing an independent existence for these states and an enhanced role for Turkey, America's traditional ally in the region. These are policies that in turn are anathema for Russia.

Party financing realities in both countries suggest, however, that it may be oil industry interests that have motivated the two governments' positions on this issue. Russian governments under both Yeltsin and Putin have had close links with oil magnates with stakes in maintaining the viability of the Russian pipeline system. On the U.S. side, similar interrelationships are at work. The five largest stakeholders in the Azerbaijan International Oil Consortium (AIOC), controlling some 55 percent of its overall holdings, have all been major contributors to the Democrats and (especially) the Republicans.³¹ In the face of this, how is the American voter to know what really motivates the country's policy on the pipeline issue? Is it about supporting a geoeconomically sound investment that will buttress the legitimate aspirations of regional states to wrest themselves free from neocolonialist Russian policy in the region? Or is it about favoring the interests of major American oil companies—and possibly in the process engaging America and Russia in a dangerous and potentially strategically destabilizing game of entrepreneurial chicken? If the latter, Moscow might be forgiven for believing that

³¹ "Woodward Talks about AIOC's Future," *Caspian Business Report* 10 (31 May 2000).

Washington has been prepared to subordinate its strategic relationship with Russia to mercantile motivations, including party financing considerations.³²

Similar phenomena are observable in the Canadian context. Take the case of Canada's relationship with Cuba, where it is at best not clear whether it is principle or profit that is in the driver's seat. The country is one of Cuba's top trading partners and sources of foreign direct investment.³³ Canadian officialdom has prided itself for many years now on its efforts to engage Fidel Castro's republic rather than to boycott the island as does the U.S.; this is a policy difference that at times has weighed heavily on the U.S.–Canada bilateral relationship.³⁴ It may be that Ottawa's stance on Cuba has been informed by a better sense of Cuban realities than Washington's, and that Canada will therefore be well-positioned to assist the island in the inevitable transition to a noncommunist system. It may even be that Canada's approach is better for both North Americans and Cubans, as people, than America's. Indeed, the policy of engagement has its proponents in the U.S., where in recent years there have been growing pressures to abandon the trade embargo.

All of this being said, it is also true that the Liberals, the party that has traditionally championed the policy of engagement, have been a major recipient of funding from Canadian corporate actors that have done well out of their economic intercourse with Cuba.³⁵ To be sure, what is good for firms such as Bell or Bombardier may also be good for the voter, whether franchised and actual as in Canada, or disenfranchised and only Pickwickian as in Cuba. But it may not be good for either, and political parties have to be able both to recognize this possibility and be able to act upon it. Dependence on corporate financing may make this impossible, or at the very least make it very difficult for people to believe that the parties have their best interests at heart, whether on Cuba policy or anything else.

Lack of confidence about the motives behind the government's foreign policy in one area can easily infect others. Take the Canadian Export Development Corporation (EDC), a federal agency whose mandate is to facilitate export trade deals. The EDC was created in 1944 as a means of helping Canadian firms to sell their goods abroad. In 1993, Parliament decided to vest EDC with expanded pow-

³² See "Priming the Pump," *Economist*, 27 May 2000, available at <http://www.economist.com>. Also see the list of "Top Overall Contributors" at the website of the Center for Responsible Politics, available at <http://www.opensecrets.org>.

³³ See the section on Cuba at the website of the Canadian Department of Foreign Affairs and International Trade, available at http://www.dfait-mae3ci.gc.ca/geo/html_documents/81600_e.htm.

³⁴ See Heather Nicol, ed., *Canada, the U.S. and Cuba: Helms-Burton and Its Aftermath*, Martello Paper 21, Kingston: Queen's University Center for International Relations, 1999.

³⁵ The website of the U.S.–Cuba Trade and Economic Council, available at <http://www.cubatrade.org>, lists such Liberal contributors as Bell Canada, Bombardier, Canadian National Railway Company, Canadian Pacific, Labatt International Breweries, Sheritt Power Corporation, and Teck as being commercially involved with Cuba.

ers, so as to better support the country's exporters.³⁶ The EDC has 5000 corporate clients in 171 countries that generate billions of dollars of business. Unlike its U.S. counterpart, the Export-Import Bank, the EDC does almost all of its work behind closed doors. The EDC view is that this is essential to protect the confidentiality of those firms that it funds, *inter alia* so as not to prejudice their international negotiating positions. Behind this veil of secrecy, the EDC had managed by 2000 to amass some \$22 billion in receivables.

Notwithstanding the financial stakes involved, the EDC is not officially accountable to the Canadian taxpayer in terms of explaining to which countries money has been lent, on what terms, and for whose corporate benefit. This can and does give rise to speculation as to who gains from its activity, as reflected in a May 2000 article in the *Ottawa Citizen* that claimed that "Liberal donors get billions in EDC help," and suggested that the corporation's real interest might be less in international development than in the economic health of contributors to party coffers. The same article claimed that several major companies that had financed the Liberal Party in the 1990s had benefited from EDC loans to carry out projects from China to Tanzania to Brazil. Against this background, it is very difficult to accept at face value EDC assertions that domestic political considerations are not a factor when it decides which projects to support. Indeed, the EDC, heavily endowed, hiding behind its confidentiality statutes and top-heavy in patronage appointments, would seem to be a handy mechanism for channeling resources to the party forming the government of the day.³⁷

The debate about national missile defense (NMD) in both North American countries furnishes just one more of any number of examples that could be put forward in illustration of the argument made in this section. The vast majority of people on either side of the Canada-U.S. border obviously lack the knowledge to decide whether the project to erect a defense system against ballistic missile attack from "rogue states" is strategically justified or not. Some believe it is, others believe it is not, and in both cases it is more a matter of intuition than sober analysis based on a rational sifting of the evidence. Many of the skeptics simply believe that more time is required to sort out the complex technological and geostrategic issues involved with NMD. But not a few of them might also be taking a stance on the basis of their suspicion that politicians in favor of NMD development and deployment must be more concerned with currying favor with defense industry interests than with promoting the "national" interest. The problem is familiar: among the top contributors to the two main American parties are several defense aerospace firms who stand to profit handsomely from a decision to go ahead with

³⁶ Colin Grey, "Exporters Laud EDC as Focused, Efficient Partner," *Ottawa Citizen*, 23 May 2000, A5.

³⁷ Paul McKay, "Liberal Donors Get Billions in EDC Help," *Ottawa Citizen*, 13 May 2000, A6; and Paul McKay and Jack Aubray, "A Tale of Two Export Banks," *ibid.*, 14 May 2000, A4.

NMD.³⁸ Similarly in Canada, most of the top military contractors are contributors to the Liberal Party.³⁹ It stands to reason that they would want to build support in government circles for Canadian participation in NMD regardless of the technical and strategic merits of the program. Such links cloud the issue and render unnecessarily problematic a critical security issue that calls for cool analysis and responsible advocacy.⁴⁰

Do as We Say, Not as We Do?

The third detrimental impact of the democratic deficit upon foreign and security policy stems from the corrosive effect it can have upon America's and Canada's ability to lead by example, critically important for countries that appear to believe in the effectiveness of "soft power."⁴¹ In a world of rapid and largely unbridled dissemination of information, the shortcomings of mature democracies are certainly not lost on the élites or even the publics of democratizing states, as was made manifest by so much of the international gloating over the electoral dog's breakfast served up by the state of Florida in the most recent U.S. presidential election. To be sure, given its size and importance in the world, America's foibles will attract a disproportionate share of attention from willing critics, even though it is hardly the leading transgressor of democratic probity.

To take just the most obvious among a vast number of examples: as the country's lively post-communist press never ceases to point out, Russia's political process remains infinitely more corrupt than that of the U.S. (even if much less corrupt than when the Russians were under totalitarian rule).⁴² But in view of the well-publicized scandals that surrounded the Clinton administration, one has to ask how credible have American press appeals to the governments of President Yeltsin and then President Putin been to curb corruption?

³⁸ See the list of "Top Overall Contributors," available at the website of the Center for Responsible Politics.

³⁹ "Coalition Calls on Liberals to Close Loopholes," *Democracy Watch Media Release*, available at http://www.dwatch.ca/camp/Rels_Feb1400.html.

⁴⁰ For an analysis of the impact of party financing on the U.S. decision to promote NATO enlargement, see my "Why Spain Should Have Been NATO's Last New Member," in *The Future of NATO: Enlargement, Russia, and European Security*, ed. Charles-Philippe David and Jacques Lévesque, Montreal and Kingston: McGill-Queen's University Press, 1999, 36-39.

⁴¹ The term was coined by Joseph S. Nye, Jr., in *Bound to Lead: The Changing Nature of American Power* (New York: Basic Books, 1990). For its applicability to the Canadian context, see Fen Osler Hampson and Dean F. Oliver, "Pulpit Diplomacy: A Critical Assessment of the Axworthy Doctrine," *International Journal* 53 (Summer 1998): 379-406.

⁴² One example among many is the *Moskovskiy Komsomolets*, the former organ of the Soviet communist party's "Young Communists" organization, which has managed a successful makeover. The *MK* has featured several articles on party political corruption, among them one written by Alexei Zverev entitled "Vzyatki v Dume beryt bez teni cmusheniya" ("In the Duma They Take Bribes"), *MK*, 22 February 2000, 2.

A country much less subject to international scrutiny than either the U.S. or Russia is Canada, where there is always the prospect that major scandals might at least be kept out of the international spotlight; whatever else Canadians might find worrisome about their place in the world power hierarchy, there is at least the solace to be derived from consideration that Canada's own democratic deficits might not sully the country's lofty declaratory policy. Even this solace is not guaranteed, however, for sooner or later disturbing news gets out.

For example, the Organization of American States accepted a Canadian plan to send a delegation to Peru in the wake of the latter's much-contested presidential election in early 2000; the delegation was led by Lloyd Axworthy, at the time minister of foreign affairs. He was quoted as arguing during the OAS discussion on Peru that genuine respect for the will of the people was a fundamental aspect of human security. But just how credible could Axworthy be on this point, when one considers that back in Canada, front pages were ablaze with stories of the government's possible misuse of taxpayer-funded grants dispensed in an employment-generation program to firms that would reciprocate by channeling campaign funds the governing party's way? At about the same time, there was also speculation in the Canadian press to the effect that some major Canadian firms operating in Peru had not only been beneficiaries of government schemes to support Canadian exports, they had also been major party contributors.⁴³

In many ways, such stories must fall into the "dog-bites-man" category, for there is absolutely nothing new to allegations about the buying and selling of foreign and security policies. Indeed, no less a figure than Dwight Eisenhower, former Republican president and commander-in-chief, coined the memorable term "military-industrial complex," when he warned in his 1961 farewell address to the nation that the Cold War had produced something . . . new in the American experience . . . the conjunction of an immense military establishment and a large arms industry. [Its] influence is felt in every city, every state house, every office in the federal government In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex.⁴⁴

There is no point in vilifying the defense industry, corporate North America, the syndicalist movement, organizations of religious persuasion, retiree associations, or any of the other groups that vie for the favor of government in a pluralist society. These groups have a right, and you could say even a duty, to defend their interests at home and abroad. The issue is that they are in a much better position to do so than the solitary elector who casts a vote but pays no money. Not only this, but the imbalance in this relationship between vested interests and citizens seems

⁴³ "Peru Tops List of EDC Basket Cases," *Ottawa Citizen*, 14 May 2000, A4; James Baxter, "Canada Wins OAS Bid to Aid Peru," *ibid.*, 6 June 2000, A4.

⁴⁴ Quoted in Martin Walker, *The Cold War*, New York: Random House, 1993, 138.

to have become more skewed in favor of the former with the altered geopolitical circumstances of the 1990s.

The Cold War, notwithstanding President Eisenhower's lofty words, was a closed system. Its central feature, the East-West strategic nuclear standoff, imposed on decision makers a hierarchy of priorities, a system of rules, a high degree of discipline, and what was perceived to be an unbearable penalty if decision makers lost sight of the strategic interest of the community that they represented, and instead permitted vested interests to distort their analysis or judgement. This geostrategic context tended to ensure that foreign policy decisions were propelled by strategic imperatives rather than fundraising pressures. With the end of the Cold War, pecuniary considerations became the tail that would often times wag the foreign policy dog.⁴⁵

Mickey Cantor, President Clinton's first trade representative, explained the need to "reverse the normal hierarchy that places foreign policy above commercial concerns," and made this trenchant observation: "The days when we could afford to subordinate our economic interests to foreign policy concerns are long past."⁴⁶ Similarly, it was significant that in Canada the Liberal government, in its 1995 statement on foreign policy, placed the promotion of prosperity and employment at the top of a list of three priorities for its foreign policy, with the other two being the protection of Canadian security and the projection of Canadian values and culture.⁴⁷

With the notion that foreign policy interests should be subordinated to economic interests, the stage was set for large-scale campaign financing abuse. As was traditionally the case, government would use its good offices to defend the interests of the champions of national industry, and in the process contribute to the creation of exports, jobs, and overall prosperity. What could be objectionable about that? Possibly plenty, because with the end of the Cold War, one could no longer assume that such decisions would be subject to scrutiny for their strategic relevance, their impact on regional stability, or their repercussions for one or the other regime that the government might want either to buttress or undercut.

The disappearance of a compelling strategic rationale for action could not help but raise doubts about the government's motivation in foreign policy. In Canada, many wondered why the government was bending over backwards to shield Indonesian President Suharto from having to witness peaceful domestic protest during his 1997 state visit? Did it want to strengthen the increasingly wobbly regime in Djakarta (it would fall a year later) because it felt that this was the best option for stable change on the archipelago? Or was its attitude triggered by the concerns of the heavy hitters of Canadian industry with investments in Indonesia,

⁴⁵ See Samuel P. Huntington, "The Erosion of American National Interests," *Foreign Affairs* 76 (September/October 1997): 28-49.

⁴⁶ Quoted in "The World According to Gore," *Economist*, 6 May 2000, 30.

⁴⁷ *Canada in the World*, 10.

who wanted to support Suharto's continued reign at all costs?⁴⁸ The point is not to traduce legitimate business interests; rather it is to ask how such interests should factor into the government's policy formulation. It is also, most importantly, to query whether an effective democracy can afford to be burdened with the suspicion that special interests, as opposed to the public interest, dictate policy.

Conclusions

Needless to say, Canada and the U.S. each has a national interest in modernizing and retooling their democracies. But in some respects they also have a common interest, or an interest that can be addressed in parallel. In the first place, the two countries now enjoy a degree of interdependence that demands increasing symmetry in domestic policy.⁴⁹ The mechanisms for arbitration under NAFTA would make little sense if one country were radically to outdistance the other in terms of comparative democratic credentials. Second, the two countries generally have the same broad foreign policy objectives, even if their methods and national aspirations can be quite different. Third, to paraphrase a recent article in *Foreign Affairs*, with campaign finance going global in the 1990s, it has become necessary to address possible abuses multilaterally. According to the author, Jane Bussey, [T]he emergence of vast new wealth around the globe, tethered to no single nation, has become a weapon for buying influence and a force for local and global corruption. Campaign finance, know-how and skullduggery have gone global, while national mechanisms for regulating them have failed to keep pace.⁵⁰

Furthermore, it is only fitting that Canada and the United States work together in addressing the question of democratic reform not only in their own jurisdictions but also elsewhere in the Americas. They have a particular interest in working together with Mexico, their partner in NAFTA, which has made important strides in recent years in democratizing its political system, including its approach to party financing and, in particular, in ensuring that publicly-provided resources for parties are more important than those contributed privately.⁵¹ With all three countries having held elections in 2000, there can be important opportunities over the short term for taking a new look at the issue of democratic reform and party financing.

⁴⁸ For a devastating critique of Canada's motivations in its dealing with the Suharto regime, see David Webster, "In Suharto Regime's Dying Days, Canada Looked for More Business," available at the website of Canadian Action for Indonesia and East Timor, <http://www.redeagle.com/cafi/tbc/articles/suharto.htm>.

⁴⁹ According to Statscan, the Canadian federal statistics agency, in 2000 some 86 percent of Canadian exports went to the U.S., while 74 percent of imports came from there. See <http://www.statcan.ca>.

⁵⁰ Bussey, "Campaign Finance Goes Global," 75.

⁵¹ For a description of the Mexican system, see the website of the Instituto Federal Electoral at <http://www.ife.org.mx>.

What could that fresh start involve? While legislation is bound to evolve unevenly across North America, there are a number of principles to which its leaders could usefully commit.

First, there is a need for substantially more resources to be made available for the political process. These resources should be sufficient to allow political parties to function as entities that are as active between elections as they are during election campaigns, engaged in an ongoing quest for the best possible solutions to domestic and foreign policy problems, and not primarily bodies dedicated to bringing out the vote. The parties have to be able to integrate the interests of society's myriad groups into a functioning whole. If they do not do it, who will?

Second, the funding system should ensure that political parties are more reliant on monies contributed by the electorate than those contributed by special interests and lobbies, whether they be from industry, labor, civil society or abroad. For the public's money to talk as loudly as the lobbyists' in the formulation and execution of policy, public funding should constitute more than fifty percent of the resources flowing to the parties.

Third, to make the system work, transparency when it comes to the sources of financial support for parties has to be placed at a premium. Total transparency is impossible. Even Germany's relatively sophisticated system of public funding for parties and financial reporting did not prevent the *Spendenaffäre*. Still, severe penalties for contributors and parties that conceal contributions can make a difference.

Fourth, all of this has to be flanked by serious efforts to raise the level of public awareness of the issues involved, in the school system, in higher education, in the press and on the part of public officials. The amateurism and *ad hoc*-ery that characterizes the current way of doing things is a disservice to democracy.

Finally, the democratic effort also needs to be the focus of greater international policy being formulated and conducted in concert. In June 2000, some 100 democratic and democratizing states gathered in Warsaw to sign a manifesto in which they agreed to "...collaborate in democracy-related issues in existing international and regional institutions." This, and the establishment in recent years of INGOs devoted to democratic development, such as IDEA and Transparency International, are important steps in the right direction. But if democracy is to continue to flourish globally, the mature democracies will have to accept that their efforts to monitor the performance of democratizing states and to help them overcome their shortcomings must be carried out in tandem with their own structural reforms. The stakes are indeed enormous. Democratic renewal in the mature democracies is essential if their commitment to democratization in the world of developing and transition countries is to be sustained. But it is also essential if the mature democracies are not themselves to be engulfed in de-democratization. Seen from these perspectives, democratic renewal and democratic reform would

appear to be of critical importance in any effort to safeguard peace, security and stability, both at home and abroad.