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Supporting Democracy in the Former Soviet Union: Why the Impact of US Assistance Has Been Below Expectations[1]

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Recent studies find that US democracy assistance has helped build new democratic regimes across the globe. Nearly two decades of democracy assistance in the former Soviet Union (FSU), however, appear to have had a negligible impact on democracy in the region. This research uses a time-series cross-sectional statistical analysis to establish that US democracy assistance efforts in the FSU have failed to enhance democracy in the region. The incentives that FSU leaders had to misrepresent their commitment to democracy and the United States' understandable misperception of these leaders' actions help to explain this failure.

Recent studies have found that US efforts to promote democracy across the globe have been very successful (Scott and Steele 2005; Finkel, Pérez-Liñán, and Seligson 2007). They not only confirmed statistically that US assistance had a positive effect on democracy, but also that targeted democracy assistance programs tended to have a larger impact on democracy than regular development aid. This finding resonates with the increasing role of democracy promotion in US foreign policy after the end of the Cold War (Office of the President 1995, 2002). In 1994, USAID established the Center for Democracy and Governance, which in 2001 became the Office of Democracy and Governance responsible for advancing US democracy promotion in the world. US democracy assistance steadily grew from $128 million to $817 million per year between 1990 and 2003 (Finkel et al. 2007:204).

In 1992, the US Congress passed the Freedom for Russia and Emerging Eurasian Democracies and Open Market Support Act (FSA). Its goal was to provide assistance to the states of the FSU to help their transitions to democracy and market economies. From 1992 to 2007, the United States spent approximately $28 billion on a variety of FSA programs (Tarnoff 2007). In contrast to the generally positive global record of US democracy promotion efforts in the post-Cold War era, the impact of democracy assistance has fallen short of expectations in the FSU. As the US State Department admitted in 2005, ''the post-Soviet transition process in democracy and the social sector has not been as fast as the drafters of the FSA had anticipated'' (US State Department 2005).

Of the 12 FSU states, only Georgia, Moldova, Tajikistan, and Ukraine became more democratic, according to Freedom House (Table 1).[2] Ukraine was the only one that managed to improve its freedom status from Partly Free to Free. More than 15 years after the collapse of the Soviet Union, four of the FSU states are Partly Free, while seven are Not Free including the three that made a disappointing transition from Partly Free to Not Free—Belarus, Kazakhstan, and Russia. The average Freedom in the World rating for the FSU has gone up by 0.5 during the period 1992–2006, therefore indicating a slight strengthening of an authoritarian trend in the region. Such a disappointing outcome calls for explanation. Why have US democracy promotion programs failed to assist in the democratization of the FSU when they seem to have been successful in other parts of the world?

US Aid and Democracy

The debate on the effect of US aid on democratization revolves around two aspects: the mixed motives of external interveners that might weaken any external pro-democratic impulse and domestic conditions that might trump international efforts. Aid pessimists argue that US foreign assistance in the post-Cold War era has not promoted democracy, but instead has served a national security agenda that puts first expanding influence and supporting friendly regimes. It is hard to identify the causal direction: are democratic regimes more likely to become American allies or are American allies more likely to

[1] *Author's note*: I wish to thank Mark Peceny, Kathy Powers, James Timberlake, and two anonymous reviewers for helpful comments and suggestions.

[2] Freedom House uses a checklist to rate the presence/absence of political rights and civil liberties for every year in the countries of the world. The score for both PR and CL goes from 1 to 7 with 7 corresponding to the lowest level of freedom. Thus a growing score over time indicates a shrinking democratic space in a country.

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TABLE 1. US Aid to the FSU and Freedom House Index Change (1992–2006)

	US aid per capita total 1992–2006 (constant 2006 $)	*US aid total 1992–2006 (constant 2006 $)*	*Change in the Freedom in the World rating (1992–2006)**	*Freedom status in 1992***	*Freedom status in 2006*
Armenia	504.43	1,793,892,027	1.0	Partly free	Partly free
Azerbaijan	66.17	603,085,312	0.5	Not free	Not free
Belarus	35.5	445,473,247	3.0	Partly free	Not free
Georgia	358.34	1,880,734,913	−1.5	Partly free	Partly free
Kazakhstan	62.43	1,109,229,017	0.5	Partly free	Not free
Kyrgyzstan	143.03	809,206,888	1.5	Partly free	Partly free
Moldova	131.73	637,926,362	−1.5	Partly free	Partly free
Russia	79.31	13,318,979,844	2.0	Partly free	Not free
Tajikistan	106.95	754,925,702	−0.5	Not free	Not free
Turkmenistan	43.4	225,715,498	0.5	Not free	Not Free
Ukraine	50.5	2,970,090,870	−0.5	Partly free	Free
Uzbekistan	33.74	945,975,189	1.0	Not free	Not free
Total	1615.53	25,495,234,867			
Average	134.63	2,124,602,906	0.5		

(*Notes.* *Combined average of the Political Rights and Civil Liberties rating.
**1.0–2.5, free; 3.0–5.0, partly free; 5.5–7.0, not free.
Sources: US Overseas Loans and Grants (Greenbook) (http://qesdb.usaid.gov/gbk/)
The World Bank development indicators (http://www.worldbank.org))

democratize? Is the relationship mutually reinforcing? Knack (2004:259), for example, argues that US aid has no real effect on democratization but rather the opposite—countries with higher levels of democracy tend to receive more aid. Overall, skeptics argue that the United States might subvert democracy because of security and economic concerns (Lowenthal 1991).

Another group of critics believes that the United States' commitment to democracy is genuine, but points to significant endogenous impediments that limit the impact of democracy assistance (Brown 2005). Such impediments may include state failure, political violence, underdevelopment, and poverty—problems that foreign assistance often cannot sufficiently address. Even if interveners succeed in creating initial democratic institutions in economically disadvantaged nations, these new democracies often collapse when assistance funds inevitably dry up (Ottaway and Chung 1999).

Aid optimists, however, believe that external actors can help and that democracy promotion serves the material interests as well as the ideals of interveners (Allison and Beschel 1992; Smith 1994; Goldsmith 2001). Close to this view is a group of scholars who think that foreign aid can promote democracy but only if individually tailored, well-planned, and applied in the right sequence (Burnell 2000; Youngs 2002; Carothers 2007). Optimists argue that US security and economic interests do not conflict but rather dovetail with the goals of democratization. According to this view, the end of the Cold War marked an essential shift in the motives of US aid. Overall, the United States has many good practical reasons to support democracy, which is believed to bolster inter-state peace and security (Russett and Oneal 2001), reduce internal conflicts (Hegre, Ellingsen, Gates, and Gleditsch 2001), eliminate potential breeding grounds for radicalism and terrorism (Diamond 2002), and foster freer trade and global economic development (Bunce 1999).

Aid proponents do not deny formidable structural obstacles to democracy in recipient countries, but they believe that success can be achieved in challenging environments with the right tools and finding the right democracy agents to strengthen and support. For example, Steele and Scott (2005: 20) find that although general *economic* aid does have a salutary effect on democratic performance, targeted *democratic* assistance is ''more efficacious and more efficient in producing similar results.'' They argue that specific democracy promotion programs are 20 times more effective than regular aid, when measured by the ratio of aid dollars to democratic progress. Similarly, Finkel et al. (2007:424) suggest that the effect of democracy programs is stronger than ''the standardized impact of economic performance.'' They argue that $1 million invested in targeted democracy assistance boosts democratization by 65% compared with the average country's democratic growth.

The hypothesis that direct democracy promotion assistance is more cost effective than regular economic aid puts the main emphasis on agency as a driving force of democratization. Most democracy aid goes to support key actors such as political parties, NGOs, advocacy and human rights groups, and independent media. The weak results for the FSU, however, show that a different kind of agency can be at work. Autocratic leaders can ''pretend'' to play the democratic game to win international support while establishing illiberal regimes behind rhetorical acceptance of democracy.

US Aid and the FSU

When the FSU states started their transitions to democracy, pessimists could expect poor results

because of the huge domestic structural impediments to democratization and mixed US policy motives in the region. Drastic economic decline, communist legacies, and political instability all made the FSU states a highly difficult environment for democracy to take root. Deep economic crisis coupled with poor policies of financial stabilization (Lipton and Sachs 1990; Fischer, Sahay, and Vegh 1996) undermined the prospect that the FSU would eventually come to democracy through accelerated economic growth and the creation of a vigorous middle class. GDP per capita in the FSU was declining at least until the mid 1990s. By 2004, only Armenia, Belarus, and Kazakhstan managed to reach the ''Soviet'' level of GDP. In no other part of the world did the introduction of democratic institutions coincide with such massive economic dislocations and rapid decline in living standards.

Communist legacies were another factor that added skepticism about democratic prospects in the FSU states. The burden of authoritarianism was heavier there than in Eastern Europe. None of the FSU states had a substantial pre-Communist democratic tradition. Prior to the Bolsheviks' seizure of power in October, Russia had a democratically elected government for only 8 months. Independent regimes in Armenia, Georgia, Azerbaijan, Ukraine, and Belarus lived for a little more than 3 years (1918–1921). Moldova had a sovereign status for several months at the beginning on 1918 before it was taken over by the Romanian kingdom. In 1940, the Soviet Union annexed Moldova and made it a Soviet republic. Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan had never been independent states before and were themselves established during the Soviet time, in 1924–1925.

Any positive effect from the neighboring Western democracies could hardly be expected in the FSU. Only Belarus and Ukraine are located within a 1000-mile range of Western capitals, while the other FSU states are much further away. Geographically, the FSU region did not have the advantages of Eastern Europe where democratic diffusion (Kopstein and Reilly 2000; Lankina and Getachew 2006) played a significant role in speeding up democratic processes. Membership in European organizations was never really of deep concern to the FSU states except for Georgia. Meeting the EU democratic standards was never as high a priority for the post-Soviet regimes as for Eastern Europeans.

The institutional factors of democratization (Linz 1990; Cox and McCubbins 2000) were not propitious for the FSU either. All twelve states were institutionally predisposed to become strong presidential systems. The single-party regime in the Soviet Union was a highly centralized structure with nominal checks and balances. Personification of state power was very strong, particularly in the republics of Central Asia and the Caucasus. There was no working party system, and when the Soviet Union fell apart, new leaders were drawn from the old Communist elite. Under these conditions, any parliamentary attempts to limit the power of presidents had little chance to succeed. Some of these attempts ended violently as in the case of Russia in 1993. Many post-Soviet leaders amended constitutions to prolong their terms or to lift any term limitations that would prevent them from becoming presidents for life.

The rise of political violence, internal and interstate conflicts in the FSU decreased the chances for democracy even further. Civil war in Tajikistan, separatist movements in Moldova, Georgia, and Russia, war between Armenia and Azerbaijan, the spread of Islamic extremism in Uzbekistan, and ethnic tensions in Kyrgyzstan, all led to growing instability in the region.

Optimists, however, believed that massive targeted programs empowering domestic democratic agents could overcome severe structural obstacles in the FSU states. As a precedent, in Latin America in the 1970–1980s, agency factors often played a larger role than structural conditions in the emergence and consolidation of democracies (O'Donnell and Schmitter 1986; Mainwaring and Hagopian 2005). Optimists did not deny that the United States cared about specific strategic interests in the region. US policymakers have wanted to wean new states from Moscow's influence, ensure access to energy resources, and gain support for US policies in Afghanistan. Optimists, however, saw promoting democratization as the best way to achieve these material goals. Promoting democratic reform and elections was believed to be the optimal policy to get friendly predictable allied governments in place. There was a significant moral element in supporting democratization in the FSU as well. The collapse of the Soviet Union in 1991 opened an unprecedented window of opportunity to extend liberal values in this part of the world. Supporting democratization in the former Soviet Union resonated with American beliefs in the fundamental worth of democracy, and with the sense that it was ''America's destiny'' (Muravchik 1991) to support freedom worldwide. For strategic and idealistic reasons, therefore, the US decision to provide democracy assistance to the FSU at the beginning of the 1990s was essentially ''inevitable.''

Political leaders in the FSU were less enthusiastic about the possibility of democratic transitions than were US policymakers, however, because democratization threatened the survival of new ruling elites. Given growing social demands and public dissatisfaction, new leaders had minimal chances to stay in the office through free and fair elections. Understandably, post-Soviet presidents chose to consolidate their power and established semi-authoritarian regimes with limited political competitiveness and tightly controlled civil space. Those leaders who did not follow this path lost or almost lost their offices, such as the Ukrainian and Belorussian presidents Leonid Kravchuk and Stanislav Shushkevich in the 1994 elections and Russian president Boris Yeltsin in the 1996 elections.

Over time, the US assessment of democratic processes in the FSU became more sober and realistic, leading to a revision of US aid policy. For example, in 2004–2006, a portion of FSA funds for Russia and Uzbekistan was withheld in reaction to the tightening control of foreign-funded NGOs. However, the momentum of the first years after the Freedom Support Act made it easy for post-Soviet leaders to continue exploiting the stereotypes of US foreign policy. The Kyrgyz president Askar Akayev was probably the most successful in this effort, in large part because he was pictured as a ''liberal physicist,'' a new figure outside the Communist elite (Wrigh 1997). In the early years of his presidency, Akayev embarked on a course of reforms that were aimed at ''integrating the country into Western political and economic structures'' (Kopstein and Reilly 2000: 32). Thousands of NGOs were established throughout the country. Dozens of foreign NGOs came to the country and began working at the grass-root level. Media outlets mushroomed at almost a geometric rate. Western diplomacy called Askar Akayev the Thomas Jefferson of Central Asia (Talbott 1994).

However, by the mid-1990s, the reforms slowed down and almost stopped. Western media still lauded Kyrgyzstan for being ''an island of democracy'' (Anderson 1999), while the space for political pluralism was rapidly shrinking and the authoritarian tilt of Akayev's regime was increasingly obvious. The elections were deeply flawed, the legislature highly manipulated, the independent media shut down, and opposition leaders were imprisoned. The majority of local NGOs turned out to be stillborn (Beisalov 2004). In 2005, wide popular protests followed the elections, in which Akayev's son and daughter ran for seats in the parliament. After a short period of uncertainty, Akayev resigned and went into exile.

Kyrgyzstan is a typical example of a game over international aid. The Kyrgyz leader needed US assistance to alleviate a harsh economic situation and signaled his commitment to democratization. The US signaled its support of Akayev's course, which he accepted as a green light to build his personalist regime. Both sides misinterpreted each other's intentions and came to incorrect conclusions.

The democratic downturn in the FSU at the end of the 1990s led to more pragmatism in US aid policy. Assistance programs started coming with more strings attached. But ''color'' revolutions and regime change in some of the FSU states renewed opportunities for local leaders to ''pretend'' to be democratic and manipulate US promotion efforts to sustain their rule. New elites, who came to power in Ukraine, Kyrgyzstan, and Georgia, were fast to declare their commitment to democratization in order to win international recognition and support. However, persisting domestic pressures inevitably compromised this commitment, while the course of rapid democratization posed short-term risks that could not be safely ignored. New leaders soon lost their revolutionary steam, and democracy did not bloom as expected. As Freedom House stated in 2009, ''The democratic promise of Kyrgyzstan's 2005 'Tulip Revolution,' Georgia's 2003 'Rose Revolution' and Ukraine's 2004–2005 'Orange Revolution' remains unfulfilled. Democracy scores in Kyrgyzstan and Georgia dropped to prerevolutionary levels'' (Freedom House 2009). The United States enthusiastically supported the new regimes but was slow to recognize the erosion of democracy and the strengthening of authoritarian trends following the color revolutions.

Testing a Statistical Model of Aid and Democracy in the FSU

I use two models to predict democratic progress in the states of the FSU (Table 2). Model 1 partially replicates Finkel, Pérez-Liñán, and Seligson's design and data.[3] The data cover USAID allocations for 165 countries over the period of 1990–2004. Development assistance is disaggregated from specific allocations for democracy and governance programs. The model uses two standard estimates of democracy outcomes: Freedom House and Polity IV indices. The original Freedom House index is re-calculated on a scale of 1–13, in which 13 indicates a full-fledged democratic regime. Polity IV ranges from −10 (most autocratic regimes) to +10 (most democratic regimes). The model is tested on both indices because there is a known discrepancy between the two. Freedom House has a heavy emphasis on human rights and civil liberties and, therefore, tends to underestimate transitional democracies, which are usually quick to conduct elections but lag behind in other elements of democracy. This is the case for the FSU states, all of which had publicly elected presidents by 1993, but whose human rights climates remained inchoate. Polity IV focuses on the competitiveness of political participation and executive recruitment; thus, new regimes with democratically elected central government can receive a relatively high score close to that of a full-fledged democracy. For example, Russia in 2000–2003 received a Freedom House score of 5 out of 13, but Polity IV gave Russian democracy a score of 7 out of 10. According to some studies, the correlation between Polity IV and Freedom House is no higher than 0.3, which makes a strong argument against the interchangeability of scores in political science research (McMahon and Kornheiser 2010: 7). Given such discrepancy, the employment of both indices in one study is intended to give more credence to the validity of the model.

The model's independent variables include USAID direct democracy and government assistance (DG) and USAID regular economic assistance (non-DG) at the country level. DG is the total USAID allocations for democracy and governance programs. Non-DG is total USAID funding excluding democracy and governance programs. Both are in millions

[3] Original data set and codebook are available at http://www.pitt.edu/~politics/democracy/democracy.html.

of constant 2000 US dollars and calculated as a mean of USAID obligations for the year under observation and the previous year, which captures the rollover nature of the assistance programs. Other assistance variables include Regional-subregional DG and Regional-subregional non-DG measuring USAID democracy and governance programs and regular assistance programs which operate at the regional and subregional level. The FSU represents a region of Eurasia, which is divided into two subregions—Caucasus/Slavic (Armenia, Azerbaijan, Belarus, Georgia, Moldova, Russia, and Ukraine), and Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan).

Finkel et al.'s model also includes variables that capture assistance from non-US sources to democracy and governance sectors (Other Donor Assistance DG) and to all other sectors (Other Donor Assistance Non-DG). Their study found both insignificant, but did not explain why non-US assistance has been so ineffective compared with US aid. Inclusion of these variables into the FSU model is important for two reasons. First, the size of non-US aid to most of the FSU states exceeded that of US aid. For example, Russia in 2003 received $90.6 million in regular aid and $28.34 in democracy aid from the United States. Other donors provided $201.65 million in regular aid and $49.92 million in democracy assistance in the same year.[4] Second, the European Union: the major non-US donor to the FSU has traditionally had closer economic ties with post-Soviet states, particularly in the energy sector, and has pursued divergent democracy promotion strategies (Köring 2007). The comparison of European and US aid can generate a more nuanced understanding of the relationship between different donor's interests and the democratizing effects of aid.

The control variables reflect economic, political, and cultural factors that are theorized to have an impact on democratization, such as GDP growth per capita, regional democratic diffusion, US military assistance priority, political violence, state failure, religion, and Communist legacies. Regional democratic diffusion tests the hypothesis that a country's geographical proximity to democratic states increases the likelihood of democracy. This variable is calculated as ''the average Freedom House score for all other countries in the world during the previous year, weighted by their distance from the country's capital'' (Finkel et al. 2007:419). US military assistance priority estimates the claim that US aid is driven by US strategic interests rather than the goals of democratization. It is measured as a percentage of total US military grants per year to a particular country. To test the hypothesis that political violence is negatively correlated with democracy (Rapoport and Weinberg 2001), the model includes an index that accumulates eight different forms of internal conflict such as assassinations, strikes, guerrilla movements, government crises, purges, riots, revolutions, and anti-government demonstrations. The occurrence of each form of conflict is coded as a yearly count of mentions by the *New York Times* (Banks 2005). State failure, which is expected to have a negative impact on democracy, is a dummy variable that indicates the presence or absence of ethnic and revolutionary wars, genocide, and/or adverse regime change. It uses the Political Instability Task Force (1955–2005) data set, developed at George Mason University's School of Public Policy.

In their study, Finkel et al. apply a two-level hierarchical model to capture cross-country ''pre-existing'' democratic conditions (such as prior democracy, pre-1990 US assistance, countries' population, size, income per capita, ethnic fractionalization, and pre-1990 state failure), and countries' individual democratic dynamics over time. The exact replication of Finkel et al.'s two-level mixed model on the FSU states is impossible for two reasons: the small number of observations—156 versus 2866 in the original data set—and the irrelevance of many of the level-one variables such as prior democracy, pre-1990 US aid, and state failure pre-1990, which do not apply to the FSU. Due to these limitations, I simplify the model to a one-level time-series cross-sectional analysis.

Model 2 sets out to test alternative explanations of democratization in the FSU and includes three variables that are not present in the original Finkel et al. data set: GDP per capita in 1992 (GDP1992), Islamic religion (IREL) and Communist legacy (CLEG). GDP per capita in 1992 is included to test the significance of the initial level of development prior to the beginning of democratic transitions. Religion is a dummy variable indicating whether a country is Islamic and testing whether the Islamic societies in the FSU are less likely to develop democratic regimes (Fish 2002; Karatnycky 2002).[5]

Communist legacy is measured as number of years under Soviet rule. The longer that Soviet political, economic, and cultural patterns dominated in a state and the deeper Communist traditions were instilled in a society, the more difficult it should be for regimes to initiate and sustain democratic transitions. There is a measurement problem with this variable because it is difficult to define when the Soviet system was fully established in each of the FSU states. In most republics, it happened after the end of the Russian Civil war in 1921. Moldova became part of the Soviet Union in 1939. Central Asian states emerged in 1924–1925, but in reality, Basmach resistance prevented the Soviet regime from taking control until the beginning of the 1930s. Overall, I created three groups of states with different lengths

[4] Calculated as average appropriations for current and previous fiscal year.

[5] Kazakhstan is an arguable case. According to the CIA factbook, Muslims make up 47% of Kazakhstan's population while Orthodox Christians make up 44%. The country's constitution is the only one in Central Asia that does not mention a special status for Islam. At the same time, the most recent census claims more than 70% of the population is Muslim. Since 1995, Kazakhstan has been a full member of the Organization of the Islamic Conference. Therefore, Kazakhstan is coded as a Muslim country.

TABLE 2. Predicting Freedom House and Polity IV Scores for the States of the FSU (1992–2004), $N = 156$

	Model 1 (Finkel, Pérez-Liñan and Seligson 2007)				*Model 2 (alternative explanations)*			
	Freedom House		*Polity IV*		*Freedom House*		*Polity IV*	
Dependent Variable	*Coefficient*	*SE*	*Coefficient*	*SE*	*Coefficient*	*SE*	*Coefficient*	*SE*
Democracy and Other Assistance								
USAID DG	−.052*	0.030	.024	0.072	−.011	0.043	.135	0.092
USAID Non-DG	.008**	0.002	−.004	0.006	.008*	0.004	−.005	0.008
Non-USAID US	−.002	0.002	.005	0.003	−.004**	0.002	−.002	0.004
Regional-subregional DG	−.626	0.513	.075	1.224	−.141	0.761	.399	1.617
Regional-subregional Non-DG	−.063*	0.036	−.102	0.087	−.060	0.053	−.093	0.114
Other donor assistance DG	.006	0.008	.034*	0.020	.010	0.012	.064**	0.025
Other donor assistance Non-DG	.002	0.002	−.005	0.005	.011**	0.003	.007	0.006
Economic, cultural, and political factors								
GDP growth per capita	−.015*	0.011	−.046*	0.026	−.051**	0.015	−.101**	0.032
Democracy diffusion	−1.404**	0.517	−3.053**	1.234	−.408	0.289	−2.182**	0.615
US military assistance priority	−.178	0.656	.874	1.565	−.676	0.952	−.082	2.024
Extent of political violence	.0005	0.003	−.006	0.006	.003	0.003	.002	0.007
State failure	−1.517**	0.306	−2.126**	0.731	−1.320**	0.426	−.691	0.905
GDP per capita in 1992					−.018	0.101	−.195	0.214
Communist legacies					−.055*	0.029	−.286**	0.062
Religion					−4.070**	0.493	−13.103**	1.048

(*Notes.* **Significant at $p < .05$; *significant at $p < .10$ (two-tailed); SE, standard error).

of the Soviet period: Armenia, Azerbaijan, Georgia, Russia, Belarus, and Ukraine[6] (68 years); Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan (59 years); and Moldova (52 years).

Model 2 utilizes random effects regression in order to take into account fixed factors, which vary across the FSU countries but stay constant over time, as for example, religion, initial GDP per capita, and Communist legacies.[7]

In Finkel et al.'s research, USAID democracy and governance assistance positively predicts both Freedom House and Polity IV scores at the 0.05 significance level. In Model 1, the coefficient for USAID DG for Freedom House barely reaches significance while changing its sign from positive to negative. However, for Polity IV in Model 1 and for both dependent variables in Model 2, US democracy assistance turns insignificant. Other aid variables are significant with one or the other dependent variable but not with both. The relationships reflected in the statistical models are very sensitive to the measure of democracy being used. Interestingly, non-US democratic assistance is still significant for Polity IV in Models 1 and 2. This result may be caused by Polity IV's relatively higher democracy score for some FSU countries and especially for largest aid recipients such as Russia. This does not explain, however, why this relationship does not hold for US democracy aid. Differences in aid design may explain why non-US (mostly EU) aid appears to be more effective than American aid in building democracy, but this question needs to be addressed in a separate study.

Strikingly, GDP per capita in 1992 fails to reach significance. Political violence is insignificant while State failure is negative and significant for both dependent variables in Model 1 but only for Freedom House in Model 2. Democratic diffusion is negative and significant in both models (in Model 2 it is near the 0.1 level for Freedom House). This finding reflects the fact that Russia, Belarus, and Azerbaijan, which are supposed to be more positively affected by democratic influence from the Western Europe, have experienced a clear authoritarian trend. At the same time, remote Kyrgyzstan, which is surrounded by nondemocratic regimes, managed to sustain a relatively high level of democracy through severe political turmoil and a floundering economy. It should be noted that US Military Assistance Priority is insignificant in both models, suggesting that US strategic and security interests have not hampered democratization in the FSU.

Model 2 reveals the strongest factors that explain democratization in the FSU: GDP growth per capita, Religion and Communist legacies. GDP and Religion are significant at the 0.05 level for both Freedom House and Polity IV scores. Communist legacies are significant at the 0.05 level for Polity IV and almost reaches this level for Freedom House (p-value = .059). GDP growth per capita shows a strong negative correlation with democracy in both models. The most prosperous and dynamically developing of the FSU states, such as Russia and Kazakhstan, have been the most authoritarian, while poorer Georgia, Ukraine, and Kyrgyzstan have been democratic overachievers. Significant results for the Religion variable confirm that with the exception of Kyrgyzstan, other Muslim FSU states

[6] Ukraine can probably be coded differently as its Western part joined the republic only in 1939–1940. I, however, consider Ukraine as a founding member of the Soviet Union in 1922, with its Communist tradition coded as being as strong as in Russia.

[7] For more information on time series cross-sectional models, see Hsiao (2003).

lagged behind non-Muslim states in democracy performance. Communist legacies are significant and negatively correlated with democracy even though the coding favored Central Asian states by placing them in the group with moderate Communist tradition.

The results hold up when using different methods of standardizing aid by the size of the economy and population of the recipient country.[8] Overall, these statistical analyses confirm that US democracy aid has had little or no effect on democratization in the FSU and that the lack of democracy is better explained by a combination of domestic economic and cultural factors. Model 2 clearly shows that Islamic states with heavier Communist legacies and faster growing economies were less likely to implement democratic reform than non-Islamic states with weaker Communist traditions and slower economic development.

Conclusion

Statistical results favor neither aid pessimists nor aid optimists. On the one hand, the model shows little negative impact of such factors as underdevelopment, poor economic growth, political instability, or US mixed motives. On the other hand, US democracy aid is missing from the determinants of democratization in the FSU—a discouraging fact for democracy promoters. There is still an unexplained variation in democracy outcomes in the FSU, but in general, Islam and Communist tradition seem to have been the strongest impediments to democratization in the region. The question, which still remains, is why domestic agents even with massive foreign support have failed to generate any sizable democratic impulse to turn the situation around.

My explanation focuses on the incentives that FSU leaders had to misrepresent their commitment to democracy and the United States' understandable misperception of these leaders' actions. Were such misrepresentations ''programmed'' in advance, or did circumstances push leaders to choose authoritarian paths that they had not planned to take? There was strong public demand for democratic reform after the fall of Communism that the new presidents could not ignore. At that time, appearing to embrace democracy was a perfectly rational strategy to pursue. On the one hand, publicly embracing democracy allowed them to enjoy popular support; on the other hand, it opened doors to Western aid, which was extremely important during the first years after the dissolution of the Soviet Union. The failure of US policy was that it overestimated the democratic commitment of post-Soviet leaders and did not recognize the processes that at some point made democracy an increasingly inconvenient choice for them.

[8] The results of these tests are available by request.

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