

US DEMOCRACY PROMOTION AND ENERGY SECURITY AFTER 9/11

A Master's Thesis

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To My Family

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ABSTRACT

US DEMOCRACY PROMOTION AND ENERGY SECURITY AFTER 9/11

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The objective of this thesis is to find out whether the US is also genuinely committed to promote democracy in those countries on which the US has oil dependency or does the US energy security interest eclipse its foreign policy principle of democracy promotion abroad after 9/11. The hypothesis of this research is that the US is less interested in promoting democracy in those countries on which the US has higher oil-dependency. Materialist theory of democracy promotion is used to drive this hypothesis. Two statistical methods are employed, i.e. (1) hypothesis testing by using t-test and (2) regression, to estimate the variation of the USAID democracy assistance in those countries on which the US has higher oil dependency compared with those countries on which the US has less or no oil dependency. The findings of this thesis show that the USAID spends, on average, less funding for democracy-related programmes in those countries on which the US has higher oil-dependency and vice versa. These results indicate that, although the US prioritized its democracy promotion after 9/11 in order to tackle the problem of

terrorism, the US energy security remains the prime concern for which the US compromises on its foreign policy principle of democracy promotion abroad.

Keywords: Democracy, US Democracy Promotion, Democracy Assistance, Energy Security

ÖZET

11 EYLÜL SONRASI ABD'NİN DEMOKRASİ TEŞVİKİ VE ENERJİ GÜVENLİĞİ

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Bu tezin amacı, ABD'nin petrol bağımlısı olduğu ülkelerde demokrasi teşvikine gerçekten bağlı mı olduğu yoksa 11 Eylül sonrasında ABD enerji güvenliği menfaatinin, dış politika ilkesi olan yurtdışında demokrasi teşvikini gölgede mi bıraktığını ortaya çıkarmaktır. Bu araştırmanın hipotezi, ABD'nin yüksek enerji bağımlılığı olduğu ülkelerde demokrasi teşvikine daha az eğilimli olduğu şeklinde biçimlendirilmiştir. Bu hipotezi açıklamak için materyalist demokrasi teşviki teorisi kullanılmıştır. İki istatistiksel yöntem kullanılmıştır: (1) t-test kullanarak ülkelerin alt-grupları arasındaki ortalama demokrasi yardımının eşitliğini test etme; (2) ABD'nin petrol bağımlısı olduğu ülkelerdeki ABD demokrasi yardımındaki değişkenliği ölçümlemek için regresyon. Bu tezin bulguları, tersi de geçerli olmak üzere, USAID'in ortalama olarak ABD'nin daha yüksek petrol bağımlısı olduğu ülkelerdeki demokrasi ile ilgili programlara daha az finansman harcadığını göstermektedir. Bu sonuçlar, ABD'nin 11 Eylül sonrasında terörizm sorunu ile başa

çıkılmak için demokrasi teşvikine öncelik vermesine rağmen, ABD enerji güvenliğinin, kendisi için ABD'nin dış politika ilkesi olan yurtdışında demokrasi teşvikinden taviz verdiği en başta gelen bir mesele olarak kaldığına işaret etmektedir.

Anahtar Kelimeler: Demokrasi, ABD Demokrasi Teşviki, Demokrasi Yardımı, Enerji Güvenliği

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CHAPTER I

INTRODUCTION

Promotion of democracy in the world has been one of the most important principles of US foreign policy throughout history. However, the importance of this principle for the US policymakers increased considerably after the tragic event of 9/11. This has been because the US started including democracy promotion in foreign countries among its national security objectives. A wider consensus developed among the experts that democracy could improve socioeconomic situations thus helping to tackle situations that breed political radicalism. In the National Security Strategy of 2006, the most prominent element was elevating democracy promotion to "as the highest national security priority of the United States while all other foreign policy interests are now subordinate to its pursuit" (Korb and Wadhams, 2006: 2). Condoleezza Rice, the United States Secretary of State at that time, stated the following priorities of the US diplomacy:

First, we will unite the community of democracies in building a international system that is based on shared values and the rule of law. Second, we will strengthen the community of democracies to fight the threats to our common security and alleviate the hopelessness that feeds terror. And third, we will spread freedom and democracy throughout the globe. That is the mission that President Bush has set

or America in the world and is the great mission of American diplomacy today (BBC, 2005).

Since 9/11/2001, the US has employed various tools to foster democracy promotion, including both coercive and non-coercive methods. In analyzing National Security Strategy 2002, Monten (2005: 112) argued that, in the wake of US war against terrorism, the US "proposed a liberal international order grounded in US military and political power." Because of its military and economic primacy, the US positioned itself as "the sole pillar upholding a liberal world order that is conducive to the principles [the United States] believes in" (Monten, 2005: 112). The US invasions of Afghanistan and Iraq were meant, at least in rhetoric, to end tyranny in these countries and bring democracy in order to mitigate the suffering of the people. They were also of the view that the success of democracy in these countries would help to inspire other countries in the region, especially in the Middle East, to democratize their regimes.

On the other hand, the event of 9/11 also created fears of the potential vulnerability of energy supplies as terrorist groups have considerable potential to damage the infrastructure of oil production and transportation. Since the US has been heavily involved in its war against terrorism by using its military power and, at the same time, dealing with a financial crisis as well as with rising oil prices, the security of its oil imports also became a prime concern of the US. In addition to this, the US is also concerned with the vulnerability of foreign oil infrastructure to terrorist attacks, since the US is importing a large portion of oil from the troubled region of Middle East. By analyzing data given by the National Memorial Institute for the Prevention of Terrorism, Moran (2010: 9) concludes that there have been a great numbers of terrorist attacks against energy supply infrastructure in the world

since 1990. Besides this, the policymakers are also concerned with the potential of terrorists to instigate civil unrest in oil-exporting developing countries, especially in the Middle Eastern region, which could also disrupt oil supply. Along with the terrorism problem, the active energy diplomacy of rising powers, like China and India, who are trying to secure larger portions of global oil production to satisfy their energy demands has also increased the worries of US foreign policymakers.

1.1 Problem Statement and Research Question:

Keeping in view the situation where the democracy is considered as an antidote to the problem of terrorism, while stability is considered important for security of oil supply, US foreign policy interests would seem to be in conflict with each other. Historically, US seems to have placed more importance on the stability of oil exporting countries than on promoting democracy when such conflicts of interest exist. For example, the US developed friendly relations with oil-exporting authoritarian regimes, like the Shah's Iran and Saudi Arabia, in order to ensure stable oil imports from these countries during the Cold War. Since 9/11, the foreign policy of the US has dramatically elevated the importance of promoting democracy in non-democratic countries as one of key foreign policy objectives. While there are scholars who claim that the US has deeply committed itself to promoting democracy either because of altruistic or because of pragmatic reasons, some scholars, on the other hand, have pointed out that the US takes democracy promotion as a strategic tool to foster its national interests, and it seems to have been applied to selected countries where the US, by promoting democracy, can further its broader material interests. For example, Ipek (2007: 96) argues the US has pressured

Lebanon, Syria and Iran more than other non-democracies. On the other hand, countries like Saudi Arabia and Pakistan, which are crucial to US interests, "...seem to have been granted exemptions" (Ipek, 2007: 96). Since the issues of both the democracy promotion in non-democratic countries and US energy security have become prime concerns for US policy makers, there is a need to know whether the US is genuinely committed to promoting democracy in oil-rich countries or whether US oil interests trump its policy of promoting democracy. In other words, there is need to understand the implication of US oil dependency on its promotion of democracy in oil-exporting countries. In this study, the research question is whether the US is truly interested in promoting democracy in those countries from where the US imports its oil.

In order to answer these questions, there is a need to integrate the study of energy security and the US democracy promotion. Most of the available literatures focus on the post-9/11 US promotion of democracy and energy security separately. Some studies such as Forest and Sousa (2006), Carothers (2004) and Ipek (2007) have examined the interaction between oil imports and democracy promotion. However, they are limited to being single in-depth case studies, and so the existing literature lacks methodologically rigorous conclusions. Besides this, these studies have only focused on the tools of promoting democracy other than democracy assistance. According to Carothers (1999: 6), foreign assistance specifically for the purpose of democracy promotion is the most obvious and the most significant means for promoting democracy abroad. Hence, this limitation in the literature needs to be addressed in order to analyze the relationship between US policy of democracy promotion and its energy security.

The aim of the study is to address these limitations and develop a

methodologically robust conclusion by using quantitative methods that test the relationship between the US oil dependency and the promotion of democracy in countries that have exported oil to the US after 9/11. For this, the materialist theory of democracy promotion proposed by Wolff and Wurm (2011: 86-87) shall be employed to test our hypothesis. By taking available statistics on US oil imports and USAID democracy assistance, two statistical methods, i.e. hypothesis testing by using the t-test method and multivariate regression, can be used to explore whether the US need for oil actually impedes US democracy promotion in oil-exporting countries.

1.2 Significance of the study:

This study is of significance to explaining US foreign policy, as this research tests, using quantitative analysis, the relative importance of democracy promotion vis-à-vis energy security for US foreign policy makers. The existing quantitative literature on US democracy promotion is very limited and those that are available focus on the impact of US democracy promotion on democratic change in foreign countries. For example, Finkel et al. (2007) undertake cross-national quantitative studies on the impact of US democracy assistance on democratic change abroad by taking a political approach to democracy promotion into consideration. Knack (2004) takes a developmental approach to democracy promotion and attempts a multivariate analysis of the impact of US foreign aid on democratic change in foreign countries. Scott and Steele (2005) study the impact of US democracy assistance, as channeled through the United States National Endowment for Democracy (NED), on democratic change in recipient countries during 1990-1999. Azpuru, Finkel, Liñán and Seligson (2008)

analysis the distribution of US democracy assistance and tried to identify patterns in the data from 1990 to 2005. On the other hand, no quantitative study has yet been done that deals with the impact of significant non-political factors on the US policy of democracy promotion.

This research is an attempt to fill this gap and, by using quantitative analyses, contribute to the study of the impact of energy security on the US foreign policy of democracy promotion abroad.

1.3 Structure of the Thesis:

The thesis is divided into five chapters. The following chapter is the literature review, which sheds a light on the major literature contributions on US democracy promotion and identifies the gap which is addressed in this thesis. Besides this, key concepts of this thesis are also defined based on the literature, such as democracy, democracy promotion, and energy security. Furthermore, it also outlines various tools that the US uses to promote democracy in foreign countries. The third chapter is on theoretical framework where the theory used to derive our hypothesis is explained. Furthermore, this chapter also explains the theory in the context of our research question. Chapter four is on empirical analysis where it explains methodology, empirical findings and interpretations of findings. It also highlights the limitation of our analyses, its implications and my recommendations for future research on this topic. The final chapter is the conclusion, which summarizes the final results of the study.

CHAPTER II

LITERATURE REVIEW AND DEFINING KEY CONCEPTS

2.1 Literature Review:

The existing literature on the US democracy promotion can be broadly divided into three groups. The first group consists of those literatures that claim that the US is genuinely committed to promote democracy abroad either because of its moral values or because its pursuit of economic or security interests. On the other hand, the second group of literature claims that the US compromises on its commitment to promote democracy when the latter conflicts with vital US political, security and/or economic policy interests. These two groups of literature are based on mainstream IR theories, which usually take the procedural definition of democracy into consideration. A third group of literature uses a critical approach to argue that the United States, because of its interests actually in promoting capitalism and maintaining hegemony over third world countries, is promoting low-level “elite-based” democracy in these countries, such that only elite groups can contest elections.

2.1.1 First Group of Literature:

The literature in the first group usually derives its main arguments from “democratic peace theory,” which claims that democracies don’t wage war against each other. Doyle (1997: 253-258), who is inspired from a German philosopher Immanuel Kant’s work *Perpetual Peace*, argues that there is an absence of wars among democracies. While explaining the reason for this absence of war, he argues that there are three factors that contribute to the peaceful relationship among democracies. First, it is hard to gain the required consent of citizens in democracies to wage war because the citizens have to face the “cost of war” (Doyle, 1997: 253-258). Second, the citizens of democracies develop respect for other democracies based on their shared values and principles (Doyle, 1997: 253-258). Third, “liberal régimes” have market-based economies and thus, developed stronger trade links with each other. Hence, they don’t want to jeopardize their economic relationships by waging wars against each other (Doyle, 1997: 280-4). While analyzing the role of democratic peace theory in the US foreign policy principles, Talbott (1996: 47) claims that democracy promotion was given a priority over other foreign policy objectives during Clinton’s administration based on the reason that democratic regimes are “less likely to threaten the peace.” Carothers (2004: 15: 19), despite his negative views on US democracy promotion, also believes that Clinton administration was “...interested in promoting democracy abroad as an end in itself” because Clinton administration was a believer of democratic peace theory. Mazarr (2003: 510-11) notes that Bush and Reagan adhered to a similar foreign policy ideology that supports the notion of the “democratic peace theory.”

Monten (2005: 114) has gone further in highlighting the active involvement of the US in spreading democracy and argues that George W. Bush was genuinely

committed to promote democracy because his policy of promoting democracy was “...rooted in an American foreign policy tradition that has always embraced liberalism and democracy.” He maintains that “democracy promotion is not just another foreign policy instrument or idealist diversion; it is central to US political identity and sense of national purpose” (Monten, 2005: 113). Lynch (2008: 197) shares this opinion and argues furthermore that the Bush administration, especially in its first term, was heavily influenced by a neo-conservative world-view of a democratic world that the US has a moral duty to adherence and uphold.

Based on this foreign policy tradition, Monten (2005: 113) argues that US foreign policy makers, while committed to their moral responsibilities of promoting democracy, are contending with two schools of “the long-term promotion of democratic change.” He labels these two schools “exemplarism” and “vindicationism,” terms coined by Brands (1998). “Exemplarism” suggests that the US should exemplify its own democratic values in order to inspire other countries to undergo democratic transformation, while “vindicationism” maintains that the US should take “...active measures to spread its universal political values and institutions” (Monten, 2005: 113). Ikenberry (2000: 124-125) takes the same approach arguing that, while the US used a twin strategy of containing the Soviet Union’s Marxist-Leninist ideology and promoting liberal democracy in the west, the policy of the US to promote democracy abroad persisted even after the cold war. However, he also points out that, by promoting “liberal internationalism,” the US is taking a pragmatic approach, as it “...is better able to pursue its interests, reduce security threats in its environment, and foster a stable political order when other states – particularly the major great powers – are democracies rather than non-democracies” (Ikenberry, 2000: 103-4).

Smith (1994: 4) has the same opinion stating that the promotion of democracy, “as a way of enhancing the national security,” is central to US foreign policy objectives. He further maintains that the role of the US in promoting democracy is indispensable and “...we can have no confidence that, without the United States, democracy would have survived” (Smith, 1994: 9-10). It can be inferred from Richards (2003: 70) that, while the neo-conservative world-view may seem ideal in nature, the foreign policy of the US for promoting democracy is “...another variant of realpolitik.” Neo-conservatives hold the view that the world “...must be reshaped in the US image” so that the biggest security problem that confronts by the United States, especially in the troubled region of the Middle East, can be solved (Dalacoura 2005: 974-5). Dalacoura (2005: 963) argues that Bush’s first administration forged a consensus among foreign policy makers “...that fostering democracy in the Middle East would drain the pool from which terrorist organizations draw recruits in their ‘global struggle’ against the US.”

Diamond (1995: 31) and Whitehead (1996: 60), while advancing a minimalist definition of democracy, argue that the US contributed and brought about “...a difference in the early 1960s” by assisting Colombia and Venezuela when democracy was flourishing there. Carothers (2004: 35), in explaining the US foreign policy of promoting democracy abroad, has criticized the narrow definition of democracy being promoted and US neglected substantive democratic values and “actual political participation.” In analyzing US democracy promotion in Latin America, Carothers (2004: 35) claims that in these “so-called new democracies,” there were “antidemocratic power structures” in which only small groups of elites took part. He stresses that the US should focus on “...helping countries turn democratic form into democratic substance” (Carothers, 2004: 35). However, he also maintains that

bringing genuine democracy to foreign countries is a very arduous task (Carothers, 2004: 35). By citing the examples of Yugoslavia, Ukraine and Georgia from 2000 to 2005 as success stories, Carothers (2004: 35) and Fukuyama (2007: 131) assert that US involvement in promoting democracy can be useful only if there are strong domestic actors in targeted countries who have an interest in democracy and its promotion.

2.1.2 Second Group of Literature:

The second group of the literatures belongs to those scholars who hold the view that the US undermines its values or moral interest in promoting democracy when these clash with other vital economic or security interests. Hook (2002: 122-123) claims that, even though the promotion of democracy can help the US to fulfill its material self-interests, the US has compromised on its “declared principles” where other vital economic and/or political interests lie in conflict with these principles. Peceny (1999: 2) observes, more specifically, that the US “has often allied itself with brutally repressive regimes rather than with liberal opponents of such regimes.” By citing the example of the coups in Guatemala in 1954 and Chile in 1973, Peceny (1999: 2) further maintains that the US was deeply involved in covert measures to overthrow elected governments in these countries. Smith (1994: 29) also accepts, in regards to Latin America, that US foreign policy towards the region has helped sustain dictatorship rather than fostering democratic change. In another example, Clinton maintained cordial relationship with the authoritarian regimes in Egypt and Saudi Arabia that served the US interest in energy security among other things (Carothers, 2004: 42).

In another set of analyses of the US relationship with the Middle Eastern countries, Ottaway and et al. (2002: 236) point out that Bush administration, which showed a strong commitment to build democracies in the region immediately after 9/11, later compromised on the importance of this objective in the Middle East. The significant reason for this compromise, according to Ottaway and et al. (2002: 236), is that the US did not want to jeopardize other vital interests by "...antagonize[ing] the very regimes whose cooperation it seeks" in other vital areas, such as the war against terrorism, the Israeli-Palestinian conflict, and security of oil supplies. Carothers (2004: 256) also maintains that the Bush administration was always concerned "...about not producing cataclysmic change" while promoting democracy in the Middle East. While arguing that it is better understood as "semirealist" approach, Carothers (2004: 4) also notes that the Bush administration used strong rhetoric on promoting democracy even though it could not live up to its rhetoric when democratization was in conflict with other vital interests and it allied with authoritarian regimes that served strong US economic and/or political interests. Carothers (2004: 65), who also examines US relations with authoritarian countries in Central Asia, states that the US has always been caught on the horns of a dilemma between choosing democracy or other competing security or economic interests in this region. He maintains that while the US used "strong worded messages" to Uzbek officials on the need to liberalize politics and the economy, the Bush administration was reluctant to apply the same policy toward Kazakhstan because of the latter's oil and gas reserves (Carothers, 2004: 65). Diamond (1992: 29-43), despite claims that the US is genuinely committed to promoting democracy, also concerns that the US allied with dictators and "orchestrated" the overthrow of democratic regimes in some countries during the Cold War because of "...the Cold War obsession with

communism.” Lowenthal (1991: 277-279), in analyzing the US policy of promoting democracy in Latin America, argues that “the US government has actively promoted Latin American democracy only on occasions.”

2.1.3 Third Group of Literature:

Literatures that take critical approach to analyze US democracy promotion maintain that the US is not promoting genuine democracy but “elite-democracy,” “low-intensity democracy,” or “polyarchies” in third world countries that would help the US to maintain its leadership position in the capitalist world (Walker, 2008: 45). Robinson (1996: 49), Gills, Rocamora and Wilson (1993: 3) argue that the United States, before 1980s, backed friendly authoritarian regimes in order to foster capitalism in these countries. However, the US started realizing in the 1980s that authoritarian regimes posed a danger to the US mission of promoting capitalism when the world witnessed the downfall of Somoza in Nicaragua and the Shah of Iran (Gills, Rocamora and Wilson, 1993: 3). In their view, authoritarian forms of government would invoke social rifts that would create conditions for revolution (Gills, Rocamora and Wilson, 1993: 3). Robinson (1996: 49) also maintained that the US promoted “polyarchy” in order to preempt mass revolution and mitigate domestic pressure for real democratic change. To this end, the US cut its support to authoritarian regimes and promoted “low level democracy” in South Korea, Philippines, Haiti, and Guatemala (Gills, Rocamora and Wilson: 1993: 21). However, militaries in these countries still remained powerful, independent, and complicit in rampant human right abuses and violations (Gills, Rocamora and Wilson, 1993: 21). With “low level democracy,” the US wanted the Third World

country in question to remain a source of cheap labor and raw materials as well as a market for highly expensive goods and services from western countries (Gills, Rocamora and Wilson, 1993: 17).

Chomsky (1992: 348) makes a similar argument that the US is against promoting democracy "...in which citizens may play some meaningful part in the management of public affairs." He also points out that the US was involved in removing "parliamentary regimes" from power and eliminating "...popular organizations that might offer the majority of the population an opportunity to enter the political arena" (Chomsky 1992: 331). However, he also maintains that the US tolerated existing democratic institutions as long as the "...elements of the oligarchy, business community and military that understand and serve US priorities" remained powerful. While analyzing the current US foreign policy towards Iraq, he argues that the US has an interest in keeping Iraq under its control. Hence, the US is promoting "the conventional 'top-down' form" that brings and keeps US friendly elites in power (Chomsky, 2006: 162). Likewise, Smith (2000: 67) also points out that the US has always supported dictators at the expense of democratic regimes, especially in Latin and Central America. However, he also maintains that in cases where the US does promote democracy in Third World countries, the democracy that is being promoted is "a very limited form" that would be consistent with fostering its economic benefits. As he explains, the US has an interest in promoting free trade and neo-liberalism in which the state has a minimum role in the economic affairs as well as a "low-intensity" democracy with weaker political institutions (Smith, 2000: 67).

After going through the first set of literature, one could easily conclude that it is difficult to assert that the US truly has sought to promote democracy either due to

its foreign policy ideals or for pragmatic reasons. There have been too many instances where the US opposed democratically elected government in foreign countries. In addition to this, the US still pursues friendly policies with authoritarian regimes, especially in the Middle East, that support other US security interests. The third group of literature, which uses a critical approach, has over-emphasized economics as a main motivation that shapes US foreign policy. (Walker, 2008: 53) As Walker (2008: 53) has also argued, the main argument of critical theorists are not convincing, because there are examples, like Clinton's heavy involvement in Haiti in 1994, which occurred not because of economic interests but at least partly because of his desire to export democracy. Besides this, there is also the example of the Marshall Plan after World War II, which was used to combat communism and successfully promote democracy in the European continent. It can be seen that the second set of literatures depicts a mix record of the US democracy promotion, arguing that the US is interested in promoting democracy in those countries where its interests in promoting democracy does not conflict with other vital interests. However, this literature suffers some limitations in the domain of post-9/11 oil politics.

2.2 Defining Key Concepts:

2.2.1 Democracy:

Democracy is a contested concept, since scholars have not been able to develop a single definition of democracy. As a result, scholars "...differ on how to classify specific regimes, the conditions for making and consolidating democracy, and the consequences of democracy for peace and development" (Diamond 1999: 7).

Whitehead (2002: 14) argues that there has been variation in defining democracy over time, since “...the outer boundaries of the concept are ... to a significant ... extent malleable and negotiable.”

Huntington (1991: 6) argues that, until the 1970s, the debate that prevailed over defining democracy occurred between a classical definition of democracy, which means direct rule by the people, and Schumpeter’s definition of democracy which is that “...the people have the opportunity of accepting or refusing the men who are to rule them.” After the 1970s, the interpretation of Schumpeter’s democracy became widely diffused among scholars (Huntington, 1991: 6). Dahl’s (2000: 26) claim, which can explain the victory of Schumpeter’s definition of democracy, is that ideal democracy, which is direct participation of all citizens in the system of governance over them, is not feasible with the creation of nation-states because, unlike in city-states with a small citizenry, all citizens of nation-states cannot govern directly. Instead, a polyarchal system or representative democracy, which Dahl has called it as actual democracy, is the best system of governance available in which citizens can, with the help elections, select their rulers or state officials and “...hold them accountable ...by dismissing them, so to speak, in subsequent elections” (Dahl, 2000: 93).

The concept of democracy, according to Diamond (1999: 8), can be classified into four types. The first one is electoral democracy, a minimalist notion, and the second one is liberal democracy. A third category, which he called a mid-range conception, can be placed between electoral democracy and liberal democracy. A fourth approach, called “pseudo-democracy,” is less democratic than minimalist approach, but is clearly distinct from authoritarianism.

Electoral democracy is the minimalist conception of democracy, which is also referred to as “procedural” democracy by Huntington (1991: 6). He explains, “The central procedure of democracy is the selection of leaders through competitive elections by the people they govern” (Huntington, 1991: 6). Przeworski and et al. (1996: 50) take the same approach, explaining democracy as “a regime in which governmental offices are filled as a consequence of contested elections.” Although Huntington and Dahl stress the importance of elections for democracy, they also recognize the cruciality of additional political rights to materialize democracy within a state. According to Dahl (2000: 26), these political rights include “...the freedom of expression and assembly, and access to the sources of information not provided by the state.”

The minimalist definition of democracy has some shortcomings. In this approach, the institution of free and fair election is taken as an end rather than a means. Beetham (1999: 3), who contests the minimalist approach, argues that the end is democratic rule, and institutions, as outlined by Dahl and Huntington, are the means to achieve that end. While emphasizing the “fallacy of electoralism,” Karl (1995: 73) argues that electoral democracy gives more importance to elections than to democracy itself and ignores the fact that elections can also marginalize minority groups in terms of their participation in elections or their ability to defend their political rights. On the extreme side, if the state of affairs were dominated by few elites then this state of affairs would lose its democratic character and be called oligarchy (Walker, 2008: 18). Although Huntington (1991: 10) also notes that the election might give power to those government officials that “...may be inefficient, corrupt, shortsighted, irresponsible, dominated by special interests, and incapable of adopting policies demanded by the public good,” he argues that this would not make such government as “non-democratic.”

The shortcomings of electoral democracy have made some scholars to define democracy in terms of what Collier and Levitsky (1997: 433) called an “expanded procedural” conception. In defining liberal democracy, Diamond (1999: 10) explains that this concept of democracy requires three additional elements. The first element is “...the absence of reserved domain of power for military or other actors not accountable to the electorate, directly or indirectly” (Diamond, 1999: 10). The second element is the horizontal accountability of elected government officials to one another (Diamond, 1999: 10). The third element is the inclusion of “...political and civic pluralism as well as for individual and group freedom...” for expressing their interests and values (Diamond, 1999: 10). He further maintains that freedom and pluralism require effective rule of law that is applied to every citizen equally and, as a consequence, ensures equal political and legal rights to all citizens. In a similar fashion, Dickson (1997: 137) argues that the conception of democracy “... includes not only regular elections but also ... broadened political participation, social justice and respect for human rights.” Robinson (1996: 57-59) takes it further and considers human rights, civil liberties, and the rule of law “and removal of any kind of discriminations as a pre-requisites of democracy.” According to him, “...a society is democratic to the extent that popular majorities are able to impose their sovereignty” (Robinson, 1996: 57-59). However, Dahl (2000: 48-49), who is a proponent of procedural definition of democracy, also recognizes the importance of respect for human rights in a democratic system of governance. According to him, “Democracy is not only a system of governance” but “...also a system of rights” (Dahl 2000: 48-49). Beetham (1999: 93) goes further to incorporate economic and social rights and argues that a governing system cannot be considered democratic without including economic and social rights in addition to political rights.

In elaborating on midrange conceptions, Diamond (1999: 13) argues that this approach also gives equal emphasis to elections and basic freedom of expression and association, but it allows "...for constrictions in citizenship rights and a porous, insecure rule of law." In other word, freedom should be extended to a level that ensures free and fair elections. He cites Linz's (1996: 187) definition of democracy, which includes all the components of liberal democracy but "...leaves open the extent to which civil liberties otherwise be protected." Linz (1996: 187) states that democratic governments are those that ensure human rights in their states even if they might violate when confronted with terrorism or anti-system challenges. However, Linz and Stepan (1996: 187) also stipulates that "basic freedoms to contest politically remain unquestioned and the rights guaranteed in the constitution are not restricted."

Donnell (1996: 34-35) while adopting Dahl's concept of democracy, adds "...further procedural requirements that elected officials have meaningful power" (Diamond, 1999: 14). By emphasizing the institutionalization of elections, he includes the reserved domains of power and argues that "...polyarchy centers on the institutionalization of elections rather than more broadly on the rule of law" (Diamond, 1999: 14). By an institution, he means "...a regularized pattern of interaction that is known, practiced, and accepted (if not necessarily approved) by actors who expect to continue interacting under the rules sanctioned and backed by that pattern." By taking the sociological perspective, he argues that institutions are taken for granted and regulate expectations and behavior the existence of which are not questioned (Jepperson, 1992: 143-63).

Pseudodemocracy is defined by Diamond (1999: 15) as a polity that has less

of a democratic character than the minimalist conception but is clearly distinct from an authoritarian regime. In explicating the difference between pseudodemocracies and authoritarian regimes, Diamond (1999: 16) explains that pseudodemocracies are tolerant to "...real and opposition to the ruling party," unlike in authoritarian regimes. Diamond, Linz and Lipset (1989: xviii) call such regimes pseudodemocracies "...because the existence of formally democratic political institutions, such as multiparty electoral competition, masks...the reality of authoritarian domination" (Diamond, 1999: 15-16). On the other hand, the authoritarian regime may permit a certain scope of freedom by allowing civil societies to exist or by giving some level of autonomy to the judiciary, but forbids legal and independent opposition parties. Because of this, authoritarian regimes don't qualify as real democracies. He further maintains that, by using this approach, Pseudodemocracy can range from semi democracies to Sartori's (1976: 230-237) "hegemonic party system" (Diamond, 1999: 16).

Likewise, the lack of consensus on the definition of democracy also prevails in US policy making, which causes problems in coordinating democracy-related programmes and assessing US democracy assistance (Epstein, Serafino and Miko, 2007: 4-5). The Senate Foreign Operations Appropriation Committee Report for FY2006 also points out the same concern, stating that "...the State Department and USAID do not share a common definition of a democracy program" (Epstein, Serafino and Miko, 2007, 5). In the following year, the Committee of the Senate Appropriations Committee Report for FY2007 states the following:

...in the act 'the promotion of democracy' to include programs that support good governance, human rights, independent media, and the rule of law, and otherwise strengthen the capacity of democratic political parties, NGOs, and citizens to support the development of democratic states, institutions and practices that are responsible and

accountable to citizens (Epstein, Susan B., Nina M. Serafino, and Francis T. Miko. 2007: 6).

As also expressed in “FY 2004-2009 Department of State and USAID Strategic Plan,” “elections alone will not secure freedom.” Democracy should also include “...the rule of law, limits on the absolute power of the state, free speech, freedom of worship, freedom of association, equal justice, respect for women, and respect for private property” (US Department of State and US Agency for International Development Strategic Plan, 2003: 19). Failing to include these components would make democracy “...a vehicle for ... tyranny” (US Department of State and US Agency for International Development strategic plan, 2003: 19). Keeping these facts in mind, one finds that the US perception of democracy is in line with the liberal approach to defining democracy. However, Kopstein (2006: 89) points out that holding free and fair elections is viewed as “the apotheosis of democracy” by academics and US officials, the promoters of democracy support domestic-election monitoring organizations and the training and funding of political parties, NGOs and civil societies to meet this objective.

The USAID and DOS’s approach to democratization in each country differs according to the challenges presented there as outlined in “FY 2007-2012 Department of State and USAID Strategic Plan.” Accordingly, the countries are divided into four groups. Table: 1 explains the country category and the USAID and DOS strategies under the goal of “Governing Justly and Democratically”.

Table. I: Country Category, and USAID and DOS strategies under the goal of "Governing Justly and Democratically"

Source: FY 2007-2012 Department of State and USAID Strategic Plan

Country Category	USAID and DOS strategies
Restrictive countries	-Building political parties and supporting civil society to challenge closed regimes. -Sustaining the work of human rights defenders, and supporting independent media.
Rebuilding countries	-Promoting government that is effective and legitimate, while <u>protecting human rights and supporting civil society</u> .
Developing countries	-Strengthening the rule of law and good governance. -Advancing anti-corruption measures, building the capacity of political parties. -Expanding the growth of civil society.
Transforming countries	-Institutionalizing democracy and good governance, while sustaining a healthy civil society.

As it can be seen from the above table, the approach to defining democracy in their democratization process differs according to each country category. Hence, this research is not using the strict definition of liberal democracy, since the research here intends to test whether the US has the same level of interest of promoting democracy in those countries that export oil to the US as it has in promoting democracy in non-oil exporting countries. However, the approach of democracy in this research should at least satisfy the criteria of the minimalist definition of democracy or electoral democracy proposed by Huntington (1991: 6) and Dahl (2000: 26) who stresses the importance of elections and additional political rights. These additional rights are the freedom of expression and assembly and access to the sources of information not provided by the state (Dahl, 2000: 26).

2.2.2 Promotion of Democracy:

Schmitter and Brouwe (1999: 11) define "Promotion of Democracy" by considering

it as "...a subset of activities in what has been labeled as the international context or international dimensions of democratization..." They define democracy promotion as:

Democracy Promotion consists of all overt and voluntary activities adopted, supported, and (directly or indirectly) implemented by (public or private) foreign actors explicitly designed to contribute to the political liberalization of autocratic regimes and the subsequent democratization of autocratic regimes in specific recipient countries (Schmitter and Brouwe, 1999: 12).

However, Schmitter and Brouwer (1999: 12) also claim that the definition does not include the "covert activities" and "indirect activities" of foreign democracy promoters, since such activities are impossible to "observe and analyze" (Schmitter and Brouwe, 1999: 12-13).

While defining democracy promotion, Carothers (2009: 5) takes it into further step and categorizes it into two approaches, i.e. the political approach and developmental approach. According to Carothers (2009: 7), the political approach is based on a Dahlian conception of democracy and is centered on the promotion of "...genuine, competitive elections and sufficient respect for political and civil rights..." in an autocratic country. He further argues that, in the political approach, democracy assistance might also include promoting "...institutional features, such as an independent judiciary, strong legislature, or independent media..." (Carothers, 2009: 7). According to this approach, democracy promotion is done through political and financial support to political actors and supporting important state institutions such as "...an independent electoral commission, an independent judiciary, or independent media..." (Carothers, 2009: 7).

On the other hand, the developmental approach also takes socio-economic factors into consideration and gives equal emphases to economic and social rights (Carothers, 2009: 8). Carothers (2009: 8) explains that both democracy and socioeconomic developments are mutually inclusive, part of a complex causal relationship. He argues that the developmental approach of democracy assistance relies on “...indirect methods of assisting democracy...” because the proponents of this approach believe that assisting socioeconomic development would lead to democratization of a non-democratic country (Carothers, 2009: 9). Hence, they give importance to capacity building and good governance instead of political openness (Carothers, 2009: 9).

My research relies on the political approach to defining democracy promotion as set forth by Carothers (2009: 6-8). The reason is that the political approach gives “...direct attention to the domain of political competition—the institutional framework for competition, the degree of actual political freedom in practice, the capacities and actions of the key political actors involved, and so forth” (Carothers, 2009: 9). On the other hand, the developmental approach also allows for indirect methods of democracy assistance by supporting the socioeconomic development of a country. Hence, it is hard to measure democracy promotion by using the developmental approach. As Carothers (2009: 8) has also argued, the proponents of developmental approach are “...usually quite forgiving of its shortcomings on the democracy front.”

2.2.3 Tools for US promotion of democracy:

In this section, the tools for promoting democracy are discussed based on the

available literature and by limiting the discussion to the political approach of democracy promotion as defined by Carothers (2009: 7). The tools for the US promotion of democracy can be broadly categorized into three types. On one extreme, there are coercive means, such as the use of force or military intervention in target states. The other extreme comprises non-coercive means, such as democracy assistance, which is a foreign assistance specifically tailored for supporting democracy and governance-related activities in recipient countries. There is a gray area in between, such as traditional diplomacy, which contains elements of both coercive and non-coercive means.

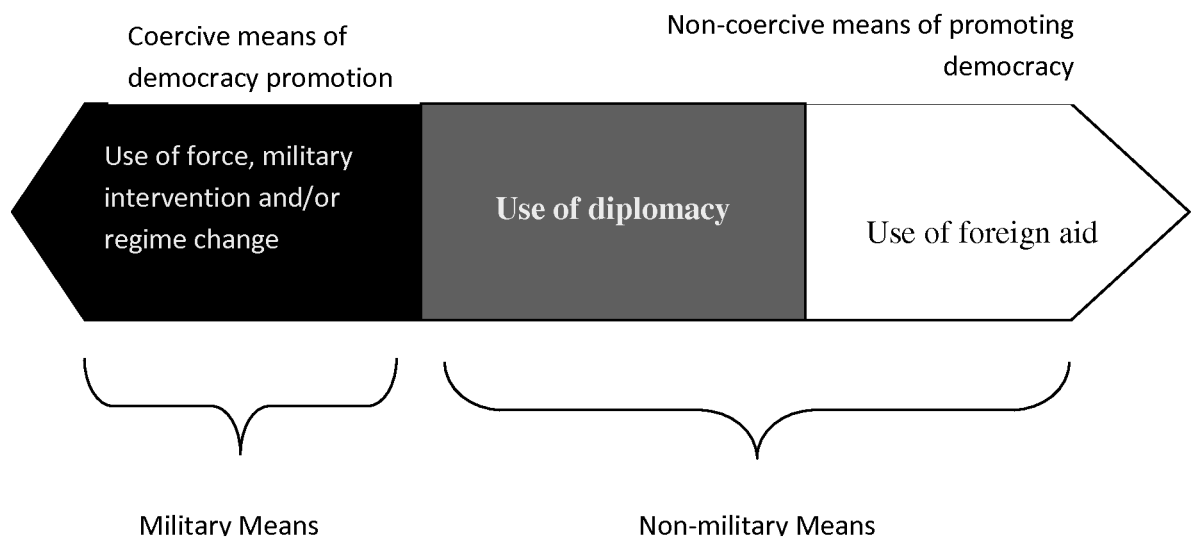


Figure. I: Diagram representing the framework of the tools of the US promotion of democracy

Coercive means are usually military interventions with the objective of regime change in autocratic countries and their replacement with democratic politics. It may also include the intervention in a newly democratize countries where there is a threat of recidivism to autocracy (Schmitter and Brouwer, 1999: 12). The US has frequently used pro-democracy rhetoric in defending its military intervention in

foreign countries (Meernik, 1996: 391). During the cold war, the US used the military interventions in Greece, South Korea, South Vietnam, Lebanon, El Salvador and many other countries for promoting democracy (Peceny, 1999: 2). Although this means of promoting democracy is rarely practiced now, there are still examples of the use of coercion in promoting democracy after 9/11. The most obvious examples are the invasion in Afghanistan and Iraq, where the US intervened in the name of democracy.

Non-coercive means include foreign assistance or democracy assistance by governmental organizations and it is the most prominent tool for promoting democracy. This includes the transferring of material resources and technical expertise that can help to foster democratization in the recipient countries. The US governmental organizations that are involved in democracy promotion activities are the Department of State, the US Agency for International Development (USAID), the Departments of Defense and Justice, and the Broadcasting Board of Governors (Epstein, Serafino, and Miko, 2007: 18). Beside government agencies, the US also gives funds to numerous US-based NGOs that are working abroad to promote democracy, such as the National Endowment for Democracy (NED) and The Asia Foundation (Epstein, Serafino, and Miko, 2007: 18). As also pointed by Kopstein (2006: 89) who contends that holding a free and fair election is viewed as “the apotheosis of democracy” by academics and the US officials, democracy promoters support domestic-election monitoring organizations, and the training and funding of political parties, NGOs and civil societies to meet this objective. The most important US federal agency involved in foreign assistance is the US Agency for International Development (USAID), which has a primary responsibility to work on the ground by supporting the development of democratic institutions and organizing “...training

and support to citizens, officials, and civil society organizations” (Committee on Evaluation of USAID Democracy Assistance Programs. 2008: 18-19). The US Agency for International Development (USAID) was established as a result of the Foreign Assistance Act in 1961 when it merged with the US Government assistance programs and became US government’s lead international development and humanitarian assistance agency. The USAID remained a relatively independent US federal agency. However, the USAID receives foreign policy guidance from the State Department. Under the framework of “FY 2004-2009 the Department of State and the United States Agency for International Development (USAID) Strategic Plan” and “FY 2007-2012 Department of State and USAID Strategic Plan”, the Department of State and USAID work jointly in coordination with other relevant state organizations to ensure synergy between the US foreign policy and development programs that takes a guiding principle from National Security Strategy issued by US presidents.

As depicted from the figure, the gray area represents traditional diplomacy, which includes political dialogue, unilateral declarations and economic conditionality. Political dialogue is done by way of bargaining with the targeted states (Stahn and Hullén, 2007: 5). This process helps democracy promoter to develop and manipulate the mix of incentives and disincentives by using a carrot or stick approach (Stahn and Hullén, 2007: 5). Adesnik and McFaul (2006: 8) are of the view that the US, by becoming closer to an authoritarian regime, “exerts effective pressure for political liberalization.” They cited the example of Reagan’s policy in the Philippines and South Korea, where he exerted pressure on these countries to liberalize their regimes (Adesnik and McFaul, 2006: 11). Conditionality, which may also be considered as an extension of political dialogue, operates by threatening

targeted states of imposing sanctions or promising rewards geared towards democratizing targeted countries. Hendrickson (1994: 19) argues that US uses sanctions as an important tool to isolate undemocratic governments economically to the extent that targeted countries have no option but to submit to the democratic conditions set by the US. Economic sanctions were used against Haiti in 1991 for four years, Iraq throughout 1990s and in Yugoslavia in early 1990s (Walker, 2008: 29). However, Hendrickson (1994: 19) doubts the effectiveness of this tool. The use of incentives or carrots is also employed by the US while using the tool of conditionality. For example, democratization-related conditions can be included by the US in provision of political, financial or economic support to targeted countries. Democracy promoters also use unilateral declarations to influence the reputation of targeted countries. This is done by means of voicing their criticism or praising the democratic reforms in targeted countries (Stahn and Hullen, 2007: 5).

2.2.4 Energy Security:

The concept of energy security may have different meanings to different countries depending upon their position in the value chain (World Economic Forum, 2006: 9). The usual definition of Energy Security is narrowly focused on the security of energy supply, which is also the definition used by NATO. Within this context, Nagy (2009: 298) defines energy security as an ability to have "...access to the energy sources, transport routes, power plants, etc." Sáez (2007: 658) has also taken the vulnerability of price fluctuation into consideration and defines energy security as "...the ability of a country to minimize vulnerability to supply interruptions and price increases in energy provision." Kalicki and Goldwyn (2005: 9) also define energy

security from the US point of view as:

In more specific terms, it is the provision of affordable, reliable, diverse and ample supplies of oil and gas (and their future equivalents)-to the United States, its allies, and its partners-and adequate infrastructure to deliver these supplies to markets.

In the above definition, Kalicki and Goldwyn (2005) identify three factors of energy security, i.e. affordable, reliable, and diverse and ample supplies of energy. Affordable energy supplies mean having an access to energy supplies at reasonable and stable price. Reliable energy supplies refer to energy sources that are less prone to disruption. Diverse and ample supplies refer to ensuring access to different forms of energy from the largest numbers of supplier countries.

Since this research is concerned with US energy security, which is the world's single largest energy consumer country and is heavily dependent on imported oil supply from foreign countries, this research focuses on supply security, which is an ability to ensure the non-disruptive supply of "...reasonably-priced energy...on demand" (See World Economic Forum, 2006: 9). As the US needs oil for both its economic and military power, a better definition of energy security can be formulated by linking energy security to national power. Kalicki and Goldwyn (2005: 9) formulate this link and define energy security as "...assurance of the ability to access the energy resources required for the continued development of national power." This research relies on the definition of energy security that combines the security-of-supply approach and links it to the national power of the US. Hence, energy security can be defined as the ability to ensure a non-disrupted supply of energy from foreign countries that requires for the continued development of national power.

CHAPTER III

THEORETICAL FRAMEWORK

3.1 Theory:

3.1.1 Materialist Theory of Democracy Promotion:

Wolff and Wurm (2011: 86-87) propose “Materialist Theory of Democracy Promotion,” which, they argue, is derived from a rationalist perspective. According to them, democracy promotion “...is one instrument among others that is applied to the extent that it contributes to the ‘real’ aims that guide foreign policy” (Wolff and Wurm, 2011: 87). They derive the conclusion from the arguments of Carothers (1999: 16) who analyzes a semirealists approach of democracy promotion, Schraeder (2003: 33, 41) who tries to create a distinction between the “normative goal of democracy” and the “central foreign policy interests,” and McFaul (2005: 158) who argues that democracy promotion is an important yet secondary goal of the US foreign policy interests. Carothers (1999: 16) argues that the role of democracy promotion in US foreign policy has increased since mid-1980s. However, this role was one of the several foreign policy interests of US, and other important economic and/or political interests dominate if democracy promotion contradicts with them

(Carothers, 1999: 16). Schraeder (2003: 33) takes the same approach stating that the principle of "...democracy promotion has never achieved the status of principal foreign policy interest of northern industrialized democracies." He cites the example of US foreign policy during the Cold War and argues that the strategic interests were the main driver of US foreign policy since the US was in an ideological competition with the Soviet Union (Schraeder, 2003: 33). For this, Peceny (1999: 2) argues that the US "...has often allied itself with brutally repressive regimes rather than with liberal opponents of such regimes." According to McFaul (2005: 158), the US presidents in power were more interested in short-term economic, security and/or political goals compare with long-term strategic objectives of democracy promotion. He further maintains that the US was always "...selective about when and where to promote democracy" (McFaul, 2005: 158). He supports his argument by citing the examples of Franklin Roosevelt and Ronald Reagan who focused their policy of democracy promotion in selected countries where democracy promotion would bring vital strategic benefits (McFaul, 2005: 158). He also maintains that the Bush administration, despite its passionate policy of promoting democracy, has been supporting democrats in selected countries where democratization and liberalization of politics would bring vital strategic benefits to the US (McFaul, 2005: 158).

The starting point of Wolff and Wurm's (2011: 86-87) explanation of "materialist theory of democracy promotion" is a utilitarian explanation based on Kant's "Perpetual Peace." If "democratic peace theory" is taken to the narrower level of security-based interests, one can argue that democracy promoters take democracy promotion as an instrument in order to ensure their security interest by making its surrounding environment peaceful (Wolff and Wurm, 2011: 83). However, this

instrument, according to Wolff and Wurm (2011: 80), is only rational to use whenever conditions are favorable. These conditions, as outlined by Wolff and Wurm (2011: 80), are "...short term prospects of success, low risks, high asymmetries in relative power, and selective incentives or close international cooperation." Wolff and Wurm, (2011: 82-83) go further to utilize neo-classical realism and commercial liberalism while explaining their arguments. Neoclassical realism takes both external and internal variables, and stresses the importance of "systemic pressure" and "relative material capabilities" in foreign policy making (Rose, 1998: 146). However, Rose (1998: 146) argues that this impact "...is indirect and complex because systemic pressures must be translated through intervening variables at the unit level." He further maintains that the perception of policy makers has greater impact on foreign policy making (Rose, 1998: 146). Keeping in view these arguments, Wolff and Wurm (2011: 83) argue that democracy promotion becomes an important instrument if democracy promoters believe in 'Democratic Peace Theory.' Since democracy promotion is a long-term strategic endeavor, conflicting with other short-term vital strategic interests would reduce its relative importance (Wolff and Wurm, 2011: 83). Commercial liberalism replaces security interests with economic interests but have the same theoretical structure as that of Neoclassical Realism (Wolff and Wurm, 2011: 83). Democracy promotion can be one of all possible instruments to acquire economic benefits from economic liberalization. However, democracy promotion in this sense "...depends upon case-specific and cost-benefit calculations" (Wolff and Wurm, 2011: 83).

While taking US energy security into consideration, an argument could be developed based on the materialist theory that the US places more importance to its

energy security then promoting democracy in oil-exporting countries. This is because oil is a very important variable for US economy and security. As natural resources-rich countries are more prone to civil war, democracy promotion could become a very risky endeavor. Hence, the US finds promoting stability in oil-exporting countries more important than promoting democracy. A more detailed explanation is given in the following section.

3.1.2 The Materialist Theory of Democracy Promotion and US Energy Security:

Despite the US efforts to reduce its oil demand, increase efficiency and diversification of energy sources, petroleum still remains the most important source of energy and an indispensable variable for the security and the economy of the United States. As we can see from Figure 2, there are different forms of energy that the US consumes. However, petroleum is the most important source of energy that the US consumes.

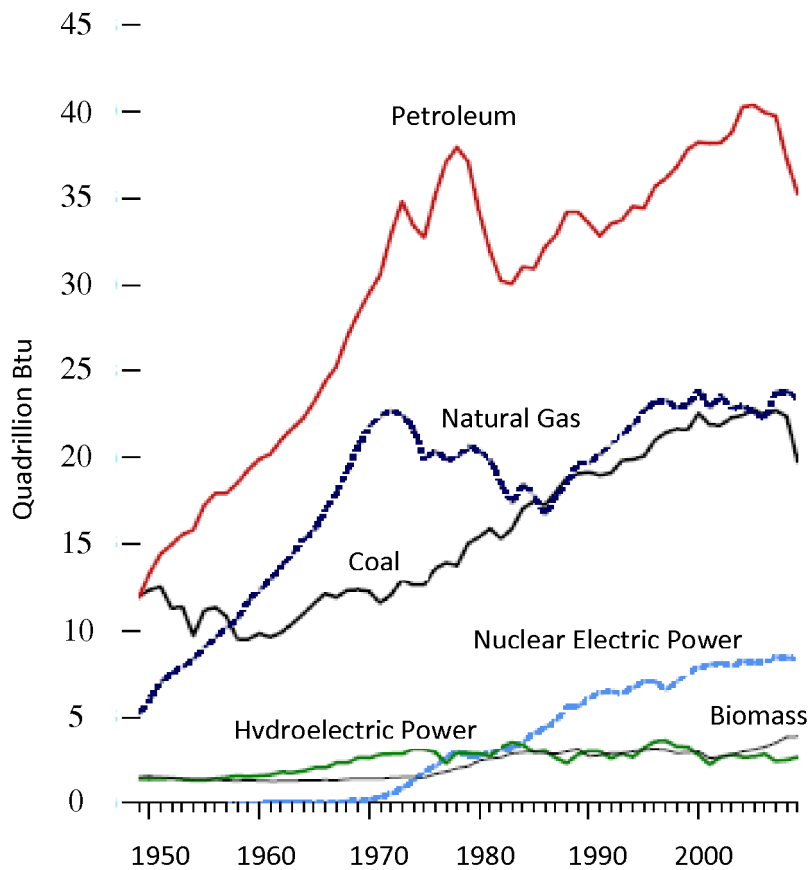


Figure II: US Primary Energy Consumption by Source, 1949-2009

Source: Energy Information Administration (EIA), database.

According to the latest data available on the website of the US Energy Information Administration, the proportion of the US oil supply to the total global oil supply is 10%, while the proportion of the US oil consumption to the total global oil consumption is 22% (US Energy Information Administration). Figure 3 depicts that not only the trend of consumption is increasing since 1950 but the production of petroleum is also decreasing with increasingly huge gap between the consumption and the production of petroleum. In order to fill the oil deficit, the US is relying on foreign oil in order to satisfy more than 50% of its petroleum demand (US Energy

Information Agency, 2011). According to the estimation provided by Kalicki and Goldwyn's (2005: 1), the US economy and security will heavily dependent upon foreign oil-rich countries, especially in the Middle Eastern countries, for the next 20 years.

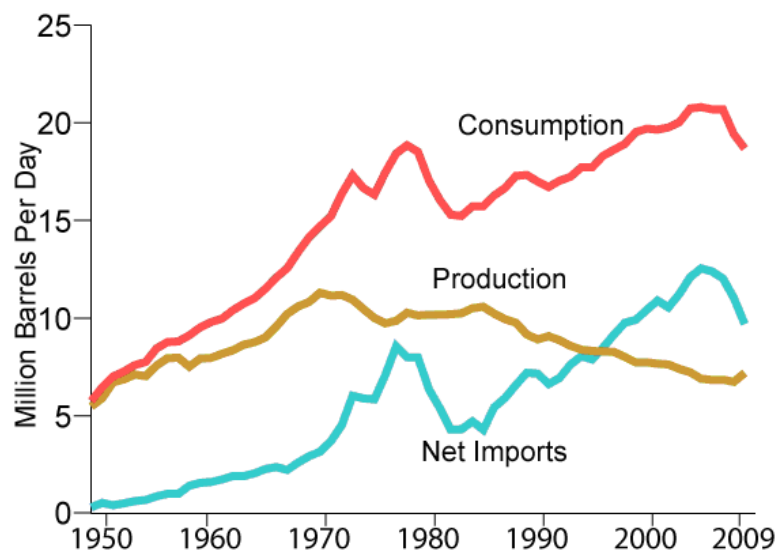


Figure III: Petroleum Consumption, Production, and Import Trends (1949-2009)

Source: Energy Information Administration (EIA), database.

Figure 4 shows that huge portion of oil is used in industrial and transportation sector, which are the backbone of US economic growth. It can be seen that the major portion of oil is consumed by transportation sector. In 2005, transportation sector consumed 65 percent of the US oil consumption. A reduction in oil supply to

transportation would increase the risk of major economic problems (Government Accountability Office, 2007: 2).

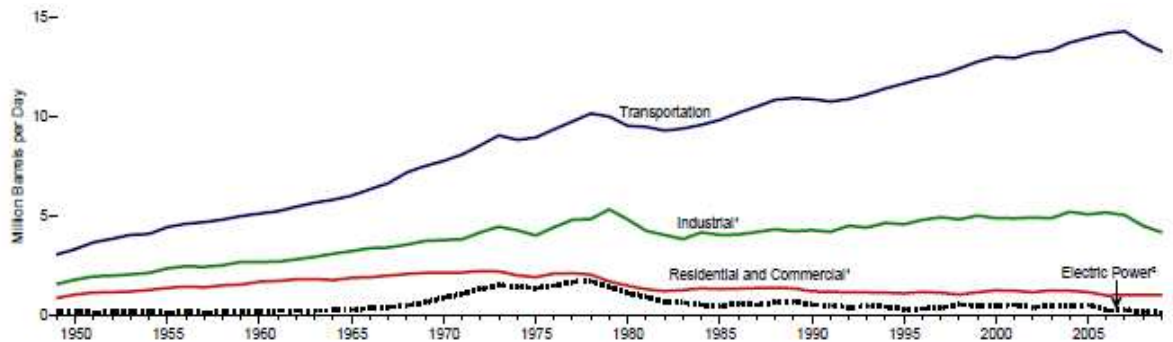


Figure IV: Annual US Oil Consumption, by Sector, 1949-2009

Source: Energy Information Administration (EIA), database.

The importance of oil for the national security of the US and maintaining hegemony in the world cannot be ignored. Senior Pentagon official John J. Young Jr. claimed that the Department of Defense is the biggest oil consumer in the US that consumes 300 million barrels of oil per day (Miles, 2006). Three quarters of oil is used to keep the military mobilized (Miles, 2006). John J. Young Jr. also showed his worries that the stability of oil supply for military purposes cannot be guaranteed since 58 percent of US oil is imported from abroad (Miles, 2006).

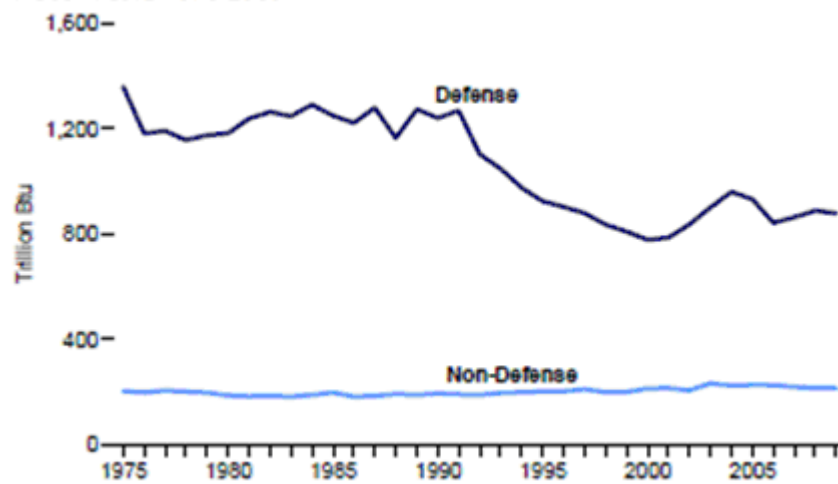


Figure V: US Department of Defense and Non-Defense Agencies Fiscal Years 1975-2009

Source: Energy Information Administration (EIA), database.

As oil remains the most important source of energy indispensable both for economic prosperity and military power, a decline in oil supply would weaken “... the US global economic and political influence and the ability of the United States to pay for US military forces” (Crane and et al., 2009: 19).

In order to ensure its energy security, US has taken different initiative to curtail its demand for oil, use it efficiently, develop hydrogen or less carbon intensive technology and diversify the source of energy (Kalicki and Goldwyn, 2005: 1). However, Kalicki and Goldwyn (2005: 1) estimated that US needs to rely on foreign oil, especially from the Middle East region, for the next 20 years. While energy security is crucial in the eyes of US policy makers, it is important here to know

whether US policy makers compromise on other foreign policy principles if they conflict with its energy security interest.

As mentioned earlier, Democracy promotion is a long term endeavor and the rewards of democracy promotion do not come quickly. However, democracy promotion in oil-rich countries would become even more expensive and troublesome for the US. According to "Oil-as-Spoil" thesis, revenues from the extraction of natural resources cause political instability in countries either because of greed-driven rebellion or resentment over the distribution pattern of the revenue. Collier and Hoeffler (1998: 53-54) have also observed that natural-resources rich countries are more likely to have greed-driven rebellions compared to non-natural resources rich countries. One of the World Bank studies reveals that oil exporting countries "...are forty times more likely to be engaged in civil war than countries that do not" (Forest and Sousa, 2006: 5). Beside these, Rose (2001, 356) has also concluded, by analyzing pooled time-series cross-national data from 113 states between 1971 and 1997, that natural resources, especially oil, have anti-democratic character and the scope of democracy in natural resources-rich countries is minimum compared to other countries. Keeping in view that oil-rich countries are not only more prone to civil war but also the scope of democratization is minimum, democracy promotion endeavor becomes even more time taking and highly insecure. Based on rationalist approach, the cost of democracy promotion in those countries become very high and it would take a longer time to produce any results. Beside this, the vulnerability of US oil imports from those countries also adds substantially to the cost of democracy promotion in those countries. As a consequent, the US becomes less inclined to promote democracy in oil-rich countries, especially in those countries with US oil dependency. Hence, the US oil interest makes it compromise on its policy of

democracy promotion and exert less or no pressure on those countries that export oil to the US to liberalize their political system.

CHAPTER IV:

EMPIRICAL ANALYSIS

In this chapter, statistical methodologies have been employed to test the relationship between US external energy dependency and its efforts to promote democracy abroad. The methodologies have been applied to the data of all those countries who have been receiving USAID funding for democracy-related programmes after the event of September 11, 2001. Data employed consists not only of countries who have been exporting oil to the US, but also includes countries who do not export oil to the US but receive democracy promotional grants from the US.

The statistical techniques employed consist of testing the equality of average USAID support for democracy-related programmes between sub-groups of countries in the sample. The analysis has been further extended to a more formal estimation of linear regression model. The details have been discussed in the following section.

4.1 Hypotheses:

From the discussion of the materialist theory of democracy promotion in Chapter III, it can be deduced that energy security is indispensable both for the US economic and

military power and therefore US is heavily dependent upon the imports of oil. In order to ensure sustainable flow of oil from foreign countries, it is possible that the US may compromise in its support to promote democracy in those countries due to its oil dependency. This leads to an interesting formulation of a hypothesis: US would be willing to extend more support to promote democracy when its energy security concerns are not compromised.

In order to test this hypothesis statistically, a null (H_0) and alternative hypothesis H_1 have been formulated. In statistics, H_0 is formulated with the expectation that it can be rejected with sufficient level of confidence against the H_1 . With this background, we have formulated the following null hypothesis:

Null Hypothesis H_0 : There is no relationship between US oil dependency and the extent of funding to promote democracy. In other words, the average funding to support democracy in a country is not compromised by US oil dependency on that country. The null hypothesis is tested against the following alternative hypothesis H_1 .

Alternative Hypothesis H_1 : The US oil dependency on a foreign country does negatively influence US efforts to promote democracy in that country. In other words, the more the US is dependent on its oil imports from a particular country, the lesser the US is willing to promote democracy in that country.

4.2 Methodology:

The null hypothesis H_0 is being tested in two stages. In the first stage, the equality of USAID average funding for democracy-related programmes between the group of countries with US oil dependency and the group of countries with US non-oil

dependency has been tested. Statistical technique to test the equality of two population means has been employed by using a simple student t-test. In the second stage, a linear multiple regression model has also been developed to explain the variation in the USAID funding for democracy-related programmes by including several independent variables. One of the key explanatory variables employed is the US oil imports. The inclusion of this variable would enable us to examine the causal relationship between the extents of the US funding to promote democracy to its oil dependency in terms of imports of oil. The framework will allow us to test the key research question of this thesis, i.e. whether US post 9/11 foreign policy objective to promote democracy have been compromised or not due to its concerns about energy security.

4.3 Sample Period:

Data employed for the analyses relates to the years from 2002 to 2005. One of the justification for choosing these years is that the operational definition of the USAID funding on democracy-related programmes in each country after 2005, has changed. The data from 2006 and onward on USAID funding for democracy-related programmes is not reported separately. Rather it has been reported by the US Department of the State as a joint State-USAID budget submission in partnership with other US government departments and agencies that are working on democracy promotion in foreign countries, such as Broadcasting Board of Governors (BBG), Department of Labor, Department of Justice, Millennium Challenge Corporation (MCC), Peace Corps, and Department of Commerce. (see US Department of State, 2007: iii and US Department of State and US Agency for International Development, 2003: 21). Furthermore, the data for individual countries is not being reported by

USAID for the earlier years. Therefore, the present analysis is being restricted to the years between 2002 and 2005.

As it can be noted, President Bush was serving his first tenure during the proposed time-frame of this research when democracy promotion in foreign countries was highly prioritized. As the literature (for example Lynch, 2008: 197 and Dalacoura, 2005: 963) also support the view that the Bush administration during its first term was heavily influenced by the neo-conservative world-view of democratic world and prioritized democracy promotion in foreign countries in order to tackle terrorism. Therefore, our sample would also help to analyze the relationship between the US energy security and its democracy promotion at the time when democracy promotion was highly prioritized.¹

4.4 Description of Data:

The data in the sample has further being sub-grouped into two samples. Sample A consists of those countries that export oil to the US and sample B consists of those countries that do not export oil to the US between 2002 and 2005. In these samples, Afghanistan, West Bank and Gaza, and Iraq cases have not been included because these countries went through extra-ordinary circumstances and have been treated as OUTLIERS in our analysis. The pooled time series data has 34 countries in the sample A with 99 observations and 58 countries in sample B with 188 observations.

The dataset of both samples consist of data on USAID funding for

¹ As the allocation of the USAID foreign assistance of any year is based on the request given by the administration to the congress in the previous year, it can be assumed that the USAID funding for democracy-related programmes in 2005 is based on the priorities of the first term of Bush administration.

democracy-related programmes per capita in each foreign country and percentage ratio of annual oil imports in barrels. For the multiple regression analysis, several other explanatory variables have also been included in the model and will be discussed later.²

USAID funding for democracy-related programmes is measured by using the USAID's budget allocation in US dollars for democratic elections, governance and human rights related programs in foreign countries. The democracy-related programmes of USAID falls under the umbrella of the "Democracy and Governance" programme (US Agency for International Development, 2005: 133-134, and US Agency for International Development, 2007: 29-32). This program is composed of four strategic areas, which are Rule of Law and Human Rights, Institutions of Democratic and Accountable Governance, Political Freedom and Competition, and Citizen Participation and Advocacy. (US Agency for International Development, 2005: 133-134, and US Agency for International Development, 2007: 31-32). For each country, data is collected by aggregating USAID funding for all the programs related to the above mentioned four strategic areas of "Democracy and Governance" program of each country in a given year. The data is collected from the "USAID Budget Justification to the Congress" of FY 2005 and FY 2007. (US Agency for International Development, 2005: 193-657, and US Agency for International Development, 2007: 31-32). In order to make comparison across countries, the USAID funding for democracy promotion per capita is used. The data on population of each country are taken from the US Census Bureau (US Bureau of the Census) to calculate per capita USAID funding for democracy promotion.

² Security Effectiveness and Government Effectiveness are our control variables which are explained later in this section.

The US dependency on oil is measured as the ratio of annual oil imports in barrels from a particular country to the total annual US imports of oil in barrels. Data on annual US oil imports in barrels is taken from the database of US Energy Information Administration (US Energy Information Administration).

Data on Security Effectiveness as one of the control variables in the regression analysis is taken from the Polity IV State Fragility data set. The data set includes a component called “Security Effectiveness score”. This score is based on “Residual War score” of each countries, which is “...a measure of general security and vulnerability to political violence in a country” (Marshall and Benjamin, 2009: 31). To calculate the score of each country, three indicators are used: “(a) sum of annual scores for all wars in which the country is directly involved for each continuous period of armed conflict; (b) interim years of no war between periods of armed conflict; and (c) years of peace, or no war, since the end of most recent war period” (Marshall and Benjamin, 2009: 31). This variable is an ordinal ranking from 0 to 3, where 0 means the highest level of security effectiveness and 3 means the lowest level of security effectiveness (for more details see Marshall and Benjamin, 2009: 31). So a higher value would indicate lower security effectiveness.

Data on the other control variable in the regression model, Government Effectiveness, is taken from the World Bank Worldwide Governance indicators, which measure six dimensions of governance and one of them is Government Effectiveness. “The indicators are based on several hundred individual variables measuring perceptions of governance, drawn from 33 separate data sources constructed by 30 different organizations” (The State Department, 2010: 293). Government Effectiveness is used to assess “...the quality of public services, the

quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies” (Daniel, Kraay and Mastruzzi, 2010: 4). The Index uses a scale from -2.5 to 2.5 with higher average values equaling higher quality of Government Effectiveness (for more details see Daniel, Kraay and Mastruzzi, 2010).

4.5 Descriptive Statistics of the Data:

Some of the descriptive measures of data employed in the analysis are reported in the table 2 below.

Table II: Summary Statistics of Data

Variable	n	Mean	Standard Error	Median	Minimum	Maximum
Sample A (Countries with US Oil Dependency)						
USAID funding for democracy-related programmes per capita	99	0.495	0.061	0.284	0.003	2.992
US Oil Import ratio	99	0.0121	0.003	0.0007	1.66E-06	0.134
Security Effectiveness	99	1.152	0.116	1	0	3
Government Effectiveness	99	-0.450	0.053	-0.417	-1.718	0.807
Sample B (Countries with no US Oil Dependency)						
USAID funding for democracy-related programmes per capita	188	1.507	0.223	0.507	0.012	28.942
US Oil Import ratio	0	0	0	0	0	0
Security Effectiveness	186	0.839	0.073	0	0	3
Government Effectiveness	184	-0.675	0.035	-0.608	-2.109	0.566

As we can see from table 2, the countries with US oil dependency (sample A) received, on the average, less than one third of the average of USAID funding for democracy-related programmes than the countries with no US oil dependency (sample B). By using the empirical rule we can say $(\bar{X} \pm 3\delta_{\bar{X}})$; that 99% of the cases in sample A are between 0.312 and 0.678 and 99% of the cases in sample B are between 0.838 and 2.2176. Therefore, it is very evident that the USAID funding for democracy-related programmes in sample A is less than in sample B.

Furthermore, the numerical mean value of Security Effectiveness is higher in sample A than in sample B, meaning that among those countries that do not export oil to the US, this Security Effectiveness, on the average, is better than among those countries that do export oil to the US. On the contrary, the mean value of Government Effectiveness of sample A is higher than that of sample B, which explains that the Government Effectiveness is higher in those countries that export oil to the US compared to those countries that do not export oil to the US. Since US policy to support democracy may also be influenced by those two measures beside oil dependency, the net impact of oil import on US funding can be assessed more scientifically in a multiple regression framework when the impact of Security Effectiveness and Government Effectiveness is being controlled.

4.6 Testing Difference between Two Means (t-test):

It has been argued, in this thesis, that the US may not allocate more funding to promote democracy in countries that export oil to the US due to its energy security concerns. USAID funding for democracy-related programmes in each country is being used as an indicator of the US democracy promotion intent in each country.

Although the US uses various tools to promote democracy in foreign countries that are either coercive or non-coercive means, the USAID funding for democracy-related programmes is used in this study because of the readily availability of quantifiable data. According to Carothers (1999: 6), foreign assistance specifically for “democracy opening” or “democratic transition” is the most obvious and significant means for promoting democracy abroad. The government organizations that are involved in democracy promotion activities are the Department of State, USAID, the Departments of Defense and Justice, and the Broadcasting Board of Governors (Epstein, Serafino, and Miko, 2007: 18). However, USAID is the most prominent and the leading state agency that also works on grounds for democracy assistance in foreign countries (Epstein, Serafino, and Miko, 2007: 18).

In this section, hypothesis about the equality of average USAID funding for democracy-related programmes between two groups of countries in the sample is being tested. The sample data has been divided into two sub-groups, sample A consisting of countries exporting oil to the US and sample B consisting of countries that do not export oil (see table 2). The null hypothesis H_0 of the equality between averages funding between these groups has been tested against an alternative hypothesis that less funding is allocated to countries with US oil-dependency. The hypothesis is tested using ONE-TAIL t-test. If null hypothesis is successfully rejected, the proposed alternative hypothesis shall be accepted as true, i.e. the US is less inclined to promote democracy in countries that export oil to the US than in those countries that do not export oil to the US. Based on this, the following are the statements of null hypothesis and alternative hypothesis:

$$H_0 : \mu_A \geq \mu_B$$

$$H_1 : \mu_A < \mu_B \quad \dots(1)$$

Where

μ_A = USAID funding mean for democracy-related programmes of Population A (countries that export oil to the US)

μ_B = USAID funding mean for democracy-related programmes of Population B (countries that do not export oil to the US)

In order to test the H_0 , one-tail t-test has been employed because the variances of populations are unknown. The test statistic employed is as follows:

$$t = \frac{(\bar{X}_A - \bar{X}_B) - 0}{\sqrt{\frac{S_A^2}{n_A} + \frac{S_B^2}{n_B}}} \quad \dots(2)$$

Where

\bar{X}_A = Average USAID funding for democracy-related programme in sample A

\bar{X}_B = Average USAID funding for democracy-related programme in sample B

S_A = Standard Error of sample A

S_B = Standard Error of sample B

n_A = Number of observations in sample A

n_B = Number of observations in sample B

The decision rule is to reject the null hypothesis if the calculated value of “t” in equation 2 is less than the critical value of “t” at α level of significance and v degrees of freedom: Reject H_0 if $t < -t_\alpha$.

The significance level of α is taken as 5% in the test. The critical value of t with 5% of level of significance is -1.645 with 276 degrees of freedom ($v = n_A + n_B - 2$). By substituting all values in equation (2) taken from table 1, the calculated value of t is -55.7889. As the value of t is less than the value of $t_{.050} = -1.645$, we can be 95% confident to reject null hypothesis. Hence, it can be concluded that the US spends less to promote democracy in those countries on which the US has oil dependency compared with other countries with 95% level of confidence. As the p -value in this test is less than 0.001, null hypothesis can also be rejected with 99% or more level of confidence.

Some experts (for example Grigory, 2010 and McFaul, 2004: 2) argued that despite the US is more interested in promoting democracy in post-Soviet states, oil is the most important factor that influence the decision of the US to promote democracy in post-Soviet states. Based on this argument, it would be interesting to employ the same one tail t -test to estimate the variation of USAID funding for democracy-related programmes between those post-Soviet countries that export oil to the US compared with those countries that do not export oil to the US. The following table is the descriptive statistics of USAID funding for the sub groups of post-Soviet states:

Table III: Summary Statistics of USAID Funding For Democracy-related Programmes in Post-Soviet States

Post-Soviet States in Sample A	Post-Soviet States in Sample B
$\bar{X}_A = 0.890$	$\bar{X}_B = 1.145$
$S_A = 0.196$	$S_B = 0.213$
$n_A = 21$	$n_B = 27$

It is evident from the table III, USAID funding, on average, for democracy-related programmes in post-Soviet states of sample A is less than that of sample B. The following are the statements of null and alternative hypotheses:

$$H_0 : \mu_A \geq \mu_B$$

$$H_1 : \mu_A < \mu_B$$

The significance level α is again taken at 5%. The critical value of t table with 46 degrees of freedom is -1.679. The value of calculated t, using values from table 3, is estimated as -4.302. As the value of calculated t is less than the critical value of t_{α} , the null hypothesis H_0 can be rejected at a significance level of 5%, i.e. we can reject with 95% confidence level that the USAID allocates equal funds for democracy promotion to post-Soviet states of both population A and B. Hence, the alternative hypothesis holds true that the US spends less to promote democracy in those post-Soviet states that export oil to the US compared with those post-Soviet states that do not export oil to the US. As the p-value in this experiment is less than 0.001, null hypothesis can also be rejected at 99% of confidence level.

The results of the above methodology do support our main thesis, however, the approach is simple in its application and has some limitations. Multiple regression model has also been employed to further address these limitations.

4.7 Regression Analysis:

4.7.1 Model:

For multiple regression analysis, the following model has been employed.

$$Y = \beta_0 + \beta X + \gamma Z + \delta D + \partial DX + \varepsilon \quad \dots(3)$$

Where Y is the dependent variable of the model, which is the USAID per capita funding for democracy-related programmes and X is the primary independent variable, i.e., oil dependency measured as the percentage of oil imports from a particular country to the total oil imports of the US. According to our maintained thesis, we expect that Y is inversely related to X ($\beta < 0$). In order to measure the net impact of variable X on Y, several control variables (Z) have also been included in the model as control independent variables. These include the measure of Security Effectiveness (Z_1) and Government Effectiveness (Z_2). Furthermore, dummy variables (D) have also been employed in the model to test several hypotheses about the sub-groups of countries. The significance of the interaction of these dummy variables (D) with our main independent variable (X) have also been included in the model to further explore their significance. β_0 , β , γ , δ and ∂ are the parameters of the model. These parameters shall be estimated by using regression analysis. The

random error term³, ε , is assumed to be normally distributed with the following standard assumptions: (see Sincich, 2008: 598-599)

$$E[\varepsilon_i] = 0$$

$$E[\varepsilon_i^2] = \sigma^2$$

$$E[\varepsilon_i \varepsilon_j] = 0 \text{ for all } i \neq j$$

After this brief description of the model, we would like to shed some light on the use of the dummy variables. The intercept dummy variables (D) are included to estimate the difference in the intercept of the regression model for a sub-group. And slope dummy variables (DX) are used to estimate the change in the slope of the variable X for a sub group. In the context of our analysis, intercept dummy variable enables us to estimate the variation of USAID funding for democracy-related programmes between the sub-groups of countries and other countries of our sample, while slope dummy, which is a multiplicative form of dummy, enables us to estimate the differential of the relationship of USAID funding for democracy-related programmes per capita and US oil dependency within a sub-group of countries of our sample. Further explanation about the dummy variables used in our analysis is provided in section 4.7.5. If we take expectation of the both sides in our linear regression model in equation 3,

$$E(Y|D=0) = \beta_0 + \beta X$$

$$E(Y|D=1) = (\beta_0 + \delta) + (\beta + \delta)X \text{ as } E(\varepsilon) = 0 \text{ by assumption.}$$

³ Random error is assumed to capture the variation Y that is not explained by the variables in the model.

Where D is a qualitative variable taking values “one” for a particular sub-group of countries in the sample and is “zero” for all other countries. So parameter δ measures the average differential in funding (Y) which is independent of oil export (X) for the designated sub-group of countries. On the other hand, ∂ measures the slope differential, i.e. how a change in oil imports (X) affects the average funding (Y) for the particular sub-group of countries. After this explanation of our multiple regression model, we will now discuss the variables employed in the model in more detail.

4.7.2 Dependent Variable:

The dependent variable (Y) is the promotion of democracy in each foreign country. The USAID funding for democracy-related programmes per capita is used as an indicator. Although the US uses various tools to promote democracy in foreign countries that are either coercive or non-coercive means, the USAID bilateral foreign assistance for democracy-related programmes is used in this study because of the readily availability of quantified data and is more appropriate for the proposed methods of this study. According to Carothers (1999: 6), foreign assistance specifically for “democracy opening” or “democratic transition” is the most obvious and the most significant means for promoting democracy abroad. The government organizations that involve in democracy promotion activities are the Department of State, USAID, the Departments of Defense and Justice, and the Broadcasting Board of Governors (Epstein, Serafino, and Miko, 2007: 18). However, USAID is the most prominent and the leading state agency that also works on grounds for democracy assistance in foreign countries. Section 4.4 has explained the operationalization of

our dependent variables Y and the source of data for this variable (see Section 4.4: 44-46).

4.7.3 Independent Variable:

The independent variable (X) is the oil dependency on a foreign country and the indicator is the ratio of annual US oil imports in barrels from a particular country to the total annual US imports of oil. The inclusion of this variable is central to testing our thesis in the regression model. The rationale behind this is that this percentage indicates the level of the US oil dependency on a particular foreign country to fulfill its energy demand (Svyatets, 2008: 8-9). Higher percentage ratios correspond to higher levels of the US oil dependency on that country. Section 4.4 has explained the operationalization of our independent variables X and the source of data for this variable (see Section 4.4: 44-46).

4.7.4 Control Variables:

Security Effectiveness is used as a control variable (Z_1). It could be inferred from Forest and Sousa (2006: 131-143) that the US has been very cautious to promote democracy in those oil-rich countries that are not able to achieve effectiveness of their internal security. They cited the example of Saudi Arabia and argued that the policy of not promoting democracy in those oil exporting countries that have a higher level of internal security is a continuation of the US cold war policy, which was also reflected in post-9/11 US policy. Hence, it can be assumed that Security Effectiveness affects negatively to USAID funding for democracy-related programmes. This variable is an ordinal ranging from 0 to 3, where 0 means the

highest level of security effectiveness and 3 means the lowest level of security effectiveness. Section 4.4 has explained the operationalization of our control variable Z_1 and the source of data for this variable (see Section 4.4: 44-46).

Government Effectiveness is also used as a control variable (Z_2). As mentioned in the “Congressional Budget Justification Volume 2: FOREIGN OPERATIONS 2011”, the Department of State and USAID use the Government Effectiveness Index, taken from the World Bank Worldwide Governance Indicators, for monitoring and evaluation purposes. Although it is not explicitly expressed in the report, it can be assumed that the level of Government Effectiveness also affects the decision regarding the USAID funding for democracy-related programmes in a particular country. The Index uses a scale from -2.5 to 2.5 with higher average values equal higher quality of governance. Section 4.4 has explained the operationalization of our control variable Z_2 and the source of data for this variable (see Section 4.4: 44-46).

These two control variables have been included in the model to estimate the net impact of oil dependency (X) on US funding for democracy (Y). Furthermore, the results for these two variables would also allow us to assess how US support for democracy is affected by these two variables given the value X .

4.7.5 Dummy Variable:

In the regression model, we have also categorized the sample into two sub-groups of countries and thereby included two dummy variables. The first such sub-group is for all the Near East states in our sample. So the first dummy variable, D_1 , takes value of

“one” if the country is a Near East states and “zero” otherwise. We expect that the US is less inclined to promote democracy in the Near Eastern countries, because US has stronger economic and security interests in the Near East for which the US has developed closer relationship with many autocratic countries in the region. These interests include Israel-Palestine conflict, oil security, and cooperation on counterterrorism. Since the US is heavily dependent on Middle Eastern oil resources, especially from the Persian Gulf, for its energy needs. The US is concerned with potential internal insecurity in those countries. As the internal insecurity of oil rich countries can arise because of a spillover effect from neighboring countries, the US is very cautious and takes a gradual approach to promote democracy in the Middle Eastern countries. The US started its Middle Eastern Partnership Initiative program (MEPI) after 9/11 to address the problem of reform in the Middle East. As Carothers (2005: 2) argued, MEPI cautiously choose to fund those programmes that are “...uncontroversial and largely working within the boundaries set by Arab governments.” For this, MEPI uses a gradual and bottom-up approach and relies mostly on public diplomacy (for information on public diplomacy see Tuch, 1990: 3-57). Based on these factors, it is expected that the USAID, on the average, would spend less money on the Middle Eastern countries than others. Dummy variable D_1 shall be used to estimate the variation of USAID funding for democracy-related programmes between the Near East states and other states.

The second dummy variable D_2 is also included for all post-Soviet states in our sample. The justification for including this dummy variable is that we expect that the US is more interested in promoting democracy in post-Soviet countries compared to other countries. Some scholars believe that the US has greater interest to promote

democracy in post-Soviet states in order to expand NATO "...to create a Baltic-to-Black-Sea axis to envelop Russia" (Grigory, 2010). In addition to this, the US has a strategic interests to promote democracy in Russia as democratic Russia would make it a "...reliable and lasting ally of the United States in world affairs" (McFaul, 2004: 2). Failing to consolidate democracy in Russia would strain the US-Russia relationship possibly to a confrontational level as it was the case in the twentieth century, which would have serious security implications for the US (McFaul, 2004: 2). The transition of post-Soviet states to democracy was an important post-Cold War national security priority for the US (Spence, 2003: 1-2). This security priority can be realized from the fact that George Bush and Bill Clinton met with Boris Yeltsin more frequently during their term of office (Spence, 2003: 1-2). The US has also spent a huge amount of money for democracy and involved in the domestic affairs in post-Soviet states (Spence, 2003: 1-2). In 2003 and 2004, Bush administration gave massive support for democratizing Georgia and Ukraine by means of "pro-democratic diplomacy" and aid (Carothers, 2007: 11). Hence, it can be expected based on the above facts that USAID, on average, spends more money for democracy-related-programmes on post-Soviet states compared to non-post-Soviet states. A dummy variable is used to estimate the level of the USAID funding for democracy-related programmes in post-Soviet states compared with other countries. For D_2 , the country is coded 1 if it is a post-Soviet state and 0 otherwise.

However, it is also important to notice the arguments of Ipek (2007, 95-96) and Grigory (2010) that energy security is an important geostrategic interest of the US in the region. Hence, it can be expected that US oil dependency in post-Soviet states would negatively affect US democracy promotion in those states. As a result,

there will be less USAID funding for democracy-related programmes in those post-Soviet countries on which the US has higher oil dependency and vice versa. In order to estimate this variation, a slope dummy D_2X , which is a multiplicative form of dummy, is used to evaluate the relationship between the US energy security and its democracy promotion in post-Soviet states⁴.

4.7.6 Discussion of Results and Interpretation:

The sample contains all the countries that receive democracy assistance from the United States from 2002 to 2005. The sample size in this analysis is 99. The list of all those countries in the sample A is available in appendix A. Microsoft Excel 2010 is used to run the regressions. Different combinations of variables have been used and the following model has given the best results.

$$\begin{aligned}
 Y = & \mathbf{0.714} - \mathbf{3.857 X^{**}} - \mathbf{0.128 Z_1^{***}} + \mathbf{0.165 Z_2} - \mathbf{0.414 D_1^{**}} \\
 & (0.101) \quad (1.878) \quad (0.050) \quad (0.112) \quad (0.191) \\
 + & \mathbf{0.538 D_2^{***}} - \mathbf{28.259 D_2X^{**}} \quad \dots(4) \\
 & (0.171) \quad (13.607)
 \end{aligned}$$

Standard errors in parentheses. ***, **, and * indicate significance at the .01, .05, and .10 levels, respectively.

$$\mathbf{F\text{-test}=6.716 \quad R^2 = 0.305 \quad n = 99}$$

The overall significance of the regression is tested by using F-test of null hypothesis (H_0) that all the coefficients are zero against the alternative (H_1) that at least one of the coefficients is not equal to zero. The decision rule is that we can reject H_0 if $F > F_{\alpha(k-1, n-k)}$, “...where $F_{\alpha(k-1, n-k)}$ is the critical F-value at the α level

⁴ The slope dummy D_1X was also included in the model but it was not statistically significant, so it was excluded from the model.

of significance and $(k-1)$ numerator df and $(n-k)$ denominator df' (Gujarati, 2003: 257). As we can see from the Summary Output in appendix 3, the value of numerator df and denominator df is 6 and 92 respectively (see Appendix 3). From the F distribution table, we find that the critical F value ($F_{\alpha(6,92)}$) at $\alpha=0.05$ significance level is 2.25 (see Gujarati, 2003: 962-967). As the value of F is 6.716 which is greater than F_{α} , it can be concluded that null hypothesis H_0 , i.e. all the coefficient of regression are zero, can be rejected at 95% confidence level. By this, we can conclude that the test we performed is statistically significant. Since the p-value is less than 1%, null hypothesis H_0 can also be rejected at less than 1% significance level. Adjusted R^2 value that explains the percentage of variation in the dependent variable by the model is around 26%.

As we can see from appendix 3, the p-values of X, Z_1 , D_1 , D_2 and D_2X are under the 5 percent significance level, as the p-values of X, Z_1 , D_1 , D_2 and D_2X are 0.043, 0.013, 0.033 and 0.002 respectively. The coefficient of Z_2 is significant at almost 14 percent significance level (p-value is 0.145). So except for Z_2 , all other coefficients in this model are statistically significant and are different from zero at 5% level of significance or less.

The coefficient of the oil dependency variable turned out to be negative, which supports our primary thesis. According to the result provided in equation 4, USAID funding for democracy-related programmes is decreased by 3.857 US Dollars per capita on the average if the ratio of US oil imports from a country to US total oil imports annually is increased by 1% on average; other things being equal. This implies that the US become less inclined to promote democracy in a country if its oil dependency on that country is increasing; other things being equal. This result

supports to my thesis that US compromises on its principle of promoting democracy abroad if it conflicts with US energy security. This finding runs counter to the arguments of Monten (2005: 114) and Lynch (2008: 197), who argued that democracy promotion in foreign countries became the first priority of the US foreign policy especially during the first tenure of President Bush because of US ideological commitment to democratize the world, and Richards (2003: 70), who argues that democracy promotion is highly prioritized not only because US ideological commitment but it also serves the security interest of the US.

As for the two control variables in the model, the coefficient of Security Effectiveness is negative, which suggests that the USAID spends more money for democracy-related programmes in those countries that are better in terms of their Security Effectiveness⁵; other things being equal, (i.e. for given value of all other variables in the model). USAID funding for democracy-related programmes per capita decreases by 0.127 US dollars on average if the Security Effectiveness score is increased by one unit on average; other things being equal. So, the coefficient of Security Effectiveness tells us that for a given level of oil imports, the USAID spends more on democracy-related programmes when there is more security effectiveness. This could be because the US is more cautious in promoting democracy in those oil exporting countries that have less Security Effectiveness as the transition to more democratic state could increase the insecurity level and endanger political stability in those countries, which could also affect US oil-imports security negatively.

⁵ Here it is important to recall that Security Effectiveness is an ordinal ranking from 0 to 3, where 0 means the highest level of security effectiveness and 3 means the lowest level of security effectiveness. (see section 4.4)

It can be observed that the coefficient of Government Effectiveness is positive, which explains that the USAID allocate more funds to those countries that have better government effectiveness; other things being equal. If Government Effectiveness is increased by one unit, on average, USAID funding for democracy-related programmes per capita is increased by 0.165 US dollars; other things being equal. As mentioned before, USAID and the Department of State use Government Effectiveness Index from World Governance Indicator of World Bank for Monitoring and Evaluation purpose. So, the coefficient of Government Effectiveness tells us that for a given level of oil imports, the USAID spends more on democracy-related programmes when there is more Government Effectiveness.

As per our expectations based on the arguments presented in review chapter of this thesis, the coefficient of D_1 turned out to be negative that explains that the USAID spending is lower in the Near East states than in all other countries in the sample. For each Near East states, USAID funding for democracy-related programmes per capita is decreased by 0.414 US dollars on average. US is heavily dependent on Middle Eastern oil resources, especially in the Persian Gulf region, for its energy needs.

With regards to post-Soviet states, the result is again in accordance with our theoretical expectations as the coefficient of D_2 is positive. For each post-Soviet states, USAID funding for democracy-related programmes per capita is increased by 0.538 US dollars on average. Since the US is more concerned with the progress of democracy in those countries, the USAID spends, on average, more on democracy-related programmes in those countries than in other countries (for more details recall section 4.7.5).

By using a slope dummy variable for post-Soviet states (D_2X), it is revealed that, despite the USAID spending more money on average for democracy-related programmes in post-Soviet states, more US oil dependency reduces USAID spending in those countries in post-Soviet states. For each post-Soviet states, USAID funding for democracy-related programmes per capita is decreased by 28.259 US Dollars on average if the ratio of US oil imports from a country to US total oil imports annually is increased by 1% on average; other things being equal. This further reinforces our thesis about an important linkage between US oil dependency and its interest to promote democracy abroad.

4.8 Limitations and Directions for Future Research:

This research focused on democracy assistance only as an instrument of democracy promotion. As mentioned previously, it does not include other US means of promoting democracy, such as military intervention and conventional diplomacy. Because of this limitation, the result obtained from this research could be biased. There could be a case where the US used other strategic instruments of promoting democracy, such as coercion. This problem might be addressed by including other tools of promoting democracy used by the US in future research.

In this research, only USAID funding for democracy-related programmes is included, while funding through other channels, such as other US government agencies and US-based NGOs, are not included. This is because of the non-availability of data on democracy assistance from 2002 to 2005 given by non-USAID US government agencies and US-based NGOs in foreign countries.

In this research, the time-frame is limited to 2002 to 2005. Hence, the result obtained from this research cannot be generalized with confidence to the period after 2005. This would require expanding the time-frame of the analysis. The data from 2006 to onward on USAID funding for democracy-related programmes is not reported separately. Rather it has been reported by US Department of the State as a joint budget submission of all the US government departments and agencies that are working on democracy promotion in foreign countries (US Department of State, 2007: iii). Hence, it may require a separate analysis in which the priorities of all the US departments and agencies working on democracy promotion abroad are included.

R^2 , which is 0.305, is not high. This means that the explanatory power of the ratio of US oil imports variable and other variables in the model are not large. Thus, the US democracy promotion may also be influenced by other factors which are not included in the model. For example, only oil is considered in this research despite the fact that there are other energy resources, such as gas and coal, on which the US depends to fulfill its demand for energy imports. In order to minimize this problem, future research should include imports of other energy resources in the model.

CHAPTER V

CONCLUSION

This research is an attempt to contribute to the literature on US democracy promotion by exploring an aspect that has not been empirically tested, i.e the relative importance of democracy promotion vis-à-vis energy security for US foreign policy makers. As it is explained in Chapter I, the importance of US democracy promotion as a foreign policy principle elevated considerably after the tragic event of 9/11. This has been because the US started including democracy promotion in foreign countries among its national security objectives. On the other hand, the event of 9/11 also created fears of the potential vulnerability of US energy security. Since the issues of both the democracy promotion in non-democratic countries and energy security have become prime concerns for US policymakers, there is a need to know whether the US is genuinely committed to promoting democracy in oil-rich countries or

whether US oil interests trump its policy of promoting democracy. Most of the available literatures focus on the post-9/11 US promotion of democracy and energy security separately. Some studies such as Forest and Sousa (2006), Carothers (2004) and Ipek (2007) have examined the interaction between oil imports and democracy promotion. However, they are limited to being single in-depth case studies, and so the existing literature lacks methodologically rigorous conclusions. The aim of the study is to address this limitation and develop a methodologically robust conclusion by using quantitative methods that test the relationship between the US oil dependency and the promotion of democracy in those countries that export oil to the US after 9/11.

The thesis illustrates that, as hypothesized by using the materialist theory of democracy promotion, US oil dependency on a foreign country negatively influence US interest of promoting democracy in that country. Two statistical methods are used to derive this conclusion. USAID funding for democracy-related programmes per capita in each country is used as an indicator of US democracy promotion. As we utilize hypothesis testing by using t-test, it is estimated that USAID spends, on average, less on democracy-related programmes per capita in those countries that export oil to the US compared to other countries. The cross-sectional time-series regression model explores the relationship between USAID funding for democracy-related programmes per capita (a dependent variable) and the percentage ratio of oil imports to the total US imports. The predicted sign of the coefficient to describe the relationship between USAID democracy assistance and oil was negative which explains that US oil dependency on a particular country negatively affects US interests for democracy promotion in that country. This is because resources-rich

countries are more prone to internal insecurity compared with other countries. As democracy promotion is a long term endeavor and the rewards of democracy promotion do not come quickly, democracy promotion endeavor in oil-rich countries becomes even more time taking and highly insecure which may disrupt oil supply to the US. In order to avoid civil wars in oil-rich countries that can cause disruption of oil supply, the US has less interest in promoting democracy in those countries from where the US imports oil. Hence, it can be concluded that the US oil interest makes it compromise on its foreign policy principle of democracy promotion abroad and exert less or no pressure on those countries that export oil to the US to liberalize their political system.

As explained in section 4.8, there are some limitations of our analyses. Nevertheless, our analyses are important and may contribute significantly to the literature on US democracy promotion and US energy security. Limitations of our analyses provide opportunities for future research on US democracy promotion and its energy security.

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APPENDIX A: DATA SET OF SAMPLE A

Country	Y	X	Z₁	Z₂	D₁	D₂	D₂X	Year
Angola	0.503229	2.8795%	3	-1.1286942	0	0	0.000000000000	2002
Albania	2.240676	0.0106%	0	-0.6487899	0	0	0.000000000000	2005
Angola	0.429589	3.0282%	3	-1.0509606	0	0	0.000000000000	2003
Angola	0.291104	2.4050%	3	-1.2391114	0	0	0.000000000000	2004
Angola	0.290255	3.4484%	3	-1.0193398	0	0	0.000000000000	2005
Azerbaijan	0.720213	0.0002%	2	-0.9348933	0	1	0.000001663285	2002
Azerbaijan	1.122943	0.0101%	2	-0.8457917	0	1	0.000100600611	2004
Azerbaijan	1.606374	0.0112%	2	-0.6802908	0	1	0.000112475355	2005
Belarus	0.283585	0.0524%	0	-1.1791835	0	1	0.000523788303	2004
Belarus	0.625234	0.0252%	0	-1.1130313	0	1	0.000252120600	2005
Bolivia	0.690088	0.0065%	0	-0.5371399	0	0	0.000000000000	2004
Bolivia	1.480997	0.0105%	0	-0.7712761	0	0	0.000000000000	2005
Bulgaria	1.484638	0.0106%	0	0.0975371	0	0	0.000000000000	2002
Bulgaria	1.137526	0.0342%	0	0.0091873	0	0	0.000000000000	2003
Bulgaria	1.331476	0.0200%	0	0.0924974	0	0	0.000000000000	2004
Bulgaria	1.524627	0.0108%	0	0.2614003	0	0	0.000000000000	2005
Burma	0.140927	0.0067%	3	-1.2637103	0	0	0.000000000000	2003
China	0.00308	0.1692%	2	-0.0460069	0	0	0.000000000000	2004
Colombia	0.552695	2.2587%	2	-0.4412606	0	0	0.000000000000	2002
Colombia	0.594781	1.5877%	2	-0.1880676	0	0	0.000000000000	2003
Colombia	0.488733	1.3388%	2	-0.0577926	0	0	0.000000000000	2004
Colombia	0.546474	1.4291%	2	-0.1095627	0	0	0.000000000000	2005
Croatia	1.798474	0.0013%	1	0.3965994	0	0	0.000000000000	2002

Democratic Republic of the Congo	0.116215	0.1060%	2	-1.5066324	0	0	0.000000000000	2004
Democratic Republic of the Congo	0.106577	0.0137%	2	-1.7183051	0	0	0.000000000000	2005
Ecuador	0.630297	0.9567%	0	-0.8124619	0	0	0.000000000000	2002
Ecuador	0.654037	1.1784%	0	-0.710787	0	0	0.000000000000	2003
Ecuador	0.740253	1.8632%	0	-0.8248081	0	0	0.000000000000	2004
Ecuador	0.670091	2.0608%	0	-0.9651397	0	0	0.000000000000	2005
Egypt	0.138482	0.0919%	1	-0.4168916	1	0	0.000000000000	2002
Egypt	0.191362	0.0713%	1	-0.3238879	1	0	0.000000000000	2003
Egypt	0.521761	0.1070%	1	-0.2732352	1	0	0.000000000000	2004
Egypt	0.048247	0.1067%	1	-0.4623519	1	0	0.000000000000	2005
El Salvador	0.733768	0.0027%	2	-0.2225183	0	0	0.000000000000	2004
El Salvador	0.39018	0.0132%	2	-0.3146108	0	0	0.000000000000	2005
Georgia	2.471472	0.0038%	0	-0.8070237	0	1	0.000037542729	2002
Georgia	2.090886	0.0295%	0	-0.7190081	0	1	0.000295319938	2003
Georgia	2.513479	0.0004%	0	-0.4090392	0	1	0.000003949198	2004
Georgia	2.99226	0.0144%	0	-0.3737987	0	1	0.000144240153	2005
Ghana	0.053336	0.0209%	0	-0.1798132	0	0	0.000000000000	2002
Ghana	0.123384	0.0206%	0	-0.2467959	0	0	0.000000000000	2003
Ghana	0.044905	0.0314%	0	-0.2498479	0	0	0.000000000000	2004
Ghana	0.071932	0.0176%	0	-0.187333	0	0	0.000000000000	2005
Guatemala	0.260718	0.1996%	2	-0.4984259	0	0	0.000000000000	2002
Guatemala	0.085286	0.1793%	2	-0.4433461	0	0	0.000000000000	2003
Guatemala	0.503853	0.1392%	2	-0.6061555	0	0	0.000000000000	2004
Guatemala	0.623597	0.0783%	2	-0.6515432	0	0	0.000000000000	2005
Guinea	0.259733	0.0118%	1	-0.9667238	0	0	0.000000000000	2002
Guinea	0.226714	0.0107%	0	-0.8865484	0	0	0.000000000000	2003
India	0.013485	0.1781%	3	-0.1142512	0	0	0.000000000000	2002
India	0.00391	0.1595%	3	-0.036074	0	0	0.000000000000	2003
India	0.00391	0.0892%	3	-0.016655	0	0	0.000000000000	2004

India	0.003208	0.2064%	3	-0.0694754	0	0	0.000000000000	2005
Indonesia	0.170217	0.4591%	3	-0.528118	0	0	0.000000000000	2002
Indonesia	0.177523	0.3040%	3	-0.5167625	0	0	0.000000000000	2003
Indonesia	0.064844	0.3424%	3	-0.3711075	0	0	0.000000000000	2004
Indonesia	0.136643	0.1731%	3	-0.452643	0	0	0.000000000000	2005
Jamaica	0.387244	0.0035%	0	-0.0085265	0	0	0.000000000000	2002
Jamaica	0.552525	0.0150%	0	0.2266043	0	0	0.000000000000	2004
Jamaica	0.904436	0.0162%	0	-0.0343523	0	0	0.000000000000	2005
Kazakhstan	0.4106	0.0934%	0	-0.5976705	0	1	0.000933673435	2004
Kazakhstan	0.382922	0.1515%	0	-0.5346264	0	1	0.001514921164	2005
Mexico	0.094653	13.4131 %	0	0.3019332	0	0	0.000000000000	2002
Mexico	0.098826	13.2350 %	0	0.1737731	0	0	0.000000000000	2003
Mexico	0.09516	12.6629 %	0	0.1457052	0	0	0.000000000000	2004
Mexico	0.126597	12.1216 %	0	0.0087327	0	0	0.000000000000	2005
Morocco	0.033839	0.0620%	0	0.0294762	1	0	0.000000000000	2004
Morocco	0.133106	0.0124%	0	-0.2170924	1	0	0.000000000000	2005
Nigeria	0.119397	5.3879%	2	-0.9828682	0	0	0.000000000000	2002
Nigeria	0.071223	7.0707%	2	-0.8658275	0	0	0.000000000000	2003
Nigeria	0.028023	8.6706%	2	-0.8726087	0	0	0.000000000000	2004
Nigeria	0.061908	8.4994%	2	-0.8169563	0	0	0.000000000000	2005
Panama	0.401209	0.0121%	0	-0.0125017	0	0	0.000000000000	2002
Peru	0.635272	0.2009%	2	-0.3220624	0	0	0.000000000000	2002
Peru	0.378264	0.1280%	2	-0.3896234	0	0	0.000000000000	2003
Peru	0.478627	0.1387%	2	-0.4460387	0	0	0.000000000000	2004
Peru	0.335321	0.2582%	2	-0.60376	0	0	0.000000000000	2005
Philippines	0.116104	0.0012%	3	-0.0653258	0	0	0.000000000000	2005
Romania	0.409689	0.1298%	0	-0.1475597	0	0	0.000000000000	2002
Romania	0.349702	0.0482%	0	-0.1476292	0	0	0.000000000000	2003
Romania	0.325338	0.0051%	0	0.0035068	0	0	0.000000000000	2004

Romania	0.259042	0.0307%	0	-0.0759241	0	0	0.000000000000	2005
Russia	0.150886	1.8222%	2	-0.2947173	0	1	0.018222480111	2002
Russia	0.140013	2.0711%	2	-0.2186425	0	1	0.020710595172	2003
Russia	0.227263	2.2687%	2	-0.2485299	0	1	0.022687308360	2004
Russia	0.279432	2.9903%	2	-0.3599359	0	1	0.029903061427	2005
South Africa	0.157975	0.0056%	2	0.6159231	0	0	0.000000000000	2002
South Africa	0.123715	0.0091%	2	0.6663114	0	0	0.000000000000	2003
South Africa	0.110731	0.0017%	2	0.7457413	0	0	0.000000000000	2004
South Africa	0.130951	0.0064%	2	0.807201	0	0	0.000000000000	2005
Turkmenistan	0.355349	0.0050%	0	-1.5156664	0	1	0.000049660951	2002
Turkmenistan	0.233266	0.0004%	0	-1.4826829	0	1	0.000004244386	2003
Turkmenistan	0.233266	0.0038%	0	-1.6050293	0	1	0.000037829155	2004
Turkmenistan	0.257281	0.0323%	0	-1.6239535	0	1	0.000323241783	2005
Ukraine	0.593421	0.0073%	0	-0.5707485	0	1	0.000073164080	2004
Ukraine	0.997542	0.0177%	0	-0.4626641	0	1	0.000177403402	2005
Yemen	0.020905	0.0476%	0	-0.735325	1	0	0.000000000000	2003
Yemen	0.034459	0.0358%	1	-0.9519992	1	0	0.000000000000	2004
Yemen	0.081594	0.0960%	1	-0.9341493	1	0	0.000000000000	2005

Y= USAID funding for democracy-related programmes per capita

X=Percentage ration of US oil imports from a particular country to total US imports

Z₁=Security Effectiveness

Z₂=Government Effectiveness

D₁=Near East States (Dummy variable)

D₂=Post-Soviet States (Dummy variables)

D₂X= Slope Dummy (D₂ multiply by X)

APPENDIX B: DATA SET OF SAMPLE B

Country	Y	X	Z₁	Z₂	Years
Somalia	0.117142	0.0000%	2	-2.109193421	2004
Somalia	0.278834	0.0000%	2	-2.108966311	2005
Somalia	0.178196	0.0000%	2	-1.966327292	2003
Haiti	1.000476	0.0000%	1	-1.664932192	2004
Burma	0.049434	0.0000%	3	-1.626336789	2005
Burma	0.097394	0.0000%	3	-1.616741704	2004
Liberia	0.80275	0.0000%	2	-1.575092879	2002
Somalia	0.255714	0.0000%	2	-1.562130147	2002
Liberia	2.360198	0.0000%	2	-1.554937056	2003
Liberia	6.080245	0.0000%	2	-1.543497557	2004
Sudan	0.625315	0.0000%	3	-1.539044993	2005
Haiti	0.315252	0.0000%	0	-1.538515522	2002
Sierra Leone	2.478756	0.0000%	2	-1.511662293	2002
Burundi	0.271428	0.0000%	2	-1.424613191	2003
Haiti	0.253274	0.0000%	0	-1.410405884	2003
Burundi	0.440092	0.0000%	2	-1.398392761	2005
Sierra Leone	2.689398	0.0000%	2	-1.398030372	2003
Haiti	5.236582	0.0000%	1	-1.395182933	2005
Burundi	0.442693	0.0000%	2	-1.375130112	2004
Liberia	6.704588	0.0000%	2	-1.349570923	2005
Burma	0.133427	0.0000%	3	-1.324049302	2002
Zimbabwe	0.280855	0.0000%	0	-1.309923015	2005

Uzbekistan	0.20814	0.0000%	0	-1.292876497	2005
Tajikistan	0.697457	0.0000%	1	-1.278285368	2002
Sudan	0.343543	0.0000%	3	-1.258281682	2004
Sierra Leone	0.963031	0.0000%	2	-1.257029494	2005
Tajikistan	0.951942	0.0000%	1	-1.205586696	2003
Uzbekistan	0.3323434	0.0000%	0	-1.178070627	2002
Tajikistan	0.524594	0.0000%	1	-1.153985205	2005
Tajikistan	0.951942	0.0000%	1	-1.130501066	2004
Sierra Leone	0.823084	0.0000%	2	-1.118077429	2004
Uzbekistan	0.287269	0.0000%	0	-1.100912969	2003
Uzbekistan	0.287269	0.0000%	0	-1.088977121	2004
Timor-Leste	8.60045	0.0000%	2	-1.051512658	2005
Belarus	0.50204974	0.0000%	0	-1.046951602	2002
Belarus	0.42109153	0.0000%	0	-1.039928738	2003
Guinea	0.032774	0.0000%	0	-1.031462697	2005
Timor-Leste	12.31782	0.0000%	2	-1.030154127	2003
Nepal	0.20787	0.0000%	2	-1.024287797	2005
Rwanda	0.208822	0.0000%	2	-1.015711985	2005
Cambodia	0.964625	0.0000%	2	-0.980579598	2005
Zambia	0.142609	0.0000%	0	-0.967255528	2005
Rwanda	0.728545	0.0000%	2	-0.959303962	2002
Cambodia	1.002293	0.0000%	2	-0.948784889	2004
Ethiopia	0.070432	0.0000%	2	-0.944336967	2005
Kyrgyz Republic	1.442595	0.0000%	0	-0.939907897	2005
Bangladesh	0.038623	0.0000%	0	-0.937186771	2005
Zimbabwe	0.317681	0.0000%	0	-0.919786384	2004
Ethiopia	0.744787	0.0000%	2	-0.90142306	2003
Guinea	0.199622	0.0000%	0	-0.898802496	2004
Moldova	0.413579	0.0000%	0	-0.860457602	2004
Bangladesh	0.02293	0.0000%	1	-0.855648925	2004
Zambia	0.183911	0.0000%	0	-0.848900364	2003

Kazakhstan	0.484174	0.0000%	0	-0.847309802	2002
Paraguay	0.841946	0.0000%	0	-0.835118554	2004
Cambodia	0.83061	0.0000%	2	-0.83102098	2002
Cuba	0.797254	0.0000%	0	-0.829637182	2005
Rwanda	0.289939	0.0000%	2	-0.827507147	2003
Cambodia	1.006137	0.0000%	2	-0.827409545	2003
Zambia	0.1843	0.0000%	0	-0.820677016	2002
Azerbaijan	0.769423	0.0000%	2	-0.819096377	2003
Nicaragua	1.841035	0.0000%	0	-0.798562301	2005
Kenya	0.182689	0.0000%	0	-0.798282377	2005
Nepal	0.172231	0.0000%	2	-0.795849414	2004
Timor-Leste	13.11316	0.0000%	2	-0.795770216	2002
Paraguay	0.676394	0.0000%	0	-0.785094382	2005
Zambia	0.163552	0.0000%	0	-0.781030851	2004
Kyrgyz Republic	1.473995	0.0000%	0	-0.778521418	2004
Timor-Leste	10.78374	0.0000%	2	-0.771918119	2004
Kenya	0.139759	0.0000%	0	-0.754603906	2002
Kyrgyz Republic	1.416569	0.0000%	0	-0.744881196	2002
Nicaragua	1.255448	0.0000%	1	-0.733542695	2002
Moldova	1.467221	0.0000%	0	-0.731661476	2005
Malawi	0.040765	0.0000%	0	-0.717569771	2005
Bangladesh	0.02293	0.0000%	1	-0.717520634	2003
Bangladesh	0.040184	0.0000%	1	-0.711143977	2002
Kenya	0.152837	0.0000%	0	-0.711104731	2003
Kyrgyz Republic	1.473995	0.0000%	0	-0.705356061	2003
Ethiopia	0.029599	0.0000%	2	-0.701586536	2004
Malawi	0.057305	0.0000%	0	-0.696439762	2004
Nicaragua	1.18839664	0.0000%	1	-0.692184193	2003
Nicaragua	1.230988	0.0000%	1	-0.681354871	2004
Ukraine	0.288138	0.0000%	0	-0.67975055	2002

Malawi	0.10072162	0.0000%	0	-0.676181268	2002
Kenya	0.158565	0.0000%	0	-0.658391087	2004
Malawi	0.09830585	0.0000%	0	-0.655122457	2003
Mali	0.110845	0.0000%	0	-0.640814902	2004
Cuba	1.100384	0.0000%	0	-0.636834964	2004
Moldova	0.803418	0.0000%	0	-0.634382276	2003
Honduras	0.549418	0.0000%	0	-0.629627626	2005
Bosnia and Herzegovina	2.957	0.0000%	1	-0.627178021	2005
Mali	0.35081186	0.0000%	0	-0.612432612	2002
Uganda	0.04161828	0.0000%	2	-0.603989574	2002
Honduras	0.507941	0.0000%	0	-0.603868025	2002
Benin	0.055415	0.0000%	0	-0.598596829	2005
Uganda	0.152876	0.0000%	2	-0.597328279	2005
Mali	0.114309	0.0000%	0	-0.59708778	2005
Moldova	1.343218	0.0000%	1	-0.596172911	2002
Kazakhstan	0.4106	0.0000%	0	-0.586302349	2003
Nepal	0.172231	0.0000%	2	-0.58615131	2003
Bosnia and Herzegovina	3.051138	0.0000%	1	-0.582560753	2004
Cuba	0.449172	0.0000%	0	-0.57611016	2002
Albania	1.880987	0.0000%	0	-0.565505996	2003
Albania	2.46931274	0.0000%	1	-0.564484699	2002
Mozambique	0.1249	0.0000%	2	-0.563461196	2003
Serbia	8.994284	0.0000%	1	-0.55273125	2003
Honduras	7.61911933	0.0000%	0	-0.541473482	2003
Guyana	2.494536	0.0000%	0	-0.536149849	2005
Uganda	0.017148	0.0000%	2	-0.533839999	2004
Honduras	0.80234	0.0000%	0	-0.533837638	2004
Rwanda	0.292696	0.0000%	2	-0.526315893	2004
Dominican Republic	0.569506	0.0000%	0	-0.513725821	2004
Macedonia	6.289262	0.0000%	0	-0.509747462	2002

Madagascar	0.112242	0.0000%	0	-0.509265234	2003
Pakistan	0.078137	0.0000%	2	-0.505194605	2005
Nepal	0.170327	0.0000%	1	-0.504250175	2002
Uganda	0.140111	0.0000%	2	-0.502692668	2003
Mozambique	0.112593	0.0000%	2	-0.502467379	2004
Pakistan	0.063469	0.0000%	2	-0.498701263	2004
Ukraine	0.484884	0.0000%	0	-0.497274409	2003
Cuba	0.507559	0.0000%	0	-0.486788392	2003
Pakistan	0.012479	0.0000%	2	-0.486668743	2002
El Salvador	0.580328	0.0000%	2	-0.484653954	2002
Mali	0.43322788	0.0000%	0	-0.481015176	2003
Pakistan	0.063469	0.0000%	2	-0.447062773	2003
Mozambique	0.088342	0.0000%	2	-0.444357984	2002
Sri Lanka	0.22575	0.0000%	3	-0.432069714	2004
Madagascar	0.124956	0.0000%	0	-0.423612277	2002
Mongolia	0.955899	0.0000%	0	-0.422742916	2004
Benin	0.25932527	0.0000%	0	-0.412519756	2002
Tanzania	0.057982	0.0000%	0	-0.408438049	2005
Sri Lanka	0.211411	0.0000%	3	-0.406365986	2005
Albania	6.076555	0.0000%	0	-0.39591541	2004
Lebanon	1.032393	0.0000%	2	-0.391908513	2004
Madagascar	0.064554	0.0000%	0	-0.388856374	2004
Tanzania	0.031765	0.0000%	0	-0.385014586	2004
Dominican Republic	0.5914635	0.0000%	0	-0.3810915	2003
Mozambique	0.100007	0.0000%	2	-0.377880018	2005
Dominican Republic	0.593706	0.0000%	0	-0.366744226	2005
Benin	0.070548	0.0000%	0	-0.35879571	2004
Tanzania	0.037702	0.0000%	0	-0.351343124	2002
Lebanon	1.54147	0.0000%	2	-0.346738869	2005
Macedonia	6.181115	0.0000%	0	-0.344073302	2005

Mongolia	0.942082	0.0000%	0	-0.340105561	2005
Serbia	1.808404	0.0000%	1	-0.337776304	2005
Macedonia	7.785686	0.0000%	0	-0.322891476	2003
Tanzania	0.106247	0.0000%	0	-0.31964645	2003
Bolivia	0.688147	0.0000%	0	-0.317548092	2003
Dominican Republic	0.59381738	0.0000%	0	-0.310084911	2002
Guyana	1.916379	0.0000%	1	-0.308730924	2002
Benin	0.29792794	0.0000%	0	-0.306992994	2003
Guyana	2.242524	0.0000%	0	-0.29851966	2004
El Salvador	0.836171	0.0000%	2	-0.285458237	2003
Mongolia	0.969798	0.0000%	0	-0.281256581	2003
Armenia	3.135558	0.0000%	0	-0.274800259	2002
Madagascar	0.027304	0.0000%	0	-0.273104067	2005
Armenia	2.441274	0.0000%	0	-0.264199882	2003
Bolivia	1.22915	0.0000%	0	-0.255491047	2002
Senegal	0.298922	0.0000%	1	-0.246958605	2003
Guyana	1.723499	0.0000%	0	-0.229672823	2003
Philippines	0.068629	0.0000%	3	-0.22800594	2004
Sri Lanka	0.22575	0.0000%	3	-0.208945302	2003
Mongolia	1.457432	0.0000%	0	-0.191068944	2002
Serbia	7.470329	0.0000%	1	-0.186293229	2004
Senegal	0.164272	0.0000%	1	-0.150907433	2004
Sri Lanka	0.143747	0.0000%	3	-0.129695204	2002
Senegal	0.199461	0.0000%	1	-0.127237271	2005
Armenia	2.825471	0.0000%	0	-0.114683226	2004
Macedonia	5.784073	0.0000%	0	-0.102151906	2004
Armenia	5.068551	0.0000%	0	-0.05125383	2005
Panama	0.245611	0.0000%	0	-0.022501992	2003
Senegal	0.70702131	0.0000%	1	-0.002370527	2002
Panama	0.322147	0.0000%	0	0.040209867	2004
Jordan	1.222785	0.0000%	0	0.060635884	2005

Namibia	0.510029	0.0000%	0	0.073309837	2002
Namibia	0.603937	0.0000%	0	0.076902663	2005
Panama	0.70554	0.0000%	0	0.111990755	2005
Namibia	0.50569	0.0000%	0	0.115454146	2003
Jamaica	1.097001	0.0000%	0	0.127930353	2003
Namibia	0.395685	0.0000%	0	0.140252075	2004
Jordan	1.296735	0.0000%	0	0.185393878	2004
Croatia	1.468503	0.0000%	1	0.378264502	2003
Croatia	2.106132	0.0000%	0	0.541711641	2004
Croatia	1.62548	0.0000%	0	0.566424082	2005
Kosovo	7.620329	0.0000%	0	N/A	2004
Kosovo	7.8408	0.0000%	0	N/A	2005
Montenegro	28.94235	0.0000%	N/A	N/A	2004
Montenegro	2.213772	0.0000%	N/A	N/A	2005

Y= USAID funding for democracy-related programmes per capita

Z₁=Security Effectiveness

Z₂=Government Effectiveness

D₁=Near East States (Dummy variable)

D₂=Post-Soviet States (Dummy variables)

APPENDIX C: SUMMARY OUTPUT OF REGRESSION ANALYSIS

Regression Statistics	
Multiple R	0,551895
R Square	0,304588
Adjusted R Square	0,259235
Standard Error	0,518347
Observations	99

ANOVA					
	df	SS	MS	F	Significance F
Regression	6	10,8268	1,804466	6,715953	6,38E-06
Residual	92	24,71889	0,268684		
Total	98	35,54568			

	Coefficients	Standard Error	t Stat	P-value
Intercept	0,71426	0,101385	7,045054	3,3E-10
X	-3,85701	1,877255	-2,0546	0,042754
Z ₁	-0,12747	0,050223	-2,5381	0,012827
Z ₂	0,164727	0,111524	1,477051	0,143077
D ₁	-0,41439	0,190914	-2,17056	0,032539
D ₂	0,537625	0,170653	3,150402	0,0022
D ₂ X	-28,2589	13,60734	-2,07674	0,040614