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**CREATING SUSTAINABLE DEMOCRACY?
CANADIAN POLICY IN THE VISEGRAD COUNTRIES
IN THE POST-COLD WAR PERIOD**

by

Ann L. Griffiths

**Submitted in partial fulfilment of the requirements
for the degree of Doctor of Philosophy**

at

**Dalhousie University
Halifax, Nova Scotia
November 1997**

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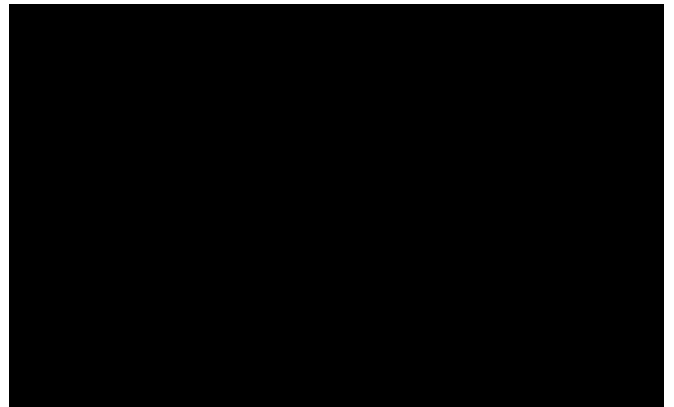
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by Ann Lynn Griffiths

in partial fulfillment of the requirements for the degree of Doctor of Philosophy.

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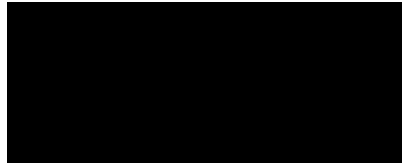
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ABSTRACT
Creating Sustainable Democracy?
Canadian Policy in the Visegrad Countries
in the Post-Cold War Period

In the 1990s, there is no *one* defining vision of democracy—it has evolved both across time and space. The different versions of democracy are related to different theoretical visions of the phenomenon. How one defines *democracy* influences what steps one advocates in a process of *democratization*. This thesis postulates that there are two broad approaches to democratization. The two approaches are referred to here as the horizontal approach, which stresses the creation of linkages among citizens in democratization, and the vertical approach, which stresses the creation of the liberal elements of a liberal-democratic society. This thesis argues that between the two approaches there are three elements which *should* be present in a democratization policy toward Eastern Europe: (1) building democratic institutions; (2) facilitating economic transformation; (3) and creating democratic civil societies.

Canada has not historically been involved with either Eastern Europe or democratization. The Cold War prohibited free interaction between East and West, and in the South, democratization was defined as the interdiction of communism. Starting in the mid-1960s, this began to change. Canada began to incorporate considerations of human rights and democracy into its policy (although not always its practice) towards the South. When the Berlin Wall fell in 1989, it provided a glorious opportunity for Canada to apply what it had learned in its democratization policy in the South. It has not done this. This thesis argues that Canadian policy has focused on only two of the three elements—building democratic institutions and facilitating economic transformation—to the virtual exclusion of the third—creating democratic civil societies. Both the reasons for this, and its implications for the future of democracy in Eastern Europe, are unclear.

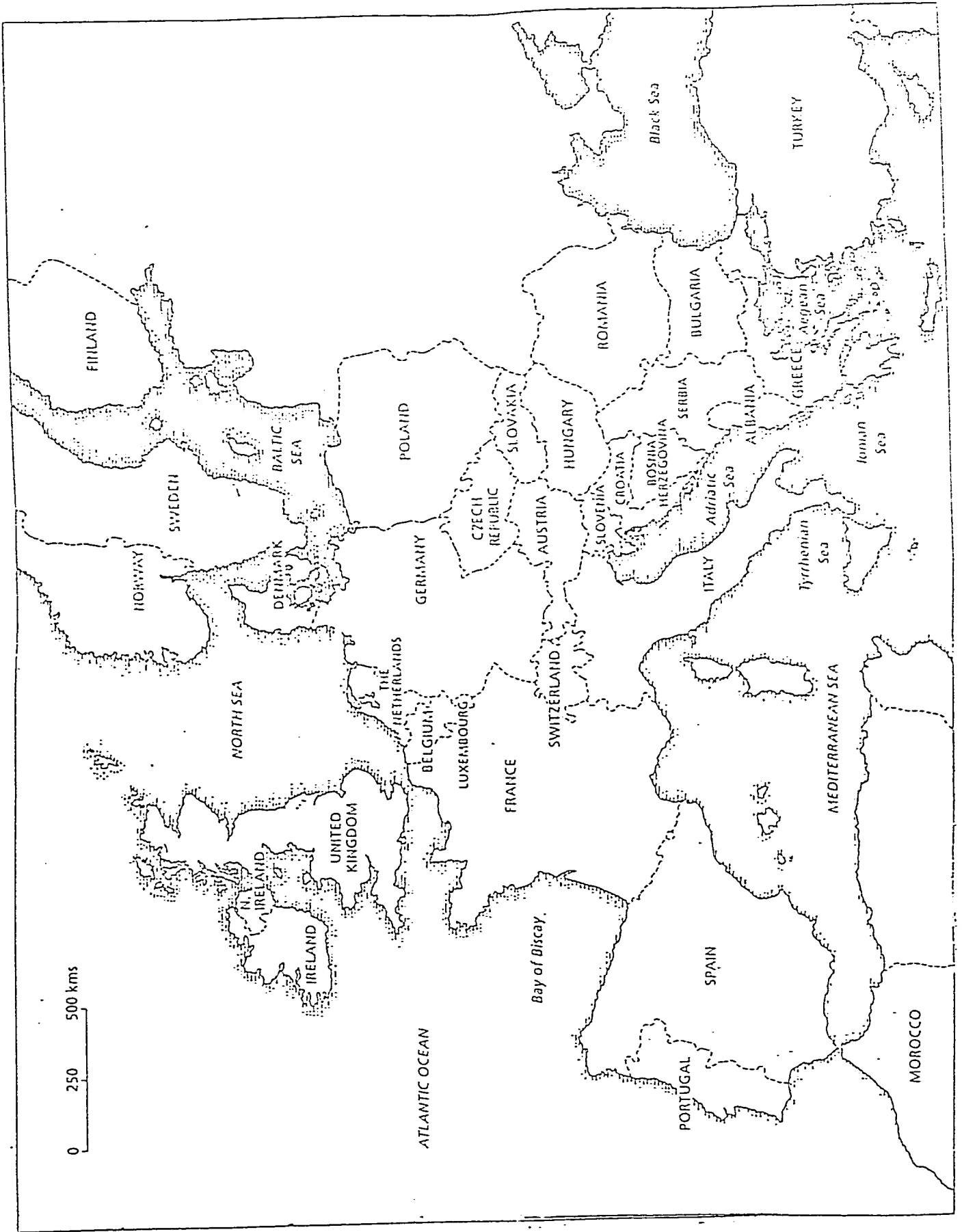
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LIST OF ACRONYMS

ACE - Allied Command Europe
AWS - Solidarity Electoral Action
BACEE - Bureau of Assistance for Central and Eastern Europe
CIDA - Canadian International Development Agency
CIS - Commonwealth of Independent States
CITP - Countries in Transition Program
CITW - Canada in the World
CMEA - Council for Mutual Economic Assistance
CSCE - Conference on Security and Cooperation in Europe
DEA - Department of External Affairs
DFAIT - Department of Foreign Affairs and International Trade
EAPC - Euro-Atlantic Partnership Council
EBRD - European Bank of Reconstruction and Development
EC - European Community/ies
EC - Elections Canada
EDC - Export Development Corporation
EE - Eastern Europe
EEFTA - Eastern European Free Trade Association
EU - European Union
FBI - Federal Bureau of Investigation
FDI - foreign direct investment
FIDESZ - League of Young Democrats
FSS - former Soviet space
FSU - former Soviet Union
GATT - General Agreement on Tariffs and Trade
GDP - Gross Domestic Product
GNP - Gross National Product
HDF - Hungarian Democratic Forum
HSF - Hungarian Socialist Party
HZDS - Movement for a Democratic Slovakia
IAE - International Assistance Envelope
IBRD - International Bank for Reconstruction and Development (the World Bank)
ICHRDD - International Centre for Human Rights and International
Development
IFIs - international financial institutes
IMF - International Monetary Fund
KDU-CSL - Christian Democrat Party-Czechoslovak People's Party
MBFR - Mutual Balanced Force Reductions (Talks)
MDF - Magyar Democratic Forum

NACC - North Atlantic Cooperation Council
NATO - North Atlantic Treaty Organization
NEM - New Economic Mechanism
NGO - non-governmental organization
NHIT - National Communications and Information Council
NORAD - North American Aerospace Defence (Agreement)
ODA - official development assistance
ODA - Civic Democratic Alliance
ODS - Civic Democratic Party
OECD - Organization of Economic Cooperation and Development
OSCE - Organization Cooperation and Cooperation in Europe
PEMD - Program for Export Market Development
PfP - Partnership for Peace
PLS - Polish Peasant Alliance
PPP - Promotional Projects Program
PR - Proportional Representation
PUWP - Polish United Workers' Party
REEP - Renaissance Eastern Europe Program
SALT - Strategic Arms Limitations Talks
SAPs - structural adjustment programs
SLD - Democratic Left Alliance
SNS - Slovak National Party
SOEs - state-owned enterprises
SSEA - Secretary of State for External Affairs
TCS - Trade Commission Services
UN - United Nations
VONS - Committee for the Defence of the Unjustly Prosecuted
WEU - Western European Union
WTO - Warsaw Treaty Organization
WTO - World Trade Organization
ZRS - Association of Workers of Slovakia



INTRODUCTION

Life is change. In this sense, the study and practice of international affairs have been profoundly alive in the past decade. The context of international relations theory has changed dramatically since the collapse of the Soviet bloc in 1989 and the USSR itself in 1991. This has necessitated a major re-evaluation of the policy targeted toward the former Soviet space (FSS). Canadian foreign policy toward the area (and the policy of Canada's NATO allies) had long been defined in a Cold War dichotomy of *us* versus *them*. The collapse of the Soviet Union thus left it in a vacuum of fundamental proportions. This vacuum has been filled by the scramble to establish a new security framework and liberal democracy in the countries of Eastern Europe (EE) and the former Soviet Union (FSU).

With the rapid disintegration of the Soviet bloc in 1989, Eastern Europe was at a turning point. The region had the opportunity to move towards Western-style liberal democracy. The alternatives--authoritarianism, or the descent into some sort of pre-Westphalian system of violently competing sub-national (or transnational) groupings--are less than attractive, both to Eastern Europeans themselves and to Western Europeans, who rightly fear chaos on the eastern periphery of their continent. The violence in the former Yugoslavia, the Armenian-Azerbaijani war and Russian actions in Chechnya are stark examples of possible alternatives to developing sustainable democracies in the fragile political/economic entities in the area.

The adoption of liberal democracy in EE/FSU has meant major political and economic change. In *political* terms, change has involved the creation of the institutions of democracy and the implementation and enforcement of political freedoms so long repressed in the area. It will also involve attitudinal change and the growth of a democratic political culture. In *economic* terms, the changes have meant jettisoning centrally-planned economies, privatizing state property, and creating the instruments of the market.

The massive political and economic restructuring has meant profound dislocation, particularly in social and economic terms. And, as the South¹ has already learned, democratization appears to involve adopting policies defined--and sometimes imposed--by external actors and institutions. In essence, this means that Eastern Europe is joining the international arena based on versions of democracy which have developed through *Western* experiences of the past century, without having experienced these changes for themselves.² In this sense, Western political/economic traditions are being grafted on to the area in the expectation that what has been so successful in the West will quickly root and grow there.

The countries of Eastern Europe can be seen as balancing delicately between a move toward liberal democracy or a slide toward some less savory alternative. It is

¹ There is some dispute about what to call areas of Latin America, Africa and some parts of Asia and the Middle East. They have been referred to at various times as the Third World, the South, and the developing world. This thesis will use "South".

² It is important to note that there are various versions of Western democracy.

the existence of a moment of critical choice that makes this decade so important. The increasing interdependence of the world, and the inability of the countries of Eastern Europe to make the transition on their own, make Western participation in the process imperative. The nature of Western assistance will have a significant effect on the results of the transition. Given the current efforts to establish liberal democracy in Eastern Europe, it is important to examine democratization policies there.

"Democratization" itself is a fairly new word, coming into vogue in the past two decades as old authoritarian structures in southern Europe (particularly Spain, Portugal and Greece) and Latin America faltered under a legitimacy crisis, economic mismanagement, massive debt and then structural adjustment programs (SAPs). Gradually, authoritarian regimes have been eclipsed by ostensibly democratic ones in Latin America and parts of Asia and Africa. The demise of the Soviet Union allowed this process to become virtually global. It is important to ask, however, if this state of affairs is sustainable.

It is clear that Western Europeans have a stake in what happens in Eastern Europe in the 1990s. But it is not *just* Western Europe that has an interest in the region. Canada also has multifaceted ties with Europe. These ties include: (1) *historical* ties, i.e., Canadian history is intimately linked to the United Kingdom and France, and "Western" historical development in general; (2) *economic* ties in terms of trade and investment; (3) *security* ties, i.e., twice this century Canada has gone to war because of events in Europe and continues to participate in security arrangements there based on the avoidance of another European war; (4) significant *demographic*

ties as large numbers of Canadians claim Eastern European descent; and (5) *ecological/environmental* ties, i.e., it is recognized in the 1990s that environmental disasters in one area of the world affect other areas (in Eastern Europe, the most acute concern is about the effects of nuclear accidents).³ The Canadian government thus has reason to fear a situation in Eastern Europe which threatens these connections.

In most respects, Canada is not a major actor internationally, but it has been enthusiastic about the changes in the former Soviet bloc. However, although Brian Mulroney was Prime Minister for the first four post-Cold War years (1989 to 1993), his government did not conduct a thorough review of foreign policy as a result of these changes, nor did it formally elevate Eastern Europe upwards in its policy priorities. The Mulroney government had three major policy priorities which precluded it from paying concentrated attention to foreign policy: (1) constitutional discussions (i.e., the Meech Lake Accord and the Charlottetown Agreement); (2) the adoption of the Goods and Services Tax; and (3) the Free Trade Agreement with the United States, and then Mexico. Thus, although Mulroney was Prime Minister when the Berlin Wall fell, it was not until after the change of government in 1993 that Canadian foreign policy was re-assessed to reflect the post-Cold War world.

After its election in autumn 1993, the Chrétien government initiated a foreign

³ Canada also has ties with the northern European countries and the FSU in terms of the Arctic and its protection. See Report of the House of Commons Standing Committee on Foreign Affairs and International Trade. *Canada and the Circumpolar World: Meeting the Challenges of Cooperation into the Twenty-First Century* (Ottawa: Public Works and Government Services Canada, 1997).

policy review, which culminated in a policy paper in November 1994. The foreign policy review and the government statement on foreign policy (*Canada in the World*) provide a benchmark for examining Canadian approaches to democratization in the "Visegrad" countries (Poland, Hungary, Czechoslovakia/the Czech Republic and Slovakia). These documents are ostensibly shaping Canadian foreign policy in the mid-1990s.

Two Approaches to Democratization

Two points have been raised thus far: the fundamental changes which have occurred in Eastern Europe since 1989 and the stake the West has in ensuring that the transition process is not derailed. It is critical that we understand the nature of the Western contribution to the transition process. As one element of this larger picture, this thesis will examine Canadian approaches to democratization in four Eastern European countries--Poland, Hungary, Czechoslovakia (the Czech Republic and Slovakia). This examination of Canadian foreign policy is presented as a specific example of Western foreign policy in general in relation to the Visegrad countries.

In particular, this thesis will examine different visions of democracy and different prescriptions for how to achieve it. It will argue that Canadian foreign policy in the 1990s incorporates two different approaches to democratization. The Chrétien government's commitment to a consultative foreign policy-making process has served to make the differences, which have existed for many years, more apparent. One strain of Canadian democratization policy emphasizes the creation of *liberal*

democracy. The emphasis here is on the liberal elements, with their associated elements. At the same time, particularly since Chrétien's election, the foreign policy establishment claims to include the perspectives of a foreign policy constituency which stresses the creation of participatory democracy in a cooperative foreign policy-making process. This constituency is not enthusiastic about the stress laid on the liberal element of the democratization equation.

This thesis argues that elements of these differing approaches coexist within the Canadian government's foreign policy framework. It will argue that policy relating to Eastern Europe--particularly that pursued by the Departments of Foreign Affairs and International Trade (DFAIT) and Finance--tends to include two elements in its vision of democratization: democratic institution building and economic liberalization (especially the Eastern European versions of structural adjustment programs, and trade promotion). On the other hand, the foreign policy pursued by the Canadian International Development Agency (CIDA) and the non-governmental and quasi-governmental organizations to which the government contributes (for example, the North-South Institute, the International Centre for Human Rights and Democratic Development and the International Development Research Centre), has a different focus. Thus, while CIDA also emphasizes building democratic institutions and economic changes, it supplements this with an emphasis on creating a democratic civil society (especially the formation of participatory linkages among citizens and

socialization into democratic processes).⁴

There seem to be two important points to make about this phenomenon. First, perhaps it reflects the distinction between *foreign* policy and *development* policy, and therefore should not be discussed as a division within *democratization* policy writ large. This argument will not work, however, because as Part Four will illustrate, while there are geographical distinctions to the divisions, the emphasis on liberal democracy applies to the developing world as well as Eastern Europe. Second, analysing this divergence requires the acceptance of a broad definition of what democratization involves. If one believes that democratization involves only building the institutions of democracy (for example, electoral systems, political parties and constitutions), then there is no division with the Canadian government's democratization policy. If, however, one includes other elements in the process, as the government itself does in its policy framework, the divisions are much more apparent. As will be discussed later in this Introduction, this thesis will incorporate a very broad definition of democratization.

This thesis will examine: (1) these two approaches to the theory and practice of democratization; and (2) their manifestations in Canadian policy towards the

⁴ An emphasis on the *governmental* sources of these two approaches, does not mean that they do not exist outside the government as well. Canadian foreign policy is influenced by a variety of internal and external actors in addition to the actors within its ranks. For example, it could be argued that Canadian foreign policy is affected by Canadian relations with International Financial Institutions (IFIs) and/or multinational and transnational corporations (MNCs/TNCs) in favour of the first approach mentioned here, while it is affected by domestic and international NGOs in favour of the second approach.

Visegrad countries. The first approach will be referred to as the *vertical approach*. This phrase has been selected because, as we will see, it incorporates several elements which stress interactions of a vertical nature. Thus, in its political manifestation, it emphasizes a system in which individual citizens, who enjoy a set of rights, select their governors from among elites who then govern without interference. Laws and policies, therefore, come from the top down. In its economic manifestation, this approach stresses individuals freely (i.e., free from government interference) maximizing their economic potential, and thus, in theory, moving up the economic ladder. The interactions stressed by this approach, therefore, do not emphasize building linkages among people and within civil society.

The vertical approach to democratization relates to the priority placed on elite-led political democratization and economic liberalization in the former Soviet bloc in order to bring these countries closer to the political and economic 'club' of the developed world. As mentioned above, this reflects an emphasis in government policy on developing *liberal* democracies, rather than simply democratic government. The stress on the 'liberal' element of liberal democracy reflects an emphasis on restructuring the economy from the top down to favour market forces in the belief that liberal economic policies go hand-in-hand with democracy. It also reflects a 1990s' version of Western aid (bilateral and multilateral) that *more overtly* emphasizes competitiveness and trade promotion to benefit the donor, over poverty alleviation and social justice to benefit the recipient.

According to the vertical approach, the transformation of Eastern Europe is

thus predicated on the "neo-classical" view of economics and politics which has become dominant since the assumption to office of British Prime Minister Margaret Thatcher and US President Ronald Reagan. This view of democracy posits an intimate connection between economic and political freedoms, and rejects the Keynesian economic policies which led to the welfare state. The policies of the 1980s and 1990s clearly reflect the preoccupation of the Western democracies with governmental debt (reflected in structural adjustment programs (SAPs) abroad and cost-cutting at home) and liberalized trade practices (reflected, for example, in the Uruguay Round negotiations of the General Agreement on Tariffs and Trade (GATT) and the establishment of the World Trade Organization (WTO)).

The second approach will be referred to as the *horizontal approach*. This term has been selected because, unlike the vertical approach which stresses individuals and top-down government, this approach emphasizes the importance of interactions and linkages among citizens in a democracy. It thus stresses participation and the creation of a democratic civil society. It also emphasizes that governing is interactive rather than top-down as in the vertical approach. This approach intimately links democracy and development--hence the term "democratic development" which has come into the lexicon in recent years. In the theory and practice of democratic development, this approach favours creating horizontal linkages in civil society and thus promoting democracy from the bottom up rather than from the top down.⁵ This reflects an

⁵ This approach has been favoured by many non-governmental organizations (NGOs) which are concerned with development. It is important to note, however, that there are many different types of NGOs, and that *not all* NGOs can be said to

emphasis on *participatory* democracy as a goal rather than *liberal* democracy.⁶

The horizontal perspective stresses the importance of organizations/institutions linking citizens with each other and their government, because they in turn promote and sustain democratic institutions and processes. These institutions, however, are not necessarily formal in the sense that they derive from a constitution; rather they include such things, for example, as interest groups, labour unions and the communications media. These organizations are important in a democratic society because they can channel the interests and activities of a large number of citizens into the political process.

Adherents of the horizontal perspective would argue that promoting a democratic civil society contributes to the creation of democratic norms and values. This is necessary because creating *sustainable* democracy involves--to use Gabriel Almond and Sidney Verba's terms--changing the political culture (i.e., the attitudes, values and beliefs which citizens have about government and politics) from a "parochial" or "subject" culture in which citizens view themselves as *objects* of state actions, to a "participatory" culture in which citizens see themselves as relevant *actors*

promote a bottom-up approach. Some examples of NGOs which promote a bottom-up approach are the Canadian Catholic Organization for Development and Peace, Tools for Peace, Oxfam (Canada), USC Canada.

⁶ It is important to note two points: (1) liberal democracy and participatory democracy are not opposites--i.e., the opposite of liberal is not participatory democracy--they are simply different versions of democracy; (2) there are many versions of both liberal democracy (eg, Canada and the United States are both liberal democracies but their political systems are very different) and participatory democracy.

in the political process.⁷

Unlike the vertical approach, the horizontal approach is not tied as intimately to a particular economic system. The vertical approach places great stress on the close relationship between a free market economy and democratic government--i.e., liberal democracy. The horizontal approach, while supporting the elements of political liberalism (particularly individual and democratic rights), incorporates greater flexibility in terms of the economic system, and supports a more active role for the state.

It is clear that proponents of the horizontal perspective have serious reservations about the vertical approach to democratization. In their opinion, democracy may not be easily transferrable or sustainable without the creation and perpetuation of a dynamic and democratic civil society. Thus, the presence of a free market and multiple parties contesting elections are not the only, or even the most important, indicators of democracy.

Argument

This thesis will argue that there are three broad, interrelated elements inherent in democratization policy in the 1990s. These are: (1) building democratic institutions (including, for example, governmental institutions, electoral policies and processes, civil/political rights, and constitutional arrangements); (2) developing democratic civil

⁷ See Gabriel Almond and Sydney Verba. *The Civic Culture* (Princeton, N.J.: Princeton University Press, 1963).

society (including building linkages among citizens in the form, for example, of labour organizations, environmental movements, cooperative organizations, gender affiliations); and (3) facilitating economic transformation (including economic liberalization, privatization, and creating the institutions of the market).

Few people would question the inclusion of the first element (building democratic institutions) in a democratization policy. Most people, too, would agree to the inclusion of the second element (creating democratic civil society), although they would differ on how it could be done, and the role of the state in the process. The inclusion of the third element (facilitating economic transformation), however, is problematic for some people. Why is facilitating economic transformation a necessary element of democratization (especially in EE/FSU)?

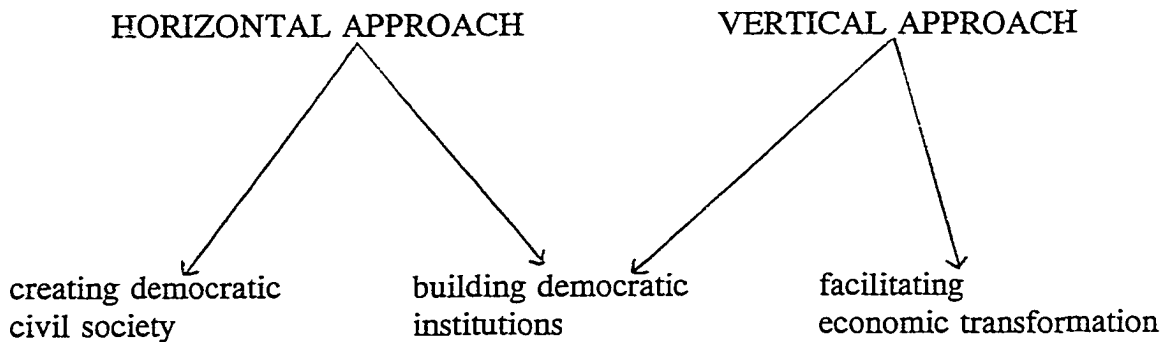
As we shall see in Part One, proponents of the vertical approach to democratization see an intimate (and imperative) connection between the political and economic systems of a country. They believe that democracy cannot exist in an economic system that does not permit free interaction. (This will be discussed further in Chapter 4.) Thus, for them, changing the economic system in Eastern Europe from a centrally-planned to a free market system is a fundamental part of the democratic transition.

The incorporation of these three elements means that the definition of democracy utilized by this thesis is very broad. This was not an accident. A survey of the literature on democratization, development and Eastern Europe made it apparent that these were the three major elements that the general literature stressed.

The literature, however, seemed to divide into two broad camps (hence the vertical and horizontal approaches), such that rarely did one source include all three elements. This thesis is innovative in that it is incorporating all the factors from the literature in these three fields into one broad democratization category. This may be unwieldy, but it accurately reflects the tendencies in the democratization literature writ large.

These three elements are incorporated in the horizontal and vertical approaches to democratization (see Figure 1). Both approaches include an emphasis on building democratic institutions (though they do not always agree on the exact nature of these changes). They differ, however, on the importance of the other two elements.

Figure 1. Elements of the Horizontal and Vertical Approaches to Democratization



Since democracy is a complex system of governance, it would seem beneficial to pursue both approaches to democratization simultaneously. Indeed, this thesis argues that the creation of sustainable democracy in the Visegrad countries (and

EE/FSU in general) demands that all three elements receive attention. But in a period of increasingly scarce resources, this does not appear to be occurring. The vertical approach is dominant in the West and this could create problems for sustainable democracy in Eastern Europe.

The shortcomings of democratization policy relating to the Visegrad countries do not arise from the support for civil/political rights and the creation of the institutions of democracy because, as noted above, both approaches recognize the importance of these in democratization. Rather, the shortcomings relate to the second emphases of the two approaches. The emphases on facilitating economic transformation (economic liberalization) and creating democratic civil society (building participatory democracy) have tended to conflict in developing countries in the past. In particular, economic liberalization (as promoted by the vertical approach) has been criticized for making democratization more difficult by introducing hardship in the short term through economic restructuring. This then strains the linkages among citizens, and between them and government, which the horizontal approach attempts to build.

In Poland, Hungary, Czechoslovakia (the Czech Republic and Slovakia), the tension between the two elements has been less profound, not because the problems have been rectified, but because there has been little or no emphasis on creating democratic civil societies (as will be illustrated in Chapter 9). A balance between the horizontal and vertical approaches in foreign policy might offer a solution. The trend in Canadian foreign policy (and Western foreign policy in general) over the last

decade, however, has been to downgrade official development assistance (ODA) which stresses the developmental/civil society linkages, and upgrade the importance of liberalizing, process/institution building and increasing Canadian trade.

All three of these components can be found in the Chrétien government's foreign policy, though not, however, in equal proportions. This thesis will argue, first, that Canadian foreign policy has incorporated several new emphases since the 1960s--in particular (for our purposes here), the consideration of human rights and democracy, and the increased importance of economic (especially financial and trade-related) matters. Second, it will argue that, while Canadian democratization policy relating to the South incorporates all three elements listed above, the Canadian approach to democratization in the Visegrad countries focuses on only two of the elements--facilitating economic transformation and building democratic institutions. Furthermore, in these countries, another element has been added to the democratization framework--i.e., creating a security framework. This thesis will argue that creating democratic civil societies is not a priority in Canadian policy or practice toward Poland, Hungary, Czechoslovakia (the Czech Republic and Slovakia), and that this inattention to civil society may have serious implications for the sustainability of democracy in these countries.

The emphases inherent in democratization policy targeted toward Eastern Europe reflect the dominance of the vertical approach in the 1990s. As we will see in Chapter 4, proponents of the vertical approach believe that while the presence of a democratic civil society is certainly advantageous, its *creation* is a by-product of the

transition process. As we will see in Chapter 3, however, proponents of the horizontal perspective do not agree. They would argue that creating democratic norms and attitudes within the population is an intrinsic part of the transition. Without the attitudes and organizational flexibility inherent in a democratic civil society, the probability of the continuance of democratic governance is slim.

The end of the Cold War has meant increased possibilities for democratization in the world. If Canada is serious in its concern for democratization in Eastern Europe and the FSU (and indeed globally), it may be unwise to allow the horizontal approach to disappear completely from the policy agenda. This thesis will explore whether this is happening, and, if so, why.

There are several important provisos which must be made here. First, this thesis will consider only the *outputs* of Canadian foreign policy. This means that the foreign policy-making process itself, while interesting and important, will not be emphasized. Second, this thesis will only consider the federal government's foreign policy relating to the Visegrad countries, not the policy of the provinces, Canadian companies or non-governmental organizations (NGOs). And, third, it is beyond the scope of this thesis to undertake an exhaustive assessment of the *effectiveness* of Canadian policy and practice in the region. It will examine the actions and policies themselves, and only briefly speculate on their success in the Conclusions.

Methodology and Objectives

The transitions occurring in Eastern Europe since 1989 have had profound

consequences for the Western world in both practical and theoretical terms. In practical terms, the West (Western Europe in particular) has had to acknowledge new actors on its periphery and re-evaluate economic and security frameworks accordingly. In theoretical terms, the studies of international relations, comparative politics, international political economy, and strategic studies have had to incorporate new actors and a new global framework. While the world has seemingly adjusted well to the changes, there are serious shortcomings to the democratization policies which have been applied to Eastern Europe.

In particular, as stated in the previous section, there are three elements inherent in a democratization policy (building democratic institutions, facilitating economic transformation and creating democratic civil societies). The primary objective of this thesis is, after outlining why these three elements are essential, to determine if Canadian democratization efforts have neglected the development of democratic civil societies in these new democracies. The second objective is to speculate on the factors and/or pressures which might explain this.

In terms of methodology, this thesis utilizes both deductive and inductive approaches. First, it isolates two broad approaches to democratization, and develops three general elements common to the literature on democratization. It proceeds from this to use Canadian policy toward the Visegrad countries as a case study. Then, in the Conclusions, it speculates on the applicability of the Canadian case to Western foreign policy more generally.

In order to proceed with the examination of the elements of democratization

policy and the Canadian focus in Poland, Hungary, Czechoslovakia (the Czech Republic and Slovakia), it was necessary to tap a broad variety of sources. In particular, the research for this thesis involved three elements: (1) secondary research into the elements of democratic theory and the transition process; (2) primary research (especially government documents, speeches, policy papers) relating to Canadian historic relations with Eastern Europe and post-1989 activities there; and (3) telephone interviews, a questionnaire to NGOs participating in democratization and Eastern Europe, and personal observations in Hungary and the Czech Republic.

This thesis is focusing on Canadian approaches to democratization in the Visegrad countries, and thus incorporates a number of foci: democracy and democratization; Canadian foreign policy; and these four countries. Because of this, it is difficult to find one theory which incorporates all these elements, and this partially explains why the approach taken by this thesis is historical analytical rather than theoretical analytical. However, in broad terms, this thesis utilizes the discursive elements of an international political economy (IPE) approach. Such an approach is useful because of its interdisciplinary nature, which allows for the inclusion of a variety of political, societal and economic actors. The IPE perspective is necessary because this thesis argues that democratization is a process not only of political change, but economic and social changes as well.

Because this thesis uses Canadian foreign policy toward the Visegrad countries as a case study, it must also utilize some elements of international relations (IR) theory, especially in terms of foreign policy analysis. And finally, it must incorporate

institutional or governmental analysis as it relates to Canadian foreign policy making. An IR analysis may assist in the explanation of *why* Canadian policy neglects the creation of democratic civil societies, and a governmental analysis may help explain the factors that influence Canadian foreign policy outputs.

Structure

This thesis will examine four elements--democracy, democratization, Canadian foreign policy, and the Visegrad countries--independently. These elements will then be brought together in an examination of the Canadian government's democratization policy and practice in Poland, the Czech and Slovak Republics and Hungary.

Part One - Democracy

It is important to understand exactly what democracy and democratization involve. Part One will examine the first of these two concepts. There is no *one* definition of what democracy entails. Thus, Chapter 1 will examine the major elements of two broad definitions of democracy. These two definitions represent the views of democracy incorporated in the vertical and horizontal perspectives.

Part Two - Democratization

Once democracy has been briefly examined, this thesis will discuss the elements of democratization policies in general. While Part One discussed *democracy* (the end state), Part Two now moves on to a discussion of *democratization* (the

process). Chapter 2 will discuss the processes and policies which both the horizontal and vertical approaches agree are essential to democratization, in particular, building democratic institutions. Chapter 3 will discuss the defining elements of the horizontal approach to democratization--i.e., developing democratic civil society and creating democratic attitudes. And Chapter 4 will discuss the defining element of the vertical approach--i.e., facilitating economic transformation to a market economy.

To this point, the discussion of the process of democratization has been in general terms. Chapter 5 will draw the discussion specifically to the Visegrad countries.⁸ It will discuss the democratic transitions in Czechoslovakia (the Czech and Slovak Republics), Hungary and Poland. It is imperative that some background on each of these countries be provided. Without this it is impossible either to grasp the extent of the changes necessary, or to understand their implications. The recent histories of these countries vary enormously--from the Stalinist regimes of post-1968 Czechoslovakia, to the 'goulash communism' of Hungary, to the Solidarity- and Catholic Church-led movements in Poland--and this affects the democratization efforts of the period since 1989.

Part Three - Canadian Foreign Policy

Canadian foreign policy has had a relatively short history. It is only in the

⁸ It is important to note here that in discussion with Polish military and civilian personnel in Halifax in March 1997, they emphatically stressed that Poland is not in *Eastern Europe*, but rather in *Central Europe*. I acknowledge their concern, but I bow to the literature on the area, which tends to place Poland in Eastern Europe.

post-WW II period that Canada can be said to have had an official "foreign" policy at all. In this short period, however, a number of elements have formed a firm foundation for Canadian actions abroad: (1) the fundamental importance of Canada's relations with the United States; (2) the traditions of "middlepowermanship" (in terms of both size and its foreign policy roles) and liberal internationalism; and (3) the importance of trade to the Canadian economy.

The focus of this thesis is post-1989 Eastern Europe. It is difficult, however, to analyse Canadian actions in the post-Cold War world without some background of relations with the region during the Cold War. The Canadian approach(es) to democratization in the Visegrad countries in the 1990s is the product of the evolution of Canadian foreign policy since the 1960s, and the historic relations Canada has had with the region. It is therefore necessary to explore both relations with Poland, Hungary and Czechoslovakia, and the incorporation of considerations of human rights and democracy into Canadian foreign policy.

Chapter 6 will, therefore, discuss the historic relations Canada has had with the Visegrad countries in terms of security, economic relations, demographic factors (the Eastern European diaspora), and Canadian participation in the Conference on Security and Cooperation in Europe (CSCE). Chapter 7 will examine the incorporation of human rights considerations, and how this has translated into the inclusion of considerations of democracy in Canadian foreign policy. It will also examine the parallel incorporation of more aggressive trade promotion and support for the international "neo-liberal agenda" into Canadian policy.

Part Four - Canadian Democratization Policy Since 1989 in the Visegrad Countries

Part Four will tie the four elements together--democracy, democratization, Canadian foreign policy and the Visegrad countries. It will analyse Canadian government efforts to promote and sustain democracy in these countries in the 1990s.

Part Four consists of two chapters. Chapter 8 will discuss what the federal government has done (and is doing) in the region since 1989. In particular, it will discuss policy and practice in three categories: (1) creating security; (2) facilitating economic transformation and securing Canadian prosperity; and (3) building democratic institutions.

Chapter 9, on the other hand, will discuss what Canadian foreign policy is *not* doing. First, it will examine Canadian ODA to determine the place it has given to democratization in the 1990s. Then it will argue that Canadian policy toward Eastern Europe does not incorporate an important element which is featured in policy towards the South--i.e., an emphasis on developing democratic civil society.

Conclusions

Having determined the focus and elements of Canadian democratization policy in the Visegrad countries, the Conclusions will speculate on the reasons for, and implications of, Canadian policy there. In particular, it will make the argument that international factors (i.e., Canada follows the trends in "Western" foreign policy, and residual concerns about sovereignty) and domestic factors (competing visions of democratization within the foreign policy-making establishment) affect the content of

Canadian policy in the Visegrad countries. It will argue that, because the rapid changes have affected most citizens of the area negatively, both they and their leaders are insecure in their democratic commitments. This means that the implications of neglecting the creation of democratic civil society in this region could be serious.

PART ONE DEFINITIONS OF DEMOCRACY

Introduction to Part One

As this thesis is about Canadian approaches to democratization in the Visegrad countries, it is necessary to begin with a discussion of democracy--after all, it is difficult to discuss the *process* of democratization without having some idea of what the *goal* entails. However, this thesis will avoid the debates that have characterized democratic theory since its inception, and thus, it will not address whether democracy is 'better' than its alternatives, whether 'the people' should rule, who 'the people' are or should be, or the problems inherent in a system of majority rule. The purpose of this section is to provide an overview of the different elements of modern democracy, and to present two broad visions of what "democracy" entails.

Writings on democracy fill innumerable library shelves. The first democratic theorists were, of course, the Greeks. But, unlike in the 1990s when democracy is often seen as a panacea, the best known Greek political theorists did not favour democracy. Plato believed that democracy led to the worst forms of mob rule, and that the people--that is, the poor--would rule only in their own interest rather than in the interest of the community as a whole. Aristotle too feared the consequences of implementing a system in which 'the people' ruled. In *Politics*, he argued that there were three lawful forms of rule, classified according to how many people ruled and in

whose interests. The lawful forms were monarchy, aristocracy and polity. The corresponding 'unlawful' forms were tyranny, oligarchy and democracy.¹

The Greek version of democracy had a number of distinct characteristics. First, the Greeks believed that "full participation" was *an* important--perhaps even *the most* important--feature of a democracy. Second, in the Greek city-states democracy was direct. Citizens attended the political meetings themselves and participated in the formulation of laws. Third, the Greeks felt it necessary that a sense of harmony of interests existed among citizens so there was no major contradiction between private interests and the general good. Fourth, citizenship was granted only to men of a certain age and class and, thus, was exceedingly limited. This ensured that the pool of citizens was small enough for direct democracy to be feasible. Fifth, many of the political offices were filled by lottery which meant that most citizens could expect to hold a governmental post at some time. Sixth, there was frequently a final review at the end of term for certain public officials and, thus, some public accountability. And finally, the Greeks believed that democracy was suitable only in small and homogeneous societies.²

Modern democracies bear little resemblance to their ancient predecessor. By the time the American Constitution was written, it was recognized by both politicians and

¹ "Tyranny is the rule of one man to the advantage of the ruler, oligarchy to the advantage of the rich and democracy to the advantage of the poor". Quoted in M.I. Finley, *Politics in the Ancient World* (Cambridge: Cambridge University Press, 1983).

² See Howard Kainz, *Democracy East and West. A Philosophical Overview* (New York: St. Martin's Press, 1984), 15-16. See also Robert Dahl, *Democracy and Its Critics* (New Haven: Yale University Press, 1989), 18-19, for a discussion of these characteristics.

theorists that direct democracy was simply not feasible.³ It is impossible in large countries encompassing millions of citizens. Even the technological feasibility of direct participation through electronic voting has not meant a return to direct democracy because technology cannot mitigate the problem of increasingly complex governmental issues. The time that each citizen would be required to devote to participation would be prohibitive.

In the twentieth century, *governmental* democracy⁴ has thus come to have a number of characteristics which are very different from the Greek version. First, the idea that democracy is appropriate for and workable in large societies is new. Second, voting rights have been extended to include virtually all adult citizens. Third, democracy in the twentieth century is representative democracy.⁵ Periodic elections are held in which candidates are presented through the auspices of political parties and voters select a candidate. Fourth, political office is not determined by lot. Fifth, modern democracies are characterized by large administrative branches which are not elected.

Sixth, modern democracies have combined popular sovereignty with formal

³ As Dahl phrases it, by the time of James Mill and James Madison, "it was obvious and unarguable that democracy must be representative". Dahl, *Democracy and Its Critics*, 29.

⁴ I stress that I am discussing *governmental* democracy here, as opposed to democratic principles in a non-governmental organization, for example, which might have different operating rules and characteristics.

⁵ The adoption of representative democracy has introduced questions with which the Greeks did not concern themselves. For example, in a representative democracy there is the question of the *role* of representatives.

political equality. Seventh, modern democracies are characterized by considerations of certain "non-political" human rights (for example, legal rights, the right to property, non-discrimination etc.). The sixth and seventh characteristics are closely linked. In the absence of both freedom and political equality, it is difficult to envision how democracy could function. Democracy in modern society must, at minimum, allow citizens to have "adequate and equal" opportunity to express and argue their preferences, to raise items on the political agenda, and each citizen's vote must have equal weight.⁶

Eighth, the concept of majority rule has become intimately tied to the idea of modern democracy. It is obvious that the majority must have special rights in a system of governance which utilizes elections as its method of determining political leaders. But also self-evident is the idea that majorities must not be allowed to infringe on the rights of minorities. The *process* of majority rule does not make the *substance* of its decisions democratic. Thus, a majority could vote to take away the rights of a minority according to the democratic process, but this does not follow the democratic spirit.⁷

Because populations today are much larger than anything the Greeks ever envisioned incorporating into a democracy, political representatives are not generally

⁶ See Dahl, *Democracy and Its Critics*, 109.

⁷ There has been much discussion about this from the days of *The Federalist Papers* in the United States. It has become clear that majority rule works much better in relatively homogenous countries where there are no reinforcing differences. The system works best when there are no permanent minorities and when cleavages are cross-cutting rather than reinforcing.

known directly to the citizens. This leads to our ninth characteristic--the existence of intermediary political institutions. Because political representatives and candidates are not known, political parties and the media are necessary to provide information about, and publicity for, each candidate. Again because of the larger population, citizens have taken recourse to groups to make their interests heard. These "interest" groups, many of which play a role in the political process (though not in the search for political office), have proliferated in this century.

A final characteristic of modern liberal democracies is the idea that conflict can be positive within agreed limits. This contrasts with traditional views of society which viewed conflict as divisive and disruptive. In modern democracy, conflict is seen as necessary to ensure accountability and transparency in government, and contribute to technological progress. The presence of conflict is seen to reflect liberty within the political system and competition within the economic system.⁸

While most democratic theorists would agree that the characteristics of modern democracies are as described above, they would disagree vehemently on the *desirability* of some characteristics and the *importance* of others in a policy of democratization.⁹ This disagreement derives in no small part from the very different

⁸ Other analysts have, of course added other elements and emphases. For example, recognizing that the twentieth century phenomenon bears little resemblance to its Greek ancestor, Robert Dahl came up with a new term to describe the democracy that exists in the modern world--polyarchy. See Dahl, *Democracy and Its Critics*. See also, for example, Giovanni Sartori, *Democratic Theory* (Detroit: Wayne State University Press, 1962).

⁹ In reading Parts One and Two, we: "... must keep in mind three points: first, that a firm distinction has to be made between the *ought* and the *is* of democracy; second, that this distinction must not be misunderstood, because clearly, ideals and reality

definitions of democracy that have arisen in this century. It is on these different definitions that Parts One and Two focus.

It is important to do this for two reasons. First, in order to make the argument that Canadian policy toward Eastern Europe is deficient in one of the three elements of democratization--economic transformation, democratic institution building and creating democratic civil society--we must know what is incorporated in different definitions of democracy. And, second we must understand why the proponents of the horizontal approach believe that the missing element is crucial.

It is important to note that Parts One and Two of this thesis are examining definitions of democracy and approaches to democratization as *ideal-types*. The authors who are quoted in these chapters have been placed in one category or another. Obviously, this represents something of a distortion of reality--most authors do not fit neatly into one category and, indeed, most political analysts fit into the grey area between these dichotomised approaches. As well, there are wide variations of actual political systems which fit into the broad traditions--for example, there are many different forms of liberal democracies in practice. Using ideal-types here allows a clear and stark differentiation between the approaches. In reality, however, they are less sharply defined, and the differences between them less stark.

interact (without its ideals a democracy cannot materialize and, conversely, without a basis of fact the democratic prescription is self-denying); third, that although complementary, the prescriptive and the descriptive definitions of democracy must not be confused, because the democratic ideal does not define the democratic reality, and vice versa, a real democracy is not, and cannot be, the same as an ideal one." *Ibid.*, 4-5.

CHAPTER 1 Two Definitions of Democracy

Introduction

In this chapter, the theoretical foundations and tenets of two broad definitions of democracy will be outlined because how one defines the end product affects how one attempts to attain it. These definitions derive from fundamentally different visions of democracy. For some, it is defined primarily in *economic/political* terms, whereas for others, it is defined in *developmental/social* terms, as intimately related to social and cultural factors as it is to economic and political factors. As will be illustrated in this chapter, definitions of democracy can reflect the different preoccupations of the analysts and the time at which they write. This chapter will discuss two broad definitions of democracy. These definitions correspond to the vertical and horizontal approaches to democratization,¹ which will be discussed in more detail in Part Two.

There are several cautions that must be made before beginning a discussion on definitions of democracy in the 1990s. First, many democratic theorists have stated that democracy is not an end, but rather a process, a goal towards which a state must strive *ad infinitum*. If this is true, Western democracies are also in the process of

¹ Other political scientists use other labels to describe their similar categories: for example Einer Berntzen refers to minimalist versus substantive definitions of democracy; C.B. Macpherson refers to a pluralist elitist model versus a participatory democracy model; Schmitz and Gillies refer to "electoral", "nominal", or "formal" democracy versus "developmental" or "popular" democracy.

democratization.² Second, how one defines a phenomenon often serves a purpose.³ Thus, many Western political scientists have defined democracy in such a way that it exactly describes the systems of the West and thus reflects their conscious (or unconscious) biases. This serves to perpetuate the claim that what is Western is 'best' and systems that do not resemble Western democracies are indeed not democracies at all. Western society has been used as the ideal-type goal to which other societies must strive. To do this, however, is to (a) assume that other versions of democracy cannot exist and (b) ignore the problems that occur in the West.

With the collapse of the Soviet bloc, it has become apparent that, even with their serious internal problems, Western democracies have come to provide the global political model. The opportunity to create democratic societies in Eastern Europe which avoid or obviate the problems of the West is undeniably tempting. It is important to realize, however, that 'formal' democracy is not a panacea. Democracy cannot, and cannot be expected to, cure all evils. It is, however, a system which incorporates opposition peacefully into the political system and thus appears to be the best available political alternative.

² This creates a problem for measuring or providing standards because, as Robert Dahl asks, "if democracy is both an ideal and an attainable actuality, how are we to judge when an actual regime is sufficiently proximate to the ideal that we can properly regard it as a democracy?" Dahl, *Democracy and Its Critics*, 6.

³ See Kainz. *Democracy East and West*, 20, for a discussion of this.

Vertical Definitions

The economic crisis experienced in the 1970s led to a revision of Western relations with the South⁴ and, by the 1980s, to major changes in international interactions between developed and developing countries. In the early 1980s, a new trend became apparent, which was labelled somewhat confusingly as neo-liberalism and/or neo-conservatism, reflecting both its economic and its societal emphases. It is this trend which is compatible with, and indeed underlies, the vertical approach.

In this section, three broad characteristics of the vertical definition of democracy will be outlined. These characteristics include: (1) its proponents' belief that elections (and democracy itself) are instrumental; (2) the idea that popular participation is not essential; and (3) the emphasis on classical liberalism, and thus its views on the relationship between politics and economics.

History

Liberalism developed in the late seventeenth and eighteenth centuries. It challenged the *ancien regime* both by creating a sphere of society which the state did not control and by rejecting the claim that state power rested on divine or natural rights. Furthermore, it later popularized the claim that state power was based on the will of the people, thus leading to a call for democracy. In the early years, however, there was often little overlap between liberals and democrats. Indeed, some theorists

⁴ There are many words or terms that refer to the areas of Africa, Asia, the Middle East and Latin America--for example, the "Third World", the developing world and the "South". In this thesis, the word South will be used.

like de Tocqueville, Locke and Montesquieu were liberals who displayed a marked disinclination toward democracy. But, gradually and almost imperceptibly, liberalism and democracy have become interwoven⁵ and, since the mid-1800s, they have evolved together.

Historically, liberal democratic theory draws its roots from a variety of writers who were quite distinct from each other.⁶ However, in general, liberals believed that freedom was the ultimate goal, and that the role of the state must be limited to re-creating the conditions of the perfect state of nature.⁷

The Instrumental Nature of Democracy

The first characteristic of the vertical definition is its proponents' view that democracy is instrumental. Friedrich von Hayek's *The Constitution of Liberty* (1960)

⁵ This is unlike the history of liberalism and socialism which began as antithetical and have continued thus, based on differing visions of the role and nature of private property and the state. Socialism and democracy, on the other hand, have had no historical opposition because it was believed by some that the economic tenets of socialism would enhance democracy by alleviating inequalities in the economic sphere which translated into inequalities in the political sphere. It is only from the mid-twentieth century that democracy and socialism have been characterized as antithetical.

⁶ Writers as distinct as Locke, Montesquieu, Kant, Smith, Humboldt, Constant, Mill, Tocqueville were all liberals. See Norberto Bobbio, *The Future of Democracy* (Minneapolis: University of Minnesota Press, 1987), 104, for a discussion of this.

⁷ This perfect state was outlined by John Locke in his *Second Treatise of Government*. Locke's vision was contrary to writers such as Thomas Hobbes who believed that a state of nature reduced man's life to perpetual fear and made it "solitary, poor, nasty, brutish and short".

provides a modern example of this perspective.⁸ For Hayek, government should act only to ensure liberty for its citizens, particularly the liberty to participate in the market. Indeed, Hayek states that "individual liberty, of which the first condition is economic freedom, possesses intrinsic value, whereas democracy's value is only instrumental".⁹

This instrumental view of democracy also draws from Joseph Schumpeter's book *Capitalism, Socialism and Democracy*, in which he argues that democracy is simply a process of deciding between competing minorities who will then govern.¹⁰ For Schumpeter, democracy was not seen as a system in which citizens affected public policy by electing representatives to do their will. Instead, it was seen as a system in which voters select a government from among competing groups which then makes decisions for them. Other political scientists--for example, Robert Dahl, Giovanni Sartori and Norberto Bobbio¹¹--expanded on this idea.

⁸ Friedrich A. Hayek, *The Constitution of Liberty* (London: Routledge and Kegan Paul, 1960), especially 103.

⁹ Cited in Norberto Bobbio, *Liberalism and Democracy* (London: Verso, 1990), 81.

¹⁰ Schumpeter was not the only person to make this argument. Marx and V.I. Lenin, Mosca, Pareto, Michels and Gramsci, for example, all also believed that minority domination was inevitable. See Joseph A. Schumpeter. *Capitalism, Socialism, and Democracy* (3rd ed., New York: Harper & Brothers, 1950), 242, 260.

¹¹ For example, Robert Dahl's theory of polyarchy proposes that modern democracy is a system of competing minorities. Dahl, *A Preface to Democracy Theory* (Chicago: University of Chicago Press, 1956); See also Sartori, *Democratic Theory*, 120. Bobbio too claims that "democracy is characterized by a set of rules which establish *who* is authorised to take collective decisions and which *procedures* are to be applied". Bobbio, *The Future of Democracy*, 24. He agrees with Schumpeter that the major characteristic of democracy is not the *absence* of elites but

Schumpeter outlined a number of conditions which he believed were necessary for a democracy. For example, he believed that the "effective range of political decision should not be extended too far".¹² Thus, legal details should be left to lawyers, and rules regarding medicine to doctors. He also argued that in a democracy, a certain amount of "democratic self-control" must exist. Thus, citizens must accept the laws that their government enacts, as long as the laws are passed according to accepted procedure. Citizens must also "refrain from instructing him [their representative] about what he is to do",¹³ and there must be tolerance for differences of opinion. Finally, it is essential that entry into elite ranks is relatively open and that there is competition among differing elites.

Participation

Schumpeter's book was important because it provided the basis of a theory which assumes that even if the existing practices of political institutions do not fit the ideals of democratic theory, they can still be seen as democratic. Schumpeter was not the first theorist to argue that political elites should govern without the interference of citizens between elections--Edmund Burke argued this in *Reflections upon the French*

the presence of *competing* elites. *Ibid.*, 31. Bobbio states that one cannot understand democracy until one realizes that "a democratic system today signifies first and foremost a set of procedural rules". *Ibid.*, 63.

¹² Schumpeter, *Capitalism, Socialism and Democracy*, 291.

¹³ As Schumpeter argues "attempts at restricting the freedom of action of members of parliament--the practice of bombarding them with letters and telegrams for instance--ought to come under the same ban". *Ibid.*, 295, and 290-95.

Revolution a hundred years earlier—but he added the idea of competition among *contending groups* for support of the voters, which made the system more responsive to the will of the majority.

Schumpeter argued that limiting democracy to a political method ensured that the negative influence of an uninformed electorate could only be exercised at election times. This was necessary because the "average" citizen does not act in a manner which Greek democrats would have seen as satisfactory.¹⁴

Many other political scientists have echoed Schumpeter's thinking on this matter.¹⁵ This opinion meshed well with studies that were conducted following World War II, which reported that the "totalitarian" phenomenon incorporated, among other things, massive citizen participation. Thus, it was concluded by many political scientists that the non-participation of some groups was a blessing, not a problem.¹⁶

Schumpeter argued that democratic theory erred by assuming that citizens were rational, and that they had a rational opinion on political matters. Rectifying this error, Schumpeter suggested, was simply a matter of redefining democracy so that citizens did not make electoral decisions based on calculations of policy, but rather

¹⁴ *Ibid.*, especially 262 and 283.

¹⁵ See Berelson, *Voting* (Chicago: University of Chicago Press, 1954), 311, for example.

¹⁶ See, for example, Dahl, *A Preface to Democratic Theory*. Sartori argues that apathy is necessary to avoid instability in the system. Sartori, *Democratic Theory*. See also Berelson, *Voting*, 1954 for another example of this. Apathy is not a new phenomenon—as Finley points out, "even in ancient Athens apathy was common and only one-quarter to one-third of citizens participated". Finley, *Politics in the Ancient World*, 88.

selected among elites who then made decisions for them. He suggested that democracy be redefined "as that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote".¹⁷

Voting studies in this century tend to confirm that voters fail to satisfy the requirements of the 'classical' theory of democracy. In general, not only are voters uninterested, but they are ignorant of the workings of the political system, the allocation of government responsibility, and the policies of political parties.¹⁸ But, on the other hand, it is important to point out that voters *can* be very knowledgeable about issues that directly concern them.¹⁹ It is clear that rates of participation and political efficacy do not correspond to the hopes of some democratic theorists (J.S. Mill for example). In the vertical perspective, however, this has been accepted and used to redefine democracy to its instrumental form.

Unlike proponents of the horizontal perspective, who (as we shall see in the next section) ask *why* participation rates are low and attitudes are negative and what this means, proponents of the vertical perspective do not believe it necessary to delve into structural shortcomings of the system to explain the phenomenon.²⁰ This

¹⁷ Schumpeter, *Capitalism, Socialism and Democracy*, 269.

¹⁸ See, for example, Allman and Anderson, *Evaluating Democracy*, 192; Berelson, *Voting*; and Colin Wringe, *Democracy, Schooling and Political Education* (London: George Allen & Unwin, 1984), 13.

¹⁹ See Wringe, *Democracy, Schooling and Political Education*, 12-13, for a discussion of this.

²⁰ See Sartori, *Democratic Theory*, 88, for a discussion of this point.

illustrates a fundamental philosophical difference between the vertical and horizontal definitions of democracy.

Sartori argues that the modern combination of a large inactive population and a small active population is the way of politics.²¹ This should not dismay us. It is not a problem as long as access to the political process is open, and there are no restrictions on the formation and inclusion of new minority groups into the competition for power. And, indeed, there are only two alternatives to change this-- "... either we ask that political apathy be met by coercion, or that those who are politically active be penalized in favor of the politically inert"²²--neither of which are acceptable in a democracy.

Thus, in the vertical perspective, low voter participation and turnout is not a serious problem. As Bobbio argues "the price which has to be paid for the commitment of the few is often the indifference of the many. Nothing risks killing off democracy more effectively than an excess of democracy".²³ He also argues that political apathy is not indicative of crisis in a democratic system, but rather a sign of good health.²⁴ Indeed, Sartori argues that it was the necessity of total commitment to

²¹ *Ibid.*, 90.

²² *Ibid.*, 90.

²³ Bobbio, *The Future of Democracy*, 31.

²⁴ *Ibid.*, 67. Bernard Berelson et al argue that low voter turnout is good because it indicates low societal conflict and general societal contentment, and low voter interest in politics may be necessary to allow compromise. See Berelson, *Voting*.

politics, to the exclusion of other facets of life, that led to the downfall of Greek civilization.²⁵ As Elaine Spitz points out, a democratic system can continue to function successfully in the face of low participation rates, as long as participation is allowed, and thus every citizen is a potential voter and must be treated as if he/she might utilize his/her power at the polls.²⁶ It is important to note, however, that persistently low voter turnout is probably not the best indicator of societal satisfaction or a democratic civil society.

These two elements drawn from Schumpeter's work--first, that elections provide an instrumental method for citizens to choose between candidates who will then govern and, second, the view that, in the political arena, citizens do not participate in a sophisticated manner and that lack of participation is not a problem--are the main *political* elements of the vertical definition of democracy. These elements have been combined with the tenets of classical liberal economic theory and embellished by other political scientists to form a coherent definition of democracy.

Liberalism

The third defining element of the vertical perspective is the emphasis on classical liberalism and thus the close relationship between politics and a particular conception of economics. The movement in the 1980s towards neo-liberalism/ neo-conservatism called strongly for economic and political liberalization throughout the

²⁵ Sartori, *Democratic Theory*, 254.

²⁶ Spitz, *Majority Rule* (Chatham, N.J.: Chatham House, 1984), 10.

world. But the democracy espoused and practiced by neo-liberal governments (for example, the governments of Thatcher, Reagan/Bush, Kohl and Mulroney) is of a particular variety--it is liberal democracy derived from classical liberalism.

Liberalism, as discussed above, involves a specific conception of the state as a body which has limited powers and functions.

The assumption that there is a close association between capitalism and democracy derives from the eighteenth and nineteenth century liberalism underpinning American political thought. *Liberal democracy* added liberal thought to democratic thought. This meant that the idea of immunity from state influence in pursuits relating to citizens' private and economic lives was combined with the philosophy that political decisions should be taken either directly or indirectly (through representatives) by citizens of a state by means of competitive elections.²⁷ Liberal democratic theory simultaneously emphasizes both liberal and democratic tenets and thus presupposes a necessary connection between a particular political system (democratic) and a particular economic system (capitalist market economy²⁸). This emphasis has become apparent in Canadian policy and practice in Eastern Europe (as will be discussed in Part Four).

²⁷ See Andrew Levine. *Liberal Democracy. A Critique of its Theory* (New York: Columbia University Press, 1981), 1.

²⁸ This is reflected by the rejection of OECD countries of Third World demands for a more redistributive/'fairer' international economic order (as stated in demands for a NIEO) and the satisfaction of basic human needs (BHN). The rejection was explained by the claim that the market is the best means to ensure growth and thus increase absolute global wealth.

Liberalism of this variety is distinguished from other political frameworks by its emphasis on "specifying determinate limits to political authority".²⁹ These limits derive from a distrust of authority because of the potential danger it poses to individual freedom. Freedom is defined as *freedom from the state*. The state is constrained by constitutional mechanisms (i.e., separation of power, and/or federalism) designed to prevent the arbitrary use/abuse of power. Liberal doctrine places limits not just on the *power* of the state, but on its *functions* as well. The function of the state is to provide a framework in which individual activities can be conducted predictably and safely.

Liberal democracy stresses individual interests. The method of furthering these interests involves vesting "sovereignty" in particular collective decision-making procedures--that is, in majority rule voting. Thus, a government is formed by combining individual choices to produce a societal choice. Unlike Schumpeter's position discussed above, in most liberal-democratic theory individual choices are presumed to be made based on a rational calculation of interests and preferences.

Liberalism assumes the separation of politics from society and the economy, and the subordination of the political sphere to the economic and social spheres. Thus, civil society is important, but it is a 'non-political' civil society. Although interest groups, for example, exist, the most important element of their role is to provide a service (of some sort) to their members, rather than to participate in the political process per se. In the ideal-type liberal tradition, civil society is vibrant, but

²⁹ Levine, *Liberal Democracy*, 16.

it consists of individuals carrying out their own activities oblivious to the state. Self-interested *individuals* are the focus of economic and social interaction rather than countries or groups within countries. Political institutions are a necessary evil, necessary only to prevent complete deterioration into a Hobbesian state of existence. Liberal democracy supports a limited state and, in the absence of a major state role in the economy, individuals are assumed to be free to pursue their own interests without interference. The state should not normally participate in either economic or social welfare roles. Society is the realm of fulfilment and actualization and should be left alone by the state.

This top-down, competing-minorities-rule version of democracy as advocated by recent neo-liberal governments, has been combined with free market economics to form the 1990s' model of liberal democracy.³⁰ The 'liberal' factor adds two important elements to the vertical definition of democracy. First, it emphasizes support for individual actions, particularly in the economic sphere. And second, government is to be limited to the role of 'night watchman'--i.e., to ensuring only that individuals are allowed to pursue their own self-interests without interference through societal violence or abrogation of the laws of commerce.³¹

The liberal democratic paradigm has affected the dominant post-Keynesian

³⁰ Although neo-liberal governments had only limited success at implementing neo-liberalism at home, it received a great deal of attention in their foreign policy goals.

³¹ In practice this is rarely the case, as the state regularly provides incentives and protection for private sector interests.

development approach of the 1980s. The adoption of structural adjustment programs (SAPs) (under pressure from the international financial institutions (IFIs)—the World Bank and International Monetary Fund (IMF) in particular) by much of the South to address the problems of debt in the 1980s has ensured that the 'liberal' element has been increasingly adopted. Among other things, SAPs imposed by the World Bank and International Monetary Fund (IMF) promote 'liberalization' as a condition for loans. This has meant the encouragement of increased market freedom in recipient countries through a reduced governmental presence in the economy. The addition of political conditionalities to the programs in the mid-1980s meant that Western-defined variations of liberal democracy have become the only acceptable path available to cash-strapped countries in the developing world, and since 1989, to Eastern Europe and the former Soviet Union as well. Thus, while broadening the foreign policy-making process in Canada and including considerations of human rights and democratization, Ottawa has also provided strong support for the neo-liberal agenda at the international level.

Horizontal Definitions

The ideal-type horizontal definition of democracy is distinctly different from the vertical approach. Although it is difficult to define, it clearly opposes the top-down, minority/ies-rule perspective. According to Schmitz and Gillies:

Democracy can be viewed narrowly as a set of procedures (such as periodic elections) which are nominally observed to be present. Or it can also be viewed expansively and qualitatively as a participatory, developmental approach to the public life of society. The latter vision explicitly links

democratic processes and institutions to human rights and human developmental goals.³²

It is this latter vision of democracy which corresponds to the horizontal perspective as outlined here. In this definition, democracy "entails more than introducing a neutral political calculus within an abstract rational-actor model of social interaction and decision making".³³ In the conventional minimalist version of democracy (the vertical definition), democracy is characterized by regular electoral competitions, within a multiparty political system, and the replacement of governments by constitutional procedures, according to the rule of law. This is not sufficient for the proponents of the horizontal perspective, who also include criteria such as "redistribution, socioeconomic reforms, broadened popular participation, social justice and human rights".³⁴

History

The horizontal approach derives partly from the writings of Jean-Jacques Rousseau. Rousseau had serious reservations about systems of political representation because he believed that this meant that citizens were "free only during the election of members of parliament. As soon as they are elected, slavery overtakes it [the people]

³² Gerald J. Schmitz and David Gillies, *The Challenge of Democratic Development* (Ottawa: The North-South Institute, 1992), 11.

³³ *Ibid.*, 8.

³⁴ Shahid Qadir, Christopher Clapham and Barry Gills, "Sustainable Democracy: Formalism versus Substance", *Third World Quarterly*, Vol. 14, No. 3 (1993), 416.

and it is nothing."³⁵ He was convinced that economic inequality in society would prevent political equality. To ensure that this did not happen, he believed that citizens should be directly and continuously involved in their own governance (although he recognized the need for legislators who would interpret society's will).³⁶

The horizontal definition of democracy also owes much to the writings of J.S. Mill. Although Mill is usually categorized as a liberal democrat, he held a number of views that have been adopted by the horizontal perspective. In particular, he believed that democracy was a desirable goal not just because of the institutionalization of government by consent but also because of the benefits it provided to citizens, especially the qualities of "independence, self-reliance and public-spiritedness".³⁷

Participation

For almost two centuries, the focus of democracy has been to extend and broaden the franchise. Thus, in Britain (and some of its colonies), France and the United States, for example, the franchise was first extended to propertied men of a certain age and gradually expanded to encompass all white males of a certain age,

³⁵ Jean-Jacques Rousseau, *The Social Contract and Discourses*, Vol. 1 (Translated and Introduced by G.D.H. Cole) (London, 1973), 240.

³⁶ It is important to note that the theory evolved in another direction as well. For example, unlike Hayek and going further than Rousseau, Marx stressed the democratic element of society and rejected the liberal element.

³⁷ Robert Dahl, *Democracy and Its Critics*, quoting Mill, *Considerations on Representative Government*, 92. Mill, however, also favoured weighted voting for the educated.

then to include women and non-whites and extended even further (in Canada, for example) to include judges, inmates in prisons and residents of psychiatric facilities. With the exception of the lower limit on age, the horizontal expansion of the franchise has been extended virtually as far as it can be, within the limits of citizenship.

The attempt to "deepen" the realm of democracy, however, has not had the same success. The realm of "who" could vote (the extension of the franchise) expanded dramatically, but this was not simultaneously matched by the extension of "where" or "for what" you could vote. Some political theorists who fall readily into the horizontal perspective--C.B. Macpherson and Carol Pateman, for example--have pointed to the truncated extension of democratic privileges as a serious problem. In their opinion, the role of "the people" should extend into more jurisdictions, particularly the economic arena. This is the first major difference between the perspectives: in the horizontal definition, democracy is expansionary and inclusive, whereas in the vertical perspective this need not be so.

Proponents of the horizontal perspective, as outlined here, would argue that equal *political* influence (i.e., one person, one vote) is of limited utility where major *economic* inequalities exist because access to resources can tilt the political system in one direction or another. This in no way indicates that all proponents of the horizontal perspective advocate levelling off economic inequalities. To the contrary, many would advocate simply that the influence of "the people" should extend into more jurisdictions, particularly the economic arena, or the removal of structural impediments which tend to penalize the poor in society and politics.

The two perspectives thus have quite different views about the results and purposes of political participation. Proponents of the horizontal perspective believe that participation *is* beneficial for its own sake. Thus, unlike Schumpeter or Sartori³⁸ for example, J.S. Mill,³⁹ C.B. Macpherson, David Held and Carol Pateman believe that participation in local government and the workplace contributes both to an improvement in representative democracy and in the citizens themselves. In the horizontal perspective, therefore, participation is seen as educative--the more you participate, the more effective a participant you become and the more efficacy you feel the system has. A widespread feeling of efficacy, combined with an effective democratic socialization process, ensures that citizens will maintain the system and obey its laws.⁴⁰ It is important to note here, however, that the participation must be "meaningful"--that is, it must have some effect on outcomes. Thus, citizens attended rallies and political meetings in the Soviet Union in great numbers, but their participation was not "meaningful" in the sense that it had any influence over

³⁸ Sartori stated: "In short, democracy on a large scale is not the sum of many little democracies. Political democracy is ... a method or procedure by which, through a competitive struggle for sanctioned authority, some people are chosen to lead the political community." Sartori, *Democratic Theory*, 124.

³⁹ Although John Stuart Mill is considered a liberal democrat, he believed in the educative value of participation. He claimed that participation in the political sphere led to the "highest and harmonious expansion of individual capacities." J.S. Mill quoted in David Held. *Models of Democracy* (Cambridge, Mass.: Polity Press, 1987), 86.

⁴⁰ It is important to differentiate what is defined as the horizontal perspective here from a Marxist perspective. Marxists would argue that increased participation, while a step in the right direction, will not help citizens' wellbeing entirely because their wellbeing is governed by the *ownership* of the means of production.

outcomes.

Like many of the theorists who fit into the horizontal perspective, C.B. Macpherson advocated participatory democracy.⁴¹ Macpherson argued for making elected representatives more responsible through the increased involvement of "the people". This increased participation, Macpherson thought, required an attitudinal change--citizens had to think of themselves as *actors* in the political system rather than *consumers* of government actions. In order to change this attitude, social and economic inequalities had to be decreased. The problem with this solution, of course, is that it is a vicious circle--people cannot feel like actors until inequalities are decreased and inequalities cannot be decreased until people feel like actors.⁴² According to Macpherson, the way to overcome this is to increase participation in one area which then builds confidence for increased participation in other areas.

More radical proponents of the horizontal perspective have called for increased participation in both the political and the economic spheres. Carol Pateman, for example, proposed direct worker participation in economic enterprises, particularly worker self-management--a return in some ways to direct democracy in the workplace.⁴³

⁴¹ It must be stressed that participatory democracy does not mean direct democracy, which although technologically possible, is largely infeasible.

⁴² For a discussion of Macpherson's model of participatory democracy see his discussion of Model 4 in C.B. Macpherson, *The Life and Times of Liberal Democracy* (Oxford: Oxford University Press, 1977).

⁴³ Carol Pateman, *Participation and Democratic Theory* (Cambridge: Cambridge University Press, 1970), 110. Gould argued that participation in the political *and*

The proponents of the horizontal perspective, thus, argue that political participation provides benefits in addition to simply selecting a government. Although what Huntington and Nelson call "the Jacksonian idea"--i.e., the idea that every citizen is capable of carrying out the functions of government--is "a peculiarly American" idea, it has had an important influence on the perceptions of democracy.

This idea claims that

... political involvement is good for society--it makes democracy more meaningful and government more responsive--and it is good for the individual--it develops him as a moral being and as a responsible citizen of society.⁴⁴

The "Jacksonian idea" has been increasingly globalized. This is partly because of American dominance in the field of political science and partly because post-WW II American governments have cast themselves in the role of creator and protector of democracy internationally (although it has been somewhat inconsistent at playing this role).

economic spheres is necessary for "self-development". Caroline Gould, *Rethinking Democracy* (Cambridge: Cambridge University Press, 1988), 26. And Held calls for what he called "democratic autonomy" which required both an increased accountability of the state and increased democratic tendencies in society through direct participation in local community institutions and self-management of cooperatively owned enterprises. See Held, *Models of Democracy*, especially 285.

⁴⁴ Samuel P. Huntington and Daniel Nelson, *No Easy Choice. No Easy Choice. Political Participation in Developing Countries* (Cambridge, Mass.: Harvard University Press, 1976), 18.

The Nature of Democracy

The second important difference between the two definitions is that, in the horizontal perspective, democracy is not seen as merely instrumental--i.e., as a means to another end--it is itself an end.⁴⁵ This notion is closely related to the first difference. In the horizontal perspective, democracy is seen as something beneficent in and of itself, whereas in the vertical perspective it is a method of selecting leaders which ensures that other goals, most particularly economic freedom, can be met. In the horizontal perspective, as mentioned above, democracy plays a role not simply as an instrument of just government, but as a means to improve the citizen him/herself. Indeed, Macpherson emphasizes the ability to develop and use the individual's capacities--what he refers to as "developmental power"--as the main goal of democratic society.

J.S. Mill made an important contribution to democratic theory in this regard. He believed that not only was democracy good because it provided good laws and prevented tyranny, but also because it helped citizens develop. Thus, democracy did not just protect citizens from abuses of power, it also gave them the means to utilize this freedom to learn and develop themselves as human beings.

The two perspectives also differ in their views about the psychology of voting. This difference rests on the interpretation of the fact, as Schumpeter recognized, that

⁴⁵ See Dahl, *Democracy and Its Critics*, 175, for a discussion of this point. Robert Dahl--and many other political scientists--reflect both the perspectives. It must be emphasized again, that these constructs are ideal-types and thus do not exist in this black-and-white form in reality, and that most theorists will fall into the grey areas between the perspectives.

most voters do not rationally calculate their interests and vote accordingly. Unlike theorists who fit into the vertical perspective--Schumpeter and Sartori for example--in the horizontal perspective the lack of citizen participation is seen to be very negative. The goal of a democratic society is to *increase* participation and a lack of participation indicates fundamental systemic problems. In this perspective, democracy must involve the continuing active participation of citizens.

Furthermore, the "irrationality" in voters is here seen as the result of a lack of resources (therefore resulting in a lack of information or time to participate), a lack of political efficacy, or manipulation by elites. In addition, any "irrationality" in votes could be the result of a number of structural factors, including among other things: (1) the fact that voters do not know what is in their interest; (2) their interests are not represented in the choice of candidates; or (3) their interests are influenced by cross-cutting and mutually exclusive pressures and thus lose rationality. Unlike the vertical perspective, which has come to terms with the problems of low participation and voter "irrationality", the horizontal approach cannot provide a solution to this problem, except to say that citizens must be educated to participate in democratic governments.

Rights

Another difference between the perspectives is their definition of rights. The liberal-democratic or vertical view places primary importance on *negative* rights--i.e., freedom is the absence of coercion or restraint. The horizontal approach, on the

other hand, emphasizes *positive* rights--i.e., freedom is the right *to do* something or *to* something. Democracy, in this perspective, involves considerations of justice, which is conceived of both in terms of distribution and effective participation by the majority of citizens.

The horizontal perspective recognizes that liberalism, with its emphasis on rights, may be necessary to democracy because the latter relies on a full panoply of political rights for its effective functioning. The liberal and the democratic elements have become interwoven for both perspectives, but their relative importance is clearly different. Liberal democrats have stressed that democracy relies on the presence of rights, a proposition with which participatory democrats agree. But, participatory democrats stress that the reverse is also true--i.e., that rights rely on democracy.⁴⁶ This is something that liberal democrats are not as willing to admit.

Both liberalism and democracy share an emphasis on the individual, but they differ in the way they see the individual's relation to society. In his efforts to revise liberal democratic theory, Macpherson hoped to address what he saw as an over-emphasis in liberal-democratic theory on humans as merely individuals to the exclusion of their *social* elements.⁴⁷ Proponents of the horizontal definition of

⁴⁶ As Bobbio, for example, states: "while it is true that rights to liberty have from the beginning been a necessary condition for the proper application of the rules of the democratic game, it is equally true that the development of democracy has over time become the principal tool for the defence of rights to liberty". Bobbio, *Liberalism and Democracy*, 39.

⁴⁷ See C.B. Macpherson, *Democratic Theory: Essays in Retrieval* (Oxford: Clarendon Press, 1973).

democracy disagree with the strict *individualist* emphasis of the vertical approach.

They argue that there are important *group* rights which do not receive attention from the vertical approach--for example, rights associated with class, religion, gender and ethnicity.

This different conception of rights relates to the separation of the public from the private sphere. In the liberal-democratic tradition, the state has no business in the private sphere. This again illustrates that rights are seen as freedom from the state to pursue private interests. In theory this is all very well, but in practice, the boundary between public and private becomes problematic. This is a question that has been debated for some time--it is the subject of J.S. Mill's *On Liberty*, for example. For liberal democrats, the public sphere is very small--excluding the economic, religious or social lives of citizens except in minimal ways. For proponents of the horizontal perspective, who see rights as being championed by the state, the public sphere is much larger and must incorporate elements of the economic and social spheres in order to eliminate the inequalities and injustices inherent there. Thus, in the horizontal approach, democracy is not just about the right to vote a government into power. It is about participation, accountability, rights, action, openness and justice. This broad interpretation of democracy is a major element of the horizontal perspective.

Civil Society

Another important difference between the perspectives is that the ideal-type horizontal perspective claims that democracy requires not only democratic electoral

processes, but also a healthy civil society.⁴⁸ This is perhaps the most important element which differentiates the vertical and horizontal perspectives. Whereas liberal democracy separates the economy and society from the political sphere, participatory democracy politicizes social and economic relations to bring political power to participants. This derives from the belief that the political and economic empowerment of citizens can lead to sustainable democracy.

Unlike liberal democracy, participatory democracy does not tie democracy exclusively to economic structures or individual freedom--it also includes issues of social justice and positive human rights. In this regard, an important element of the horizontal approach--or "people-centred development", as David Korten calls it--

is to reverse the tendency toward concentrating power in impersonal and unaccountable institutions, returning it to people and communities and ensuring its equitable distribution. This empowerment process is advanced in part through developing strong member-accountable institutions and strengthening local resource control and ownership.⁴⁹

Korten believes that the organizations created in people-centred development are the "building blocks of a just, sustainable and inclusive society".⁵⁰

Proponents of the horizontal definition of democracy emphasize the creation of links among citizens (horizontal linkages) and between citizens and their government. These linkages need not be formal, in the sense that they are constitutionally derived,

⁴⁸ This concept will be discussed further in Chapter 4.

⁴⁹ David C. Korten, "People-Centred Development: Alternative for a World in Crisis," in Kenneth E. Bauzon, (ed.). *Development and Democratization in the Third World: Myths, Hopes and Realities* (Washington D.C.: Taylor & Francis Inc., 1992), 64-5.

⁵⁰ *Ibid.*, 76.

but they are necessary in order to aggregate and articulate citizens' interests and to inform and involve citizens in their society and the political process. This emphasis on civil society is connected to the belief that participation is necessary and educative.

Liberalism and Democracy

The two perspectives also differ in their view of the nature of the economic system with which a democratic political system must be associated. The vertical perspective unequivocally equates democracy with the market-based economics of capitalism. The horizontal perspective does not tie itself so closely to a particular economic system. As discussed above, adherents to the horizontal perspective agree that the emphasis which liberal democracy places on individual rights is justified, since certain rights are essential in a democracy, but they disagree with the vertical perspective's emphasis on the necessity of the *liberal* element, or the capitalist market solution, in order for democracy to exist and function.⁵¹

There is an intimate connection between liberalism and democracy, and it *appears* that democracy is the dominant concept--after all, one hears of the challenge of *democratizing* Eastern Europe rather more often than one hears of *liberalizing* it. But, as Sartori argues:

⁵¹ See Macpherson, "Post-Liberal Democracy?" 491-92, for a discussion of his opinion on this. See also, Macpherson, *The Life and Times of Liberal Democracy*, 2, 21-2; and Edward Friedman, "Democratization: Generalizing the East Asian Experience", in Edward Friedman (ed.), *The Politics of Democratization. Generalizing East Asian Experiences* (Boulder, Col.: Westview Press, 1994), 46.

In substance it is liberalism which has prevailed, in the sense that liberalism has absorbed democracy far more than democracy has annexed liberalism.... But judging from appearance it is democracy which has come out with flying colors. No sooner did the liberals find themselves a name than they had to change it. Partly because the label democracy had a freshness that the other lacked; partly because, semantically speaking, 'democracy' is more tangible and palatable than 'liberalism' (which has no appreciable descriptive meaning) and partly to avoid emphasizing cleavage, it was the liberals who ended up giving up their own identity and presenting themselves as democrats.⁵²

But, although democracy *appears* to dominate the relationship, Sartori suggests that, "the present-day progress of democracy over liberalism is indeed slight compared to the progress made by modern liberalism over ancient democracy".⁵³ Part Four of this thesis will illustrate that the liberal element has become dominant in the Canadian government's approach to democratization in Eastern Europe.

Conclusions

This chapter has presented two definitions of democracy--the vertical and the horizontal. It has argued that the two visions of democracy differ in their conception of the nature of democracy, the importance of participation, the nature of rights in a democracy, and the economic system with which a democracy is associated. Having determined the different definitions of democracy espoused by the horizontal and vertical approaches, this thesis can now proceed to discuss what they include in their democratization policies.

⁵² Sartori, *Democratic Theory*, 361.

⁵³ *Ibid.*, 266.

Table 1.1 summarizes the main points of the two definitions of democracy outlined in this chapter. It is important to note again that Table 1.1 presents the *general* tendencies of each approach and to acknowledge that there are variations *within* both of them.

Table 1.1 - Summary of Two Definitions of Democracy

Characteristic	Vertical Definition	Horizontal Definition
History	- classical liberalism (Locke, Mill) (Schumpeter, Hayek)	- reform liberalism (Rousseau, Mill) (Macpherson, Pateman)
Nature of Democracy	- instrumental (i.e., helps to get something else)	- valuable of itself - related to human developmental goals - educative
Elections	- means of selecting governors through a system of competing elites	- provide a means for participation in decisions affecting citizens
Participation	- low participation is not a problem - voters are ill-informed	- low participation is a problem - participation is educative - participation in the economic sphere is positive too
Representation	- elected representatives must not be bothered between elections	- representatives should represent and be responsible
Defining Element	- liberalism (i.e., minimal state and rights-based)	- participation
Nature of the State	- minimal ('nightwatchman') - economy and society should be separate from the state	- plays an important role in society - plays a role in the economy and society
Freedom	- freedom from the state	- freedom to something or to do something
Rights	- rights are very important - negative rights	- rights are very important, including rights to goods provided by the state - positive rights

Emphasis on	- individual	- individual and some groups
Civil Society	- because the state is small, there has to be a large sphere of life independent of the state, but it is non-political	- there are groups independent of the state which work to empower citizens re the political process
Economic System	- democracy and capitalism are intimately related	- no necessary relationship with any particular economic system (but rights must be protected)

PART TWO DEMOCRATIZATION

Introduction to Part Two

This thesis is about Canadian approaches to democratization in the Visegrad countries. It argues that the horizontal and vertical approaches incorporate three elements--building democratic institutions, facilitating economic transformation and creating democratic civil society. It will then examine whether these elements are present in Canadian policy and practice in these countries. Parts One and Two outline the theoretical underpinnings of the two approaches, and the reasons why particular elements are included in a policy of democratization.

Part One briefly outlined the characteristics of modern democracy and established the contrasting frameworks of the two definitions of democracy which will be utilized in this thesis. Chapter 1 illustrated that while the horizontal (participatory) and vertical (liberal-democratic) definitions of democracy agree on the importance of rights in a democracy, they place different emphases on the nature of democracy, the importance of participation and the economic system with which democracy is associated. Having differentiated these definitions, we can now begin to understand what (and why) the two perspectives incorporate into their approaches to democratization. How one attempts to create or promote democracy is intimately related to how one defines the end product. It is important to note here that

democratization is a complex process, and Part Two will only be able to scratch its surface.

While Chapter 1 examined two perspectives on *democracy* as an end state (or noun), Part Two will now examine how these two perspectives approach the subject on which the thesis will concentrate--the *practice of democratization* as a process (or verb). This may be an artificial separation since, as noted in the Introduction to the previous chapter, democracy itself can be seen as a process, an adaptation to constant change.¹ This being the case, one should ask why the discussion of democracy has been separated into chapters on theory and process. It is a question which perhaps can only be answered through an appeal to expediency.

Some may dispute the argument that democracy is a process, but they must concede that *democratization* is one--a movement towards some sustainable end goal. To say that democratization is *a* process, however, implies that there is agreement both on the steps to be taken *and* on the goal to be attained. But, as Part One has illustrated, and Part Two will illustrate, this agreement is problematic. Even among those who agree on the final goal, there are disagreements about the steps which will lead there.

If the various elements of democracy discussed in the previous chapter--institutions, competition, participation and rights--are all included in a democratization

¹ Thus, Masanori Nakamura states, "democracy is not a thing, that exists. Rather it is a process; and the full promise of democracy remains to be won". Masanori Nakamura, "Democratization, Peace and Economic Development in occupied Japan, 1945-1952", in Friedman (ed.), *The Politics of Democratization*, 70.

policy, it is evident that changing to a democratic system can occur in many different ways. Robert Dahl narrowed the choices down to two main routes to democracy: one focuses on competition and the other on participation.² Increased political competition (or political liberalization) means increasing the choices of citizens as to who will wield political power, and establishing the possibility of opposition to that power (within agreed political rules). Increased participation means that the proportion of citizens with political rights has increased. With the addition of some economic elements, Dahl's two routes to democracy parallel the discussion in Part Two of this thesis.

There are several important points to remember regarding democratization. First, if democratization is a process, how can one know when it is complete? This is an important question. Qadir et al argue that the most common way to determine whether a democracy is consolidated is to see a "succession from one elected government to another or from one civilian regime to another".³ Having acknowledged the importance of the issue, however, this thesis will not delve further into the question.

Second, a great deal of political science literature speculates on the various stages that political phenomena manifest--and the democratization literature is no exception. Doh, for example, states that there are four stages of democratization: (1)

² See Dahl, *Polyarchy: Participation and Opposition* (New Haven: Yale University Press, 1971), 4.

³ Qadir, Clapham and Gills, "Sustainable Democracy", 417.

decay of authoritarian rule; (2) transition to democracy; (3) consolidation of democracy; and (4) the maturing of the democratic political order.⁴ This thesis will concentrate particularly on the Visegrad countries' version of stage 2 of Doh's chronology--the transition process--and those elements of stage 3 which discuss *how* to consolidate democracy (rather than determining *if/when* it is consolidated).⁵

Third, as Schmitz and Gillies point out, the establishment and consolidation of democracy is a complex undertaking, "entailing the dynamic interrelationship of particular political arrangements and evolving societal arrangements".⁶ In each country of the West, democracy has developed somewhat differently. As Sartori points out: "Our democracy is the outcome of a long process of trial and error",⁷ and thus, "democracy is the product of a *certain history*".⁸ This must be kept in mind when drawing up a democratization policy and explains why this thesis has incorporated elements of democratization policy only in general terms and not necessarily as a prescription for specific actions. Background conditions vary widely,

⁴ Doh Chull Shin, "On the Third Wave of Democratization. A Synthesis and Evaluation of Recent Theory and Research", *World Politics*, Vol. 47 (October 1994), 143.

⁵ The thesis will adopt Juan Linz's definition of consolidation. He states that a consolidated democracy "is one in which none of the major political actors, parties, or organized interests, forces or institutions consider that there is any alternative to democratic process to gain power and that no political institution or group has a claim to veto the action of democratically elected decision makers". Juan Linz, "Transition to Democracy", *The Washington Quarterly*, Vol. 13, No. 3 (1990), 158.

⁶ Schmitz and Gillies, *The Challenge of Democratic Development*, 1.

⁷ Sartori, *Democratic Theory*, 198.

⁸ *Ibid.*, 228.

and a specific democratization policy must take into account a country's history, culture and existing political institutions.⁹ Without recognition of specific conditions, external efforts at democratization may ultimately fail.

Fourth, in addition to speculating on the stages of the process, a great deal of the democratization literature focuses on what Samuel P. Huntington refers to as the "environmental preconditions" necessary for a democratic transition.¹⁰ Many of these "preconditions" are seen to be economic--i.e., relating to economic development/growth, debt and the type of economic system. Other preconditions relate to a particular country's domestic characteristics--i.e., social and cultural characteristics--and relations with other countries (i.e, international factors).

It must be noted, however, that the issue of preconditions is a controversial one. Some scholars do not even refer to "preconditions" but rather, for example, to "facilitating or obstructing factors or conditions" in recognition of their sometimes rather tenuous connections to the democratic transition.¹¹ Having noted the debates about, and the difficulty of determining, "preconditions", this concludes the discussion

⁹ See Daniel Nelson, "The Newer Democracies", in Daniel Nelson (ed.), *After Authoritarianism. Democracy or Disorder?* (Westport, Conn.: Greenwood Press, 1995), 11.

¹⁰ Samuel P. Huntington, "Will More Countries Become Democratic?" *Political Science Quarterly*, Vol. 99, No. 2 (Summer 1984), 193-218.

¹¹ See for example, Juan Linz, Seymour Martin Lipset, Larry Diamond, Guillermo O'Donnell, Philippe Schmitter, who are careful not to use the word preconditions. Different authors list different preconditions. See, for example, Dahl, *Democracy and Its Critics*, 264, and 314 for his discussion of preconditions he thinks necessary. See also Doh, "On the Third Wave of Democratization", for his facilitating factors.

of this subject. It is an interesting element of the subject, but it is beyond the scope of this analysis.

With these important points regarding democratization in mind, Part Two of this thesis will proceed as follows. Chapter 2 will briefly outline the steps relating to democratization which are common to most democratization policy. The horizontal and vertical approaches to democratization involve a number of common goals—after all, they both seek a society in which certain civil liberties exist and citizens have the opportunity to choose their governors in a process of competitive elections. In broad terms, Chapter 2 will outline the first of the three elements included in the horizontal and vertical approaches to democratization—building democratic institutions. It is important to note that, while the two approaches agree on the importance of building democratic institutions, they sometimes diverge in the emphasis they place on the methods and policies to achieve these goals.

In order to examine the Canadian versions of the two approaches to democratization in Eastern Europe in subsequent chapters, it is imperative first to differentiate them. Thus, Chapter 3 will outline the major defining feature of the horizontal approach to democratization (creating democratic civil society) and Chapter 4 will outline the major defining feature of the vertical perspective (facilitating economic transformation).

Because this thesis is about Canadian approaches to democratization *in the Visegrad countries*, it must incorporate some discussion of what the transition process in these countries has involved. Chapter 5 will briefly discuss the changes which have

occurred there since 1989. The countries with which this thesis is concerned--the Czech Republic, Hungary, Poland and Slovakia--have all changed profoundly in this period, from one-party rule in a centrally-planned economy to multiparty democracies operating in nascent free market economies. That the elites from the old system have often managed to be the beneficiaries of economic and political power in the new system, need not concern us here. What does concern us is providing a *brief* digest of the events which have occurred in these countries so as to provide the necessary background for our discussion of Canadian activity (policy and practice) there since 1989.

CHAPTER TWO

Common Elements of a Democratization Policy: Building Democratic Institutions

Introduction

In order to make the argument that there is some significance to the findings of Part Four, we must determine why the three elements incorporated in the vertical and horizontal approaches to democratization are important. This is the purpose of Chapters 2, 3 and 4.

This chapter will examine what the two approaches have in common--in general terms, both emphasize the importance of building democratic institutions. The institutions of democracy are broadly defined here. Building them involves more than putting bricks and mortar together. It involves setting up the institutions commonly seen as democratic (such as Parliament buildings, constitutions, electoral systems), but also such things as creating a judiciary that follows the rule of law, developing a party system, peacefully incorporating minorities, developing a merit-based bureaucracy which is committed to democracy, establishing independent media, implementing land reform, placing the military under civilian control, and setting up an education system that helps instill democratic principles. This chapter will also argue that both approaches see the international climate to be important to building these democratic institutions.

Before beginning this discussion, it is necessary to make a number of notes.

First, a multitude of small and large changes are necessary to establish a democracy, but for the sake of brevity, these will not all be discussed in detail. Second, this chapter will focus on the *national* level only--i.e., although acknowledging them to be important, it will not focus on changes occurring at the local, regional or global levels.¹ And, third, restructuring political and economic institutions means restructuring positions of power, and this means that there will be winners and losers in the process. Democratization is, thus, an intensely *political* process, in a broad sense of the term,² in that it involves compromise and power struggles to change the balance of power within society.

Democratic Institutions

The collapse of the Communist system in Eastern Europe, and the subsequent democratic transition, both happened so quickly that institutional questions were often answered without adequate consideration. The efficacy of different democratic systems is determined by the particularities of each country--i.e., history, culture, ethnic diversity and socio-economic factors.³ The new leaders in Eastern Europe had

¹ As well, it is important to note that this chapter will not enter the debate about categories or typologies of democracy, because it is extraneous to the purposes of this thesis. For more information on typologies, see writings of, for example, Arend Lijphart, Samuel P. Huntington, Terry Karl, John Freeman.

² Friedman, for example, argues that the 'political' nature of the process must be understood--especially leadership, alliances, programs, trade-offs, clash and compromise, and consensus building. Friedman, "Introduction", in Friedman (ed.), *The Politics of Democratization*, 5.

³ See Ken Gladdish, "The Primacy of the Particular", *Journal of Democracy*, Vol. 2 (Winter 1991), 63.

the opportunity to *create* a system which suited their country's unique characteristics, and they did not always take full advantage of it.⁴ This was perhaps because they faced a multitude of what appeared to be more pressing problems, particularly economic crisis management. The new governments were faced with collapsing economies and thus had to focus on the immediate economic problems associated with the transition (the vertical elements) rather than on the more mundane problems of institutional arrangements.

Representative Institutions

Both the horizontal and the vertical approaches agree that the establishment of representative institutions is fundamental. It is difficult to imagine how a democracy could function in the absence of such institutions. The establishment of representative institutions involves choosing the political system (parliamentary/presidential, federal/unitary) which will be most effective. It also involves making decisions on whether the central government will be bicameral or unicameral, determining the roles of the executive, legislature and judiciary, and how representatives will be selected.

Much of the literature on democratization concentrates on determining whether parliamentary or presidential systems are better for new democracies. The consensus favours parliamentary over presidential systems. It is clear, however, that the leaders of the countries of Eastern Europe (and indeed, Latin America, Africa and Asia) did

⁴ See Doh, "On the Third Wave of Democratization", 157-158.

not read the democracy literature. The majority of the countries in the area established mixed presidential-parliamentary systems, perhaps because of the desire to have a strong political system, or to reward leading dissidents.

Writing a Constitution

Establishing a democracy--or any new political system--calls for the writing of a constitution which outlines powers and responsibilities.⁵ A constitution is, of course, a fundamental document in a democracy, and it must be written with care. However, in any area in transition, there is little time to waste in putting a constitution into place. This has meant, in some cases, adopting constitutions from earlier eras or from outside the country (usually from the United States or France).

Even when a new constitution has been put into place, in many cases serious constitutional problems have occurred (and continue to occur) until differences are sorted out. In particular, the relationship between the executive and the legislature has been difficult to establish in new presidential systems. This relationship is fundamental in a democracy, but it cannot be solidified overnight, even in the presence of a new constitution.

The Fathers of the American Constitution believed that the way to prevent governmental tyranny was to use the constitution to separate power among the three

⁵ Elaine Spitz argues that "democratic legitimacy, insofar as it turns on duration, commonly rests on three criteria: the past as embodied in a constitution; the present as embodied in electoral agreements; and the future as embodied in mechanisms for change". Elaine Spitz, *Majority Rule* (Chatham, N.J.: Chatham House Publishers Inc., 1984), 90.

branches of government--the legislature, executive and judiciary.⁶ A democratizing country must address the division of power, whether by splitting power between several levels of government (federalism) or among the branches of government, or a combination of both.

Creating democratic institutions and constitutions is much simpler in theory than it is in practice. In practice, a country in the process of democratizing must deal with resistance and inertia. Those with power--political or economic--are reluctant to draw up a constitution that will limit or reduce their powers. Unless elites are enthusiastic about the changes (or, more radically, unless they have been eliminated), this reluctance will be difficult to overcome. In the Visegrad countries, although the Communist parties were initially discredited, the members of the Communist *nomenklatura* have often managed to change their public views just enough to retain many of their powers. If the elites *can* be removed, there is a problem of finding qualified personnel to replace them.

The Electoral System

The establishment of an electoral system is fundamental in a country which is democratizing. A country cannot be called democratic without some facility for determining the citizens' choice of governors. It involves establishing an electoral

⁶ After studying the American system, Montesquieu became a firm believer in the separation of powers. He stated that "to prevent the abuse of power, things must be so ordered that power checks power". Montesquieu, *Spirit of the Laws*, 11.4; and James Madison argued that "ambition must be made to counteract ambition". Madison, *Federalist Papers*, 51, 319.

commission, setting up ridings, deciding on the timing and frequency of elections and the method of selection (for example some form of proportional representation (PR), or first-past-the-post system). Obviously, the system must incorporate a procedure for choosing the country's government. It must also provide for legitimate and peaceful changes of government.

Implementing an electoral system assumes that the question of franchise has been settled. In order for a democracy to be legitimate, it must not exclude large segments of the population from the franchise without reason (for example, there are reasons that those under the age of 18 years are excluded).⁷

The electoral system is generally the result of extensive, and intensive, negotiations. Obviously the type of system selected will have ramifications on who will subsequently win elections. In the absence of previous election data from which to judge, however, it is often difficult to determine which system will favour who. Picking and choosing among existing electoral systems allows the sculptors of the new system to pick the best features in often unique combinations.

Proponents of the horizontal perspective certainly agree that the establishment of an electoral system is essential to democratization. They would be quick to caution, however, that the presence of elections does not always indicate the presence of a democracy (for example, elections were held regularly in the Soviet Union, and in El Salvador in the 1980s, but these were not democracies). Thus, elections are a

⁷ As Schmitz and Gillies argue "until all members of the community are empowered as citizens, democracy remains incomplete". Schmitz and Gillies, *The Challenge of Democratic Development*, 15.

necessary but not a sufficient element of democracy.

Political Parties/Party System

Without political parties, it is difficult to see how the competition for political power could be organized. Aside from their role in organizing the political landscape, political parties provide a training ground for political participation, a means of contact between citizens and elected representatives, and a vehicle to aggregate citizen demands. Political parties provide choices to voters, and alternative leaders for elections. The presence of a healthy party system is essential for a democracy.

There has been much discussion about which party system--two party or multiparty--is most efficacious for a new democracy. This is difficult to discuss in general terms because it depends on the conditions peculiar to each country.⁸ It is sufficient to point out here that there should be competition among the parties for power (this implies that there must be at least two parties), but if possible countries must avoid what Sartori refers to as extreme, polarized multiparty systems.⁹ The question is, of course, how is this to be accomplished?

⁸ Diamond, Linz and Lipset state that "it is difficult and probably inadvisable to derive a single, general rule about the ideal number of parties, since this depends in important ways on the social structure and related institutional arrangements". Larry Diamond, Juan J. Linz and Seymour Martin Lipset, "Introduction", in Diamond, Linz and Lipset (eds), *Politics in Developing Countries* (Boulder, Col.: Lynne Rienner, 1990), 26.

⁹ See Sartori, *Parties and Party Systems. A Framework for Analysis* (Cambridge: Cambridge University Press, 1976), especially 131-140.

It was a problem in Poland, Hungary and Czechoslovakia that, having ousted the Communist regimes in 1989-90, there were no experienced alternative elites to run the government. This was not surprising because the Communist Parties had strictly prohibited sources of power and leadership outside their confines. As Nelson phrases it, there were people who had experience clandestinely opposing the state, but these dissidents were "condemned to a silent revolution while building a semilegal alternative society".¹⁰ In the 1980s, the number of political dissidents grew, as did their influence, but not in ways that created a pool of people who had experience in electoral campaigns, legislative work, or local administration. Thus, in 1989 the new government leaders had little, if any, preparation for their roles. This made an already difficult job even more difficult. (This will be discussed in more detail in Chapter 5.)

National Minorities

Democracies that do not exist in homogeneous societies--and this is the rule rather than the exception--must have a method of dealing with minority groups.¹¹ Minority groups can be defined in any number of ways--by differences of race, culture, language, political beliefs and/or religion. Their defining characteristics are

¹⁰ Nelson, "The Rise of Legitimation in the Soviet Union and Eastern Europe", in Nelson (ed.), *After Authoritarianism*, 58.

¹¹ Diamond, Linz and Lipset state that "if political freedom and competition are not to descend in to extremism, polarization, and violence, there must be mechanisms to contain conflict within certain behavioral boundaries". Diamond, Linz and Lipset, "Introduction", in Diamond, Linz and Lipset, *Politics in Developing Countries*, 16.

not the important factor; what is important is their existence in a system that follows majority rule. A major dilemma of democratic governance is "the protection of popular government versus the protection of minorities from denial of equal concern and respect".¹² Political elites must devise a method of protecting minorities from the tyranny of the majority without denying the principle of majority rule.

The Judiciary

The establishment and delineation of the third branch of government--the judiciary--is extremely important in a democratization process. The existence of a whole set of rights is fundamental to a democracy. These rights include: freedom of the media, freedom of association, freedom of thought/belief, and freedom of expression. Without an impartial judiciary, these rights cannot be protected.

The judicial system must ensure that the "rule of law" exists--i.e., that the laws apply to all, and that they are made according to accepted and predictable procedures. To do this, the judiciary must be given protection from political forces. It is important to note, however, as legal theorists do, that the judiciary must not have too much power, particularly in its interpretation of the constitution, as over-reliance on un-elected and non-responsible judges can undermine a democracy.¹³

Finding qualified personnel to staff the "new" systems has been a particular

¹² John Hart Ely, *Democracy and Distrust. A Theory of Judicial Review*, (Cambridge, Mass.: Harvard University Press, 1980), 87.

¹³ See Hart Ely, *Democracy and Distrust* for an excellent discussion of this.

problem for the judicial branch of the state in the Visegrad countries (and the FSS in general). Wholesale removal of members of the judiciary, assuming that this can be done, requires a whole new cadre of lawyers and judges to take their place. But, as with writing constitutions, this takes time. Judges, lawyers and the police all need to be trained to behave in a manner acceptable in a democracy.

The Media

The freedom of the media is essential in a democracy. A free media allows citizens to have varied sources of information (although a Marxist would disagree with this proposition), and provides a forum for criticizing government. In any large society the media has an exceedingly important role to play keeping citizens informed. This is particularly true in a democracy because voters cannot make an informed choice without the information provided by the media.

In the former Soviet bloc, however, there was no established tradition of a free media and independent sources of information. During the Soviet era, information was a source of power for leaders, or would-be leaders. It was guarded jealously and important political information was not made available to the general population on an uncontrolled basis. This meant that officials and the public alike had to rely on rumours for their political information. People were, therefore, never certain of either the accuracy or the source of their information. As well, when all political information results from rumours, it is difficult to discuss policies and issues, or to assign responsibility for ill-considered or unpopular actions.

The media began to play a much more "democratic" role in the Soviet bloc beginning as early as the mid-1980s under Mikhail Gorbachev's policy of *glasnost*, particularly in countries like Hungary and Poland which were already experiencing change. But, as during the entire period of communist rule, the media continued to be state-owned. Since 1989, independent media have appeared, but the issue is now one of financing and access to the media, which is still largely either influenced by the state or monopolized by new sources of wealth and power.

The Bureaucracy

One of the most important steps to be taken in a democratization process is to convert the bureaucracy to the idea.¹⁴ It is not enough for political elites to favour democracy because, in the absence of a bureaucratic cooperation, laws and policies will be implemented ineffectively, if at all. Ideally, a country needs a professional civil service, recruited on the merit principle rather than by cronyism.

Restructuring the bureaucracy is a major undertaking, particularly in Eastern Europe (and the FSU) where it was bloated under the weight of a centrally-planned economy. It has become clear in the years since 1989 (and particularly in Russia since 1991) that the bureaucracy has represented a major brake on democratic and economic reforms. In particular, it has resisted the reduction of both its powers and

¹⁴ As Nelson says, "[m]uch more than throwing off the shackles of foreign oppressors or of an aristocratic class, building democracy at the end of the twentieth century necessitates a strategy to undermine and weaken a well-entrenched authoritarian bureaucracy". Nelson, "Opposing Authoritarianism", in Nelson (ed.), *After Authoritarianism*, 15.

numbers.¹⁵

The problem with making changes to the bureaucracy (and throughout society) is resistance. The bureaucracy enjoyed a "special relationship" with the political elite in the Communist era--indeed, Jowitt uses the term "sociopolitical concubinage" to describe the relationship.¹⁶ When he came to power, Gorbachev attempted to make reforms to the rigid and stifling bureaucracy he had inherited--this was the essence of his policy of *glasnost*. It was the launching of this policy that marked the Soviet bloc's first steps along the road to democratization--and the last steps of Gorbachev's political career.

In *Power and Money*, Mandel argues that reformers in Eastern Europe have had not only to face resistance from bureaucrats who do not wish to lose their positions of influence--or, minimally, their jobs--but also an organization that has existed on the basis of attitudes which are contradictory to the requirements of a democratic society.¹⁷

¹⁵ This is not, of course, a phenomenon which applies only to countries moving from communism to democracy--governments across the world have also found it exceedingly difficult to make changes to the bureaucracy. The difference within EE/FSU is the profundity of the change and the size of the organization.

¹⁶ Ken Jowitt, *New World Disorder. The Leninist Extinction* (Berkeley: University of California Press, 1992), 147.

¹⁷ Mandel argues that "bureaucratic organizational regimes, not to mention bureaucratic dictatorships, unleash *a process of negative selection* in which persons lacking character, will-power, independence of judgement and capacity to resist pressure, or even displaying servility and conformism tinged with base motivations, will inevitably come to the fore". Ernest Mandel, *Power and Money. A Marxist Theory of Bureaucracy* (London: Verso, 1992), 129.

Changing bureaucratic attitudes to favour democracy is, of course, a monumental task which is certainly not solved by wholesale layoffs. The problem of finding qualified personnel to run the 'restructured' society was mentioned earlier in relation to political elites and the judiciary. This is also a problem regarding the bureaucracy.

While the horizontal and vertical approaches agree that profound change to the bureaucracy is necessary, they disagree on the depth and scope of the changes. As we saw in Chapter 1, proponents of the vertical approach envision only a very limited role for the state. Thus, they advocate much more radical reduction of the public service than proponents of the horizontal approach, who see a larger role for the state in society.

The Military

Another step which has been of major significance in the democratization of the South (Latin America in particular) has been the withdrawal of the military from a direct role in the political arena. The whole concept of democracy presupposes a government which is responsible to the popular will, something which is impossible if real power lies in the hands of the military.¹⁸

In Latin America in the 1960s, 1970s and early 1980s the military was active

¹⁸ For a discussion of this point see, for example, Dahl, *Polyarchy*, 50; and Meredith Mae Johnson, "Civil-Military Relations in Central and Eastern Europe", in Ernest Gilman and Detlef Herold (eds), *Democratic and Civil Control Over Military Forces* (NATO Defense College Monograph Series, No. 3, Rome 1995), 12-17.

in destroying the democratic traditions which had developed on the continent. Political leaders were drawn from the military and often became leaders as the result of military coups. Political leaders who were *not* drawn directly from the military had to be acceptable to it and were required to operate within the narrow guidelines imposed by it—for example, acceptance of the military's choice of Cabinet members and strictures on economic policies.

A democratic government must ensure civilian control of forces from both the Ministry of Defence and the Interior Ministry. It is absolutely essential that new democracies reorient the military to a role centred around external defence, reduce military prerogatives, and assert civilian control over military functions.¹⁹ This involves restraining and retraining the military and the police ("secret" and constabulary) to support democracy. These forces must be controlled by civilian and elected officials. This is of course a difficult task. Just as the bureaucracy resists losing its power, so does the military. It is essential to change the attitudes of important members of the military to understand and favour democracy.

Civilians need to become experts both in military affairs and monitoring military activities. As well, civilians need to implement "a well conceived, *politically* led strategy" in framing the role of the military in society,²⁰ and the military must submit to administrative and fiscal scrutiny.

¹⁹ See Diamond, Linz and Lipset, "Introduction", in Diamond et al (eds), *Politics in Developing Countries*, 31.

²⁰ See Stepan, *Rethinking Military Politics*, 137, especially Chapter 8.

These changes to the military must be incorporated into the legal and constitutional framework of new democracies. Such things as chains of command, budgeting, limits on domestic intelligence activities, and rights and responsibilities of military personnel must be clarified.

The military was often brutal in authoritarian societies in its repression of political parties and civil society in general. The repercussions of this repression have caused problems during democratization, particularly in Latin America. Calls from the populations of Argentina, Chile and Guatemala, for example, for the punishment of military personnel responsible for violence and repression put new democratic leaders in a difficult position. On the one hand, they wanted to mollify the population on which they relied for re-election, but on the other hand they did not want to (or could not) prosecute the powerful military. The course which has generally been taken is token prosecution of lower level military personnel, or those in the upper echelons guilty of the most excessive abuses.

There are some characteristics of the military in the former Soviet space which should be noted here. First, the military was subordinate to the Communist Party. This meant that in theory the military was under civilian control, but it was not democratic or *apolitical* control, since the armed forces were loyal to a particular political party, not the state. Second, because the Party was afraid of losing the loyalty of the military, it allowed the military to control its own budget and policy. Third, the Eastern European armed forces were organized into a single unit, the purpose of which was defence of the Soviet Union.

Fourth, although the military was always an important element in the countries of Eastern Europe during the Communist era, it did not play the same role in the political arena as it did in Latin America. Thus, political leaders were not often drawn directly from the military.²¹ The police and the military did, however, play a very political role in that they were organizations which involved political education of personnel and served the political goals of the government.

Fifth, Department of Defence (the military) and Interior Ministry (security) forces must be distinguished. Despite the military's indoctrination, evidence indicates that in general in Eastern Europe it was reluctant to repress internal dissent. Instead, this was done by the security forces and "people's armies" of the Interior Ministry. Conscription into the armed forces meant that the ranks were filled with "ordinary" people, unlike the security forces which were made up of volunteers.²²

Sixth, there is little evidence that in 1989 the militaries in Eastern Europe contemplated interfering in the political changes which were occurring. In both Hungary and Poland, military leaders assured the public that they would not take part. In Czechoslovakia, there was uncertainty about what the military would do and, indeed, there are reports that it considered intervening on behalf of the regime, but chose not to.

And, finally, in the post-1989 period, the militaries in Eastern Europe have not

²¹ Although Yuri Andropov, for example, was formerly the head of the KGB.

²² See Zaltan D. Barany, "East European Armed Forces in Transition and Beyond", *East Europe Quarterly*, Vol. 26, No.1 (March 1992), 6-7.

taken the role that they assumed in Latin America. With the exception of some parts of the FSU (particularly Central Asia), there have been no serious hints at military coups. Rather, members of the military have apparently bought into the democratic system.

Elite Consensus

Proponents of both the approaches to democratization would agree that the actions of elites are crucial to the success of a democratization effort.²³ An important step is thus to make sure that they are on-board regarding the political (and/or economic) changes. It is difficult for democratization to occur in the absence of elite--political, economic, social and military--support and it is often their actions which lead to democratization in the first place.

A consensus among elites about the rules of the political (and economic) game must be forged.²⁴ The consensus may only be minimal, but at its most basic it must include agreement about certain values and beliefs that have been identified as essential for stable democracy. These include: belief in the legitimacy of democracy; tolerance for opposing parties, beliefs and preferences; a willingness to compromise

²³ As we will see in Chapter 3, however, the horizontal approach includes building consensus/changing attitudes at the societal level as well.

²⁴ Some analysts categorize this as an element necessary to the *consolidation* stage rather than the *transition* stage. As Friedman argues, "the building of consensus from within elites is crucial to a peaceful and strong institutionalization of democracy". Friedman, "Democratization: Generalizing the East Asian Experience", in Friedman (ed.), *The Politics of Democratization*, 48.

with political opponents; some minimum of trust in the political environment; some cooperation, particularly among political competitors; moderation in political positions and partisan identifications; and civility of political discourse.²⁵

Creating a consensus about the rules of the political game means that those who do not win elections must accept their loss and be content to play the role of "loyal opposition" until the next election occurs, rather than dismiss the entire democratic process. As well, winners must not annihilate losers, and must be willing to face elections again. This has been one of the most difficult hurdles to overcome. However, if democracy is to survive, elites must know and agree to these principles.

The presence of a minimal consensus about the rules of the game can also lessen the amount of pain involved in the transition. If democratization in the Visegrad countries involves economic changes, as the vertical approach contends, economic elite displeasure can contribute to worsening economic problems. Democratization is much more difficult in a worsening economic situation. The most common economic weapons held by elites are capital flight and a reluctance to invest in the economy. Capital flight has been a problem in Eastern Europe,²⁶ as economic elites indicated their uncertainty about the process.

²⁵ From Diamond, Linz and Lipset, "Introduction", in Diamond, Linz and Lipset (eds), *Politics in Developing Countries*, 16.

²⁶ Capital flight has been a problem particularly in the former Soviet Union. There are estimates that unrecorded, offshore deposits from Russian enterprises were between (US) \$5 and \$14 billion in the first year of the transition period. Jeffery Sachs, "Western Financial Assistance and Russia's Reforms", in Shafiqul Islam and Michael Mandelbaum (eds.), *Making Markets* (New York: Council on Foreign Relations, 1993), 170.

Obtaining consensus has been problematic in the FSS because most of the opposition groups which existed during the Communist era had little opportunity for sustained and open contact with each other--with the exception of Solidarity in Poland--and thus little tradition of cooperation and consensus. Achieving consensus has become a serious problem with the recent resurgence of the Left. Political elites with markedly different visions have been pitted against one another, this time in open political competition. This means that there is sometimes bitter competition between those who spent (and risked) their lives opposing communism and former Communists who hope to gain by capitalizing on popular discontent about the reforms.

Education

Both the horizontal and vertical approaches agree on the importance of education in democratization--although they might disagree on the particular content and emphasis of "civics" courses. There is a significant correlation between education levels and participation rates and thus the possibility of democracy. In non-democratic regimes, education of the general population has often been seen as either unnecessary or subversive.²⁷ Democracies, on the other hand, operate much better if citizens have some education. They must be able to make a choice about their governors, and this assumes both that information is available and that citizens are capable of assessing it. As well, some sort of education--civic education in particular--

²⁷ See Wringe, *Democracy, Schooling and Political Education*, 80, for a discussion of this.

-is necessary to allow citizens and leaders to internalize democratic principles.

Education levels in the Visegrad countries under the Communist regimes were traditionally seen as high. But it was not the type of education necessary for democratic participation. In the Communist era, students were taught sciences and maths. Innovative and critical thinking were not encouraged. The social sciences were curtailed by the authorities, and only rote memorization of historical data, as defined by the Communist Party, was permitted.

It is important to differentiate between learning and indoctrination. Students must be taught to oppose, compare, create and compromise.²⁸ Teachers must inculcate democratic values such as respect for 'law and order' and elected authorities. Civic education must also emphasize the duties and responsibilities inherent in a democracy.

Thus, although students were well educated in the sciences and Party policy, they were not politically literate.²⁹ There was no education relating to political science, economics, sociology, psychology, history, or social statistics (eg., polling).³⁰ Education in the post-1989 period has had to incorporate these disciplines.

²⁸ See *ibid.*, 87, for a discussion of this point.

²⁹ This involves "knowing and appreciating the value of the present system, the participatory attitudes and skills essential for active citizenship, and consideration of possible changes of direction in government or alternative government systems". Wringer, *Democracy, Schooling and Political Education*, 98.

³⁰ See Gail Lapidus, "State and Society: Toward the Emergence of Civil Society in the Soviet Union", in Seweryn Bialer (ed.), *Politics, Society and Nationality. Inside Gorbachev's Russia* (Boulder, Col.: Westview Press, 1989), especially 131.

Religion/The Church

In democratization, certain steps must be taken to ensure that religion--and more particularly "the Church", broadly conceived--complements democracy, rather than undermines it. The separation of "Church" from "State" has historically been essential to the development of democracy. Elected leaders cannot be responsible to the people *and* the Church at the same time. No democracy can survive if it is hamstrung by religious organizations.

The Church in Eastern Europe did not undergo the liberalizing experiences which occurred in the West in the 1960s. Its struggle for existence under Communist rule meant that its emphasis was on survival, not change. Of the Visegrad countries, the church is most important in Poland--over 90% of Poles are Roman Catholic. Although the Catholic Church in Poland was instrumental in aiding the Solidarity movement which helped de-legitimize the communist regime, it has become a brake on reforms in the post-1989 period. This will be discussed further in Chapter 5.

The Roman Catholic Church is not the only important religious influence in the Visegrad countries. The Orthodox church is also powerful. Like Catholicism, the Orthodox religion differs from Protestant religions by placing a greater emphasis on hierarchy, authority, ritual and formalistic practices than on practical moral and political lessons,³¹ and hence has had historic differences with the democratic tradition.

³¹ See, for example, Adolf von Harnack, "On Eastern and Western Christianity", in Talcott Parsons et al., *Theories of Society* (New York: Free Press, 1961), 2:114-5. See also, Jowitt, *New World Disorder*, 84, for a discussion of this.

The Church will have to be formally and practically separated from the state in the transition process. However, in post-1989 Eastern Europe, the economic and political dislocation have contributed to the increased importance of the Church as citizens seek to find meaning or guidance. In Poland in particular, religious leaders have resisted the subordination to the state which is inherent in the democratization process.

Land Reform

Both the vertical and horizontal approaches agree that land reform is related to successful democratization. Since a large proportion of the economies of the South (and Eastern Europe as well)--much larger than in the Western industrialized countries--is devoted to the agricultural sector, land tenure patterns cannot be ignored in any democratization policy. Democracy does not mix well with feudal land tenure systems.³²

The vertical and horizontal approaches both consider land reform to be an important element of democratization. It must be noted, however, that the *reasons* for its inclusion are very different. Proponents of the horizontal perspective would advocate land reform because of their belief in *effective* participation--i.e., a citizen

³² Barrington Moore Jr. argues that historically democracy has a better chance of developing where the power--both economic and social--of the landed aristocracy was weaker than that of the bourgeoisie, and where labour-repressive agriculture was not the dominant mode of production. See Barrington Moore Jr., *Social Origins of Dictatorship and Democracy. Lord and Peasant in the Making of the Modern World* (Boston, Mass.: Beacon Press, 1966).

cannot be an effective participant in a system with manifestly unequal resource possession.

In contrast, proponents of the vertical perspective would include it because, in the FSS, land reform is necessary to clarify property rights and make the agricultural sector more efficient. For them, collective ownership of land must be eliminated because it is an impediment to the development of a market-based economy, not because it enables effective democratic participation.

Unlike most places in the South, in Hungary and Czechoslovakia (like the rest of the former Soviet bloc, with the exception of Poland³³) land was owned by the state, and the agricultural industry was not organized on a profit-making basis. Settling the question of land ownership represents a first step toward incorporating the agricultural sector into the free-market economy. Thus, land reform is part of the larger issue of establishing property rights in general. It is difficult to liberalize the economy in the absence of clear laws about property ownership. As long as land and buildings are publicly owned, or property rights over them are unclear, these properties cannot be bought and sold.

While land reform may be essential for democratization, it is perhaps one of the most difficult changes to implement. The countries of Latin America have struggled for most of this century with this challenge in the face of concerted landowner resistance. In Eastern Europe, land reform also involves serious

³³ Between 75-80 per cent of Poland's agriculture remained private. See Paul Marer, "Economic Transformation in Central and Eastern Europe", in Islam and Mandelbaum (eds), *Making Markets*, 66.

difficulties, but of a different nature--in particular, overcoming the resistance and distrust of agricultural workers.

The International Climate

Proponents of both the horizontal and the vertical approaches would agree on the importance of the external environment--i.e., the international economic and political scene--to the success of a democratization process. There are several elements inherent in a discussion of this topic.

First, it is difficult for a country to establish democracy if it is faced with an external threat. Therefore, ensuring security is an important step in democratization.³⁴ The regional context in Eastern Europe was not conducive to democratization when it was part of the Soviet bloc. Moscow was very careful to prevent regional alliances. It followed a "hub and spoke" approach to interaction in the area--i.e., each country dealt with Moscow and through Moscow, rather than with its neighbours directly. As Jowitt argues, the Soviet legacy in the area is, therefore, "a fragmented region made up of countries that view each other with animosity".³⁵ This legacy has to be overcome.

Second, proponents of both approaches would agree that international assistance to fledgling democratic institutions can be vital to a democratization process. This assistance does not--and cannot--ensure that democracy will appear or

³⁴ Security will be discussed in greater detail in Chapter 8.

³⁵ Jowitt, *New World Disorder*, 304.

flourish in a country where the background conditions are adverse. However, in a country where the domestic conditions are favourable, multilateral actions taken by other democratic countries can increase the likelihood of creating sustainable democracy.

The two approaches incorporate several other elements of the international arena. However, they differ on these additional points, and thus they will be discussed in Chapters 3 and 4.

Conclusions

This chapter has focused on the first of three elements which this thesis has argued should be included in a democratization policy--building democratic institutions, broadly defined. In particular, it has argued that the horizontal and vertical approaches both emphasize the importance of this element. This is a crucial step in the transition process--without building the institutions, democracy cannot be built.

In Poland, Hungary and Czechoslovakia (the Czech Republic and Slovakia) building democratic institutions has involved: creating representative institutions; writing constitutions; creating electoral systems; establishing party systems; finding acceptable methods of dealing with minorities; reforming the judiciary, bureaucracy and military to democratic norms; establishing free and independent media; creating elite consensus; reforming the education system to remove indoctrination and encourage critical thinking; settling state/church relations; implementing land reform;

and addressing international insecurities and utilizing international assistance. This process is by no means complete in the Visegrad countries, but as Chapter 5 will illustrate, it has begun well.

Although the approaches agree on the elements, they sometimes disagree on the specific nature of the changes. This is true in particular of changes relating to the bureaucracy (i.e., paring the public sector to "nightwatchman" status versus some role for the state in the economy and society), the reasons why land reform is crucial (i.e., settling the broad question of property rights versus addressing questions of effective participation), and the content of "civic" education. Furthermore, there are divisions *within* the approaches on the nature of some of the particular steps (for example, the merits of presidential versus parliamentary systems, or various electoral systems).

The areas in which the two approaches differ will be the subject of Chapters 3 and 4. Specific details of the measures which have been undertaken in the Visegrad countries will be discussed in greater detail in Chapter 5.

CHAPTER THREE

Horizontal Emphases: Creating Democratic Civil Society

Introduction

This chapter discusses the horizontal approach to democratization. While agreeing on the importance of building democratic institutions, as illustrated in Chapter 2, the vertical and horizontal approaches differ on the other elements of a democratization process. In addition to its focus on building democratic institutions, the horizontal approach focuses on creating horizontal linkages in society and using these to create a democratic civil society. It is clear that, if the ideal-type vertical approach to democratization emphasizes the creation of *liberal* democracy, the ideal-type horizontal approach emphasizes the creation of *participatory* democracy.

Chapter 1 discussed the idea of participation in a democracy and outlined how the horizontal and vertical approaches differ in their emphases in this regard. This chapter will expand on the horizontal perspective's vision of participation and discuss the importance of creating a democratic civil society, and in this way increasing participation and feelings of efficacy among citizens. This is a difficult task, addressing as it does a concept as amorphous and abstract as civil society. As difficult as it is, however, the subject must be tackled because of the importance given to the concept in the horizontal approach.

In particular, this chapter will argue that the horizontal perspective calls for the creation of a participatory "political culture". It argues that building democratic institutions (and transforming the economy to a market-based one) does not create sustainable democracy. As Robert Dahl has argued, democracy derives not only from constitutional rules, but from citizens' acceptance of these rules. This is difficult to envision if the citizens do not feel part of the polity.

Proponents of the horizontal tradition would argue that, in addition to setting up the democratic institutions and processes discussed in Chapter 2, the successful establishment of democracy involves societal changes as well. As Nelson argues:

Encouraging entrepreneurial activities, providing legislatures with computerized voting procedures, enabling parties to produce superb television spots--these and other accouterments of democracy are meaningless unless government provides fundamental political goods to citizens. Indeed, without a strong, vibrant public political realm, where citizens act as legitimators, democracy will soon recede.¹

Proponents of the vertical approach to democratization might argue that the two approaches differ not so much because of what they stress in their democratization policies (as will be outlined in this and the next chapter), but because the vertical approach is concerned with the *transition* stage of democratization while the horizontal approach appears more focused on the *consolidation* stage. This makes an interesting argument, but proponents of the horizontal approach dismiss it. To accept that the vertical emphasis, as outlined in Chapter 4, is related to the *transition* while the horizontal emphasis is related to the *consolidation* of democracy, is to

¹ Nelson, "Conclusion", in Nelson (ed.), *After Authoritarianism*, 171.

accept the vertical approach's assumption that there is only one economic framework in which democracy can exist, and that this economic system must be firmly in place before democracy can be consolidated. Proponents of the horizontal tradition do not accept this--attitudes must be revised in order to *create* a democratic society.

As discussed in Chapter 1, the horizontal approach is concerned with the question of effective participation. It is clear from the two elements that are stressed in this chapter--changing attitudes and creating democratic civil society--that this perspective seeks to build democracy from the "bottom up". It focuses on the attitudes which are necessary for the successful adoption (and continuation) of democracy--particularly, inclusion and a "participatory" political culture. To use the terminology developed by Gabriel Almond and Sydney Verba in *The Civic Culture*, democratization policy involves changing the "political culture"² from a "parochial" or "subject" culture in which citizens see themselves as *objects* of government action, to a "participatory" culture in which citizens see themselves as *actors* in the process of their own governance.³ This can be assisted by creating horizontal linkages in society.

It is important to note here that the vertical approach also acknowledges that attitudinal changes are necessary in a democratization process, and that civil society plays a role in a democracy. What is being argued here is that, in the horizontal

² The attitudes, values and beliefs citizens have about the political system.

³ See Gabriel Almond and Sydney Verba, *The Civic Culture* (Princeton, N.J.: Princeton University Press, 1963).

approach, these elements are fundamental, whereas in the vertical approach they are eclipsed by other priorities (which will be discussed in Chapter 4).

A Change in Attitude

Chapter 1 argued that proponents of the horizontal approach see participation as an important element of democracy, and involving citizens in their own governance as crucial. Democratization (the process), thus, involves increasing participation among citizens--creating a participatory political culture--and this involves changing citizens' attitudes about the political system.⁴

The transition to democracy must involve a fundamental change in attitude not only on the part of politicians, members of the bureaucracy, the judicial system and the military, who must rethink their own role in the democratic process, but on the part of the citizenry at large, which must reformulate its views on how it fits into the process.

Meaningful participation can only be affected by attitudinal change. The creation of democratic institutions will not create sustainable democracy since this depends, in the final analysis, on the citizens.⁵ Democracy will be assured only when an inclusive political sphere has been created and the precepts of a participatory

⁴ Because political culture is the product of a long tradition, it is more difficult to change than, say, an official ideology. But although it is difficult to change, it is not impossible.

⁵ As Nelson argues, "citizenship is not a matter of procedure and institutional roles as much as it is an artifact of culture, comprised of attitudes, norms and expectations". Nelson, "Conclusion", in Nelson (ed.), *After Authoritarianism*, 165.

culture have been firmly and widely accepted.⁶ Development of some sort of pride in democracy, and the assimilation of democratic values, is what is involved in the creation of a democratic political culture. Development of this type of culture "is critical to the long-term health and stability of democracies, since no real-world society can long survive based on rational calculation and desire alone".⁷

Developing a democratic political culture involves a change, not of cultural proclivities to democracy, but of attitudes toward the political process. Attitudes must be revised from a negative to a positive assessment--of the political process itself, and the individual's role in it. Diamond, Linz and Lipset state that:

Almost as a given, theories of democracy stress that democratic stability requires a widespread belief among elites and masses in the legitimacy of the democratic system: that it is the best form of government (or the "least evil") ... and hence that the democratic regime is morally entitled to demand obedience--to tax and draft, to make laws and enforce them.⁸

Changing attitudes among the citizenry at large is crucial, but as discussed in Chapter 2, the effort will be wasted if attitudes do not change among economic,

⁶ A comparative study of political cultures in newly democratic countries conducted by Larry Diamond illustrates that "democracy becomes truly stable only when people come to value it widely not solely for its economic and social performance but intrinsically for its political attributes". Larry Diamond, "Introduction to Political Culture and Democracy in Developing Countries", manuscript 1992, quoted in Doh, "On the Third Wave of Democratization", 154.

⁷ Fukuyama, *The End of History and the Last Man* (New York: The Free Press, 1992), 215.

⁸ Diamond, Linz and Lipset, "Introduction: Comparing Experiences with Democracy", in Diamond, Linz and Lipset (eds), *Politics in Developing Countries.*, 9.

political and military elites as well.⁹ Elites who oppose democracy can easily undermine it. Both the general population and elites must accept the rules of the game--even if the rules sometimes work against their interests. As well, developing a modicum of "democratic self-control" ensures that citizens accept the laws that their government enacts even if they dislike them, as long as they are enacted through the proper democratic procedures.¹⁰

Unlike creating or establishing institutions, changing attitudes is an extremely difficult task.¹¹ It cannot be accomplished by decree, or generated from outside. As well, "the transformation of subjects into participants has no blueprint".¹² It will be particularly difficult in the former Soviet bloc for several reasons. First, in the Soviet era, the Communist states attempted to draw all facets of life into state-sponsored political and social activities. This ensured that the disillusionment which became

⁹ As Diamond, Linz and Lipset argue, "Democratically loyal leaders reject the use and rhetoric of violence and illegal or unconstitutional means for the pursuit of power, and they refuse to condone or tolerate antidemocratic actions by other participants". Diamond, Linz and Lipset, "Introduction", in Diamond, Linz and Lipset (eds), *Democracy in Developing Countries*, 15.

¹⁰ Schumpeter, *Capitalism, Socialism and Democracy*, 295.

¹¹ Changing attitudes to favour democracy will not require the same effort in all areas of the former Soviet bloc. Given Czechoslovakia's experience as a democracy in the interwar years, for example, it is more a matter of recapturing old attitudes there than creating them. This is not the case in Hungary and Poland, where there has been virtually no experience of democracy from which to draw. Brown states that "the long-term authoritarian character of the Russian and Soviet states constitutes a serious impediment to political change of a pluralizing, libertarian, or genuinely democratizing nature". See Archie Brown, "Ideology and Political Culture", in Seweryn Bialer (ed.), *Politics, Society and Nationality. Inside Gorbachev's Russia* (Boulder: Westview Press, 1989), 18-19.

¹² Nelson, "Introduction", in Nelson (ed.), *After Authoritarianism.*, viii.

widespread in the 1980s encompassed all elements of public life. And, second, living under a coercive and corrupt political system ensured that citizens felt no compunction at withdrawing from or cheating the system to survive. It was a matter of pride for many citizens to cheat the distant and abusive state. However, it was particularly those who most loudly proclaimed the state's virtues who were most adept at undermining and taking advantage of it.

Vaclav Havel argued that under the Communist regimes, Eastern Europeans were forced to live a lie. This compromised the moral fibre of citizens and strained their ability to act in what is perceived in the West as a "moral" fashion in the public sphere. In Havel's view, "communism humiliated ordinary people by forcing them to make a myriad of petty, and sometimes not so petty, moral compromises with their better nature".¹³ And in 1957, Imre Nagy argued that the communist leaders, in Hungary in particular:

have made virtues of self-abasement, cowardice, hypocrisy, lack of principle, and lies. The degeneration and corruption of public life and the deterioration of character that takes place in society as a result thereof are among the most serious manifestations of the moral-ethical crisis that is taking place before our eyes....¹⁴

Societal disillusionment was (and still is) widespread and well established. People could (and can) see no reason why they should contribute to, or make sacrifices for, society, when there was no connection between these contributions or

¹³ Vaclav Havel, "The Power of the Powerless", in Vaclav Havel, *Living in Truth*, Jan Vladislav (ed.) (London: Faber and Faber, 1980).

¹⁴ Imre Nagy, *Imre Nagy on Communism* (New York, 1957), 289-90.

sacrifices and their own situation. This attitude meant that relations with society (and hence the state, since it was the dominant societal actor) were all in one direction--take from the state. In the Communist era, "everybody attempt[ed] to get as much as possible from the community and to give in return as little as possible and all the while remaining dissatisfied".¹⁵ The state's insistence that the population identify with the all-encompassing public sphere was unrealistic and ultimately unsuccessful. Proponents of the horizontal approach would argue that changing this is key to the future of democracy in the region--and certainly both more important and more difficult than creating a market economy.

In *New World Disorder*, Jowitt discusses the political culture of Eastern Europe (and the FSU) in highly negative terms. He refers to the political culture as a "ghetto political culture"--in which the political arena represented trouble, and was identified as the source of demands and sanctions rather than of support and accountability.¹⁶ He also argues that the political cultures of the countries of the former Soviet bloc were characterized by "dissimulation". This arose from a perceived need to deflect the regime's attention from possible (or real) underfulfillment of quotas, and a general desire to minimize regime interference in one's private and social life.

A situation in which citizens view the state with suspicion and calculation is

¹⁵ Frances Bucar, (Translated by Rudolf Cujes), *The Reality and the Myth* (Antigonish, N.S.: St. Francis Xavier University Press, 1989) 278.

¹⁶ See Jowitt, *New World Disorder*, 70-1, for a discussion of this.

inimical to democracy. Such a society would be more accurately described as a "subject" political culture than a participatory one. To change this, it is necessary to create some *trust* in the state and public institutions. Public trust incorporates varied elements, including trust in: the legitimacy of authorities; the reliability of the political system; and the effectiveness of public institutions including education and health care.¹⁷ This trust may be created institutionally by making the state stronger (but not necessarily larger), and by implementing constitutional constraints on the state. This is not a contradiction because a democratic state must be strong to function effectively in the face of societal demands, but it must also be denied the opportunity of overstepping its limits. Trust can also be created by increasing the state's accountability to the population.

Changing attitudes means removing the antagonism between the public and private spheres—not by collapsing them into one, as the Communists attempted to do, but by ensuring that the public sphere does not threaten the private sphere. This can be accomplished by education. This education will not necessarily be accomplished in a formal setting—i.e., in a school—although this will occur as well, but rather will involve a process of disseminating information that explains the benefits, the attitudinal requirements and the methods of democracy.

This seems inadequate in the face of the overwhelming cynicism and distrust

¹⁷ See Roniger, "Public Trust and the Consolidation of Latin American Democracies", in Archibald Ritter, Maxwell Cameron and David Pollock (eds), *Latin America to the Year 2000. Reactivating Growth, Improving Equity, Sustaining Democracy* (New York: Praeger, 1992), 153.

present in the FSS, but it is perhaps the only way democracy can be promulgated--it cannot be done by force. Education must, however, be combined with confidence-building measures taken by the state. Only after the democratic governments have shown themselves trustworthy and worthy of citizen respect, will democratic education begin to produce long-term attitudinal change.

It is often difficult for people who have been living under a strict authoritarian regime (whether left- or right-wing) to adapt to the uncertainty of a democratic system.¹⁸ In Eastern Europe in the immediate post-1989 period, there was fear among some citizens that change would bring more losses than gains, and therefore it was perhaps better to avoid change entirely. This negative view has been reinforced by the rapid economic gains made by some citizens and by the equally rapid losses experienced by many others. Citizens have to be convinced that the reverse is true--that gains outweigh losses, and that gains are not simply equated with *economic* success--and this can be done by education.

Democratization must involve establishing a commitment to the democratic society as well as individual rights. Given the attitudes prevalent in the Visegrad countries, this will not be easy. An individual who has withdrawn from the public sphere (and who does not therefore see himself/herself as a part of it) will always try

¹⁸ As Raul Alfonsin says about the change to democracy in Argentina: "People who live under dictatorships often experience order as an imposition and dissent as an unnatural perturbation; as a result they can lose their aptitude for dialogue, negotiation, and compromise". Alfonsin, "The Transition toward Democracy in a Developing Country: The Case of Argentina", in Nelson (ed.), *After Authoritarianism*, 17.

to take advantage of the state/society (free riders). A sense of community must be created to stop people from doing this. Avoiding or eliminating the problem of free riders has concerned Western economists for years. In the former Soviet bloc, however, the scale of the problem is much larger. It is easy to establish rules which prohibit such actions, but enforcing them is another matter.

Dahl argues, in *A Preface to Democratic Theory*, that it is not the rules themselves but the willingness to follow them which is necessary in a democracy. Without widespread societal support, democracy cannot be maintained. Dahl suggests that it is neither the constitutional rules nor the institutional balance of power that perpetuates democracy in the United States, but rather the underlying democratic principles of American society and thus a democratic political culture. According to Dahl, internal checks (i.e., conscience, attitudes and basic predisposition) present in citizens are more crucial in determining whether any given individual will seek to tyrannize others than external checks (i.e., separation of powers).¹⁹

Dahl argues that what he calls the "madisonian argument" has over-emphasized the importance of constitutional checks and under-emphasized "the inherent social checks and balances existing in every pluralistic society".²⁰ If he is right, then the efforts to create and maintain democracy in the Visegrad countries (and elsewhere) by implementing constitutional separation of powers and electoral processes may be short-lived. According to the horizontal perspective, it is

¹⁹ See Dahl, *A Preface to Democratic Theory*, 18.

²⁰ *Ibid.*, 22.

imperative to combine process/institution creation with the promotion of a democratic political culture in order for democracy to flourish. The establishment of democratic institutions and processes will not succeed if attitudes are not changed and democratic civil society is not created in parallel.²¹

Civil Society

The second element in the process of democratization that the horizontal approach emphasizes--which is closely tied to the notion of increased participation and changing societal attitudes--is the notion of "civil society". Even without formal democratic institutions with which to channel political participation, there can be a great deal of activity in a society which is on the verge of change. This activity can take the form of social movements that appear as self-help organizations under authoritarian rule. It can also take the form of a nascent democratic civil society (including NGOs, independent labour and media, for example) which appears as the transition to democracy begins, or the authoritarian regime begins to crumble.²²

²¹ This of course raises the question of the possibility of external actors "creating" a democratic civil society. While processes and institutions can be transplanted (not always successfully) by external actors, "creating" a democratic civil society is not as easy for external actors to accomplish or maintain. External actors may, however, be able to play a significant role in helping to *facilitate* the creation of a democratic civil society.

²² Cohen says civil society is "a framework that has the imminent possibility of becoming more democratic and whose norms call for democratization". Jean Cohen, "Discourse Ethics and Civil Society", *Philosophy and Social Criticism*, Vol. 14 (1988), 325. Blaney and Pasha argue that "the stabilization of civil society is a precondition for both the practice of even minimal democracy as well as the historical possibilities for further democratization". David L. Blaney and Mustapha Kamal

Theorists going back to Alexis de Toqueville have argued that an active civil society is necessary for a successful democracy. The notion of civil society is difficult to grasp, and the literature often does not help to clarify the concept. It has been defined by some as those groups/organizations within society that are *opposed* to the state, but this seems too narrow a definition. Held argues that civil society is made up of the cultural, economic or political areas of social life "which are organised by private or voluntary arrangements between individuals and groups outside the *direct* control of the state".²³ Schmitz and Gillies suggest that it can be seen as a continuum which ranges from, at a minimum, associations not controlled by the state, to a situation in which associations have a significant effect on state policy.²⁴ For Cohen, civil society is made up of a social realm (which includes numerous institutions and associations), a realm of privacy (i.e., "a domain of autonomous individual moral choice") and a legal realm (which includes a basic set of rights protecting the social realm).²⁵ And Blaney and Pasha argue that civil society "is best seen as a complex structure of relations among state, economy, individuals, and associational life existing within modern society".²⁶

Pasha, "Civil Society and Democracy in the Third World: Ambiguities and Historical Possibilities", *Studies in Comparative International Development*. Vol. 28, No. 1 (Spring 1993), 17.

²³ Held, *Models of Democracy*, 281.

²⁴ Schmitz and Gillies, *The Challenge of Democratic Development*, 66.

²⁵ Cohen, "Discourse Ethics and Civil Society", 325.

²⁶ Blaney and Pasha, "Civil Society and Democracy in the Third World", 6.

It is apparent that there are many different (and contested) definitions of civil society, but here it will be defined as those groups or organizations in society which exist between the state and the economy (i.e., excluding profit-making enterprises), and which are somewhat independent of the state, if not in terms of their finances at least in their agenda.²⁷ It is important to note that these groups and organizations within society must agree to the rules of the political game (as elites and other participants must) and not make the game of politics zero-sum. Thus, they must exhibit some restraint and forbearance, because successful democracy operates within a framework of underlying social consensus. If this underlying framework does not exist, competition between interests and ideas can disintegrate into violent struggle.

Western democracies possess vibrant civil societies. This means that there are numerous organizations existing in society which provide an associational forum for citizen activity and interest. These organizations need not be political in the sense that their purpose is to influence the political system, but it is essential in a democratic society that they can be political if their members desire it. The diverse elements of a healthy civil society are important because they create centres of power outside the state. This serves to limit the state's power, while providing "additional channels for the articulation and practice of democratic interests".²⁸

²⁷ Independence itself can of course mean different things. In this case, it does not imply financial independence because some groups may receive funding from the state. But it does imply that the groups/organizations do not provide a legitimization role for the state by backing all its policies and programs. *Ibid.*

²⁸ Diamond, Linz and Lipset, "Introduction", in Diamond, Linz and Lipset (eds), *Politics in Developing Countries*, 21. See also Stephen Manning, "Social and Cultural

For a democracy to flourish, then, the organizations in society should be able to exist and operate autonomously of the state, without undermining it. The actors in a democratic civil society must have a status of their own which is not subordinated to the state. This status, however, must not deny the government's right to govern. Civil society may include, for example, professional, religious, ethnic, labour and environmental organizations. It may also include groups organized around gender concerns, or concerns relating to a particular physical disease or disability. What the organizations of civil society must have in common is the freedom to operate in society within the confines of the law.

The organizations of which civil society consists provide small-scale fora for meaningful political participation and diverse means of information collection and communication. Collectively, these organizations "constitute a major means for the creation of an informed, efficacious, and vigilant citizenry, and for the reconstruction--from the ground up--of democratic political processes".²⁹ Particularly when political parties are weak or divided, other societal organizations are necessary to help build democracy--for example, social movements, local action groups and interest/advocacy groups.³⁰

Prerequisites of Democratization", in Friedman (ed.), *The Politics of Democratization*, 233-4.

²⁹ Diamond, Linz and Lipset, "Introduction", in Diamond, Linz and Lipset (eds), *Politics in Developing Countries*, 23

³⁰ It is important to point out here that populism is also participatory, but it is not democratic. In populism (as in the Eastern European Communist systems), there was no influence from the bottom up; the initiative for activity comes only from the top.

In Canada we take for granted the presence of numerous societal groups which may or may not (according to their choice) participate in the political process. This is not, however, the case in most countries with no history of democratic civil society and no democratic traditions. In these countries societal groups are often susceptible to the lure of populism,³¹ and their participation in the political system may be in a "highly polarized, confrontational, untempered mode that leads to uprisings, retaliatory massacres, and then renewed repression".³²

Civil Society in the Soviet Era

Civil society has been treated very differently by different non-democratic regimes. In the authoritarian regimes of Latin America, for example, there was little conscious attempt to *eliminate* societal organizations (with the exception of leftist or land reform organizations)--the desire was to *control* them. The Soviet bloc regimes (and non-Soviet regimes such as China, Kampuchea, North Korea), on the other hand, had an ideology which incorporated a comprehensive and exclusive view of how society should exist. Indeed, during Stalin's time there was a tendency "to assert

³¹ Julian Castro Rea et al argue that "populism has reemerged today in a context of a weak civil society and a fragile political system characterized by the inability of groups to form autonomous representative organizations". Julian Castro Rea et al, "Back to Populism", in Ritter et al (eds), *Latin America to the Year 2000*, 126.

³² Ascher in Kenneth Bauzon (ed.), *Development and Democratization in the Third World: Myths, Hopes and Realities* (Washington D.C.: Taylor & Francis Inc., 1992), 223.

'society's' nonexistence".³³ In the Visegrad countries, with the exception of the church and agriculture in Poland, "all aspects of people's lives, from cradle to grave, took place in the context of organizations that were linked with the party-state apparatus".³⁴ The Communist Party pre-empted or absorbed any potential political arena or role into its own organization. It attempted systematically to eliminate all existing or potential sources of competing power. The purpose was to create a society in which the only organization to which people could belong was the Party, or Party-affiliated organizations.

Groups outside the state were illegal and members were punished. This was true even of groups which did not have clearly "political" goals. Even though it was recognized that many of those who formed groups were not necessarily vying for state power, the state believed that they were opposing the system and thus represented a threat to it.³⁵

The states in the former Soviet space were not successful at eliminating civil society, even before the breakup of the Soviet bloc (though they did succeed in creating a different attitude in their societies, as noted earlier). Indeed, the continuing presence of the informal economy and dissident groups attested to the states' failure. In their latter years, the Communist states "so alienated and outraged such large

³³ Jowitt, "Political Culture in Leninist Regimes", in Jowitt, *New World Disorder*, 96.

³⁴ Georg Sorensen, *Democracy and Democratization* (Boulder: Westview Press, 1993), 59.

³⁵ See Manning, "Social and Cultural Prerequisites of Democratization", in Friedman (ed.), *The Politics of Democratization*, 235.

sectors of society as to make virtually all of society [their] adversary".³⁶

Given the economic stagnation in the Soviet bloc in the 1980s, the unconvincing official explanations of it, and increased exposure to the West through the communications media, citizens of the area became increasingly cynical and frustrated.³⁷ Lapidus argues that the increased cynicism was reflected in citizens' behaviour. Thus,

Growing alienation and a decline in civic morale contributed to a shift in expectations and energies from the public to the private realm and to the emergence of an intellectual and moral rationale for the increasing privatization of life. "Exit" became an increasingly important option for a small but significant segment of Soviet society....³⁸

In the Visegrad countries signs of "mass disaffection" with the communist system and massive withdrawal from state/Party-sponsored society were evident since the 1970s. This "autonomous networking" was particularly strong among groups concerned with the environment and nuclear energy,³⁹ especially in Hungary and Poland. Ash refers to a "sub-category of society" which appeared in Eastern Europe in the 1970s and 1980s. This sub-category refers to:

the products of the strategy of "social self-organization" that was adopted by

³⁶ *Ibid.*, 235.

³⁷ In the Soviet Union, this was due in part to the repercussions of the Chernobyl disaster--citizens had to find out about the disaster from Western sources as their own government refused to acknowledge, first, that it had occurred, and then its seriousness.

³⁸ Gail W. Lapidus, "State and Society: Toward the Emergence of Civil Society in the Soviet Union", in Bialer (ed.), *Politics, Society and Nationality*, 129.

³⁹ Nelson, "The rise of Public Legitimation", in Nelson (ed.), *After Authoritarianism*, 43.

the democratic oppositions in Poland, Hungary and Czechoslovakia in the mid to late 1970s. For them, the reconstitution of "civil society" was both an end in itself and a means to political change, including, eventually, a change in the nature of the state and in the nature of the relationship between state and society.⁴⁰

The nascent democratic civil society was the result of the generally spontaneous coalescence of various groups and organizations with a focus on something larger than their own (or their group's) interests. This will be discussed in greater detail in Chapter 5.

What the discussion in this section illustrated is that, despite (or perhaps because of) the efforts of the Communist states to eliminate civil society, there were signs of massive disaffection and withdrawal from public life as early as the 1970s. These disaffected citizens (encouraged in part by the climate in the post-Helsinki period) formed a nascent civil society which helped contribute to the breakdown of the Soviet-style regimes across the region. What proponents of the horizontal approach advocate is that this nascent civil society must be nurtured and turned into a democratic civil society in order for democracy to be sustainable.

Conclusions

This chapter has outlined two major, and related, elements of the horizontal approach to democratization, and illustrated why proponents of this approach believe them to be important. In particular, the emphasis is on changing the attitudes of

⁴⁰ Timothy Garton Ash, "The Opposition", *New York Review of Books*, 13 October 1988, 3. He lists the other three dimensions of social emancipation as the popular rediscovery of the national past, the revival of religion and private enterprise.

citizens to support democracy and thus on creating democratic civil societies.

While the vertical approach to democratization would, based on its support for a limited state, support the presence of a vibrant civil society, its vision of civil society differs from the horizontal perspective. This, however, is not something that receives much attention in the literature relating to the vertical approach. The difference is that the vertical perspective sees civil society as the sphere of self-fulfilment, and wants "private" organizations to take over some of the roles that the welfare state had assumed.

Proponents of the horizontal perspective, too, see civil society as the sphere of self-fulfilment, but they see it in other ways as well. They see it as a way to promote group and individual interests by making demands of the state. For example, they would argue that it is important for groups representing labour, women, the disabled, natives, etc., to utilize the state to promote their interests. And, they see civil society as having an educative role, which is perhaps one of the most effective ways of creating a democratic political culture, which in turn helps ensure the perpetuation of democracy.

Chapter 3 has, thus, provided us with an overview of what the horizontal approach to democratization involves and why. It is fundamentally concerned with creating democratic civil society which incorporates two major elements--building *citizenship* in the polity and developing a strong *civil society* to provide citizens with a voice in their political system. Chapter 4 will outline how this contrasts with the distinguishing elements of the vertical approach.

CHAPTER FOUR

Vertical Emphases: Facilitating Economic Transformation

Introduction

Chapter 2 argued that both the horizontal and vertical approaches to democratization stress the importance of building democratic institutions and promoting rights. Chapter 3 argued that the horizontal approach also stresses the importance of creating a participatory political culture and an active democratic civil society. This chapter argues that the vertical approach combines its focus on building democratic institutions with a focus on transforming the economy (economic liberalization). Chapter 1 made it clear that, whereas the horizontal approach does not necessarily equate democracy with a particular economic system, the vertical approach does. The latter equates successful democracy with a market-based economic system and any democratization policy takes this as its base.¹

Why is economic transformation included as part of a framework of democratization in this thesis? There are several reasons. First, this thesis has developed a framework for democratization in the Visegrad countries by extracting from the literature on development, democracy and Eastern Europe, the elements

¹ It has been the economic changes that have unleashed the "gales of creative destruction" which have caused so much disruption to the people of EE/FSU. This is a phrase Joseph Schumpeter used to describe how a transition process must occur-- i.e., building and destroying simultaneously.

which repeatedly occur. The importance of economic changes to a democratization process is a recurring theme in the literature, particularly that written since the 1980s. Thus, economic transformation became an element in this thesis' framework of democratization.

This explanation, however, is not all that satisfying because it leaves unanswered the question of why economic transformation is included in the literature. To answer this question, we must examine the development literature. The idea of creating democracies has received a great deal of study in the past 50 years, as has the idea of development in general. Early studies, classified under the rubric of "modernization" theory, posited a linear approach to development and argued that democracy would not and could not occur until development had occurred--i.e., until a complex modern society was established. It was believed by theorists that development everywhere would occur in the same way as it had in the West. Modernization theory thus postulated a necessary connection between economic development and democratization: development facilitated democratization.²

In the 1960s, however, many people began to reject modernization theory because it had become clear that development in the South was not occurring in the manner that had been forecast--and indeed, neither development nor democracy appeared imminent. New theories relating to development appeared in the 1960s and 1970s (for example, liberation theology, dependency theory, basic human needs,

² See Adrian Leftwich, "Governance, Democracy and Development in the Third World", *Third World Quarterly*, Vol. 14, No. 3 (1993), 612; and Seymour Martin Lipset, *Political Man* (New York: Anchor Books, 1963), 31.

etc.), but the most important change (for our purposes) was the emergence in the early 1980s of neo-liberalism.

Mainstream analysis of development and democratization began to place a greater emphasis on global economics, labour and finance. Democracy became a method of guaranteeing that economic and political liberties were maintained. It is clear that, for some (i.e., proponents of the vertical approach), a neo-liberal economic agenda must be the companion of democracy. The new orthodoxy proposed that democracy should *parallel* development rather than precede or follow it. The freedom inherent in democracy was essential to a market economy and reflected the vertical perspective's conception of rights in society (as discussed in Chapter 1).

The economic agenda was advanced internationally by both Western states (particularly the United States) and international financial institutions (IFIs). Development in the South was tied to economic reform imposed by the IFIs in SAPs. Starting in the 1980s, most developing countries (and this applies to EE/FSU now as well) could not receive development assistance without adopting the neo-liberal agenda of the donor countries and the IFIs. Indeed, the inception of SAPs to address debt in the South virtually assured the movement to a limited state and free market economics.

The collapse of the Soviet bloc reinforced this tradition. For liberal economic theorists, this event confirmed that the Soviet bloc states were unable to match the West's economic growth, and that this was in part because their political systems prevented economic change.

Political "conditionalities" added a new dimension to the agenda--the notion of 'good governance'. This term first appeared in 1989 in a World Bank report on Africa and was quickly adopted by Western governments and institutions. These conditionalities involved stipulations that a country put its political house in order at the same time as it puts its economic house in order. At their root is the belief that "'good governance' and democracy are not simply desirable but essential conditions for development in all societies".³ "Governance" has been broadly defined to include not just the role of the government, but also institutions (such as the bureaucracy, media, judiciary etc.) and economic relationships. This concept of 'good governance' has been packaged with market-economics to form Western development policy (the vertical approach). Having been tied so closely to political change in international development policy, economic transformation has become an intimate part of democratization.

According to the vertical approach, therefore, the conversion of the Visegrad countries to Western-style liberal democracy has of necessity had to be two-pronged. The process of *liberalizing* Eastern Europe is not seen as separate from the process of *democratizing* the area since proponents of the vertical approach would regard it as *impossible* to create democracy without liberalizing, and *undesirable* to liberalize without establishing democracy.⁴

³ Adrian Leftwich, "Governance, Democracy and Development in the Third World", *Third World Quarterly*, Vol. 14, No. 3 (1993), 605.

⁴ See, for example, Paul Marer, "Economic Transformation in Central and Eastern Europe"; and Jeffery Sachs, "Western Financial Assistance and Russia's

The first prong involves the steps which were discussed in Chapter 2-- establishing democratic institutions and processes (or what is often referred to as political liberalization). The second prong involves economic change⁵ from state-ownership and central planning to a free-market economy, and the integration of the region into the global economy. It is this second prong which most sharply differentiates the vertical from the horizontal approach to democratization.

It is important to note that the proponents of the horizontal approach to democratization do not eliminate economic changes from the process entirely. Indeed, they agreed that major economic changes were necessary in Eastern Europe, and they are strong supporters of economic change in the South. But two points must be emphasized here: first, the economic changes they support in the South are very different from those supported by the vertical approach (i.e., they do not support the neo-liberal agenda); and second, compared to the vertical approach, their emphasis on economic changes is much smaller. So, what this chapter is arguing is not that proponents of the horizontal perspective do not advocate economic changes in a democratization process, but that this is not a major focus. It is, however, a significant element of the vertical approach.

Reforms", in Islam and Mandelbaum (eds), *Making Markets*.

⁵ The economic changes too involve "politics", but in a different sense--i.e., political factors affect which economic changes are made and when.

Transition post-1989

Until 1989, there had been little written on transforming a centrally-planned economy into a market-based one, and there were few practical examples to study. Thus, the changes in 1989 were almost *sui generis*. Yet a general consensus quickly emerged on a number of broad elements required for the transition process. While different authors used slightly different language, the fundamental and interlocking elements were clear.

First, the transition required stabilization of the economy, particularly tight budget and fiscal control to head off the massive or hyper-inflation that would result from other measures. Second, the transition required "liberalization" measures (i.e., eliminating state control of the economy, and reducing trade barriers) to allow the national and international market to function. Third, it was necessary to privatize state-owned enterprises (SOEs). And fourth, it was necessary to build the institutions necessary to support a market economy (particularly restructuring production, creating a legal framework, financial system etc.).⁶

The economic transition to a market-based economy is not, however, a simple

⁶ See, for example, Mandelbaum, "Introduction", in Islam and Mandelbaum (eds), *Making Markets*, 3; Richard Portes, "From Central Planning to a Market Economy", in *ibid.*, 29; Robert W. Campbell, "Economic Reform in the USSR and Its Successor States", in *ibid.*, 106; Islam, "Conclusion: Problems of Planning a Market Economy", in *ibid.*, 183; Marer, "Economic Transformation in Central and Eastern Europe", in *ibid.*; and Bialer, "The Changing Soviet Political System: The Nineteenth Party Conference and After", in Bialer (ed.), *Inside Gorbachev's Russia*, 218;

process.⁷ It is much easier to destroy a market economy, as the Soviets did, than to create it; as a Polish saying goes, it is easier to turn an aquarium into fish soup than the other way around.⁸ In theory, it should not be difficult. After all, as every first-year economics student knows, the 'invisible hand' ensures that the market runs as it should. But how does one create an 'invisible hand'? It is not the mysterious processes of the market which need to be created in EE/FSU, however. These states need to create the institutions and processes which facilitate the workings of the market.

This chapter will focus on the creation of these supportive mechanisms. It is important to note that there is no specific blueprint for transforming the economies of the former Soviet bloc into market economies. Nevertheless, there are some general elements which will be discussed here. It is also important to note that this chapter will discuss economic transformation only in general terms--Chapter 5 will discuss specific economic changes in Poland, Hungary and Czechoslovakia (the Czech and Slovak Republics).

⁷ Hinds, for example, argues that, at the most basic level, the challenge in Eastern Europe was to solve five problems: (1) the distortion of prices; (2) the inappropriate reactions to prices by enterprises; (3) the economic losses of enterprises which caused widespread misallocation of resources; (4) subsidization of lossmakers causing inflationary problems; and (5) the lack of a financial system capable of allocating and mobilizing resources efficiently. Hinds, "Policy Effectiveness in Reforming Socialist Economies", in Arye L. Hillman and Branko Milanovic (eds), *The Transition from Socialism in Eastern Europe. Domestic Restructuring and Foreign Trade* (Washington, D.C.: The World Bank, 1992), 33.

⁸ Quoted in Mandelbaum, "Introduction", in Islam and Mandelbaum (eds), *Making Markets*, 2.

Disagreements about the Transition

While there was basic agreement on the general core of the transition process, this agreement quickly broke down over four specific elements--the four S's: sequencing, speed, stress and sectoralism.⁹ Thus, economists disagreed on what changes should be made first, how quickly the changes should be made ("Big Bang/Shock Therapy" versus gradualism), the intensity of the implementation of the policies (stress) and the sectors of the economy which need attention.¹⁰

In particular, there has been disagreement over what economists have referred to as "sequencing". Mandelbaum argues:

The problem [of sequencing] arises from the fact that in an economy, everything affects everything else. The best way to implement the various changes required is thus to do everything at once. But this is simply not possible.¹¹

⁹ See Islam, "Conclusion", in Islam and Mandelbaum (eds), *Making Markets*, especially 189.

¹⁰ There has also been a debate about whether economic changes are better made by democratic or authoritarian governments. Some argue that authoritarian governments are more effective because they can make unpopular decisions better than democratic governments which rely on re-election, but this lost credibility given the poor economic management record of military regimes Latin American in the 1970s/1980s. However, the "economic miracles" in Hong Kong, Taiwan, Singapore and South Korea in the 1980s were all achieved under non-democratic regimes, which put credence back into the argument. See Karen L. Remmer, "Democracy and Economic Crisis: The Latin American Experience", *World Politics*, Vol. 43, No. 3 (April 1990), 315-335.]

¹¹ Mandelbaum, "Introduction", in Islam and Mandelbaum (eds), *Making Markets*, 5. Vito Tanzi says in a similar vein that "modern economies are like ecological systems; their various components--institutions, industries, professional skills--support each other". Vito Tanzi, "Financial Markets and Public Finance in the Transformation Process", in Vito Tanzi (ed.), *Transition to Market. Studies in Fiscal Reform* (Washington, D.C.: International Monetary Fund, 1993), 1.

Since everything cannot be done at once, decisions must be made as to what changes have priority. Stabilization can be done quickly since it is relatively easy (in economic terms) to remove artificial prices and subsidies. However, the political costs of this are likely to be very high and the benefits cannot be fully seen until privatization occurs, which is a much more gradual process. People will not buy industries unless they know that there are incentives to do so--i.e., realistic prices for products--so there is a vicious circle. Sequencing often ends up depending, not on economic considerations, but on the balance or strength of political forces at the time.¹²

Removing the State from the Economy

One of the most important steps to be taken towards democratization in EE/FSU, according to the vertical approach, is to reduce the state's role in the economy. In the former Communist countries, the state's role was enormous. In 1983, in the United Kingdom, employees of state-owned enterprises (SOEs) represented 7% of total employment, and in the United States, 1.8%.¹³ By contrast, in 1985 in Poland, employees of SOEs represented more than 70%¹⁴ of the total,

¹² See Portes, "From Central Planning to a Market Economy", in Islam and Mandelbaum (eds), *Making Markets*, 35.

¹³ Of course, the rates in the West vary greatly. Sweden (and Canada), for example, has much higher rates than the United States and UK.

¹⁴ Branko Milanovic, "Privatization Options and Procedures", in Hillman and Milanovic (eds), *The Transition from Socialism in Eastern Europe*, 44.

and in Czechoslovakia they represented 90% in 1989.¹⁵ (See Table 4.1)

TABLE 4.1 - Share of State Sector in Selected Economies

	% of Value Added	% of Employment
<i>Czechoslovakia (1986)</i>	97.0	--
East Germany (1982)	96.5	94.2
Soviet Union (1985)	96.0	--
<i>Poland (1985)</i>	81.7	71.5
<i>Hungary (1984)</i>	65.2	69.9
West Germany (1982)	10.7	7.8
United Kingdom (1983)	10.7	7.0
United States (1983)	1.3	1.8

Source: Gerd Schwartz, "Privatization", in Tanzi (ed.), *Transition to Market*, 226. Data from World Bank.

Note: The figures for the USA, UK and West Germany exclude government services, but include state-owned enterprises in commercial activities.

The economies of EE/FSU were almost entirely in state hands: it owned the industrial and agricultural (except in Poland) sectors and provided all services. The main feature of the economic system in the region was the central allocation of resources by rationing inputs to producers and specifying outputs of production. The distribution of the output was also centrally determined. Obviously this is inimical to a free-market economy, which can operate effectively only if it has the appropriate "signals"--i.e., prices--for making decisions about buying, selling, saving and investing. Thus, it was crucial to sell off state-owned enterprises (SOEs) to private investors, and eliminate the mechanisms of central planning.

¹⁵ *Ibid.*, 74.

i. eliminating central planning

Removing the state from the economy has meant major adjustments in the price system of the Visegrad countries. Under the former regimes, prices were not determined by the laws of supply and demand but by state edict. Essential goods--staple foods, transportation and housing--were kept at artificially low prices by the state. This represented a major proportion of state spending.¹⁶ These price controls had to be removed, in some instances leading to major price increases. This was often combined with wage concessions to workers by politicians anxious to avoid alienating large segments of the population, which led to inflation hitherto unknown in the region.

Eliminating central planning is easier than privatizing state-owned enterprises. It can be abolished almost instantaneously by passing a law to remove state-set production goals and state-decreed prices. The repercussions of doing so, however, can be severe and the effects small unless other measures accompany this change.

Reduction of the size of the state, as well as its withdrawal from central planning and ownership, is a condition of international financial assistance to the former Soviet bloc. This has also been an element of structural adjustment programs (SAPs) in the South since the 1980s. Calls for reducing the size of the state have clearly reflected the neo-liberal claim that the state is neither the most effective or

¹⁶ For example, subsidies to consumers and producers accounted for approximately 45% of the Polish state's total expenditures in the late 1980s. See Ved P. Gandhi, "Fundamental Fiscal Reform in Poland", in Tanzi (ed.), *Transition to Market*, 93.

efficient employer, nor the appropriate organization to be a major actor in the economy. The neo-liberal agenda thus calls for the 'downsizing' of the state. While this has been a difficult policy to implement in the South, it has been even more difficult in Eastern Europe because the economy was almost entirely state-owned, the system had been in place longer (i.e., since the 1940s and usually since the 1960s in the South), and the state was virtually the only employer.

ii. privatization

The elimination of central planning is not enough to get an economy on track because a market cannot be effective in an economy dominated by SOEs. Massive privatization is a prerequisite for the introduction of market forces and is key to promoting the incentives and efficiency associated with private ownership.

In theory, the process seems easy--sell off state-owned enterprises and reduce the state's role in the economy. In practice, however, it has been problematic. Although the privatization of small businesses--especially in the trade and service sectors--has been fairly easy and quick, the privatization of large SOEs is an inherently slow process.

There are a number of goals which may be pursued through a policy of privatization. According to Schwartz, policy makers may want to: (1) privatize in the shortest possible time; (2) maximize privatization proceeds; (3) select the 'right'

buyers (however defined); (4) safeguard employment; and (5) obtain investment guarantees.¹⁷ These goals may, however, be mutually exclusive--indeed, the first is almost impossible to reconcile with the remaining four.

A number of difficulties have already been identified in Eastern Europe regarding privatization: (1) lack of domestic capital; (2) problems of establishing the value of SOEs; (3) absence of clear property rights; (4) inadequate legal and institutional framework; and (5) claims by former owners (i.e., restitution problems).¹⁸

It would *seem* easy to determine what is a viable (according to economic criteria) enterprise and what is not, but it has not been simple in practice. As Portes argues, this is partly because "the inherited debts of enterprises were accumulated more or less randomly under the old system and have no relation to their future profitability".¹⁹ Privatization can quickly bog down while officials attempt to assess viability.

There are often no private resources within the country capable of purchasing the enterprises, even if their value could be accurately determined, and this leads to the question of foreign ownership and investment. As Mandelbaum states: "Whatever prices are put on state properties, few citizens will be able to pay them; this reality

¹⁷ Gerd Schwartz, "Privatization: Trade-Offs, Experience and Policy Lessons from Eastern European Countries", in Tanzi (ed.), *Transition to Market*, 225.

¹⁸ See Islam, "Conclusion", in Islam and Mandelbaum (eds), *Making Markets*, for a discuss of the problems of privatization.

¹⁹ Portes, "From Central Planning to a Market Economy", in *ibid.*, 40.

leads to the observation that privatization consists in selling assets with no value to people with no money".²⁰

There have been three main techniques of privatization: (1) spontaneous or from below; (2) state driven; and (3) voucher plans including low cost or free mass transfer. Predictably, each method has its problems. The voucher system, for example, in which workers or citizens at large are issued vouchers for the purchase of SOEs, has been criticized by some economists because it "so disperse[s] control as to leave the existing management in charge".²¹ Other privatization methods include restitution to previous owners, privatization through holding companies (mutual funds), employee ownership, sale by auction, and "commercialization" or "corporatization".²²

²⁰ Mandelbaum, "Introduction", in *ibid.*, 6.

²¹ Portes, "From Central Planning to a Market Economy", in *ibid.*, 34. Marer in the same volume holds the same opinion, see Marer, "Economic Transformation in Central and Eastern Europe", 96. And as Hillman and Milanovic argue, "dispersed ownership all but severs the essential monitoring link between owners and managers that underlies incentives for efficiency". Hillman and Milanovic, "introduction", in Hillman and Milanovic (eds), *The Transition from Socialism in Eastern Europe*, 5. See also Branko Milanovic, "Privatization Options and Procedures", in *ibid.*

²² Corporatization is a gradual process through which SOEs are turned into joint stock companies--i.e., something between state-owned and privately owned. Commercialization of SOEs involves clarifying ownership rights, improving corporate governance by appointing an external board of directors, and weaning the enterprise off state money readily given.

Employee ownership involves the transfer of private property rights of an enterprise to the workers. Sale by auction raises the issue of foreign ownership. As well, often the SOEs do not make economic sense (i.e., they are not likely to make profit) and thus cannot find buyers at any price. Thus, bankruptcy regulations must be implemented.

The issue of restitution of property confiscated by the Communists has been a sticky one in the transition process. Questions of restitution involve determining who

An important part of the move to privatize the economy must be to encourage businesses of all sizes. As mentioned, the privatization of small- and medium-sized businesses has gone very well in the Visegrad countries, but it is important to set up a welcoming framework for small businesses to ensure their participation in the formal, rather than the "informal" economy.

Management Change

Privatizing state-owned enterprises should involve a change of top enterprise personnel. The management style under the communist regimes was not compatible with business arranged according to the profit motive. It is not that under the Soviet system managers did not have to make hard choices--indeed, wrong choices could cost you your life in Stalin's time--but they did not have to concern themselves with competition or profit.²³ The top layer of management in the SOEs did not have the experience necessary to operate in a capitalist state.

In the absence of trained management candidates, however, the choice was either to continue to use inexperienced managers or to import foreign ones. Both alternatives have serious problems associated with them. A major element in the democratization process, sponsored in general by the West, has been management training on how to operate a business in a market economy. (This will be discussed

owns what and how to compensate owners. Unravelling myriad claims and establishing a framework for restitution has slowed the privatization process.

²³ See Jowitt, *New World Disorder*, especially 291, for a discussion of this.

in the Canadian context in Part Four.)

Creating Economic and Financial Institutions and Processes

According to Vito Tanzi, Director of the IMF's Fiscal Affairs Department, there are five building blocks for reform of public finances: (1) the establishment of a tax administration; (2) reform of the tax system; (3) creation of budgetary institutions; (4) reform of public expenditures; and (5) social security system reform.²⁴

i. the tax system

Revisions to the tax system are crucial. During the Soviet era, the main source of governmental revenue was a tax on the profit made by SOEs. What this meant was that all money left over after the expenses which the central plan specified had been allocated, was claimed by the state. There were no personal income taxes because incomes and prices were already centrally controlled.²⁵ Thus, under the communist tax system, tax revenues were in essence transfers within the public sector (from SOEs recording surpluses to other SOEs recording losses).

Reforming the fiscal system meant introducing personal income taxes. The number of "taxpayers" was measured only in the thousands in the Soviet era, and they could be kept under control quite easily. Transforming the tax system means that the

²⁴ Tanzi, "Financial Markets and Public Finance", in Tanzi (ed.), *Transition to Market*, 18.

²⁵ Note that Hungary introduced a personal income tax in the 1980s. See *ibid.*, 6.

number of taxpayers will increase to millions of individuals about whom the state will know very little and over whom the state will have little control.

In the 1980s the growing economic malaise in the Soviet bloc meant that citizens increasingly turned to the 'informal' sector of the economy for satisfaction. This has continued in the post-1989 years. The informal economy continues to encompass a significant portion of economic activity, which by its very nature is difficult to regulate or tax. The vertical approach to democratization attempts to draw this peripheral economic activity into the regulatory and administrative framework by encouraging such entrepreneurial activity and providing a fertile (and legal) environment--free of the stifling red-tape of the Soviet era--for it to grow.

ii. the banking system

A country must have a banking system which allows and/or enables entrepreneurs to borrow money and establish credit with which to finance their businesses. Under the Soviet system, all financial transactions and public finances were administered by one bank--appropriately named the Monobank. It monopolized credit provision and set interest rates (which were not varied according to economic changes). There was no capital market in the system which meant there were no stocks and bonds, and there was no way to borrow or lend except through the Monobank.²⁶ It combined the role of commercial bank and central bank, and was

²⁶ See Portes, "From Central Planning to a Market Economy", in Islam and Mandelbaum (eds), *Making Markets*, 21, for a further discussion of this. As Hinds argues, "investment decisions were based on the preferences of planners or enterprise

also the treasurer for public finances.

In a market economy, however, the financial institutions which serve private finance and the institutions which are associated with public policy must be separate.²⁷ The banking system, thus, had to be "split into a sphere of commercial banks operating on the general principles of the market economy and a central bank carrying out public policy goals by influencing the interest rate and the money supply".²⁸

It is necessary to establish and implement regulations dealing with financial lending and borrowing, and bankruptcy procedures. This was particularly important in EE/FSU where enterprises were not run on a profit basis and where, with restructuring, many would cease to run at all. Bank loans were not made on the basis of future ability to repay, but on government policy in which it was critical to keep enterprises open even when they made little or no economic sense (in capitalist

managers rather than consumers. As a result, the structure of supply corresponds neither to comparative advantage nor to the structure of demand". Hinds, "Policy Effectiveness in Reforming Socialist Economies", in Hillman and Milanovic (eds), *The Transition from Socialism in Eastern Europe*, 17.

²⁷ Campbell, "Economic Reform in the USSR and Its Successor States", in Islam and Mandelbaum (eds), *Making Markets.*, 103. Gerd Schwartz says the reform of the banking sector in Eastern Europe has four main elements: "(1) restructuring and possibly consolidating state-owned banks; (2) enacting a banking law that provides for establishing new private banks; (3) adopting and implementing modern banking supervision standards; and (4) resolving the problem of nonperforming loans in bank portfolios". Schwartz, "Privatization", in Tanzi (ed.), *Transition to Market*, 240.

²⁸ Campbell, "Economic Reform in the USSR and Its Successor States" in Islam and Mandelbaum (eds), *Making Markets*, 103. Perhaps the recent crisis in Albania would have been less severe if this division between public and commercial financial institutions had been more established and effective.

terms). There were barriers both to *entry* of enterprises (i.e., establishing new firms) and their *exit* (i.e., going out of business) under the communist system. Bankruptcy was possible, but it was unlikely.²⁹

In a market economy, competition between enterprises means that there are winners and losers. A framework through which losers can withdraw from the game is fundamental. It is also fundamental that there be a framework that provides a way for new enterprises to enter the fray.

iii. the stock market

As stated at the beginning of this chapter, it is not the market itself which must be created, but rather the supporting institutions and processes. Concomitant with the privatization of state-owned enterprises is the need for a forum through which shares and stocks of the privatized enterprises can be valued and traded. This calls for the creation of a stock market and the training of personnel to make it function. It is also necessary to implement laws to regulate this potentially cut-throat institution.

²⁹ Bankruptcy would not be allowed: (1) because of the monopoly economy, closing an enterprise would mean the disappearance of a sole or dominant supplier; (2) Council for Mutual Economic Assistance (CMEA) contracts created commitments to supply outputs in exchange for inputs, therefore governments often preferred to subsidize an enterprise rather than fail to meet the contract obligations; (3) bankruptcy was inconsistent with the state's commitment to jobs and job security; and (4) linkages among enterprises meant that enterprise failure might cause a chain of bankruptcies. See Arye L. Hillman, "Enterprise Restructuring in the Transition from Hungarian Market Socialism", in Hillman and Milanovic (eds), *Transition to Market*, 183.

iv. relations with labour/social safety net

The steps necessary to restructure the economy along the lines advocated by the vertical approach will invariably include a revised relationship between capital and labour. Restructuring the labour system to create independent labour unions is an element of the horizontal approach's democratization policy, since it is an integral element of establishing a democratic civil society.

The restructured relationship with labour in this perspective, however, is very different. Following the tenets of Western definitions of "good governance", the neo-liberal agenda has meant that the streamlining, or "downsizing", of government is a major condition for Western (including development assistance and investment) and IFI money. Given this, it is not difficult to understand that its treatment of labour is different from the horizontal approach. In particular, this "downsizing" has meant wholesale layoffs.

Under the communist regimes, labour productivity was less than inspired. With little chance of being fired (except for political reasons) and little incentive to work hard, labour was not productive. This is something that the advocates of the vertical approach believe must, and will, change when state-owned enterprises are privatized. Understandably, workers fiercely resist having their wages reduced or their numbers decreased.³⁰

Worker resistance--and in the worst case, worker sabotage--is a serious

³⁰ This is particularly true now, but even under the communist regimes this was a problem. Hinds, "Policy Effectiveness in Reforming Socialist Enterprises", in *ibid.*, 25.

problem, particularly since the privatization of SOEs is of necessity a slow process. Proponents of the horizontal approach to democratization would argue that the vertical approach fails to consider the necessity of changing workers' attitudes so that they are aware of the *positive* elements of democracy and avoid self-interested sabotage of the process.³¹

One of the fundamental elements of the restructuring process has been the establishment of a social safety net. Worker resistance to the liberalization elements of democratization would never be overcome without some system of protection for workers temporarily dislocated by the changes. Under the communist regimes, unemployment was not an issue--indeed, the regimes had conscious policies to avoid such a "capitalist" phenomenon. Restructuring towards a market-based economy, however, means that labour must be more efficient. The democratic governments of the Visegrad countries have had to develop unemployment programs.

In addition to unemployment insurance, social assistance programs have had to be established to insulate vulnerable groups from the effects of the reduction or elimination of government subsidies on basic food items, transportation and housing. In particular, pensioners (whose savings and pensions have disappeared due to inflation) and children have suffered from the effects of the transition.

The establishment of unemployment and social assistance programs is

³¹ Proponents of the horizontal approach, of course, do not advocate wholesale reduction of the public sector, because they take a different approach to economic reform which involves some role for the state in the economy--although reduced from that under the Communists.

complicated and the Visegrad countries have all had difficulties with it but, as this is not the focus of this thesis, the matter will not be discussed in greater detail.³²

Attitudes

The economic changes involved in the vertical approach's democratization policy are profound. As proponents of the horizontal perspective would point out (see Chapter 3), these changes are much easier to achieve if the appropriate attitudes exist. Introducing a market economy means introducing greater economic inequality into society, and this is contrary to the "deeply ingrained egalitarian social values" held by much of the population of Eastern Europe and the FSU.³³

Ironically, as much as the general population dislikes the idea of private property leading to greater inequality, it also holds strong negative views towards the state and public property. During the Soviet era, the economy was treated "as a source of "booty" and "plunder"". ³⁴ Since citizens did not have any sense of ownership or attachment to the state's goals, they viewed public goods as "free goods to be appropriated whenever possible". ³⁵ What emerged under the Communist Party was, according to Jowitt, "a parasitical Party and a scavenger society". ³⁶ These

³² See, for example, Sten Berglund and Jan Ake Dellenbrant (eds), *The New Democracies in Eastern Europe* (Hants, England: Edward Elgar, 1994).

³³ Sorensen, *Democracy and Democratization*, 56.

³⁴ Jowitt, *New World Disorder*, 224.

³⁵ *Ibid.*, 224.

³⁶ *Ibid.*, 227.

attitudes form a barrier to a smooth and sustainable transition to democracy and the market economy.

Like the horizontal approach, the vertical perspective calls for attitudinal adjustment as part of the transition. It does not, however, place as much emphasis on this as the horizontal approach does. Furthermore, it emphasizes different attitudes. Western economic theory assumes that humans are rational individuals who act to maximize value. This is an assumption which underlies and is fundamental to a market-based economy. The vertical approach requires citizens to revise their attitudes in such a way as to become individual maximizers. This means that the values inculcated in the years of Soviet hegemony (i.e., work is for the good of "society"), must be revised. Fortunately (or not!) it is easier to make people selfish than selfless.

The International Climate

Both the vertical and the horizontal approaches acknowledge the importance of the international climate to a democratization process. This section will emphasize the elements of the international economic climate which are considered particularly important by the vertical approach. As mentioned in the Introduction to this chapter, since the 1980s, this approach has stressed that there is a close relationship between international economic matters and democratization. Thus, under the terms of IMF/World Bank SAPs, recipient countries have been "encouraged" to join the global

economy through a focus on export-oriented growth.³⁷

i. trade

Trade is, of course, the basis of export-oriented growth. The Visegrad countries were involved in a hub-and-spoke trading system under the Council for Mutual Economic Assistance (CMEA) regime, which created a set of bilateral preferential relationships.³⁸ Trade was with the Soviet Union, not with neighbouring countries. This placed the Eastern European countries in a 'spoke' position to the 'hub' located in Moscow. Trade among the countries of Eastern Europe was negligible.

In addition to this interlocking set of bilateral trading relationships, the economies of Eastern Europe were fitted into a grander scheme of production through the tenets of the CMEA. Under this scheme, different countries were assigned different production roles (eg., arms production in Slovakia) which was ostensibly to benefit the Soviet bloc as a whole, but which tended to benefit mainly the Soviet Union.

Under the CMEA framework, the Soviet Union exported "hard" goods (i.e., oil, natural gas, raw materials) to Eastern European countries at low prices and they exported "soft" goods to the Soviet Union. The "soft" goods were manufactured

³⁷ SAPs targeted debt reduction through increased exports, decreased imports, reduced government roles in the economy, monetary devaluation.

³⁸ See Martin Schrenk, "The CMEA System of Trade and Payments", in Hillman and Milanovic (eds), *The Transition from Socialism in Eastern Europe*.

products that were of poor quality and therefore tradeable only within the region.³⁹

It was a system that encouraged monumental inefficiency.

On 1 January 1990 when the Soviet Union announced it would begin to trade with its CMEA partners in hard currency one year later, the system began to unravel. With the demise of the Soviet Union in 1991, a huge proportion of the external trade system of the Eastern European countries disappeared. Thus, not only did these countries have to restructure their domestic economies to satisfy the requirements of a market-based economy, they also had to rebuild their external trade.

Organizations/agreements such as the Eastern European Free Trade Association (EEFTA) and the Visegrad Triangle/Quadrangle have attempted to create intra-Eastern European trade, but since the countries still have similar economies and are in the process of major reform, without much success. The aggregate loss of Poland, Czechoslovakia, Hungary, Romania and Bulgaria vis-a-vis the Soviet Union as a result of terms of trade adjustment is estimated at (US) \$10-16 billion.⁴⁰ Eastern Europe was much harder hit than the Soviet Union because the latter still had its "hard" exports which could be traded internationally, whereas Eastern Europe could not trade its "soft" goods internationally.

³⁹ See *ibid.*, 223, for a discussion of the CMEA trade system.

⁴⁰ *Ibid.*, 236.

ii. international organizations

Although a country can be a member of some international organizations without being democratic, membership in these organizations can often be a useful step in the transition. It has become a priority for the Visegrad countries to join international organizations, particularly those with an economic focus. Both approaches to democratization may seem to agree on this point, but because the organizations which these democracies are joining tend to support the international neo-liberal agenda, this point fits into a vertical approach.

Thus, there has been a scramble to join the World Trade Organization, the World Bank, the International Monetary Fund, the Council of Europe, the Organization of Economic Cooperation and Development (OECD), and the EU. Chapter 5 will discuss relations with specific organizations.

Conclusions

This chapter has outlined the element which differentiates the vertical and the horizontal approaches. In particular, it has argued that, according to the vertical approach, transforming the economy through such processes as removing the state from the economy (by eliminating central planning and privatizing SOEs) and creating the institutions of the market (such as tax and banking systems, and a stock market), is a necessary step in the democratization of Eastern Europe.

The processes outlined in this chapter may seem to have little to do with democratization. But, as outlined in the Introduction to this chapter, the vertical

approach to democratization assumes the validity of the following equation:

economic liberalization + political liberalization = democratization

According to the vertical approach, the processes of privatization and the creation of the institutions of the market must occur in parallel with those discussed in Chapter 2, because the only economic system which is compatible with democracy is a market economy.

In the next chapter, we will see how Czechoslovakia (the Czech Republic and Slovakia), Hungary and Poland have implemented the changes outlined in Chapters 2, 3 and 4.

CHAPTER FIVE

Democratization in the Visegrad Countries

Introduction

Eastern Europe has been redefined twice in this century, first following the collapse of the Austria-Hungary Empire, and then after the collapse of the Soviet bloc. Since 1989, Eastern Europe has been "in the midst of redefining its cultural frames of reference, political and economic institutions, and political-territorial boundaries".¹ Furthermore, its position in the world economy has changed significantly--from "a developed periphery of an underdeveloped centre (the former USSR) into an underdeveloped periphery of a developed centre (EU)".²

The changes in Eastern Europe could be seen as a process of "decolonization". Thus, the countries there face some of the same problems as developing countries, particularly a lack of capacity to govern among successor elites. With the exception of Poland, prior to 1989 the Visegrad countries had little experience with organized dissent. Most opposition elites had little protection from the omnipresent Party, minimal knowledge of other opposition groups and little opportunity to bond with a

¹ Jowitt, *New World Disorder*, 285.

² Janos Hoos, "Privatization in Latin America: Lessons for Eastern Europe", in Gary McMahon (ed.), *Lessons in Economic Policy for Eastern Europe from Latin America* (New York: St. Martin's Press, 1996), 77.

constituency.³

The development of civil society in Europe has been uneven. In Western Europe, civil society evolved into its present democratic state over several centuries. In the eastern part of the continent, however, it has historically had a much more circumscribed existence--the Communist regimes continued the restrictions that the empires and dynasties had placed on it for centuries.⁴ Civil society consisted of those brave enough to dissent, and in the small everyday private actions of rebellion carried out by the majority of citizens. But in the 1980s, as Bernhard argues, the strategy changed from *dissidence* (an individual attempt to influence state authorities), to *opposition* (a concentration on garnering societal support in the struggle for resistance),⁵ which mobilized citizens for the purpose of bringing down the already crumbling Communist regimes. This mobilized and politically active civil society has not, however, survived in most places, as illustrated by rapidly decreasing voter turnouts, widespread disinterest in politics, and the increased disillusionment and alienation among citizens in the post-1989 years.

The Communist regimes created a psychological estrangement between themselves and their populations. In emphasizing the good of society and community over the individual, the Communist governments bred the opposite feeling--i.e., they created a society of alienated and isolated individuals. Now, at the same time as they

³ See Jowitt, *New World Disorder*, 295-6.

⁴ See Michael Bernhard, "Civil Society and Democratic Transition in East Central Europe", *Political Science Quarterly*, Vol. 108, No. 2 (1993).

⁵ *Ibid.*, 312.

build up frameworks for the protection of individual rights, the new democratic governments must bridge this gap and create a sense of community before democracy can flourish.

It is important to note that the reforms under way at present are not the first reforms that have been attempted in the area. It had been recognized since the 1950s that centrally-planned economies have inherent problems. Thus, there were various attempts since then to correct the inefficiencies of the system.⁶ What differentiates the current changes from previous attempts at reform is that they represent a change *of* system rather than merely changes *within* the system.

This chapter will briefly discuss the history of each of the four countries with which this thesis is concerned--Czechoslovakia (Czech and Slovak Republics), Hungary and Poland. Then, it will examine the circumstances of the fall of the communist regimes. Finally, it will discuss the changes which have occurred there since 1989 in terms of politics/government, economics and civil society, which are

⁶ In Poland and Hungary, for example, there were attempts to deal with over-centralization in 1957. Czechoslovakia attempted to rectify its problems in 1958-59. Its reforms generally attempted to restrict the state to only macro-economic planning--i.e., to reduce the number of products, and the number of industries that were directly "planned" by the state. These attempts failed and the state became even more involved in managing the details of each country.

Changes in Hungary and Yugoslavia in the 1960s again attempted to address the systemic problems, this time through policies of decentralized economic decision making and worker self-management. In addition, there were major reforms in Czechoslovakia in the 1960s, but after the Soviet invasion in 1968, these reforms were abandoned. Reforms were continued in Hungary and Poland throughout the 1980s. See Marer, "Economic Transformation", in Islam and Mandelbaum (eds), *Making Markets*, 78, for a brief summary of the difference between the economic policies undertaken by the three countries.

related to the elements of the horizontal and vertical approaches discussed earlier in this thesis (i.e., democratic institution building, facilitating economic transformation, and creating democratic civil society).

CZECHOSLOVAKIA

The Czech and Slovak peoples have had distinct and divergent histories--the Slovaks dominated by Hungary for almost a thousand years and the Czechs associated with the Germans and Poles. It was only after World War I and the collapse of the Austria-Hungary Empire that the two nations were joined together. The nationalists who united the country in 1918 adopted democratic principles borrowed freely from the French and American constitutions. During the interwar period, Czechoslovakia enjoyed a stable democratic government. This was a rare occurrence in Eastern Europe--indeed, it provides the only example of sustained democracy (20 years) in the area.

Hitler's Germany put an end to democracy in Czechoslovakia. The presence of large numbers of German-speaking people in Western Czechoslovakia provided the pretext for Germany to invade. The Western powers agreed in Munich in 1938 to German demands that Czechoslovakia cede its western territory. In March 1939 Czechoslovakia was invaded. Czechoslovakia spent the rest of WW II waiting for liberation, which came in the form of the Soviet Red Army in spring 1945. Backed by popular opinion, the postwar government expelled the remaining Germans (almost 2.5 million) from its western lands. This action continues to sour relations between

Germany and the Czech Republic.

Capitalizing on the popularity of the Soviet Union at the immediate end of WW II, the Czechoslovak Communist Party received almost a third of the votes in a 1946 election, and formed a coalition government with several other parties. By 1947 the Communists were consolidating their power by force and by 1948 they were in complete control. Political purges, five-year plans emphasizing industrialization, and forced collectivization characterized the 1950s.

Frustration with economic stagnation and repression accumulated in Czechoslovakia until 1967 when conflict became open even within the Central Committee. In January 1968 Alexander Dubcek was put in power. He initiated a program of "socialism with a human face", which included both liberalization and democratization. This program lasted until August 1968 when, judging that things were getting out of control, the Soviets invaded. Dubcek was replaced by Gustav Husak and wholesale purges occurred within the Party and society.⁷ This had a profound effect on Czech society. The purges allowed the new regime to fill positions with its own people, and when it ran out of them, jobs were given to those who were politically apathetic.

⁷ 44 Cabinet ministers at the federal and republic levels lost their positions; 270 members of federal and republic parliaments were dismissed; approximately 12,700 elected members of regional, district and municipal governments were dismissed; approximately 900 elected officials of trade unions were recalled; 64 members of the Communist Party's Central Committee were expelled; approximately 14,000 bureaucrats were fired; approximately 200,000 teachers, professionals, actors, diplomats, writers etc., were either demoted or dismissed; 100,000 people emigrated to the West. Radoslav Selucky, "Czechs Respond to Normalization with Consumption and Apathy", *International Perspectives*, March/April 1975, 31.

The Husak regime returned the country to political Stalinism, which lasted until 1989. Increased production of consumer goods, however, was allowed in order to keep the population happy. Husak relied on support from Leonid Brezhnev in Moscow to maintain power so, when Brezhnev died, his position became increasingly vulnerable, exacerbated in part by his own resistance to change. Husak resisted Gorbachev's policies of *glasnost* and *perestroika*, and refused to loosen his grip on power.

Resistance focused around "Charter 77", an organization formed by a number of prominent dissidents in 1977 to protest the refusal of the Czechoslovak regime to honour its commitment to the Helsinki Accords.⁸ Demonstrations began in Prague in October 1989. An attempt by the police to disperse the crowd backfired and the protests became even larger. After demonstrating students were beaten up by police on 17 November 1989, the demonstrations became massive. The Communist Party clung to power but it was increasingly besieged. The regime collapsed in late November 1989. Elections were held in June 1990, and Civic Forum, as the dissident movement was now called, formed the government with Vaclav Havel as President. The "Velvet Revolution" was over.

There are several important elements of Czech/Slovak history which should be emphasized here. First, their history as "colonials" and junior partners has caused Slovaks to dislike both Hungarians and Czechs. Second, Czechoslovakia has a history--albeit a brief one--of democracy. Third, Czech-German relations continue to

⁸ The Helsinki Accords will be discussed in Chapters 6 and 7.

be haunted by the events of WW II and the expulsion of the Sudeten Germans.

Fourth, although political repression under the Husak regime was severe, economic policies were used to appease the population and this meant that Czechoslovaks had higher standards of living than other Soviet bloc countries. In order to enjoy these high standards, however, Czechs had to endure the repressive political system.⁹

And, fifth, the Stalinist nature of the regime meant that Czechoslovakia did not borrow extensively from the West, and so, unlike Poland and Hungary, it did not begin the post-communist period in serious debt.

Post-1989

Politics/Government

In the immediate post-1989 period, the institutional characteristics of Czechoslovakia were continued federalism, an electoral system of Proportional Representation, and a unicameral Parliament. After the breakup of Czechoslovakia, however, the Czech Republic became bicameral with the re-activation of the Senate, and neither state is now federal.

After taking power, Vaclav Havel's priorities were to create consensus and soothe the growing dissatisfaction among Slovak and Czech leaders. His foreign policy priorities were to re-establish ties with Western Europe--in particular, mending relations with a re-unified Germany--and with the Catholic Church.

⁹ See Vaclav Havel's article, "The Power of the Powerless", in Havel, *Living in Truth*. Jan Vladislav (ed.), for a very interesting discussion of the implications of this.

Relations between Czechs and Slovaks quickly deteriorated after 1989. The Slovaks felt that the Czechs patronized and looked down on them. The new rights of free speech and expression were increasingly utilized to express the resentment of Slovak leaders about the dominance of Czechs in the new government because of their larger population.¹⁰ As well, Slovaks leaders did not like Havel's plan to reduce arms production because most of the industry was located in Slovakia.¹¹ Nationalist leaders in Slovakia made increasing demands--including demands for separation--and Czech leaders simply agreed to the dissolution of the federation (the "Velvet Divorce"). As of 1 January 1993 Czechoslovakia was replaced by the separate Czech and Slovak Republics.

The Czech Republic

The Czech Republic has been perhaps the most successful of the former Soviet bloc countries at achieving a relatively stable and open political system. Parliamentary elections were held in June 1992. They resulted in the formation of a coalition government with conservative characteristics, led by Prime Minister Vaclav Klaus, leader of the Civic Democratic Party (ODS). Twenty-three political parties contested the first parliamentary elections, but only eight crossed the five per cent threshold to receive seats in the Czechoslovak National Council (now called the Parliament).

¹⁰ Since 1963 Czechs and Slovaks had received equal political weight in Prague, and after 1968 Slovaks did well under the Communist system, while Czechs did not.

¹¹ Czechoslovakia was a major arms producer--it ranked seventh globally in terms of weapons exports in 1984-88.

Although the Czech Republic continues to be governed by coalitions, the party system appears to have become fairly stable. Until the parliamentary elections in 1996, Czechoslovakia (and then the Czech Republic) was governed by a majority coalition made up of the ODS, the Civic Democratic Alliance (ODA) and the Christian Democrat Party-Czechoslovak People's Party (KDU-CSL).

Like in the other Visegrad countries, the broad Civic Forum movement which took over after the collapse of the Communist government, splintered into a series of smaller parties--particularly the Civic Democratic Party (ODS) led by Vaclav Klaus and the smaller Civic Democratic Alliance (ODA). But, unlike the other countries, the Left has not yet recaptured Parliament, although it is enjoying a resurgence of popularity. Sixteen parties contested the May/June 1996 parliamentary elections; six of them crossed the 5% threshold to take seats. Two of the parties are left-wing, representing 83 of 200 seats. Klaus' party received only 29.6% of the vote (68 seats). The Czech Social Democratic Party greatly increased its support from the first elections, particularly in rural areas, and received 26.4% of the vote (61 seats).¹²

The appearance of a stable party system does not mean that Czechs are all of one opinion politically. It took nine rounds and nearly two months of negotiations for an acceptable coalition government to be formed after the 1996 Parliamentary

¹² The Communist Party of Bohemia and Moravia got 10.3% (22 seats), the Republican Party 8.0% of the vote (18 seats), the Christian Democratic Union-People's Party 8.1% of the vote (18 seats) and the Civic Democratic Alliance received 6.4% of the vote (13 seats). Please note that these figures do not add up to 100% because of votes being "lost" to parties not crossing the 5% threshold and thus being redistributed.

elections because of the divided vote. The government remained the ODS, ODA, KDU-CSL coalition, but it was a minority government (99 of 200 seats) until recently when defections and resignations gave it a small majority (102 of 200 seats). Its minority status hampered some of its plans, but because of the nature of the opposition parties, it was unable to unite to bring down the government.

There are two chambers of government: the Chamber of Deputies and the Senate. The 200 Chamber of Deputies members are elected for four years. The Senate was in abeyance, but elections were held in November 1996 for a six-year term for the 81 members. The President is elected for a five-year term by a joint session of both chambers.

The Slovak Republic/Slovakia

Slovakia is governed by a coalition of the Movement for a Democratic Slovakia (HZDS), the Association of Workers of Slovakia (ZRS) and the Slovak National Party (SNS). This coalition exhibits an interesting mix of nationalism, populism and socialism. While the government of Prime Minister Vladimir Meciar (leader of HZDS) claims to be centre-right, privatization and liberalization have been slower than in the Czech Republic. This is due to several factors. First, the government, while centre-right, is also nationalist and has frowned on foreign economic influence. Second, the government has other things on its mind--for example, relations with Hungary and struggles between the President and Prime Minister. Third, in the early 1990s, the Czech government wrote up a social accord--

a tripartite agreement between the government, employers and trade unions (the Economic and Social Agreement). When the two republics split, Slovakia continued to abide by the accord.¹³

Unlike the Czech Republic, Slovakia is experiencing a prolonged and bitter struggle for power between the Prime Minister and President. The struggle has settled into a pattern in which the President receives legislation from Parliament, vetoes it, Parliament overturns the veto and the President then appeals to the Constitutional Court to have the law nullified. The relationship has also been characterized by insults, law suits, and the kidnapping of the President's son. The struggle for power has hindered the effective functioning of the Slovak government. The attempt to adopt a constitution has not helped, and experts are divided as to what solution would be best. Thus, while lamenting an excessively strong Executive, constitutional experts point out that the President has been the last bulwark against the nationalistic and anti-democratic legislation introduced by the Meciar government.

Although the party system in Slovakia has coalesced into an apparently stable one, the government has taken a great many negative actions which indicate that democracy has not yet taken root (these actions will be discussed in the section on civil society below).

¹³ It is interesting that while this accord has not hampered the government in Prague, it has hindered liberalization in Slovakia.

Economics

The consensus-based pragmatic visions of the post-1989 Czechoslovak government led to moderate policies of economic change in an attempt to minimize and soften the transition. Virtually all the political parties supported the adoption of free-market economics, and thus were agreed on essentials if not on details.

The change from a centrally-planned economy to a free market economy officially began on 1 January 1991, later than in several of Czechoslovakia's neighbours. Prior to this, some price increases and reduction of subsidies had been initiated, as had the breakup of a number of state-owned enterprises (SOEs). The first round of privatization began in 1992 with the introduction of a voucher scheme affecting approximately one-quarter of total industry. The Czechoslovak government favoured mass distribution in its privatization process. Vouchers were issued to the population for a small fee, and they could then be used to buy shares. Any citizen over the age of 18 could purchase vouchers with which to bid for shares, and more than 8.5 million people bought them. The second round of privatization occurred in 1993 and used other methods such as management/employee buyouts, auctions and direct sales. By mid-1995 the private sector accounted for approximately 70% of the GDP of the Czech Republic,¹⁴ and in February 1997 Klaus claimed that 80% of Czech industry was wholly or partially in private hands.¹⁵

¹⁴ Barclays, *Country Report. Czech Republic*, May 1996, 6.

¹⁵ Marcus Gee, "Romania's Entry into NATO Appears Unlikely in Short Term", *Globe and Mail*, 22 February 1997, A10.

After 1989 Prague quickly and successfully redirected its trade away from the East. The country lacks raw materials--especially energy--and one of its most serious trade problems in the 1990s has been the change from receiving subsidized energy supplies from the Soviet Union, to paying world prices for energy imports. The Czech Republic's most important trade partner is now the EU, particularly Germany, which received approximately 60% of Czech exports in 1994 and was the source of approximately 64% of imports.¹⁶

Czech relations with Germany, however, continue to be haunted by events occurring during or immediately following World War II. A cooperation agreement between Prague and Bonn was delayed by repercussions relating to the expulsion of the Sudeten Germans from Czechoslovakia, but was finally signed in winter 1997. Because the expelled Germans are concentrated primarily in Bavaria, they have been able to pressure the Bavarian government to make claims on their behalf.

Trade between the Czech and Slovak Republics declined after separation and the trade clearing system between them was ended in 1995. Trade with the Czech Republic, however, still represents a major proportion of Slovakia's external economic relations--in 1995, it was the largest single source of imports (24.8%), with Russia second (19.9%), and Germany third (13.3%). The EU as a whole represented 30% of imports. The Czech Republic is also the most important export market for Slovakia--accounting for 32.6% of exports.¹⁷

¹⁶ Barclays, *Country Report. Czech Republic*, 9.

¹⁷ 20.2% went to Germany. OMRI, No. 70, Part II, 9 April 1996.

Despite its political problems, Slovakia has enjoyed economic success. Its GDP grew 5.6% in 1995,¹⁸ and the economy grew by 7.4% in 1995.¹⁹ Furthermore, in 1995 it had a better international credit rating than Hungary and the same as Poland (the Czech Republic has a better rating). The Slovak economy started its comeback in 1995,²⁰ while the Czech economy has been growing since 1994. In both Czech and Slovak Republics, the post-1989 inflation rates are impressive--in 1995, inflation was 9.5% in the Czech Republic and 10.9% in Slovakia.²¹ Furthermore, unemployment rates in both countries are below 5.0%.

The economic picture is particularly good for the Czech Republic. It is now one of the strongest economies in Eastern Europe and at the end of 1995, it became the first former Soviet bloc country to join the OECD. By 1996, it was experiencing economic growth, increasing incomes and growth in trade. The rate of economic growth has decreased in 1997 because of problems in the banking sector, but the economy continues to perform well.

The Czech Republic signed an association agreement with the EU which came into force February 1995. After Hungary, the Czech Republic has the highest per capita foreign direct investment (FDI) in Eastern Europe--by the end of 1995 the

¹⁸ *Report on Business Magazine*, January 1996, 103.

¹⁹ OMRI, No. 73, Part II, 12 April 1996. *Report on Business Magazine* says GDP growth was 3.8% in the Czech Republic and 5.6% in Slovakia, January 1996, 103.

²⁰ One of the major reasons why the Slovak economy is not growing as quickly as it could, is that arms exports are only a fraction of the 1988 levels.

²¹ *Report on Business Magazine*, January 1996, 103.

cumulative total was approximately (US) \$6 billion.²² Not all the economic factors, however, are rosy. Total external debt was approximately (US) \$15.5 billion at the end of 1995. External debt has been growing rapidly--it was (US) \$10.7 billion in 1994²³--but the Czech Republic still has a lower debt/GDP ratio than other Eastern European countries.

Perhaps the largest remaining economic challenge is land privatization/reform. Land reform has been a major undertaking in the former Czechoslovakia because so much of it was under state or collective control--in the 1980s, 60% of arable land was held by collective farms, 30% was held by state farms and the rest consisted of small privately-owned plots. The government began to privatize land in 1991. It has been a difficult task because, just as the peasants resisted collectivization in the first place, they are now fiercely resisting privatization.

Civil Society

Unlike Poland, concerted opposition to the communist regime was weak in Czechoslovakia. Although mass demonstrations helped cause the downfall of the regime, these demonstrations were spontaneous, not the result of an organized oppositional movement. Civil society was weak in Czechoslovakia as a result of severe political repression since 1968. Starting in the late 1970s, groups such as Charter 77 and the Committee for the Defence of the Unjustly Prosecuted (VONS)

²² Barclays, *Country Report. Czech Republic*, 10.

²³ *Ibid.*, 10.

opposed the state, but these organizations utilized a strategy of "dissidence" rather than "opposition",²⁴ as they tried to get the state to follow the human rights provisions it had agreed to in the Helsinki Accords. Charter 77 was not a mass movement, nor did it aspire to be one, and repression made overcoming its isolation difficult. VONS was not a mass movement either--it was developed specifically to help Charter 77 members who had been arrested.

The question of minority populations is an important one in any discussion of post-1989 Czechoslovakian civil society. In Slovakia, there is a sizable minority population--approximately 600,000 Hungarians live in Slovakia, slightly more than 10% of the population--and in both countries there are Roma (gypsy) populations. Democracy operates on the principle of majority rule, but minorities cannot have their rights persistently denied. The Slovak government has passed legislation on education and language which blatantly infringes on the rights of the Hungarian minority. This reflects the strong (compared to the other countries discussed here) strain of nationalism in Slovakia which targets Hungarians and Roma.

In Slovakia, racism is targeted at Hungarians and Roma. There have been a number of well-publicized incidents of violence or prejudice against Roma, even by government officials. In the Czech Republic, the Roma bear the brunt of racism. The Republican Party has been the repository of extreme right-wing views. It gained representation in Parliament in both the 1992 and 1996 elections, and currently holds 18 seats in Parliament. Given the initial minority status of the government, and now

²⁴ See Bernhard, "Civil Society and Democratic Transition", 323.

its tiny majority, this party may wield more power than its numbers warrant. In 1996, both the Council of Europe and Amnesty International criticized the Czech Republic for its treatment of Roma.

Freedom of the media is key to a vibrant civil society and is essential in a democracy. In the Czech Republic, the media is generally free of government interference. This is not the case in Slovakia, however, where the government has been accused of manipulating the media in its own favour. In April 1996 the Slovak government amended the penal code to implement a law "protecting the republic" which prohibits, in broad terms, criticism of the government. Prime Minister Meciar justified the law by stating that it is "to protect the state from anarchy and upheaval", as it allows for people who "spread false information" that could damage the interests of Slovakia to be prosecuted.²⁵ Meciar indicated that all he wants is for the media to "present a truthful picture of Slovakia".²⁶

The government also passed the "foundations law" which strictly regulates the status of private foundations and the actions any non-government organizations can undertake. Unlike the Czech Republic, which is on the fast track into such clubs as the European Union and an expanded NATO, the West has made it clear on numerous occasions that Slovakia has to make some changes--particularly relating to these two laws, and the treatment of Hungarian minorities--before it will be welcomed

²⁵ Quoted in OMRI, No. 55, Part II, 18 March 1996.

²⁶ Meciar, quoted in Paul Hockenos, *Free to Hate. The Rise of the Right in Post-Communist Eastern Europe* (New York: Routledge, 1993), 233.

in these organizations.

As discussed in Chapter 2, persuading the military to support democracy is crucial to the existence of a democratic civil society. The governments of Eastern Europe moved quickly to eliminate the political education units of the military. This may have been unfortunate because the units could have been used to educate military personnel about their new role in a democracy. In Hungary there were widespread purges of the military ranks after 1989. This did not occur in Poland where the military was well-respected and moderate.²⁷ In Czechoslovakia there were no purges, but there were approximately 10,000 resignations in the military after 1989, mostly among the junior ranks. All these countries have significantly reduced the size of the military.²⁸ Johnson states that since 1989, defence and security policies in the area have "centred around two main processes: removing the central role of the Communist Party over the armed forces and transforming alliance-based defence to national defence systems".²⁹

In Slovakia, a democratic civil society has not been allowed to blossom. As mentioned, the law on the protection of the republic and the foundations law have both targeted independent action and criticism in society. As well, a government commission overseeing the media has attracted strong condemnation for its

²⁷ The repression in Poland in the 1980s was not undertaken by the military—it was the responsibility of the Security troops of the Interior Ministry.

²⁸ The Czech Defence Minister has made several recent proposals to reduce the armed forces further, but the government has rejected them.

²⁹ Johnson, "Civil-Military Relations in Central and Eastern Europe", in Gilman and Herold (eds), *Democratic and Civil Control*, 41.

interference with free speech/free media. In May 1996 the International Committee for the Protection of Journalists put Meciar's Slovakia in the international top ten of the worst enemies of the press. There have been popular protests about media control, decreased funding for education, and the rules restricting the use of Hungarian language and symbols, but the government has generally ignored them.

HUNGARY

Hungarians have long considered themselves to be on the cusp of several civilizations--the last bastion of Western civilization before the chaos to the East. Both the Mongol and Turk invasions ended in Hungary. The Turks were expelled by Habsburg forces from Hungary only after they moved on Vienna in the late seventeenth century. This placed Hungary under the control of the Habsburgs. Dissent occurred sporadically in the nineteenth century until 1867 when a "compromise" was reached with Vienna by which Hungary became an independent and equal partner to Austria, and the Austrian-Hungarian Empire was formed.

In hindsight this partnership may have not been a blessing. It meant that Hungary was dragged into WW I with the Austrians and shared in its defeat. A vacuum in Budapest in 1919 was filled by the short-lived Communist regime of Bela Kun. Hungary's support for the losing side and its brief flirtation with communism had disastrous consequences in the armistice negotiations. Prompted by Romanian claims, the 1920 Treaty of Trianon reduced Hungary's territory by two-thirds, in particular giving Transylvania to Romania and leaving a large Hungarian population

outside the borders of Hungary.

In the interwar years, the elites were painfully divided about the course which Hungary should take. Germany indicated that, in return for Hungary's support, it would revise the Treaty of Trianon, but only at the expense of Czechoslovakia, not Romania or Yugoslavia. This was hardly a generous concession, but it was better than nothing. Again, Hungary was on the losing side of the war.³⁰

Hungary was "liberated"--as were Czechoslovakia and Poland--by the Red Army. This greatly facilitated the Hungarian Communist Party's consolidation of power. The Soviets insisted that the Party be incorporated into a coalition government with the Smallholder Party. The Communists then used their control of the Interior Ministry and the continuing presence of the Red Army to purge the government of non-communists. In 1947 the Communists took over the government and the Smallholders fled the country. Nationalizations began, and the Social Democratic Party was forcibly absorbed into the Communist Party, which was then renamed the Hungarian Workers' Party.

Under Matyas Rakosi, the ranks of the Party were purged and the rank-and-file were forced into strict obedience. After Stalin's death, the interim leaders in Moscow ordered Rakosi to share power with the more moderate Imre Nagy, who lessened the repression. In 1955 Rakosi dismissed Nagy. The Kremlin, now barely

³⁰ Unlike Hungary, Romania managed to do very well out of both world wars--despite starting out on the wrong side both times. Having enthusiastically served on the German side in both wars until it was clear who would win, Romania changed sides and profited at the expense of Hungary.

under Khrushchev's control, replaced Rakosi in early 1956 with an equally orthodox leader--Erno Gero. But the dissent in Hungary was mounting, heartened probably by the lack of leadership in Moscow. Demonstrations occurred, which led to Nagy's re-appointment and the appointment of Janos Kadar as head of the Party (now the Hungarian Socialist Workers' Party). Responding to popular demand, Nagy promised democracy and market reforms. But it was too late. Before his replacement, Gero had called for Soviet military assistance, and when the Red Army troops were in place in November 1956, they moved into Hungary and crushed the rebellion.

Kadar was left in charge. In his first years of power, he followed Soviet policy--particularly political repression and the collectivization of agriculture (by the early 1960s over 90% of arable land was under state control). But it became clear that Kadar favoured a middle path between Rakosi's "dogmatism" and Nagy's "revisionism". The Hungarian economy became a unique mix of limited economic consumerism and autonomy (personal and industrial) combined with the monopoly of the Communist Party--a combination which was later referred to as "goulash communism". The "New Economic Mechanism" (NEM), introduced in 1968, launched limited decentralization and liberalization. Hungary, like Yugoslavia and Romania, carved out its own path--Budapest remained loyal to Moscow, but expanded diplomatic and trade ties with the West.

Like Czechoslovakia, Hungarian trade with the Soviet Union increased with the Communist government's ascension to power. Before 1950 Hungary had had very little trade with the Soviet Union, but by the 1960s, it accounted for almost 30%

of Hungary's total. Hungary's economy is dependent on trade--particularly imports of raw materials and energy. Like Czechoslovakia, Hungary relied on subsidized energy supplies from the Soviet Union to run its industry, and also suffered when the arrangement ended.

Economic stagnation in the 1980s re-invigorated the NEM which now allowed some market-induced productivity and some limited private enterprise. Subsidies on food and other consumer items were reduced starting in 1980 and new regulations allowed the leasing of state-owned restaurants and other service establishments to private individuals. This did not alleviate the economic problems, particularly Hungary's increasingly serious debt problems.³¹

Gorbachev's policies of *glasnost* and *perestroika* gave dissidents in Hungary increasing room to protest the worsening economic problems. Opposition groups such as the Hungarian Democratic Forum and the Alliance of Free Democrats called not only for increased economic reform, but democratic government. In late 1987 the regime began informal discussions with opposition organizations and thereafter political parties were allowed. Kadar was replaced in May 1988 by Karoly Grosz who promised to implement further changes. But with each concession, new demands arose. By March 1989 there were mass demonstrations which prompted roundtable negotiations in June. In October 1989, the Hungarian Socialist Workers' Party renamed itself the Hungarian Socialist Party (HSP) and agreed to allow democratic

³¹ By the early 1980s, Hungary's foreign debt was (US) \$11 billion. The Economist Intelligence Unit, *Hungary. Country Profile 1993/94* (London: The Economist Intelligence Unit, 1994), 3.

government. The constitution was amended and two rounds of elections were held in March and April 1990.

There are several important elements of Hungarian history which should be emphasized here. First, the presence of Hungarian minorities in adjacent countries has had, and will continue to have, a bearing on developments in the area. Second, Hungary had a head start on economic reform.³² Third, the actions in Hungary in 1989 provided a catalyst to the changes in the rest of Eastern Europe--i.e., Hungary's more liberal policies meant that thousands of East Germans travelled via Hungary to the West, which precipitated a crisis in East Germany. And fourth, Hungary's early openness with the West had a price tag--Hungary had a debt in 1989 of over (US) \$21 billion, the highest per capita in Eastern Europe.

Post-1989

Politics/Government

The 1990 elections led to the formation of a centre-right government under Prime Minister Jozsef Antall, leader of the Hungarian Democratic Forum, in coalition with the Independent Small-holders Party and the Christian Democratic Party. The HSP received only 8.5% of the seats in Parliament.

In the years since 1989, Hungary has made a great deal of progress toward Western-style democracy. Like the Czech and Slovak Republics, Hungary adopted a

³² This may not, however, have helped because, unlike the other countries which started fresh in 1989-90, Hungary already had entrenched some policies which put a brake on speedy reform.

mixed presidential-parliamentary system. In Hungary, as in the Czech Republic, the president is much less powerful than the Prime Minister. The power struggles which have characterized post-1989 Slovakia and Poland have not occurred in Budapest.

Hungary is still in the process of writing a new constitution. A Constitutional Commission was established in June 1995 and in June 1996 it presented a package of 93 amendments to the 1949 constitution. This package, however, did not receive the necessary two-thirds support in Parliament, so the negotiations continue.

The party system in Hungary was not as fragmented as in Czechoslovakia and Poland in the immediate post-1989 period. The party system has evolved into a fairly stable one, but one in which the parties are difficult to place on a Western political spectrum, combining as they do odd mixtures of liberalism, socialism and nationalism.³³ As in Czechoslovakia and Poland, the broad oppositional movement--the Hungarian Democratic Forum (HDF, or MDF)--which assumed power after the collapse of the Communists, rapidly fell apart. It split into three groupings, one stressing rapid conversion to a market economy, another the rebuilding of Hungary's spirituality and morality, and a third favouring populist tactics and policies. A group, led by Istvan Czurka, was expelled from the HDF for its nationalism and formed its own party (the Hungarian Justice Party).

In addition to rifts within the HDF, there were divisions among the coalition partners. In particular, the parties differed over the pace of economic reform. As well, there have been bitter differences over the issue of compensation for property

³³ See Hockenos, *Free to Hate*, 106-7.

which had been confiscated by the Communists. The Smallholder Party split over this issue, and half of it left the coalition. Thus, the core of the coalition crumbled. The HDF lost parliamentary power in the 1994 parliamentary elections.³⁴

Since 1994, Hungary has been governed by a centre-left coalition between the Socialist Party and the Alliance of Free Democrats, under Prime Minister Gyula Horn. Unlike the minority government in the Czech Republic, the government coalition is in a very strong position--it holds almost three-quarters of the seats in Parliament.³⁵ The President, Arpad Goncz, is also socialist. There are five opposition parties in Parliament--the Hungarian Democratic People's Party, Independent Smallholders Party, Christian Democratic Party, Young Democrats, and the Hungarian Democratic Forum.

Economics

Unlike the Czech Republic, the economic transformation of Hungary has been problematic, despite the fact that economic reforms began years earlier. Czechoslovakia started its economic transition with very low levels of foreign debt, a fiscal balance and low inflation, and an almost non-existent private sector. Hungary started with the opposite (Poland was somewhere between the two).

³⁴ The HDF continues to erode--it split in March 1996 into the MDF and the Hungarian Democratic People's Party (MDNP). Jozsef Antall died in December 1993.

³⁵ There are, however, a number of disputes between the coalition partners, especially relating to the creation of a special police force to investigate economic crimes and the content and adoption of conflict-of-interest rules for Members of Parliament.

The groundwork for privatization in Hungary was laid by the October 1988 Law on Economic Association, which allowed state-owned enterprises (SOEs) to "corporatize" (convert themselves into joint-stock companies). The law also allowed, on a limited basis, SOEs to issue shares and individuals to buy shares. By the end of 1991, about one-half of the approximately 2,000 SOEs belonging to the State Property Agency had been "involved in some phases of privatization".³⁶ Unlike in Czechoslovakia and Poland, in Hungary the mass distribution of shares to citizens was rejected, so there were no voucher or coupon systems.

The post-1989 governments have had difficulty sticking to hard policies. The government introduced privatization measures and subsidy reduction policies, only to change its mind. It postponed energy price increases, despite its pledge to foreign investors, because of "social" reasons. Hungary's debt means that the government has held many consultations with the IMF and World Bank. Both these IFIs suggested austerity measures, which were implemented in May 1995. These measures, of course, have been very unpopular with Hungarians, and the government has backpedalled on its commitment to reduce the debt after large-scale protests.

Despite the fact that Hungary has managed to reduce its debt--particularly by using the monies received from privatization--it still faces serious financial difficulties. Inflation, at approximately 28% in 1995,³⁷ although not outrageously

³⁶ Hoos, "Privatization in Latin America. Lessons for Eastern Europe", in McMahon (ed.), *Lessons in Economic Policy for Eastern Europe from Latin America*, 84.

³⁷ *Report on Business Magazine*, January 1996, 104.

high, was nonetheless too high. The country still has a significant foreign debt, and the economy has only just begun to grow again (GDP grew 1.5% in 1995).³⁸ The economic problems have exacerbated tensions within the government coalition, with the opposition, and within civil society.

In April 1996 a World Bank representative visited Hungary to discuss a (US) \$500 million credit agreement. In the course of these discussions, the representative urged reform of Hungary's welfare system and the financial sector, and a program to reduce inflation. Reform of the welfare system was the most controversial because it meant the adoption of the IFIs' neo-liberal agenda. It was clear to everyone, however, that something had to be done. Hungary spends more on welfare than other countries with approximately equal levels of economic development, and more than some of the countries of Western Europe.³⁹ By June 1996, the welfare system was on the verge of collapse (especially health and pensions).

In June 1996, an IMF delegation reviewed Hungary's economic program following the approval in March 1996 of a (US) \$387 million stand-by credit. The IMF program involved reducing the social security deficit, but because of protests, the government announced that it would not be able to meet the IMF requirements. The government faces a difficult decision if it wants the assistance of the IMF and World Bank.

³⁸ *Ibid*, 103.

³⁹ In 1993 Hungary spent 27.7% of GDP on welfare (France spent 23.3%). Andras Sajo, "How the Rule of Law Killed Hungarian Welfare Reform", *East European Constitutional Review*, Vol. 5, No. 1 (Winter 1996), 33.

Hungarian privatization was accelerated in 1995 as part of a reform package. Companies were sold by open tender and foreign investment has been encouraged. Most of the revenue from privatization has been derived from foreign investment.⁴⁰ Hungary has been very successful at attracting foreign direct investment (FDI). Unlike Slovakia, the Hungarian government has encouraged it, and at the end of 1995 Hungary had the largest FDI per capita in the area.⁴¹ By the end of 1995, total FDI was approximately (US) \$12.8 billion⁴²--representing 43% of FDI in Eastern Europe. As of the end of 1995, of the 200 largest Hungarian companies, 110 operated under foreign control.⁴³ At the conclusion of 1995, the private sector accounted for 60-70% of the Gross Domestic Product (GDP).⁴⁴

Like the Czech and Slovak Republics, Hungary has had to redirect its trade to the West. This was quickly done--by the end of 1993, 70% of Hungary's trade was with the OECD, and only 15% was with the Commonwealth of Independent States

⁴⁰ Economics Department, Barclays, *Barclays Country Report. Hungary* (London: Barclays, September 1996), 6.

⁴¹ Hungary had \$1,233 (US); Poland \$177, Czech Republic \$573, Slovakia \$132. *The Hungarian Economy*, Vol. 24, No. 1 (1996), 23. The top sources of the FDI in 1995 were Germany (29%) and the United States (24%). *Ibid.*

⁴² See Laszlo Csaba, "Style and Substance", *The Hungarian Economy*, Vol. 24, No. 1 (1996), 5. See also *Business Eastern Europe*, 31 January 1994, 4-5.

⁴³ Fetches, "43% of Investment in Eastern Europe", *The Hungarian Economy*, Vol. 24, No. 1 (1996), 7.

⁴⁴ Barclays, *Country Report. Hungary*, 6. See also Laszlo Csaba, "Style and Substance", *The Hungarian Economy*, Vol 24, No. 1 (1996), 5.

(CIS).⁴⁵ The collapse of the CMEA system was less traumatic for Hungary than for the other countries of Eastern Europe because it had pursued economic relations with the West for some time. Germany is now Hungary's major trading partner.

Hungary has enthusiastically pursued economic ties with Western Europe. In November 1990, it received full membership in the Council of Europe. Hungary signed an agreement to obtain associate member status with the European Community (now the European Union) in December 1991, which became effective in December 1992. Hungary's "Europe Agreement" with the EU came into effect formally on 1 February 1994 (as did Poland's). In May 1996 Hungary became a member of the OECD.

Civil Society

Hungary's relations with its immediate neighbours have had, and will continue to have, an impact on the future of democracy in the country. The treatment of Hungarian minorities in Slovakia (approximately 600,000), Romania (approximately 2 million) and Vojvodina (former Republic of Yugoslavia, now Serbia--approximately 400,000) has been directly related to nationalist tendencies in Hungary. It is perhaps unfair to blame Romania and Slovakia entirely, because some Hungarian actions have fuelled the mistreatment of Hungarian minorities there (this is not applicable in Serbia where the Serbs have needed no prompting from Hungary to mistreat minorities). Thus, negative statements by a member of the government about the mistreatment of

⁴⁵ *Business Eastern Europe*, 31 January 1994, 4-5.

Hungarian minorities were unchastened for too long,⁴⁶ and claims by the President to be the representative of 15 million Hungarians when the population of Hungary is only 10 million, have not helped Hungary's relations with its neighbours. The final statement of a summit for Hungarian minority groups held in Hungary in July 1996 (at which Hungarian government officials were present), which called on neighbouring countries to allow autonomy for Hungarian minorities also exacerbated tensions.

Hungary has signed bilateral basic treaties with Romania and Slovakia. The treaty with Slovakia was signed in March 1995 and ratified by Hungary in June 1995. The Slovak government, however, was besieged by protests from nationalists and attempted to append its own demands before ratification. Hungary would not allow the additions and the situation caused a cooling of both governmental and societal relations. Slovakia finally ratified the original treaty in May 1996 (with two accompanying "interpretation" clauses added to the Slovakian version stating that the treaty does not grant collective rights or the right to autonomy). A treaty with Romania was signed in September 1996 which has received criticism in both countries for conceding too much.

If the presence and/or health of civil society is measured by the protests occurring in society, then Hungary's civil society is healthy indeed. After Poland, Hungary had the most developed opposition in the latter years of the Communist

⁴⁶ See Hockenos, *Free to Hate*, especially 125-143.

regime,⁴⁷ probably due to the more relaxed government mix of "goulash communism". In the last years of the communist regime, there was an active underground publishing industry, poverty support groups, a program of uncensored lectures, independent environmental groups (eg., "The Danube Circle") and anti-nuclear/anti-war movements (eg., "Dialogue"), and critical intellectual and student organizations (eg., the "League of Young Democrats" (FIDESZ)). Opposition political parties were permitted starting in 1987, and the HDF and the Alliance of Free Democrats were formed at this time. These movements/ organizations never reached the size of the oppositional movements in Poland, but in Budapest they managed to create some space for citizens to exist outside the state.⁴⁸ Unlike in Poland, however, this impetus for change was closely influenced by the reform elements *within* the Communist Party. Thus, the Party itself helped encourage the development of a civil society.

In the post-1989 period, civil society has become increasingly vocal. There have been appeals by organizations to make Hungary nuclear-free, by environmentalists about the diversion of the Danube for hydroelectric power generation, protests relating to government attempts to tighten control of the media, protests by teachers and students about education policies, and protests over government austerity measures.

⁴⁷ See Gabor Revesz, *Perestroika in Eastern Europe. Hungary's Economic Transformation, 1945-1988* (Boulder: Westview Press, 1990), especially 128-136, for a discussion of Hungarian civil society pre-1989.

⁴⁸ See Bernhard, "Civil Society and Democratic Transition", 318-320.

The austerity measures imposed by the government are related to the increase in the rate of violent crime and have exacerbated nationalist feelings in the country. In Hungary, like Slovakia, nationalism is evident, affected particularly by nationalistic policies in Slovakia and Romania, which have negatively affected Hungarian minorities. Racism is apparent, and historic anti-Semitism and violence against Roma have re-appeared. However, the police have actually begun to enforce laws relating to racial crimes.⁴⁹ Furthermore, restitution agreements have been signed with the Jewish population and the world's second largest synagogue was re-opened in September 1996.

Unlike Poland, where Catholics make up a vast majority of the population, in Hungary there are three major churches: Catholic, Reformed (Calvinist) and Lutheran.⁵⁰ The church has not, therefore, been able to play as large a role in Hungary as in Poland, but the churches are attempting to play a larger societal role as they fight to recapture members.

Hungary has made an effort to create an independent media.⁵¹ In December 1995 Parliament passed several laws relating to the media. The first law continued state control of several television and radio stations under the supervision of boards

⁴⁹ The Hungarian police have increased their cooperation with Western police forces--the FBI opened a training centre in Hungary in 1995.

⁵⁰ These denominations are listed from largest to smallest.

⁵¹ The cause of the free flow of information has been helped by Hungarian American George Soros who has set up a Centre for Culture and Communication with computers and internet access to promote the free flow of information. Soros also founded the Central European University, and has provided funding for computers at the universities.

consisting of MPs and representatives from interest groups. The second law established a board to licence and allocate radio and television frequencies used by the state, and to lessen political interference in the process. The National Communications and Information Council (NHIT) was established in July 1996 to advise the government about the media and to bring the media in Hungary into line with the standards in Western Europe. Critics, however, claim that the laws still allow too much influence and the possibility of political interference.

Unlike Poland and Romania, for example, the Hungarian government has taken a "liberal" approach to societal behaviour. It, thus, granted common law rights to homosexuals in May 1996. There are still complaints and protests, but these protests in themselves indicate that civil society has considerable leeway when it comes to actions independent of the government.⁵²

POLAND

Poland is the largest country of the four examined here, in terms of both territory and population. It has a history of domination and subordination, and loyalty to the Catholic church. The height of Polish power was the fourteenth to sixteenth centuries when the Polish monarchy had control over an area which included Lithuania and stretched as far as the Ukraine. Historically, Poland saw itself as a

⁵² Despite the openness of Hungarian society, it is characterized by very high levels of stress-related diseases, especially heart disease and alcoholism, and one of the highest suicide rates in the world. The Economist Intelligence Unit, *Hungary. Country Profile 1993/94*, 8.

crusader for Catholicism and attempted to convert the population it controlled. It also saw itself as part of Western Europe and participated in Western historical events.

Religion has been a major factor in Polish history. As Poland expanded its territory, it incorporated different religions (especially Orthodox and Lutheran). In the mid-1600s, the eastern parts of the Polish Empire (the Orthodox elements) allied with Russia and the Russians invaded in 1654. In 1655 Sweden invaded on behalf of the Lutheran population (and because it wanted territory). This was the start of Polish subordination. Poland was partitioned out at various times, in particular to Russia, Prussia and Austria. The Congress of Vienna after the Napoleonic Wars allowed a limited Polish state. In the west, the Polish nobility was rewarded for its loyalty to the Habsburgs by limited autonomy; in the east, the population was subjected to strict policies of russification.

WW I provided an opportunity for Polish independence because it distracted or destroyed the partitioning powers. Independence was declared in 1918. In 1920, knowing that Russia was distracted with its civil war, Poland moved eastward and absorbed Lithuania, Belarus and parts of the Ukraine. This incorporated instability into Poland in the interwar years, particularly among the discontented occupied populations. On 1 September 1939 Hitler's army invaded Poland from the West and the Soviet Union invaded from the East, and it was split between the two. A Polish government-in-exile was established in London and a resistance force fought the German occupation throughout the war. By January 1945, when Poland was "liberated" by the Red Army, much of the country had been destroyed.

According to an agreement among the Western allies and the Soviet Union, the postwar Polish government was to be comprised of a coalition of Communists and members of the government-in-exile. The Communists, however, claimed victory in a 1946 referendum and consolidated power. By 1949, purges had removed those who were not loyal to Moscow, and contacts with the West were cut. In 1949 the Polish United Workers' Party (PUWP) launched a program of industrialization, which was met with fierce resistance. In June 1956, riots occurred in several cities. In response, the Party installed moderate Wladyslaw Gomulka as leader. He halted the collectivization of agriculture--which was extremely unpopular--and thus 80% of Polish agriculture remained in private control.

By 1970 the economy had stagnated and riots forced Gomulka's replacement by Edward Gierek. Gierek promised economic prosperity to Poland and began borrowing money from the West, particularly in order to obtain Western technology. These borrowed funds, however, were not wisely used and did not create the promised prosperity.

In order to start repaying the growing debt, the government began reducing subsidies--an extremely unpopular measure. In 1980 there was a series of illegal strikes for wage increases. The demands escalated to include the right to form independent trade unions and the right to strike. The strike committee in Gdansk, under the leadership of Lech Walesa, took the name "Solidarity". The popularity of Solidarity grew until it had millions of members demanding widespread change. Concessions were granted (the right to strike, form independent trade unions, and

freer media), but Moscow was increasingly unhappy with the situation. In October 1981, General Wojciech Jaruzelski was placed in charge of the government and in December 1981 martial law was imposed to restore order.

The evolution of Solidarity and the appearance of social movements in Poland in the 1980s illustrates the change from dissidence to opposition in resisting the regime. A handful of dissidents, helped by government policies, managed to create a massive and oppositional civil society, which helped bring down the regime.⁵³

With the imposition of martial law, leaders of reform movements were imprisoned,⁵⁴ opposition organizations were outlawed, the media was brought to heel and debt payments were delayed. Western sanctions limited Polish trade, cut off loans and ended debt rescheduling talks. Martial law was lifted in July 1983, but Solidarity remained illegal. The country stayed in a state of stasis until 1988. By this time the economy was in ruins and strikes were again occurring across the country.

Giving in to societal pressures, in March 1989 the PUWP leaders initiated roundtable negotiations with the opposition. This resulted in the legalization of Solidarity, freedom of the media, and the scheduling of elections to the Parliament (*Sejm*). The local elections held in May 1989 were decisively won by Solidarity candidates. In July Jaruzelski indicated that he would resign to make way for an

⁵³ See Bernhard, "Civil Society and Democratic Transitions in East Central Europe", especially 314-317.

⁵⁴ This included Walesa. He was released from jail in 1982 to appease the West.

elected successor. Lech Walesa won the presidential election held in November 1989.⁵⁵

A number of elements of Polish history should be emphasized. First, unlike elsewhere in Eastern Europe, the Polish Communist government was unable to destroy the power of the Catholic Church.⁵⁶ Second, the Communist Party was unable to collectivize agriculture. This, ironically, has been a problem for the post-communist liberalization plans. Because the land remained in family hands in small parcels, it has been just as difficult to modernize agricultural production as it was to collectivize it. Third, Poland's history of domination and subordination has made relations with its neighbours somewhat uneasy. Fourth, Poland's unsuccessful attempt to buy Western technology to modernize its economy resulted, much as it did in Hungary, in serious external debt.⁵⁷ Even before 1989, the Polish government was subject to conditions laid down by IFIs and its international creditors. Fifth, unlike Czechoslovakia and Hungary, Poland had a mobilized population from which leaders were available to take over from the Communist government when it gave up power. And sixth, even before 1989 approximately 30% of employment was in the private sector, mainly in the agricultural sector.

⁵⁵ Walesa defeated Stanislaw Tyminski, a Polish-Canadian businessman, in a runoff.

⁵⁶ Approximately 95% of Poles are Roman Catholic.

⁵⁷ In 1980 the debt was (US) \$24 billion, in 1988 it was (US) \$39 billion.

Post-1989

Government/Politics

The first fully free elections to the *Sejm*, held in autumn 1991, were won by parties of the Right. A coalition of Solidarity, Catholic Electoral Action, the Christian National Union and the Center Alliance was formed. Like the other countries of the area, Poland implemented a mixed form of presidential-parliamentary political system, but, the relationship between the President and the Prime Minister has evolved differently. Thus, unlike the Czech Republic, for example, where President Vaclav Havel holds mainly symbolic and ceremonial power, the President of Poland wields a great deal of real political power. In the early post-1989 years, there was constant struggle between the President and Prime Minister/Parliament, which Walesa won decisively. The President's power has meant that Poland has been relatively stable despite the fact that after 1991 there were six changes of government in five years.

In 1992, the 1952 constitution was replaced by what was to be a temporary Constitutional Act (commonly referred to as the Little or Small Constitution). The *Sejm* has continued working on a constitution to replace this document, which will more clearly define the powers of the Executive and Legislature. A draft constitution was completed in June 1996 but did not receive the necessary two-thirds majority in the *Sejm*. However, in a referendum held in May 1997, citizens approved a new constitution by a slim majority.⁵⁸

⁵⁸ Voter turnout, however, was very low--about 40%.

The party system in Poland has been characterized by a proliferation of parties ranging from the frivolous to the nationalist. As in Czechoslovakia and Hungary, the unity of Solidarity quickly disappeared. After the Communists had relinquished power, Solidarity found itself seriously divided--particularly between those who advocated rapid economic change and those who did not, and between those who advocated greater societal freedom and those who did not (i.e., Church-dictated morality should remain). This was not surprising given the contradictory origins of the movement--i.e., what had begun as a movement against the liberalization measures undertaken by the Communist government became the spearhead of a movement to depose them and implement a free-market economy. From a movement which encompassed virtually the entire anticommunist population, Solidarity has been reduced through infighting and splits to just another party in Parliament.

Walesa was defeated in the 1995 Presidential elections by leftist candidate Alexander Kwasniewski,⁵⁹ and Poland joined the ranks of the other countries of Eastern Europe which had rejected the reformers they welcomed so eagerly in 1989-90. Since the parliamentary elections in September 1993, the government has been a centre-left coalition made up of the Democratic Left Alliance (SLD) and the Polish Peasant Alliance (PSL). The SLD holds the most seats in Parliament. One of the parties that makes up the Alliance is the successor to the Communist Party.

In an attempt to rebuild the party's original unity, in the spring of 1996

⁵⁹ Walesa lost the second round of the elections by a slim margin. Kwasniewski received 51.4% of the vote and Walesa 48.6%.

Solidarity Electoral Action (AWS) was formed. It consists of the leftover centre-right Solidarity and approximately 20 other smaller groups. AWS will run joint candidates in the autumn 1997 parliamentary elections. The strategy of unity appears to be working--in a poll conducted in September 1996, the AWS had as much support as the governing Democratic Left Alliance (SLD).

Economics

As elsewhere in Eastern Europe, the five-year plans in Poland emphasized industrialization. In the period of Communist rule, Poland changed from primarily an agricultural country to a country in which 50% of the GNP was derived from manufacturing, mining and power production. Yet industrial production in Poland was characterized by the inefficiency and poor quality of the rest of the area. In addition it had two other problems. First, it never met the needs of the population and thus imports were necessary. And, second, it caused serious environmental damage--particularly because of the use of coal.⁶⁰

During the 1970s and 1980s Poland, like Hungary, re-oriented its trade relations. Thus, in 1970, 63% of its trade was with the Soviet bloc, whereas in 1988 only 41% of it was.⁶¹ Trade with the West increased from 27% in 1970 to 44% in 1988.⁶²

⁶⁰ Poland is the largest producer of coal west of Russia.

⁶¹ *Encyclopedia Americana*, 304.

⁶² *Encyclopedia Americana*, 305.

The change of government from centre-right to centre-left (and from Walesa to Kwasniewski) is related to the drastic economic changes implemented in the immediate post-1989 years. The Communist government implemented some liberalization policies in the 1980s (to which Solidarity had originally reacted)--i.e., reduction of the subsidies on food items--but this was done in a haphazard manner. In the post-1989 period, unlike Czechoslovakia and Hungary, Poland initiated its economic changes quickly. In January 1990, the "Big Bang" (or Shock Therapy) occurred, which "simultaneously implement[ed] stabilization and trade liberalization programs, free[d] domestic prices, and eliminat[ed] subsidies",⁶³ but did not include privatization. This "shock therapy" had a price--particularly the rapid decline of incomes, rising inflation, shortages and unemployment.

Inflation was a serious problem in the introductory period--in July 1989 the monthly rate of inflation was 9.5%, by August it was 39.5%,⁶⁴ in October it was 54.8%, and in January 1990 it was 79.6% (reflecting the inception of the "Big Bang"). Government policies, however, especially wage regulation, brought inflation down in March 1990 to 4.3%, and the overall annual rate for 1993 was 37%,⁶⁵ and

⁶³ Alan Gelb et al, "Life After the Polish "Big Bang"", in Hillman and Milanovic (eds), *The Transition from Socialism in Eastern Europe*, 197. Under the "Balcerowicz Plan" wage indexation was introduced, government finances were tightly restricted, and a convertible currency was introduced with a rate fixed to the US dollar.

⁶⁴ Andrew Slawinski, "External Liberalization Through Stabilization", in McMahan (ed.), *Lessons in Economic Policy for Eastern Europe from Latin America*, 202.

⁶⁵ *Business Eastern Europe*, 17 January 1994, 3.

for 1995, 26.5%.⁶⁶ In June 1990 the government announced that 90% of prices were now determined by the market.

Privatization in Poland was influenced by the strength gained by workers' councils in the 1980s. Ownership rights were ambiguous under the system of workers' councils and after 1989 "spontaneous" privatizations became common. In early 1990 the state tried to claim ownership of SOEs in order to control the privatization process, but was not entirely successful. The State Enterprises Privatization Act of July 1990 represented a compromise by stating that corporatization and then privatization could only take place with the consent of workers' councils. This meant that the mass distribution of vouchers and shares was more common in Poland than in Hungary. In 1993 private sector firms accounted for 50% of GDP and 60% of employment.⁶⁷

Despite initial reluctance on the part of the government, the privatization program in Poland has managed to attract foreign investment--although not as much per capita as Hungary. Foreign direct investment in the period January 1990 to May 1995 was more than (US) \$5 billion.⁶⁸ Foreign investment commitments had reached more than (US) \$7 billion by January 1994.⁶⁹

⁶⁶ *Report on Business Magazine*, January 1996, 104.

⁶⁷ *Business Eastern Europe*, 17 January 1994, 3-5.

⁶⁸ *NATO Review*, Vol. 44, No. 1 (January 1996), 22.

⁶⁹ *Business Eastern Europe*, 17 January 1994, 3-5.

Although governed by a left-of-centre coalition,⁷⁰ Poland continues the transformation to a market economy. In June 1996 the government announced that its role was to be decreased even further. Control of the remaining state-owned enterprises was to be put into the hands of provincial governors. Only roughly 200 strategic SOEs were to be left in central government's hands.

Despite drastic initial economic difficulties, the Polish GNP has been growing at healthy rates since 1992--5.9% in 1995⁷¹--as has industrial production, which was almost 10% higher in 1996 than in 1995. Furthermore, inflation appears under control, at less than 20% in 1996.

The changes have not all been positive, however. Poland's trade deficit has been growing rapidly--from (US) \$500 million in 1995 to (US) \$3.1 billion in 1996.⁷² And income distribution, as could be predicted, has become increasingly unequal. The official unemployment rate for the first half of 1996 was 14.8%,⁷³ much higher than in neighbouring Czech Republic.

No discussion of Polish economics would be complete without a discussion of the debt. In 1981 Poland defaulted on its external debt.⁷⁴ Despite rescheduling

⁷⁰ The Parliamentary elections of September 1997 resulted in the defeat of this government and its replacement by a right-of-centre government.

⁷¹ *Report on Business Magazine*, January 1996, 104.

⁷² OMRI, No. 164, Part II, 23 August 1996.

⁷³ OMRI, No. 142, Part II, 24 July 1996.

⁷⁴ This was partly the result of the change in government in Poland and the imposition of martial law. It was also partly a political statement by the new Polish government, and partly punishment by the West for the new government.

agreements and continuing payments in the 1980s, Poland's external debt almost doubled from 1982 to 1989 to (US) \$48 billion. In the post-1989 period, however, Poland has been offered some extremely generous concessions. In March 1991 negotiations with the IMF, World Bank, London and Paris Clubs resulted in an agreement to write off 50% of the Polish debt owed to them. The agreement with the Paris Club adjusted debt service to Poland's potential to pay, and envisaged a 50% reduction of debt to be implemented in two stages. The first stage involved a 30% reduction, which was implemented after the IMF approved Poland's three-year economic program. The second stage of 20% was implemented after the successful fulfilment of the program. As well, in 1991 Washington agreed to reduce Poland's foreign debt to the United States by 70%, and Ottawa also granted debt concessions for the money owed to Canada. Furthermore, by 1994, Poland had arranged for three countries to reduce its debt in exchange for debt-for-nature swaps (USA, France and Switzerland) as provided for by Poland's agreement with the Paris Club. Total public debt was (US) \$60 billion at the end of 1995. Without these generous debt reduction agreements, Polish debt would quickly have reached unmanageable proportions.

Poland became a member of the OECD on 11 July 1996, the third Eastern European country to join after Hungary and the Czech Republic. It signed an association agreement with the European Communities in December 1991.

Civil Society

Unlike the other three countries discussed here, Poland had a tradition of civil society under the Communists—though not necessarily a *democratic* civil society. As mentioned above, the Communist government was unable to subjugate either the Catholic Church or land holders. The Church, in particular, has played an important role in civil society in the post-1989 period. In the 1980s it provided a force for change, but since 1989 it has opposed "liberal" change, and promoted a conservative Catholic society. In 1993, a "concordat" was negotiated with the Holy See, which would have governed Church-State relations, but it has not been ratified by the *Sejm*.

In the immediate post-1989 years, the Catholic Church was tremendously powerful. It could make or break political candidates. This power has waned, however, and the Church hierarchy has found that the status quo under the conservative leadership of the Communists is looking very attractive compared to the changes which have swept Polish society. Unlike the Catholic Church in the West, the Church in Poland did not experience the liberal reforms which have occurred since the Vatican II meetings in the 1960s, and thus it maintains the conservative traditions of the 1950s.

Polls indicate that the influence of the Church on both government and civil society has dropped to the lowest levels in memory--what the communist government was unable to do has been done by the Church itself.⁷⁵ Its rigid opposition to

⁷⁵ Polls indicate that confidence in the Church has decreased from 85% in 1990 to 50% in 1992, to 41% in 1993. Hockenos, *Free to Hate*, 254.

abortion and extra-marital sex, and its generally conservative (i.e., opposed to change) attitudes⁷⁶ have alienated it from the population, particularly the young.

In the 1980s, Polish civil society was active and involved. As Hockenos states:

If one concept captured the essence of the Solidarity movement during the Polish August of 1980, it was that of "civil society". For the opposition movement, centered around the newly formed independent trade union, the notion of a participatory, open, public realm was initially both its means and its end. The idea of civil society was an attempt to create an independent sphere of discourse, a "second society" alongside the state in which people lived and behaved as if free.⁷⁷

Paradoxically, this involvement has declined in the post-1989 period. Voter turnout at elections has declined significantly--as it has elsewhere in Eastern Europe.

Crime has increased in Poland, due largely to economic problems and political disenchantment.⁷⁸ Poland signed an agreement with the United States in July 1996 to help fight organized crime--the FBI and the US Drug Enforcement Agency are both working in Poland. The violent crime in Poland is of a slightly different nature than in Slovakia and Hungary--i.e., it is organized crime which is economically motivated, rather than nationalist or racial crime. Nationalism and racism are not as prevalent in Poland as they are elsewhere. There have, however, been some expressions of anti-Semitism (for example, the decision to build a mini-mall across the road from Auschwitz).

⁷⁶ In June 1996, the Church organized protests about the concordat, relaxed laws about abortion, lax protection of "the family", and the power of feminists.

⁷⁷ Hockenos, *Free to Hate*, 236.

⁷⁸ Warsaw has been named the city with the highest violent crime rate in Eastern Europe (Budapest is second).

The withdrawal of citizens from democratic civil society, and the rising crime rates, may be related to the high rates of alcohol intake in Poland. While consumption is decreasing, it ranks in the top 30 globally. And when measuring the consumption of liquor with a high alcohol content, Poland ranks in the top ten.⁷⁹ In this Poland is not alone--Hungary and Russia are also well known for their consumption of alcohol.

The situation concerning the media is better in Poland than in Slovakia, but there have still been government actions to silence critics. Political interference with the media appears especially acute in the television industry. This interference has been protested, but to little avail.

Conclusions

The purpose of this chapter was to provide a brief historical overview and details of what has occurred in these countries since 1989. All three/four countries have created the institutions of democracy, adopting various forms of a mixed presidential-parliamentary system and a PR electoral system. In Poland and Slovakia, the struggle for power between the President and Parliament has resulted in a stronger presidentialism than in Hungary and the Czech Republic.

The governments of Poland and Hungary, in particular, have faced their share of economic problems during the transition process. In Poland, the economic problems involved early hyper-inflation and problems of debt. In Hungary, debt has

⁷⁹ OMRI, No. 157, Part II, 14 August 1996.

also been a major problem, but privatization has been carried out successfully by encouraging foreign investment. In the Czech and Slovak economies, the transition has proceeded relatively smoothly, and both these countries now have very respectable growth and employment rates.

Despite the economic problems, Hungary and Poland appear to be moving towards healthy civil societies, as does the Czech Republic. In these three countries, the governments have made strides in freeing the media and respecting civil liberties. In Slovakia, however, the government has not allowed a framework conducive to the creation of a democratic civil society. Civil society has been discouraged and inhibited by several laws passed by the Meciar government.

With the possible exception of Slovakia (in terms of politics/government and civil society), the transition process is well underway. This has been reflected in international reactions to Poland, Hungary and the Czech Republic. In July 1997, NATO indicated that these three countries would be in the first round of expansion. The EU also recently indicated that it was ready to consider the inclusion of new members, including these three countries.

Yet despite the positive changes that have occurred in the Visegrad countries since 1989--particularly Poland, Hungary and the Czech Republic--the possibility of regression exists. Participation rates in elections have declined rapidly since the euphoria in 1989. Both Poland and Hungary have had governments which represent re-vamped parties of the Left, the government of Slovakia exhibits nationalist tendencies, and the reform-minded government in the Czech Republic is barely

holding on to power. Thus, while the transition continues, large proportions of the countries' citizens have indicated their dissatisfaction with the process.

The post-1989 sections of this chapter have focused on internal events--i.e., initiated by the governments and citizens of the countries involved. Part Four will focus on external actions--i.e., the actions and policies of the Canadian government which relate to the transition process in the Visegrad countries.

PART THREE
THE HISTORIC PLACE OF EASTERN EUROPE AND
DEMOCRACY IN CANADIAN FOREIGN POLICY

Introduction to Part Three

This thesis is about Canadian approaches to democratization in the Visegrad countries. Parts One and Two laid out the general theoretical approaches to democracy and democratization. Now, in order to examine Canadian policies and actions relating to the democratic transition in these countries in the post-1989 period, it is necessary to undertake a brief examination of the background of Canadian foreign policy. There are clearly two historical elements to examine: (1) Canadian relations with the Visegrad countries; and (2) Canadian approaches to democratization.

First, however, it is necessary to make some comments on the study of foreign policy in general and Canadian foreign policy in particular. Since the end of WW II, the dominant theory of international relations in the West has been "realism".¹ Realism postulates that states--which are taken to be rational unitary actors--seek to maximize their power in an anarchic international arena. Relations are assumed to be

¹ As Pierre Trudeau and Thomas Axworthy phrase it, "in international affairs, liberal idealism has always been a minority faith". Thomas E. Axworthy and Pierre Elliott Trudeau (eds), *Towards a Just Society. The Trudeau Years* (Markham, Ontario: Viking Press, 1990), 15. Other theories competing with realism have been idealism, marxism/communism and pluralism. Hans Morgenthau's *Politics Among Nations*, is often cited as the classic example of the realist paradigm. Idealists draw from Immanuel Kant's *Perpetual Peace*, and *The Communist Manifesto* (1848) by Karl Marx and Friedrich Engels is the classic reader for marxism/communism.

based on the pursuit of power.²

The "realist" framework has been increasingly challenged. The arena on which Western scholars have focused has broadened, both geographically from a concentration on Europe and substantively from military-security concerns to a wide array of issues. The international arena is now truly global, and theory has become increasingly diverse.³ The proliferation of new middle-range theories has both complicated the study of foreign policy and made it more applicable to a complex modern world.

The distinction between foreign policy and domestic policy has been fundamental to the traditional concept of the state. It is clear in the 1990s, however, that the dividing line between domestic and international policies has blurred almost to extinction, and the notion of sovereignty is increasingly challenged. Even the most powerful states are unable to stop the incursion of people, drugs, diseases, ideas, crime and pollution across their borders. It has become clear that domestic decisions have international implications and, more importantly for small states, international events have domestic implications.

The "billiard ball" approach to foreign policy analysis is clearly no longer

² As Thucydides wrote, "the strong do what they can, the weak do what they must". Thucydides, *History of the Peloponnesian War* (Harmondsworth, Middlesex: Penguin Books, Ltd. 1966), 358.

³ The main middle-range theories arising to challenge realism since the 1960s have been systems theory, game theory, decision-making theory, and more recently neo-realism, complex interdependence, critical theory, post-modernism, and theories of political economy. Traditional Western analyses have also been challenged by gender analysis, ecological movements, and non-Western perspectives.

suitable. The discipline has, thus, expanded to include analysis of actors *within* the domestic policy process. This means that the realist assumption that the state is a *rational unitary* actor no longer holds true, if indeed it ever did. Foreign policy is the product of a number of policy environments including society, the external environment, the government itself, and the perceptions and objectives of the people who make it.⁴

All states, to varying degrees, are constrained by the particular geopolitical environment in which they exist. In the 1990s, Canadian foreign policy-makers are affected by a set of factors which make up the parameters of Canada's international activities. First, the tradition of "liberal internationalism" and "middlepowermanship" has driven Canadian foreign policy since World War II.⁵ This tradition has meant a Canadian commitment to broad international participation.

Second, the Canadian economy depends on trade. This influences Canada's external relations and ensures that Ottawa supports a rules-based international trade system. Third, Canada's relations with the United States are fundamental. The

⁴ See Kim Richard Nossal. *The Politics of Canadian Foreign Policy* (Scarborough, Ontario: Prentice-Hall Canada Inc., 1985), ix; and William Wallace, *Foreign Policy and the Political Process*, 24 for a discussion of the role of policy-makers' perceptions on foreign policy.

⁵ See, for example, John Holmes and John Kirton (eds.), *Canada and the New Internationalism* (Toronto; 1988); Lester Pearson, *Words and Occasions. An anthology of speeches and articles selected from his papers by the Right Honourable L.B. Pearson* (Toronto: University of Toronto Press, 1970); John W. Holmes, *The Shaping of Peace. Canada and the Search for World Order 1943-57* (Toronto: University of Toronto Press, 1979); and Kim Richard Nossal, *The Politics of Canadian Foreign Policy*, for discussion of these traditions in Canadian foreign policy.

economic and cultural penetration of Canada by the United States, American strategic military leadership (in NATO and NORAD), and the concentration of Canadian trade with the United States, are factors which must be kept in mind in placing Canadian foreign policy in context.

And, fourth, since the 1960s the foreign policy process in Canada has increasingly expanded to include new actors. In particular, the provinces now undertake international actions in matters under their jurisdiction.⁶ Foreign policy-making is no longer the closed, elite process it once was. Societal groups are now participants (although it is difficult to say if their increased activity is translated into increased influence). These parameters have shaped and given substance to Canada's international relations and democratization policy, and must be kept in mind when reading Parts Three and Four of this thesis.

The discussion in Part Three cannot be easily divided into the categories introduced in the first part of this thesis (i.e., building democratic institutions, facilitating economic transformation, and creating democratic civil society). Nor can it be characterized as fitting into either the horizontal or vertical approaches. There are several reasons for this. First, Part Three provides an overview of Canadian relations with the Visegrad countries, and Canada was not historically concerned with democratization in the region (nor were Canadian allies). The Soviet bloc was clearly off-limits to any outside efforts to build democratic institutions or facilitate economic

⁶ It is important to note here, however, that this thesis is only concerned with the federal government's foreign policy, not the provinces'.

transformation. Any state actions in this regard would not have been welcomed by Moscow, and Canada was not willing to provoke war with the Soviet bloc to try.

In terms of the third element--creating a democratic civil society--the situation was slightly different. In this regard, there were some actions by non-governmental organizations (NGOs) in Canada, particularly those formed by the Eastern European diaspora, to support organizations and activities in their former homelands. This thesis, however, is concerned with *Ottawa's* relations with the Visegrad countries. The Canadian government provided some support to indigenous organizations in the Visegrad countries--particularly Solidarity in Poland and environmental organizations across the region--but it did not have a policy framework for this support.

Second, Canadian historic relations with the Visegrad countries do not easily fit into either the horizontal or vertical approaches because this would imply that there was a specific Canadian policy relating to democratization in the region, and this was not the case. With the exception of security-related concerns, Canada's relations with the Soviet bloc cannot be characterized as "policy" at all, and certainly not democratization policy. In general, until the 1970s, Canadian relations were episodic and ad hoc in everything but security matters. This changed somewhat after the Helsinki Accords, but security concerns continued to dominate the relationship up to 1989.

Although the discussion in Part Three does not fit well into the theoretical framework of this thesis, it is important to provide an overview of both Canada's historic relations with the Visegrad countries, and considerations of human rights and

democracy in Canadian foreign policy. In the absence of a discussion of Canada's relations with these countries in the pre-1989 period, we cannot appreciate the major changes which have occurred since 1989. And, in the absence of a discussion of how considerations of human rights and democracy have been incorporated into Canadian foreign policy through concerns about development in the South, and the Helsinki process, we cannot understand Ottawa's approach to democratization in the 1990s.

Chapter 6 will thus not utilize the framework of the vertical and horizontal approaches to democratization. It will discuss Canadian relations with the Visegrad countries until 1989.⁷ It will be divided into three sections. Given the importance of security concerns, the first section will discuss security-related interactions with Eastern Europe. The second section will discuss economic interactions; and the third will discuss "other" Canadian relations with the region (including demographic relations/diasporas, historic interactions, and Canadian participation in the Conference on Security and Cooperation in Europe (CSCE)).

Chapter 7 will trace the gradual incorporation of considerations of human rights and democracy into Canadian foreign policy in the period up to 1989. It will do this by briefly examining Canadian development policy, out of which democratization policy originally evolved. It will then examine the increasing salience of human rights and the evolution of democratic considerations in foreign policy. Chapter 7 will also examine the parallel appearance of increasingly aggressive trade

⁷ Part Three will cover only the pre-1989 period. Part Four will discuss Canadian relations in the post-1989 period.

promotion and support for structural adjustment policies in the South—policies which may counteract democratic aspirations.

CHAPTER SIX

Canada's Historic Relations with the Visegrad Countries

Introduction

Although Britain and France have had a special role, Canada has had warm relationships with all the countries of Western Europe since the end of World War II. Canada has had sustained economic, political and military interests in the region. This has not been the case with Eastern Europe. Unlike Western Europe, with which Canada shares many of its traditions, Eastern Europe has been influenced by its experience in the Ottoman, Russian and Austrian Empires, the Soviet bloc, and the religious traditions that come from the Orthodox Church. Thus, Eastern Europe (to varying degrees) is considerably more "foreign" to Canada than Western Europe. As a result, Canada has historically had very little to do with the region. What relations have existed, have been neither sustained nor systematic. Indeed, historic Canadian relations with the individual Visegrad countries could hardly be described as governed by "policy" at all since they were of an ad hoc nature in response to an incident or crisis.

Even those Canadians that express an interest in foreign policy have historically had little to say about Eastern Europe,¹ indicating either satisfaction with

¹ More than 75% of the written submissions to the Committee reviewing Canada's foreign policy in 1985-86 were concerned with three general issues: human rights in

present Canadian policy or disinterest in it. The Eastern European diaspora communities in Canada have maintained an interest in their countries of origin, but in general have either not attempted, or been unable to create much sustained governmental interest.

The lack of Canadian relations with Eastern Europe can be attributed largely to the framework into which Canadian foreign policy was placed in the post-World War II years. Canada had only begun to test the international waters on its own when the Cold War began. The Cold War thus occurred at an important developmental stage in the maturation of Canadian foreign policy. The solidifying of the world into two antagonistic camps provided a framework in which the other elements of Canadian foreign policy could exist. The Cold War clearly illustrated the importance of Canada's relations with the United States, and thus Canada's position within the Western bloc. The United States saw the Soviet Union as a threat (as did Canada) and, given our relationship with the United States and our geographic location between the superpowers, Canada could not have remained neutral in the Cold War, even if it had wanted to.

Canada's post-WW II tradition of internationalism and pragmatism had to operate within the constraints of the Cold War. The rigid international framework prohibited significant contact between Canada and the Visegrad countries and thus

South Africa and Central America; peace and arms control; and development assistance. The Committee received only one brief on Canada's relations with Western Europe and none about South America, South Asia, China or Eastern Europe, *Independence and Internationalism*, 9.

relations were characterized more by their absence than their presence. It would be misleading, however, to suggest that the inability to interact with these countries was a serious deprivation for Canada. With the exception of immigration from the area, Canadian foreign policy has never been overly concerned with the region. Indeed, without the Cold War, Eastern Europe would likely not have appeared on the Canadian foreign policy agenda at all, and certainly not as a priority item.

As discussed in the Introduction to Part Three, Canada's historic relations with the Visegrad countries do not fit into the framework developed by this thesis in Parts One and Two. Canada's activities did not focus on any of the three elements outlined above (building democratic institutions, facilitating economic transformation and creating democratic civil society) and, indeed, they were not concerned with democratization at all, beyond calls for an end to the Soviet system, which were often only rhetoric and certainly not backed up by concerted action.

Canada's historic relations with the Visegrad countries fit into three broad categories: security-related, economic and "other" contacts. This chapter will first discuss the security-related relationship Canada had with Poland, Czechoslovakia and Hungary because it was this relationship that dominated the period from 1945 to 1989. Second, it will discuss the minor trade and economic relations between Canada and these countries. Third, it will briefly discuss some of the "other" relations that Canada has had. In particular, this section will explore the demographic ties Canada has with the Visegrad countries, and the periodic interactions that have characterized relations because of the Eastern European diaspora in Canada. And, finally, it will

examine Canada's involvement in the broadest multilateral discussions in recent European history--the Conference on Security and Cooperation in Europe (CSCE)/Helsinki talks. It is important to note that this chapter is concerned with the period up to 1989. The post-Communist period will be discussed in Part Four of this thesis.

Security-Related Relations with the Visegrad Countries

The revelations of Igor Gouzenko in Ottawa in 1945 indicated that the Soviet Union was spying in the West, and illustrated that relations with Moscow were already decidedly cool. The agreement among Churchill, Roosevelt and Stalin reached at Yalta and Potsdam recognized the Soviet claim to Eastern Europe. Moscow moved to establish "friendly" regimes in Eastern Europe and the Iron Curtain descended. To address security concerns, the North Atlantic Treaty Organization (NATO) was created in 1948, and the Warsaw Treaty Organization in 1950.

Canada was concerned that the NATO envisioned by Washington would focus only on military arrangements. Canadian representatives at the founding negotiations argued that economic and social elements should be added to postwar international organizations to recognize the importance these elements had for maintaining peace.² These efforts were without much success and NATO hardened into a preponderantly

² This was the reason behind the Canadian fight for the inclusion of Article 2 in the NATO Charter which stressed that the organization was also dedicated to economic and social matters. In talking about the UN, for example, Lester Pearson stated: "What we are trying to create here is a league for peace, not a league for war." Pearson, *Words and Occasions*, 65.

military organization, which Canada nonetheless has supported without serious reservations.

Canada participated fully in NATO policy and practice. But this did not involve a great deal of interaction with the leaders of the Visegrad countries. NATO's focus was on the Soviet Union and any consideration of the Eastern European countries was based on the assumption that they were an extension of Moscow. The relationship in this sense was a symmetrical one--i.e., just as Canada perceived the Eastern European countries as mere proxies of the Soviet Union, so the Soviet Union (and the countries of Eastern Europe) perceived Canada to be a proxy of the United States. Canada was not taken seriously as an independent international actor by the Eastern bloc. This limited effective Canadian contact with Eastern Europe, and frustrated the practice of Canadian "middlepowermanship". Canada had established itself as a peacekeeper and an intermediary in international conflict, but this role could not be played in the East-West conflict.

Having accepted the lines drawn in Europe, NATO as a whole did not take action after the Soviet invasion of Hungary in 1956. Canada, however, suggested the injection of a peacekeeping force.³ This suggestion was quickly dismissed by the West (and would, at any rate, have been vetoed by Moscow in the Security Council). NATO's concern was to maintain the stability of the status quo in Europe and prevent Soviet gains elsewhere.

³ On 3 November 1956, Lester Pearson asked the UN General Assembly why a UN force designed along the lines of the peacekeeping force in the Middle East for the Suez Crisis, could not be established for Hungary.

Although relations with the Soviet bloc were warmer in the 1960s than in the 1950s, the Western bloc did not strenuously protest the invasion of Czechoslovakia in 1968. The NATO countries calculated, as they had in 1956, that the risks of protesting too enthusiastically greatly outweighed the gains.⁴ In 1968 Canada had a seat on the UN Security Council and thus had more of a role than it might have had otherwise. George Ignatieff, the Canadian representative at the UN, was asked to organize the consultations on behalf of the Western bloc. According to him:

The tactic agreed upon was that, after the condemnatory resolution had been vetoed by the Soviet Union, I should introduce a procedural motion for fact-finding to establish for the record what had happened in Prague. In this way, the discussion was prolonged just enough to permit the outgoing Czech Foreign Minister Hayek to come from Belgrade, where he had gone when Dubcek was overthrown. He was able to deny to the Council that Soviet troops had entered Czechoslovakia by "invitation" from Dubcek.⁵

Ignatieff's role meant that he was the focus of Moscow's anger on the subject. As Ignatieff says, "the reaction of the Soviet authorities in the Council and through *Pravda* was petulant. I was called the "marksman of the imperialist bloc"."⁶

When invited, Canada participated in the disarmament and arms control talks which took place beginning in the late 1960s. Two characteristics of Canada's participation should be noted here. First, as in other elements of the East-West

⁴ As George Ignatieff, the Canadian representative at the UN stated, the Western countries, "realizing that to challenge the Soviet Union on this issue would be to risk nuclear confrontation, were willing to settle for a cosmetic face-saving approach, provided the facts were brought out in the record". George Ignatieff, "Sitting on the Hot Seat of the United Nations Security Council", *International Perspectives*, September/October 1976, 10.

⁵ Ignatieff, "Sitting on the Hot Seat", 10.

⁶ Ignatieff, "Sitting on the Hot Seat", 10.

conflict, Canada participated only as an enthusiastic, but peripheral, player. Second, Ottawa was not as ideologically paranoid about the Soviet Union as Washington. The Canadian emphasis, perhaps recognizing the limited Canadian role to be played in security matters, was less on security matters than it was on the 'other' elements of the East-West relationship, as will be discussed later in this chapter.

Starting in 1969, West German Chancellor Willy Brandt's policy of *Ostpolitik* led to a new climate in Europe, particularly warmer German relations with Eastern Europe.⁷ This in turn led to significant security conferences, including: the Strategic Arms Limitations Talks (SALT), the Mutual and Balanced Force Reduction (MBFR) talks and the Conference on Security and Cooperation in Europe. Canada was included in both the CSCE and the MBFR talks, but not the SALT negotiations.⁸ Canada also participated in the negotiations on Conventional Armed Forces in Europe in the mid- to late-1980s. Because of their technical nature, the Conventional Armed Forces and MBFR negotiations need not concern us here.

The CSCE talks do, however, concern us. They marked the opening phase of a broad process of negotiations between East and West. The outcome was the result

⁷ The policy of *Ostpolitik* transformed West Germany's position in Europe and in East-West relations. When the Brandt-Scheel Government was formed in late 1969, there were no ties with Central and Eastern Europe except those with the Soviet Union, Yugoslavia and Romania. Five years later Bonn had diplomatic ties with all the Warsaw Pact countries, including the GDR.

⁸ Preliminary talks for the CSCE were held in Helsinki in November 1972 and discussions on MBFR were held beginning in 1973.

of compromise on both sides.⁹ The Soviet Union accepted the inclusion of human rights (which it believed should be a domestic, not an international, concern) in return for Western acceptance of the principle of territorial integrity. It should be noted, however, that the Final Act is a political commitment, not a legally binding contract. There will be further discussion of the CSCE talks later in this chapter, and in Chapter 7.

Perhaps the most high profile (in Canada at any rate) role Canada played in the East-West conflict occurred in Trudeau's final term as Prime Minister. In the early 1980s, the chill was back in the Cold War, particularly because of the Soviet invasion of Afghanistan and Reagan's inflated rhetoric and provocative military policies. When the Soviets shot down a Korean airliner in September 1983, tensions rose even higher. Concerned with what he saw as "an ominous rhythm of crisis" created by a lack of dialogue between East and West, Trudeau launched his "Peace Initiative", which was designed to re-open the lines of communication and inspire "a strategy of political confidence-building".¹⁰ In the course of this initiative, Trudeau travelled to Western Europe, India, China, Washington, East Germany,

⁹ At the time, critics of the agreement argued that the Soviet bloc received all the benefits (i.e., confirmation of borders, a European Security Conference, and some economic and scientific benefits), while paying none of the price (i.e., ignoring the humanitarian elements and respect for human rights). This argument appeared to have merit until the collapse of the Soviet bloc, which indicated that although the governments of Eastern Europe had not taken the Helsinki provisions on human rights seriously, many of their citizens had. This contributed to the destruction of the regimes' legitimacy.

¹⁰ Pierre E. Trudeau, speech at Guelph, 27 October 1983.

Czechoslovakia, Romania and the Soviet Union. Despite indications that world leaders welcomed a way out of the tense standoff, Trudeau's initiative succeeded at best in "forg[ing] a distinct position for Canada in East-West relations by distancing [the] government discreetly from the bellicose posture of the Reagan administration".¹¹

The Canadian perspective on security changed with the election of Brian Mulroney in 1984 (as it had changed in the United States with the election of Reagan in 1980). Following the review of foreign policy conducted by his government in 1968-9, Trudeau reduced the number of troops Canada had committed to NATO in Europe. This was done unilaterally and was roundly condemned by Canada's allies. In contrast, in 1985 the Mulroney government announced that an additional 1,200 military personnel would be stationed in Europe, and that an infantry battalion group in Canada would be dedicated to the Allied Command Europe (ACE) Mobile Force, a multilateral NATO deterrent force intended to reinforce Europe in time of crisis.¹²

Perhaps because Mulroney was so concerned with Canada-US relations (particularly a free trade agreement), his government willingly joined in the rhetoric of the renewed Cold War. In the mid-1980s détente was a memory. The East-West rivalry was now characterized by the update of nuclear weapons in Europe (East and West) and talk of the Strategic Defence Initiative. It was clear that the Mulroney

¹¹ Bromke and Nossal, "Trudeau Rides the "Third Rail"", *International Perspectives*, May/June 1984, 6.

¹² Department of External Affairs, *Competitiveness and Security* (Ottawa: Supply and Services Canada, 1985), 38.

government followed the American line on who was to blame for the deterioration of relations.¹³

Nonetheless, the Canadian perspective was that, despite Soviet intransigence, the best route forward was still cooperation. Thus, the government response to *Independence and Internationalism*, the final report of the Committee reviewing foreign policy in 1985-86, stated that "it is essential to create a climate of confidence between East and West on security".¹⁴

Canada's position, as laid out by the Department of External Affairs (DEA) in *Competitiveness and Security*, was that the Canadian belief in cooperation reflected "a vocation for Canadians to play a part in East/West affairs", and a recognition that "there are particular Canadian interests to be pursued in the Soviet Union and Eastern Europe".¹⁵ The Mulroney government believed that "it is in our security interests to play an active role between East and West",¹⁶ but it was always a supporting role.

¹³ See *ibid.*, especially 12 and 37.

¹⁴ Government of Canada, *Government Response to the Recommendations of the Special Joint Parliamentary Committee Reviewing Canadian Foreign Policy: Independence and Internationalism* (Ottawa: Supply and Services, 1986), 12.

¹⁵ *Competitiveness and Security*, 12.

¹⁶ *Ibid.*, 37.

Economic Relations

Although this section will note a number of economic agreements and transactions to provide some examples of the nature of Canada-Eastern European economic relations, it is important to note that these relations have never constituted a major element of Canada's global economic relations.¹⁷

Prior to 1989, trade with the Visegrad countries was difficult for a number of reasons. First, they all had centrally planned economies, which prohibited free contact with independent firms. Second, they did not have the hard currency to buy manufactured goods from the West, and Western countries would not buy Soviet bloc manufactured goods because of their inferior quality. Third, trade in manufactured goods--electronic products in particular--often fell into the category of "strategic" goods and was thus prohibited. And, finally, trade in consumer goods was impossible because the Soviet bloc did not place an emphasis on such goods, preferring instead to concentrate on heavy industry. Together, these factors limited trade with the West. As well, although Poland has a population larger than Canada's, both Czechoslovakia and Hungary are relatively small.¹⁸ In general, the countries of Eastern Europe had (and have) little that they could trade with the West.

However, even during the coldest days of the Cold War, there was some

¹⁷ It should also be noted that this section is concerned with Canadian trade in general and not the activities of particular Canadian companies with operations in Eastern Europe.

¹⁸ In 1989 the population of Poland was 38.4 million, Czechoslovakia 15.6 million and Hungary 10.6 million.

economic interaction between the blocs. Trade was not a problem as long as it was in "non-strategic goods". But, as Head and Trudeau note:

... in the mainstream of political contact, there was a deliberate reluctance to take any step that might be interpreted as conferring legitimacy upon the acts of the Soviet government. This diffidence was partly a reflection of alliance attitudes, but partly as well a recognition of the strong feelings of Canadians of Eastern European origin who had watched with justifiable horror the occupation of their homelands.¹⁹

Periodic trade consultations were held between Canada and the Visegrad countries, but in the 1970s and 1980s, Eastern Europe and the People's Republic of China accounted for less than two per cent of Canada's total trade. Exports of grain to the USSR and China were significant,²⁰ but exports of other products were modest and concentrated on major capital projects. The federal government, however, remained optimistic. Thus, despite its Cold War overtones, *Competitiveness and Security* stated that the medium-term prospects for trade were good.²¹

Poland was the only country in Eastern Europe to be included in the 40 most important countries to which Canada exported in the 1980s--ranked in 21st place. Even so, total trade with Poland in the 1980s was marginal and had an imbalance greatly in Canada's favour. This trade imbalance was characteristic of trade with Eastern Europe--as mentioned above, Soviet bloc countries had little to offer the West

¹⁹ Ivan Head, and Pierre E. Trudeau, *The Canadian Way. Shaping Canada's Foreign Policy 1968-1984* (Toronto: McClelland and Stewart, 1995), 219.

²⁰ The USSR was the most important market for grains in the 1980s and the PRC was second. *Competitiveness and Security*, 14.

²¹ *Competitiveness and Security*, 14.

and thus ended up importing much more than they exported.

Economic interaction (including trade, investment and technology) with the Soviet bloc was heavily influenced by political considerations. Ottawa believed that trade was a stabilizing factor in the East-West relationship, but Canada's ability to act on this was tempered by American reluctance to see business done in the area. In the early 1980s, SSEA MacEachen stated:

Trade with Eastern Europe is heavily influenced by the overall climate of East-West relations, and political and security considerations. Restrictions exist on trade in strategic goods, and there is pressure from the current U.S. Administration to tighten further these restrictions....²²

Despite their stated desire not to be beholden to Western capitalism, in the 1980s Poland and Hungary found themselves in much the same position as many Third World countries--up to their ears in debt. By the early 1980s Canadian banks were participating in talks to reschedule the Polish debt. Hungary was also facing a serious debt crisis. These debt problems affected their trade with the West. In particular, the debt limited the countries' ability to import goods and made financial institutions reluctant to lend further funds. This in turn reduced any economic interaction Canada had with the region.

²² SSEA Allan MacEachen and Minister of State for International Trade Gerald Regan, *A Review of Canadian Trade Policy*, 226.

"Other" Historic Relations with Eastern Europe

i. Interactions and the Diaspora Communities

Canada is a country populated to a very large extent by immigration. Until recently, this immigration originated mainly in Europe.²³ In the aftermath of WW II and the Soviet expansion into Eastern Europe, Canada received a significant number of immigrants from the area (as did, for example, Western Europe, the United States and Australia). The Department of Immigration created a special category for those immigrants coming from Eastern Europe. It was referred to as the "self-exiled class", and people from the area were "given very minimal requirements to meet, basically health and security checks".²⁴

There are large groups of Canadians who still identify with their European origins. These groups have provided an informational base for Canadian government policy, as well as a catalyst for certain foreign policy actions (especially to advance and/or legitimate independence movements). This diaspora has created pockets of Canadians who are very interested in Canadian relations with their country of origin. Often these concerned Canadians have formed cultural organizations and/or religious organizations which permit them to be both visible within Canadian society at large and to potentially utilize their cohesion to influence government policy. They have the potential to play a significant role in the relationship which Canada has with the

²³ From continental Europe, the most important sources of immigration to Canada were Germany, Ukraine and Poland. Since the 1970s, Canada has been receiving increasing numbers of immigrants from non-European sources, Asia in particular.

²⁴ *House of Commons Debates*, 1st Session, 32nd Parliament, 1980-83, 11085.

area. It is important to note, however, that even large, vocal and well-organized groups do not necessarily have influence in foreign policy making. The influence of societal groups on Canadian foreign policy is difficult to determine.²⁵

Some have argued that there were persistent philosophical differences between the Eastern European diaspora community (which was staunchly anti-Communist) and the historic foreign policy establishment (which was liberal internationalist). Adam Bromke states that "Poles [for example], who have been conditioned in the hard school of political realism, do not always appreciate Canadian idealism and at times even look on it as sheer hypocrisy".²⁶ And, Milos Zach, the Vice-President of the Czechoslovak Canadian Association, who testified briefly at the 1985-6 foreign policy review, stated, among other things, that Canadians were naive about the Soviet Union and that the Committee should not be optimistic about the actions and intentions of Gorbachev.²⁷

Poland - Polish immigrants have settled in Canada since the early 1800s.

Immediately after WW II, many Polish refugees made their home in Canada. In the 1948-51 period, an average of approximately 19,000 Polish immigrants arrived in

²⁵ See, for example, Kim Richard Nossal, *The Politics of Canadian Foreign Policy*; David J. Bercuson, *Canada and the Birth of Israel: A Study in Canadian Foreign Policy* (Toronto: University of Toronto Press, 1985), especially 232, for a discussion of the inability of groups to influence policy outcomes.

²⁶ Adam Bromke, "Canada and Poland: Unique Chance for Cooperation in Second Century of Relationship", *International Perspectives*, March/April 1975, 30.

²⁷ Milos Zach, *Minutes and Proceedings*, 50:124-5.

Canada every year, representing more than 20 per cent of immigration in 1948-1949.²⁸ The Federation of Polish Societies was formed in Canada in 1931. It is now the Canadian Polish Congress, which in 1986 claimed to include 203 member organizations representing approximately 400,000 Canadians of Polish ancestry.²⁹

After the Communist Party took over in Poland in the late 1940s, relations between Canada and Poland soured. The Polish-Canadian community was strongly anti-communist and refused to acknowledge the legitimacy of the Communist government in Poland, supporting instead the government-in-exile in London. The cool relations were exacerbated by several incidents. First, during the war, art treasures had been evacuated from Poland and stored in Canada for safekeeping. After the war ended, the Communist government requested their return, but the Polish government-in-exile in London, and Premier Maurice Duplessis in Quebec (where they were stored) refused to return them,³⁰ despite attempts at persuasion by Ottawa. Second, the interaction between Canada and Poland on the International Control Commissions in Indochina strained relations between Ottawa and Warsaw. Both Canada and Poland were appointed to the Control Commissions to serve as

²⁸ See Citizenship and Immigration Canada, *Immigration Research Series--Poland*, (Ottawa: Citizenship and Immigration Canada, 1996). Apparently during WW II "the expression "Canada" was widely used in Polish to denote the height of well-being and abundance". Bromke, "Canada and Poland", 27.

²⁹ Jan Kaszuba, President Canadian Polish Congress, *Minutes and Proceedings*, 1985-6, 57:50-3. At the time of the 1991 census there were 184,695 people *born in Poland* living in Canada. Citizenship and Immigration Canada, *Immigration Research Series--Poland*.

³⁰ Duplessis was stridently anti-communist.

representatives of their respective blocs--India served as a neutral country. This arrangement worked very badly. Canada accused Poland of taking its representation of Soviet interests to extremes, and the Poles, of course, accused Canada of the same thing vis-a-vis the United States.

The popular movement which brought Wladyslaw Gomulka to power in 1956 sparked an improvement in inter-state relations between Ottawa and Warsaw. The Polish community in Canada, which had been cut off entirely from Poland, was now allowed contact. The dispute over the art treasures was resolved after Duplessis' death in 1959 and they were returned to Poland.

Relations with Poland steadily improved in the 1960s and 1970s. Poland enthusiastically sought increased contacts with the West. Travel restrictions were eased for government officials and citizens.³¹ Negotiations over restitution payments to Canadian citizens whose property had been confiscated by the Communists were concluded in 1971. These events caused some groups of the Polish-Canadian community to revise their attitude towards the Polish regime.³²

Relations between Poland and the West deteriorated again when martial law was imposed in 1981. There had been increasing support in the Canadian Parliament

³¹ For example, the Canadian External Affairs Minister visited Poland in 1966 and the Polish Foreign Minister visited Canada in 1970. The Polish Deputy Premier visited Canada in October 1973. In 1973 12,000 Canadians visited Poland and 7,000 Poles visited Canada.

³² The Polish Canadian Congress maintained its strict anti-communism, but other groups like the Polish Alliance and the Polish Engineers Association adopted more pragmatic attitudes.

for Solidarity, especially among NDP members, who several times called on the government to recognize the trade union. After the declaration of martial law in 1981, there were both governmental and societal protests in Canada.³³ In 1981 the Minister of Employment and Immigration (Lloyd Axworthy) increased the number of Eastern European refugees Canada would accept from 4,000 to 5,000 (but only 2,500 were allowed from refugee camps,³⁴ despite calls from the Polish-Canadian communities for an increase in this number).

The government response to the imposition of martial law in Poland was somewhat contradictory. Thus, a motion introduced in the House of Commons by the Opposition (under Joe Clark) asking that the House support a Canadian Polish Congress resolution (calling for martial law to be lifted, the right to form trade unions, no third party intervention, and Canadian aid to Poland) was carried, and the government gave \$100,000 to the Canadian Polish Congress for humanitarian aid to Poland. The government announced, however, that it would not increase the money given to NGOs to aid Poland.³⁵ And there were other motions introduced in the House of Commons (in particular condemning the Polish government's actions) which were not carried.

The contradictory response continued in 1982. Thus, in February 1982 SSEA

³³ A number of Polish-Canadians held a hunger strike outside the Polish consulate in Toronto in November 1981 to try to get their families out of the country. There was a rally held in Toronto in December 1981 to support the Polish people and protest the Polish government's actions.

³⁴ *House of Commons Debates*, 1st Session, 32nd Parliament, 1980-83, 12,053.

³⁵ See *House of Commons Debates*, 1st Session, 32nd Parliament, 1980-3, 14614.

MacEachen protested the Polish government's actions and announced sanctions against Poland. These sanctions, however, were minor (they involved suspending a Poland-Canada academic exchange) and later the Canadian government provided "generous" credit terms to the Polish government for grain purchases from Canada,³⁶ in addition to the \$500 million credit guarantee to the Polish government it had announced in October 1981. And, despite condemnations of martial law by Canadians throughout the 1980s, Polish government officials continued to be welcomed to Canada.³⁷

At the end of the 1980s, Canada once again welcomed significant numbers of Polish immigrants. Between 1988 and 1992, an average of approximately 14,000 Polish citizens immigrated to Canada every year, representing approximately seven per cent of immigration in this period.³⁸

Hungary - The quick acceptance of Hungarian refugees in the 1950s provides a clear illustration of Canada's willingness to accept people fleeing the Communist bloc. In the period from the Soviet invasion in 1956 to December 1958 37,566 Hungarian refugees arrived in Canada.³⁹ The government invoked a Cabinet-level directive to

³⁶ See *House of Commons Debates*, 1st Session, 32nd Parliament, 1980-3.

³⁷ In March 1987 the Polish Minister of Health and Social Welfare visited the Canadian House of Commons and in June 1987 the Polish Deputy Chairman of the Council of State paid a visit. SSEA Clark visited Poland in May 1987, apparently expressing his concern about the crackdown while he was there.

³⁸ Citizenship and Immigration Canada, *Immigration Research Series--Poland*.

³⁹ David B. Dewitt and John J. Kirton, *Canada as a Principal Power* (Toronto: John Wiley & Sons, 1983), 250.

relax standard admission procedures to allow Hungarians fleeing the Soviet crackdown in Hungary admittance into Canada.

The issues of property and restitution were important in terms of Canada-Eastern Europe relations. The DEA handled the claims on behalf of Eastern European Canadians and gradually entered into negotiations with the Communist governments to obtain compensation for Canadians who had had property expropriated. A preliminary agreement was signed in June 1964 providing for a lump sum settlement of claims against Hungary.

Several incidents involving Hungarian-Canadians strained relations between Ottawa and Budapest. For example, in November 1965 a young Hungarian-Canadian male was arrested and sentenced in Hungary for "creating a disturbance" while there visiting relatives. He was charged with a "political offence", held incommunicado and tried in secret. This incident angered Hungarian-Canadians and the Canadian ambassador to Hungary (resident in Czechoslovakia) protested. In January 1970, a Canadian member of a diplomatic mission was expelled from Hungary for "activities inconsistent with his official duties".

In general, however, these strains were not long-lasting. Thus, the federal government announced in 1972 that an embassy would be opened in Hungary (a consular office was already there) and the embassy was in operation by 1974. Cultural contacts were not opposed by the Hungarian government, facilitating cooperation between CBC and Magyar Television of Hungary to co-produce a film called "His Mother" in 1975. Like their Polish counterparts, Hungarian government

officials also paid visits to Canada--and were perhaps more welcome in the 1980s.⁴⁰

Czechoslovakia - Although, as discussed above, there was little concerted Western protest regarding the Soviet invasion of Czechoslovakia, there was some protest within individual Western countries. Despite acknowledging Canada's impotence in the matter of the invasion, in the 1968 Speech from the Throne, Trudeau expressed his "gravest concern", and "offer[ed] permanent homes in Canada" for those seeking refuge.⁴¹ By 1969 Canada had accepted more than 11,200 Czech refugees.⁴² The Canadian Manpower and Immigration Department spent more than \$11 million to settle them in Canada, and by 1970 Allan MacEachen, Minister of Manpower and Immigration, stated that 80% of the Czech immigrants had been placed in jobs.⁴³

Canada also protested the invasion in the UN Security Council. In addition to the Canadian role in the Security Council discussed above, Ottawa co-sponsored a resolution condemning the Soviet action, initiated a resolution seeking to ensure the

⁴⁰ Thus, for example, a parliamentary delegation from Hungary visited the Canadian House of Commons on 19 May 1987, led by the Hungarian President and Speaker of the National Assembly.

⁴¹ *House of Commons Debates*, 1st Session, 28th Parliament, 16 September 1968, 65. The Canadian government offered emergency financial assistance to Czech refugees (approximately 500 of them were given this offer) and a home.

⁴² *House of Commons Debates*, 2nd Session, 28th Parliament, 1969-70, 524.

⁴³ *Ibid.*, 524. Canadian actions after the invasion of Czechoslovakia have been taken as evidence of Ottawa's strict adherence to the Western (i.e., American) definition of international events. Critics note that Canada did not take the same generous measures after the coup in Chile in 1973. By 1978 Canada had accepted only 6,000 refugees from Chile. See Dewitt and Kirton, *Canada as a Principal Power*, 257.

release and safety of the Czech leaders, and called for an end to the Soviet occupation. Ottawa also cancelled or postponed government exchanges with the participating Warsaw Pact countries (the Soviet Union, Hungary, Poland, Bulgaria and GDR), but only those of a *political* nature (i.e., those of a technical, scientific, cultural, or educational nature were continued).

Canada-Czechoslovakia relations were strained at various times--as were those with Poland and Hungary--by specific incidents relating to Canadian citizens of Czech origins.⁴⁴ A more serious incident, however, came to light in the late 1970s which involved Czech government actions against Czech-Canadians in Canada. Apparently the Czech government sent letters to Czech-Canadians who left Czechoslovakia in the 1940s, 1950s and 1960s to say that they had to pay for a "legalized" exit from Czechoslovakia. Furthermore, it was discovered in the early 1980s that the Czech government was insisting that Czech-Canadians swear allegiance to Czechoslovakia if they wanted to visit the country.⁴⁵ In reaction to these revelations, in 1984 the Canadian government passed a motion to amend the Citizenship Act to protect:

foreign-born Canadian citizens from the politically motivated administrative acts of some Iron Curtain countries.... With the protection which the amendment offers, Iron Curtain countries will no longer be able to blackmail

⁴⁴ A Czech-Canadian was arrested in Prague in January 1969 and charged with espionage (regarding something that had occurred before he became a Canadian). Another Czech-Canadian was arrested in Czechoslovakia in 1969, and a Canadian journalist was detained there in April 1977 and his notes taken.

⁴⁵ There was also an issue of dual citizenship--i.e., Czech-Canadians had to travel to Czechoslovakia on Czech passports or renounce their Czech passport.

their erstwhile nationals into renewing their allegiance.⁴⁶

In 1977 four dissidents were imprisoned in Czechoslovakia for their support of the Helsinki human rights provisions. The Canadian government protested this action, and the repression of other "Charter 77" dissidents. In October 1979 the House of Commons passed a motion to protest against the closed trials of members of Charter 77.

ii. The Helsinki Process

As mentioned above, the CSCE process provides the best example of sustained Canadian interaction with Eastern Europe. It also introduces considerations of civil society in Eastern Europe into Canadian foreign policy. This section will discuss the general nature of the talks and Chapter 7 will discuss the human rights provisions in more detail.

The Final Act of the CSCE (more commonly known as the Helsinki Accords) was signed in Helsinki 1 August 1975 by the 35 participating countries.⁴⁷ The Accords contained three 'baskets' of provisions, including: (1) confidence-building

⁴⁶ Donald Munro, *House of Commons Debates*, 2nd Session, 32nd Parliament, 1983-84, 2055.

⁴⁷ The participating countries were: Austria, Belgium, Bulgaria, Canada, Cyprus, Czechoslovakia, Denmark, Finland, France, German Democratic Republic, Federal Republic of Germany, Greece, the Holy See, Hungary, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Malta, Monaco, the Netherlands, Norway, Poland, Portugal, Romania, San Marino, Spain, Sweden, Switzerland, Turkey, USSR, United Kingdom, USA, Yugoslavia.

measures, disarmament, security; (2) cooperation in economics, science and technology, and the environment; and (3) humanitarian cooperation, especially 'human contacts', free flow of information, cultural exchanges, and educational exchanges (i.e., elements relating to civil society).

Canada took a leading role in the CSCE talks for a number of reasons. First, there was a vacuum of leadership for the West at the talks.⁴⁸ Second, the talks gave Canada the chance to illustrate that it still took Europe seriously after Trudeau's reduction of Canadian forces there. Third, the talks provided "an excellent means to placate Canadians of Eastern European background, many of whom had been offended by Trudeau's indifference to human rights in the Soviet bloc".⁴⁹ And fourth, the CSCE talks provided Canada with a chance to illustrate its independence from the United States, which was particularly concerned with the security aspects of the negotiations.

Canadian representatives believed that the talks should involve more than security considerations. They played their most active role in the committee concerned with humanitarian cooperation.⁵⁰ The Accords soon became an important element in East-West relations, not because of the sections confirming boundaries or

⁴⁸ This was primarily because the United States and USSR were concentrating on their bilateral negotiations; Germany was uncertain about what role to play; and France was concerned with forming its own distinctive relations with the Soviet bloc.

⁴⁹ Peyton V. Lyon, "Letter to the Editor", *International Perspectives*, November/December 1986, 36.

⁵⁰ In particular, Canada "considered freer movement of people, information and ideas one of the major objectives of the West". Murray Goldblatt, "Canada and European Security", *International Perspectives*, January/February 1973, 37.

increasing the transfer of technology, but because of the human rights provisions.⁵¹

After the Helsinki Accord had been signed, "Helsinki Watch" groups popped up across Eastern Europe. In addition, Western governments assumed the role—with varying degrees of commitment—of protesting the human rights violations in Eastern Europe that were brought to their attention.⁵² This will be discussed further in Chapter 7.

There have been a number of conferences held to follow up on the Helsinki Accords and as part of the continuing CSCE process. In 1986, the participants began writing a concluding document that would make the commitments of the Helsinki and Madrid documents more specific and comprehensive. The *Concluding Document* of the November 1986-January 1989 meetings in Vienna confirmed the importance of increasing cooperation and promoting human rights and fundamental freedoms in order to enhance international security as set out in the 1975 Final Act in Helsinki. This document will be discussed further in Chapter 7.

⁵¹ See Pepper, "The Helsinki Legacy", *International Perspectives*, January/February 1987, 12.

⁵² And, as SSEA Don Jamieson said: "such monitoring as we have been able to carry out shows ... that a great deal is to be desired [on the part of the Warsaw Pact countries]". SSEA Jamieson, *House of Commons Debates*, 2nd Session, 30th Parliament, 1976-77, 2912.

Conclusions

This chapter has presented an overview of Canadian relations with the Visegrad countries in the period up to 1989. In this sense, it has provided the foundation on which to build the discussion of Canada's relations with these countries in the post-1989 period. Although there were some minor relations with these countries, the collapse of Soviet hegemony provided Canada with virtually a fresh start in the region.

In the pre-1989 period, Canadian relations with the Visegrad countries were characterized by the dominance of security considerations, virtually to the exclusion of all other elements. The closed nature of the Soviet bloc, and the risks associated with interference in it, meant that Canada did not pursue broad and sustained contacts there, despite the diaspora population in Canada. It was not until after the CSCE process that Canada began to pursue relations on non-security matters in an organized fashion. In this sense, Canadian foreign policy toward Poland, Hungary and Czechoslovakia began to move away from the framework of realism which had characterized it during the Cold War.

The Helsinki Accords represented the beginning of Canadian attention to Eastern European human rights and civil society. This will be discussed further in Chapter 7.

CHAPTER SEVEN
Human Rights and Democracy in Canadian
Foreign Policy to 1989

Introduction

Like Chapter 6, this chapter does not fit neatly into the framework created in Parts One and Two. This is because it traces the evolution of democratic considerations in Canadian foreign policy, and thus the two approaches to democratization do not apply. However, even in this historical overview it is possible to see the origins of the pattern which will be discussed in Part Four. It is important to note again that this section discusses the period up to 1989. The post-Cold War period will be examined in Part Four.

This chapter traces two parallel trends in Canadian foreign policy: (1) increasing support for human rights, and a commitment to a fuller conception of democracy; and (2) increasingly aggressive trade promotion in Canadian foreign policy, and support for structural adjustment programs (SAPs) promoted by the World Bank and IMF in the South. These two trends can be seen as the beginnings of the horizontal and vertical approaches to democratization, respectively.¹

¹ As mentioned in the Introduction to Part Three, they reflect the larger philosophical tensions between realism and idealism which have always been present in Canadian foreign policy. For a more detailed discussion of the tension between realism and idealism in Canadian foreign policy see Axel Dorscht et al, "Canada's International Role and "Realism"", *International Perspectives*, September/October 1986, 6-9.

This chapter, thus, has two elements. First, it traces the place of considerations of democracy in Canadian foreign policy in the period from WW II to 1989. Canadian support for democracy was originally targeted at Europe, but it was *Western* Europe which received the attention in the aftermath of WW II. Eastern Europe, as discussed in Chapter 6, was not an area of Canadian concern in terms of democracy. Decolonization in the South broadened the geographic scope, but the democracy that was promoted was of an exceedingly limited nature. It was defined in negative terms--i.e., as not communism--and its promotion was a tool to prevent Soviet expansion there. It was not until the 1970s, with *détente* and the Helsinki Accords, that democracy began to be promoted in Eastern Europe.

Second, this chapter briefly traces the increased emphasis placed on promoting Canadian trade abroad and on SAPs in the South. As a trade-dependent country, Canada has always emphasized the importance of international economic activity, but as this chapter will illustrate, trade promotion has assumed a higher priority in recent years. Furthermore, Canada's support for SAPs in the South indicates that the neo-liberal agenda has been absorbed into development policy as well as trade policy. These two trends are closely related to the vertical approach to democratization. Thus, the discussion in this chapter provides background for the discussion in Part Four.

The First Trend: Democracy and Human Rights in Canadian Foreign Policy

Democratization has had a relatively short history in the lexicon of international relations. It is not a concept with which Canadian legislators have

traditionally been concerned. Democracy was scarcely mentioned in the House of Commons from 1950 to 1990, and when it was mentioned it was invariably by the Opposition in a domestic context--i.e., charging the government with trampling on the democratic rights of Canadians. The only time it was mentioned with reference to events outside Canada, was in terms of the Cold War and limiting Soviet influence. It must be stressed, however that, when democracy was mentioned in this context, it applied to the countries of the South which the West hoped to "save" from Soviet influence, not EE/FSU.

Furthermore, the idea of actively creating democracy is not mentioned in statements or speeches made by the Prime Minister or the Secretary of State for External Affairs (SSEA) in the 1960s or the 1970s. It is only in the past 15 years that the notion of democratization has come into vogue, although the sentiments for its promotion have existed in different forms in the development dialogue since the 1960s. It is thus imperative to combine our discussion of democracy in Canadian foreign policy with a brief discussion of development in this context.

Canada had two major foreign policy concerns in the immediate post-World War II world: rebuilding Europe and ensuring through the creation of international organizations that such a war did not occur again. It was only in relation to the first concern that considerations of democracy came into play. This meant ensuring that Western Europe was rebuilt, through policies like the Marshall Plan and institutions such as the International Bank for Reconstruction and Development (the IBRD or World Bank), so that democracy could flourish and thus prevent what had happened

in Eastern Europe from happening in the West.

Western policy in the immediate postwar years was targeted at the defence of democracy, but this policy was negative rather than positive. In this sense, denying a country to the Soviet Union was by definition promoting democracy.² This explains why it was to NATO that the role of furthering "democracy" fell.

The internationalism of Canadian foreign policy was of an Atlantic flavour until the 1960s, and democratization related to the reconstruction of Europe. This focus subsequently changed for two reasons. First, decolonization in the 1960s drew the world's attention to the South, and development policies became a higher priority.³ A role in international development suited Canadian foreign policy aspirations very well because it provided Canada with international contacts, and surveys indicated that it suited the wishes of most Canadians.

As decolonization proceeded, democracy did not have a major place except, again, in a negative sense. The West was quite willing to support leaders who were not democratic as long as they were anti-communist. This negative support of democracy (i.e., prohibiting communism) was complemented by the development policy of the time. The framework for development up to the mid-1960s had two major elements which hindered the promotion of democracy: (1) the dominance of

² There were politicians at this time who believed that this policy was misguided. See MP Macdonnell's speech in the House of Commons in 1961, for example. *House of Commons Debates*, 1961, 8136-8137. Nonetheless, this was the framework into which democratization was placed.

³ Canadian charities (now NGOs) had been involved for much longer, but development did not become a government concern until the 1950s.

modernization theory which stressed that economic development preceded democracy; and (2) maintaining the strategic balance of the Cold War.

The second reason for the change in focus towards the South was that Pierre Trudeau brought what was already a growing commitment to the region into the mainstream of Canadian foreign policy. The focus on new foreign relations also reflected anti-American sentiment present in Canadian society at this time. New government institutions were created to reflect the Trudeau government's focus on the South. Early in his first term, the Canadian International Development Agency (CIDA) was created from the Department of External Affairs' External Aid Office. Other government-funded agencies were also created around this time.⁴ CIDA became the federal government agency responsible for implementing Canada's official development assistance (ODA) policies and administering most of the ODA budget.⁵

The new emphasis not only reflected Trudeau's philosophy, but also a broader change within Western development policy in the 1960s. Modernization theory had

⁴ Examples include the International Development Research Centre (IDRC). The IDRC was created in 1970 to assist developing countries utilize science and technology to help alleviate their problems as they define them. Its policies are set by a board composed of members from both the North and South. An indication of the importance the Trudeau government gave this body is illustrated by the fact that Lester Pearson served as Chair of the first Board of Governors, and Ivan Head was appointed President in March 1978.

⁵ CIDA is currently responsible for 78% of Canadian ODA. The other 22% is delivered to the World Bank through the Finance Department, to international agencies through the Department of Foreign Affairs (formerly External Affairs) and to Crown corporations related to development. See *Estimates of the Government of Canada*, 1994.

largely been discredited by the late 1960s. It was replaced by a broader definition of the phenomenon, and the acknowledgement that political and economic development could occur in parallel. Development began to be seen as something more than increasing GNP.

This new vision of development inevitably involved calls for democratization. The Canadian government supported organizations (domestic and international) following this strategy, in particular with financial support through CIDA. But while in policy and statements the government endorsed the concept, in reality its support for democracy in the 1970s was sometimes less than enthusiastic, in a large part due to the economic and geopolitical realities within which Canada exists. Thus, when a policy supporting democracy conflicted with relations with the United States, it was perceptibly weakened.⁶

In addition to the new development focus, which accepted that democracy and development could occur in parallel (rather than in sequence), there was a new focus on human rights issues. The promotion of human rights is intimately (although not always explicitly) tied to the promotion of democracy. As discussed in Part One,

⁶ This was illustrated by Canada's lack of condemnation of the coup in Chile in September 1973, in which the elected government of Salvador Allende was replaced in a coup led by General Augusto Pinochet. The coup was supported by Washington as a step to remove a beachhead of communism on the continent. Many Canadians expected Trudeau to protest the coup vigorously. He did not. Furthermore, Canada was reluctant to accept refugees from the Pinochet regime, despite its brutality. Canadian support for democracy was also qualified as it related to Nicaragua (and Central America in general) in the 1980s. The Trudeau government maintained very low key support for the Sandinistas. The exception to this has been continued Canadian relations with Cuba, despite protests from Washington.

citizens must possess rights if democracy is to function. Thus, support for human rights--not necessarily just civic or political rights--can also be seen as support for democracy.⁷ The enhanced emphasis on human rights in the 1970s can be traced to two major sources.

First, the CSCE process put human rights on the international agenda. As discussed in Chapter 6, Canada participated in the negotiations which resulted in the Helsinki Accords. The CSCE process reflected both the rare interaction of Canada and Eastern Europe, and the growing importance of human rights considerations in the European context. Canada was particularly concerned with the humanitarian elements of the Accord, and Canadian representatives took the CSCE process very seriously. Charles Caccia, who was present at the follow-up conference held in Belgrade from October 1977 to March 1978, stated: "daily we expressed forcefully and openly our deep concern about the question of human rights and the slowness in implementation [of] ... the Helsinki Agreement on the part of some of the Eastern European countries".⁸

Principle VII of the Helsinki Accord stated that, among other things, signatory states "confirmed the right of the individual to know and act upon his rights...". This

⁷ The promotion of human rights has been codified since 1948 in the Universal Declaration of Human Rights. Canada is also a signatory of the UN Declaration of Human Rights, the Covenant on Civil and Political Rights, the Covenant on Economic, Social and Cultural Rights, and the Convention on the Elimination of All Forms of Discrimination Against Women.

⁸ Charles Caccia, 31 May 1978, *House of Commons Debates*, 3rd Session, 30th Parliament, 1977-78, 5934.

and other human rights provisions in the Accord provided a focus for dissidents in the Soviet bloc. Helsinki Watch groups were formed across Eastern Europe in an attempt to claim the Principle VII right. Parallel non-governmental Helsinki Watch groups sprang up in the West to monitor the compliance of signatories--especially in the Soviet bloc--to the human rights' provisions. The International Helsinki Human Rights Federation (IHF) was founded in the late 1970s as a federation of Western Helsinki Watch groups (including one in Canada).⁹ The Helsinki Watch groups played a very important role in Europe. They became "more than just compliance assessment or "watch" groups".¹⁰ Indeed, they could be seen as early supporters of a nascent democratic civil society in the Visegrad countries.

The human rights principles agreed to in Helsinki were expanded and strengthened in subsequent CSCE fora. According to the *Concluding Document* of the 1986-89 CSCE negotiations, participating states were committed to, among other things, respecting "human rights and fundamental freedoms, including the freedom of thought, conscience, religion or belief, for all", guaranteeing "the effective exercise of human rights and fundamental freedoms", and recognizing "that civil, political,

⁹ The IHF has 10 member Helsinki Watch groups from 10 countries, including Canada. The IHF organized its own NGO forum to occur parallel to the CSCE-mandated Budapest Cultural Forum in 1985. This parallel forum had its venue cancelled by the Hungarian government at the last moment, but was "allowed" to occur clandestinely. (Analysts argue that this allowed the Hungarian government to please both the Soviets who wanted the parallel forum cancelled, and the West, which wanted it to occur unhindered.)

¹⁰ David Matas, "Helsinki Watch in Budapest", *International Perspectives*, January/February 1986, 6.

economic, social, cultural, and other rights and freedoms are all of paramount importance and must be fully realized by all appropriate means".¹¹ The 35 participants also made specific commitments to, among other things, freedom of movement, freedom of religion, rights of minorities, measures condemning terrorism, rights of citizens to monitor their own government's human rights performance, free reception of foreign radio broadcasts, and unhindered receipt of mail and telephone calls.¹²

The second source of the enhanced international salience of human rights is related to events in the United States. Whether it was an attempt to re-introduce morality into American foreign policy after the Vietnam War and Watergate, or due to his own deeply religious background, President Jimmy Carter made human rights a fundamental element of American foreign policy.

The Trudeau government supported this emphasis, and during the Carter presidency there was a certain synergy between Canadian and American foreign policy, particularly in terms of human rights and the South. This ended with Ronald Reagan's election in 1980. Reagan replaced Carter's foreign policy with his own more

¹¹ *Concluding Document*, 7.

¹² The *Concluding Document* included some new elements which had a profound effect on events in the Soviet bloc. Thus, the inclusion of the protection of the environment in this document provided a rallying point for organizations in West and East Europe. The environmental organizations, in cooperation with other organizations of the underground civil society in the Soviet bloc, were instrumental in the process that led to the collapse of the Communist regimes in Eastern Europe. Indeed, the "green" movement in the Soviet Union and Eastern Europe has been called "the vanguard of democratization".

dogmatic and ideological policy. Democratization in Western foreign policy once again became synonymous with the interdiction of communism. Reagan unravelled Carter's human rights policies and began his own policy of "democratization" in Central America. This meant massive military support of right-wing leaders and the holding of elections to legitimize them. The elections held in Central America in the 1980s conformed to a minimalist (vertical) definition of democracy.

Having cast itself as the protector of the "free world", the United States could not avoid at least the rhetoric of democracy. As a staunch American ally, Canada could not avoid this role either. Given Canada's firm place in the Western world, and given the increasing chill in international relations as the Cold War deepened under Reagan, Canada had relatively little room to deviate from the new American "democratization" efforts.

The Cold War imposed a rigid structure on the world. This meant that any discussion of democracy within this framework excluded the countries of Eastern Europe and focused on countries which were not "lost" to the possibility of democracy, however defined. It was only with the CSCE process in Europe that the framework of relations could be expanded to include discussions relating to democracy within the Eastern European countries.

By the time of the Mulroney foreign policy review in 1985-86, the issue of human rights was receiving a great deal of attention.¹³ In the Final Report of the

¹³ The House of Commons set up a committee on human rights in Eastern Europe in 1985. The Committee's report, the McGrath Report, led to the establishment of a human rights committee in the House of Commons. See David Gillies, *Principle and*

Parliamentary committee reviewing foreign policy--*Independence and Internationalism*--human rights were a major focus, reflecting the emphasis this issue received in briefs and testimony. The Report stated that Canada should protest gross and systemic violations of human rights, both publicly and privately, and make human rights considerations an integral part of foreign policy. It suggested that a portion of Canadian ODA should be directed to organizations "that are struggling to maintain and protect civil and political rights".¹⁴ It also provided a number of recommendations as to how human rights protection/promotion could be best accomplished. The Report noted that increased Canadian attention to the promotion and protection of democracy would be an effective way of ensuring future respect for human rights.

It is interesting that *Independence and Internationalism (II)* differentiated between positive and negative human rights protection. In general, the Western focus has been on negative protection--i.e., condemnation of human rights abuses. The Report recommended that this be continued, but suggested that an element of positive protection should be included in Canadian foreign policy.¹⁵ In some ways, this

Practice (Montreal: McGill-Queen's University Press, 1996), especially 205, 212-215, for a brief discussion of the evolution of human rights considerations.

¹⁴ *Independence and Internationalism. Final Report of the Special Joint Committee of the Senate and the House of Commons on Canada's International Relations*. Joint Chairmen: Senator Jean-Maurice Simard and Tom Hockin MP (Ottawa: Minister of Supply and Services, 1986), 103.

¹⁵ It suggested that "through co-operative programs of financial support, exchange, research and technical assistance, Canada should contribute to the long-term development of political, civil and cultural rights". *Independence and*

reflects the presence of the horizontal and vertical approaches to democratization.

II discussed the importance of human rights to democratic development--which had not been done explicitly before. It recommended that Canada "encourage the building of links with non-governmental organizations seeking to promote democratic development".¹⁶ These links were to help NGOs monitor/observe elections, provide technical assistance relating to electoral institutions/procedures, provide technical/financial assistance to workers' organizations, facilitate partnerships with human rights bodies, and provide advice on strengthening the judiciary and federalism--i.e., support of democratic institution building and democratic civil society. The Report recommended the creation of an organization which would focus on democracy and human rights. (This recommendation led to the creation of the International Centre for Human Rights and Democratic Development (ICHRDD) which will be discussed in Part Four.)

In its response to *II*, the Mulroney government stated that "a higher priority needs to be given to issues of democratic development and human rights in Canada's relations with the Third World".¹⁷ The government also claimed that "the determination to defend human rights and democratic values informs Canada's interest in promoting world order, and is the vision that guides our development assistance

Internationalism, 103-4.

¹⁶ *Ibid.*, 104.

¹⁷ *Government Response to the Final Report of the Special Joint Committee Reviewing Canadian Foreign Policy* (Ottawa: Supply and Services Canada, 1986), 8 and 75.

programs in the Third World".¹⁸ Ottawa stated that it was prepared to work actively with developing countries in the evolution of their own democratic institutions and procedures to promote human rights.

It is important to note that, despite the much higher profile human rights had in the 1985-86 review than in *Foreign Policy for Canadians*, Mulroney had a much more pronounced Cold War vision of human rights than Trudeau. Thus, "Cold War simplicities and pro-American sentiments" were displayed in *Competitiveness and Security*, the government Green Paper which provided direction to the foreign policy review.¹⁹ Furthermore, the government response to *II* put its defence of democracy in terms very reminiscent of the 1950s (as did American policy at the time).²⁰

Was the commitment to human rights an important part of development policy? *II* did not examine ODA in a detailed fashion.²¹ However, in 1987 CIDA published *Sharing Our Future*, which was the result of an extensive review of Canadian development assistance. This document provided a strategy for international development in the 1980s, and was adopted as Canada's official aid policy in 1988.

¹⁸ *Ibid.*, 23.

¹⁹ John Kirton, "Realism and Reality in Canadian Foreign Policy", *International Perspectives*, January/February 1987, 5.

²⁰ See *Government Response*, 11, for an example of this. Keating and Gammer argue, however, that by the late 1980s, the Mulroney government had incorporated a much broader attitude to human rights. See Tom Keating and Nicholas Gammer, "The 'New Look' in Canada's Foreign Policy", *International Journal*, Vol. 48 (Autumn 1993).

²¹ A Parliamentary Committee examined ODA and published its findings in what was referred to as the *Winegard Report*.

Unlike *Independence and Internationalism, Sharing Our Future* did not assign human rights and democracy a top priority. It listed the thematic objectives of Canadian ODA as: (1) poverty alleviation; (2) structural adjustment; (3) increased participation of women; (4) environmentally sound development; (5) food security; and (6) energy availability. The discussion of human rights was limited to recommendations that the Category of Eligibility list relating to recipients of Canadian ODA be abolished, that an "excluded" list be established which prohibited aid to countries because of foreign policy, human rights or economic criteria, and that persistent human rights violations should mean reduction or termination of Canadian bilateral aid (although aid could continue through NGOs).

The discussion thus far has stressed the growing importance of human rights in foreign policy considerations relating to democratization. This should not imply, however, that considerations of democracy itself were entirely absent from foreign policy in the 1980s. In particular, there was some Canadian activity in the South to build or support democratic institutions, especially electoral systems. Warren Baillie, the Chief Electoral Officer of Ontario, testified before the 1985-86 review about Canada's actions in election monitoring in the South.²² It is interesting, however, that the elections which were monitored by Canada--particularly those in El Salvador, Panama and the Philippines--were strongly supported by Washington, whereas Canada did not monitor an election in Nicaragua which was condemned by Washington.

²² At this time, Canada had monitored elections in, for example, Uganda, Zimbabwe, El Salvador, Panama, and the Philippines.

There was a certain scepticism on the part of some Canadian NGOs about the strength of the Mulroney government's commitment to human rights and democracy. Renaté Pratt, for example, notes that the commitment in policy never quite applied in practice.²³ This scepticism has been fuelled by government qualifications to its support for human rights and democracy. For example, *II* recommended that the government support NGOs in Central America which were promoting human rights and democratic development. The government response was that: "Promoting effective cooperative programs of democracy and human rights development is a desirable objective, but where it involves support for NGOs in recipient countries its implementation requires careful study".²⁴

Perceptions of Canadian actions with regard to human rights vary within Canada. As is the case in most democracies, governments tend to be criticized no matter what they do. Both the Trudeau and Mulroney governments were criticized, for example, for their human rights stand on South Africa--i.e., condemning apartheid and supporting sanctions (Mulroney in particular), while allowing Canadian corporations to continue to do business there without penalty. The Mulroney government was also criticized for not more strongly condemning human rights

²³ See Renaté Pratt, "From the Gold Mines to Bay Street: In Search of Corporate Responsibility", in Bonnie Greene (ed.), *Canadian Churches and Foreign Policy* (Toronto: James Lorimer, 1990), 114.

²⁴ *Government Response to Independence and Internationalism*, 79.

abuses in Central America²⁵--and particularly for following the Reagan/Bush policy of criticizing leftist governments for human rights abuses while turning a blind eye to the abuses perpetrated by right-wing allies.

It is interesting to note, therefore, that in his testimony to the 1985-86 foreign policy review, the President of the Canadian Polish Congress stated quite the opposite. In his April 1986 testimony, Jan Kaszuba stated that Canada was not selective enough in its condemnation of human rights violations. He argued that Ottawa was paying too much attention to abuses by right-wing governments and not enough to abuses by left-wing governments, particularly the Soviet Union, Poland²⁶ and Nicaragua.

It is clear from the testimony to the Special Joint Committee reviewing foreign policy in 1985-86 that many of the NGO representatives thought that the government should take a more active stance in the protection of human rights and the promotion of democracy in the South.²⁷ (It is interesting to note that none advocated taking a

²⁵ Bilateral aid to El Salvador was suspended in 1981, but Mulroney restored it in 1984 saying that the human rights situation had improved and elections had been held. Most Canadian human rights activists did not think that the situation had substantially improved or that the elections had been fair.

²⁶ Kaszuba called on the Canadian government to try to get the Polish government to cease its repression, and "to allow for a democratization of the social and political life in the country". *Minutes of Proceedings and Evidence*, Jan Kaszuba, 10 April 1986, 57:52.

²⁷ It was also clear that these NGOs saw a clear relation among development, human rights and participatory democracy. One of the representatives of OXFAM Canada, for example, stated "when we speak or when we think of development, we think of empowerment of the poorest members of society". *Minutes of Proceedings and Evidence*, 37:33.

stance in the Soviet bloc.) Robert Miller, for example, argued that "Canada has not been in the forefront of international efforts to encourage democratic development; it can and it should be".²⁸

The discussion in this chapter thus far illustrates an important phenomenon--the linkage between human rights and democracy. In general, the two are seen to be intimately related.²⁹ But, interestingly, human rights seem to have been the dominant concept in the 1970s and 1980s. In Canadian government publications and statements up until 1989, in which both human rights and democracy receive mention, the emphasis is on the former. In this sense, democracy was merely a means to protect or promote human rights. It was suggested by many of those testifying during the review that the reverse could be true--i.e., that Canada could promote human rights by promoting democracy.³⁰

Having argued here that human rights are increasingly important, it must be noted that their acceptance as a legitimate concern in relations between states is not

²⁸ *Minutes of Proceedings and Evidence*, Miller, 25:43. He suggested that CIDA set up a program to assist representative institutions, that DEA work more actively to support democratic institutions, and that Parliament establish cooperative programs with other Parliaments in the South. *Ibid.*, 25:44.

²⁹ In some ways, however, the minimalist definition of democracy coming out of Washington in the 1980s made the two concepts somewhat antagonistic. The Reagan administration promoted its version of democracy in Central America, but was not enthusiastic about promoting human rights there because that would raise awkward questions about American allies.

³⁰ Thus, for example, Miller stated that "one practical means for Canada to promote international human rights is through programs designed to strengthen democratic political institutions". *Minutes of Proceedings and Evidence*, Robert Miller, 25:41.

universal. As well, international relations involve, as do any interactions, give and take. A government will often sacrifice one goal to achieve another. This is the art of politics. This means that demands for human rights protection have been abandoned to achieve strategic military agreements (eg., with the Soviet Union) and economic goals (eg., with China after Tiananmen Square in 1989).³¹ Furthermore, there are strains in policy, particularly between the desire to promote human rights and the principle of sovereignty, which prohibits interference in the internal affairs of another state. In theory (although this has been increasingly challenged in practice), interactions between states are still governed by the notion of sovereignty, and this means that the principles of international law are stacked against effective action on human rights abuses.

By definition, promoting human rights and democracy means rearranging how citizens are treated within a state. This raises the problems associated with "interfering" in the affairs of another country. Canada was always sensitive to British interference and Ottawa has generally tried to avoid this practice in its international relations. It has been the consensus in Ottawa that Canada cannot and should not force its political institutions on another country. *Independence and Internationalism*, for example, said Canada should promote human rights and democracy, but "should not be in the business of exporting its own institutions. It can and should be equipped

³¹ John Holmes asked if it was "more important to protest human rights in the Soviet Union or to conclude a strategic arms limitation agreement", and answered that the arms agreement was more important. John W. Holmes, "Everything Has Its Season and That Adds to Complexity", *International Perspectives*, September/October 1977, 21-24.

to share its experience and to cooperation with others as they develop their own institutions."³²

The principle of non-interference in the domestic affairs of other states has thus sometimes provided a brake on human rights actions.³³ Governments find the principle of non-interference a double-edged sword. On the one hand, it is useful for one's own country and to justify inaction in uncomfortable cases while, on the other hand, it is frustrating when a government is genuinely committed to taking action. These tensions will need to be addressed if the promotion of human rights and democracy is to be effective internationally.³⁴

The Second Trend: Trade and Financial Considerations in Canadian Foreign Policy

The first trend, then, is that considerations of human rights and democracy have increasingly made their way into the statements and policy of the Canadian government. The second trend is the parallel appearance of two broad policies concerned with trade and international economics. The two inter-related Canadian

³² *Independence and Internationalism*, 104.

³³ Keating and Gammer, as noted above, argue that this began to change in Canadian policy in the late 1980s, as Ottawa became more willing to intervene on humanitarian grounds. See Keating and Gammer, "The 'New Look' in Canada's Foreign Policy".

³⁴ David Close has argued that "because we want our ODA to make greater contributions to the promotion of peaceful, democratic development, we shall have to bring political considerations into the design and delivery of Canadian foreign aid". David Close, "Aid as Peacemaker: Central America", in Robert Miller (ed.), *Aid as Peacemaker. Canadian Development Assistance and Third World Conflict* (Ottawa: Carleton University Press, 1992), 30.

policies to be discussed in this section are: (1) more aggressive trade promotion; and (2) support for structural adjustment programs.

Two notes must be made here. First, an increased emphasis on trade and Canadian economic interests does not necessarily hurt the parallel promotion of democracy. And, second, this chapter will not join the debate about the effectiveness of SAPs, which has occurred elsewhere, but rather, will address the philosophy behind them and suggest that they emphasize a "vertical" rather than a "horizontal" definition of democracy.

i. Increased Commitment to Trade

The emphasis on economic benefits for Canada in international assistance programs began at much the same time as human rights and democratic considerations entered foreign policy.³⁵ Thus, just as Trudeau was giving a higher profile to the Canadian focus on development and human rights, he was also giving a more public focus to Canadian "me-firstism". Before this, trade was not aggressively pursued with the support of government and the federal government did not promote Canadian investment abroad.

³⁵ In *Foreign Policy for Canadians*, economic growth in Canada was listed in the top tier of the foreign policy themes. See Michael Tucker, "The Domestic Sources of Contemporary Canadian Foreign Policy", in Tucker (ed.), *Canadian Foreign Policy*, 65, for a discussion of the tensions that arose from these new policy directions.

A number of federal government programs--administered by the Department of External Affairs (DEA), CIDA, the Department of Finance, or the Department of Industry, Trade and Commerce--were created in the 1970s and 1980s to promote and facilitate Canadian trade and investment.³⁶ The Program for Export Market Development (PEMD) was introduced in 1971 "as a means of sharing with the business community the financial risks of entering new foreign markets" in order to "encourage more firms to export".³⁷ PEMD had its funding increased by \$20 million over four years starting in 1983. Given that its 1983 annual budget was \$22 million, this is a substantial increase. PEMD's sister program--the Promotional Projects Program (PPP)--was created as a vehicle through which the federal government could plan and implement exhibits at trade fairs abroad and incoming trade missions, and conduct trade visits from buyers and government delegations. In 1983 a Special Recovery Export Financing Fund of \$180 million was created to help the Export Development Corporation (EDC) finance projects in need of financial assistance. Other export programs include the Industrial Cooperation Program (1978), the Business Cooperation Branch (1984) and the Petro-Canada International Assistance

³⁶ This chapter covers the period up to 1989. The post-1989 period will be discussed in Part Four.

³⁷ DEA, *Annual Report, PEMD, 1983-4* (Ottawa: DEA, 1984), 1. There were some applications to PEMD to export to Eastern Europe but in 1971-84 they represented only 2.8% of the applications received. See *Annual Report, PEMD, 1983-84*, Tables 7 and 8, pages 17 and 18.

Corporation (1981) within CIDA,³⁸ Marketplace, the Trade Communications Bureau, WIN-Export, Info-Export, and programs in cooperation with the Canadian Chamber of Commerce and the Canadian Manufacturers Association.³⁹

The government response to *Independence and Internationalism* stated that increased resources were being applied to export development, and approximately one-third of program personnel at DEA at the time were employed in trade promotion, and trade and economic policy work.⁴⁰

These programs have been seen by some as evidence that the federal government's commitment to human rights and democratization is not a top priority in Canada's international relations.⁴¹ Because of the priority the federal government

³⁸ Other programs, under the auspices of the Departments of Finance, Industry, Trade and Commerce, and External Affairs, had long provided basic informational services designed to facilitate the export of Canadian capital, but CIDA's scheme "is unique in that it seeks to actively stimulate and assist the Canadian private sector to invest abroad in developing countries". James H. Adams, "Transnational Investment in the Third World: Issues for Canada", in North-South Institute, *In the Canadian Interest?* (Ottawa: The North-South Institute, 1980), 133-134.

³⁹ In 1977, for example, Canadian business organizations interested in international economic issues formed the Canadian Business and Industry International Advisory Council. The Council harmonizes Canadian business approaches to international economic matters and provides a liaison with the federal government.

⁴⁰ *Government Response to Independence and Internationalism*, 17. In 1987, official export credits made up 22% of Canadian government funds allocated to the South (compared with 7% for the OECD countries as a whole). Brian Tomlinson, "Development in the 1990s", in Jamie Swift and Brian Tomlinson (eds), *Conflicts of Interest. Canada and the Third World* (Toronto: Between the Lines, 1991), 56.

⁴¹ Steven Langdon, for example, stated that the "hard-nosed men in the Department of Industry, Trade and Commerce and "realists" in the External Affairs Department see to it that humanitarianism doesn't hinder unduly the search for economic advantage". Quoted in Norman Hillmer and Garth Stevenson (eds), *A Foremost Nation. Canadian Foreign Policy in a Changing World* (Toronto:

places on export promotion, it has become a major concern of those who are involved with North-South issues.

What upsets critics most is not that the federal government is emphasizing export promotion. This is obviously a wise choice in an increasingly competitive global economy. What they object to is that export promotion has become a substantial part of the Canadian development program, which claims to target the poorest of the poor. The latter goal has, however, increasingly been marginalized in practice. In a 1977 statement, for example, CIDA's President (Michel Dupuy) stated: "the recent evolution of the Canadian economy as well as its short and medium term prospects require that CIDA strive to ensure that its activities maintain or generate employment and economic benefits in our own country".⁴² Up until the mid-1980s, CIDA's objective was stated as follows:

To support the efforts of developing countries in fostering their economic growth and the evolution of their social systems in a way that will produce a wide distribution of the benefits of development among the populations of these countries, enhance the quality of life and improve the capacity of all sectors of their population to participate in national development efforts.

But this focus has changed. In 1986, CIDA's mandate statement was reworded to include explicit reference to addressing Canadian interests. Since that year, CIDA's

McClelland and Stewart, 1977), 196. Tomlinson states: "CIDA does not share a vision of development focusing on the empowerment of the poor. Despite the rhetoric of sustainable development and support for the poorest, the underlying (and sometimes overt) assumption of *Sharing Our Future* is the growth model of the private sector." Tomlinson, "Development in the 1990s", in Swift and Tomlinson (eds), *Conflicts of Interest*, 59.

⁴² Quoted in The North-South Institute, *In the Canadian Interest?*, 35.

mandate statement has read:

To facilitate the efforts of the peoples of developing countries to achieve self-sustainable economic and social development in accordance with their needs and environment, by co-operating with them in development activities; and to provide humanitarian assistance *thereby contributing to Canada's political and economic interest abroad* in promoting social justice, international stability and long-term economic relationships, for the benefit of the global community.⁴³
(emphasis added)

Thus, although in practice CIDA may have always done this, *explicitly* including this in CIDA's mandate has elevated considerations of Canada's political and economic interests abroad in its development activities.

Even though the stated objectives of both the government and CIDA now include human rights, this does not necessarily equate with increased action. It is easy to add new elements to a policy, but studies indicate that bureaucracies are difficult to change--it is much easier for employees to just keep doing what they have been doing in the past. As Schmitz states "the politicians' speeches and the public presentation may change, but for most CIDA employees, it will be business as usual".⁴⁴

While CIDA has successfully incorporated some of the new emphases arising in the 1970s and 1980s--especially the role of women in development, and structural

⁴³ In many ways this reflects the Trudeau foreign policy change reflected in the 1968-70 review which stated that foreign policy was to be the extension abroad of domestic policy. But there is an important difference: the Trudeau change was about *foreign policy in general* and this statement is *the mandate of CIDA*--the development branch of the Canadian government.

⁴⁴ Gerald J. Schmitz, "CIDA as Peacemaker: Integration or Overload?" in Miller (ed.), *Aid as Peacemaker*, 97.

adjustment programs—it has not had much success incorporating human rights. In 1992, for example, CIDA's human rights unit had only one employee, and CIDA's Annual Reports in the late 1980s did not even mention human rights. In the pre-1989 period, as Schmitz argues, "one still does not get the sense, as with the economic policy conditions, that a human rights approach is solidly rooted in CIDA's thinking, structures and operations".⁴⁵ It is not difficult to reach this conclusion when the President of CIDA at the time (Marcel Massé) stated during a seminar on African development that "we should avoid the temptation to let our desires for more justice in the world obscure the view of reality as it is".⁴⁶

ii. Support for Structural Adjustment

In the early 1980s, concern about debt in the developing world reached major proportions. This led the World Bank and IMF to search for ways to address debt in the developing world, since they are prohibited by their own regulations from lending to countries with outstanding debts owed to them. The IFIs and creditor countries came up with several plans. First, the Paris Club, an informal group of creditor countries chaired by the French Treasury, was formed. This group meets to consider rescheduling requests of official bilateral debt and debt guaranteed by governments. Second, and more important for our purposes here, was the creation of structural

⁴⁵ *Ibid.*, 98.

⁴⁶ Marcel Massé, "The Role of External Actors in Promoting Development and Change in Africa", in North-South Institute, *Structural Adjustment in Africa* (Ottawa: North-South Institute, 1988), 97.

adjustment programs (SAPs) to help address debt in the South. Their most common features are: currency devaluation (to increase exports and reduce imports); cuts in government expenditures, especially the elimination of subsidies; privatization of state enterprises; reduction of public services; and wage control.

Canada has been a member of both the World Bank and IMF since their creation. Although Canada is a major importer of capital, it also exports it. The debt crisis, therefore, concerned Canada greatly. The major Canadian banks were heavily exposed in the South.⁴⁷ Concern about the debt crisis quickly made it into Canadian policy toward the developing world. On the top of *Sharing Our Future's* list of ODA priorities is Canadian support for the poorest,⁴⁸ but support for international SAPs was second on the list.

The attitudes of some of CIDA's top people have come to reflect the priority given to SAPs. Marcel Massé became President of CIDA in 1989 after four years as the Canadian Director at the IMF. He clearly supported the international neo-liberal agenda. In October 1989, Massé stated in his testimony to the Standing Committee on External Affairs and International Trade that "structural adjustment means nothing

⁴⁷ Total private bank exposure (including oil exporters) peaked in 1981 at \$34 billion. CIDA, the EDC and the Wheat Board had an additional \$5 billion in outstanding loans. Tomlinson, "Development in the 1990s", in Swift and Tomlinson (eds), *Conflicts of Interest*, 45.

⁴⁸ In practice, however, Canadian assistance does not go to the poorest. Pratt says that of Canada's 31 priority countries "only 6 are least developed countries and 11 are on the World Bank's list of low-income countries". Cranford Pratt, "Canada: An Eroding and Limited Internationalism", in Pratt (ed.), *Internationalism Under Strain* (Toronto: University of Toronto Press, 1989), 40-1.

less than moving towards economic policies that have a decent chance of succeeding.... In the long run, it is the only way in which most developing countries can make real headway in their struggle to develop".⁴⁹ And in November 1989, he stated: "As the decade closes--with the market approach to economic growth in spectacular triumph over the planned economies of Eastern Europe ... --structural adjustment looks more relevant with each day that passes".⁵⁰

Although the federal government announced a moratorium on (and then the cancellation of) the repayment of bilateral debt in the poorest countries of Sub-Saharan Africa, it would not extend this to some government programs. The government response to *Independence and Internationalism* stated that:

Canada views sympathetically requests for rescheduling of official debt on generous terms. It would be difficult, however, to contemplate extension of Canada's moratorium on aid debt to EDC loans. Such a measure would destroy the commercial basis on which the EDC is founded, place the burden of deferred interest at market rates (not highly concessional as for aid) on the government, and seriously undercut Canada's participation in the multilateral management of official debt and broader economic policy making.⁵¹

When *II* recommended that Canada use its voice in the international financial

⁴⁹ Marcel Massé, Standing Committee on External Affairs and International Trade, *Minutes of Proceedings and Evidence*, 2nd Session, 34th Parliament, October 1989, 5-6.

⁵⁰ Marcel Massé, quoted in Swift, "Introduction", in Swift and Tomlinson (eds), *Conflicts of Interest*, 13. Pratt argues that the top management at CIDA supported the neo-liberal agenda to the extent that, in the early 1990s, it lost the support of its traditional constituency. See Cranford Pratt, "Canada's Development Assistance: Some Lessons from the Last Review", *International Journal*, Vol. 49 (Winter 1993-94).

⁵¹ *Government Response to Independence and Internationalism*, 64.

institutions to protest human rights violations, the government responded:

The key issue is how to further fundamental human rights interest without seriously impairing, through further politicization, the effectiveness of multilateral financial institutions in their critical task of bringing about needed development and adjustment in developing countries.⁵²

This made it clear that the government would protest abuses, but not if this interfered with Canadian economic priorities or the agenda of the IFIs.

SAPs reflect the ideological perspective which became dominant under Margaret Thatcher, Helmut Kohl and Ronald Reagan. This neo-liberal perspective stresses that the state should have limited involvement in the economy. The only path to development acceptable under SAPs is one that stresses free market economics.

Like its OECD colleagues, Canada adopted this perspective. The government stated

unfortunately, some developing countries have pursued economic policies which, in fact, hamper their development. Therefore, in coordination with other donors and organizations such as the IMF and World Bank, Canada will continue to encourage such countries to change counter-productive economic policies.⁵³

Support for the economic changes within SAPs indicates that, in addition to the increased commitment to humanitarian action, the Mulroney government was willing to interfere in the domestic affairs of other states for economic considerations.

Since the late 1980s, the economic elements of SAPs have been supplemented by political elements, and Canada has supported this change. These political "conditionalities" added strictures relating to a recipient country's political system.

⁵² *Ibid.*, 74.

⁵³ *Ibid.*, 20.

As discussed in Chapter 4, the IFIs have stressed "good governance" as a prerequisite for additional funding, which means that not only must a country revise its economic structures, it must also work towards making the political system more responsive and accountable according to the guidelines set out by the IFIs. The political conditionalities represent the incorporation of an element of democratization into the international financial agenda.

Conclusions

This chapter has illustrated that since the end of WW II, democracy and human rights have assumed a higher profile in Canadian foreign policy. In addition, the scope of these concepts has broadened considerably. The idea of promoting democracy has changed from simply interdicting communism to an acknowledgement that democracy can occur in parallel with economic development and that civil society is important in the process. The concept of human rights has broadened too--geographically to include the Soviet bloc (following the CSCE process), and thematically to include such things, for example, as women's, environmental and cultural rights.

What this chapter has also illustrated, however, is that despite their higher profile in Canadian foreign policy in the pre-1989 period, the federal government has often tempered its support for human rights and democracy. The government made it clear that economic considerations are important in assessing whether Canada will act to further human rights and democracy.

Finally, this chapter has illustrated that growing in parallel with government support for human rights and democracy has been an increased governmental commitment to promoting Canadian trade and supporting the tenets of SAPs. It is clear that the federal government--including the agency responsible for development assistance--supports SAPs. There have been a number of arguments made about the negative affects of SAPs, but these need not detain us here. The point to be stressed here is that the agenda promoted through the IFIs by means of SAPs corresponds to the vertical approach to democratization. SAPs further a particular ideological program, and a particular definition of democracy. Because they advocate free market economics and the reduction of the state as a societal and economic force, SAPs favour a minimalist definition of democracy. It is in this sense that they affect democratization policy. SAPs do not in theory prevent democracy, but they do define just what shape democracy will take. This will be discussed in greater detail in Part Four.

PART FOUR
CANADIAN DEMOCRATIZATION POLICY SINCE 1989:
THE VISEGRAD COUNTRIES

Introduction to Part Four

Dividing this thesis into pre- and post-1989 may seem arbitrary given its focus on Canadian foreign policy. There was no change of government in Canada and Canadian foreign policy did not receive a major overhaul until 1994. The division, arbitrary as it may seem in Canadian terms, is, however, necessary for discussion of the Visegrad countries (and the FSS in general).

With the collapse of the Soviet Union's power in Eastern Europe in 1989, Canadian foreign policy clearly had to be re-evaluated (as did Western foreign policy in general). The growing, though still marginal, commitment to democracy and human rights in Canadian foreign policy was now to be tested in Europe. During the Cold War, this commitment had existed more in theory than in reality because the West was never willing to risk nuclear war to further democracy and human rights in the Soviet bloc. With Soviet troops withdrawing from the area, Eastern Europe expected that the talk would be translated into action.

The West European countries, not surprisingly, led the reaction to events in Eastern Europe based on a variety of motives, including security and humanitarian concerns, and economic self-interest. A number of multilateral institutions and programs were established to address these concerns. These include, first, the

European Bank for Reconstruction and Development (EBRD) which was capitalized with approximately (US) \$13 billion in 1989 to help the transition.¹ Second, the Poland/Hungary Aid for Restructuring of Economies (PHARE) program was established in 1989 to provide short- and medium-term financial support to the area. Third, the European Community (EC) concluded trade and cooperation agreements with Poland, Hungary, Czechoslovakia, Bulgaria and Romania. The EC then later concluded so-called "European Agreements" with Poland, Hungary and Czechoslovakia, which in essence established a free trade relationship. And, fourth, NATO established the Partnership for Peace (PfP) program to address the area's security concerns.

It was the hope of the Visegrad countries that these agreements indicated progress toward full membership in the European Union (EU). However, although the EU indicated in July 1997 that it will move toward expansion (and that the first expansion will include Poland, Hungary, the Czech Republic and Slovenia), the expansion is problematic from its members' perspectives. Instead, some Western Europeans have pushed for full integration of the Eastern European countries into NATO and the Western European Union (WEU) as an easier--and more importantly, cheaper--scenario. At the Madrid Summit, 8-9 July 1997, NATO leaders stated that Poland, Hungary and the Czech Republic had been accepted in the first round of eastward enlargement. It was also announced at Madrid that there would be further

¹ The Marshall Plan disbursements amounted to approximately (US) \$37 billion in 1990 US dollars.

rounds of enlargement (although the timetable was not specified), despite serious Russian misgivings about the process.

Following Canadian foreign policy traditions, Ottawa has participated in these multilateral programs. This assistance has involved the Group of 7, the Group of 24, the World Bank and the IMF (in addition to the EBRD), and the Organization of Economic Cooperation and Development (OECD). Multilateral programs have been significant in the transition process in the Visegrad countries (particularly in terms of facilitating economic transformation), but it is, however, the bilateral Canadian programs on which this thesis will focus.²

It makes economic sense for international corporate interests to focus on the four countries discussed here. The potential for economic returns in the area is great, given its literate and generally skilled workforce, which is nonetheless offering attractively low wages compared to Western Europe. As well, the Visegrad countries (particularly Poland) represent a large consumer market, already anxious for Western products and investment. It is therefore not surprising that the area is receiving corporate attention, but it is the governmental focus that is central to our analysis here.

Having constructed frameworks of democracy and democratization (in Parts

² The focus will be on bilateral programs because, although the multilateral programs have been important, it is difficult to determine the Canadian role in them. Studying multilateral programs introduces a whole range of new factors--eg., what is Canada's influence in the process, what were the compromises made in the policy-making process, what were the priorities of the other participants?--which do not further this examination of Canadian approaches to democratization.

One and Two), Canada's historic relations with Eastern Europe (in Chapter 6), and of democracy and human rights in Canadian foreign policy up to 1989 (in Chapter 7), we can now begin to draw the elements together. These frameworks provide us with a foundation for this final part of the thesis. Part Four will examine the specific actions that have been taken by the Canadian government to promote democracy in Poland, Hungary and Czechoslovakia (the Czech and Slovak Republics) since 1989.

As Chapter 7 indicated, there has been a growing commitment in Canadian foreign policy to the promotion of human rights and democracy. But Chapter 6 illustrated that this commitment did not apply in a sustained fashion to the Soviet bloc. In 1989 when, much to everyone's surprise, Soviet hegemony in Eastern Europe collapsed almost overnight, it became possible to talk of promoting human rights and democracy on a global basis.

A new body of policy and practice had developed in the 1970s and 1980s relating to economic policies, human rights and democracy in the South and, as the Soviet bloc collapsed, parts of this were quickly commandeered for service in Eastern Europe. But circumstances there are different than in the South, and the policy relating to Eastern Europe has mutated from the original. An examination of the Canadian version of this unique mutation is the focus of Part Four.

Part Four will discuss the commitment to human rights and democracy in general Canadian foreign policy in the post-1989 period, particularly since the change of government in 1993. It will examine this commitment in the Visegrad countries in the post-Cold War years. In order to do this, Part Four will be divided into four

themes: (1) ensuring security; (2) promoting economic transformation and Canadian prosperity; (3) democratic institution building; and (4) developing democratic civil society. These themes have been derived both from the key objectives of Canadian foreign policy listed in *Canada in the World*, and from the discussion in this thesis thus far.

The first theme--security considerations--derives from historic Canadian relations with Eastern Europe (discussed in Chapter 6), which were defined by these considerations. The second theme--economic transformation--is characteristic of the vertical approach to democratization (discussed in Chapter 4). Moreover, creating economic prosperity is listed as a key objective of Canadian foreign policy. The third theme--democratic institution building--is a common element of the vertical and horizontal approaches to democratization (discussed in Chapter 2), and an element of the government programs relating to the area. And, finally, the fourth theme--developing democratic civil society--is characteristic of the horizontal approach to democratization (discussed in Chapter 3), and an element of general Canadian ODA. Chapter 8 will discuss the first three of these themes, and Chapter 9 will examine the fourth.

Chapters 8 and 9 will make four points, which will be illustrated in the four sections. First, Chapter 8 will argue that any discussion of democratization in the Visegrad countries must consider a new element--creating security. While democratization is difficult in *any* insecure environment, this element is given more attention in Eastern Europe than elsewhere because of its historic importance and of

continuing fears about Russian intentions. The security framework in the region has changed since 1989, and this means that Canadian security policy has had to change from an alliance-based policy of bloc confrontation to a policy which stresses a broader definition of security.

Second, Chapter 8 will argue that Canadian foreign policy toward the Visegrad countries emphasizes economic transformation to market-based economies and increased Canadian economic interaction there. Third, Chapter 8 will argue that Canadian policy toward these countries also emphasizes democratic institution-building, particularly in terms of building electoral capacity. These two points illustrate the close congruence of Canadian policy with a vertical approach to democratization.

And fourth, Chapter 9 will argue that Canadian policy has *not* stressed development of a democratic civil society in Eastern Europe. This is in contrast to the policies of CIDA and ICHRDD which clearly support this in the South (despite some limitations in practice).

CHAPTER EIGHT

Creating Security, Facilitating Economic Transformation and Building Democratic Institutions

Introduction

This chapter will examine the foreign policy of the Chrétien government in the Visegrad countries, but it is important to note that the previous Conservative government (Mulroney and Campbell) did not manifest significant differences in its policies toward the area. A 1991-92 update of Canadian foreign policy by the Policy Planning Staff acknowledged that change was taking place on the eastern edge of Europe, but emphasized the phenomenon of globalization and new challenges to security.³ The update reaffirmed Canada's commitment to democracy and human rights, but tied democracy to the transition to a market-based economy.⁴ It is clear that, for the Mulroney government, the economic changes were a priority.⁵

³ According to the Mulroney foreign policy update, the key policy directions were "strengthening cooperative security, creating sustainable prosperity and securing democracy and respect for human values". External Affairs and International Trade, Policy Planning Staff, *Foreign Policy Themes and Priorities, 1991-92 Update* (1991), 16.

⁴ The update makes it clear that in an era of fiscal restraint, Canadian assistance will be targeted to those countries that are "making efforts to transform themselves to pluralist, market-based democracies". The booklet suggests that Canada "should refocus our political relationships, our development assistance and trade instruments to promote good governance (democratic development, human rights, market-based economies, non-proliferation)". *Ibid.*, 19.

⁵ For EE/FSU, "managing the transition from centrally-planned to market-based economies will be the principal challenge". *Ibid.*, 12.

As explained in the Introduction, it is the Chrétien government's policy that concerns us here, particularly the post-review policy. After taking power, the government set up a Special Joint Committee to undertake a comprehensive review of Canadian foreign policy. The Committee presented its report, *Canadian Foreign Policy*, in November 1994. The government responded to the Final Report in two publications: *Canada in the World*, and *Government Response to the Recommendations of the Special Joint Parliamentary Committee Reviewing Canadian Foreign Policy*. Whereas the *Government Response* tackles each recommendation in turn, *Canada in the World*, released in February 1995, is the official government statement of foreign policy.

The government's response made it clear that foreign policy has to exist in a changed environment, in particular the tight financial situation faced by Canada. This means that foreign and domestic policy have been even more intimately joined, and that foreign policy must complement domestic priorities. The government identified three key objectives for its future international actions: the promotion of prosperity and employment; protection of Canada's security; and the projection of Canadian values and culture abroad. These key objectives help form the structure of this chapter and Chapter 9.

Creating/Ensuring Security

Security has historically been, and continues to be, a major precondition for democracy. An insecure state is unlikely to promote or support democracy.⁶

Security can be defined in many ways. It can be limited to traditional questions of physical security from invasion, or it can include questions of minorities, economic instability, immigration, etc. However defined, the security framework of the former Soviet bloc is in transition.

Thus, although it is recognized across Europe that the "traditional" security framework no longer applies, there appears to be little consensus on what a new framework implies.⁷ During the Cold War, Canadian relations with Eastern Europe were characterized by considerations of security. This was *the* defining element of the relationship, as discussed in Chapter 6. Strategic security considerations, however, no longer *define* the relationship, although they continue to be important.

As mentioned in the Introduction, the government's second key objective for

⁶ As Nelson states, "conditions in which personal or collective threats are absent, muted, or balanced by countervailing capacities enable democracy to be nurtured". Nelson, "Introduction", in Nelson (ed.), *After Authoritarianism*, viii.

⁷ A number of sub-regional security organizations have been created in the new Europe: (1) the Visegrad Group (Czech Republic, Hungary, Poland and Slovakia); (2) the Central European Initiative (Austria, Bosnia and Herzegovina, Croatia, Czech Republic, Slovakia, Slovenia); (3) the Baltic States Council (Denmark, Estonia, Finland, Latvia, Lithuania, Germany, Norway, Poland, Russia and Sweden); and (4) the Commonwealth of Independent States. These regional organizations are important because they have in some cases overcome the old East-West divide and have introduced some cohesion/coherence to the area. See Regina Karp, "Postcommunist Europe: Back from the Abyss?" in Nelson (ed.), *After Authoritarianism*, especially 104, for a discussion of the post-Cold War security framework.

Canada's international actions is the protection of Canada's security.⁸ Indeed, the only two reasons *Canada in the World* gives for Canadian attention to EE/FSU are international security and economic considerations.

Security considerations cannot help but be important given that most of the conventional and nuclear weapons possessed by the Soviet Union continue to exist--without a central institutional framework to control them--and that the area is experiencing destabilizing economic changes. What has changed is not the potential security threat, but how this security threat is addressed, and how it relates to the process of democratization.⁹

Canada in the World indicates that the Chretien government's concern about security as it relates to the Visegrad countries (and EE/FSU) is not about massive conventional or nuclear attack, but rather nuclear accidents, terrorism involving captured nuclear weapons or material, or massive civil unrest resulting from economic or ethnic disturbances.¹⁰ In the post-1989 world, the concept of "security" includes a

⁸ The first priority was listed as the promotion of prosperity--this will be discussed in the next section.

⁹ It should be noted that some parts of this discussion could have been included in two of the other sections of Part Four. They could have been included in the section on building democratic institutions (i.e., restructuring the military as a government institution), or the section on creating democratic civil society (i.e., creating an apolitical military which does not threaten civil society). This was not done because it is important to discuss how security considerations have been included as part of Canadian democratization efforts relating to EE/FSU.

¹⁰ *Canada in the World* states: "There is much at stake for Canada in this region.... First and foremost, international security demands stability in an area that still contains powerful nuclear arsenals while the social, economic and political structures essential to peaceful transformations remain fragile". CITW, 46.

much broader array of concerns. *CITW* indicates that the federal government has accepted a definition of "security" which includes environmental, developmental and demographic considerations in addition to the traditional defence concerns.¹¹

In the 1990s Canada has addressed insecurity in Europe, not by bolstering Canadian armed forces in Western Europe, but by attempting to help avoid economic chaos in the countries in transition. *CITW* and the *Government Response* both acknowledge the potential security threat posed by economic instability in the region.

In the post-1989 era, security considerations now illustrate their linkage to the democratic transition. Security interactions in the post-Cold War period do not occur on a bloc-to-bloc basis but rather on a piecemeal, country-to-country basis. Thus, Canada has begun to have bilateral military relationships with the Visegrad countries-- something that was inconceivable during the Cold War. Canada has also cooperated with Eastern European militaries multilaterally.¹²

It is possible to cite several examples of the way in which military cooperation

¹¹ Both the foreign policy and the defence policy reviews discussed how security had to be redefined to include these concepts. Nuclear safety is one of the major concerns, particularly concern that the Red Army's nuclear weapons would be "compromised" and about the state of nuclear power facilities in the region-- particularly the Chernobyl facility in Ukraine. Cooperation relating to nuclear energy has become a major element of the Canadian security relationship with Eastern Europe. Canada is a member of the G-7 Nuclear Safety Working Group (NSG) which is working to promote nuclear safety in EE/FSU. And in 1994 Canada negotiated bilateral nuclear cooperation agreements with the Czech and Slovak Republics.

¹² The Defence Policy Review White Paper released in 1994 indicated that this cooperation would be expanded and that the budget for the Military Training Assistance Program (MTAP) would be increased. *Defence Policy Review White Paper*, 33.

between Canada and the former Warsaw Pact countries is targeted at the democratic transition. For example, in July 1996 a seminar (coordinated in part by DFAIT) on the role of the military in democracies was held in England (the Rose-Roth Seminar on Defence in Democratic Societies). Sixteen EE/FSU countries participated, as did 16 NATO members and representatives of the former Republic of Yugoslavia. The purpose of the seminar was to increase the capability and confidence of Eastern European Parliaments to "assert democratic control over their defence forces"; to help them prepare for NATO membership; and (an objective for Canada) to increase links between Canadian and Eastern European parliamentarians.¹³

A second example of the programs in which Canada has used military/security interactions to further the democratic transition is the Military Training Assistance Program (MTAP). In particular, the MTAP has a program called the Democratic Civil-Military Relations Program (DCMRP) which targets both democratic institution building and the creation of democratic civil society.¹⁴ The objective of the DCMRP is to assist the countries of EE/FSU to consolidate democratic and civilian control over their armed forces by training civilian and military personnel in the theory and practice of democratic control.

The Introduction to this chapter indicated that it would only discuss Canada's

¹³ Rose-Roth Seminar on Defence in Democratic Societies, July 1996, organizational brochure.

¹⁴ This is a program of the Department of National Defence. It uses funds from the Civil-Military Education Fund, and is administered by the Association of Universities and Colleges of Canada. The Program commenced in February 1997.

bilateral relations with the Visegrad countries. Two exceptions will be made here. It is important briefly to mention NATO and the Organization of Security and Cooperation in Europe. Since 1989, NATO and its members have had to struggle to re-define the organization, their role within it and their commitment to it. Since the end of the Cold War, Canada has withdrawn its stationed forces from Europe and closed the two Canadian bases in Germany. The changes in NATO illustrate the same changes that have occurred in Canadian policy--the emphasis on smaller-scale, democracy-enhancing interactions relating to a broader array of security concerns.

NATO has responded to the changes in Eastern Europe and the former Soviet Union in two ways. First, it created the North Atlantic Cooperation Council (NACC)--which includes all NATO members, all the former members of the Warsaw Pact and the successor states of the Soviet Union--as a forum for security cooperation. (In May 1997, NACC was replaced by the Euro-Atlantic Partnership Council (EAPC).) Second, it formed the Partnership for Peace (PfP) program which brings former Soviet bloc countries into joint planning, training, and exercises with NATO forces. And, third, it signed separate association agreements with Russia and Ukraine.

The Conference on Security and Cooperation in Europe (CSCE), as discussed in Chapters 6 and 7, was created as a forum to further matters relating to security in Europe. The OSCE¹⁵ remains a significant organization in Europe and illustrates the linkage between security and the democratic transition. It has been transformed from

¹⁵ As of 1 January 1995, the CSCE became the Organization for Security and Cooperation in Europe (OSCE).

a "process" designed to further détente by using the Helsinki Accords, to an organization with institutions relating to: (1) cooperative security, confidence-building and arms control; (2) conflict prevention and crisis management; and (3) human rights, democracy and the rule of law.

This brief discussion of security has attempted to illustrate two points. First, the security framework for Europe has profoundly changed since 1989. "Security" considerations have broadened to incorporate matters associated with a process of democratization. Second, the new security framework has allowed Canada to take actions with the security establishment in the Visegrad countries to further the development of democracy. Canada, therefore, has for example been active in promoting the democratic/civilian control of the armed forces and the education and retraining of military personnel for their new role in a democracy (democratic institution building). Canada has also been involved in the promotion of nuclear safety in the region--particularly relating to environmental and health concerns--which can be seen as promoting organizations that fit into civil society. In these two senses, Canadian foreign/defence policy toward Eastern Europe has promoted democratization in the area.

Facilitating Economic Transformation and Canadian Prosperity

What this section will illustrate is the priority the federal government places on two elements of the economic transition in the Visegrad countries--facilitating the creation of market-based economies, and increasing Canadian trade with and

investment in the area. Of 30 priorities listed for Canada's international activities in 1995-96, three pertain to Eastern Europe and the FSU. Two relate to economic reform and one relates to security considerations.¹⁶

Before this discussion commences, it is necessary to address the question of whether or not the economic programs to promote Canadian trade with the Visegrad countries should be considered. It must be asked if market development programs, as discussed in this section, have anything to do with democratization, or if the discourse of democracy has simply been used to legitimize the pursuit of Canadian private sector interests. This is a difficult question to answer because it delves into motives of government actions. It is extremely difficult to ascertain on what motive any government policy is based, since even policy-makers themselves often cannot say what their motives are, and in the policy-making process motives may be so distorted through compromise, as to be unrecognizable.

What is being examined here is the Canadian government's approaches to democratization in Poland, Hungary and the Czech and Slovak Republics. It is not asking *why* the government includes certain policies. The thesis only examines the policy outputs, not the policy-making process. The reason for the inclusion of this section is that the discussion of the democratization of Eastern Europe in Canadian

¹⁶ Collaboration with the G-7 and IFIs "to support continued political and economic reform" in the region ranks #7. Security in Europe ranks #10, and "policy direction for the continued provision of technical assistance and for the development of new initiatives to support the emerging private sectors in CEE and the FSU and to increase Canadian trade and investment links with the region" ranks #29. *Estimates 1995-96*, DFAIT, Program Overview, I-16 and I-17.

policy is tied to private sector development and economic transformation.

Government statements and policy that discuss the democratic transition in Eastern Europe discuss it in terms of either economic transition or building democratic institutions. Whether or not these programs *should be* included in a democratization policy in an ideal world is not the question in this section. This thesis developed a framework of democratization in Parts One and Two. Part Four is simply concerned with determining Canadian policies and actions in the Visegrad countries. It has determined that economic interests, plus security concerns, plus building democratic institutions make up the Canadian approach to democratization in Poland, Hungary, the Czech Republic and Slovakia. The Conclusions will speculate on why this is so, and the implications.

This section will discuss the policies of the federal government relating to the economic transition in the Visegrad countries. It will illustrate the prominence of the approach to democratization which ties the successful creation of a market-based economy to the successful creation of a democracy (the vertical approach). In particular, the Canadian approach stresses private sector development both in Canada (trade promotion) and the Visegrad countries (facilitating the creation of effective and efficient businesses).

It is important to note here that this section does not intend to imply that placing the economic welfare of Canada first is a misguided policy for the Canadian government. Obviously, ensuring economic prosperity is, and should be, a priority for any government. For Canada, expanding trade is the obvious way to promote

employment and prosperity. Canada is very trade-dependent--exports of goods and services account for just under 30 per cent of GDP, and international trade accounts, directly and indirectly, for approximately one Canadian job in four.¹⁷ The point here is not that the Chrétien government is promoting economic prosperity for Canada through increased trade, but that its emphasis on promoting Canadian prosperity is apparently an integral element of Canadian efforts to promote sustainable democracy in the Visegrad countries (and EE/FSU in general).

The first key objective of Canada's future international actions as outlined by *Canada in the World* is the promotion of prosperity and employment.¹⁸ The Chretien government was elected promising jobs. That the government's first objective for foreign policy is promoting employment is, therefore, no surprise.¹⁹ The government stresses that global prosperity serves everyone, and states that it will use "all available foreign policy instruments in a coordinated way"²⁰ to build positive economic relationships, particularly with the larger countries of Latin America and

¹⁷ Department of Finance, *A New Framework for Economic Policy* (Ottawa: Department of Finance, October 1994), 67.

¹⁸ See *Canada in the World*, 12-20, for the methods of promoting prosperity and employment.

¹⁹ Chrétien has consistently stressed the priority of promoting employment. In a speech given in September 1994, he stated that "a strong economy is the essence of a strong society. My government will focus on a jobs and growth agenda". Quoted in Department of Finance, *A New Framework for Economic Policy*, iii. This publication states: "there is no conflict between economic policy and the broader social objectives of Canadians--quite the contrary. Good social policy begins with a good job", *ibid*, v.

²⁰ *Canada in the World*, 13.

Asia-Pacific.

In 1994, a Finance Department publication, *A New Framework for Economic Policy*, outlined the rationale behind a policy of promoting Canadian prosperity by increasing trade with developing economies. The rationale is that:

... rapidly developing regions almost always import more than they export as they build a capital base and broaden their taste for sophisticated products of all kinds. It follows that expanding exports to Asia, Latin America, and Eastern Europe can be one of Canada's most important sources of new job creation in the future.²¹

Developing countries in Eastern Europe, Latin America and Asia need to create infrastructure, and Canada is well-equipped to supply many of their needs. The publication states that a "more aggressive penetration" of the countries of Latin America, Asia and Eastern Europe "is now a primary objective of Canada's trade development strategy".²² To do this, the federal government spends approximately \$625 million per year directly on trade development.²³

Canada in the World stresses that, because the private sector is crucial to Canadian prosperity, the government will work to increase the participation of Canadian businesses in the international economy. The increasing number of businesses operating internationally have been supported by increased governmental

²¹ Department of Finance, *A New Framework for Economic Policy*, 3.

²² *Ibid.*, 68.

²³ This figure is for 1994. *Ibid.*, 70. As an official in DFAIT told me, trade promotion is "huge" in departmental priorities. Confidential telephone interview with official in DFAIT, Trade Policy Planning Division, 30 January 1997.

budgets to facilitate, support and protect the nascent investments.²⁴ The focus of the Chrétien government is on facilitating the expansion into Asia-Pacific and Latin America of small and medium-sized Canadian businesses, by helping them with information, export financing, management and policy.

CITW does not refer to the economic potential of a relationship with Eastern Europe in the section on promoting prosperity and employment. It discusses the region only in the sections on security (as discussed above) and development assistance. In the latter section, the government makes it clear that the transition in EE/FSU involves private sector development. It states that it will promote prosperity and the transition to a market-based economy based on partnerships. Thus, the government:

will continue to rely on partnerships among the Canadian private sector, business and trade associations, NGOs, academics, ethnic communities and all levels of government. Federal funds act as a catalyst, leveraging significant project contributions from Canadian and recipient country partners.²⁵

It is interesting for a number of reasons that the discussion of EE/FSU occurs in the section on international assistance in *Canada in the World*. First, the government has always maintained that Canadian activity in the region would not divert Canadian ODA from the Third World. If the government is not going to use the development assistance framework in EE/FSU, why discuss the area in the section

²⁴ By, for example increased disbursements through the Department of Finance, DFAIT, and CIDA.

²⁵ *Canada in the World*, 46.

on development assistance? Second, *A New Framework for Economic Policy* made it clear, as mentioned above, that Eastern Europe would be one of the targets of the "more aggressive penetration" for the purposes of increasing Canadian trade. Clearly this is not related to "development assistance" as it is traditionally defined.

Third, the brief discussion (one page of eight) of the area does not fit in with the rest of the discussion in the section. The rest of the section on international assistance stresses poverty alleviation, popular participation, sustainable development, basic human needs, human/women's rights, democracy, good governance, partnerships and program effectiveness, in addition to the private sector.²⁶ The discussion of EE/FSU does not focus on (indeed, does not even mention) these issues. Although the International Assistance Envelope (IAE) includes the financing of programs for EE/FSU, only a small part of this amount is directed toward ODA eligible countries.²⁷

The brief discussion of EE/FSU in the international assistance section of *CITW* mentions partnerships (as just quoted), but this relates to business. There is no discussion of promoting popular participation, women or the environment. Indeed, as mentioned above, only two reasons are given by *CITW* as to why Canada is involved in Eastern Europe: (1) international security and (2) the creation of prosperous market societies in order to open trade and investment opportunities for Canada. There is

²⁶ See *ibid.*, 40-47.

²⁷ Only \$16 million of the Countries in Transition Program of a total of approximately \$110 million. *Estimates 1996-97*, CIDA, Supplementary Information, 60.

nothing about basic human needs, empowering people, gender, human rights, democracy or social services.

Government Programs Relating to Economic Transformation and Canadian Prosperity

The federal government has a number of programs which relate to Eastern Europe. Unfortunately, the government itself is unable to provide a comprehensive list of the programs.²⁸ This is true for several reasons. First, the programs change regularly. Thus, the Task Force on Central and Eastern Europe has changed names (twice) and departments, and the Renaissance Eastern Europe Program has changed departments. As well, government officials themselves seem uncertain about which program does what and have little idea what other programs relating to Eastern Europe involve.²⁹ For example, a DFAIT and a CIDA publication refer to the same program by a different name (i.e., DFAIT refers to the "Program of Assistance for Central and Eastern Europe" and CIDA refers to the "Program of Cooperation with Central and Eastern Europe"³⁰).

And second, interaction with the countries of Eastern Europe (as with other countries) occurs not just through government agencies with a geographic focus, but also through line agencies. (This will be discussed in greater detail in the section

²⁸ Conversation with Industry, Trade and Commerce official who deals with business in Eastern Europe, 8 January 1997.

²⁹ This is characteristic of most government bureaucracies in the 1990s and not just of the Canadian federal government.

³⁰ This thesis will refer to the Program of Assistance for Central and Eastern Europe.

"democratic institution building".) It is, therefore, very difficult to make up a list of all the actions the federal government has undertaken in Eastern Europe. This section will focus on three major assistance programs directly targeted at Eastern Europe: (1) the Program of Assistance for Central and Eastern Europe; (2) the Countries in Transition Program; and (3) the Renaissance Eastern Europe Program.

i. Program of Assistance for Central and Eastern Europe

The Bureau of Assistance for Central and Eastern Europe³¹ (BACEE) replaced the Task Force on Central and Eastern Europe in late 1989, and became the DFAIT body responsible for delivering Canada's Assistance Program to the area. The BACEE managed Canada's programs of technical, nuclear-safety, and humanitarian assistance in the area. The Bureau developed the Program of Assistance for Central and Eastern Europe, which included a general program and strategies for each program country. The Program has three objectives: (1) to support the transition to market economies; (2) to increase Canadian trade and investment links with the region; and (3) to promote democratic development.³²

³¹ It is important to note that for some reason "Eastern Europe" here refers to the former Soviet Union, and when the Bureau's publications refer to regional FSU programs, they include Eastern Europe! There is thus a confusing impreciseness about the Bureau's terms.

³² CIDA, "Program of Cooperation with Central and Eastern Europe", CIDA, October 1995, 1. In its first year (1989), the Program delivered \$11.4 million in assistance to the region. *Ibid.*, 1. BACEE disbursed \$98.3 million in 1993-94 in support of more than 500 projects in 17 countries. *Estimates 1995-96*, DFAIT, Bilateral Programs and Operations, 92-G. Of these disbursements, approximately \$42.2 million contributed to approximately 200 technical assistance projects in the

The projects are delivered in partnership with provincial and municipal governments, the private sector, NGOs, the academic community, and ethnic communities. These partners have to adhere to the Program's fundamental principles: (1) emphasis on capacity building--i.e., the emphasis is on the transfer of knowledge, expertise, skills and technology rather than on capital projects; (2) cooperation in the target country; (3) direct project links between themselves and their counterparts in the recipient country, rather than through formal government cooperation (in this regard, it makes use of the approximately 10% of Canadians who come from the region); (4) cooperation with the international community; and (5) utilization of a variety of approaches to developing projects.³³

The Program consists of five components responding to different categories of need: (1) technical cooperation³⁴; (2) the Renaissance Eastern Europe Program,

FSU, especially Russia, Ukraine and Kazakhstan, and approximately \$24 million was contributed to approximately 280 technical assistance projects in Eastern Europe, concentrated especially in Poland, Hungary, the Czech Republic, Romania, Estonia, Lithuania and Latvia. The BACEE also disbursed money relating to humanitarian assistance in the area (\$24.5 million) and to Canadian participation in initiatives undertaken by multilateral institutions (\$5.5 million). The Program budget for FY 1995-96 was \$116 million. CIDA, "Program of Cooperation with Central and Eastern Europe", 1.

³³ CIDA, "Program of Cooperation with Central and Eastern Europe", 1-2.

³⁴ Technical cooperation is divided into: (1) program countries which are selected on the basis of their commitment to reform, Canadian economic, political and security interests (they are Poland, Hungary, Czech Republic, Slovak Republic, Romania, Latvia, Lithuania, Estonia in Eastern Europe, and in the FSU, Russia, Ukraine and Kazakhstan); (2) non-program countries; and (3) regional programs.

which will be discussed later in this chapter; (3) humanitarian assistance³⁵; (4) nuclear safety; and (5) the multilateral program, which involves cooperation with the IMF, World Bank, EBRD and OECD.³⁶

The Technical Assistance Program is the largest component. It had two focuses: (1) "people-to-people" initiatives; and (2) management training programs. The assistance given under the management training focus is directed mainly toward the FSU.³⁷ The only Eastern European management-training program completed in 1994 (the only year for which detailed program information seems available), was a conference and workshop held in Canada by Radio Canada International for broadcasters and communications experts from Eastern Europe. This project more properly fits the category of building civil society than transforming the economy. Another project in 1994 brought business delegates from across the region to York

³⁵ This has been provided to former Yugoslavia, Russia, Ukraine, Estonia, Latvia, Lithuania, Georgia and Poland.

³⁶ By October 1995, Canada had committed approximately \$17 million to Technical Cooperation Funds at the World Bank and EBRD. CIDA, "Program of Cooperation with Central and Eastern Europe", 6.

³⁷ As of 1994, the Bureau had major programs of assistance in Kazakhstan, Ukraine and Russia. Canada has indicated a special interest in Ukraine. The Ukraine Program disbursed \$39.5 million in 1994-95, twice as much as the Russia Program at \$18.3 million. See *Estimates 1995-96*, DFAIT, 50. The Bureau (and now the CITP) also supported the Baltic Economic Management Training Program, in partnership with Dalhousie University, to train senior public servants of Baltic countries in economic management. The Baltic Economic Management Training Program was set up in 1992. It received \$288,000 from the Task Force on Central and Eastern Europe--the Bureau's predecessor--out of a \$315,000 budget. See Edward T. Jackson, *Learning to Manage Economic Change. Report of the Evaluation of the Baltic Economic Management Training Program*, Prepared for the Bureau of Assistance for Central and Eastern Europe, July 1993.

University for business management training and corporate internships.

The projects listed under the people-to-people element of the Bureau involved economic transformation and democratic institution building, but not developing civil societies.³⁸ (And it is important to note that in 1994 virtually all the projects were in the FSU, not Eastern Europe.) Projects included public sector management (Institute of Public Administration Canada), development of health care system (Canadian Society for International Health), increasing the efficiency of the agri-food sector (Agricultural Institute of Canada and Canadian Federation of Agriculture), travel costs of professionals/academics to conferences and seminars on economic and democratic development (Association of Universities and Colleges of Canada), and placement of Canadian volunteers to give advice on economic and industrial restructuring (Canadian Executive Services Overseas). It is surprising that these projects are referred to as "people-to-people" projects since they all involve institutional development and reform.

Table 8.1 indicates the assistance which has been provided to the Visegrad countries.

³⁸ The Bureau supported the Canadian Bureau for International Education (CBIE) (in 1993-94, CBIE received \$1,039,000) to undertake the Human Resource Development Program 1993-94) to support Canadians with their own projects relating to democratization or market reform. The projects had to be developed with a partner in the host country.

Table 8.1 - Canadian Assistance to the Visegrad Countries 1994-95 (millions)

Hungary	\$4.0
Poland	\$8.25
Slovakia	\$1.5
Czech Republic	\$3.0

Source: CIDA "CIDA and the Czech Republic" (Catalogue No. E94-29/5-91-1996E), "CIDA and Slovakia", (Catalogue No. E94-29/5-92-1996E), "CIDA and Poland" (Catalogue No. E94-29/5-90-1996E), "CIDA and Hungary" (Catalogue No. E94-29/5-93-1996E), 1996.

The purpose of this section is to illustrate the priority of Canadian economic interests and the transition to free-market economies in Eastern Europe. In order to do this, it is necessary to examine the projects supported by the BACEE in more detail (see Table 8.2).

Table 8.2 - BACEE Projects in the Visegrad Countries (as of mid-1994)*Czechoslovakia/Czech and Slovak Republics*

Total Projects	93	Project Categories (Number)
		-needs assessment (1)
		-energy (6)
		-environment (16)
		-democracy and good governance (12)
		-private sector development (31)
		-transportation (3)
		-telecommunication (1)
		-mission-administered funds (19)
		-professional partnerships (4)

Hungary

Total Projects	91	Project Categories (Number)
		-needs assessment (1)
		-agriculture (2)
		-cooperatives (3)
		-energy/environment/resources (5)
		-financial markets/banking (11)
		-health care (5)
		-trade/investment (6)
		-labour/education/social affairs (9)
		-language training (1)

- law/justice (8)
- management training/consulting (7)
- urban affairs/municipal government (2)
- privatization (4)
- public administration (3)
- statistics (3)
- mission-administered funds (20)
- professional partnerships (1)

Poland

Total Projects
83

- Project Categories (Number)
- needs assessment (1)
 - agriculture (17)
 - financial/cooperatives (2)
 - energy-efficiency and conservation (2)
 - environment (1)
 - health (2)
 - humanitarian assistance/food aid (2)
 - democratic develop./good governance (2)
 - social sector (2)
 - education (4)
 - private sector development (12)
 - privatization (10)
 - trade/investment (2)
 - transportation/telecomm. (3)
 - urban affairs/municipal government (4)
 - other (5)
 - Renaissance EE Program (8)
 - professional partnerships (4)

Slovakia (see also Czechoslovakia)

Total Projects
55

- Project Categories (Number)
- agriculture (6)
 - energy (3)
 - environment (4)
 - democracy and good governance (13)
 - private sector development (16)
 - mission-administered funds (9)
 - professional partnerships (4)

Source: BACEE, "Projects of BACEE in Eastern Europe", 1994

Note: In addition to the specific country programs, there are also 40 regional projects listed across Eastern Europe and the FSU.

These projects are in partnerships with NGOs/voluntary organizations (eg.,

CNIB, CESO), businesses (eg., Northland Power, Peat Marwick Thorne, Semex Inc.), provincial departments (eg., Justice, Education), municipal governments (eg., City of Nepean), international organizations (Economic Commission of Europe, World Bank, IMF, EBRD, OECD), schools (York University, Saint Mary's University), other federal departments (eg., Elections Canada, Agriculture Canada, Stats Canada, Solicitor General), professional organizations (eg., Canadian Bar Association, Association of Universities and Colleges of Canada), or Eastern European ethnic community organizations (eg., Canadian Polish Congress, Czech Management Centre).

It is important to examine what specific activities have been undertaken in order to determine the nature of the sector they support (security, economic transition, institution building, creating/supporting civil society). The categories listed in Table 8.2 are illustrative because they indicate how the government classifies its actions, but they do not serve our purposes here because they are difficult to compare (i.e., different categories for different countries), and do not provide enough detail. Table 8.3, therefore, breaks the BACEE activities into four categories to enable us to compare them more easily. (Note that there are no projects which relate to "security".)

Table 8.3 - BACEE Activities by Theme

Country	Misc/ Unknown	Civil Society	Institutions	Market
Czechoslovakia (C and S)	22	9	32	30
Hungary	8	10	39	34
Poland	12	4	22	43
Slovakia	8	3	22	23
Regional	5	7	11	16
Total	47	27	121	155

Source: BACEE, "Projects of BACEE in Eastern Europe", 1994.

Note: These figures do not necessarily equate with the totals given in Table 2 because some projects have been listed twice in the BACEE list.

There are a number of clarifications to be made relating to Table 8.3. First, it is important to elaborate on what the categories include. The category "civil society" includes projects supporting civil society organizations or organizations between the state and the economy. For example, it includes projects of the following nature: a computer for a Roma centre; assertiveness training for women, assistance to a Helsinki Committee Centre; student newspaper; training of trade union representatives; translation of UN human rights documents; human rights for minorities; financial support to address domestic violence; technology for an institute for the blind, etc.

The "institutions" category includes projects which work to strengthen or assist government and government agencies and institutions. It includes, for example, projects supporting/assisting the judicial system, health system, public sector

management, education of legal officials, etc. The "market" category includes projects which assist in the transition to a free-market economy. It includes, for example, support for agri-business, business training, management of business, privatization advice, banking regulations, business-related education, etc.

The "miscellaneous" category, not surprisingly includes all those projects which fit into none of the other categories, or which do not have enough details to permit classification. It includes projects supporting: nuclear waste disposal, teaching/learning English, a second hand clothing store, a health outing for seniors, equipment for sick children, medicine for HIV patients, equipment for breast cancer patients, an ambulance, disease control in plants, veterinarian training, etc.

Some of these projects could have been put in more than one category. The overlap occurs particularly between the market and institution categories. Where for example, does one include assistance which helps establish government regulations for market activity or assistance to government to privatize an industry? There was less overlap involving the civil society projects, except perhaps with the miscellaneous category. The project was classified into the category where its major focus seemed to be.

Tables 8.2 and 8.3 do not discuss the size or cost of the programs.

Incorporating these factors does not change the pattern. The projects relating to democratic institution building and market transformation were generally much larger in duration, participants involved and cost--although it should be noted that some of the projects in the "miscellaneous" category were also large (especially the ones

relating to nuclear waste disposal).³⁹

Having noted all the organizational qualifications of Table 8.3, we can now consider its contents. It clearly illustrates that a majority of the projects have a focus on either institution building (121) or creating a free-market economy (155). The number of projects relating to the creation of a democratic civil society is significantly smaller (27), even than the number of projects in the miscellaneous category (47). This illustrates the emphasis on economic and institutional considerations in Canadian foreign policy and the dominance of the elements of the vertical approach to democratization in Canadian programs relating to the Visegrad countries.

ii. Countries in Transition Program

Until April 1995, policy integration for Canadian bilateral and multilateral international assistance to EE/FSU was provided by the BACEE as part of the International Economic, Trade and Aid Policy section of DFAIT. At this time, the Bureau was transferred to CIDA as part of the government's foreign policy strategy, as outlined in *Canada in the World*, in order "to maximize its [the program's] effectiveness". The transfer meant that responsibility for Canada's programs to the area now rested with CIDA. The Program of Assistance was renamed the Countries in Transition Program (CITP).

Since 1991-92, the International Assistance Envelope (IAE) has funded ODA and other international assistance efforts. Of approximately \$2.22 billion total

³⁹ See BACEE, "Projects of BACEE in Eastern Europe", 1994.

resources (cash basis) in the IAE,⁴⁰ in FY 1995-96, the Countries in Transition Program disbursed \$94.8 million⁴¹ and in 1996-97 it received \$110 million, of which CIDA accounted for 98.2 per cent.⁴² Grants were not a major component of Program disbursements--grants to the CITP in 1995-96 represented only \$250,000 of a total of \$373.7 million in grants.⁴³

The Program has five objectives: (1) to assist the transition to market economies; (2) to facilitate Canadian trade and investment links with the region; (3) to encourage good governance, democracy, political pluralism, the rule of law, and adherence to international norms and standards; (4) to enhance nuclear safety; and (5) to promote the global interests and security of Canada.⁴⁴ Under CIDA, the program has continued to encourage greater Canadian private-sector involvement in EE/FSU and to increase trade and investment links. CIDA has indicated that it "will focus increasingly on private sector development and the promotion of commercial linkages between Canada and the region".⁴⁵ Of the CIT Program, 84.7% of support was for

⁴⁰ *Estimates 1996-97*, CIDA, Supplementary Information, 60. Commitments include ODA, concessional export financing, refugee costs, multilateral debt reduction initiatives, the imputed value of Canada's support to trainees from developing countries and the international development disbursements incurred by provincial governments.

⁴¹ *Public Accounts*, DFAIT, 1996, 9.13.

⁴² *Estimates 1996-97*, CIDA, Countries in Transition, 45.

⁴³ *Public Accounts 1996*, DFAIT, 9.21.

⁴⁴ *Estimates 1996-97*, CIDA, Countries in Transition, 45.

⁴⁵ *Ibid.*, 46.

Bilateral Technical Assistance, and the remainder (15.3%) was targeted to Humanitarian and Multilateral Assistance.⁴⁶

CITP projects have maintained the economic emphasis of the BACEE, as discussed above. Table 8.4 outlines some of the projects.

Table 8.4 - Examples of CITP Projects

Poland

- (1) In 1995-96 Canada was involved in a cooperative project with the Warsaw School of Economics (WSE), Phase II of which implements a Executive Master of Business Administration (MBA) program to train private sector executives.⁴⁷
- (2) In 1994 Ottawa announced a \$32 million Canada-Poland Entrepreneurs Fund to support the development of small and medium-sized enterprises in Poland, and to increase the links between Canadian and Polish businesses.

The Czech Republic

- (1) Canada and the Czech Republic have formed a bilateral Canada-Czech Chamber of Commerce (the past president was Thomas Bata of Bata Shoes, and the current President is Otto Jelinek, a former Cabinet minister).
- (2) In March 1997 (coinciding with Prime Minister Klaus' visit to Canada) the government announced a joint management education initiative through which the Canadian Consortium of Management Schools will help establish the Czech Management Centre.

Slovakia

- (1) In 1996, support was provided to a program for a Canadian consortium to establish public-private enterprises to work on infrastructure needs in Slovakia.
- (2) support was provided to the Association of Canadian Community Colleges to establish a business skills development project focusing on privatization.

⁴⁶ *Ibid.*, 45.

⁴⁷ Apparently, however, this was the reimbursed Canadian contribution to the Polish Stabilization Fund which was then "recycled" into the entrepreneur fund. See *Estimates 1995-96*, DFAIT, International Economic Trade and Aid Policy, 38-C.

Hungary

(1) In 1995 a five-year program was established to develop the Federation of Cooperative Credit and Savings Unions, and an environmental planning framework to guide municipal governments was developed.

(2) In 1996, CIDA had two major programs in Hungary, one concerning small business development (in agri-food, tourism, labour retraining and environment), and the other an effort to get Canadian companies involved in EBRD programs for the country.

Regional

Approximately 250 volunteer consultants (through Canadian Executive Services Overseas) have been assigned to the region to provide advice/support for industrial restructuring.

iii. Renaissance Eastern Europe Program

The Renaissance Eastern Europe Program (REEP) was created in 1990. In 1994 it was funded by DFAIT's Bureau of Assistance for Central and Eastern Europe, and was administered by the Central and Eastern Europe Trade Development Division. Since 1995, following the transfer of responsibility for Canadian programs relating to EE/FSU to CIDA, REEP has been funded by CIDA's Central and Eastern Europe Branch.

The Renaissance Program illustrates the priority the government places on economic transition in Eastern Europe, and increased Canadian trade with/investment in the area. The objectives of the Program are: (1) "to transfer Western business practices generally, and specifically Canadian expertise, investment and technology to assist in the development of free market enterprises in the countries of Central and Eastern Europe and the former Soviet Union"; and (2) "to increase the familiarity and cooperation between the people of ... [CEE/FSU] with the Canadian private sector,

resulting in increased investment and trade with the region".⁴⁸ REEP "is a responsive, cost-sharing program", which supports Canadian companies by supplementing their funding for business opportunities in the region.⁴⁹

The Program was designed to help the EE/FSU countries "make the transition to free market economies".⁵⁰ To do this, it attempts "to increase the involvement of Canadian companies prepared to invest in these markets through the establishment of long-term business relationships".⁵¹ Canada faces certain disadvantages in competing for business in Eastern Europe--particularly the distance. This program is designed to ameliorate the disadvantages by assisting Canadian firms interested in establishing business relationships there.

The Program provides financial assistance in the form of "non-repayable contributions", and will cover up to 50% of a company's eligible expenses (to a maximum of \$100,000). The REEP supports two project-specific activities: (1)

⁴⁸ Renaissance Eastern Europe, Programme Guidelines, July 1995, no publisher, no page numbers but it would be page 2. This program is clearly business-oriented. Like other government programs, however, the first test for any business hoping to receive assistance is figuring out the bureaucratic fog around it. Thus, the REEP is administered by CIDA, but interested participants are directed to receive information from International Trade Centres which are administered by Industry Canada. As well, "Final decisions regarding eligibility and interpretation of criteria" rest with DFAIT. *Ibid.*, title page.

⁴⁹ *Estimates 1995-96*, DFAIT, Bilateral Programs and Operations, G-91. In fiscal year 1993-94 REEP funded 111 projects totalling \$6 million in 14 Eastern Europe/FSU countries, with 30% going to Russia. *Ibid.*, G-91.

⁵⁰ "Renaissance Eastern Europe. Program Guidelines", July 1995. no publisher, no author, no page numbers but it would be page 2.

⁵¹ *Ibid.*, 2.

Venture-Specific Front-End Studies, which include support to Canadian companies for study of: joint venture opportunities; investment opportunities; and structured cooperative agreements; and (2) Enterprise-Specific Training, which supports Canadian corporate investors to train their partner organizations.⁵² When applying for support from REEP, a company must indicate the benefits to the host country and Canada. In its list of example benefits, the brochure does not mention anything relating to democracy. Does this indicate that this program should not be considered part of the federal government's democratization program in Eastern Europe? This thesis argues that, as mentioned above, this program is an integral part of the government's democratization policy. The government states that it is promoting democracy in Eastern Europe through its programs which concentrate on facilitating economic transformation.

It is interesting that the REEP is now administered by CIDA, since it does not fit CIDA's primary mandate--i.e., the alleviation of poverty.

iv. Other Government Programs Relating to Eastern Europe

It is important to note that some businesses which do not receive assistance from REEP, may be eligible under other government programs--particularly the expanded Program for Export Market Development (PEMD). As well, most of the

⁵² The Program will *not* support: market identification visits or general market and feasibility studies; capital projects bidding; the establishment of distributor-agent relationships, or sales offices. REEP assistance is *not* available to non-profit organizations.

programs for export development outlined in Chapter 7 continue to exist, although they do not specifically mention Eastern Europe in their mandate. Thus, for example, the International Business Development Program within DFAIT could relate to Canadian business involvement in the economic transition in Eastern Europe. Its objective is to expand export opportunities for Canadian businesses and to safeguard Canada's access to international markets. This program does its work mainly through the Trade Commissioner Service (TCS).⁵³

Other programs include: International Opportunities Canada Program; the continuing programs at the Export Development Corporation (EDC); the International Business Strategy (formerly the International Trade Business Plan); and the International Business Opportunities Centre (IBOC) established in 1996 with Industry Canada. As well, other programs still in existence to promote Canadian trade expansion include: the World Information Network (WIN) Exports Program; ExportVision; Export Awards; Centre for International Business Studies; a fax market intelligence messaging system; WIN Exports for Windows (computer version); the International Opportunities Canada Program; New Exporters to Overseas (NEXOS) Program; and the World Trade Market Development (WTMD) Program.

⁵³ The TCS is "Canada's largest international commercial and economic intelligence gathering network". There are more than 100 TCS offices abroad. *Estimates 1995-96*, DFAIT, 21.

Building Democratic Institutions

Democratic institution-building is an important element of a democratization process. No transition process could be complete without creating the institutions of a democracy, particularly electoral institutions. It must be stressed that "democratic institutions" include much more than simply the Legislative Assembly and rules relating to political procedure. Democratic institutions, as defined here, include all those public institutions without which a democracy could not be sustainable--the justice system, an infrastructure support system, a civilian-controlled military, public accounting system, and public education and health care management systems. As discussed in Chapter 2, this is the element which is common to both the horizontal and vertical approaches to democratization.

As mentioned in the previous section, many of the federal government line departments have been involved in activities in the Visegrad countries. Thus, various departments have had programs relating to their own focus, including for example: Agriculture Canada (agriculture), the Solicitor General's office (the RCMP), Elections Canada (elections monitoring, electoral boundaries, institution building), Industry Canada (business programs), Finance (public management), Auditor General (government accounting), and Health Canada (health system development). As well, as discussed in the section on security, the actions of the Department of National Defence which have addressed civilian control of the military also provide examples of democratic institution building.

Table 8.5 lists some of the activities which have been undertaken by the

federal government (and its agencies) to build/support democratic institutions in the Visegrad countries. It is important to note that this table lists only federal government programs. Other projects have also been undertaken by Canadian non-governmental organizations (the Canadian Bar Association, for example, has been active in the reform of the judicial systems in Eastern Europe), and the provincial governments (Justice Quebec, for example, has undertaken programs relating to judicial reform).

Table 8.5 - Federal Government Institution-Building Activities

Agency/Department	Activity
Agriculture Canada	genetic evaluation of livestock to standardize information and regulations, marketing agricultural products, training relating to the agri-food industry, agricultural management, disease prevention/control, grain storage, fruit processing
Atomic Energy of Canada Ltd.	nuclear energy/electric power generation
Bank of Canada	training state bank managers
Canada Deposit Insurance Corporation	government banking rules
Canadian Parks Service	park management
Employment and Immigration Canada (now Human Resources and Development Canada)	employment services
Elections Canada	electoral system assistance/training
Finance Department	privatization assistance
Health and Welfare Canada	health care funding and management
House of Commons	seminar on Canadian Parliament for Eastern European Parliamentarians, archive training

Justice Canada	computerization, training of prosecutors, training relating to land registration, training relating to minority rights, training relating to freedom of the press, criminal law reform, training relating to civil law
National Defence	civilian control of military, defence
National Film Board	policy development
Revenue Canada	development of audio-visual aids for the education systems for learning/teaching English
Securities Commission	technology and training re Customs rules and regulations relating to the Stock Exchange
Solicitor General	RCMP training of Interior Ministry Police, community policing
Statistics Canada	statistical training, training relating to gearing government services to a market economy, creating a business registry
Transport Canada	assistance to Civil Aviation Authorities

As illustrated in Table 8.3, the vast majority of the activities of the federal government departments (and their partners) either focus on the transition to a market-based economy (eg., Agriculture Canada and its partner organizations have focused on activities to promote a profitable agri-food sector in Poland), or building/strengthening democratic institutions (eg., training provided by the Justice Department to lawyers, judges and police).

Having noted that democratic institution building includes more than simply setting up an electoral system, this section will focus on Canadian activities related to electoral institutions. This is because the federal government seems to place

particular weight on electoral institution building.

Elections Canada

The federal government has made use of Canada's democratic tradition to support the election processes/policies of other countries. This has been done by Elections Canada,⁵⁴ an independent, non-partisan agency of Parliament, serving Canadian legislators, political parties, candidates, and the public. One of six program objectives of Elections Canada is "to continue to support democratic development around the world by providing expert advisory, technical and observer services".⁵⁵ In 1995, CIDA, Elections Canada and DFAIT came up with an arrangement to provide advisory, professional and technical assistance relating to electoral matters--the Protocol for Electoral Assistance--with Elections Canada acting as "the implementing partner".

Elections Canada will participate in activities of an electoral nature when requested. It has responded to requests from, among others, CIDA, the Commonwealth, DFAIT, the International Electoral Council (IEC), the International Foundation of Election Systems (IFES), la Francophonie, the Organization of American States (OAS), the National Democratic Institute for International Affairs (NDI), the CSCE/OSCE and the United Nations.

⁵⁴ The provincial electoral bodies have also been involved in this, but on a smaller scale. Only the federal electoral body will be discussed here.

⁵⁵ *Ibid.*, 9. The other objectives are quality service delivery, professionalism, Parliamentary support, community awareness, and innovation and improvement.

Up to May 1995, Elections Canada, with supporting provincial agencies, had coordinated a Canadian presence in approximately 225 missions in approximately 76 countries, and by 1996, EC had participated in 240 missions.⁵⁶ These missions are designed "to help developing democracies generate the institutional capacity to administer their own electoral events in a competent and impartial manner".⁵⁷ According to EC, it is careful not to impose Canada's electoral system on other countries, but rather attempts to "identify the choices available to each host country, taking into account its specific challenges and opportunities, and help select and implement the option that best meets the country's democratic development needs".⁵⁸

In addition to actual election monitoring, EC also advises governments on constitutional and electoral law, helps conduct pre-election evaluations, provides technical aid and advice, assists in the preparation of election materials, trains electoral officials, develops and conducts voter education programs, and works with other electoral organizations.⁵⁹ EC's foreign missions also provide advice on assessments of the electoral environment and identification of potential problems; technical aid and professional advice relating to electoral mapping and databases; and

⁵⁶ See Elections Canada, "EC International Activities", 1 for a list of the activities to May 1995. See *Estimates 1996-97*, Office of the Chief Electoral Officer, Part III, Expenditure Plan, 37 for the 1996 activities.

⁵⁷ *Estimates 1996-97*, Office of the Chief Electoral Officer, Part III, Expenditure Plan, 37.

⁵⁸ Elections Canada, "EC International Activities", 1.

⁵⁹ For example, Canada is a member of the Trilateral Conference (Canada, Mexico, and the United States) formed in 1994. In May 1995 Elections Canada hosted representatives of the participating countries at the second annual conference.

voter registration.⁶⁰ Furthermore, Elections Canada officials brief visiting foreign delegations on Canada's electoral system, provide information, and facilitate voting in Canada of foreign nationals.

Elections Canada has undertaken a number of activities in the former Soviet space since 1989. Perhaps its highest profile relationship is with the Russian Central Electoral Commission (CEC).⁶¹ Canada and Russia share many of the same characteristics--particularly that they are both large countries with sparsely populated northern areas--which makes Canadian experience helpful to nascent Russian electoral organizations.

EC has quickly built up its international experience and reputation. In 1995 Canada's Assistant Chief Electoral Officer, Ron Gould, received a UN Medal of Honour "for his exceptional contribution to international democratic development".⁶² Furthermore, in November 1995 the OSCE asked Gould to head the international mission that went to Sarajevo in December 1995-January 1996 to develop election plans there. In the post-1989 years, Canada has sent observers to Czechoslovakia, Romania, Latvia, Lithuania, Moldova, Georgia, Ukraine, Armenia, Azerbaijan and

⁶⁰ *Ibid.*, 3.

⁶¹ Elections Canada sent a mission to Russia in 1993, and a delegation of the CEC returned the visit in 1994 to study how EC is organized, how it administers the *Canada Elections Act*, and how it manages elections. In the fall of 1995, a formal agreement was signed between Elections Canada and the Central Electoral Commission which committed EC to an 18-month program of exchanges and information-sharing, particularly designed to help the CEC improve election legislation, produce elector's lists, and establish a system relating to electoral ridings.

⁶² *Estimates 1996-97*, Office of the Chief Electoral Officer, Part III, Expenditure Plan, 37.

Bosnia-Herzegovina.⁶³ This illustrates the importance the Canadian government has placed on elections implementation and monitoring in EE/FSU (and globally).

Conclusions

This chapter has made three major points. First, it has argued that in the Visegrad countries (and in Eastern Europe in general), "creating security" constitutes a fourth element in Canadian democratization efforts. Up until now, the framework of democratization presented in this thesis has contained only three elements (facilitating economic transformation, building democratic institutions and creating democratic civil society). Now that the discussion is specifically targeting the Visegrad countries, however, it becomes clear that Canadian policy/practice towards the area includes a fourth element--creating security, broadly defined.

It is clear from policy and statements that the federal government considers this to be a part of the process of democratization in EE/FSU. Indeed, most government policy and statements suggest that creating a secure environment in the former Soviet bloc serves not only the larger target of maintaining peace, but that the countries of the area cannot establish democracy without it. It is very difficult to create and sustain a democracy in the face of internal or external threat. This is true

⁶³ Personal interview with Mary Cooley, former Elections Canada employee, who served as an observer in Romania, Georgia and Latvia, Halifax, February 1997. In this period, Canada also provided election monitors, observers and technical experts to Ethiopia, Guinea, Malawi, Mozambique, Namibia, Niger, South Africa, Togo, Uganda, El Salvador, Haiti, Peru, Benin, Ivory Coast, Guatemala, Haiti, Palestine, Sierra Leone and Tanzania.

in any area, not just the former Soviet bloc, but perhaps because Canada's relations (and that of its NATO allies) with EE/FSU have historically been so tied to security considerations, revised arrangements for creating security have become a major element in Canada's promotion of democratization there.

Canadian military interactions with Poland, Hungary, Czechoslovakia (the Czech and Slovak Republics) have changed dramatically since the end of the Cold War. Instead of bloc confrontation, Canadian interactions with these countries now fit very much into a framework of democratization. In particular, Canada is now concentrating on civil-military relations, an essential element in any democratic transition.

Second, this chapter has argued that Canadian trade promotion and private sector development in the Visegrad countries is the major focus of Canadian activity there. The policies and programs relating to trade and private sector development have received the greatest priority and funding from the Canadian government.

There was never any question that economic change would have to be part of the transition process in the Visegrad countries. Serious economic problems contributed to the collapse of the Communist system. It is not surprising, therefore, that Canada has made facilitating the economic transition in the region a priority. Furthermore, trade promotion is a priority for the Chrétien government. As well, there is a vocal domestic constituency, and as Poland, Hungary, the Czech Republic and Slovakia are the richest of the former Soviet bloc countries, Canadian economic policy there makes sense from an economic perspective.

Third, this chapter has argued that building democratic institutions is also a major focus of Canadian government activity in the Visegrad countries. This has been undertaken under the auspices of a variety of federal departments, from Agriculture Canada to Transport Canada. These departments have cooperated with governmental agencies and departments in these countries to create the institutional framework of democracy. In particular, Elections Canada has been active in helping to build and monitor the electoral mechanisms in these countries (and elsewhere in the FSS).

CHAPTER NINE

Developing Democratic Civil Societies

Introduction

Chapter 8 focused on what the Canadian government has been doing in the Visegrad countries (and the FSU) since 1989. It is active in the changing security framework, promoting the economic transition to market economies, and assisting in the creation of democratic institutions. The government's programs and policies, therefore, incorporate both the major emphases of the vertical approach to democratization (i.e., facilitating economic transformation and building democratic institutions).

This chapter will discuss what the Canadian government has *not* been doing in Eastern Europe. In particular, it will argue that the third element in the framework--creating democratic civil society--is not a priority in Canadian actions in Poland, Hungary, the Czech Republic and Slovakia. Thus, it will argue that there is an important difference between the policy and practice relating to these countries (and the region in general) and that relating to the South. Both CIDA and the International Centre for Human Rights and Democratic Development (ICHRDD)¹ stress creating democratic civil societies in the South in order to promote both democracy and

¹ There are other organizations funded by the federal government which stress the development of democratic civil societies (eg., IDRC, North-South Institute). This thesis will only focus on ICHRDD because of its explicit mandate to promote democracy.

development.² As this chapter will illustrate, however, the commitment to the development of democratic civil societies is not a major part of Canadian policy or practice towards the Visegrad countries.

It should be noted here that the emphasis on supporting civil society in the South does not mean that Canada does not stress economic considerations there as well. As discussed in Chapter 7, Canada has, for example, supported structural adjustment programs (SAPs) since the early 1980s. Thus, there is some contradiction in Canadian policy toward the South in terms of its support of civil society and SAPs. Often, there is a gap between policy and practice in the South in terms of the Canadian commitment to building democratic civil society. This gap does not occur in the Visegrad countries because there is no Canadian policy commitment to creating democratic civil society--i.e., the third element is not included in the discourse.

Development of Democratic Civil Societies

Chapters 1 and 3 of this thesis discussed the role and importance of civil society in the horizontal approach to democracy and democratization. And Chapter 7 illustrated the growing importance of human rights and democracy considerations in Canadian foreign policy. Ensuring civil and political rights is essential to creating a democratic civil society, which in turn is essential to creating sustainable democracy.

² One could question the actual commitment to this in practice, because the financial contributions to promoting civil society are considerably smaller than the commitments for other purposes. However, in government policy statements the commitment is clearly there.

In a speech in June 1995 at a CIDA conference on poverty reduction, Secretary of State for Latin America, Christine Stewart, compared sustainable development to a three-legged stool: "One leg of the stool is good governance. Another is a robust economy. The other is a fully participating, empowered civil society".³ This corresponds roughly to the democratization framework used in this thesis (building democratic institutions, transforming the economy and creating democratic civil societies).

The importance of civil society is that it provides alternate and independent sources of information and involvement in society, and helps prevent the concentration and abuse of power on the part of the state. It allows for the existence of life outside of, and independent of, the state and provides a forum for organizational and participatory behaviour which makes citizens more efficacious participants in a democracy.

Democratic civil societies have at least the following characteristics:

- (1) civil associations are politically independent of the State;
- (2) a culture of tolerance and dialogue prevails; and
- (3) all adult men and women have equal political rights, and, among them, the right to choose and reject their governors.⁴

There is agreement about the importance of having a vital society outside the overt control of the state. There is less agreement, however, about the importance of

³ Christine Stewart, Secretary of State for Latin American and Africa, "The Challenge of Global Poverty", speech made 13 June 1995, Toronto, at forum on Poverty Reduction Strategies for Development, 3.

⁴ Nancy Thede, "The Democratic Development Exercise. A Discussion Paper: Terms of Reference and Analytical Framework" (Montreal: ICHRDD, July 1996), 4.

creating this society in a process of democratization. Those who believe that democratization is intimately tied to the creation of a market-based economy do not stress the importance of creating a civil society. They believe that establishing a free-market economy will automatically also create alternate poles of power. Those who advocate a more participatory form of democracy, on the other hand, believe that the process of democratization must consciously stress the development of independent and influential groups in society on a basis other than simply *economic* power.

In Chapter 7, it was argued that human rights and democratic development concerns have entered the Canadian foreign policy discourse, but that in the 1980s this concern was counterbalanced (perhaps even outweighed) by support for structural adjustment programs (SAPs). Furthermore, the considerations of democracy in Canadian foreign policy related to the South; they had not been put to the test more than verbally in Eastern Europe before 1989.

This chapter deals with the post-1989 period, in which support for SAPs in the South has come to be tempered with concern for the negative effects such programs have on the poor. Marcel Massé's support for SAPs was clear, but in 1993 he was succeeded by Huguette Labelle as President of CIDA. Under her influence, and perhaps swayed by the arguments of NGOs involved in development, CIDA has added elements to its ODA policy which consider the negative ramifications of SAPs, and has increased its support for democratic civil societies in the South. The continued existence of ICHRDD (in the face of deficit reduction measures) indicates that the government still maintains a commitment to the development of democratic

civil society.

This chapter will examine the Chrétien government's commitment to human rights and democracy and the support for civil society in Canadian development assistance policy. It will suggest that the development of a democratic civil society has become a major focus of much of Canada's ODA policy relating to the South (although as noted, the financial commitment in practice may not reflect this declaratory priority). This chapter will then demonstrate that this commitment does not extend to the Visegrad countries (and the FSS in general).

The Chrétien Government's ODA Policy

According to *Canada in the World*, the third principal objective for Canada's international actions is the projection of Canadian values⁵ and culture abroad (the first two were discussed in Chapter 8--promoting security and enhancing prosperity). It is in this section of *CITW* that human rights and democracy are discussed.

CITW says that Canada's democratic traditions have influenced Canadian values and prosperity, and "we believe that *participatory government* should be allowed to work for others as well".⁶ But it is not just idealism underlying this objective--there are also considerations of security and prosperity. Canadians, says

⁵ Included in the values Canadians want promoted according to *Canada in the World*, is international rule of law--particularly concerning greater "market-based fairness in the trading system". *Canada in the World*, 36. Sustainable development, education and culture are also included.

⁶ *Ibid.*, 35, emphasis in the original.

CITW, "understand that our economic and security interests are served by the widest possible respect for the environment, human rights, participatory government, free markets and the rule of law".⁷

In the spring of 1995, DFAIT established a Global Issues and Culture Branch (GICB) "to provide greater focus for Canadian efforts to promote Canadian culture and political values abroad".⁸ Despite *CITW*'s declarations that Canadians wish to promote democratic values abroad, the list of priorities of GICB for 1996-97 does not include democratization in Eastern Europe or the FSU. Its priorities are highlighting human rights abuses in Nigeria, and increasing the market share for Canadian cultural and educational goods and services.

The objective of projecting Canadian values and culture abroad is partially derived from the discussion of Canadian ODA in the Final Report of the Special Joint Committee Reviewing Canada's Foreign Policy. The Report suggested six steps that needed to be taken with regard to CIDA and Canada's ODA. The first three steps are of interest to our discussion of Eastern Europe. The first step is to clarify that the purpose of Canada's ODA is to reduce poverty. The second step is to distinguish between aid and trade by placing trade-promoting activities into DFAIT (or the Export Development Corporation), to prevent commercial objectives from hindering poverty alleviation. The third step is for CIDA to be cognisant of the effects of SAPs

⁷ *Ibid.*, 34.

⁸ Government of Canada, *Estimates 1996-97*, DFAIT, Part III, Expenditure Plan, 15.

on the poor and adopt its own conditions, particularly the reduction of military spending and respect for human rights and democratic development.⁹

These steps are important for our purposes, first, because the government agreed that poverty alleviation should be the primary goal for Canadian ODA. However, as we saw in the section on facilitating economic transformation, and as we shall see in this section, considerations of poverty do not appear to be at the forefront in EE/FSU.

The second step is notable because the government acted contrary to the recommendations of the Special Joint Committee in this regard. Thus, in April 1995 responsibility for programs and projects relating to EE/FSU (although not the formulation of them) was transferred from DFAIT to CIDA. The programs relating to this region, as illustrated in Chapter 8, do not follow the recommendations relating to the separation of aid and trade policies contained in the Committee's Report. So, while re-affirming the commitment to poverty alleviation as CIDA's primary objective, *CITW* transferred administration of programs relating to EE/FSU--which are more accurately described as targeting economic liberalization, stimulating Canadian trade and promoting Canadian private sector activity, than poverty alleviation--from DFAIT to CIDA. The government, thus, acted against the

⁹ The fourth step is to target assistance more carefully so that it goes to fewer recipients (which are the poorest countries and groups). The fifth step is to improve results by continuing to allocate funds to NGOs which have demonstrated efficiency and effectiveness. The sixth step is to maintain support by stabilizing the ODA budget at the present GNP ratio and make progress towards the 0.7% target when the fiscal situation permits. *Final Report*, 58.

Committee's recommendations and eroded CIDA's commitment to poverty alleviation, which it had just re-affirmed as its primary goal.

The third step--to be cognisant of the negative effects of SAPs in recipient countries--has not been taken into account in the Visegrad countries. Canada has supported SAPs since they were adopted in the early 1980s, as discussed in Chapter 7. However, while tempering its support for SAPs in the South, in Poland, Hungary, the Czech Republic and Slovakia, Canada has wholeheartedly recommended the adoption of IMF, World Bank and EBRD financial conditions and reforms without ameliorating social programs--although Ottawa did grant some concessions to Poland on its debt. Support for SAPs *and* poverty alleviation was discussed in Chapter 7 as the contradiction in Canadian foreign policy relating to development in the South. This contradiction is not as apparent in Canadian actions in Eastern Europe because, despite the area's inclusion within CIDA, programs there have not claimed to attempt to alleviate poverty.

For our purposes, there are two additional important elements of the government response to the Report's recommendations. First, the government acknowledged that there is more to democratization than creating democratic institutions and monitoring elections. The government states that it has helped democracy by "helping design, organize and monitor elections all over the globe",¹⁰ particularly through Elections Canada. But, as *CITW* states,

The Government recognizes that elections alone are not sufficient for

¹⁰ *Canada in the World*, 35.

democracy to take root in a society. It is also vital to encourage the development of a democratic culture and civil society--one that is pluralistic and participatory, that allows for the expression of diverse views and that offers its members the opportunities and resources to participate in the life of their community and country.¹¹

In a speech to the National Forum on Canada's International Relations in September 1995, Prime Minister Chretien reaffirmed this. He stated that Canada has:

a special talent for what is sometimes called "strengthening civil society". That is one of the greatest contributions we are making to improving democracy and human rights in other countries. And we are doing it in a typically Canadian way. Quietly. Competently. More concerned with results than rhetoric.¹²

This is related to the second point, which is that the government stresses that development must involve the general population. *Canada in the World* states that:

A sound development program must be people-centred, with a focus on human development--on building capacity, which means helping women, men and children in developing countries, their communities and institutions to acquire the skills and resources needed to sustain their own social and economic progress.¹³

In its general foreign policy statement, therefore, the government made it clear that: (1) poverty alleviation continues to be the priority of Canada's ODA; (2) democratization involves more than just the establishment of electoral systems; and (3) "sustainable" democracy must involve the population of a country.

We have now examined general foreign policy relating to democracy and civil

¹¹ It also says, "the Government will give priority to supporting democracy the world over in coming years". *Ibid*, 35-6.

¹² Jean Chretien, Speech in Toronto, 11 September 1995, 6.

¹³ *Canada in the World*, 41.

society. Because responsibility for programs relating to EE/FSU rests with CIDA and because CIDA is the agency dealing with ODA, it is now necessary to examine the policy and activity of Canada's official development agency in more detail.

Canadian International Development Agency (CIDA)

i. funding

Chapters 7 and 8 discussed the increased importance of economic considerations in Canadian foreign policy. In the past decade, Canadian governments have been concerned with reducing federal government spending. What this brief section will do is illustrate that some elements of Canada's international relations have been affected more than others. In particular, the cutting has affected departments/agencies such as CIDA, more than the agencies which support the new economic priorities in Canadian foreign policy.

In the budgets of 1992, 1993 and 1994, the growth of CIDA's ODA budget was limited based on a policy of expenditure reduction across the board. The International Assistance Envelope (IAE) was held to an annual growth of 3% in 1992-93. For 1992-93, 50% of the allowed growth was allocated to traditional ODA and 50% was earmarked for initiatives in Eastern Europe and the FSU.¹⁴

Contrary to the ODA budget (administered and disbursed by CIDA), which

¹⁴ In particular, DFAIT received a reserve "to meet pressing aid demand, particularly for Eastern Europe and the former Soviet Republics". See *Estimates 1994*. See Pratt, "Canada's Development Assistance: Some Lessons from the Last Review", *International Journal*, Vol. 49 (Winter 1993-94), for a discussion of some of the other reasons why CIDA has suffered in the budget cuts.

stayed at virtually the same level, there was a significant increase in the disbursements of both the Department of Finance and Department of External Affairs from 1986-87 to 1992-93, which is almost certainly related to events in Eastern Europe and the FSU (See Table 9.1).¹⁵ In fact 79.3% of the increase in total multilateral assistance disbursements from 1986-87 to 1991-92 was accounted for by the increase in funds disbursed by the Finance Department, and 20.1% was accounted for by the increase to External Affairs.¹⁶

Table 9.1 - Multilateral Assistance Disbursements 1986-1992
(CIDA funds plus others) (\$ million)

	1986-87	1987-88	1989-90	1990-91	1991-92
CIDA	636.14	447.22	601.55	610.66	636.34
EA & Others	30.96	36.25	41.72	38.68	53.31
Finance	284.94	352.35	266.50	320.12	373.06
Latin America loan repayments (to IADB)	2.13	2.51	2.70	2.77	2.63
Total	954.16	838.34	912.47	972.22	1,065.34

Source: CIDA. Annual Report 1992-3. Table E-3.

In *Canada and the World*, the Chrétien government stated its commitment to prevent assistance to EE/FSU from reducing Canadian assistance to the South. *CITW* states:

Canada will maintain an active program of assistance to Central and Eastern Europe and to the former Soviet Union, *while ensuring that the program is not funded at the expense of ODA priorities.*¹⁷ (emphasis added.)

¹⁵ The Finance Department's disbursements increased from \$284.94 million in 1986-87 to \$373.06 million in 1991-92. This meant an increase from 29.87% of total multilateral ODA in 1986-87 to 35.02% in 1991-92. In terms of total ODA, it meant an increase from 11.30% in 1986-87 to 11.72% in 1991-92.

¹⁶ CIDA, *Annual Report 1992-3*. Table E-3.

¹⁷ *Canada in the World.*, 46.

The government has not redirected funds from the South to Eastern Europe. But, as noted above, it has created new funding programs for EE/FSU. Furthermore, the immunity to funding cuts of programs relating to EE/FSU can be seen in the increased funding allocated to trade promotion/ development, as discussed in Chapter 8. Thus, although *CITW* stated explicitly that the programs relating to Eastern Europe and the FSU would not be funded at the expense of *ODA* priorities, the new *foreign policy* funding priorities leave the least developed countries out of the spotlight. The 1994 Finance Department publication, *A New Framework for Economic Policy*, illustrates this when it states that "a strategic emphasis on dynamic developing markets implies" among other things,

some reallocation of the government's trade development resources toward Asian, Latin American and Eastern European markets and away from markets with lower *commercial* potential.¹⁸ [emphasis in original]

The publication also advocates "a more explicitly commercial orientation of Canada's foreign policy in these ... areas".¹⁹

Trade promotion funding does not target only Eastern Europe or the FSU--it also affects some countries of Latin America and Asia--but this type of funding is usually concentrated in countries which do not fit into the category of *ODA* recipients. This reflects a trend in which *ODA* has not been redirected, but rather demoted in the face of the general trend in Canadian foreign policy which focuses on middle income developing countries to increase Canadian prosperity, rather than on

¹⁸ Department of Finance, *A New Framework for Economic Policy*, 69.

¹⁹ *Ibid.*, 69.

lower income developing countries to address basic human needs.

ii. CIDA Policy on Civil Society

In June 1995 CIDA released its "Policy on Poverty Reduction" as a step towards implementing the ODA elements of *Canada in the World*. The "Policy on Poverty Reduction" is a strategy to address the six areas of ODA concentration²⁰ outlined in *CITW*. This policy paper makes it clear that: (1) CIDA takes poverty alleviation as its mandate; (2) poverty alleviation means not just providing food but promoting sustainability; (3) poverty must be addressed at community, national and systemic levels; and (4) it is essential to involve the poor in programs that relate to them.²¹ It is this last element that most directly relates to democratization and civil society.

The policy statement supports both an inclusive version of democracy and the importance of developing a democratic civil society to ensure the continued existence of a democratic state. As the statement says:

Political and economic participation in the broader society is essential for the empowerment of the poor and sustained poverty reduction. Enabling the poor to participate in emerging opportunities is crucial.²²

The 1996 policy paper setting out the government's policy for CIDA relating

²⁰ The six areas are: basic human needs; women in development; infrastructure services; human rights, democracy and good governance; private sector development; and the environment.

²¹ CIDA, "CIDA's Policy on Poverty Reduction", Summary (Hull: CIDA, June 1995).

²² *Ibid.*, 6.

to democratization and human rights (*Government Policy for CIDA on Human Rights, Democratization and Good Governance*) is also very strong in its support for the creation of participatory democracy through a democratic civil society.²³ The paper states that:

Democratization builds the effective participation of individuals in decision making and the exercise of power in society, both through the formal processes of democracy and through the organizations of civil society that give voice to popular concerns.²⁴

Government Policy for CIDA states that CIDA will seek to strengthen: the role and capacity of civil society in developing countries in order to increase popular participation in decision making; democratic institutions; competence of the public sector; the capacity of organizations that protect and promote human rights; and "the will of leaders to respect rights, rule democratically and govern effectively".²⁵ It "emphasizes organizations in civil society as key vehicles for articulating popular concerns and channelling popular participation in decision and policy making".²⁶

CIDA includes support for human rights and democratic development as one of its main funding areas. Over the period fiscal year 1993/94 to 1994/95, CIDA disbursed \$46.5 million on projects that directly addressed democracy and human

²³ As of 1996 the Good Governance and Human Rights Division of the Policy Branch was responsible for monitoring human rights and democracy, good governance policy.

²⁴ Government of Canada, *Government Policy for CIDA on Human Rights, Democratization and Good Governance* (Hull: CIDA, 1996), 3.

²⁵ *Ibid.*, 4.

²⁶ *Ibid.*, 4.

rights.²⁷ As Table 9.2 indicates, CIDA's disbursements relating to human rights and democracy are significant, particularly in Latin America, Africa and the Middle East. It must be noted, however, that although \$46.5 million is a serious financial commitment, it represents only approximately 8% of CIDA disbursements.

Table 9.2 - CIDA Disbursements on Human Rights and Democratization (1993/94-1994/95)

Branch	# of Projects	Amount disbursed	% of total disbursements
Africa/Middle East	128	14,923,422	32.1
Americas	100	18,482,296	39.7
Asia	55	1,519,439	3.3
Sub-total Bilateral	283	34,925,157	75
Cdn Partnership Branch	87	8,896,707	19.1
Multilateral Programs Branch	5	2,400,000	5.2
Other Branches (Communications, Policy)	9	322,390	0.7
TOTAL	384	46,544,254	100

Source: CIDA, *CIDA Support to Human Rights and Democratic Development in Developing Countries 1993/94-1994/95*. Table 1. Note: This is before administration of programs relating to Eastern Europe and the FSU were transferred to CIDA.

In this period, support for democracy and human rights was broken down in the following way:

²⁷ CIDA, *CIDA Support to Human Rights and Democratic Development in Developing Countries 1993/94-1994/95*, 2. There are two notes which are important here: (1) this was before projects relating to Eastern Europe and the FSU were moved into CIDA's jurisdiction; and (2) this figure does not include multi-year program funding.

-democratic process: 37% of project disbursements supported the strengthening of the democratic process, including election initiatives, support for electoral bodies, and building democratic awareness.

-rule of law: 25% of project disbursements supported strengthening the judiciary, police and prison official training, and widening access to the law.

-civil society: 20% of project disbursements supported projects empowering and building the human rights awareness of disadvantaged groups, and building the advocacy role of civil society organizations.

-conflict resolution and peace: 14% of project disbursements supported projects designed to resolve conflict and strengthen the dialogue process.

-media development: 2% of project disbursements supported building the role of an independent, professional media.²⁸

In developing countries, civil society organizations received the largest share of CIDA's human rights/democracy support (46% of disbursements). National and local governments and government institutions received 42% and intergovernmental organizations received 13%²⁹ (See Table 9.3). It is important to note that these figures are for *developing countries*, a category which excludes Eastern Europe and the FSU.

In the list of projects CIDA supported in developing countries in fiscal years 1993/94-1994/95, all of the approximately 400 projects listed are related to developing civil society or building democratic institutions in some way. They include such things as media development, awareness of human rights, information relating to the rights and duties of citizens, women's rights, materials for elections, training for members of the judiciary, training of police, and training for the media. These projects, however, were all focused on developing countries, not the Visegrad

²⁸ *Ibid.*, 3.

²⁹ *Ibid.*, 3.

countries (or the FSS).

Table 9.3 - Recipients of Human Rights and Democratization Support (1993/94-1994/95)

Recipient of Support	# of projects	Amount disbursed	% of total disbursements
Inter-governmental (UNDP, OAS)	11	5,881,638	12.6
National and local Government	87	19,377,428	41.6
-central/federal	48	5,082,981	10.9
-provincial/state	4	67,244	0.1
-local/municipal	8	6,591,725	14.2
-parastatal (HR Commissions, ombudsman, etc.)	27	7,635,478	16.4
Civil Society Orgs.	286	21,285,188	45.7
-NGOs/INGOs/ Advocacy Groups	248	19,622,116	42.2
-Universities/Research Institutes	21	432,328	0.9
Media	17	1,230,744	2.6
TOTAL	384	46,544,254	100

Source: CIDA, *CIDA Support to Human Rights and Democratic Development in Developing Countries 1993/94-1994/95*. Table 7. no page number. Note: This is before administration of programs relating to Eastern Europe and the FSU were transferred to CIDA. Note: This table refers to direct recipients of funding not the ultimate beneficiaries of project activities.

The creation/support of a democratic civil society involves a variety of activities. Table 9.4 lists the types of interventions up to 1996 taken or supported by CIDA (and its partners) relating to human rights, democratization and good governance.

Table 9.4 - CIDA Interventions Relating to Human Rights/Democracy/Good Governance

- strengthen advocacy role of organizations in civil society
 - build the service role of organizations in civil society
 - build participation in civil society and the political process of women and other marginalized groups
 - build the role of an independent, responsible media
 - improve the functioning of the legal system
 - assist in the creation and strengthening of national human rights institutions (eg., ombudsman)
 - support commissions of investigation (eg., truth commissions)
 - support reform of police and security forces
 - support law reform
 - widen access to the law
 - support improvements in the functioning of democratic institutions
 - support the development of electoral processes
 - develop post-secondary education programs relating to human rights law, law reform, democracy
 - support conflict resolution and dialogue initiatives
 - support governments undergoing democratic transitions
 - assist demobilization of ex-combatants
 - support initiatives to remove land mines
 - assist governments in developing procedures for financial accountability
 - share information and program insights
 - encourage IFIs and regional development banks to increase the priority placed on human rights, democracy and good governance
- Source: Government, *Government Policy for CIDA on Human Rights, Democratization and Good Governance* Hull: CIDA, 1996, 12-13.

Although there is no mention in *Government Policy for CIDA on Human Rights, Democratization and Good Governance* of any countries, this publication clearly has the same tone as the publications discussing the South, not the tone of the publications relating to Eastern Europe and the FSU.

Table 9.5 indicates the themes into which CIDA's support for human rights, democracy and good governance falls. Themes 1, 2, 3, 6, and 10 (representing 40%

of the total disbursements) fall into the category of "developing democratic civil society". The other themes fall into the category of "building democratic institutions", as discussed in Chapter 8.

Table 9.5 - CIDA Human Rights and Democratization Support by Theme (1993/94-1994/95)

Theme	# of projects	Amount disbursed	% of total disbursements
1. Bldg HR awareness of Disadvantaged Groups and Enabling them (Women, Children, Ethnic Groups, Prisoners)	106	7,839,765	16
2. Bldg Civil Society's Policy/Advocacy role	15	1,501,060	3
3. Strengthening Institutions Protecting HR	59	4,643,938	10
4. Improving the administration of justice	31	751,452	1
5. Police/Prison Reform	5	6,484,504	13
6. Bldg Democratic Awareness/Participation	37	4,257,767	9
7. Strengthening Elected Bodies/Constitutional Reform	29	2,625,962	5
8. Elections Support/Monitoring	49	10,709,518	23
9. Conflict Resolutions/Public Dialogue	30	6,454,022	13
10. Strengthening Media	23	1,276,266	2
TOTAL	384	46,544,254	100

Source: CIDA, *CIDA Support to Human Rights and Democratic Development in Developing Countries 1993/94-1994/95*. Table 5. no page number. Note: This is before administration of programs relating to EE/FSU were transferred to CIDA. Note: Projects which cover more than one theme are classified under the main activity.

Table 9.6 outlines the type of human rights and democracy support provided

by CIDA.

Table 9.6 - Type of Human Rights and Democratization Support (1993/94-1994/95)

Type of Support	# of Projects	Amount disbursed	% of total disbursements
Management/Info Systems, Equipment	63	6,999,253	15
Management Training	17	3,766,882	8.1
Specialized Training (int'l/women's law, police training, etc.)	73	11,164,934	24
Production of Studies/ Newsletters/Pamphlets	45	1,316,690	2.8
Conferences/Workshops	58	895,058	1.9
Networking/Advocacy	12	667,632	1.4
Observer/Monitoring/ Peace Missions	14	2,622,782	5.6
Support to Victims	4	446,784	1
Multidimensional Project	54	13,824,460	29.7
General Program Support	38	4,460,338	9.6
Other	6	379,441	0.8
TOTAL	384	46,544,254	100

Source: CIDA, *CIDA Support to Human Rights and Democratic Development in Developing Countries 1993/94-1994/95*. Table 6. Note: This is before administration of programs relating to Eastern Europe and the FSU were transferred to CIDA. Note: "Management Training" refers to institutional support/capacity building. "Support to victims" refers to direct assistance to victims of abuse (including legal and/or humanitarian assistance). "General Program support" refers to core funding of an organizations' activities.

CIDA, Democratic Development and the Visegrad Countries

We have seen from the previous section that both the government in general and CIDA in particular acknowledge the importance of poverty alleviation in ODA,

and civil society in democratization and development. The federal government's foreign policy statement, *Canada in the World*, reaffirmed CIDA's mandate of poverty alleviation and supported the increasing inclusion of civil society development in Canada's ODA.

Furthermore, the concept of civil society has increasingly become an integral part of CIDA's democratization policy toward the South. CIDA (through its partners) has dedicated significant resources to support activities and organizations relating to the development of democratic civil societies in the South. What we have *not* seen in the previous section is any discussion of support for civil society in the Visegrad countries (or Eastern Europe in general).

This is so for several reasons. First, it is difficult to determine what activities/organizations CIDA supports in the absence of detailed CIDA publications starting from 1995. Both CIDA and DFAIT have ceased producing *Annual Reports*, and the only mention of programs occurs in the *Government Estimates* and the *Government Expenditures*, which provide only minimal program details.³⁰ It is possible to determine what CIDA has spent on its bilateral, multilateral and partnership programs, but not if these programs are related to civil society or Eastern Europe.

Second, and more significant, the federal government does not seem to be involved in much activity relating to civil society in the Visegrad countries. As

³⁰ This is the same for other publications as well--for example, The North-South Institute's Annual Report of government programs in 1996 has little detail.

discussed in Chapter 8, the Countries in Transition Program is Canada's program of assistance for Eastern Europe and the FSU. As also discussed in Chapter 8, only one of the five objectives of this Program relates to democracy at all. The other four relate to the transition to market-based economies. The Countries in Transition Program seems to have continued the focus of the Program of Assistance to Central and Eastern Europe which, as illustrated in Table 8.3, did not emphasize developing democratic civil societies.

The government's accounting system keeps the funding of the Countries in Transition Program (\$94.8 million in 1995-96³¹) separate from the rest of CIDA's funding. Apparently, CIDA's focus on civil society and participation has been separated from the Countries in Transition Program as well.

International Centre for Human Rights and Democratic Development

The report of the Special Joint Committee which reviewed foreign policy in 1985-86 recommended the establishment of an agency that would promote human rights and democratic development. On 30 September 1988 an Act of Parliament established the International Centre for Human Rights and Democratic Development (ICHRDD), which was officially inaugurated 19 October 1990.³² The Centre is a

³¹ Government of Canada, *Public Accounts 1995-96*, DFAIT, 9.13.

³² Canada was not, however, one of the participant governments of the International Institute for Democracy and Electoral Assistance (IDEA) founded in 1995 by governments of Australia, Barbados, Belgium, Chile, Costa Rica, Denmark, Finland, India, Netherlands, Norway, Portugal, South Africa, Spain and Sweden--headquarters in Stockholm.

non-profit organization financed primarily by the federal government,³³ which declares itself, nonetheless, to be "an independent and non-partisan institution",³⁴ and is not bound by Canadian foreign policy.

The mandate of the Centre is "to foster the development of democratic institutions and practices throughout the world and to promote and defend the rights and freedoms enshrined in the *International Bill of Rights*".³⁵ The Centre works closely with citizens' groups, international organizations and governments around the world "to encourage the development of democratic civil societies and empower people to participate fully in the social, economic and political lives of their countries".³⁶ It organizes and/or participates in public debates and conferences, conducts research and provides support for organizations that work toward human rights protection and democratic development. Of particular concern to the Centre are "the advancement of women's rights as human rights, the promotion of the rights of indigenous peoples and workers, and the development of democratic civil societies".³⁷

The most notable feature of ICHRDD for our purposes is its support for an inclusive version of democracy which, of necessity, involves a vibrant civil society.

³³ It has an annual budget of \$5 million. It submits an annual report of its finances to the Minister of Foreign Affairs who in turn tables it in Parliament.

³⁴ ICHRDD, *Annual Report 1993-94* (Montreal: ICHRDD, 1994), 1.

³⁵ *Ibid.*, 1.

³⁶ ICHRDD, *Annual Report 1995-96*, 2.

³⁷ ICHRDD, *Annual Report 1993-94*, 1.

The Centre defines civil society as "the sum of all non-family social institutions and associations in a country which are autonomous, independent of the state and capable of significantly influencing public policy".³⁸ According to a Centre publication, "democracy is not only a political system and a form of government, but also a kind of society".³⁹ A publication by Dias and Gillies put out by ICHRDD states that, "an independent, tolerant civil society is the cornerstone of a durable, participatory democracy. Civil society may exist without democracy, but democracy cannot exist without civil society."⁴⁰

The Centre's philosophy closely intertwines the issues of development and democratization. An important common link is participation. Both processes must be inclusive: "people must be at the centre of the development process because sustainable development is only possible through popular participation".⁴¹ And:

The concept of democracy encompasses both political and developmental democracy. In political democracy, the emphasis is on formal democratic processes (elections, parties, legislatures, elites). In developmental democracy, civil and political rights are seen as vehicles to advance equality of condition, not simply of opportunity. Building civil society, the expansion of democratic space, popular participation, effective public control of the policy agenda, just distribution of resources, and civilian control over the military:

³⁸ Nancy Thede et al, "The Democratic Development Exercise. A Discussion Paper". ICHRDD Workshop, July 1996, 3.

³⁹ And in a democratic society "civil and political rights are also seen as a means of advancing greater degrees of social equality". ICHRDD, "Strengthening Democratic Civil Societies", *Libertas*, Vol. 3, No. 4 (September 1993), 3.

⁴⁰ Clarence J. Dias and David Gillies, *Human Rights, Democracy and Development* (Montreal: ICHRDD, 1993), 12.

⁴¹ *Ibid.*, 6.

these are the real markers of democracy.⁴²

ICHRDD participated enthusiastically in the review of foreign policy conducted in 1994. At this time, Centre representatives claimed that Canada's actions regarding human rights and democracy have not matched its verbal commitment. The criticism in particular addressed a concern that many Canadians expressed during the foreign policy review--that Canada's commitment to human rights and democracy applies only when convenient. In an article in *Libertas* (the Centre's publication), it was claimed that:

In forums like the Commonwealth and La Francophonie, Canada has taken the high road in linking aid to human rights and political pluralism. But fine talk has not always been matched by consistent and coherent action. The list of situations where Canada has acted decisively to defend human rights is relatively short. Some activists complain of the double standards as Canada and other Western donors act tough on weak African states (Kenya and Malawi) or pariah regimes (Burma), but soft pedal on countries of greater commercial interest, such as Indonesia and China.⁴³

In its participation in the foreign policy review, the Centre called for an increased percentage of the aid budget to be allocated to projects supporting human rights and democratic development, and in general for these to "become guiding themes in Canadian foreign policy".⁴⁴

⁴² *Ibid.*, 9. Furthermore, "Popular participation is key to realizing the right to development and promoting democracy. As an aspect of political action, participation is the organized effort of powerless groups, communities and movements to win more control of material resources and access to policy-making structures". *Ibid.*, 10.

⁴³ ICHRDD, "Canadian Foreign Policy Review: New Government, New Directions", *Libertas*, Vol. 4, No. 1 (January 1994), 2.

⁴⁴ ICHRDD, "Canadian Foreign Policy Review", *Libertas*, 2.

It is clear from this that ICHRDD propounds a broad definition of democracy, in particular that it must be participatory and include the creation of a democratic civil society.⁴⁵ ICHRDD, therefore, can be seen to take a horizontal approach to democratization. In terms of this thesis, however, there is a serious problem with ICHRDD. Although the Centre's mandate is global, since 1993 it has concentrated most of its attention on 13 developing countries.⁴⁶ The Centre's activity was originally concentrated on Latin America, then expanded to Africa and Asia. It does not undertake any activities in Eastern Europe or the FSU.⁴⁷

This is not a criticism of the Centre itself--obviously its limited budget (5\$ million annually) precludes involvement in all regions. The point is that, as the major Canadian quasi-governmental organization concentrating on democracy, it is significant that it does not undertake any activities in Eastern Europe or the FSU. This is not necessarily related to the federal government's foreign policy because, as stated at the outset of this section, ICHRDD is an "independent and non-partisan"

⁴⁵ It should be noted here that ICHRDD is not without critics. The Centre has been criticized by some as simply adopting the prevailing "liberal" definition of democracy rather than conducting its own investigation as to what democracy involves. Andres Perez, for example, argues that "democracy was defined by default as liberal democracy in the absence of a substantive exploration into the essence of politics in developing countries". Andres Perez, "The International Centre for Human Rights and Democratic Development: A New Approach to Politics and Democracy in Developing Countries", in Miller (ed.), *Aid as Peacemaker*, 148.

⁴⁶ El Salvador, Guatemala, Haiti, Mexico, Peru, Eritrea, Kenya, Rwanda, Tanzania, Togo, Burma, Pakistan, and Thailand.

⁴⁷ ICHRDD, *Annual Report 1993-94*, 8. This geographical concentration is complemented by concentration on certain key thematic priorities, such as women's rights, "the linking of human rights, democracy and development, and the connections between aid, trade and human rights".

organization which is not bound by Canadian foreign policy. However, the Centre illustrates the tendency in Canadian foreign policy in general to treat EE/FSU differently than the South in matters relating to democratization. ICHRDD subscribes to a horizontal approach to democratization (in policy and practice); CIDA subscribes to a horizontal and vertical approach in policy, but tends towards a vertical approach in practice; and DFAIT (and Canadian foreign policy in general) supports a vertical approach in both policy and practice. None of these agencies/departments apply a horizontal approach to Eastern Europe in policy or practice.

Conclusions

This chapter has made two major points. First, it has illustrated that the Chrétien government continues to emphasize creating democratic civil societies in its policy statements relating to the South. This emphasis can be found in the policies and practices of both CIDA and ICHRDD. Second, although the programs relating to the region have been under CIDA's administration since May 1995, the government does not seem to extend this emphasis to Eastern Europe and the FSU.⁴⁸ The Conclusions will speculate on why this difference exists.

⁴⁸ It is interesting to note that The North-South Institute initiated a two-year project in 1997 "to explore the role of Northern governmental, multilateral, and non-governmental agencies and foundations in supporting Southern and Eastern civil societies". The Project is entitled "A New Solution? Investigating Northern Support to East European and Southern Civil Society".

CONCLUSIONS

Summary

Parts One and Two of this thesis presented two approaches to democratization, which derive from two quite different visions of democracy. The first approach, the vertical, stresses a neo-liberal agenda while the second, the horizontal, stresses a participatory version of democracy. This thesis argued that these two approaches to democratization incorporate three elements: building democratic institutions, facilitating economic change, and creating democratic civil societies. It has suggested that if the first two elements are present in democratization (as they are in Eastern Europe), then the third element must also be present to create sustainable democracy.

Part Three outlined the history of Canadian relations with the Visegrad countries and traced the evolution of human rights and democracy in Canadian foreign policy. It made three major points. First, during the Cold War, Canadian government relations with the region were dominated by security considerations. The Helsinki Accords introduced a new, but always minor, element. Second, considerations of human rights and democracy have gradually made their way into Canadian foreign policy since the late 1960s, but these considerations related to the Soviet bloc only on an extremely limited basis. Third, parallel with the incorporation of human rights and democracy was an enhanced emphasis on economic and financial

considerations in Canadian foreign policy.

Part Four examined the three elements of democratization in terms of post-1989 Canadian government policy towards the Visegrad countries. Chapter 8 argued, first, that in light of the historic emphasis on security in the area, and the continuing concerns about this in the post-Cold War world, "creating security" could be added as a fourth element of Canadian approaches to democratization in these countries. The notion of security and the security relationships with these countries in the post-1989 period, however, are very different from those during the Cold War, and reinforce the democratic transition. This is an element on which both the horizontal and vertical approaches would agree--it is difficult to create and/or maintain democracy in the presence of internal or external threat.

Chapter 8 also argued that, in addition to its focus on security, Canadian foreign policy in Poland, Hungary and Czechoslovakia (the Czech and Slovak Republics) emphasizes: (1) facilitating economic transformation and Canadian prosperity, particularly through enhanced trade promotion activities; and (2) building democratic institutions, particularly through assistance to a variety of governmental institutions and electoral agencies. Chapter 9 argued that, despite inclusion of support for the creation of democratic civil societies in the South, this is not an emphasis of Canadian policy relating to the Visegrad countries.

Canadian Approaches to Democratization in the Visegrad Countries

The implications of the point raised in Chapter 9 are significant. General Canadian foreign policy in the post-1989 period continues to include considerations of human rights, democracy, and support for participatory civil society. The 1994 foreign policy review and the government response to it elevated human rights and democratic development to the upper echelons of Canadian foreign policy priorities. As well, the government's 1996 policy for CIDA on human rights, democratization and good governance illustrates a strong commitment to these principles in Canadian development policy. Furthermore, the policies and actions of ICHRDD, not surprisingly, reflect a strong commitment to a very inclusive conception of democracy.

There seem, however, to be two important caveats to the Canadian government's commitment to a "horizontal" vision of democracy.

i. Economic Considerations

First, Ottawa's commitment is tempered by economic considerations of two types. First, the Chretien government has made it clear in both policy and practice that economic prosperity for Canada is its top priority. Thus, Canadian interactions with the Visegrad countries (and, indeed, any country) are undertaken with an underlying calculation about how the relationship can benefit Canada. Canadian governments have been criticized for sacrificing their commitment to human rights and democracy to avoid jeopardizing trade relations--this was a criticism of Ottawa's

lukewarm condemnation of China in the wake of the Tiananmen Square killings, for example. Canada is a trade-dependent country, so these motives are perhaps natural, and they are not unique to Canada. Thus, in the Communiqué of the 1995 Halifax G-7 Summit, for example, the highest priority was listed as the "wellbeing of our people".

Second, Canadian foreign policy, as discussed in Chapter 6, has incorporated many of the elements of the neo-liberal international economic agenda. In this sense, Canadian policy reflects the Western trend toward support of economic and political liberalization (the vertical approach). Support for this in the South has been apparent since the early 1980s, but it has been tempered by the recognition that, in its pure form, economic liberalization can be devastating to large sections of the population. As well, in the South these economic measures have been combined with the other two elements of democratization (building democratic institutions and creating democratic civil society)--though not always in equal proportions. In Eastern Europe, economic considerations have been given much more weight. Thus, the Halifax G-7 Communiqué discussed the importance of sustainable development and the alleviation of poverty in the South, but all that was said about EE/FSU was that the G-7 countries would "continue our support for economic reform in the economies in transition, and their integration into the global trade and financial systems".¹

In both regions, democratization is a key element in the discourse of Canadian foreign policy. But Canadian policy and practice in the Visegrad countries strongly

¹ Halifax Summit Communiqué, Halifax, June 1995, 10.

emphasizes the "liberal" element of traditional Canadian liberal internationalism. Although Canada stresses "liberal" actions across the globe, policy targeting Poland, Hungary and Czechoslovakia (the Czech Republic and Slovakia) is very different from that focused on the South. CIDA bears responsibility for both regions, but the policy and actions targeted toward the Visegrad countries are not based on CIDA's traditional ODA policy. Instead, they emphasize the creation of political structures and, in particular, transforming the economy and promoting Canadian trade. CIDA's Eastern European programs include such things as joint ventures, debt-for-equity swaps and investment. The government refers to its actions in Eastern Europe as promoting and assisting democratization. But, insofar as this approach is concerned with democratization at all, it reflects an emphasis on a vertical rather than a horizontal approach.

The Canadian government stresses the importance of economic restructuring and trade in the structural adjustment policies it has supported in the South, but in the Visegrad countries (and in EE/FSU in general), this emphasis is accentuated. In Canadian development policy toward the South,² there is a discernible emphasis on

² It must be noted that there are differences even within Canadian policy toward the South. Thus in Latin America, CIDA's priorities are: basic social services, good governance, civil society, private sector development, natural resource management, economic reform, regional integration and the participation of women in economic society. For Asia, the priorities are: economic growth, poverty alleviation, participation of women in decision making, respect for human rights, private sector development and the environment. In Africa/Middle East, the priorities are: basic human needs, participation of women, human rights and good governance, economic modernization, regional cooperation and environmental management. *Estimates 1995-96*, CIDA, 46.

civil society, as discussed in Chapter 9, but this is clearly not a priority in Eastern Europe (or the FSU).

The linkage of economic considerations to political matters has gained momentum since the introduction of structural adjustment programs in the 1980s. Since the late 1980s, Western states have openly linked political considerations with economic assistance to developing countries. This linkage provides support for the inclusion of "facilitating economic transformation" as a major element of the vertical approach to democratization. The addition of political to economic conditionalities has equalled "democratization" in this approach.

Until the creation of the European Bank for Reconstruction and Development (EBRD), however, the IFIs had at least claimed to avoid political considerations. The Articles of Agreement of the EBRD³ include an explicit "political" objective--i.e., to "promote multi-party democracy, pluralism and market economics".⁴ Furthermore, the EBRD does not rate as a regional development bank, which means that it (and EE/FSU) does not qualify for concessional funding (low interest rates and longer repayment periods).

³ The EBRD was established in 1991 to help restructure and develop the Eastern European and former Soviet economies.

⁴ EBRD, *Agreement Establishing the EBRD* (London: EBRD, 1991), Article 1.

ii. Geographic Considerations

This brings us to the second caveat to the Canadian commitment to a "horizontal" version of democracy (which is closely related to the first)--it has a geographic component. While the commitment to civil society through the support of human rights and participatory democracy is still included in foreign policy, it seems to apply only to the South, and only then in parallel with economic considerations set out by the IFIs.

The difference can be seen in the tone and intent of the policy relating to Eastern Europe. Thus, whereas policy and statements relating to the South are couched in "soft" terms emphasizing "participation", "partnerships", and "assistance", those relating to Eastern Europe are in "hard" terms emphasising trade, joint ventures and economic restructuring. So, if one were to ask if the commitment to civil society and participatory democracy applies to EE/FSU, the answer would appear to be, no, it does not. The next section will attempt to determine why.

Possible Explanations*i. International Factors*

The appearance of considerations of democracy and human rights in foreign policy is not a phenomenon unique to Canada. The pattern this thesis has illustrated has been a widespread trend in the West, appearing both in national foreign policies

and the policy of international organizations.⁵ Thus, for example, "human rights" and "good governance" appeared on the OECD Development Assistance Committee (DAC) agenda in 1989,⁶ and, in the Harare Declaration in 1991, the Commonwealth countries included a commitment to human rights and democracy.⁷

Starting in the late 1960s, Western policy increased support for civil society in the South. This meant that some donors began to shift from a macro-economic focus to a micro-economic focus on community self-development and empowerment through increased economic and political participation. This was accomplished particularly through financing the activities of NGOs, and it remains the focus of many of them. It involves participation in and encouragement of, for example, 'grass-roots' women's groups, community groups and cooperatives to promote issues such as human rights, women's rights, environmental issues and economic participation. It also involves organization of the informal sector of the economy, which is often of significant size,

⁵ Black and Therien even go so far as to argue that Western foreign policy is becoming "standardized". David R. Black and Jean-Philippe Therien, "Moving with the Crowd: Canadian Aid to Africa", *International Journal*, Vol. 51 (Spring 1996).

⁶ In 1993, the DAC adopted a policy paper to clarify its commitment to participatory development and good governance. OECD, DAC, "Orientations on Participatory Development and Good Governance", 1993.

⁷ Furthermore, in the UN Development Program's (UNDP) first *Human Development Report 1990*, the authors drew a close relationship between democracy and development, stating that "human development is a process of enlarging people's choices", and that official development assistance must "promote political as well as economic development". See Miller, "Introduction", in Miller (ed.), *Aid as Peacemaker*, for a discussion of this. And in 1991, the CSCE gave the Office for Democratic Institutions and Human Rights (ODIHR) the responsibility for matters relating to "human dimensions", including democratic development and human rights in the European arena.

as part of the democratization process.

Like Canada, however, Canada's major allies (particularly the United States and Britain) have coupled this commitment to democratic civil society and human rights with an increased emphasis on economic considerations. Britain's program of bilateral technical assistance to Eastern Europe/FSU--the Know How Fund--for example, promotes economic and political reform in cooperation with the British private sector "to accelerate transition to a democratic free-market society".

In this sense, what has happened in Canada is just part of the trend which began in the 1980s with the neo-liberal agenda. It has filtered into the foreign policies of many developed countries, prompted in part by serious governmental debt, disillusionment with Keynesian economic policies, and increasing global competition. Canadian foreign policy, thus, parallels the trend in the foreign policies of the G-7 countries towards the inclusion of greater economic considerations in relations with developing countries. Canada does not create international foreign policy patterns, and we should not be surprised that Canadian policy is in harmony with the dominant trend in OECD countries.

Another possible explanation for the nature of Canadian approaches to democratization in Eastern Europe and the FSU is related to the traditional conduct of international relations in the West. The principle of sovereignty has governed relations between states in Europe for several centuries. In this sense, Western reluctance to support the creation of democratic civil societies in the former Soviet bloc may be related to the historic dominance of the tenets of realism--particularly

non-interference in the domestic affairs of other sovereign states--in Western international relations. Although much weaker than in previous years,⁸ the concept of sovereignty is still a major element in relations among states in the developed world. Canadian willingness to include support for democratic civil society in the South (but not in the FSS) may reflect that, historically, the principle of non-interference was much weaker in relations with this region. The colonial status of many of the countries of the South meant that they had little choice but to accept domestic interference from the colonial power. This practice has continued in the post-colonial period and, although Canada was never a colonial power, some of the "privileges" of the colonial powers seem to have fallen to Canada.

This argument, however, is weakened when the *economic* changes that Canada (and the West) is advocating are considered--i.e., one cannot argue that Canada is reluctant to interfere in the domestic affairs of Eastern European states in terms of civil society, when it is clearly involved in the transition of their economies. These economic changes could be considered interference in the domestic affairs of another state. If the principle of sovereignty applies to Canadian reluctance to interfere in the creation of democratic civil societies, then it should apply to the advocacy of economic changes as well. Canada, however, advocates economic changes in both

⁸ Keating and Gammer argue that in the late 1980s, the Mulroney government changed Canada's position on the principle of sovereignty. They argue that the Mulroney government supported "interfering" in the domestic affairs of other states for humanitarian reasons, and that this was the 'new look' of Canada's foreign policy in the early 1990s. See Tom Keating and Nicholas Gammer, "The 'New Look' in Canada's Foreign Policy", *International Journal* Vol. 48 (Autumn 1993), especially 724-729.

the Visegrad countries and the South.

It is clear that there is tension inherent in the mainstream 1990s' approach to democratization. This results from the attempt to reconcile an emphasis on the free market, which is *non-territorial*, with an emphasis on democratic state-building, which is by nature *territorial*. Thus, efforts to democratize the Visegrad countries involve an interesting paradox. Just as the forces of globalization--i.e., economic/financial interactions and production undertaken on a global scale--are being recognized and analysed, support there is concentrating on the establishment of new democratic state actors.⁹

ii. The Domestic Foreign Policy Community

The primary Canadian institution devoted to the promotion of democracy and human rights--the International Centre for Human Rights and Democratic Development (ICHRDD)--strongly supports human rights and democratic development, and nicely illustrates the tenets of a horizontal approach to democracy, as we saw in Chapter 9. The Centre, however, is *not* involved in the Visegrad countries (or Eastern Europe in general). This is true of most NGOs which actively support participatory democracy--they are concentrated in the South. The Canadian NGO community, in general, is not actively involved in, or concerned with, Eastern

⁹ In this sense, the 1990s' approach to democratization (and development in general) is particularly interesting because it leads one to speculate not only on whether it can be reconciled with other approaches, but whether it can be reconciled with itself.

Europe.

There is, however, a significant exception--the Eastern European diaspora. In the post-1989 period, Ottawa has drawn the organizations representing the Eastern European diaspora into the foreign policy-making process. A number of Eastern European groups participated in the 1994 foreign policy review, and CIDA has developed partnerships with these Canadian groups to work in Eastern Europe.

In some ways, the use of the diasporic community in this way is very positive. It allows government projects to be undertaken by people who speak the language, know the culture and have local contacts. Yet in some ways, this relationship with the Eastern European diaspora may have biased the Canadian approach to the region against the priorities of the horizontal approach.

In this regard, it is interesting to read the testimony to the 1994 foreign policy review. The representatives of "traditional" development-oriented NGOs argued passionately for Canadian promotion of an inclusive version of democracy, the separation of human rights and trade considerations, and support for civil society in the South (i.e., a horizontal approach to democratization).¹⁰ The testimony of the groups of the Eastern European community, however, tended to advocate business

¹⁰ See, for example, the *Minutes of Proceedings and Evidence*, testimony of: Canadian Council for International Cooperation, 11:8-38, 24:37; Africa Working Group, 13:104; African Association of Regina, 13:108; Co-Development Canada, especially 14:66; Development and Peace, 26:33; and MATCH International Women's Centre, 33:12.

and private sector linkages,¹¹ and the importance of tying the countries of Eastern Europe into the Western security framework (i.e., a vertical approach, combined with security considerations).¹² It is perhaps not surprising that the Eastern European diaspora community has certain biases. As mentioned in Chapter 6, such communities in Canada tended to be rabidly anti-communist and pro-market. Those who were most likely to leave their homelands were of course usually those who faced persecution for their anti-government views.

Canadians of Eastern European origin continue to hold predominantly negative views of communism. Indeed, a questionnaire completed by a Polish organization in Canada stressed (in the fall of 1996--seven years after the fall of the Communists) that the Polish Communist Party (the Polish United Workers' Party) should be criminalized and outlawed, and that all former members should be removed from the civil service and bureaucracy.¹³

Unlike the Eastern European groups, both the testimony to the foreign policy review, and the questionnaires completed by representatives of Canadian NGOs and CIDA, were much more likely to advocate Canadian government attention to citizen participation and assistance at the local and community level. The CIDA respondents and particularly the NGO respondents advocated "empowerment" of citizens and

¹¹ See, for example, *ibid.*, the testimony of: Ukrainian Canadian Congress, 13:40-42, 19:102-103; Estonian Central Council in Canada, 24:121; Canada-Ukraine Chamber of Commerce, 24:148-150; Canadian Bulgarian Association, 27:7.

¹² See, for example, *ibid.*, the testimony of the Canadian Citizens of Czech and Slovak Origin, 50:94.

¹³ Questionnaire answered in confidence, by a Polish-Canadian organization.

widespread participation as a means of sustaining democratic systems.

The split between the policy advocated by the Eastern European organizations and the NGO/CIDA community seems to be reflected in the divergent government policy toward the East and the South. It is difficult to state with certainty, however, how strong the relationship is between the diaspora/NGO opinions and government policy.

CIDA and the Visegrad Countries

The Visegrad countries do not fit into the traditional ODA framework or language. It is interesting, therefore, that responsibility for Canadian programs relating to Eastern Europe and the FSU was transferred in 1995 to CIDA, the body responsible for Canadian ODA.

The shift of programs to CIDA is puzzling for a number of reasons. First, as this thesis has illustrated, the treatment of the region is very different from CIDA's policy and practice toward the South. This is reflected in the agencies CIDA supports as well. Thus, its support focuses on "traditional" development-oriented NGOs in the South, and on business partnerships and linkages with diasporic ethnic communities in the East.

Second, the programs for EE/FSU are kept strictly separate for accounting purposes within CIDA, which accentuates the unnaturalness of the program's inclusion in the first place. Third, the development community resisted the transfer of programs relating to EE/FSU to CIDA, but despite the government's claim to be

responsive to Canadian society in foreign policy matters, the programs were transferred regardless.¹⁴

And fourth, surprisingly enough—given 1 and 2—both the foreign policy review and the government response to it stressed the importance of creating complementarity in Canadian foreign policy, and stated that "policy coherence" within and outside Canada relating to human rights and democratization was to be a priority of CIDA.¹⁵ In terms of Canadian actions and policies toward the Visegrad countries, however, this does not appear to have been achieved. Thus, as discussed above, stated policy relating to democratization in general does not match action in Eastern Europe. Perhaps CIDA's policy is coherent with international policy (i.e., of other OECD countries), but it is not coherent in itself.

¹⁴ This is according to information received from the Canadian Council for International Cooperation.

¹⁵ The government states that to further Canadian goals for development assistance, "Canada's ODA policies should also work together with other aspects of our broader foreign and domestic policies to forge a consistent approach to developing countries and to contribute to common goals". *Canada in the World*, 41. The government "will work to strength *program coherence* among the foreign policy instruments pertaining to developing countries and to ensure that development programs and policies within countries and regions work together in a complementary way". *Ibid*, 45. See also CIDA, "CIDA Support to Human Rights and Democratic Development in Developing Countries 1993/94-1994/95", 4-5.

The Future

This thesis has argued that support for creating democratic civil societies is not a focus of Canadian foreign policy toward the Visegrad countries. Canadian policy toward this region clearly accords with the vertical approach to democratization, to the exclusion of a vital element of the horizontal approach. Thus, despite their higher profile in foreign policy in general, concerns relating to human rights, civil society and democracy in Eastern Europe have not been high priorities of the Chrétien government. Its focus has been on building democratic institutions, economic transformation and trade with Canada.¹⁶

The argument of this thesis is that all three of the elements in the democratization framework are necessary for *sustainable* democracy in the Visegrad countries. Proponents of the horizontal approach would argue that the vertical approach has become the dominant paradigm at their expense. Domestically, the deficit reduction and "downsizing" inherent in the vertical approach to democracy have created the need and space for the organizations of civil society, but at the same time, made the resources necessary for their success increasingly scarce. Internationally, the same processes are apparent--i.e., structural adjustment programs (SAPs) espoused by the vertical approach since the 1980s have created increasing

¹⁶ This inattention to the EE/FSU is not only characteristic of the Chrétien government, but also of the Mulroney government. Thus, even in the second session of the 34th Parliament, April 1989 to May 1991--in the midst of the profound changes occurring in the area--there is little mention of Eastern Europe. Indeed, there are more entries in the index of this session for the *Fruit, Vegetables and Honey Act*, for example, than about the events in Hungary or Czechoslovakia!

need for a focus on civil society in democratization (and development), without providing the *means* for it to play a role. This, combined with decreased governmental willingness (and ability) to channel money to ODA budgets, has meant that the horizontal approach's ability to play a role in democratization (and development in general) is being increasingly constrained.

However, since the worst effects of SAPs became apparent, there have at least been attempts to resolve this tension in the South. The policies advocated by Canada there have changed to incorporate the concerns of NGOs, and the populations affected by them. If this can be accomplished for policy relating to the South, can it not also be accomplished for the Visegrad countries?

Until 1989, very few people in the West believed that the 'third wave' of democratization would affect the Soviet bloc itself. Eastern Europe was so firmly within the Soviet bloc that it seemed inconceivable that democratization theory would ever concern this region. Instead, it was focused on the South. This meant that any discussion of democratization was usually tied to the discussion of development. When the Soviet bloc collapsed in 1989, democratization theory, which had been created with the South in mind, was targeted to Eastern Europe.

The situation in Eastern Europe in the 1990s has some important parallels with the experiences in the South in the 1980s. Most countries in the South faced serious economic problems in the 1980s (and still do in the 1990s). Declining prices for exports, increasing prices for imports, rising unemployment, disproportionate military expenditures and high government debt were all problems. These economic problems

forced the governments to adopt SAPs. The political conditionalities of the SAPs, combined with Western (particularly American) insistence on economic reform, were instrumental in the adoption of liberal democratic regimes. The countries of the former Soviet bloc face many of these problems, and the presence of the World Bank and IMF in the region has meant economic restructuring along the lines already adopted by the South.

The history and character of the two areas are, however, very different. Their respective economic histories illustrate different processes leading towards the same goal. In the non-Communist countries of the South, liberalization meant *pruning* government in order to permit the market to work effectively. In the case of Eastern Europe and the FSU, there was much greater state penetration of the official economy. The collapse of the Communist states in the area has therefore meant that economic liberalization entails *building* a market system. Typically, then, the economic restructuring in Eastern Europe is more radical than in most areas of the South.

If we accept that a democratization policy in the Visegrad countries must incorporate the elements of both a horizontal and a vertical approach, then it becomes clear that Canadian foreign policy (and "Western" policy in general) toward the region is lacking.¹⁷ Why is lip service paid to the importance of participatory society and democratic civil society in the South (especially Africa and Latin

¹⁷ This does not imply that Canadian policy elsewhere is not lacking as well, as clearly it is.

America) when it is largely absent from policy relating to the former Soviet bloc?

There is no way to determine the answer with certainty. This thesis can only raise a range of possibilities. It has suggested that this pattern may occur in Canadian foreign policy because of international influences. It has also suggested that there are tensions within the domestic foreign policy constituency that might reflect (and affect) the emphases in Canadian foreign policy. It could also reflect the exigencies of bureaucratic politics. In the 1990s, the dominant bureaucratic players are those who support the neo-liberal policies of the vertical approach. Cost-cutting is king and CIDA, as the only departmental representative of the horizontal approach, has no powerful domestic constituency to protect it from a disproportionate share of the cuts.

The absence of the third element in Eastern Europe when it is apparent in the South may also be due to other less structured reasons. For example, it may be related to feelings left over from the Cold War. Policy makers in the West have generally subscribed to the view that the West "won" the Cold War. In this sense, the different treatment of EE/FSU may reflect either leftover animosity, or some sort of smug satisfaction about having been right all along.

Another alternative is that policy toward the South is subject to higher levels of "political correctness". The language in policy relating to the South is couched in terms so soft as to be almost patronizing. This is not necessary (or desirable) for EE/FSU. After all, the population there is white (with some exceptions in the FSU), and a former enemy. The sense is that one is dealing with equals (or those who are capable of being equal) in EE/FSU, whereas in the South, this is not the sense at all.

Whatever the reasons, the consequences may be unpleasant. Poland provides a good example of the problems of transforming the economy and creating democratic institutions without creating a democratic civil society at the same time. A proliferation of political parties contested the last parliamentary elections there, which indicates that the adoption of formal democratic processes has been successful thus far. But at the same time, voter turnout for national and local elections has been exceedingly low--as low as 40% in some areas--which seems to indicate that democracy has not taken root in society in general. Low voter turnout has been combined with extremely rapid disillusionment with the political process, a combination that bodes poorly for sustainable democracy in the country.

Obviously, the Visegrad countries are significantly more "modern" than many of the countries of the South, but this does not place them closer to democracy, unless one assumes (as modernization theory does) that there is a unilinear path to development and democracy. The last 30 years of development experience tend to indicate that this assumption is not valid. Thus, these countries may be just as far, or farther, from attaining "democracy" than some countries in the South, regardless of their economic industrialization. This is why a democratization policy must include an emphasis on creating a democratic civil society.

It has been the transformation of the economy which has caused the most serious disruption of the lives of Eastern Europeans. A quick survey of the literature on revolution illustrates that economic disruption is often a prime element of massive civil disturbances. Revolutions occur, not when citizens are in a state of *absolute*

poverty, but when they are in a state of *relative* poverty. A society can be very unstable when significant segments of the population see themselves going down the economic ladder while others are moving quickly up the ladder.

The creation of the institutions of democracy, combined with the economic changes, may ironically have produced a result which is inimical to the long-term success of democracy in the area. The initial euphoria about, and support of, the changes quickly waned in the midst of economic and social upheaval. While from an external perspective, the transition in the Visegrad countries has proceeded fairly smoothly, the high expectations of the population have not been met--and probably never could have been. Radical changes had to be made in the initial period before opposition could be mobilized and before the economic reforms began to hurt. This honeymoon is long since over. Perhaps the most serious problem is that it often takes several years for the benefits of reforms to become clear. Until this time, the reforms are vulnerable.¹⁸

One of the problems with the emphasis of the vertical approach is that democracy will sink or swim based on a country's economic performance. Since the dominant democratization paradigm of the 1990s includes economic transformation as a major element of the process, the harsh conditions in Eastern Europe caused by

¹⁸ As Jeffery Sachs argues: "they [the reforms] inevitably create uncertainty that can cause strong political opposition, even when a majority of the population will benefit strongly from the reforms, and *even knows it*. The point is that while the public knows that the reforms will help, individuals are generally not sure that they will benefit personally from the reforms." Sachs, in Islam and Mandelbaum (eds), *Making Markets*, 151.

economic restructuring have translated into discontent with democracy itself. The pain of the economic changes is equated with the creation of the democratic processes.¹⁹ This, the proponents of the horizontal perspective would point out, is the result of tying democracy so closely with a specific economic system. The trend toward putting parties of the Left back in positions of power may reflect a general anxiousness to eliminate the pain of economic reforms, but may end up eliminating democracy as the cause of this pain.

Just as citizens gained the right to select their governors, politicians inflicted unemployment and price hikes on them. Inflation, resulting from freeing prices and eliminating the monetary overhang, eliminated savings and decreased the standard of living for those on fixed incomes. There is an incredible temptation to use this new-found political power to punish politicians for the economic troubles.

Politicians often cannot avoid making economic changes because of adjustment packages imposed by the IFIs and conditions tied to Western aid. They are thus caught between an unhappy population and an unyielding international community. This is not a situation in which one wants to face re-election.

The massive changes which have occurred in the Visegrad countries would strain even an established democratic civil society--as protests in the West over "downsizing" have illustrated. For countries with little or no tradition of a democratic political culture, however, the strain is enormous. Without actively

¹⁹ Even some traditional supporters of the vertical approach--such as George Soros--have seen the dangers of this. See George Soros' article, "The Capitalist Threat", in *Atlantic Monthly*, 279(2), February 1997.

inculcating democratic norms and practices into society (as the horizontal approach advocates), it is hard to conceive of the future of these new democratic systems.

With domestic support evaporating, the opposition mobilized and vocal, and facing an unyielding international financial climate, democratic leaders are faced with a serious challenge to what may have been only a lukewarm commitment to democracy in the first place. Reformers may resort to demagoguery or create external or internal enemies in order to deflect blame or anger from themselves.

The possible failure of democracy in Eastern Europe has implications of both a theoretical and practical nature. In theoretical terms, the dominance of the vertical approach to democratization in the Visegrad countries (particularly its emphasis on economic transformation), and the reasons *why* this is true, provide interesting paths for exploration in a number of fields in political science. In particular, as a case study of "Western" foreign policy, the dichotomy between the Canadian treatment of the Visegrad countries (and EE/FSU in general) and the South has implications for the fields of Canadian foreign policy, international political economy, European studies, regional studies, studies of civil society, transitional studies, development studies, and democratic theory.

The possibility of various countries in the former Soviet bloc adopting governments which are nationalistic (for example, Serbia, or to a lesser extent, Slovakia) or deteriorating into anarchy (for example, Albania and Bosnia-Herzegovina) also poses a serious problem in practical terms. The problem of refugees, organized crime, drugs, disease and environmental disaster crossing the

divide from East to West is a real one if democracy does not succeed, and civil war or anarchy occur. The presence of stable democracies in the Visegrad countries serves the economic and security interests which dominate Western foreign policy. It is strange, therefore, that the governments of the West--Canada's included--have not incorporated both a horizontal and a vertical approach to democratization in order to ensure this.

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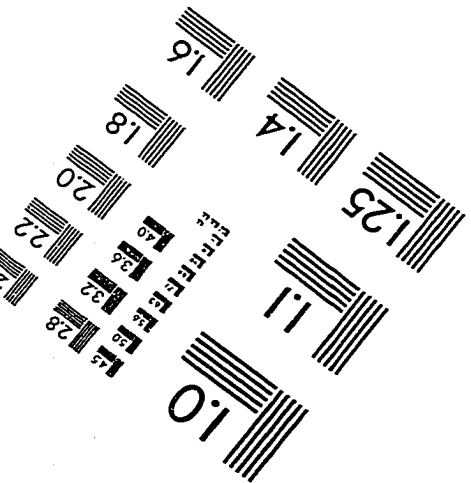
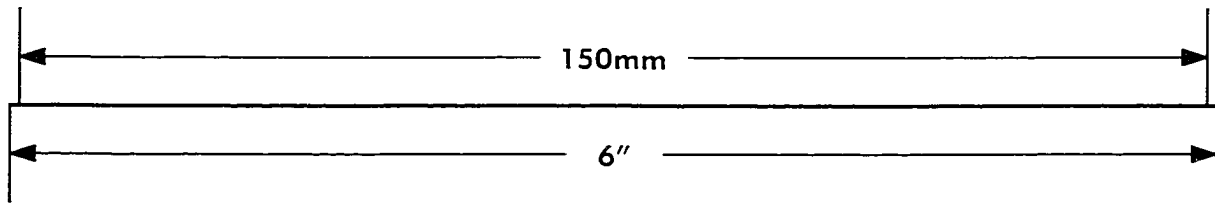
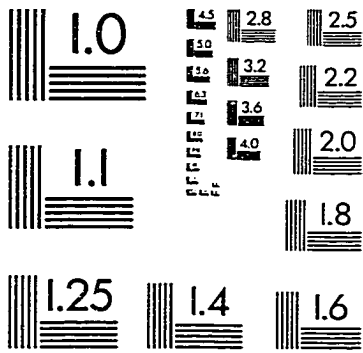
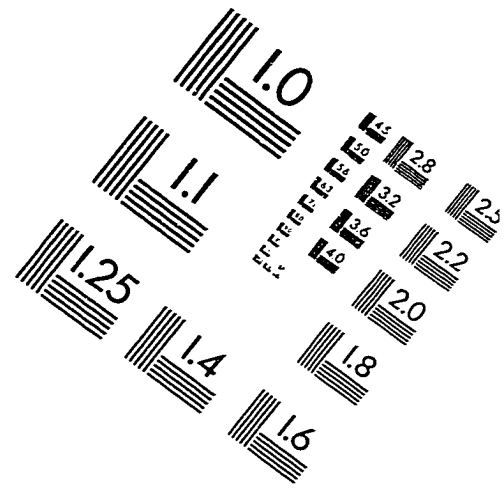
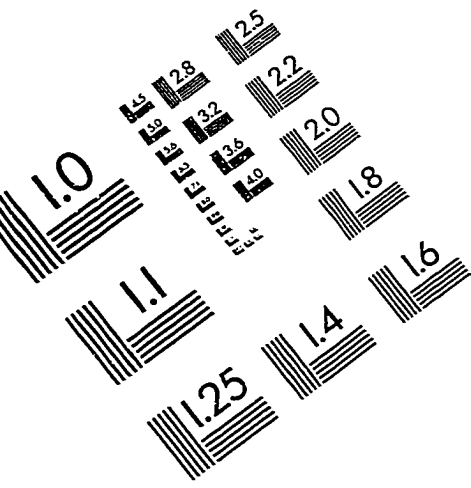
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