Privatizing Foreign Policy
Michael A. Cohen and Maria Figueroa Küpçü

In August 2000, a motley array of democracy activists, politicians, and fringe nationalists trudged into a hotel in Budapest. The assembled figures constituted the leading members of Serbia’s political opposition movement—a fractured and increasingly desperate group. Only weeks earlier, Serbian president Slobodan Milosevic, hoping to catch his erstwhile opposition off guard, had announced snap presidential elections. After watching his domestic opponents spend eight years repeatedly snatching defeat from the jaws of victory, Milosevic was confident. But this time, Serbia’s democratic leaders had a secret weapon—a bespectacled, Harvard-educated political consultant armed with a PowerPoint presentation.

Doug E. Schoen, who had worked for Bill Clinton and numerous foreign political leaders, had spent several years polling the Serbian electorate. The results were always the same: Milosevic was deeply unpopular, but so too were the individuals gathered in Budapest. Their incessant infighting caused many to wonder whether these nascent democrats were truly serious about bringing political change, or simply wanted to further their own narrow political agendas.

Zoran Djindjic, the nominal favorite to run against the Serbian strongman, was a highly flawed candidate. He had fled Serbia during the NATO bombing of Kosovo in 1999, and thus many Serbs viewed him as a coward. “I can’t win, can I?” he asked Schoen. “No,” Schoen responded.¹

After a pause, Djindjic asked, “What about Kostunica?” referring to Vojislav Kostunica, the leader of a minor opposition party and a former law professor. Schoen’s polls showed that of all Serbia’s opposition politicians, Kostunica was the best candidate—combining strong nationalist credibility with low “unfavorability” ratings. With Schoen’s urging, the Serbian opposition united behind Kostunica’s candidacy, and within months a key element of U.S. foreign policy in the Balkans had been realized—Slobodan Milosevic was out of power and headed to the war crimes tribunal in The Hague.

Was a political pollster single-handedly responsible for toppling Slobodan Milosevic? Not exactly, but after eight years of sanctions, smart bombs, and fervent, often fruitless, diplomacy, a new and unexpected weapon for defeating him had been found—namely a non-state actor, working in concert with U.S. officials but motivated as well by market-driven impulses and personal altruism.

This wasn’t the first time that non-state actors (or NSAs) had played a leading role in the Balkan conflict. In 1995, private military contractors—with the active support of the Clinton administration—trained the Croatian army for its military offensive against Serbian rebel-held positions in Croatia and Bosnia, which helped push the region’s warring parties toward peace talks.

This is one small example of what may be the most important yet misunderstood political and social developments of the post–Cold War era: the growing prominence and influence of NSAs in global affairs. Non-state institutions, corporations, and advocacy groups are playing an increasingly

prominent role in nearly every aspect of foreign policy, from promoting democracy, providing humanitarian relief, and fighting international terrorism to propelling economic liberalization, curing disease, and even waging war. The international landscape abounds with examples:

• After more than a decade of international sanctions, Libya was finally forced to accept culpability in the 1988 bombing of Pan Am flight 103 over Lockerbie, Scotland, in part due to a civil lawsuit initiated by the families of the victims and a group of enterprising trial lawyers.

• In 1997, a determined activist—using e-mail as her tool—brought together an array of human rights advocates to lead a global campaign to ban landmines.

• Stretched thin by multiple conflicts in Afghanistan and Iraq, the U.S. military has increasingly relied on private military contractors. As a result, more than 20,000 unregulated military contractors, equivalent to a U.S. Army division, serve in Iraq alongside coalition forces.

• Contagious diseases that threaten millions are being attacked as never before by philanthropists and corporations with both the will and the pocketbooks to make a difference.

For more than three centuries, the nation-state has served as the foundation of the global political order—hence the “inter-national” system. Although the nation-state remains dominant, no longer can it necessarily be considered preeminent. With the fading of superpower rivalry, the advent of economic and political globalization, the diminished role of the state in economic affairs, the absence of strong supranational authorities, and the spread of new communication technologies, the role of the nation-state has dramatically eroded.

In 1997, Jessica Matthews, now president of the Carnegie Endowment for International Peace, in a seminal article in *Foreign Affairs*, noted that the “end of the Cold War has brought about a novel redistribution of power among states, markets, and civil society. National governments are not simply losing autonomy in a globalizing economy. They are sharing powers...with businesses, international organizations, and a multitude of citizen groups known as non-governmental organizations.” The “power shift” that Matthews and others discerned has since gained momentum.

Over the past decade, the way we view foreign policy has fundamentally shifted. While the years from the Treaty of Westphalia in 1648 to the fall of the Soviet Union in 1991 was the era of the nation-state, the period since may be viewed in a vastly different light as the era of the non-state actor. The challenge for policymakers is to comprehend the full panoply of NSAs, how states can most effectively engage them, and the partnerships that can be created in furtherance of foreign policy goals.

A New Foreign Policy Market
The role of non-state actors in international affairs is not a recent development. The United Fruit Company and the British East India Company virtually guided foreign policy in Central America and the subcontinent in their day. Organizations like the Red Cross and antislavery groups influenced international affairs in the past, as multinational corporations do today. In the waning years of the Cold War, nongovernmental organizations (NGOs) pressed successfully to bring environmental issues and human rights concerns to the world’s attention. However, non-state actors largely operated within the framework of a state-centric system. What is most striking about NSAs today is that while some collaborate intimately with states, others tend to operate by their own rules, and are often guided by their own parochial interests—interests
that may run counter to those of their home governments. Moreover, NSAs are demonstrating a growing ability to project their power and influence across borders, often without regard to formerly sacrosanct notions of state sovereignty.

NSAs cannot function without the regulatory framework that states provide, but that does not mean that they are necessarily beholden to their home governments. If anything, there is increasing evidence that states themselves are in fact becoming more dependent on a whole host of non-state actors. Could the United States, for example, fight its war in Iraq without private military contractors? Could it promote democracy around the world without the involvement of NGOs, political consultants, and emerging civil society movements? Could economic liberalization have proceeded so quickly without the leverage of international investment and the prominence of global capital markets? Would efforts at AIDS prevention and education be as effective without the involvement of philanthropists like Bill Gates and private citizens like Bill Clinton? These codependent relationships reflect the new political dynamic of the era of the non-state actor. As NSAs continue to gain influence in global affairs, managing the state/non-state actor relationship will become one of the critical challenges facing policymakers.

To better manage that relationship it is essential to expand the definition of what constitutes a non-state actor. No longer can NSAs simply be characterized as traditional NGOs or civil society groups. A proper definition must be as elastic as possible to incorporate the full array of actors that are now able to make their voices heard, and their actions felt, in global affairs.

Nor is it always accurate to assume that NSAs are motivated by altruism, or what might be considered public-sector concerns. An altogether different impulse is increasingly guiding many non-state actors: “foreign policy for profit.” As the state has retreated—and the opportunity for non-state actors to flex their muscles has emerged—a foreign policy “market” has been created, one that individuals and organizations motivated by the prospect of profit and influence have been happy to fill.

As state sovereignty erodes and the barriers to entry for new global actors continue to fall, policymakers are struggling to adjust to this new dynamic. For the most part, the Bush administration remains obstinately focused on a state-centric global model, particularly in its approach to fighting terrorism. As the French Islamic theorist Gilles Kepel points out, the Bush administration could not be dissuaded from waging war on Iraq as a means of countering terrorism because it was “culturally incapable of grasping an actor that was not, in the final analysis, a state.” Yet with an administration whose senior officials seem determined to “protect” American sovereignty against the United Nations, international institutions, and the amorphous notion of an international community, it seems hardly surprising that Washington would unilaterally pursue a state sponsor of international terrorism, no matter how marginal the link.

Among conservatives, there has been an abiding fear that the decline of state sovereignty would be matched by the rise of supranational institutions or a “world government,” as some have ominously warned. Instead, it may well be that the greatest challenge to state power is not international law or world government but a decentralized, diffuse, and more democratic global system in which even the most powerful actors are discovering significant limitations on their actions.

These limitations on state power are not being imposed from above. Instead, they reflect the dominant themes of political openness, economic integration, and technological change that define the post–Cold War era. In fact, it is these constraints on state power, and the subsequent opportunities...
provided to NSAs, that are most responsible for the dawn of this new era.

What Has Changed?
Technological advancement has become the one-size-fits-all explanation for myriad social, economic, and political changes. But there is little doubt that the development of communications technology has played a crucial role in diminishing state power. To be sure, the transformative impact of technology is not a new phenomenon. The roots of twentieth-century totalitarian rule derived in part from the ability of leaders to manipulate new forms of mass communication. Today, we are witnessing the reverse.

Information technology is slowly chipping away at the power of states to shape and create public opinion. Today, more than 100 million Chinese are surfing the Web, and China has more than 4 million blogs. As the New York Times columnist Nicholas Kristof argues, “The Chinese Communist Party survived a brutal civil war with the Nationalists, battles with American forces in Korea and massive pro-democracy demonstrations at Tiananmen Square. But now it may finally have met its match—the Internet.” In fact, during the SARS epidemic, it was Chinese citizens, over the objections of government officials, who used the Internet to bring the issue to the fore.

More significantly, advances in technological penetration and the decreasing costs of cross-border communication also provide non-state actors with the ability to operate globally. Creating an overseas presence can be as simple nowadays as plugging in a broadband Internet connection or relocating a call center to a foreign locale.

The possibilities are not limited to for-profit institutions. Following the tsunami in the Indian Ocean last December, the Internet became an invaluable tool for raising money, helping families find missing relatives, providing news and information, and even serving as an early-warning tool. Online donations helped humanitarian agencies raise and distribute money, so much so that within ten days of the calamity, online donations almost matched the initial $350 million pledged by the U.S. government.

As the tsunami disaster demonstrated, because non-state actors are generally less hierarchal and bureaucratic than their state counterparts, they are able to utilize new technologies far more efficiently. These technological changes, on their own, would be dramatic, but by combining technological advancements with new-found political and economic openness they appear downright revolutionary.

Over the past decade or so, we have witnessed an era of unprecedented political revolution. Much of the world is today living under elected regimes formally committed to economic liberalization, the rule of law, and respect for human rights. These positive developments have to a large extent fundamentally weakened state power by empowering non-state actors and providing them with the opportunity to operate across borders with relative impunity.

As seamlessly as individuals and networks travel across national boundaries so too do ideas. Earlier this year, the United State Supreme Court, in Roper v. Simmons, cited “international opinion” as a rationale for declaring an end to the death penalty for juveniles. Clearly, the flow in cultural norms is no longer a one-way process.

At the same time, while states must balance the concerns of domestic constituencies in addressing foreign policy challenges, NSAs are responsive to their stakeholders, providing them with needed flexibility for action. The Bush administration, in joining the fight against AIDS in Africa, has earmarked a third of its proposed $15 billion pledge for abstinence education and refuses to fund groups that support abortion, largely to placate its conservative political base. NSAs may or may not be bound by the same “political” constraints, but those that are act out of choice—not obligation.
While states tend to respond to the current news cycle or latest cause célèbre, NSAs can take proactive positions well ahead of their counterparts in government. For example, in the run-up to the war in Iraq, U.S. war planners already had on their desks plans for removing Iraq’s thousands of deadly landmines. The initiative did not come from a Pentagon functionary but from a private firm in search of a lucrative government contract.8

For generations, international economics was a zero-sum game in which rival nations sought either control over territory or the resources crucial to economic superiority. Yet, as the British scholars John Stopford and Susan Strange point out, states “now compete more for wealth as a means to power—but more for the power to maintain internal order and social cohesion than for the power to conduct foreign conquest or to defend themselves against attack.”9 For better or for worse, corporations are increasingly seen as essential providers of capital, technology, management skills, and even access to foreign markets in developing countries.10 In a sense, the world of global economic policy has become akin to owning a professional sports franchise. The states set the rules, and they may have some input into building and paying the team, but they are not necessarily the ones on the field playing the game.

Even the way we think about international economic policy is changing. On college campuses, students of international relations are being taught that a nation’s economic well-being can be judged in part by the measure of imports versus exports. But when one considers that the value of goods produced overseas by American transnational corporations is more than twice that of American exports, and that sales by foreign-owned companies inside the United States were nearly twice the value of imports, do classical trade measurements really give us a true sense of economic might, or even of the global economic landscape?11

The new scale is not simply macroeconomic. On a day-to-day level, the notion of the “provisory” state has been radically changed. With the privatization of once exclusively governmental services in everything from transportation and financial services to health care and social welfare, coupled with the gradual erosion of respect for government, the state’s preeminence has been dramatically displaced. The concept of the state as the provider of public goods is challenged both by a greater reliance on free markets and by a lack of trust in government institutions.12

In poor countries, the shift is even more profound. Nongovernmental organizations, private charities, and even for-profit corporations are increasingly providing education and health care, supplanting governments too strapped or too inefficient to offer such basic services on their own. In the richer nations, too, private enterprise has become the conduit by which some citizens receive health care, retirement benefits, and, in some cases, personal security.

One might assume that national security would be the one sphere in which the state’s power remains unchallenged. But with the diminishing threat of interstate conflict, notions of national solidarity have been severely weakened. While President Kennedy could call upon Americans to “bear any burden” to prevail over the enemies of freedom, today the Bush White House urges Americans to help fight the war on terrorism by “going to the mall.” As the Harvard political scientist Joseph Nye puts it, “the absence of a warrior ethic in modern democracies,” limits the flexibility of nations not only to wage war, but even to justify it.13

Fundamentally, it has become more difficult to argue that issues of war and peace are still the primary concerns of international relations. As noted, the threat of interstate conflict has diminished, and intrastate conflict has become the primary cause of death from war. Moreover, since 1991, the number of armed conflicts has
steadily declined. From a high of 51 wars in 1991, armed conflicts in the world have fallen by more than half. And although in the year 2000 alone 300,000 people were killed in war—a grim toll—this was surely a significant improvement over the twentieth century’s bloody legacy.\textsuperscript{14}

Nobody could sensibly contend that national identity is no longer relevant—in fact, in an increasingly globalized and fractured global environment, individuals may identify with the state more closely than ever. But that sense of recognition seems likely to become a symbolic relationship, with a diminished willingness of citizens to sacrifice and die for their country.

Finally, international legal precedents have also propelled the rise of non-state actors. In the mid-1970s, the Helsinki Accords provided a framework for human rights monitoring and gave impetus to NGOs concerned with human rights. Today, with a growing web of international agreements on everything from global warming and landmines to biodiversity and human rights, plus new global bodies like the International Criminal Court and a panoply of U.N.-based transnational organizations, virtual armies of NSAs have assembled to monitor, implement, and advocate. The result is a new mode of international behavior that is transnational in nature and constantly impinging on national sovereignty.

Of itself, the confluence of these factors does not fully explain the growing role of non-state actors. In fact, NSAs are not only filling a vacuum left by the retreat of the state but are also responding to a new set of challenges that seep across borders. It is that capability, bolstered by technology, political openness, and international law, that provides NSAs with an opportunity to influence global behavior.

Consider the issue of child labor, which gained prominence on the international agenda in the mid-1990s. NGOs and human rights advocates identified the problem but went beyond a state-based regulatory solu-

Widespread Influence

In a real sense, the proliferation of non-state actors is hardly surprising, particularly when one considers the defining characteristics of the post–Cold War era: economic globalization and international terrorism. Both have been fundamentally influenced by the behavior of NSAs.

Before September 11, economic integration and trade liberalization defined the international agenda, a process largely driven by private actors. The World Trade Organization, the International Monetary Fund,
and the World Bank obviously played a role. The Clinton administration also pressed other countries to open their markets, build transparent regulatory regimes, and protect intellectual property. However, states like China, India, and the former members of the Warsaw Pact undertook the often painful process of economic liberalization not simply to please Washington or international financial institutions, but to gain access to global capital markets, attract foreign direct investment, and thereby achieve robust and sustainable economic growth.

In this process, the efficacy of foreign aid has diminished. Twenty years ago, government assistance was four times greater than that of private capital flows. Today the numbers are reversed: private investment is now six times greater than foreign aid, and charitable giving to international development is three times greater than the amount given by the U.S. government.

Few would dispute that competitive markets, the flow of cross-border capital, and investment decisions by huge corporations are driving globalization. These corporate entities have become the most important economic and social actors on the world stage, rivaling and sometimes surpassing the influence of states. More than 50 of the world’s 100 largest economies are publicly owned companies with workforces in the hundreds of thousands and offices in every major region of the world.

Mega-sized businesses can be as consequential to the world economy as even some medium-sized countries. To be sure, the influence of multinationals is hardly a new development. The difference is that in the past large conglomerates often operated in tandem with home governments, while today’s corporate behemoths are global actors in their own right.

According to Jeffrey Garten, former dean of the Yale School of Management, “The most important and enduring relationships between the United States and other countries are often based on the trade and investment of American businesses. Today, U.S. firms have a significant presence in virtually every large country. They advise foreign governments. They are transmission belts for American culture and values. Indeed, U.S. businesses often surpass the influence of American embassies on the societies in which they have become rooted.”

The influence of multinational firms can also be seen in the regulatory framework of international economics. Debt-rating agencies maintain enormous influence over fiscal policy, private arbitration services are supplanting the role of the judiciary, and corporate lobbyists have helped set new global rules on intellectual property rights.

While these economic players exert a critical and generally positive influence on international affairs, they are singular. On September 11, 2001, nineteen young men with an unwavering ideological fervor changed the course of history. Al-Qaeda and its subsidiary organizations are, tragically, the ultimate example of the ways in which non-state actors are transforming the international landscape. Terrorism previously was largely state-sponsored, or at the least maintained state-centric aspirations. Today, Al-Qaeda operates outside the state system, and its “success” is due in large measure to its ability to use the mechanisms of globalization—cross-border travel, advanced communications technology, and the international media—to its advantage.

Al-Qaeda is not alone. The profits from global drug trafficking dwarf the economies of many countries. According to one estimate, the value of all the cocaine produced in Latin America in 2001 was approximately $93 billion—an amount greater than the gross national income of three-quarters of the nations in the world. In the United States alone, the illegal narcotics trade is estimated to be a $60 billion industry. With their vast profits and global reach, the sophisticated criminal networks that control this narco-traffic are having a profound effect on the ability of some
states to govern themselves. President Bush recently classified 22 countries as major drug-transit or major illicit drug-producing countries. 22

These examples illustrate how NSAs are creating new international realities. But the era of the non-state actor is defined as much by what is happening at the bottom of the global food chain as what is happening at the top. The diffusion and limitations of state power are creating new opportunities for private actors—often in ways that are not readily apparent. Evidence of NSA influence may be seen in the complex and multifarious relationships that develop between states and non-state actors. Scholars have often focused on understanding the particular “typology” of NSAs—defining them on the basis of their public, private, or civil society roots. But, policymakers must further their understanding of the dynamics of state/NSA relationships if they are to manage them successfully. State/NSA interaction can be broadly defined in five discrete categories: direct engagement between states and non-state actors; selective engagement, or episodic burden sharing; NSAs circumventing states; conflictual relations; and agenda setting. 23

Direct Engagement
In March 2004, Americans were shocked by images of charred and dismembered bodies being dragged through the streets of the Iraqi city of Fallujah and then hung in gruesome display. The scene brought back memories of another tragedy that deeply affected Americans and the conduct of U.S. foreign policy—the killing of 19 Rangers in Somalia in 1993. But this time the corpses were not those of U.S. soldiers. These men were employees of Blackwater USA, a private military contractor. The U.S. war in Iraq has underscored one of the more profound examples of state/NSA cooperation—the use of private military companies (PMCs), also known as private security companies. It is a relationship with visible implications for the way the U.S. government plans and manages global security operations.

Among the thousands of private contractors providing logistical support in Iraq, at least 20,000 employees from 60 different PMCs are under contract to the U.S. government to provide security services. 24 (Another 50–70,000 unarmed civilians are in Iraq to provide other services, from delivering mail to rebuilding essential infrastructure.) Armed civilians, many of them former Special Forces, handle an estimated 30 percent of essential security services, guarding reconstruction projects, escorting convoys through hostile areas, and defending strategic locations and individuals, among other things. 25 Even the president of Afghanistan, Hamid Karzai, is protected by a private contractor, the U.S. firm, DynCorp.

The use of PMCs has grown steadily since the early 1990s. During the Gulf War, the ratio of soldiers to private security contractors was 50 to 1; today, it is closer to 7 to 1. Private military companies are not only supporting a shrinking U.S. force in Iraq; they are also playing critical roles for both state and non-state actors in stabilization, drug interdiction, and humanitarian operations around the world.

Mercenaries have long been a part of war, but as one of the fastest-growing sectors in the defense industry, some PMCs are shedding their “guns for hire” reputation for a more respectable, corporate image. Peter W. Singer, a senior fellow at the Brookings Institution, estimates that “the 1,000 or so companies that define the industry...currently rake in $100 billion per year for active operations in over 50 countries around the world, and the industry is expected to double in size to $200 billion by 2010.” 26 Sensing the business potential, large defense contractors have been buying up some of the oldest private firms—MPRI, DynCorp, and Vinnell Corporation are now subsidiaries of L-3 Communications, Computer Sciences Corporation, and Northrup Grumman, respectively. Private military
companies are increasingly part of larger conglomerates that offer a range of services from combat support to postconflict reconstruction and provide governments with a virtual “one-stop” war-fighting shop.

The privatization of military operations reflects a government-wide emphasis on achieving greater cost-effectiveness and efficiency in public institutions. Testifying before Congress earlier this year, Secretary of Defense Donald Rumsfeld asserted that contracting civilians was “freeing up additional tens of thousands of military personnel for military responsibilities—[resulting in] an increased usable military end strength without an increase in overall numbers.” At the same time, however, the government’s reliance on PMCs has grown faster than its ability to monitor them, particularly since these firms largely operate in a gray zone beyond congressional oversight, military codes of conduct, and even international humanitarian law—creating a host of legal, financial, and political concerns.

Still, it is exactly these “political” attributes that make PMCs so attractive to policymakers. In an era of the all-volunteer force, contracting can make it possible for policymakers to underplay the costs of war. For example, Singer notes that PMCs in Iraq have suffered more dead and injured than all non-U.S. coalition forces combined. Hiring contractors can also give decision-makers the political breathing room to support military operations in response to national security interests that enjoy little public support. For example, in 1998, Nigerian peacekeepers were sent to reinforce Sierra Leonean troops fighting Revolutionary United Front (RUF) rebels. The U.S. contribution to ECOMOG, the West African peacekeeping force, was combat support from a private firm, International Charter Incorporated of Oregon.

The complexity surrounding the legal status of PMCs also points to the difficulty of defining appropriate state/NSA cooperation. As armed civilians working abroad for private firms, contractors may be governed by their company’s code of conduct, but not by the Uniform Code of Military Justice. The resulting difficulties were painfully exposed in the wake of the Abu Ghraib prison scandal. U.S. Army investigations determined that a third of the incidents there—ranging from abuse to rape and assault—involved private contractors (including translators and interrogators). Thus far, none have been disciplined. Disturbingly, if a private contractor were to kill an Iraqi civilian, the victim’s family would have practically no legal recourse. In considering the dilemma of PMCs that may violate international humanitarian law while employed on a mission, an executive from Médecins Sans Frontières was prompted to ask, “Who can be held to account? The shareholders?”

In addition to thorny political and legal issues, the increasing reliance on PMCs may also be eroding the capacity of the very states that employ them. If not properly managed, contracting can hamstring a government’s ability to innovate and also retain skilled individuals. An experienced Special Forces operative can earn up to $250,000 annually with a PMC—two to ten times more than in the military—plus benefits, vacation, and the choice to opt out of risky operations. The exodus of military personnel to the private sector has significant long-term implications for a military that has spent years and taxpayers’ money preparing highly trained soldiers. To take one example, there are more former members of Britain’s elite Special Air Service (SAS) serving with PMCs in Iraq than there are members of the SAS in the British force there.

Mixing public and private warriors in security operations is also affecting the morale of enlisted troops and is leading to practical dilemmas in the field. In Fallujah, the political ramifications of the violent deaths of Blackwater employees forced military planners to engage insurgents sooner than they would have preferred. The subsequent combat operations resulted in signific-
cant U.S. casualties and further strained relations between the military ranks and contractors.  

Relying on PMCs may be militarily and politically expedient, but it challenges policymakers to consider the appropriate balance between public and private authority in foreign policy. In the scheme of state/NSA relations, privatizing military operations requires that governments become vigilant clients while at the same time retaining their role as regulators of the public interest.

Selective Engagement

While PMCs have become a virtual subsidiary of the U.S. military, in most cases the relationship between non-state actors and states is more improvised. A form of tentative, selective engagement in the so-called soft area of democratization provides a model for such cooperation. Since the end of the Cold War, democracy promotion has gained broad acceptance as a foreign policy goal. Larry Diamond, a senior fellow at the Hoover Institution, notes that democracy assistance is a relatively new phenomenon that typically includes “helping to develop the formal political institutions of democracy; assisting the preparation, conduct, and monitoring of elections; and strengthening independent organizations in civil society.” For decades, the United States has funded its own official programs and organizations (both covert and overt) and has contributed to a dense network of private NGOs whose philanthropic aim is to foster democratic practices at the grass roots. The explosion of young democracies emerging from the Cold War has only intensified these efforts.

In recent years, however, budget constraints and a disproportionate preoccupation with democracy promotion in Iraq and Afghanistan have constrained U.S. policymakers’ ability to match their rhetoric with adequate resources. At the same time, the growing influence of media and the emphasis on “image-based” elections has changed the business of politics, creating a lucrative market for communications and marketing professionals. American political consultants, working on their own abroad, are having a significant impact on democratization—not only by changing the style of global electoral politics but also by promoting their own vision of democracy.

The fingerprints of consultants can be found on nearly every major campaign of the past two decades—South Africa’s first democratic election in 1994, Boris Yeltsin’s defeat of resurgent Communists in 1995, the crucial Israeli plebiscites in 1996 and 1999, in which Benjamin Netanyahu and Ehud Barak were the respective winners, the election of long-time dissident Kim Dae Jung in South Korea in 1997, the end of eight decades of PRI rule in Mexico in 2000, Tony Blair’s successful efforts in Britain, the unsuccessful campaigns to unseat Robert Mugabe in Zimbabwe in 2002 and 2005, and even the defeat of Eduard Shevardnadze in Georgia in 2004. In fact, almost 60 percent of U.S. political consulting firms report working overseas.

Their influence stretches beyond campaigns. Consultants with corporate experience have shown candidates and democracy movements how to adapt corporate marketing approaches for political ends. The Yugoslav student movement “Otpor” (“Resistance”) built support for its anti-Milosevic movement using a simple slogan, “Gotov Je!” (“It’s time for him to go”), and a compelling logo (a clenched fist in black and white). Both were plastered around the country on 1.8 million bumper stickers (paid for with U.S. help). “Our inspiration came from multinational companies and things like Coca-Cola and—or Levi’s” said one of Otpor’s student leaders. Using other well-established techniques, like door-to-door canvassing and the targeting of key groups, Otpor created momentum for the nonviolent ouster of Slobodan Milosevic. With the help of the Internet and well-
funded NGOs, Otpor's experience with Western campaign techniques has spread to nascent democratic movements from Ukraine and Zimbabwe to Iran and Egypt.

In addition, Western-style focus groups and public opinion surveys that test the potential effectiveness of campaign strategies and policy initiatives, and find an opponent's weaknesses, have become de rigueur in developing democracies. In 2002, South Korean presidential candidate Roh Moo Hyun took the advice of consultants and political pollsters in employing anti-American rhetoric to mobilize a critical constituency of voters under the age of 35. The strategy paid off, despite the diplomatic ill-will it created, as Roh won the presidency by a slim 2 percentage points. The power of polling information is not lost even on those who fail to embrace democratic norms. In Nepal, Maoist rebels kidnapped a poll taker who was testing public opinion for an international polling firm. In the ensuing hostage negotiations, the pollster's captors did not ask for money or the release of political prisoners—they wanted the group's survey results.

By taking on some of the most important international campaigns of the past ten years, political consultants have put an indelible stamp on democracy promotion. In fact, political consultants are in some respects running their own foreign policy by deciding who they will work with in the first place. Many say they do not choose clients according to the size of their wallets but look for candidates who embody a positive vision of democracy (and have the skills to realize that vision).

The unique capabilities of political consultants present genuine opportunities for U.S. policymakers to harness this expertise to foreign policy ends. The campaign that ultimately ousted Slobodan Milosevic from power in 2000 was a dramatic example of how the U.S. government can effectively work with private political consultants to advance specific policy objectives. Washington's aid package to help Serbia's democrats included funds to hire leading U.S. pollsters and political consultants. The United States also funded some NGOs, including the International Republican Institute and the National Democratic Institute, which organized voter education and political training for activists, citizens, students, and the media. To be sure, it was the courage of the Serbian opposition, and of voters who endured violence and intimidation, that brought Milosevic down. But political consultants provided the strategic insights and polling data that changed the course of the opposition’s flagging campaign and gave Serbians a true political alternative. Eight years earlier, in 1992, Doug Schoen had worked for the Yugoslav prime minister Milan Panic in his campaign to unseat Milosevic. Milosevic’s minions managed to steal that election and, in the absence of support from Washington, Panic’s protestations of electoral theft fell on deaf ears. In 2000, the close coordination between consultants and U.S. policymakers (along with the media spotlight) helped guarantee a different result.

The lesson for U.S. policymakers from the Serbian experience was clear: defeating dictators at the ballot box can often prove cheaper than trying to defeat them militarily. In 2000, Washington spent an estimated $40 million helping the Serbian opposition. Conversely, the 78-day Kosovo bombing campaign in 1999 cost the United States between $1.8 and $3 billion. Still, America treads carefully when contracting the services of “campaign warriors.” Often the government prefers to work through third parties, offering indirect guidance and coordinating official and private efforts. To be sure, there are critics who say that democracy assistance amounts to funding modern-day coups. The journalist Robert Bridge warns that when elections become an instrument of foreign policy “democracy becomes the unintended victim in this geopolitical game of charades.”
However, some techniques promoted by political consultants have more to do with enforcing simple respect for the will of people than with pushing a particular democratic model. Exit polls are but one example. Exit polling conducted by consultants in the 2000 Serbian election campaign played a critical role in keeping the election honest. With correct polling information leaked to the media early on Election Day, it became much harder for the governing clique to orchestrate voter fraud. Foreign governments and international organizations have repeatedly used this technique to counter electoral theft, replicating it with similarly positive results in Mexico (2000) and Ukraine (2004) where government efforts to steal elections were thwarted by savvy pollsters.

As American political consultants continue to work abroad, the ripple effects of their influence on the development of democracy will be felt globally. And, as knowledge about campaign techniques spreads, Western methods of electioneering are evolving to suit diverse historical and cultural contexts. Granted, in the wrong hands, modern political campaign techniques can be manipulated to consolidate an autocrat’s power and work against democratic forces. Nevertheless, as governments continue to foster democratization elsewhere, they should look for ways to harness the expertise of political consultants and other non-state actors though selective engagement and coordination of effort. Focusing expertise that is already in demand in the marketplace is one way of achieving foreign policy goals through private means.

Circumventing the State

Ministers gathering in May for the fifty-eighth annual World Health Assembly in Geneva anxiously awaited the conference’s keynote speaker—a man whose efforts were radically changing how states grappled with health crises. But the headliner wasn’t a doctor or a politician. He was an American businessman whose personal billions were turning the global health community on its head.

Microsoft founder Bill Gates explained that his commitment to global health began after he learned that diseases that had largely been eradicated from the developed world—tuberculosis, malaria, diphtheria, measles—were still killing millions in the developing world. Vaccines existed, but the funds to buy them and the political will to distribute them were lacking. Moreover, there was no market incentive that would entice pharmaceutical firms to step forward. Millions were dying while life-saving vaccines sat on the shelves unused. Gates, among the world’s wealthiest men, decided to put his vast personal fortune to work to address an issue that states were unable to fully address on their own.

Ensuring public health is among the obvious ways that states safeguard their citizens. However, the ease of cross-border travel has helped to transform health care from a public good into a foreign policy issue. With epidemics like mad cow disease, SARS, and avian flu reaching beyond borders, states are compelled to reshuffle spending priorities. Fighting HIV/AIDS, particularly in the world’s least-developed nations, has become a U.S. priority, not simply for health reasons, but also because of the disease’s potential for undermining democracy and economic development, and its crippling effect on already meager national budgets.

Entities like the World Health Organization (WHO) play a critical role in setting priorities and coordinating policy at the global level. But follow-through is dependent on the stretched resources and uncertain will of states. As a result, non-state actors are starting to put their own money to work addressing problems that governments are barely able to tackle. For example, even though the U.S. Agency for International Development devotes approximately half of its annual budget to health
issues, from 1985 to 2000, USAID spending on global health totaled only $13.8 billion.\textsuperscript{30} In comparison, the Bill and Melinda Gates Foundation has given more than $4 billion to global health programs in the past five years alone.

That private funds can sometimes overmatch public resources is not new. What is new is that individuals are organizing to raise the profile of issues far down the list of state priorities. For instance, in January 2005 the Gates Foundation pledged $10 million to develop a vaccine that would eradicate the last pockets of polio from the globe. The pledge revived a WHO mission that states had largely left unfunded.

Bill Gates is not only giving money, he is also helping governments leverage their resources to tap into the power of the global capital markets. In 2000, he put up $750 million to kick off the Global Alliance for Vaccines and Immunization (GAVI)—a project to help low-income countries buy and deliver vaccines for children. Several nations followed with their own pledges. In just two years, GAVI’s efforts saved an estimated 670,000 children and strengthened poor countries’ ability to deliver vaccines on their own.

Gates pledged another $750 million in January 2005, and governments again followed suit. But this time Gates challenged the underlying economics that prevented vaccines from being made by urging states, corporations, and philanthropists to create an innovative partnership and raise $5 billion. With an investment of this size, he reckoned, basic economics would take over. A market that large would signal to pharmaceutical firms that there would be stable demand for their products. The resulting competition among firms would, in turn, drive down drug prices and also spark renewed investment in the development of new vaccines. By leveraging the resources of non-state actors with those of states, Gates helped create a market incentive for providing a previously unprofitable social good.\textsuperscript{41}

Not all global health problems can be made sufficiently attractive to the market, but such models of public-private partnership demonstrate that even the most difficult ones can be successfully addressed when NSAs and states collaborate creatively and use their respective advantages. For example, onchocerciasis, also known as "river blindness," is the leading cause of blindness in the developing world. The parasitic disease afflicts an estimated 18 million people across sub-Saharan Africa and in Latin America, and another 90–120 million people are at risk. Merck, the New Jersey–based pharmaceutical giant, had been on the cutting edge of parasitic research since 1975, with the discovery of the veterinary drug Ivermectin. In 1980, Dr. Mohammed Aziz, a Merck scientist who had worked for the WHO, wondered if Ivermectin could be adapted to treat the river blindness he had seen devastating African communities. His trials produced astounding results. Not only did the drug attack the parasite in sick patients, it prevented healthy persons from becoming infected.

With one dose per year, at the cost of $1.50 per tablet, Mectizan (the human form of Ivermectin) had the power to save lives. But most affected patients lived in places where public health spending per person is about $1 a year.\textsuperscript{42} Even at pennies per tablet, the medicine would be too expensive. When Merck approached Washington and governments in Africa and Europe to buy the drug at cost and distribute it for free, it was rebuffed. Faced with the prospect of shelving a drug that could cure millions, Merck decided to donate Mectizan free of charge. The announcement of this socially responsible corporate act generated millions in free publicity for Merck and helped burnish the company’s corporate image.

In partnership with other non-state actors (NGOs, local community groups) and international organizations (WHO, the World Bank), Merck undertook the daunting task of getting the drug to some of the most
destitute parts of the world. In 1988, the program treated 255,000 people. By 2002, the number had grown to 50 million, and it is projected to reach 90 million by 2010. Merck’s 15-year public-private partnership is considered one of the leading models for corporate initiatives on global health.

As states find themselves challenged by the scope of transnational problems, NSAs are stepping in to contribute resources. While they are motivated by self-interest as well as altruism, it is clear that they are often freer than states to craft innovative approaches to global problems. The ability of NSAs to work outside the state apparatus and foster conditions for change can be a tremendous asset to resource-limited states. The challenge for states is to ensure the maintenance and continuation of public-private collaborations that benefit the public when some of their partners may be more accountable to shareholders than to those in need.

**Conflictual Relations**

While some NSAs are providing services, expertise, and resources to address global issues, others are challenging the very structure that underpins relations between states. For example, as globalization has advanced, U.S. courts are finding themselves increasingly involved in foreign policy issues as they adjudicate international commercial, environmental, and even human rights cases. Trial lawyers and their clients have been at the forefront of these changes, advancing cases that have ultimately challenged the authority of states as the sole determiners of foreign policy. Not surprisingly, it is a development that governments resist. The relationship between trial lawyers and Washington in cases involving human rights abuses highlights the tensions that can develop.

After the 1988 bombing of Pan Am flight 103 over Lockerbie, Scotland, families of 270 victims filed suit against Libya in a U.S. civil court. A team of trial lawyers represented the families in their effort to punish a state sponsor of terrorism. It was a bold move. Historically, sovereign nations were legally immune from prosecution in U.S. courts without their consent under the doctrine of “sovereign immunity.” Congress reaffirmed this principle in 1976 by passing the Foreign Sovereign Immunities Act (FSIA), though the act did include an exception for matters related to international trade. (The rapid growth in global commerce had given rise to a number of international trade disputes between companies and countries requiring adjudication in U.S. courts.) In the 1990s, however, U.S. courts began ruling in favor of victims of international terrorism, challenging the notion that state sponsors of terrorism were immune from prosecution in civil suits. In 1992, the courts found that victims of terrorism could sue for civil damages. By 1994, they had concluded that helping terrorists—whether by providing housing, money, or other material support—constituted a punishable offense.

In 1995, Alisa Flatow, a 20-year-old New Jersey student, was traveling in the Gaza Strip when she was killed by a suicide bomber, a member of the Iranian-backed Islamic Jihad. Her family sued the government of Iran, and a U.S. court awarded it $247.5 million. As the plaintiffs quickly realized, however, collecting damages in such cases can prove virtually impossible. Not only was it difficult to “attach” assets belonging to foreign countries, there was an even more powerful barrier—the State Department, which took sharp notice when the Flatow family asked the U.S. government to seize the former Iranian Embassy in Washington as a means of receiving its judicial award. In effect, the plaintiffs were trying to bend foreign policy to their personal interest. The State Department took a dim view of a practice derided by some as “U.S. diplomacy by contingency-fee lawyer.”

The department continues to argue vigorously that suing foreign countries severely
complicates its ability to carry out an effective foreign policy. The power to freeze and release assets such as embassy property and bank accounts has long been a critical diplomatic lever. The Iranian hostage crisis and the Vietnam POW/MIA issue were both resolved, in part, with the powerful stick of blocked financial assets. Second, resolving disputes with foreign countries through the courts, rather than embassies, will inevitably trigger a dangerous “tit-for-tat” against the United States. More importantly, however, the State Department worries about such suits as a frontal assault on the bedrock principle of sovereign immunity. Trial lawyers retort that governments must focus more on protecting victims of terrorism than on defending governments that promote international violence. Too often, commercial, economic, and political interests override the U.S. disapproval of bad behavior, as in the case of Saudi Arabia’s lack of forthrightness regarding the 15 out of 19 September 11 hijackers of Saudi origin.

The families of the Lockerbie victims ultimately took their case to Congress where, in 1996, the “Flatow Amendment” to the FSIA was passed, allowing civil suits against countries named on the State Department’s terrorism list. Still, in a last-minute effort to avoid a presidential veto of this bill, parties agreed to a provision allowing the president to waive a plaintiffs’ right to recovery on the grounds of “national interest.” The Lockerbie plaintiffs had not only successfully challenged the principle of sovereign immunity but in doing so had opened a means of blending individual and national interests. Libya, eager to make the most of a diplomatic opportunity and wanting badly to regain its standing in the international community, negotiated a settlement of up to $10 million for each victim killed. But the negotiation was a unique, tripartite deal. Libya conditioned the payment on ending its pariah status. Each family would receive the first allotment of the settlement, $4 million, when the United Nations lifted its air and arms embargo against Libya, another $4 million when the United States lifted its sanctions against investment in the country, and the final $2 million when the United States removed Libya from its list of “state sponsors of terrorism.” For about $3 billion, Libya was able to buy its way back into the global community. The unique bonds established over the years among the parties to the negotiations—government officials, lawyers, and plaintiffs—had created the possibility for a historic diplomatic and legal settlement.

The State Department still has sufficient power to delay and dismiss cases that threaten national security. In cases where the state sponsors of terrorism are U.S. allies, plaintiffs and lawyers have adopted a more nuanced approach. Since, for example, the families of the 9/11 victims cannot sue the Kingdom of Saudi Arabia directly (only countries named on the U.S. “state sponsors of terrorism” list are excepted from the sovereign immunity act, allies are not), they have adopted the strategy of naming various individuals (including members of the Saudi royal family), banks, and charitable organizations suspected of financing Islamic terrorist organizations. Their efforts thus far have been repeatedly thwarted by the courts on the basis of national security.

Yet states are not the only targets of trial lawyers and plaintiffs. U.S. multinationals are now on notice that they will be held directly responsible for business practices abroad that violate international human rights codes. An important legal precedent was set by a group of Burmese villagers suing the California energy giant, Unocal. Under the Alien Tort Claims Act of 1789, victims of violations of international law may seek damages against U.S.-based defendants in the U.S. civil courts. The 1996 suit, brought in Los Angeles County Superior Court, alleged that some of the soldiers Unocal hired to guard the construction of its Yadana pipeline project raped, tortured, and even murdered vil-
lagers. The brutal tactics of Myanmar’s military junta were amply documented, and the court found that Unocal, as a major investor, could be held responsible for the human rights violations of its contractors.49

In March 2005, Unocal decided to settle a suit it felt it was likely to lose in the court of public opinion. The settlement was not disclosed publicly, but the outcome was not lost on other multinationals (Coca-Cola, Exxon Mobil, and Chevron Texaco) with similar pending cases. As the Unocal case affirmed, U.S. companies can now be held accountable in U.S. courts for human rights abuses that occur on their watch abroad.

The Lockerbie and Unocal cases are compelling examples of how NSAs are challenging states and forcing them to respond to powerful grass-roots constituencies. For now, the U.S. government has taken a wary, case-by-case approach to the legal advances of NSAs, often trying to repel and delay their efforts. Meanwhile, non-state actors remain undeterred in their pursuit of justice, despite the serious problems this may create for diplomats. Litigants and trial lawyers will likely continue to chip away at the legal and political obstacles in their path, and by so doing redefine the rules of global relations.

Agenda Setting
Non-state actors have often influenced the domestic policy agendas of states. Increasingly, however, their influence is being felt internationally. Through the use of the Internet, civil society groups are evolving into transnational coalitions whose shared vision and collective resources have mobilized citizens to force states to focus on a host of global issues. One of the clearest signs of this trend is that the organizers of nearly every major intergovernmental meeting now expect and prepare for protests. However, NSAs are going beyond mounting protests at the barricades and are infiltrating the policymaking process as well.

They are doing so by leveraging the will of the global public—as exemplified by the work of the International Campaign to Ban Landmines. In awarding the 1997 Peace Prize, the Nobel Committee praised Jody Williams and the International Campaign to Ban Landmines (ICBL) for creating a “process which in the space of a few years changed a ban on anti-personnel mines from a vision to a feasible reality.” Nongovernmental organizations had long protested the grievous humanitarian cost of landmines, but armed forces (and manufacturers) had staunchly defended these weapons as both efficient and cost-effective. In 1991, ICBL brought together a handful of dedicated NGOs to eradicate landmines globally. Using the Internet and gruesome images of landmine victims, Jody Williams and her team developed a powerful network of more than 1,400 groups in 90 countries.

Advocacy was only part of the network’s mission. It knew that if it could change international law, it could change global behavior. Public pressure encouraged the first group of states to support a treaty banning landmines. By December 1997, 122 governments had signed on. Fifteen months later, after the fortieth country had formally ratified the Mine Ban Treaty, it became international law.

In just six years, ICBL had accomplished what the United Nations had struggled to achieve for decades. The ICBL had formed its own “coalition of the willing,” whose efforts have resulted in a decrease in the number of landmine-producing countries to 14 today from 54 in the early 1990s.50 Jody Williams noted that ICBL’s success pointed to “a whole new way of conducting diplomacy.”51 As the French ambassador in Oslo commented at the Nobel ceremony, “This is historic not just because of the treaty. This is historic because, for the first time, the leaders of states have come together to answer the will of civil society.”52

As of December 2004, 152 countries had signed the Mine Ban Treaty. Still, 42
countries have yet to sign, including the United States. In Washington, successive administrations have refused to endorse the treaty, claiming that the United States is the biggest donor to landmine clearance programs, even as its possesses the third-largest stockpile of these weapons and reserves the right to use and manufacture them.

However, by raising public awareness, NGOs have put the landmines issue on the agenda, raising millions in private funds for eradication programs, and forcing governments to respond to public pressure. By mobilizing a transnational social movement, individuals and groups successfully pressured democratically elected governments to change their policies and comply with international law.

The Test Ahead
The examples cited above highlight the breadth and influence of non-state actors on foreign policy. Across the globe, NSAs are fundamentally changing state-to-state relations. Their ability to do so is a result of the deliberate and unintended weakening of state power in an international system buffeted by technological and political change.

In this new world, individuals and organizations can use communications technology to create powerful transnational networks, global commerce and investment trumps the fiscal and monetary levers of the past, and the removal of trade barriers is making it harder for nations to protect domestic industries. The challenge of adaptation applies to non-state actors as well. They are operating in a virtually unregulated political vacuum in which the constraints on their behavior are increasingly inadequate for coping with the challenge they pose to existing global norms.

But the greater burden is on states, which continue to lag in adjusting to the new NSA reality. This is scarcely surprising—the doctrine of sovereign immunity has long served as the basis of legitimacy. It would be foolhardy to expect states willingly to surrender the power and influence conferred by the principle. However, the influence of non-state actors is only going to intensify, and finding the proper balance between the responsibilities and accountability of public and private actors may well become the foremost policy challenge of the twenty-first century.

Notes
1. Both of the authors of this article have worked for Doug Schoen at Penn, Schoen & Berland, Assoc., a polling and consulting firm: Michael A. Cohen, 2002–05, and Maria Figueroa Küpçü, 2000–03.
4. Ibid., p. 5.
16. Ibid., p. 156.
17. Ibid., p. 108.
23. This analysis is undertaken with particular emphasis on the implications of NSA/state cooperation for U.S. foreign policy.
35. For the results of the Global Political Consultancy Survey, see Fritz Plasser and Gunda Plasser, Global Political Campaigning: A Worldwide Analysis of Campaign Professionals and Their Practices (Westport, CT: Praeger, 2002).
37. Ibid.
46. Interview with Allan Gerson, chairman, Gerson International Law Group, and one of the lawyers responsible for having brought the first suit against Libya on behalf of the families of the victims of Pan Am flight 103, Washington, DC, March 31, 2005.