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**Before the Committee on International Relations
U.S. House of Representatives**

July 9, 2003

The National Democratic Institute (NDI) thanks the Committee for this opportunity to present its views on U.S. democracy assistance programs on the occasion of the release of the Department of State's first annual report on *Supporting Human Rights and Democracy*. This publication reflects the evolution of the Department's Bureau for Democracy, Human Rights and Labor. Where it once was limited to raising a voice, albeit an important one, and reporting on human rights and democracy issues, the Bureau now has resources that can help address these issues. This change sends a strong signal about U.S. policy, both within our government, and internationally, to autocrats and democrats alike.

Promotion of Democracy and U.S. Interests

The worldwide democratic revolution over the past two decades has demonstrated the nearly universal appeal of democratic values and cemented a leadership role for the United States in advancing those values. NDI firmly believes that the United States should attach the highest priority to democratic development as an essential element of its foreign assistance programs.

Foreign assistance is not only a charitable endeavor, but an exercise in enlightened self-interest. The promotion of democracy is not some idealistic crusade, but rather a quintessential exercise in *realpolitik*. Nothing better serves the interests of the United States -- economic, political, ideological -- than the promotion of democratic practices and institutions. A more democratic world is not simply a more orderly and humane place. It is a more peaceful and more prosperous place.

The notion that there should be a dichotomy between our moral preferences and our strategic goals is a false one. Our ultimate foreign policy goal is a world that is secure, stable, humane and safe, and where the risk of war is minimal. Yet the undeniable reality is that geostrategic "hot spots" most likely to erupt into violence are found, for the most part, in areas of the world that are nondemocratic or where governments are anti-democratic.

Even from the traditional foreign assistance perspective, the establishment of democratic institutions is the best way to assure sustainable development. Deforestation, rural dislocation, environmental degradation and agricultural policies that lead to famine all trace to political systems in which the victims have no political voice, in which government institutions feel no obligation to answer to the people, and in which special interests feel free to exploit the resources, land and people, without fear of oversight or the need to account.

Terrorism and political extremism pose an immediate security threat that must be confronted directly and forcefully. Concurrently, there must be a new urgency in the promotion of the rule of law, pluralism and respect for human rights. Democracy and human rights are not only ideals to be pursued by all nations -- they are also pragmatic tools that are powerful weapons against extremism.

Nondemocratic countries in the Middle East and the wider Islamic world are caught in what is increasingly understood to be a destabilizing cycle of authoritarianism and the radicalism it helps to breed. The polarization of political life, marked by sharp cleavages between secular and religious forces, and between ruling elites and civil society, has only reinforced extremism. Marginalized or absent is a democratic middle ground that could offer viable political alternatives to citizens whose voices remain unorganized and often unheard. Yet the seeds of such alternatives do exist. Throughout the Islamic world democratic political and civic activists are struggling against great odds to build a "third way." These men and women are trying to discredit extremism by creating new space for debate and participation. To succeed, they must be armed with the skills, knowledge and institutional networks to recruit broad constituencies.

Without support for this moderate, democratic middle, radicalism will grow in ways that are bound to undercut the battle against terrorism, for political extremists live in a symbiotic relationship with nondemocratic regimes. Autocracy, corruption, and the lack of accountability feed powerlessness, poverty, and despair. Authoritarianism bars change within the system; among its subjects, it produces easy rationales for extra-legal methods.

During the 1980s, an important lesson was learned about political transformations in countries like the Philippines and Chile -- that political forces on the far left and far right enjoy a mutually reinforcing relationship, drawing strength from each other and, in the process, marginalizing the democratic center. Prospects for peace and stability only emerged once democratic political parties and civic groups were able to offer a viable alternative to the two extremes. These democratic forces benefited from the solidarity and support they received from the international community and in the U.S., Republicans and Democrats joined together to champion their cause.

Today, these conditions find their parallel in the Middle East and Asia, where democratic activists now fear that they might be caught between governments that are using the call to action against terrorism to root out even benign forms of political participation, and fundamentalists who have always regarded democratic reform as a threat to their vision of a religious state.

The U.S. agenda in these countries can help support those working for freedom of speech and expression, for fair elections that reflect the will of the voters, for representative political institutions that are not corrupt and that are accountable to the public, and for judiciaries that uphold the rule of law. Future programs can identify key areas where democracy assistance can be effective, particularly concentrating on encouraging women's participation, strengthening democratic institutions and practices at a local and municipal level, and supporting journalists and activists in opening up debate throughout the Middle East. Such initiatives should explore sub-regional and regional approaches that facilitate experience sharing and help build linkages between democratic activists in the region. This strategy focuses on building institutions that

pull together the disparate voices that constitute civil and political society and helping them to identify their common interests and to channel them towards common ends.

Multinational Approaches

The promotion of democracy does not lend itself to unilateralism. If we are to be effective, we must join other nations in this endeavor and we must help create enforcement mechanisms within international and regional organizations. As a practical matter, peoples attempting to make the transition to democracy require diverse skills and experiences. The insights of democrats from other nations are often more relevant than our own.

Cooperative approaches such as these are not merely a matter of common sense. They convey a deeper truth to nations attempting a transition to democracy: that they are not ceding something to the United States when they develop democratic institutions; rather, they are joining a community of nations. That other nations have traversed the same course. That while autocracies are inherently isolated and fearful of the outside world, democracies can count on natural allies and an active support structure. That other nations are concerned and are watching - something that would-be autocrats will bear in mind.

U.S. Government Support

NGOs such as NDI have greatly appreciated the expansion of democracy initiatives undertaken by the U.S. government. These programs have provided the resources necessary to maintain a permanent field presence in many countries and to sustain, on a long-term basis, political development activities. We hope that needed democracy assistance resources will be maintained and that these programs will not be reduced as a result of increased spending in other areas.

U.S. government support for democracy programs comes from a variety of sources and through various mechanisms. In the early 1980s, these programs were funded primarily through the National Endowment for Democracy (NED). Since then, the U.S. Agency for International Development's (USAID) support has allowed for a significant increase in democracy promotion activities around the world, as has the Department of State's application of Economic Support Funds for these purposes. Increased resources within the Bureau of Democracy, Human Rights and Labor (DRL) has allowed even greater opportunities for much-needed assistance.

At times, there have been advocates for a highly coordinated and standardized approach to democracy assistance. However, pluralism in assistance has served the U.S. well. It has allowed for diverse yet complementary programming that, over the long term, could not be sustained by a highly static and centralized system. Funding by the National Endowment for Democracy, for example, has allowed NDI and the other core institutes of the Endowment to respond quickly and flexibly to emerging opportunities and sudden problems in rapidly shifting political environments. Also, the NED has been able to operate effectively in closed societies where direct government engagement is more difficult. USAID funds have provided the basis for

a longer-term commitment in helping to build a country's democratic institutions; and funding from DRL and most recently, from the Near Eastern Affairs Bureau's Middle East Partnership Initiative (MEPI) has given the State Department the capacity to support, without cumbersome regulations, cutting-edge and highly focused democracy programs in individual countries, and for regional and global initiatives.

At a time when there is growing recognition, even from such unlikely places as the international financial institutions, of the connection between economic prosperity and open political systems, it is important that global democracy assistance be expanded, not reduced. And while it is encouraging to see additional resources being allocated for the Middle East, it is of great concern that democracy funds to Africa, Latin America and certain countries in Eastern Europe and Eurasia may be reduced.

Democracy funds to Russia, for example, could be cut by as much as one-third in FY2004, and plans are to "graduate" Russia from the Freedom Support Act soon thereafter. While much progress has been made over the past decade, a stable democracy in Russia remains an unmet goal. The challenges are numerous: an independent media must be established, the judiciary must overcome corruption, civil rights must be respected and peaceful political opposition must be tolerated. The task of clearing these hurdles is not just an internal problem for Russia. The lack of transparency and accountability that marks aspects of the current system affects U.S. interests, including cooperative threat reduction programs for dismantling weapons of mass destruction. It also affects Russia's relations with its neighbors. To withdraw or reduce funding for Russia at this moment may damage Russian democratic progress.

The U.S. Congress can also play an important role by ensuring needed support for the National Endowment for Democracy (NED). The NED and its core institutes (NDI, the International Republican Institute, the American Center for International Labor Solidarity and the Center for International Private Enterprise) give concrete expression to America's democratic values while serving our country's national interest by promoting political environments that are inhospitable to political extremism.

These organizations have the expertise and the networks of relationships necessary to conduct effective programs around the world, but the need for assistance far outstrips the available resources. The NED's original authorization in 1984 was \$31.4 million; its current budget, which includes the first significant increase in many years, is \$46 million. The request for FY 2004 is \$33 million; if approved, this reduction may have the effect of significantly reducing the NED's capacity.

Impact of Democracy Assistance Programs

There are a variety of ways to analyze political situations in which democracy assistance has made a measurable contribution. In some cases, U.S. assistance has played a critical and transformative role at a certain moment in a country's democratic transition. In other situations, longer-term assistance has allowed for the growth and development of stable, democratic institutions and processes grounded in the principles of inclusion, transparency and

accountability. And in those places where democratic change has not occurred or has stalled, assistance has provided protection to, and solidarity with, courageous democrats seeking peaceful reform.

At the risk of oversimplification, I would suggest five broad categories of countries in which democracy programs are carried out: closed societies, breakthrough situations, post-conflict settings, consolidation of institutional change and semi-authoritarian environments. It is important to note that these are shorthand descriptions of political situations. They suggest neither a linear nor a natural progression for democratization.

Following is a sampling of NDI-sponsored programs that have been supported by either USAID, the NED or DRL. NDI is proud to work with courageous democrats in every region of the world who struggle against tremendous odds to promote democratic change, and with leaders of new democracies who are seeking to create better lives for their citizens.

1) Closed Societies where political space does not exist for opposition parties, civil society, and independent media or a judiciary.

- In Burma, international networks of parliamentarians, political party leaders and Nobel Laureates have been formed to support the country's democracy movement led by Aung San Suu Kyi.
- In Cuba, a similar international campaign is being developed in support of Oswaldo Payá and the Varela Project, a historic petition drive for peaceful democratic change.

2) Breakthrough Situations in which an event, such as a multiparty election, allows for a transition toward democratic government.

- In Kenya, during the lead-up to last December's historic national elections, technical assistance helped the opposition National Rainbow Coalition maintain cohesion; youth and political party programs led to inter-party dialogue and "codes of conduct" that reduced election-related violence.
- In Serbia, regional communication centers were used by opponents of Slobodan Milosevic for training thousands of grassroots democratic activists. Today, these 22 centers, dubbed *Contact Serbia*, are being used as meeting places for citizens, government officials and parliamentarians.
- Since the "people power" movement created the 1986 democratic breakthrough in the Philippines, citizens have mobilized in large numbers to protect the integrity of the elections in more than 65 countries. NDI has worked with more than 150 citizen organizations and coalitions, sometimes themselves comprised of hundreds of member groups across a country, that have deployed thousands and even hundreds of thousands of civic pollwatchers on election day in countries as diverse as Azerbaijan, Bosnia, Cambodia, Indonesia, Kenya,

Mexico, Morocco, Nigeria, Peru, Romania, Ukraine and Yemen. These organizations have also helped political parties to agree upon codes of conduct; they have monitored the incidence of violence in election campaigns, the accuracy of voter registries, and the performance of the news media; and they have conducted a range civic and voter education activities to promote citizen participation. Between elections, these organizations have helped to open parliaments to the public, successfully advocated for law reform, organized “town hall” meetings for elected officials and promoted popular political participation.

3) Post-Conflict Settings in which countries emerge from long periods of internal strife.

- In Afghanistan, a broad coalition of 45 political parties and civic groups have joined forces to create the National Democratic Front, providing a democratic middle ground between warlords and religious fundamentalists.
- In Bosnia, organizational assistance to multi-ethnic parties helped them increase their support from 2 percent at the time of the Dayton Accords to the point where they defeated nationalists in the 2000 general elections.
- In Sierra Leone, programs for youth groups to monitor the polls and encourage non-violent participation helped promote peaceful elections following a decade-long civil war.
- In Nicaragua, civil-military programs led to the creation of the country’s first civilian-led defense ministry and to security sector reform that subordinated the military to civilian control.

4) Semi-Authoritarian Societies in which some institutional forms of democracy exist but political space is highly restricted and the government, or ruling party, dominates the political system.

- In Cambodia, 14 multiparty debates for the upcoming parliamentary elections are enabling disadvantaged parties to gain visibility in public forums throughout the country and are helping to create a more tolerant political culture.
- In Kazakhstan, a coalition of nongovernmental organizations successfully lobbied the parliament to overturn legislation that would eliminate the last remnants of independent media. The legislation was later passed, but the exercise left behind a civic movement dedicated to protecting and advancing political rights.
- In Kyrgyzstan, a network of community reading rooms and discussion clubs is helping to bring the previously isolated rural population into a national dialogue on democracy and human rights.

5) Democratic Consolidation where there exists a shared commitment to the development of democratic institutions and processes, including a system of political checks and balances.

- In Namibia and South Africa, information technology systems are establishing communication among local, provincial and national governments, and providing linkages between citizens and elected officials.
- In Latin America, where a crisis of confidence in political parties is threatening democratic systems, emerging leaders from 22 parties in eight countries are participating in programs to reform, modernize and democratize party structures.
- In Senegal, campaign training was provided to 2,100 aspiring women candidates, 1,700 of whom were nominated last year by their respective parties to run for local office. Ultimately, 1,500 women won seats.

In addition to these country specific activities, two regional initiatives deserve special mention.

- In the Middle East, DRL is supporting a series of NDI-sponsored training academies located in Morocco, Jordan and Bahrain for political and civic leaders in the region. The academies provide practical organizing skills for a burgeoning network of Arab democratic activists.
- In southern Africa, USAID has supported NDI's partnership with the SADC Parliamentary Forum, which comprises the national legislatures of 12 southern African countries. SADC-PF has established democratic election standards for the region, created linkages among the parliaments through the Internet, and is developing an inventory of HIV-AIDS legislation to promote more effective means to combat the pandemic.

Role of U.S. Non-Governmental Organizations (NGOs)

While the U.S. government can set the tone, and foreign aid can provide needed resources for democratic development, much of the real work must be done by non-governmental organizations. Groups such as NDI are capable of assuming responsibility, yet are not constrained by the stringent rules of formal diplomacy. NGOs can readily share information, knowledge and experiences with groups and individuals who are pursuing or consolidating democracy, sometimes without the cooperation or sanction of their government.

Perhaps most important, in countries where one of the primary issues being addressed is the paucity of autonomous civic and political institutions, the fundamental idea that government ought not to control all aspects of society can be undermined by a too-visible donor government hand in the development and implementation of democracy programs.

NGO initiatives must grow out of the needs of democrats struggling on the ground in the host country. The work should always be in the open and should be conducted with partners committed to pluralism and nonviolence. At the same time, consultation is necessary with the Congress, USAID missions and embassies. When public funds are used, transparency and accountability should always prevail.

Funding for Political Party Programs

If there is one area where the allocation of additional resources would increase the effectiveness of democracy assistance programs, it would be in the area of political party modernization and reform.

Political parties serve a function unlike any other institution in a democracy. By both aggregating and representing social interests, they provide a structure for political participation. They act as training grounds for political leaders who will eventually assume governing roles. They foster necessary competition and accountability in governance. In the legislative arena, they translate policy preferences into public policies. And it is political parties, acting through the legislative process, that the public must ultimately rely on to design anticorruption measures and oversee their enforcement. It should come as no surprise, then, that when political parties fail to fulfill their special roles, the entire democratic system is placed in jeopardy.

Despite the importance of parties to democratic development, in recent years civil society has become especially favored within the international democracy-assistance community. Indeed, civil society has been described as the wellspring of democracy. Thus, the international development community has buttressed civic groups and aided and abetted their rise, often from the ashes of discredited political parties. This has been a good and necessary endeavor; NDI has participated in such initiatives and continues to do so. At the same time, there is a distinct danger in focusing almost exclusively on civil society development. We have found, most starkly in places like Peru (prior to 2001) and Venezuela, that civil society activism without effective political institutions quickly creates a vacuum. It sows opportunities for populists and demagogues who seek to emasculate parties and legislatures, which are the cornerstones of representative democracy. The international community must respond to the need to build, sustain, and renew political parties. This "supply side" of the political equation deserves equal footing with civil society, the "demand side."

Over the past several years, there has gradually emerged a new recognition of the need to support political party development. In its new Inter-American Democratic Charter, the Organization of American States (OAS) affirms that the "strengthening of political parties is a priority for democracy." The World Bank has begun to explore ways to include legislatures as well as civic groups in the development of its Poverty Reduction Strategy Papers, which form the basis for concessional lending and debt relief in nearly 70 countries. And with the support of NDI, the three largest global groupings of political parties—the Liberal International, Socialist International, and Christian Democratic International—representing 340 parties in 140 countries, are joining forces to promote political party modernization, reform, and renewal.

The democratization of political parties must be a priority in the efforts to restore public confidence in parties and the democratic process as a whole. Greater citizen participation, accountability of leadership, transparency, and institutional safeguards are more important now than ever for this democratization effort to succeed. Organizations and institutions that have the commitment and expertise to underpin and promote these initiatives lack adequate resources to do so at present.

Future Challenges

NDI has never believed that democracy promotion is a panacea but sees these activities as one element of a mix of foreign aid and development initiatives that include economic development and socio-political considerations. But economic reconstruction efforts in Afghanistan, for example, are unlikely to succeed in the long term unless democratic political institutions are also developed. Democracy promotion programs, to be effective, must identify specific challenges in each country, and address those challenges while taking culture, tradition and history into consideration.

Even in countries which are widely regarded as democratic success stories, "next generation" democracy challenges -- such as corruption, economic progress, political party reform, information technology, women, youth and minority participation, leadership development and addressing public apathy and disaffection -- must be tackled through greater linkages between the citizenry and political institutions and elected officials.

The United States Congress has been a special institution for democratic activists around the world. In many instances, it has provided them with the first international recognition of their struggles. I hope that the Committee will continue to view democracy assistance as critical to American foreign policy and to expand these activities through foreign assistance programs. While the results of these activities might not always be instantaneous, they ultimately serve our interests and reflect our highest values.