

Coercive Democratization: Lessons for the Future of Iraq?

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Resumen.

La idea de construir una democracia en Irak para transformar el Oriente Medio es notable. Algunos analistas creen que la idea es absurda y predestinada al fracaso. Otros, a pesar de las reservaciones que tengan, ofrecen recetas para lo que Irak, los Estados Unidos y la comunidad internacional tienen que hacer para conseguir cualquiera oportunidad para tener éxito en Irak. (Ningún esfuerzo principal, que haya descubierto el autor, presenta ninguna estrategia detallada para la democratización entera de la región.) Este trabajo pretende analizar varios de los planes propuestos, que se basan en esfuerzos anteriores a la democratización coactiva – pos-Segunda Guerra Mundial, Bosnia, Haití, Kosovo, etc. Por fin, la investigación del autor sobre Alemania, Japón y, únicamente, la Rusia de los 1990, se considera. Más allá de la variedad de tareas militares, políticas y económicas ("factors") propuestas en la mayoría de los planes, el autor propone que ciertas fundaciones y desarrollos ("dynamics") más amplios son necesarios. Estos incluyen, entre otras cosas: líderes con talento cometidos en la patria y entre los poderes internacionales y, también de ambos lados, los beneficios de "aprender." El autor busca discurso sobre cuales elementos de estos planes aplican al Irak actual.

Abstract.

The idea of building a democracy in Iraq in order to transform the Middle East is remarkable. Some analysts think that the idea is absurd and doomed to failure. Others, despite reservations they may have, offer prescriptions for what Iraq, the U.S. and the international community must do to have any chance for success in Iraq. (No major effort, as far as the author has discovered, lays out a detailed strategy for full democratization of the region.) This paper analyzes several of these suggested plans, which are based on previous efforts at coercive democratization – post-World War II, Bosnia, Haiti, Kosovo, etc. Finally, the author's own research on Germany, Japan and, uniquely, 1990s Russia, is considered. Beyond the variety of military, political and economic tasks ("factors") proposed in most plans, the author proposes that certain broader foundations and developments ("dynamics") are necessary. These include, among other things: talented, committed leadership in the home country and among the international powers and, also on both sides, benefits from "learning." The author seeks discussion on what elements of these plans apply to Iraq today.

Coercive democratization – external (foreign) forces bringing democracy to (or "upon") a nation is controversial – but it is not new. Positive and negative lessons can be drawn from experience with directly coercive democratization (such as postwar Germany and Japan, and others) and externally-guided democratization (such as early 1990s post-communism). It is unquestionable that Iraq and the international order today are remarkably different from earlier cases. But it also be true that the efforts and outcomes of previous cases can offer insight on current military, economic and political concerns.

The idea of building a democracy in Iraq in order to transform the Middle East is remarkable. Some analysts think that the idea is absurd and doomed to failure. Others, despite reservations they may have, offer prescriptions for what Iraq, the U.S. and the international community must do to have any chance for success in Iraq. What, if any of this, is helpful to the theoretical and policy debates?¹

This paper is composed of four parts. The first is a review of the traditional standards in democratization and political development theory. The second is an introduction to the existing research on postwar democratization. The third part examines various research efforts which seek to understand the lessons of democratization from other cases and ask whether those lessons may apply to Iraq. Research projects from three nonpartisan think-tanks are outlined. Each of them considers a variety of cases (Germany, Haiti, Bosnia, etc.) with the lessons for Iraq as

¹ The author brings this paper to a conference of experts on the Middle East not because he is one, but specifically because he is not. The author brings a background in democratization, political economy and U.S. foreign policy. He does not seek a debate on the merits of the whether or when the Coalition should have invaded Iraq and Saddam Hussein's regime. Rather, he is eager to gain insights on the efforts of the Coalition after the war, and of the tasks that remain for Iraq, its neighbors and the international community.

the specific goal. The remainder of the paper is based on research which considered the lessons of postwar Germany and Japan and the experience of post-Cold War Russia. Although not originally intended to address Iraq, it asks similar questions and may raise relevant suggestions.

I

Traditional standards in democratization/political development theory

Guillermo O'Donnell and Philippe Schmitter,² based on Latin America and South America in the 1970s, concerned themselves with concepts such as transition, liberalization, democratization and socialization. Among their key findings was the reluctant observation that a moderate pace and moderate goals were necessary; the recognition of the extent to which uncertainty – of events, leaders, populations, fortune, international issues, etc. – plays in a transition; the need to get adversaries to agree to the rules of the game (including "pacts"); and the need to push hard for reform but not so hard as to cause a civil war. For O'Donnell and Schmitter, democratization was "nonlinear, uncertain, and reversible," and "satisficing" rather than value-maximizing.

Juan Linz and Alfred Stepan³ considered democratization from the early 1970s through the early 1990s, with the additional experience of early post-communist Europe. For Linz and Stepan, a country had five arenas to become consolidated: lively civil society, an autonomous political society, the rule of law (in a constitution but also broadly accepted in practice), a usable state (that is, a decent bureaucracy), and an economic society (with markets and supporting institutions). They judged there were two major independent variables: the degree of "stateness" and the prior regime type. Five minor independent variables also contributed: leadership, initiation and control of transition, international influences, political economy, and constitution-making. Among their policy recommendations were that political reform should precede economic reform, and that parliamentary systems are better than presidential ones.

Larry Diamond and Marc Plattner collected analyses based on a decade of post-communist experience.⁴ Among the findings of the authors were the continuity of elites from communist to post-communist regimes, the importance of building civil society, the sheer difficulty of the political and economic tasks, and the lack of consensus on how to address them. Two other Diamond and Plattner collections reflect a changing sense about the prospects for global democratization.⁵ The first, published in 1993 and 1996, is cautious but generally optimistic about the expansion of democracy after the Cold War. Concerns include Diamond's note that, "democratic performance is affected

² O'Donnell and Schmitter, *Transitions from Authoritarian Rule* (1986)

³ Juan Linz and Alfred Stepan, *Problems of Democratic Transition and Consolidation* (1996).

⁴ Larry Diamond and Marc Plattner, eds., *Democracy After Communism* (Baltimore: Johns Hopkins Univ., 2002). Diamond was an advisor to the Coalition Provisional Authority.

⁵ Diamond and Plattner, *Global Resurgence of Democracy* (Baltimore: Johns Hopkins Univ., 1993, 1996) and *Global Divergence of Democracies* (Baltimore: Johns Hopkins Univ., 2001).

by a number of factors that pull in contradictory directions."⁶ The second, from 2001, asks questions about "reverse waves," the universality of democracy, economics, globalization, and the distance between electoral and liberal democracy.

II

Existing research on postwar democratization

An uncommon subset of the democratization literature is research on postwar democratization. During the period preceding the war in Iraq, Princeton's Nancy Bermeo considers the range of this research, but she does not consider Iraq in her discussion.⁷ Rather, she considers democracies which have formed since World War II, and the conditions under which they were formed.

Bermeo finds that there is much to learn from the academic literature about the role of internal and international wars and the formation of democracies, but that there is little research directed at this question directly. She examines two sets of countries: countries that are electoral democracies and countries which the Freedom House Survey considers free. Of the 73 electoral democracies, 36 were formed in peacetime, and 37 were formed after an internal, international or mixed war. Of the 42 "free" countries, 21 were formed in peacetime and 21 after a war.¹ ⁸ In short, half of the democracies formed after World War II were formed after a war.⁹ The impact of peacetime or postwar origins of democratization, then, seems important to consider but so far has been largely ignored.

Bermeo asks two questions. First, Can war be good for democracy? Her review of the literature finds the answer is Yes, for wars that are won, lost or even wars which are possible but avoided. The answer is especially affirmative for countries whose old regimes have been defeated thoroughly.

Postwar transitions to democracy do not appear by themselves, however. This leads to Bermeo's second question, What does the construction of a stable postwar democracy require? She finds that elites face two challenges: to raise the cost of violent competition, and to lower the cost of electoral competition. Raising the cost of violence includes securing against military, civil or international hostility, and using international monitors and assistance as necessary. Lowering the cost of electoral competition means eliminating all-or-nothing scenarios by using political pacts, federalism, real political parties, and parliamentary (not presidential) systems. To

⁶ Diamond and Plattner (1996), chapter 8.

⁷ Nancy Bermeo, "What the democratization literature says – or doesn't say – about postwar democratization," *Global Governance*, April-June 2003.

⁸ Bermeo excluded countries in the Caribbean and countries with a population less than 500,000.

⁹ It may be worth noting that of Bermeo's 12 of the 36 peacetime-origins electoral democracies and 9 of the 21 peacetime-origins "free" countries were formed in the aftermath of the Cold War and the collapse of the Warsaw Pact military alliance.

Bermeo, the academic literature suggests that economic growth is helpful but not necessary for democracy.¹⁰

III

Research specifically targeted at postwar Iraq

Minxin Pei and Sara Kasper examine 16 cases of regimes after U.S. military intervention during the 20th century.¹¹ Although there were many more than 16 cases of U.S. intervention during this time, the authors judge these 16 to be the only "nation-building" cases. The cases from before World War II are Cuba (three times), Panama, Nicaragua, Haiti and the Dominican Republic. Post-WW2 cases are Germany, Japan, Dominican Republic, South Vietnam, Cambodia, Grenada, Panama, Haiti and Afghanistan (for which it is too early to make a conclusion).

Pei and Kasper conclude that only four cases could be counted as successful ten years after the effort: Germany, Japan, Grenada, Panama. One emphasis of the authors is that of the 11 cases where there was U.S. direct administration or a surrogate regime, all proved to be failures except Japan. Panama and Grenada are classified as local administration, Germany as multilateral administration.

The authors determine that there are seven factors relevant to U.S.-led nation-building in Iraq. These are: strong national identity, effective state capacity, previous experience with constitutionalism, elite interests aligned with the U.S., popular interests aligned with the U.S., ability to absorb economic assistance, and international legitimacy under a multilateral interim administration. The authors were not optimistic in any of these categories; they were pessimistic in the first three and "questionable" in the last four.

In another effort, Robert Orr led a team of scholars investigating post-conflict reconstruction.¹² It looked at six cases: Japan, Kosovo, East Timor, Sierra Leone, Afghanistan and Iraq. Obviously, this leaves Germany and Bosnia as glaring omissions.

Orr et al. found four primary areas ("pillars") to be addressed in post-conflict reconstruction: security, governance and political participation, social and economic well-being, and justice and reconciliation. For each of these, they break down the tasks

¹⁰ The balance of the article addresses concerns about the in Africa, which Bermeo says has 35 percent of the Third World's electoral democracies. She does not address Middle Eastern or Islamic countries.

¹¹ Minxin Pei and Sara Kasper, *Lessons from the Past: The American Record on Nation Building* (Carnegie Endowment for International Peace, Policy Brief 24, May 2003).

¹² Robert Orr, ed., *Winning the Peace: An American Strategy for Post-Conflict Reconstruction* (CSIS Significant Issues, No. 26, 2004).

and goals over three time periods: initial response, transformation, and fostering sustainability.

Security considerations include the importance of the international role in securing control of the belligerents, territorial integrity, protection of the populace, protection of critical institutions, infrastructure and leadership, reconstruction of indigenous security institutions, and regional security. Governance and political participation includes a range of interests that fall into three categories: helping to support a process for constituting a legitimate government, enhancing the new government's capacities, and helping to ensure broad participation in the government and the reconstruction process. Social and economic well-being require post-conflict attention to six areas: macroeconomic stability and institutions, natural resource management, the private sector, international trade and investment, education, and health.¹³ Justice and reconciliation address two wide areas: police, legal, judicial, and correctional systems that are based on rule-of-law and attentive to human rights; and mechanisms for dealing with past abuses and resolving grievances arising from conflict.

In addition to these four areas, the authors bring forth a set of ten essential principles, or operational guidelines. The main points are that (1) plans, needs, efforts and success need to be focused on the internal situation, not driven by the headquarters of international parties with their own agendas, thousands of miles away (2) planning must take place well in advance, with appropriate goals and sufficient resources, and (3) planning and execution must take place in cooperation with the local institutions. Over the long-term, the authors sought to "launch virtuous cycles" of stable peace, which lead not only to humanitarian advances but also to creating environments friendly to the development of "freedom, democracy and prosperity" in the country and in the region.

James Dobbins also led a team evaluating *America's Role in Nation-Building* since the World War II.¹⁴ The back-cover reviews included remarks from the head of the Coalition Provisional Authority, Paul Bremer, calling it "...a marvelous how-to manual...I have kept a copy handy...since my arrival in Baghdad."

Dobbins' team considers seven case studies: Germany, Japan, Somalia, Haiti, Bosnia, Kosovo and Afghanistan. Each case study examines the challenges (security, humanitarian, civil administration, democratization, and reconstruction), the U.S. and international roles (military, civil and economic), what happened (security, humanitarian, civil administration, democratization, and reconstruction), and lessons learned.

The statistical analysis was based on inputs that included military presence, police presence, total economic assistance, per capita economic assistance, and

¹³ Johanna Mendelson Forman, author of the chapter on social and economic well-being in the CSIS report, particularly notes the importance of focusing on HIV/AIDS in post-conflict societies.

¹⁴ James Dobbins et al., *America's Role in Nation-Building* (Santa Monica, California: RAND, 2003.)

economic assistance as a percentage of GDP. Measured outputs included the number of post-conflict combat deaths by U.S. forces, time elapsed between end of conflict and first elections held, return of refugees and displaced persons, and growth in per capita GDP.

Based on a review of the cases, the authors offered a range of conclusions. The most important, they judged, was that the level of effort in time, manpower and money is the most important variable – the more, the better. Relatedly, they find that there are tradeoffs between multilateral and unilateral efforts. Iraq, they suggest, requires a balance of unity of command and international burden sharing, both for the level of military and economic commitment that is required and for long-term legitimacy at home and abroad.

Another conclusion is that security must precede reform, and that security depends upon a sufficient postwar stabilization force. Artificial deadlines and too-early elections can be counter-productive. Accountability for past injustices is very difficult but can prove very rewarding for a country moving forward. Serious difficulties can result from political, ethnic and sectarian fragmentation and potentially disruptive neighbors; Iraq has both characteristics.

The authors go on to offer dozens of specific tasks that Iraq and the international community need to address they base these on the lessons of previous efforts and on their judgment of Iraq's strengths and weaknesses. In short, the authors emphasize the need for the international community to offer sufficient commitment, in terms of time, personnel and money, to create security and stability and to make the institutional changes that are needed.

IV

Germany, Japan, and Russia

The last analysis of comparative coercive democratization to be considered here (at length) was written in review of U.S. policies toward Russia – not written about or for Iraq.¹⁵ It was largely researched before September 11, 2001, although the writing was completed later.

The analysis of democratization and U.S. foreign policy considers three case studies: postwar Germany and Japan, and post-Cold War Russia. Obviously, the United States did not lead a military occupation of Russia. But each had been large, industrialized nations. The broad goals of the three cases were similar: transformation of a former adversary and integration of it into a peaceful community of states. The

¹⁵ James M. Quirk, *Peace through Integration Integrating Former Adversaries into a Cooperative Community in Search of Peace and Stability*, Ph.D. dissertation, The Catholic University of America, Washington, D.C., April 8, 2003.

tasks to achieve these goals were also similar: reducing the military threat, democratization, and economic restructuring and recovery.

There is also the question of motive. Self-interest is the primary inspiration in shaping foreign policy, but "this does not rule out idealism or humanitarianism which may also be in the nation's interest."¹⁶ It was both realism and idealism that motivated American occupation policy toward Germany and Japan and American assistance to Russia in the 1990s. Arguably, it was both realism and idealism that motivated intervention and reconstruction in Iraq, as well.

The question raised from this research, and with consideration of the research projects outlined above, is what is here that will (1) help us understand Iraq, (2) help us advance the policy debate there, (3) help political scientists better understand democratization?

The goals set forth by the occupations evolved to include demilitarization, democratization and economic restructuring and recovery. There were national and international causes for this evolution. The first goal was eliminating the military threat. But in this, Adenauer, Yoshida and Hirohito each noted the benevolence of the occupations. Difficulties were encountered and managed, relying on a principled but flexible approach. Many of the reforms which the occupations installed but which the post-occupation governments removed were later reintroduced.¹⁷ Early analyses of the occupations were critical.¹⁸ But the "real measure of success is not the process, but the results."¹⁹ Progress was substantial to the point where there was "no temptation to flirt with totalitarianism" or other nondemocratic avenues.²⁰ The recognition that Germany and Japan were developing into free-market, democratic bulwarks against communism created a high estimation of the impact of American efforts, derivatives of which then were applied with less success in the developing world.²¹

Whatever criticisms exist of development aid since the 1950s, the Soviet Union/Russia in the early 1990s did not resemble Rhodesia or Upper Volta. It resembled in more ways the conditions of postwar Germany and Japan. With some international assistance, the hope was that Russia would soon be a peaceful free-market liberal democracy, and integrated as a member of that community known as "the West." The postwar experience offered as its lessons the idealism that the United States had the

¹⁶ Thomas A. Bailey, *The Art of Diplomacy: The American Experience* (New York: Meredith, 1968), p. 82.

¹⁷ For an elaboration of these concepts, see the following in Robert Wolfe, ed. *Americans as Proconsuls: United States Military Government in Germany and Japan, 1944-1952* (Carbondale and Edwardsville: Southern Illinois University Press, 1984): John D. Montgomery, "Artificial Revolution Revisited – From Success to Excess," Edward N. Peterson, "The Occupation as Perceived by the Public, Scholars and Policy Makers," and James W. Riddleberger, "Impact of the Proconsular Experience on American Foreign Policy."

¹⁸ See, e.g., T.A. Bisson, *Prospects for Democracy in Japan*, (New York: Macmillan, 1949), and analysis in Peterson in Wolfe (1984).

¹⁹ Riddleberger in Wolfe (1984), p. 395.

²⁰ Kazuo Kawai, *Japan's American Interlude* (Chicago: University of Chicago, 1960), p. 182.

²¹ Riddleberger in Wolfe (1984), p. 396; Peterson in Wolfe (1984), p. 422.

capacity to fundamentally reshape Russian institutions and values, and the realism that it was in the U.S.'s own interest to do so.

Factors and dynamics: factors. Among the important questions were whether there were certain factors and dynamics that proved constructive in the postwar experiences, and consideration of their application or development in post-Cold War Russia. Demilitarization meant disarmament, purges, war crimes trials, constitutional changes regarding the military, and a security arrangement with the United States. Democratization included dealing with the old elites, political purges, democratic constitutions, and efforts to convince Germany and Japan that democratization was good. Economic restructuring included fiscal and monetary reform, structural reform, establishment of trade relations and economic democratization such as labor and land reform and deconcentration of ownership. Some of these policies evolved as the Cold War began to develop.

Military factors. In postwar Germany and Japan, the first goal was elimination of the military threat; the means the United States and its allies used were occupation and demilitarization. Occupation and essentially complete demobilization were never goals or prospects in Russia. The United States never sought to eliminate the Russian military, but reductions on both sides were made through domestic leadership choices and through arms negotiations. Russia's economic collapse caused additional military downsizing, and U.S. efforts were made to secure WMD concerns. Unlike the postwar threat of communism, post-Cold War Russia and the U.S. lacked a common external threat to compel cooperation. They did share concerns about nuclear and other WMD material. The weapons, material, technology and scientists might become employed by rogue states or non-state terrorist groups. Additionally, there was the risk of environmental catastrophe; the Chernobyl accident cast a long shadow. Despite efforts at cooperative threat reduction, monitoring, storage and disarmament, the same criticisms were detailed in late 2002 as in the 1990s: underfunding, insufficient cooperation between the U.S. and Russia, and insufficient cooperation between each country's own agencies.²²

Germany and Japan experienced complete purges of their military elites. Gorbachev initiated some forced retirements, but it was not U.S.-led, and it was not as extensive as in the occupations. Germany and Japan also had sharp constitutional restrictions on their military. Despite massive withdrawals from Eastern Europe, Russia's military was never similarly limited. It did become enmeshed in a brutal struggle against ethnic separatists, and was even called upon to break a legislative deadlock, but it did not exhibit even the threat of aggression against the West. Even before the founding of NATO, the western sectors of Germany were being integrated into the postwar security architecture as allies of the United States, UK and France, against the Soviet Union. Demilitarized Japan was secured under American military control and protection. In developments that are remarkable compared to 1985 or 1989,

²² See, for example, a summary of the panel on "Reshaping US-Russian Threat Reduction," Carnegie International Non-proliferation Conference, November 14-15, 2002, on the web site of the Center for Defense Information, www.cdi.org/russia/232-8.cfm.

the Soviet Union became a member of NATO's North Atlantic Cooperation Council in late 1991. Russia signed a Partnership for Peace agreement in 1994, and its unique relationship was extended again in the Founding Act of 1997. In response to the perceived failures of the Act, the NATO-Russia Council was formed in 2002. It gave Moscow "opportunities for consultation, joint decisions and joint actions" in a wide range of issues – but not full membership.²³ Despite greater participation in the OSCE and cooperation with NATO, there developed no new, visionary security construct, and Russia could not be squeezed into the old. It did not become a member of NATO as its former Warsaw Pact allies were brought in. But the decade's progress was unmistakable. By the time of the 2002 NATO expansion, which included former Soviet republics, "Russia reacted with relative calm....without adding the usual ritual lamentations that further expansion by NATO would be a serious mistake."²⁴

Political factors. After the 1993 military assault on the parliament, there was significant progress in the political transformation of Russia. As in Germany and Japan, Russia got a new constitution, establishing new institutions and placing sovereignty in the people. The constitution was not written by Americans (although many worked on earlier drafts), but by appointees of a popularly-elected president, and it was approved in a national referendum. The constitution gave the president strong powers, but unlike under Gorbachev, the Russian president was subject to regular elections. Grassroots political party development was slow, with many centered on one individual or issue. But numerous parties (including the Communist Party) competed in a new legislature, a body that proved at times to be strong enough to counter the president. Despite all the economic troubles, Russian voters did not take the opportunity to return old-line communists to the main seat of power. This leaves Russia with an important accomplishment yet to be achieved – the peaceful transfer of power to an opposition party. But this, too, matches the postwar experience: West Germany was led by the CDU/CSU from 1949 until 1969, and after some initial shuffling, Japan was led by the LDP from 1948 until 1993.²⁵

Unlike in Germany and Japan, there were no political purges in Russia. Rather, many Soviet-era communists became politicians of various conservative or reform stripes, in wide measure accepting elections as the only legitimate formal route to power. In this way, Soviet-era elites, now of various political philosophies and agendas, survived the transition to the new political system, as German and Japanese elites did after the purges ended. As in Japan, much of the bureaucracy was retained in Russia. Similarities to Japan's "iron triangle" of business, the bureaucracy and the ruling party could be seen in Russia's Gazprom. The massive influence of oligarchs waned with the end of rent-seeking opportunities after the 1998 crash and with the departure of Yeltsin.

²³ NATO-Russia Council fact sheet, U.S. Department of State, May 28, 2002, www.state.gov/p/eur/rls/fs/10517.htm.

²⁴ A. Piontkovsky, "The CFE Treaty and NATO expansion," *Russia Journal*, November 29, 2002, <http://therussiajournal.com/index.htm?obj=29484>.

²⁵ More accurately, the Japanese prime ministers had the support of the Liberal Party, Democratic Party or a coalition of the two from 1948 to 1955, when the two parties merged to form the Liberal Democratic Party.

As in the postwar era, there were deliberate U.S. strategies at re-education, especially through student, corporate and governmental exchange programs, university partnerships, the expansion of Internet access, and media training. These recall the plans of Acheson to end Japan's "will to war" – to change the psychology of the Japanese civilization.²⁶ Democratic rights came to be valued by the elites and the masses, and institutions evolved. But even with military occupation, the United States could not always fully compel Germany and Japan to implement all the American changes. Germany balked at certain educational reforms; Japan dragged its feet on zaibatsu-busting and land reform. So too in Russia were reforms delayed, even through the end of the Yeltsin era. Land reform and criminal jury trials, for example, were not introduced until the Putin administration.²⁷

Despite the shortcomings of U.S. assistance efforts in Russia (postwar program difficulties were noted by occupation scholars as well), many helped produce important benefits. However, these benefits began to be at least partially offset by the emergence of a sense that the U.S. was to blame for the Russian economic decline and loss of global prestige.

Economic factors. In the economic sphere, Germany, Japan and Russia each experienced dramatic declines and widespread suffering. But conditions in Russia were made worse by the contrast with the early promises of rapid reform and recovery – perhaps within 500 days. Macroeconomic stabilization was not truly achieved for several years. Mistakes in the reform process led to a circle of failure. Rule of law, enterprise restructuring, tax collection, central bank lending, campaign-promise spending, capital flight, revenue shortfalls, government overborrowing, lack of foreign direct investment, and state-private corruption – all these were related and negatively reinforcing. Russia was at the additional disadvantage that it had never known markets in the lifetimes of its population, and therefore lacked an appropriately-skilled "management class."²⁸ Despite all this, markets and owners did develop. But with the Putin administration came "a substantially improved fiscal situation and a perception of greater political stability."²⁹ Russia's personal and commercial tax regimes were reformed in 2000 and 2001, respectively, while the tariff system was simplified and administrative barriers to establishing private businesses were reduced. Putin reinvigorated the effort to address major obstacles to foreign direct investment and Russian domestic private capital: weak and unpredictable judicial, enforcement and banking systems.

²⁶ John W. Dower, *Embracing Defeat: Japan in the Wake of World War II* (New York: Norton, 1999), pp. 444-445.

²⁷ S. LaFraniere, "Russian courts give power to the people," *Washington Post*, December 22, 2002, p. A24. Land reform is considered further, below. Importantly, this study focused on the Clinton-Yeltsin era, and not on Putin. Certainly, however, Putin's initial reforms, and his challenges to the media, oligarchs, and non-governmental organizations, among others, are important indicators in noting the path and prospects for democracy in Russia.

²⁸ As Germany and Japan did, while their economic elites were purged.

²⁹ "2001 Country Reports on Economic Policy and Trade Practices," U.S. Department of State, February 2002, www.state.gov/documents/organization/8234.pdf.

Economic democratization in Yeltsin's Russia was also mixed. Widespread privatization was accomplished, but old directors retained much of the power, and a handful of oligarchs gained the most valuable assets. The development of labor unions remained restricted under Yeltsin, with the Federation of Independent Trade Unions maintaining a virtual monopoly, and the legal designation of wage arrears and nonpayment as the problem of individual workers rather than subject to collective bargaining and strikes. Yeltsin and his American (and other) advisors were unable to advance significant land reform, which proved so important in Japan. Legislation in 2001 that permitted the sale of commercial and residential land paved the way for the beginnings of a home-owning middle class and an increase in capital investment.³⁰ This was followed in 2002 by an agricultural bill establishing regulations for private farm ownership and sales.³¹

Internationally, Russia was never a candidate for the European Union, but after a decade of independence it was still not a member of the World Trade Organization either (although negotiations continue). Russia lacked the major economic stimulus of the Marshall Plan or the Korean War, nor was it granted special access to American or other markets for its exports. U.S. and international agencies continued their trade promotion efforts. In 2001, EBRD was working with Russia's largest power utility and ammonia, dairy, appliance and automobile manufacturers on corporate governance, attracting FDI and restructuring monopolies.³² The U.S. Trade and Development Agency had projects in agribusiness, petrochemicals, wind power plants, e-government and airport modernization in 2001 and 2002.³³ OPIC had Russia programs for consumer services, banking and small business in 2002, while the U.S. Export-Import Bank agreed to financing for up to \$300 million dollars with three Russian oil companies.³⁴ Overcoming seven decades of communism and a decade of bungled capitalism will be a long-term effort. But after 1998, with a devaluation of the ruble, a shift to more normal business and economics, and a boost from increased oil exports, a bona fide middle class was in the formative stages.

Factor substitutes? Re-development need not be identical across the cases. The most dramatic difference, of course, was the condition of military occupation. To what extent could Russia's "already moving in the right direction" have ameliorated the lack of U.S. occupation? Indeed, the extent to which Russia demilitarized itself might be a better indicator of future prospects than the forced postwar demilitarizations, since Russia's actions were ultimately its own, not that of an occupying force. Russia never

³⁰ R. Balmforth, "Stroke of Putin pen gives Russians land ownership," Reuters, October 26, 2001, at Center for Defense Information, www.cdi.org/russia/johnson/5509.cfm.

³¹ "Putin signs bill on deals on agricultural land," *Pravda*, July 25, 2002, <http://english.pravda.ru/politics/2002/07/25/33171/htm>.

³² Various sources on ebrd.com.

³³ US TDA press releases, October 17, 2001 (www.tda.gov/trade/press/Oct17_01.html), November 13, 2002 (www.tda.gov/press/Nov13a_02.html) and June 19, 2002 (www.tda.gov/press/June19_02.html).

³⁴ OPIC press releases, August 2, 2002, November 12, 2002 and December 3, 2002, at www.opic.gov/PressReleases/press02.htm. ExIm press release, October 1, 2002, www.exim.gov/press/oct0102a.html.

TABLE 7.1 – Political, Economic and Military Factors

FACTORS	Germany	Japan	Tried in Russia	Success in Russia
Eliminate military threat	Yes	Yes	Some, mutually	Direct - yes Indirect – no
Military purges	Yes	Yes	Some (Gorbachev /Russia, not US)	Partial
Constitutional limits on mil	Yes	Yes	Limited	Limited
International institutions/mil.	Yes	Yes (US, not international)	Some	Some
New constitution	Yes	Yes	Yes	Yes
New political institutions	Yes	Yes (changes to emperor)	Yes	Yes
Political purges	Yes	Yes	No	Some, via conversion
Re-education	Yes	Yes	Yes	Yes; but offset by econ failures
Macroecon Stabilization	Yes, in time	Yes, in time	Yes	Only after long failures
Economic democratization	Yes	Yes	Yes	Mixed
International econ institutions	Yes	Yes (more US than international)	Some	Limited

planned to be without a military, and the U.S. never expected it to be. Russia's economic decline forced cuts in acquisitions and training, but it retained keen interest – and sometimes an actual presence – in its "near-abroad". It also sought to remain a world power: in the United Nations and OSCE, as a member of the Contact Group for the wars in the Balkans, and on its own. Unlike the postwar specter of communism, there was no threat perceived to be important enough to compel U.S.-Russian cooperation in the 1990s. The environmental and security risks of nuclear weapons, scientists and materials were treated seriously, but proved vulnerable to intra- and inter-

governmental disagreements which sharply limited the comprehensiveness of efforts. These notions proved lasting, though, as Russia and the other G-8 nations negotiated at the June 2002 meeting for the cancellation of Soviet-era debt in exchange for more Russian funding of CTR projects. NATO expansion toward Russia, but exclusive of it, was a source of conflict. But the decade of exchanges, negotiations and joint operations paid dividends for the U.S. when it moved into Central Asia. After initial cooperation after September 11 and subsequent differences over Iraq, Putin and Bush seemed to take a pragmatic approach to each other.³⁵

Although about 15 percent of all Russians and three-quarters of the Russian elites told pollsters they had been members of the CPSU,³⁶ vast political purges of communists and ex-communists proved unnecessary for Russia. Communists, socialists, nationalists, reformers, regional interests, single-issue parties and individual candidates vied in competitive legislative elections throughout the Yeltsin era. The American government and private organizations worked to restructure the Russian governmental institutions and assist in the establishment of civil society. Compared to the rise in confidence among Germans and Japanese in their countries' recoveries, the decline in the Russian perception of benevolent and effective assistance from the United States became a real issue. The economic slide and U.S. support of Yeltsin even when he was non-democratic raised questions not only about American capacity for helping the new Russia but also its intent.

In economics, there is, of course, no "substitute" for rapid, effective macroeconomic stabilization. The United States and international institutions must work vigilantly with Russia to guard against any future economic catastrophe. Tax, land, small business and other reforms were belated but also might have served as a "re-invigoration" of reforms – perhaps akin to a "reverse course" from crony capitalism and oligarchy. For Putin and the postwar reverse course efforts, the shifts in policy sought economic improvement – for political and security reasons in Germany and Japan, but perhaps for more basic economic reasons in Russia. Policy changes and evolution are natural as earlier errors become apparent and as new circumstances unfold.

In 1991, international institutions which did not exist in 1945 should have been able to assist with Russia's changes. But IMF action (and inaction) was broadly criticized, assistance projects were uncoordinated, Russia is still outside the world's trading regime, NATO expansion and Russia's "special role" were problematic, and it took a new, ad hoc Contact Group to address the first war in Europe in fifty years. Without the formal structure of occupation, capable and visionary leadership in each country was even more important, but too often was lacking. The issue of leadership moves the discussion from factors to dynamics.

³⁵ Bush called on his "good friend" Putin to help resolve Russia's Yukos matter in order to help reduce global oil prices. P. Baker, "Bush Asks 'Good Friend' Putin To Calm Storm Around Yukos," *Washington Post*, August 14, 2004, p. A14.

³⁶ William Zimmerman, *The Russian People and Foreign Policy: Russian Elite and Mass Perspectives, 1993-2000* (Princeton: Princeton University Press, 2002), pp. 25, 179.

Factors and dynamics: dynamics. Beyond certain circumstances, conditions and deliberate efforts at transformational and institutional changes, there also existed in Germany and Japan a number of *dynamics* that seemed to advance the efforts of the American and occupied reform efforts. Rather than technical, short-term goals such as currency reform or parliamentary elections, they seem to be the broader foundations for overall success. And unlike some of the factors above, there do not seem to be ready substitutes for them.

The first dynamic is a mutual commitment to transformation and integration by the leaders of the "victor" and the former adversary. Scholars identified "elite transformations" as the "fulcrum for fundamental political change."³⁷ The Russian elite transformation began with Gorbachev. By moving Moscow, Europe and eventually Reagan in the right direction, the changes Gorbachev introduced and the debates he stimulated prepared the groundwork for more dramatic military, political and economic changes later. Yeltsin assumed power from Gorbachev, freed prices, began privatization and initiated a new constitution-drafting process all within a year of the failed August 1991 putsch. Perhaps like those slow to recognize the need for recovery and integration for Germany and Japan, during 1992 the Bush administration was slow to respond to Yeltsin and the rapidly changing circumstances. Aslund and Gaidar were blunt: in the face of a rapidly changing Russia, "all the major western countries were ruled by weak and shortsighted political leaders. No one showed international leadership."³⁸ Once the occupation leaderships and the "host" governments were moving in the same direction, however, more was accomplished. Military government, and Yeltsin's rule-by-decree, were not exactly models of democracy. But if Adenauer, Erhard, Hirohito, Yoshida (and MacArthur and OMGUS) had been less cooperative (or perceived as less benevolent), the entire calculus of the occupations would have changed.

Later, Yeltsin's illnesses, erratic behavior and political compromises seemed to make him at times unpredictable and unreliable. He favored reform, but put political expediency ahead of it. If at the end of the Cold War the United States lacked the vision, organization and influence of a Marshall or MacArthur, in time Russia came to lack an Adenauer or Yoshida who could lead his population and work with the West. Maybe Russia did not need a president in the mold of Keynes or Milton Friedman, but of Rudolph Giuliani, or Vladimir Putin. Putin and the new Bush administration, after September 11, 2001, seemed to develop a pragmatic, working relationship based on realism rather than idealism.

³⁷ Michael Burton and John Higley, "The Study of Political Elite Transformations," *International Review of Sociology*, 11:2 (2001), p. 182. They include among political elites not only elected executive and legislative officials, but leaders in civil service, military, business, unions, media, intelligentsia and large civic or religious organizations. See Higley and Burton, "Types of Political Elites in Postcommunist Eastern Europe," *International Security* (June 1997), p. 154.

³⁸ Anders Aslund, *How Russia Became a Market Economy*, (Washington, D.C.: Brookings, 1995), p. 220 and Yegor Gaidar, *Days of Defeat and Victory* (trans. Jane Ann Miller, Seattle: University of Washington Press, 1999), p. 152. By contrast, Bush's response to Kuwait and Bush and Kohl's management of German reunification demonstrated leadership in response to other international problems of the time.

A second dynamic is a coordinated plan. The irony is lost neither here nor among the postwar and Yeltsin-era reformers. The postwar military occupation leaders recognized that they were installing some "democracy" through non-democratic means, although not as dramatically as the 1993 bombing of parliament (or at least not as widely-televised). They put the emphasis on reform outcomes instead of on technically or popularly-preferred democratic means. On the ground, the military was trained to effectively execute orders and authorized to enforce them; USAID contractors were not. At the top, Yeltsin was effective when he was committed and organized, and ran into trouble most when he vacillated. He was strong at the critical point in 1991, but he did not have a plan for economic restructuring and recovery, and he did not develop a broad, loyal constituency of support. During the 1990s, the United States knew what it wanted to accomplish in Russia, but not how. Plans that Yeltsin or the U.S. hoped to implement had to go through the pre-existing Soviet bureaucracy, and as in Japan, unmotivated bureaucracies can move slowly. Yeltsin's reformers did not control all the levers of reforms; like Japan's reconstruction bank, Russia's central bank issued credit that fueled inflation.

The importance of a well-prepared, well-executed plan was also evident at the programming level for U.S. assistance. Projects without a solid understanding of the problems and without a plan to coordinate various U.S. and Russian parties were unlikely to have much long-term success.³⁹

This third dynamic of reform efforts toward integration is substantive comprehensiveness, the need to address a broad range of policy areas. In Germany and Japan, all aspects of the occupied country – military, politics and economics – received attention in leadership and planning. The military tasks in Russia differed from those in Germany and Japan, but the focus on eliminating the threat remained. Politically, the goals of creating democratic institutions and instilling democratic values were preeminent in each case. Economically, the fiscal, monetary, structural and institutional reforms were designed to facilitate strong macroeconomic results, but also to improve the lives of ordinary citizens – for their own sake, and to resist the advance (or return) of communism.

Besides the presumption that democracy and markets are the best systems of politics and economics, it was also assumed that reforms would be mutually reinforcing. In West Germany, the pursuit of economic prosperity in cooperation with France, rather than in competition, was designed to reduce the risk of conflict. The reverse course policies for recovery were politically, not just economically, motivated. So too in Russia. Defense konversiya projects were intended to become commercially-viable while keeping scientists (and their equipment, materials and knowledge) all in Russia (and out of Iraq, Iran, etc.). Land reform was supposed to help develop a middle class that would support democracy.

³⁹ See GAO/NSIAD-95-156, pp. 6-12, and other GAO analyses in chapter 5, as well as the literature identified in chapter 1.

Substantive comprehensiveness also implies capable execution of the reforms; agreement and plans for a new constitution or legislature are obviously not enough without their effective development. Order, by military presence or real rule of law, would seem to make these tasks far easier than in its absence, although the dangers of "undemocratic democratization" remain. Germany and Japan had an occupying force to help ensure implementation, but even then the U.S. could not get full compliance (for example, with resistance to education reforms in Germany and to deconcentration in Japan). In Russia, the U.S. had to rely on persuading the Russian leadership, but also on building popular, grassroots support and trying to establish the rule of law.

A fourth dynamic is institutional quality: the extent to which democratic values are absorbed into elites, the masses and the institutions. This does not mean the correctness of any particular technical aim. Rather, it means that the rule of law, democratic and market institutions, economic recovery and military security were brought to life with the development of democratic values. It is the long-term development of democratic values – which gives life to the new political and economic institutions and which binds the population and the government – rather than any technical details, that will determine long-run transformation and the prospective success of integration.

A fifth and related dynamic in Germany and Japan was the need for evident benefits of transformation and integration. For the Germans and Japanese, a recognition of their own governments getting themselves into the mess, and an estimation that the occupation forces were benevolent, did *not* preclude the need for economic recovery. In Russia, a small capitalist-elites class was rapidly apparent, but Yeltsin's promised wider economic turnaround was not. Zimmerman noted that "many Russians, both mass and elites, blamed [the economic crisis] in large measure on the West."⁴⁰ This coincided with Russian mass and elite sentiment registering a decline in the percentage of foreign policy "accommodationists" and a rise in the number of "hardliners" and "isolationists."⁴¹

But, to put the progress of Russia in context, more than a decade after the end of World War II, Japan was not yet the economic and democratic bulwark it grew to be. In 1960, one scholar judged that despite "all the impressive gains made...under American patronage, the basic economy of [Japan] remains highly precarious."⁴² He warned that Japan was still in a long-term reform process, that economic well-being was important for the continued growth of democracy, and that integrating Japan's economy into the Western world would help it remain peaceful and prosperous. Within another generation, Japan Inc. was considered *the* rising global economic power and a threat to the United States.

The postwar experiences also suggest that the benefits to the "victor" country must also be understood. The American public – and U.S. allies – had to be persuaded

⁴⁰ Zimmerman (2002), p. 185.

⁴¹ Zimmerman (2002), pp. 98-101

⁴² Kawai (1960), p. 179-182.

that the democratization of their wartime enemies was both good (inherently) and necessary (against communism). Sacrifices were made, such as ensuring Japan's security and accepting uneven trade relations. Risks were taken, as with German re-industrialization. In the Clinton-Yeltsin era, the victorious American public was not asked to sacrifice. Instead, they were promised a "peace dividend" and a triumphant "end of history." Clinton could not ask labor unions to accept steel imports from Russia, and he could not build new housing for repatriated Soviet soldiers while shutting down bases at home. The success of OPIC and other "cooperative" projects was measured by the amount of U.S. exports facilitated – not a likely indicator of increases in the standard of living for the average Russian.

The experiences of Germany, Japan and Russia indicate one more dynamic. At a preliminary level, this might be described as "firm principles bundled with operational flexibility." The elimination of the threat of Germany and Japan first indicated the need for reduction of the military threat, and evolved to resistance of the threat of communism. But the specific policies in place to achieve the goals changed for a variety of reasons.

Policy adjustment can stem from a change in perceived needs, or judgment that current efforts are insufficient. The occupation forces in-country recognized sooner than Washington that the economies needed recovery, not just restructuring. It was a matter of humanitarianism (hungry populations), pragmatism (food transport issues, and idle, unemployed nationals), U.S. budget considerations (which Washington did understand), regional economics (with Germany and Japan as engines of economic growth), and later, anti-communism.

The United States and Britain formed the bizonia in 1946, SCAP took over the constitution-writing process from the Japanese, and changes were made to the purges in both countries. Shifting the emphasis of programs from Moscow to the regions was complemented by efforts to increase the role for Russians themselves in the leadership and implementation of assistance programs. This sense of "ownership" of projects was intended to give Russians a bigger stake in the efforts and the practical experience of "doing democracy" themselves, as well as to reduce costs.

Changes in domestic and international circumstances can also prompt policy changes. In Japan, the Dodge Plan was devised to break inflation, even if it meant some stifling of economic recovery. In the 1990s, the legislative elections of November 1994 in the U.S. and December 1995 in Russia influenced changes in policies in each country.

Germany and Japan got an economic boost from the crisis in Asia known as the Korean War. By contrast, the 1997-1998 Asian crisis had a negative effect on emerging economies around the world, including Russia. But Russian domestic producers were able to respond better in 1998 than they were to 1992's price liberalization. The Russian private sector was capitalizing on years of experience, practice, understanding, training

and exchanges. That is, in an improved description of this final dynamic, Russians were "learning."⁴³

"Learning" was not limited to the private sector, or to Russia. The U.S., Germany and Japan responded to changes in the international environment – the rising threat of communism – with new emphasis on economic recovery, political stability and military security. U.S.-Russian structures in NATO, bilateral relationships through a decade of military interaction in CTR, and joint operational experience in IFOR and KFOR provided the "classroom and lab" for both countries that made cooperation after September 11 possible and productive. The response to the attacks gave the U.S. and Russia the opportunity and incentive to really treat each other as allies – something they had been "training for" for a decade.

Learning can also be direct. Between FY1993 and FY2000, the U.S. government funded short- or long-term exchange programs for nearly 45,000 Russians to come to the United States.⁴⁴ The substance of the programs included governance, business and economics, science, academia and more; executives and top government officials participated but so did a large number of students and young professionals. Beyond the particular skills acquired in topics like legislative libraries or monitoring of nuclear materials, the Russians and their new American colleagues often formed lasting professional relationships. Many programs have formal "alumni" activities to facilitate this. Despite the criticisms of some of the early consultants, American impact in Russia was also important. By the end of the decade, the Peace Corps alone was credited with reaching 7,000 students and 1,800 teachers in over two dozen cities each year.⁴⁵ As for long-term potential, West Germany so valued postwar exchange programs that it established the German Marshall Fund twenty years after the occupation was over, to perpetuate such exchanges.

Learning is also generational. Russian public opinion surveys and voting patterns documented that support for democracy, market economics and cooperation with the West was higher as age was lower. Young, urban, educated Russians preferred a (West) European orientation, while older, rural Russians preferred the Soviet system. As the generation sympathetic to the Soviet era passes away (and if more Russians can realize economic improvements under the market system), support for Western politics and economics can be expected to increase. Russia's Churchillian 70 percent⁴⁶ is a crucial foundation for the expansion of Russian democracy.

⁴³ This dynamic of "learning" might be subdivided between short-term operational flexibility and longer-term changes in attitudes, assumptions and behaviors.

⁴⁴ *U.S. Assistance and Related Programs for the Newly Independent States of the Former Soviet Union: Annual Report 2000* (Washington, D.C.: U.S. Department of State, January 2001), p. 79. Henceforth, USANIS-2000.

⁴⁵ USANIS-1999, p. 70, USANIS-2000, p. 81.

⁴⁶ The two-thirds of Russians who in 1999 responded affirmatively to "Despite democracy's problems, it is better than any other form of rule?", up from 57 percent in 1995. – Zimmerman (2002), p. 50.

TABLE 7.2 – Dynamics in Postwar Germany and Japan and Post-Cold War Russia

DYNAMICS	Germany	Japan	Russia
Capable, committed, mutual leadership	Yes	Yes	Mixed
Coordinated plan for reform	Yes	Yes	Limited
Substantive comprehensiveness	Yes	Yes	Yes
Institutional quality (instns plus values)	In time	In time	Developing
Evident benefits (to host; to donor)	Yes	Yes	Mixed
Policy review and learning	Yes	Yes	Some, esp. after 8/98 and 9/11/2001

The postwar "reverse course" was part of a larger process of learning. Changes can be in response to new needs, inefficient policies, changed domestic and international circumstances, direct training and generational expectations. It is through learning that democratic values and democratic institutions can evolve. The United States and Russia have demonstrated over time, especially after the 1998 economic crisis and the 2001 terrorist attacks, not only that there has been substantial learning, but also that such learning can be applied to improve each country as well as relations between them. That is, the decade of efforts seemed to be paying real dividends.

In summary, the experiences of postwar Germany and Japan suggest that the vital dynamics in a successful transformation and integration of a former adversary include capable, visionary leadership on both sides; a plan that considers all the important sectors of society, including the political, economic and security institutions, as well as the democratic values that give spirit to them; visible, tangible benefits to the integrating states; and learning – critical review of policies in light of changed conditions and the benefits of experience. Clinton-Yeltsin era efforts exhibited each of these dynamics to some extent. The question is whether these lessons from Germany, Japan and Russia in the previous century can be useful in the Middle East today. [end]