

BANG FOR OUR BUCK: AMERICAN FOREIGN AID, FOREIGN POLICY,  
AND DEMOCRATIC DIFFUSION

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By

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## Dedication

This thesis is dedicated to the family and Katie for giving me the work ethic and motivation to advance myself academically and personally.

And the family dogs for all their input.



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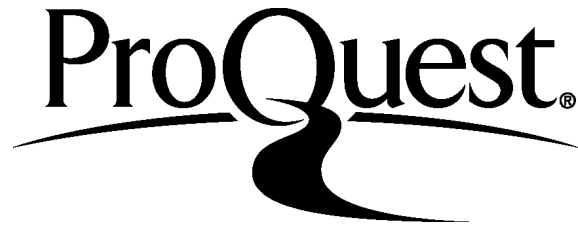
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## Abstract

Many scholars have sought to investigate the impact foreign aid has on recipient states. Much of the literature suggests that the strategic linkages of the donor-recipient dyad are key in explaining outcome variance. This paper examines that assumption further by looking at the relationship between US aid outlays and their impact with respect to democracy. Because the diffusion of democratic values has been a pillar of American foreign policy dating back to the Wilson era, one might expect American aid to be linked to good governance. I argue, however, that the national security concerns at the time assistance is disbursed has a significant effect on this goal. In a heightened security environment (Cold War), aid and democracy should be negatively associated. In a lowered security environment (post-Cold War) it should be positively linked. I examine aid's impact during these two periods and add yet another era, post 9/11. If security concerns are peaking once again due to the war on terror, American assistance may have shifted from prompting positive political change to the procurement of terror combating alliances. Moreover, the conditionality of democratic improvement placed on aid is diminished when partner states are aware of their strategic value. While democracy is said to be an elixir to conflict, in the pursuit of these non-state actors, current American foreign policy may be harming its growth. I use the Freedom House democracy index, USAID data, and Cox proportional hazard models to test this relationship across distinct time periods between 1972 and 2010.



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## Chapter 1: Introduction

### 1.1 Origins of American Aid

At a speech at Harvard in June of 1947, then Secretary of State George Marshall commented on rebuilding the global economy after WWII. Noting the importance of a steadfast recovery, Secretary Marshall outlined America’s potential contribution to such a cause. Through cooperation and coordination between the United States and Europe, a program of “friendly aid” could be developed to mend the war torn continent (OECD, 2016). The policy outcome was the Marshall Plan, a comprehensive assistance regime launched the following year. Financial support would be designated to those genuinely committed to the promotion of free institutions, economic integration, and economic interdependence (May, 1948). Just as importantly, this assistance would be safeguarded from those who decided to hinder such progress. The broader and long term goal was to establish a sense of unity; economically, socially and politically, while minimizing the likelihood of another world conflict (May, 1948).

Since that time, America’s commitment to the promotion of values espoused by Secretary Marshall have burgeoned significantly. Outlays are provided to at-risk and poverty stricken states across every global region. The mission statement of the primary organization tasked with handling aid programs, the United States Assistance for International Development agency (USAID), is to “end extreme poverty and promote resilient, democratic societies while advancing our security and prosperity” (USAID, 2016). The agency provides the public and policymakers progress on the activities they engage in, where aid is working best and where it is not. Historically,

conditions for American assistance have been tied to a general set of principles advocating free governance and cooperative economic development.

Promotion of “democratic societies” and the advancement of American “security and prosperity”, however, do not always go hand in hand (Ake, 1996). Over the past decades, the United States has found itself allied with countries such as Saudi Arabia, Egypt, and Pakistan. These states all receive substantial aid dollars, are arguably lynchpins of regional security, but lag behind democratically. Jordan, a staunch ally in the fight against terrorism and recipient of 785 million dollars in 2011, does little better in their quality of governance (USAID 2016; Freedom House, 2016). More recently, close ties have been cultivated with autocratic Cuba and Vietnam, the latter of which is has consistently been granted economic and military aid since 2005, according to USAID. Other states like Brazzaville (Congo) and Djibouti have millions attributed to them, but the data reveals they remain in adverse economic and democratic conditions.

Given these observations, it seems reasonable to question the evolution of American assistance programs since their inception in 1948. This thesis sets out to investigate the puzzle of American foreign aid, its purposes and its efficacy by shedding light on two primary research questions. First, how effective has foreign assistance been at accomplishing its goal of democratic promotion? Second, under what security circumstances is it more effective or less effective? To best contribute to the literature, I adopt a narrow approach by looking at the relationship between American disbursements and democracy over time, specifically. This method allows for a strong focus to be placed on the complex concept of democracy. Additionally, it may provide insights into US foreign policy behavior toward security salient states such as those mentioned above.

## 1.2 Research Significance

Despite a recent uptick in the literature, foreign aid is an underappreciated topic in political science. Those who have studied aid, tend to focus on multilateral disbursements from international institutions. On effectiveness, several theories have been advanced as to why aid fails or succeeds in democratic promotion, or economic growth. One explanation proposes that when a recipient country's strategic value is high for its donor, conditions placed on assistance can be more readily ignored (Dunning, 2004). Others view the dynamic game theoretically, where office holders strategize aid acceptance and policy concessions to maximize their prospects of staying in power (Buono de Mesquita and Smith, 2007). Generally, the body of work on assistance outcomes is mired in ambiguity. Some scholars view assistance as an ineffective employment of resources (Easterly 2006; Knack 2004). Others, though, find it to have positive outcomes (Goldsmith 2001; Girod 2012; Finkel, Perez-Linan, and Seligson 2007).

The donor-recipient relationship, too, is often difficult to untangle when working with large N studies, multilateral aid, and time dependent data. Research with multiple countries make it inherently difficult, if not unfeasible, to pinpoint particular dyadic motivations. Multilateral aid is considered to be dissimilar from its bilateral, nation to nation variant and should be examined distinctly (Alesina and Dollar 2000). Analyzing the behavior of an individual donor under these multisource conditions is impossible because one cannot assess how much influence one state has compared to another. When these transactions between dyads occur is equally important to consider since world events are said to alter the priorities of donor nations (Bearce and Tirone 2010; Dunning 2004; Goldsmith 2001; Starr and Lindborg 2003). The start of the Cold War, the and fall of the Soviet Union are some examples of major historical shifts to consider if looking at

aid in the American context. By recognizing these temporal differences, better explanations can be theorized and lead to superior extrapolations.

Rather than looking holistically at all aid sources, like previous studies, the goal here is to analyze the behavior of one donor country, the United States, and the outcome of democracy. Building on the strategy components posited by Dunning (2004), Bearce and Tirone (2010), and the suggestions by Starr and Lindborg (2003) and Alesina and Dollar (2000), I develop my own theory of American foreign policy and aid. I integrate foreign policy strategy considerations, bilateral assistance and different historical circumstances, to provide a richer account of events. This method should also yield clearer observations about the efficacy of assistance program overall.

I argue that normative aid objectives, such as democracy, are best achieved during more peaceful historical periods like the post-Cold War years. By contrast, when the threat of conflict is heightened or security concerns elevated (like the Cold War) these goals are often pushed aside. During the latter time frame, procurement of alliances and a need to strategize with a variety of governments weakens the conditionality placed upon aid. These conditions can include adherence to good governance, the adoption of good fiscal policies and improved human rights records. Recipients, aware of their usefulness, can avoid reforms and ignore donor directives with little consequence of losing aid disbursement. Aid acts as a reward for policy concessions. These concessions are favored by the donor in the short term over other normative issues sought in the long term. In relatively peaceful periods, however, conditionality is better enforced since the recipient has more to lose than the donor.



While it may be desirable to see responsive governance across the world, immediate security stresses re-shape foreign policy objectives hierarchically. In other words, more virtuous goals fall to the bottom, while pressing security issues rise to the top. The Cold War often saw American alliances of convenience with less than wholesome regimes. These states often received significant amounts of money with no apparent condition for improved governance. This, of course, runs contrary to one of the stated purposes of foreign aid; democratic diffusion. It marks a telling departure from the proclamations of Secretary Marshall and a stark illustration of the evolution of aid as a tool of foreign policy.

This project goes one step further, delving beyond the usual Cold War, post-Cold-War differentiation and also examines the post- 9/11 period. It is possible that after the most devastating sets of attacks on American soil, policy actions and aid became more strategic. Could the actions of non-state actors be sufficient enough to alter national security concerns on a global scale similar to when the Soviet Union existed? Several reasons indicate that they can. Following 9/11, two major conflicts in Iraq and Afghanistan resulting in regime changes took place. American and coalition troops from across the world continue to be on the ground on these hot spots a decade and a half later. A new cabinet level department was created to address terrorism threats in the homeland and restructure the intelligence apparatus. In another parallel, two presidents from both major political parties have engaged in this war on terror. Indeed, one might suspect aid is once again geared more toward security, strategy and the procurement of allies, regardless of their democratic performance. If democratic diffusion has already stalled across the globe, its ability to rebound seems less likely if these assumptions about aid hold true.

An analysis of American aid and democratization accomplishes three scholastic aims. First, it adds to the literature about the effectiveness of assistance programs and positive democratic

outcomes. Second, it examines American aid specifically as a function of its foreign policy across different historical periods, a topic not often examined. Lastly, it provides potential implications for the development of democracy during the ongoing war on terror. This paper attempt to add further understanding to these subjects of interest to policymakers and academics alike.

### 1.3 Outline

In order to answer the research questions of this thesis, further elaboration on the topics of foreign aid, and democracy are required. The following chapter are structured to present a clearer picture of both concepts generally, and their interconnections to each other. Chapter 2 begins with a discussion on democracy, how it is defined and how it is measured. A comprehensive review of the foreign aid literature follows, discussing the varied and contrasting positions of scholars. Additionally, I look at the international relations literature which lends credence to the argument state security and strategy is, or should be, the top priority of any sovereign entity. Tying these arguments together, chapter 3 puts forth a theory of American foreign policy with assistance at the heart of the discussion. US policymakers prefer to make good strides toward global democratization, but may be limited by system level factors. The tool of aid is important in achieving democratic shifts and may be generally successful provided that security considerations are not at their most salient. To test these assumptions, I take USAID data and divide my periods of observation between the Cold War, post-Cold War, and post 9/11. While some studies take the viewpoint that the conditionality of aid increased during the 1990's as a given (and was therefore more effective), I re-test those assumptions here. Chapter 4, part one, discusses the nuances of the data, their sources and variable measurements. Control variables considered important in the evaluation of democratic consolidation studies are included here, as well. The second section

reviews the statistical method used, Cox proportional hazards regression, a survival model common in the medical field, and engineering analysis. The results are presented in the third section. Chapter 5 discusses the outcome, implications, and avenues for future research. I add to the literature by including a post 9/11 epoch, which may have altered the effectiveness of aid with respect to democracy due to a potential increase in strategic needs.

## Chapter 2: Literature Review

In order to discuss the theoretical arguments of this paper, the concepts of foreign aid and democratization need thorough clarification. For democracy, its definitional scope is linked to its empirical construction and thus, conclusions that are drawn. Foreign aid, meanwhile, may come in several forms and be used for different purposes. This literature review begins by explaining how democracy is thought of and measured in the academic world. Then, the institutionalization of American foreign assistance and the different configurations it takes are described. Most aid studies tend to research multilateral assistance sources as opposed to the dyadic relationships I investigate here. Despite this, an overview of aid effectiveness (or lack of) in multilateral settings, provides as a baseline to understand how assistance may or may not work. Moreover, these studies illustrate how conditionality and strategy are present in the decision making calculus of distributors. Lastly, a brief overview of realist thought in international relations is provided, as several of its key pillars are important assumptions in the theory of foreign policy presented in chapter 3.

### 2.1 What is Democracy and Why Democracy?

Many may associate the term “democracy” with personal freedoms, civil liberties and opportunities to voice meaningful political opposition. Yet, these fanciful constructs do not always match reality. This then begs the question, what makes up a democracy? How is the term conceptualized? How do you identify it when you see it? Bollen (1991) observes that some studies from the 1950’s to 1960’s simply looked at voter turnout to make assessments. He astutely points

out that some regimes require turnout in elections that are predicated on fraud. Turnout can also be affected by more insignificant occurrences, such as a heavy rain, or weather generally.

In recent research, more than one country characteristic is sought, and rightfully so. Still, attempts to put together concrete definitions has resulted in some academic stalemate. In perhaps the most influential work on the topic, Dahl (1971), puts forth eight prerequisites. These are, freedom to form or join an organization; freedom of expression; alternative informational sources; right to vote; office eligibility; right to competition by political leaders; free and fair elections; and ensuring government policy depends on the people's consent. These criteria, though, require additional specification that is also lacking in consensus. How is "freedom of expression" gauged, or to what extent must a country allow its citizens the right to vote, for example? Is the imposition of age requirements or voter ID cards appropriate or do they go too far? Does limiting where and when protests can occur an infringement of freedom of expression? These details are important points of discussion to comparative politics scholars and there is not one set way to interpret them.

Two other well-known researchers in the field, Schmitter and Karl (1991) provide the following definition:

*"Modern political democracy is a system of governance in which rulers are held accountable for their actions in the public realm by citizens, acting indirectly through the competition and cooperation of their elected representatives."*

Despite its apparent parsimony, like Dahl's constructs, this lends itself to further inquiry about what exactly makes up accountability or adequate competition between seekers of power. Elklit and Svensson (1997) speaking on commonly used phrases, point out that language such as "free and fair" are subjective. It is possible (and does occur) for a regime to grant its citizens the freedom

to vote and claim that it is fair, but is it really democratic? After all, elections may occur in China with candidates running for several posts, each with an opportunity to win and people able to choose. Neglected in such an election, however, is any form of party competition because all the candidates run under the same communist umbrella. Similarly, other regimes permit the minimal existence of civic groups and independent press outlets to project legitimacy, but ensure that influence is marginal and their seats in office are secure (Carothers 2006). Karl (1986) writes of a civil liberties requirement in so-called democratic countries. Lacking these protections, coercion by the state or non-state groups can intimidate the actions of political participants. Most definitions today include clauses about the basic civil liberties Karl talks about alongside freedoms of speech and the press (Mainwaring 1989). To be sure, democracy is a complex idea requiring comprehensive but consistent definitional criteria in academia.

The scope of a definition is important because it naturally leads to operationalization of the concept. Beyond the argument of using open ended versus thorough detailing, there are disputes about employing a dichotomous or ordinal, grade-like measure. One on side, scholars will argue a nation is a democracy or it is not. Hewitt (1977) uses a present or absent method based on suffrage, elections, and executive and legislative power balancing institutions. Geddes (1999) likewise advocates a binary approach when conducting analysis. This method enables researchers to avoid ambiguity through the presence or absence of certain criteria. A black and white judgment of complex political situations, however, opens itself to criticisms of rigidity and missed observations. Citing that concern, other researchers call for more sophisticated levels of precision.

Bollen (1991) fears dichotomous variables may create a “lumping of countries” into one group when those entities are clearly divergent in their levels of political openness. There are many

examples that may come to mind, such as a comparison of Sierra Leon and Canada. Both may be considered as democratic, but Sierra Leon had been victimized by civil war roughly a decade ago and has continued to struggle for stability. Canada, in the meantime, has been peaceful and democratic for much longer with no challenge to that assertion. In a dichotomous setting, both would fall under the same category. Is this appropriate or would a measurement instrument that reveals their differences work best? In Elkins' (1999) work on conflict, graded measures bring to light more illuminating results that would have been missed otherwise. Over time, the binary argument has appeared to lose momentum in political science scholarship.

More recent work in the field has trended toward using the gradation option. In fact, the two most popular democracy and freedom indexes, Polity and Freedom House, use point scales for their ratings. The view of this paper is that simply because two states share democratic parallels, does not make them equals functionally. Scholars wedded to a yes or no style, are more prone to error and thus, to missing valuable empirical insights as seen in Elkins (1999). As such, I argue robust instruments accounting for variances in freedom should be used in academic research.

One such instrument is the well-known democracy tracking group mentioned above, Freedom House, which opts for a more fully developed, graded conceptualization this paper will adopt. Its definitional criteria include human rights, respect for civil society, freedom of expression, rule of law, elections, and religious freedoms. The organization uses a point system ranging from 1, "most free", to 7, "least free". These scores are the sum of 10 political rights and 15 civil liberties indicators presented to their contributors consisting of "in-house and external analysts and expert advisers from the academic, think tank, and human rights communities" (Freedom House. 2016). These analysts compile data from multiple sources including academic evaluations, newspaper articles, and information from non-governmental organizations. Through

said sources, judges consider events within the territorial entity in question and generate a yearly numerical score for every country. One of three labels are placed on a state; “free”, “partly free”, and “not free”. Specific details are discussed in the data section.

The positive aspect to this more rigorous criteria is that the measure is robust, the negative part is that critics may view it as too robust. More recently, the tracking group has brought attention to freedom on the internet as well as the protection of rights for LGBT peoples. It is certainly possible that expectations for an LGBT category, for instance, may be too high. Not every country in a democratic trajectory may be as progressive on such topics and their full acceptance of individual liberties may still be inchoate. In India, for instance, there is debate about the fate of legislative section 377, which criminally punishes “carnal intercourse against the order of nature with any man, woman or animal” (Dhume 2015). Despite such laws on the books, India is often praised as being a great example of democratic success. Similarly, a democratizing country exerting a degree of control to online accessibility cannot be placed on a level similar to China, where the internet is methodically censored.

These issues all go back to the heart of the debate about what is a democracy. Personal judgements and mental heuristics may give a degree of leeway to particular states, or punish others unevenly. Freedom House is certainly not immune to individual biases (Goldsmith 2001). These rankings are structured, however, to avoid these issues as best as can be avoided. The index is widely used and accepted both in academia and by aid sources such as USAID, and I believe suitable for this project.

A brief perusal of descriptive data from Freedom House show there have been many changes from democracy, to autocracy, and back, over the years. These alterations can occur



multiple times within short periods in the same country. Likewise, they can be very rare events in some places if they even occur at all. A good example of the latter is the United States, where no changes from what Freedom House would label “free” has occurred in the dataset’s history. Such movements in governance are defined as political “transitions”. There is no one reason or cause for why these interludes occur, in fact, there are multiple types of transitions that are said to exist. Mainwaring and Share (1989) provides a well-developed and useful typology of such shifts on Table 1.

Table 1: Types of Transitions

Transition through transaction	Cost of staying in power increase, cost of liberalization decrease
	Costs increase due to succession crisis
	Costs increase due to lack of military cohesion
	Costs increase due to declining legitimacy
	Intervention occurs during crisis, designed to be a temporary undemocratic step
Transition through extraction	Weakened autocratic regime, but sufficiently strong to negotiate political shifts
Transition through regime defeat	Autocracy fails, collapses, or is overthrown

Some nations stumble along the democratic path more than others, such as Argentina, which has experienced seven changes to its Freedom House ranking from 1972 to 2011. The 1970’s were particularly tumultuous with escalating violence from far right and far left groups, as

well as a coup d'état in 1976 by a military junta. Any attempts at political stability seemed to be immediately marred down by battling opposition groups and governmental oppression. It was not until the 1983 elections when a steadier government took charge. Argentina has often walked on thin political ice, but has become fairly consistent across the past three decades.

Their encouraging improvements aside, this contrasts greatly to states which have made seamless transitions. Mongolia is a shining example of this. Sandwiched between Russia and China, one might expect to find a former satellite state of both those major world powers to be in bad democratic shape. In fact, Mongolia went from full autocracy under their communist leadership to full democracy within two years. This episode was devoid of violence and quite adaptive to a new world system which left other former communist states in shambles. Indeed, the course a country takes, turbulent or passive, can have major reverberations. Volatile democratic transitions carry the added risk of conflict onset, as opposed to more stable political shifts (Ward and Gleditsch 1998).

To fine tune the definition of a transition and to differentiate directionality, two terms are introduced. Since this paper views democratic improvements as a good thing, a positive transition is one where a country moves from autocracy to democracy. A negative transition is one where a democracy backslides to autocracy. Positive transitions in countries should ideally result in the eventual development of a free and politically responsive regime. In political science scholarship, this successful post-development phase is typically called "consolidation". Consolidation, like democracy, can still be cumbersome to define.

In a working group meeting of leading democracy scholars in 1985, Terry Karl viewed consolidation as a building up of certainty. This observation lends validity to the assumption that

transitioning state outcomes are inherently unknown. The first phase for an undemocratic state to consolidate democratically, is to transition. This is the uncertain stage. For consolidation to be achieved, certainty, as Karl says, must be built up. It is worth questioning, however, whether or not consolidation is even a plausible phenomenon in the first place. One overlooked but obvious reason, advanced by Mainwaring (1986), is that no democracy is impregnable. There is no form of immunity or political vaccine to stop a regime from democratic collapse. In social science, just about anything is possible from time to time. If this is the case, can a country ever be “consolidated?”

This philosophical grappling can result in good progress on an abstract level, but can be headache inducing to quantitative analysts. If no true consolidation can exist, how can successful democracies be distinguished? Are countries in a perpetual state of transition no matter how long they are rated as “free” by any measure? Perhaps the best way to view this conundrum is through the prism of durability. I put forth my best definitional attempt here. “Consolidation” is when a society adopts and legitimizes democratic ideals, a ballots above bullets approach, as its standard for bringing about political change in a manner expected to be durable. If democracy should include civil rights and liberties, then those cannot be violated through use of force by non-governmental actors or threats of excessive force by governmental bodies. The use of bullets should not be considered by opposition groups. Likewise, a regime must not abuse its monopoly on force by persecuting its citizens, regardless of political stripes.

Returning to the quantitative problems, using the categories of democracy indexes, researchers are able to make concepts measurable for testing. The three category label, “not free” can apply to autocracies, “partly free” can refer to transitioning states, and “free” to democracies.

To say a “free” state is fully or permanently consolidated is too broad for the purposes here. It can mean that the state could be on a path toward consolidation as I defined above. Democracy is expected to be durable. The goal of the research here is not to test the relationship between aid and complete consolidation where optimal governance permanently endures. Rather, the relationship between aid and positive transitions are what matters. Positive transitions pave the way for the legitimization of democratic ideals and the abandonment of violence as a means for change. To research iron clad consolidation (if such a thing exists), or even attempting to identify when this specifically took place (year 1 or year 5 or year 20), is a subject to tackle another day.

In recent democracy scholarship, the “democratic peace” has become popular among theorists. According to Ray (2003), the idea proposes that the likelihood of two democratic states engaging in conflict is less probable than that of two states which are not. Followed logically, if more countries were to adopt democracy as a basis for their government, the prospect of a peaceful global system would be amplified. From an American policymaker’s viewpoint, this should be highly desirable since more pacific polities enhances American national security through global stability. Normatively, people living under free and responsive governments is part of the value system the United States has committed to dispersing.

The theory appeared to have had some influence in the George W. Bush administration. In response to the September 11 attacks, the United States launched military strikes against the Taliban in Afghanistan. Fifteen months later, the dictatorial regime of Saddam Hussein in Iraq was targeted. At one press conference alongside British PM Tony Blair, the president recited the main tenant of the “democratic peace” to explain his Middle Eastern policy: “democracies don’t go to war with each other” he remarked (White House, 2004). A free Afghanistan and Iraq would

theoretically be a more peaceful Afghanistan and Iraq. Their example could have a snowball effect on the Middle East, and their expected success serve as a model for other nations in this volatile region. Since the invasion, USAID has spent considerable funds to stabilize, rebuild and attempt to democratize both countries. Between 2004 and 2011, for example, aid data shows about 11 billion dollars of obligations designated for Iraq.

Beyond military might, on January of 2004, the Millennium Challenge Corporation (MCC) was established as a way to diplomatically push these pacifying policies. MCC is an independent foreign assistance agency that implements a more selective form of aid to partner countries (MCC, 2016). Their primary objectives are poverty reduction and health care enhancements to impoverished countries. Their ambitious goals were created not just to improve the conditions of people across troublesome regions, but to disincline vulnerable populations from embracing terrorist and anti-democratic groups (Radelet, 2003). This came in addition to the work already undertaken by USAID. MCC's development also marked an increase in aid funds since the end of the Cold War. Perhaps more importantly, it signaled the United States was invested, literally, in the development of institutions that gave societies a greater stake in their governments.

The linkages here become clearer. Democracy results in greater security making it a goal of American foreign policy. Foreign assistance, being associated with such policy actions, should then be positively associated to the nurturing of democracy. This is not simply an assumption made here, it is an explicitly stated purpose of aid outlays (USAID 2016; MCC 2016). How foreign support is structured, allocated, and conducive toward this goal, becomes an important question.

## 2.2 American Aid and Multilateral Sources

There are two primary sources of aid available to study for researchers. The first and most often invoked in the literature is multilateral assistance from international organizations. These groups are funded by a variety of donor nations across the world. The second source of aid is bilateral, or country to country disbursements. Broadly speaking, assistance may come in one of two forms, economic or military. Economic aid is typically provided to expand country growth, development or improvements in governance and living conditions. Military assistance, meanwhile, may shore up the security forces of the recipient state, although, it is less common overall.

Generally, most outlays from international organizations are considered to be economic. OECD, the Organization for Economic and Cooperation and Development, is a major world body involved in the promotion of growth and governance across the globe. OECD was initially established in 1948 with the purpose of helping to implement Secretary Marshall's plan (OECD, 2016). Over time it has become a unifying institution to provide aid to poverty stricken nations and those on the path toward economic development via multilateral coordination. Through data collection, analysis, and academic style peer review, OECD attempts to make informed decisions on who and when to provide monies to states (OECD, 2016). According to Schraeder, Hook and Taylor (1998) when multiple donors provide assistance, it is delivered to politically stable and economically well run states.

Bilateral aid may have different standards and purposes than that of multilateral assistance, however. Alesina and Dollar (2000) posit that the study of multilateral and bilateral aid are two distinctive topics which should not be explained together. While the former is useful to look at for

policy coordination among contributing countries, the latter provides insights to the foreign policy concerns of one donor nation in particular. In their report, Alesina and Dollar (2000) point out that France does not look much at the democratic values of a recipient and pay closer attention to former colonies. Germany and Japan look at democracy values more closely, but only marginally so. One of their major observations is that being a colony and UN voting patterns are more explanatory of aid donations than any other political component. While it is possible nation to nation aid flows may be designed for similar purposes as multilateral assistance, wealthier countries like the United States have an added ability to aid in a military capacity to particular states. Additionally, dyadic aid need not be coordinated or related to the concerns of other donors. Indeed, when analyzing two nation relationships, the interactions vary in surprising ways. Cumulatively, assistance funding is allocated to what should be more worthwhile sources. Independent of one another, though, the transactions have more complex sticking points.

In the United States, the Marshall Plan was the first step toward the institutionalization of a durable foreign aid program. President John F. Kennedy oversaw the birth of USAID in the 60's with the passage of the Foreign Assistance Act of 1961 (USAID, 2016). The Peace Corps, a staple of American generosity and goodwill, also came about under the guidance of the Kennedy administration and today works alongside USAID on humanitarian projects. It was the first time assistance fell under the authority of one bureaucracy and separate from OECD. Aid obligations are required to be reported, per congressional mandate, for all distributions dating back to 1946. The report is published yearly, titled specifically, the US Overseas Loans and Grants: Obligations and Loan Authorizations book, or in bureaucratic parlance, the Greenbook. The Greenbook is the primary data source this project will use for its analysis.

Like any other nation, the United States may also use assistance funds to address their policy and strategic priorities. Aid can go to several sources such as directly to a country government, local organizations, or other NGO's (non-government organizations). When relations between the US and the recipient are on good terms, grants and loans can be provided to the central authority directly. This direct distribution could have conditionality placed on it and seek out a policy concession from that state. Such concessions may be related to policy objectives USAID lists as top priorities. Those include, economic growth and trade, education, environment and global climate change, gender equality, and as for the variables of interest here, democracy, human rights and governance.

While these goals are divided by USAID, it may be justified to include them all as being conducive to democracy, the subject of interest here. Goldsmith (2001) poses the sensible idea that a healthier and better educated peoples make for a more robust and engaged citizenry. Graham and O'Hanlon (1997) writing about economic growth, emphasize growth's importance in accomplishing broader societal goals. The overall objectives set up by the agency promote a better quality of life and economic welfare, both of which may be required to achieve stability (Savun and Tirone 2012). Like stability, a healthy democracy may need good educational programs, for example, to survive and consolidate. Despite the demarcation of the programs themselves, it is possible their accumulated success gives the likelihood of democratic improvements a boost.

Another example of strategy related to governance, are funds sent to nations where there is no direct diplomatic contact. At times, money or goods are distributed to friendly citizens harboring democratic desires in undemocratic regimes. A prime example is Iran. Funds can be found officially on the books directed toward that country, but they are not provided to the leadership. In the Iran case, the state department lists their foreign assistance as intended to provide



“Iranian citizens with the tools and training necessary to advocate for their interests, protect citizens’ rights and to communicate securely and freely with each other and the outside world” (State Department, 2016). Similar situations can be found for other unfriendly foes such as North Korea. Regardless of assistance sources, forms, or purported goals, its effectiveness is subject scrutiny.

### 2.3 Efficacy

To formulate viable hypotheses about American assistance and its relationship to democratic diffusion, it is useful to review the existing literature’s conclusions on efficacy overall. Most of the research focuses primarily on two dependent variables, economic growth and conflict prevention and mitigation (Savun and Tirone 2012; Burnside and Dollar 2000; Collier and Hoeffler 2002; Girod 2012). Comparatively, the democracy and aid tandem is under studied, especially if it is limited to the US perspective. The aforementioned authors look at democracy, but only as a control for their models. While their topics of interest are somewhat different from the one here, their conclusions serve as a good baseline for what to expect. Just as importantly, a robust overview provides arguments in favor of and against aid, as well as the logic behind them.

Since the 1950’s when aid became a typical policy action following WWII, early critics voiced opposition. Many took the stance that assistance simply prolonged the life of autocracies and dictatorships that mistreat their people (Bauer 1972; Friedman 1958). In contrast, by USAID accounts, there has been significant progress made in the attainment of aid’s global goals. Skeptical researchers and politicians today continue question that conclusion. A considerably large faction takes the viewpoint foreign aid is a purposeless and wasteful endeavor. Senator Rand Paul wrote that the debate reminded him of what “a Soviet ambassador once admitted about Syria: “they take

everything from us, except advice.” On Pakistan, Paul continued that they “cash our checks, but they laugh at us” (Paul 2016). Countering this pessimism, proponents consider these programs to be well-grounded policy that must be maintained. Senator Marco Rubio remarked in 2013 that “the decisive use of diplomacy, foreign assistance and economic power are the most effective ways to achieve our interests and stop problems before they spiral into crises.” (Mishak 2013).

This scholarly and political clash is the consequence of extremely mixed results and perceptions. To this point, Radelet (2003) argues a simple, although non-empirical explanation for why there is pessimism among policymakers. Radelet suspects the bad news surrounding aid often overshadows the positive strides it does make, the negative overrides the positive. In the academic realm, though, there exists empirical evidence supporting these pessimistic positions. Knack’s (2004) evaluative work covering a 25-year time span from 1975 to 2000 reports no benefit to disbursements on economic growth. He adds an estimation from 1990 to 2000, accounting for the end of the Cold War to investigate potential timing differences, and finds none. Burnside and Dollar (2000) reports aid does not result in the eventual pursuit “good” macroeconomic policies by receiving nations. In direct opposition to these findings, though, Collier and Hoeffler (2002) report assistance funds actually do promote growth. This is in addition to the conflict mitigating properties they find aid to have, as well. Easterly (2006), perhaps the most critical of skeptics, condemns aid outright. For Easterly, the fungibility factor inherent in disbursements cannot be accounted for effectively by providers. A common conclusion is that often times, funds are either re-directed for the regime’s interests, wasted or misspent.

Girod (2012) finds a more uplifting result, reporting aid to be fruitful when provided to post conflict states that have few resource rents and whose strategic importance is low to the donor. Girod’s innovative study generates the “non-strategic desperation hypothesis”. The logic is that

these countries, in their pursuit of survival, will acquiesce to reform and development demands due to their reliance on external assistance. Using infant mortality rates as a proxy for development, the results show a \$10 per capita increase to these states reduces infant deaths by about 2%. On the other hand, aid does not help conditionality when the state has natural resources or is important in some form or another to the donor. The caveat of natural resources supports the theory that oil rich countries often times suffer from a resource “curse” (Ross 2001). This suggests that natural commodities tend to bog down good governance in countries and keep in power autocratic regimes.

In the vein of recipient importance and economic development, many studies raise concerns about this potential strategy component. Some propose that when it comes to pushing good economic policy or development, positive progress will always take a backseat to the donor interests (Graham and O’Hanlon 1997). They further add that countries receiving greater amounts of aid do not grow any quicker than those receiving less. This implies that the fiscal welfare of the recipient is only of peripheral concern for the donor if a political interaction of some sort is present.

Bueno de Mesquita and Smith (2007) make use of Bueno de Mesquita et al’s (2003) selectorate theory (which quantified the winning coalition concept in the first place) to look at both strategy and conditionality. They find aid given to rulers of small winning coalitions is compatible with policy concessions asked for by the donor. While this is useful for the provider, it can be harmful to the recipient’s citizenry since unearned income can prop up a ruling class through corrupt practices. If the winning coalition size is greater, then there is less likely to be enough resources to doll out privately. To solve the issue, public goods are then produced. This is similar to the reasoning for why democracies provide broad services, it appeases a greater number of

people at a cheaper cost. Aid given to those dependent on a large winning coalition can at least provide some relief for the non-elite members of that society.

Bearce and Tirone (2010), positing aid is useful for growth if strategy is unimportant, add that this positive relationship is only visible after 1990, contrary to the finding in Knack (2004). Once the Cold War came to an end, the conditionality of good economic policy in exchange for assistance funding was said to be more pronounced. A widely accepted viewpoint for why this was is that after the collapse of the URRS, strategic needs of western donors were far lessened. No longer did countries like the US need to associate with dictatorial regimes that were human rights abusers purely for strategy (Meernik, Krueger, and, Poe 1998). The idea that time delineations were as salient to distinguish, re-appear often across more recent assistance studies.

In one of the few contributions with respect to the US and aid, Meernik, Krueger, and Poe (1998) find the passing of the Cold War created a systemic environment where strategic aims declined, while more ideological aims rose. When specifically looking at US foreign assistance, they observe that the neediest of countries received increasing portions of the aid budget, while the most autocratic ones had their aid reduced. Finkel, Perez-Linan, and Seligson (2007) examine aid designed specifically for the promotion of democracy, constructing their dataset from USAID, similarly to what is done here. They conclude that “democratic governance” expenditures do result in a “significant, albeit modest impact” on democracy (Finkel, Perez-Linan, and Seligson 2003, 435). They add that democratic assistance targets specific agents of society which are better suited to bring about changes in the short term. Unfortunately, not many works analyze US aid and their impact on the promotion of democracy. The last two studies stand out in their uniqueness. There are, however, some examinations about assistance and democracy movements more broadly.

Goldsmith (2001) analyzes progress made in Africa from the 1970's to the 1990's using lagged ODA data and the Freedom House index. His study provided a tepid endorsement of aid with results finding it to be a small net plus for both democratic and economic improvements. Building on that research, Dunning (2004) seeks to further explain the situation in the continent with a key, temporal twist. Dunning argues that the reason aid only had a marginal impact the first time around in Goldsmith was because there was no differentiation between Cold War and post-Cold War periods. Once the adjustment is included, the relationship becomes positive and clearer. Aid success and the time frames which it is given may be related, as other studies also showed (Bearce and Tirone 2010; Meernik, Krueger, and, Poe 1998).

Starr and Lindborg (2003) take up the time testing suggestion in a critical evaluation of democratic progress. They separate multiple periods and use hazard ratios to gauge the probabilities of movements toward and away from democracy. In the first 1974 to 1988 observation, the probability of a "not free" country moving to the "partly free" or "free" condition is higher than the probabilities of seeing the inverse. Their most fascinating finding comes during the 1989- 1996 period. In it, their analysis suggests the probabilities of a "not free" country moving to "free" are the same as a "free" country moving to "not free". This is odd since the conventional wisdom may lead one to believe that during the 1990's states would be far less likely to regress democratically. They posit that because the system shifted so rapidly, countries that improved democratically from this point were less stable and thus, more likely to backslide. Democracy improvements are more likely to happen over longer periods of time, in the evolutionary method.

In democracy literature, the development of political institutions is seen as key to eventual consolidation (Dahl, 1971). Is it possible that aid actually acts as a roadblock to institutional well-being? Djankov et. al, (2008) notes that foreign money contributes to institutional decline by

increasing income available to a country's leadership. In turn, this allows for an added capacity to reduce representativeness through the exclusion of rival, political actors. If aid actually works, it can only work if the institutional foundation of the recipient is already strong, creating needed pressure for that money to be used appropriately (Wright and Winters 2010). This creates a paradox of sorts. Funds are supposed to help foster good political structures, yet, according to this research, it actually weakens them unless the structures are already strong in the first place.

Similarly, the “perversity thesis” argument posits a similar conundrum. This is the belief that prompting a group of people to move in one direction will actually cause them to move in the opposite way (Goldsmith 2001). This theory parallels Starr and Lindborg's (2003) idea that states may develop a more durable democracy when the movement toward freedom progresses in more evolutionary terms. If true, then democracy simply cannot be exported or pursued until the people in question decide they want it. Cynics may pose the obvious question, why bother? Assistance in times of natural disaster may be fine to provide, but for the accomplishment of policy goals, aid could be better spent.

An important question those unfamiliar with assistance studies may ask is, why there are such variances in outcomes? A few reasons are possible. First, the development of terminology is challenging to coalesce around, like the democracy discussion indicated earlier. Girod (2012) for example puts together a neat, four attribute definition for the “strategic” value of one state for another. While well developed for his purposes, not every researcher would agree with the method. Constructing better terms is always positive if the researcher feels more robust outcomes will prevail with superior explanatory power. This practice, however, has bogged down the literature on aid and created a puzzle of its own. Time periods, democracy measures, appropriate lags to account for endogeneity in the model specifications all seem to be the product of their researcher,

not always building around previously used frameworks. Wright (2009), on aid and democratization, proposes that a reason for such inconsistency in the results is a symptom of different modeling processes and cross sectional regressions failing to account for time.

These studies do demonstrate a few important things. First, because results are so varied, a narrow approach to learning about aid functionality should be adopted. Specifically, how is aid used by nations bilaterally as an extension of their foreign policy? Secondly, time periods matter and the donor's position and perception of the security in the world system can help researchers answer aid questions. Thirdly, anything too broad or too ambitious will only generate contradictory outcomes. If that pattern continues, there may ultimately not be any generalizable knowledge to acquire. Here, the goal is to narrow the focus on democracy and the efforts of one country, the United States. By assessing how aid interacts with democratic promotion, inferences can be made about the greater goals of foreign policy such as national security. Additionally, it highlights the limits of moralistic desires like the spread of good governance.

## 2.4 Realism and Foreign Policy Analysis

What theoretical foundations in the international relations literature can help account for what is seen and known so far? We know foreign aid is linked to foreign policy and that foreign policy is, likewise, linked to national security. We also know that aid is designed to achieve specific goals, and outcomes are often of questionable quality. Finally, we are aware that who the donor and recipient are is important in determining who gets bilateral aid and how much. Given this set of concrete facts (about as concrete as the literature provides), what framework of international relations is the most useful for the development of falsifiable hypotheses? More to the point of this research, which is best suited to describe and explain foreign aid from the

American perspective? One of the classic and most hotly debated constructs, political realism, is one place to start.

In 1948, Hans Morgenthau published his influential work titled “Politics Among Nations.” The book took a “realist” viewpoint about state behavior and its role in international relations. Political realism views human attitudes in a more primitive sense, where the stakes are high and the struggle for survival is constant. This human condition naturally transfers over to politics. Political power is emphasized and thought of as a man’s ability to control the actions and mind of another (Morgenthau 1948). Because the possibility of conflict is never-ending, states are said to be anticipatory toward foreign dangers and constantly on alert. Coming off WWII, it should not come as a surprise why his work gained prominence given the negative assumptions it made of state behavior. In realist thought, countries are predatory and seek domination and power (Mearsheimer 2001).

There are three core components of realism according to Mearsheimer (2001). First, states are the primary units of analysis. Second, states have power consideration at the forefront of their thinking. Conflict is fueled by competition and cooperation may occur on occasion, but is still mired by suspicion. Third, the behavior of states is conditioned by systemic forces, meaning external influences that are out their control dictate foreign policy. Domestic considerations are not explanatory to their behavior in the international arena. Realism is then power driven, and states act as singular units to achieve their goals.

Indeed, scholars that identify with this school are often accused of being pessimists about cooperation, peace and human nature, generally. These accusations have merit, but so do realist viewpoints. A passing glance at human history over the past century alone identifies numerous



wars with millions of lives lost. The prospect of goodwill is not completely voided, however. For Morgenthau (1948) morality is recognized and can be possible in politics. That is a fine thing to have. A problem emerges, however, when morality clashes with political success. One particular excerpt from “Power Among Nations” explains this best:

“The individual may say to himself, “fiat Justitia, pereat mundus (let justice be done, even if the world perish),” but the state has no right to say so in the name of those who are in its care... while the individual has a moral right to sacrifice himself in defense of such a moral principle, the state has no right to let its moral disapprobation of the infringement of liberty get in the way of successful political action, itself inspired by the moral principle of national survival” (Morgenthau, 1948, 10).`

In its purest formulation, realism notes that morality and the seeking of justice, while laudable, is always secondary to political achievement. This fact is more pronounced when that achievement is linked to a state’s security.

The employment of realist tenants in theory development of American foreign policy can be equally praised or criticized, however. First, the most ardent realist may argue that fully adopting these principles accurately depicts the true nature of American behavior in the world system. In other words, that the notion there is some genuine commitment to the spread of democracy is mistaken, that policies are actually pursued for the purpose of political achievement, as Morgenthau might put it. On the other hand, a critic of realism may point out that the Hobbesian bedrock of its foundation is too rigid and ignores visible episodes of cooperation and alliance. Moravcsik (2003, 190) argues that most modern realist scholars have altered concepts of the realist school and “water down” primary assumptions to fit these realities. He continues that “states

represent some subset of domestic society, whose weighted preferences constitute the underlying goals that rational state officials pursue via foreign policy” (Moravcsik 2003, 163). This last point indicates that beyond the theoretical world, in reality, domestic groups have some influence on foreign policy action, an argument also glossed over in realism.

It is not within the scope of this paper to fully argue all the merits of any research program in the international relations field. The topics discussed above, however, do make key points that can contribute to the formulation of a theory of foreign policy for the United States. Both realist proponents and opponents make valid points about how decisions are made in real world circumstances. Alliances do exist, domestic groups do matter, and security concerns can become a top priority at any moment and take precedence over all other matters. While this meshing of theory is not ideal, the approach is conducive to eliminating the ideological-like entrenchment of international relations scholars which limits the assumptions a theory can make. This is necessary because the United States appears to be a unique agglomeration of realist and idealist behavior.

The hierarchical theory of foreign policy to be presented borrows two key points from liberal minded scholars like Moravcsik and classical realists like Morgenthau. The first is that policymakers are genuinely interested in the promotion of democratic ideals. The reasons are twofold. First, because there exists a human component of morality, and second, because it may simultaneously advance the international security situation of the United States. This is more in line with liberalist thought process. The second point puts forth that while the diffusion of virtuous values is preferred, when these objectives interfere or run contrary to important security concerns, policies that ensure the safety of the state will be prioritized. This is more in line with the realist thought process. The following chapter discusses this theory in-depth. Its main goal is to help explain American foreign policy maneuvers, how foreign aid is linked to policy, and how foreign

aid can be a useful empirical instrument. Ideally, it should also provide additional insights into how decision makers arrive at seemingly contradictory decisions and how they choose to prioritize one set of goals versus another.

## Chapter 3: Theory

### 3.1 American Foreign Policy Dynamics

A New York Times article recently made interesting observations about the tacit American support of Syrian President Bashar Al-Assad. Assad has ruled the Arab republic since 2000 and recently presided over a brutal civil war. In 2013, the regime engaged in the use of sarin gas against opposition forces, resulting in the deaths of fourteen hundred men, women and children. A year prior, President Barack Obama spoke of a “red line” Assad would not get away with crossing, the use of weapons of mass destruction. Sarin nerve agents, with their ability to paralyze the lungs until death, certainly fits that bill. Regime change never materialized, however. In a dramatic shift, not only did the United States seem to back off its demand Assad step down, it has worked alongside the Syrian air force against the Islamic State of Iraq and Syria (hereafter ISIS), arguably the world’s preeminent terrorist organization.

Sanger (2016) points out that this policy reversal is interpreted by Assad’s surrogates (and enemies) that the cost of removing him from power is simply too high. If Assad fell, the door would be open for extremist groups like ISIS to cause havoc and gain strength. While diplomatic criticism of Assad is still visible, no steps toward his removal have been taken by the president or pushed for by the lawmakers. Congress never aggressively sought an authorization for use of force against Syria after an impromptu disarmament deal was struck with Assad’s Russian allies. The United States collaborators against Assad, a moderate opposition group called the Free Syrian Army, has struggled to make tangible gains against the regime.

Certainly the Syrian situation is one of the most delicate and politically complex in the world. This episode, though, illustrates three key reflections. First, American rhetoric about democracy appears genuine. The president and the congress both seem to be on the same page about desiring good governance in the world. Their disdain of Assad and his Russian backers lend credence to this even if their actions seem counterintuitive. Secondly, the security concerns prompted by the rise of ISIS has limited the menu of options for American leadership. The constraint is evident if, as the New York Times article suggests, the maintenance of a murderous regime is preferable to instability and potential nurturing of extremist terror actors. Lastly, domestic ambiguity has reigned in the degree of hawkishness exhibited by elected American representatives. A costly Iraq adventure could well have made the American people suspicious about another military engagement. If that is the case, one would expect policymakers who live and die politically at the ballot box to be more peace oriented. Congressional members may be reserved about allowing military involvement in a place like Syria even if they personally feel force is needed. Opposition for military action against Assad came from both sides of the aisle, so it is not a wholly partisan issue.

Looking at the bigger picture, is the Syrian experience indicative of what American foreign policy preferences have become since 9/11? Is the terrorist threat engendering an attitude of indifference toward democratic promotion and a veiled acceptance of craven regimes? If true, then the prospects for another democratic renaissance are dim. In the Cold War, the need to suppress communist expansion often found the United States partnering with repressive leaders. In 1949, Chinese communist forces lead by Mao Zedong overthrew the American friendly dictator Chiang Kai Shek. Chiang's troops fled to Taiwan and operated a government in exile, one lacking any meaningful democratic characteristics. Nevertheless, for almost three decades, the American

position was that Chiang's government was the true China and protected the island from the mainland. The disdain for Chiang was evident by key military figures dating back to WWII. General Stillwell, a Chiang advisor at the time, once described the nationalist as "an ignorant, illiterate, superstitious, peasant son of a bitch" (Fenby 2004).

After the USSR came apart, the prevailing wisdom posited that American support for foreign nations would be conditional upon political reform. With the threat of the Soviets and communism gone, there seemed little reason to further engage autocratic states. American backing needed to be linked to meaningful governmental change or improvements. As multiple scholars above have reported, the difference in time periods was in fact important (Starr and Lindborg 2003; Dunning 2004). This welcomed transformation would be an ephemeral moment, however, with the emergence of Al-Qaeda and their terrorist partners as credible threats to homeland security. I argue that this new circumstance has reverted US foreign policy to one similar to that of the Cold War. The perceived magnitude of this menace is also likely enhanced by the fact that civilians are often targeted and sympathizers difficult to identify. What can be expected out of American foreign policy after these newfound changes and what impacts can be predicted?

To be sure, terrorism and its threat have always existed. The World Trade Center was bombed in 1993, the Alfred P. Murrah building in 1995, and a marine barrack in Beirut in 1983. There were major differences from then and now, however. The first Trade Center bombing was not particularly successful in terms of its intent to topple the towers and cause mass casualties. The Oklahoma City bombing by Timothy McVeigh was homegrown terrorism related to the bomber's perception of a tyrannical government and a need to attack it. The Beirut bombings targeted military forces, not American civilians outright. It was not until airliners were used as weapons on

American soil that it became a top priority despite the earlier events. George W. Bush's agenda at the onset of his presidency appeared more oriented towards domestic concerns. After the attacks, that dramatically changed and, I argue, so did foreign policy maneuvers.

### 3.2 Hierarchical System of American Foreign Policy

American foreign policy, I feel, can be predicted by comparing current security goals versus general long term policy goals and their correlation to each other. Generally, long term goals will tend to be normative in nature such as the promotion of democracy, human rights, or assisting in the development of strong, political institutions. These pursuits are not achievable immediately, naturally take time to develop, and can span across many years. The successful diffusion of accountable and responsive governments should lead to a more stable world system even in the presence of anarchy. This is a major benefit to a world power such as the United States through the enhancement of its overall security. On a human level, it is also understandable how bringing about improvements in people's lives can be morally fulfilling.

In some cases, immediate security needs interfere or run contrary to those drawn out objectives. When this is the case the more pressing concerns are, and should be prioritized. As a realist would have it, issues of survival and challenges to relative power positions must be handled swiftly. If a security concern reaches a certain pivot point and these moral aims somehow conflict, the latter will be put on hold indefinitely. These actions may include support for rebel groups, or the shoring up of autocrats like Chiang Kai Shek. In some cases, normative objectives may be abandoned altogether if no acceptable resolution to a problem is on the horizon.

The perception of such threats and the general state of American national security is filtered through domestic actors. The president, members of congress and security agencies gauge the

systemic risks at different points in time to determine policy actions. These evaluations result in two types of security classifications, heightened security periods, or lowered security periods. During lowered security epochs, long term goals can be sought out more comfortably with diminished risks and additional latitude to spread American influence. During the heightened eras, whatever is occurring that is so salient will be prioritized and treated as necessary.

Reactions to dangers may come in the form of military engagement, for example, but it does not need to be. Procurement of allies for balancing or to confront an enemy on our behalf is possible, alongside any number of options presented given current power capabilities. In exploring the available set of reactions, it is conceivable some of the directives adopted during a heightened security period may be detrimental to the outcomes of morally desirable goals. This is not meant to be a criticism or a repudiation, in fact, this indifferent behavior is actually expected. Realism does not tend to grapple with what is “right” or “wrong”. What is “right” is whatever is necessary to ensure the maintenance of the state and protect those living under its sovereignty. If well intentioned objectives must be set aside, they will be. Long and short term aims can go hand in hand, they need not be mutually exclusive. When there is friction between them, though, the immediate problem will be prioritized over drawn out benefits that can only be conceptualized in an abstract way.

American foreign policy goals are then hierarchical in nature. Preference ordering is dependent upon the interpretations of elected officials and foreign policy specialists. When national security concerns are relatively low; democracy, for example, can be placed at the top of the foreign policy pyramid. Such a situation would be the post-Cold War years with the fall of the Soviets and communism mostly rejected. The 1990’s provided the United States with a historic opportunity to promote good governance and open markets since these liberalizing policies



appeared to have become the only acceptable option. When national security concerns are high, if these well intentioned objectives are impediments to American interests, they will drop to the bottom of the pyramid. The height of the Cold War fits this last description. During this time, the United States sought clients in every world region with only a distant view of their domestic political behaviors (Ake 1996).

Given these assumptions, studying the use of American assistance becomes interesting because it is a tool reflective of American power capacity. Not every country, even major powers, have the resources to provide millions in aid to fulfill their foreign policy concerns. Decision makers can use aid for humanitarian reasons or to help develop good political institutions in transitioning states. It can also be expended to prop up regimes, both democratic and undemocratic. Assistance can then be linked to strategy and by extension to American national security. Because of this relationship, aid can be considered a visible and measurable component of foreign policy dating back to the post World War II era.

The data available through agencies like USAID are useful for investigating goals and motivations during different moments of American history, which is a crucial part of this argument. If the theory outlined above has standing, it should be empirical in an analysis of aid and democracy, considered to be a long term goal. This association should mirror the dynamic of American foreign policy hierarchy. During a heightened security period, American assistance should be negatively associated with democracy. During a lowered security period, aid disbursement should be positively associated.

In high security settings, aid may be used to keep autocratic rulers in power to maintain stability, thereby bogging down democracy. While it may also be provided to democratic actors

within those regimes, due to opposing security pursuits, it could render that aid ineffective. Additionally, the general need to generate alliances or cooperation from world partners diminishes the conditionality placed on aid. These partners can often include autocracies with no desire to liberalize their polity unless sufficiently pressed to do so. Being aware of our need for their support in heightened security periods, aid provided to them would not help advance good governance. Civil and human rights violations may take place, but there is no sanction for the US to credible threaten to cause a change in their client's behavior. Violations may be overlooked and accepted as unfortunate occurrences resulting from greater needs or the greater good. Such infractions could even be committed to achieve the requested American security policy concessions. Aid would, as the literature suggests, feed winning coalitions to keep a particular leader in power and enrich their coffers. American options are hamstrung. Leverage is held over the donor leading to a half-hearted push for political change and a half-hearted, if any, attempt to implement it by the recipient. That scenario is undoubtedly toxic for democratic progress since it will either stall out or end.

This gloomy condition is juxtaposed to that of lowered security period. In such episodes, aid should have the ability to induce positive responses from the recipient state. Money given out in these periods should have a stronger effect if the United States is fully committed to observing democratic reforms. The strings attached to funds, under those conditions, are sturdier and pressure can be exerted more forcefully on clients. An undemocratic regime or transitioning state may covet, or simply need, those funds that they will begin or accelerate a process of liberalization. Middling countries that dabble with democracy but drag their feet, would not be as able to stall out political reforms.

This reasoning is similar to that of Girod (2012) and the “non-strategic desperation hypothesis”. Recall the hypothesis opines recipient need and low strategic value on the part of the

donor are important to better developmental outcomes. The same assumption is made here, but instead of development, the variable of concern is democracy. More simply, when security concerns are relatively low, aggressive pushes for reform by the United States can be made and are more likely to yield results. The added bonus of being in the good graces of the country in charge of the world's most powerful military is not a bad thing for a recipient, either.

What about aid granted to NGO's or other democratic actors working on the ground of a country? The assistance provided here is also susceptible to the temporal dynamics of the international system. Indeed, these groups are genuinely reform minded and actively pursue changes as best they can. But these efforts can be undermined by simultaneous policies of indirect support for a despotic regime in a high security atmosphere. This is expected to occur when the US may, for example, have a strong desire to put down certain insurgents residing in the country in question. In the Cold War, such groups included communist guerrilla fighters and post 9/11, these may be terrorist insurgents like Al-Qaeda, al-Nusra or ISIS. Perhaps the stability provided by a dictator is preferred to the uncertainty that comes after said dictator. In their work on aid, Azam and Thelen (2010) find it to be useful at reducing terrorism. While this is welcomed news security-wise, less terrorism does not necessarily mean increasing political liberties.

To revisit the Syrian example, monetary assistance is not directly provided to the Assad regime. Conditionality and pressure to a central authority is not a valid conclusion to make. Nevertheless, millions of dollars are given to non-state actors, and friendly groups on the ground. Apart from humanitarian and refugee aid, according to the US bilateral relations sheet at the State Department, the US also “support the Syrian people's aspirations for a democratic, inclusive, and unified Syria and are providing direct, non-lethal support to the moderate Syrian opposition” (State 2016). Aid is given to those believed to have reform minded intentions. At the same time, though,

there exists indirect support for Assad when calls for his removal are tamped down or coordination is made with his forces to fight a common terrorist enemy. In 2015, a senior Western diplomat described the situation as the US and its Western allies needing to pick sides. The options are between “the black flags and Damascus” and that the choice will need to be Assad (Baker, 2015).

If Syria is indicative of other difficult choices to be made in other parts of the world, is aid in the age of the war on terror becoming meaningless with respect to pushes for democracy and reforms? By providing aid for “aspirations for democracy” while simultaneously backing off regime change, this assistance disbursement to Syria is probably not an effective vehicle for democratic improvement. While it signals the goals itself is desirable and not abandoned, the change it will substantively bring is minimal, at least in the short term. The assumption of this theory would be that change will not be likely to occur at all until the system environment reverts to one of lowered security. Provisions of aid to these democratic proponents may appear to be a waste if the US knows their ability to bring change is small. However, it is possible to view it as a sort of priming, the laying of a groundwork for eventual political change. Keep in mind an assumption of this theory is that policymakers genuinely want to bring about more democracy. This democratic priming through assistance may be the first step towards those goals.

Yet another headache for policymakers concerns what can be done when democratic change is occurring in a manner detrimental to American interests. If national security is of major concern, a change in a friendly democratic or undemocratic regime brings about unwanted uncertainty. How would the collapse of an undemocratic regime be hurtful to American security if democracy is said to generally strengthen it? The answer is simply that the incoming, legitimately elected administration, may harbor reservations about an American alliance. Not all

fairly elected governments have a favorable view of the United States. If these new actors risk damaging an important American security strategy, a preference may be to keep an autocratic regime intact. Foreign aid could be used to prop up the incumbent ruler and prevent him or her from collapse. A worsening in the levels of democracy is not expected, but its positive movement would be stalled or kept the same.

The Nicaraguan affair of the 1980's is a particularly interesting example of this type of dynamic. At the time, the Sandinistas had overthrown Anastasio Somoza, the last ruler of the so called Somoza dynasty. In 1984, the junta was democratically elected by a wide margin after some political opponents boycotted elections. Of concern to the US was that the Sandinistas were a left wing revolutionary group and the Reagan administration was weary of having them in power. Reagan's advisors advocated a policy of support for the Contras, an opposition group framed as being democratic revolutionaries. The Contras, however, were complicit in human rights abuses, so much so that the Boland amendment was passed by Congress to restrict aid to the group, twice. The Iran-Contra affair ensued, a money funneling scheme to support the rebels via a surplus income of arms sales to the Iranians (which itself was prohibited by an embargo). Eventually, aid to the Contras resumed through congressional approval in the summer of 1986.

The history of the United States and Nicaragua in the 1980's highlights the type of situation where supporting democracy is not conducive to security and, despite its generally normative preference, its achievement can be set aside. Reagan's characterization of the Contra's as democratic proponents notwithstanding, their operations against the Sandinistas were anti-democratic themselves. The president's administration had two choices: tolerate the democratically elected but ideologically unappealing Sandinistas, or support the rebels against

them. Reagan opted for the rebels while congress explicitly opposed such support in the form of military aid. This is important because it demonstrates that foreign policy decisions are filtered through a state's inner workings.

More salient for this analysis of aid and democracy, how the events occur is captured in data. US funds for Nicaragua, according to USAID, are blank for the years of 1985 to 1987 as a result of the complete congressional restrictions. They resume in the following year, aid year 1988 which runs from October of 1987 to September of 1988. This is from the congress' decision to provide allocations to Nicaragua once again. The aid data, then, is reflective of American foreign policy in the region. While this is just one historical analysis, it lends credibility to the assumption that aid is not good for democratic growth during a high security period.

This case also provides a critique about the scope and limitations of quantitative analysis which I will present. For the Nicaraguan episode, USAID fails to account for Iran-Contra since those funds were off the books. The President's advisor actions differed from the American foreign policy agreed upon by congress and, officially, by President Reagan. An event like Iran-Contra could offset the positive strides aid disbursements should have. Precise conclusions about aid's enervated impact being attributed to covert acts, or something similar, could not be definitively made, however. Because their presence may be unknown they cannot be statistically modeled in. As a matter of history, it is just recognized they may exist. This means aid itself could be the cause of stagnation in improvements, or an unobservable, unknown policy could be affecting its usefulness. This is not as problematic as one might expect. If covert action or unseen policy effect is taking place that is detrimental to democracy, it should be captured in the resulting negative or positive association between aid and democracy. In fact, with respect to the Syrian example, a current analysis of aid and democracy to that country should not yield positive results for those

allocations. This is because the current policy of indirect support is weakening the effects of that assistance. In other words, security policies that are unaccounted for are inadvertently nested in the results. Their presence, though, cannot be tangibly observed.

By looking at the significance of foreign aid after 2001, compared to the Cold War and Post-Cold War eras, inferences can be made about the shifts in foreign policy priorities over time. This also provides insights into questions made by scholars about conditionality and efficacy in an age where American concerns are arguably dominated by non-state terror actors. Most of the literature summarized previously looked at OECD data and multilateral assistance to test hypotheses. Here, American bilateral aid is investigated because I seek to learn about American foreign policy patterns, specifically. Like was discussed previously, the goals of a donor to a recipient directly can be very particular. These can include the strengthening of colonial relationships, special economic interests, or their own individual security problems. This research is intentionally narrowed down to better focus on US threat responses and their possibly negative impact on other goals such as democracy. Aid from multilateral and bilateral realms should be studied distinctly (Alesina and Dollar 2000).

Beyond the assistance provisions from Western sources, a criticism could be made about the lack of inclusion of autocratic aid. Countries such as Russia and China also award loans and grants across the globe. A reasonable assumption to make is that their generosity also comes with conditionality and is not simply altruistic. In the Cold War, the USSR would counter American disbursements with their own, creating a situation where both super powers were competing for influence. In today's world system this type of competition likely exists, but to what degree is difficult to assess. Russia's international objectives of late seem to be expansionist and militaristic in nature. China appears to be concerned with the procurement of new markets and have little issue

with the system of government a client has. These offsetting influences may be detrimental to democracy, as well, and could have an unseen effect on any analysis about American aid. The problem is that obtaining aid numbers from these countries is difficult to do with any type of validity. To my knowledge, no scholarly work has been able to include USSR aid during the Cold War in any statistical model. It is acknowledged that it did exist and assistance was given, although monetary numerical precision was never reported.

The works of Dunning (2004), Bearce and Tirone (2010), Starr and Lindborg (2003) and Alesina and Dollar (2000) are the foundations for this work. Specifically, recall Bearce and Tirone's focus on aid and development. Their concluding remarks warn that if aid becomes more useful for military-strategic reasons, it also becomes caustic for development. They continue that assistance cannot effectively serve the dual purposes of growth and ally recruitment in the war on terror. Their concerns raise an interesting question about potentially new undercurrents in the 21<sup>st</sup> century, concerns that have largely been unexplored. Dunning's, Starr and Lindborg's main emphasize is on commitment credibility, observational time periods and the relationship between both. Alesina and Dollar stress the differences between multilateral aid and dyadic aid between two countries.

I have built upon these important concepts and applied them to the United States case of bilateral aid allocation to argue it is reflective of our base foreign policy. When long term objectives clash with short term security concerns, the latter will always be prioritized even if it is at the peril of the former. These threat perceptions are filtered through domestic political actors who take a realist-like approach to solving the problem at hand. Finally, this pattern should be expected to repeat itself because a state will value protecting their position in the world system, their relative power capabilities and security. This research should not only add to the existing



literature of aid in the Cold War, post-Cold War periods, but also contribute to the study of US foreign policy dynamics during the war on terror.

Not all outcomes will be the same and aid is not somehow destined to fail if the environment is composed in a particular way. The ultimate destination or goals of aid can be many and vary from country to country. An in-depth, qualitative analysis for each observation could be valuable, but not realistic. The United States provides foreign aid to almost every country on the planet, so such a detailed research project for one year alone would take a copious amount of time. The solution is then to take the data on aid available to researchers and examine its significance toward democracy across different periods of time.

The probabilities of success under certain conditions are what matters. Some countries will see improvements while others will struggle, that is clear. The question is about how generalizable the pattern predicted by the theory actually is. The world in which social sciences operates is a probabilistic one, devoid of any type of natural law. Societies and people, unlike gravity, have a free will to do as they please even if 99 out of 100 other individuals will behave in a similar way. Even the most robust results will be vulnerable to outliers. While democracy is just one policy outcome of many that can be studied, the results here may be a stepping stone toward later analysis of other objectives given this explanation.

### 3.3 Hypotheses

With the assumptions now outlined, hypotheses can be generated about the aid-democracy relationship. The democracy index used is Freedom House. There is a three tier category of “Not Free” (NF), “Partly Free” (PF) and “Free” (F). A detailed explanation of what go into these ratings is provided in the following data chapter. The hypotheses are the following:

H1: During the Cold War period, high levels of American aid reduce the likelihood of a transition from the not free to the partly free category.

H2: During the Cold War period, high levels of American aid reduce the likelihood of a transition from the partly free to free category.

H3: During the post-Cold War period, high levels of American increases the likelihood of a transition from the not free to the partly free category.

H4: During the post-Cold War period, high levels of American aid increase the likelihood of a transition from the partly free to free category.

H5: During the post 9/11 period, high levels of American aid reduce the likelihood of a transition from the not free to the partly free category.

H6: During the post 9/11 period, high levels of American aid reduce the likelihood of a transition from the partly free to free category.

These six core hypotheses separate two heightened security periods (Cold War and post 9/11) from one lowered security period (post-Cold War). The post-Cold War period is expected to generate the most favorable outcome for democracy when the primary independent variable is aid. The Cold War era and the post 9/11 era are not expected to be conducive for democracy for the reasons given above. Both these periods should yield similar results. The following chapter will cover the statistical method to be used, important data details and control variables that are included in the model. The analysis and results will also be presented.

## Chapter 4: Data and Methods

### 4.1 Primary Variables, USAID and Freedom House

The U.S. federal government has a remarkable record keeping process that dates back to 1946 when foreign assistance was handed out to post conflict Europe. The figures, while not exact, are one of the best measures available for scholars looking to investigate aid. In determining democratic movement, I employ Freedom House scores since it is one the most widely used and accepted democracy measures by academics and government entities. Both the aid and democracy variables are subject to some key nuances.

The numbers presented for foreign assistance are based on the data from the US Overseas Loans and Grants congressional report, otherwise known as the Greenbook. Based on historical data, there are four categories available for inspection in the USAID database. These are, economic obligations, economic disbursements, military obligations, and military disbursements. An “obligation” as defined by USAID is “a binding agreement that will result in outlays immediately or in the future”. A “disbursement” are “amounts paid by federal agencies in cash or cash equivalent during a fiscal year to liquidate obligations”. While disbursement data may appear more useful as it accounts for actual cash amounts given out during a specific year, those figures only date back to 2001. Obligations, as noted above, are funds slated to be given “immediately or in the future”, making it difficult to determine precisely when and how much money was disbursed. Nevertheless, these obligation numbers are the most precise figures available for years dating back before technology made more accurate tracking possible. Obligation numbers have been collected dating back to 1972, the starting point of the analysis. Raw economic and military obligation

dollars are divided by the population of each country on a given year, as estimated by World Bank data. This number yields per capita figures for economic and military obligations independently. Dollar figures are presented in constant 2013 dollars by USAID.

Unfortunately, US government fiscal years do not begin neatly on a January and end on December. Prior to 1976, fiscal years began July 1<sup>st</sup> and ended June 30<sup>th</sup>. So, for example, fiscal year 1972 ran from July 1<sup>st</sup>, 1971 to June 30<sup>th</sup>, 1972 and fiscal year 1973 ran from July 1<sup>st</sup>, 1972 to June 30<sup>th</sup>, 1973 and so forth. In 1976, the fiscal year start time was moved to October 1<sup>st</sup> running to September 30<sup>th</sup> as it remains to this day. Due to this temporal shift, 1976 has a special aid year figure, 1976q, representing aid obligations for the period of July to September of that transitioning period. This presents a data issue because Freedom House typically begins their observation of countries on a normal, January to December period. To address this, I use fiscal years 1973-1976 for Freedom House years 1972 to 1975 while year 1976q represents year 1976. Thereafter, fiscal years match with the Freedom House year respectively since that is the closest both years can be matched. This was preferable to using fiscal year 1972 for freedom year 1972 since a good portion of 1971 would be unobserved in the data.

Freedom House democracy scores are coded in a way that matches their three category conceptualization. Countries are labelled as “not free”, “partly free” and “free”. To determine under which label each country corresponds to, Freedom House uses a panel of 25 questions posed to their experts serving as judges. Political rights has 10 questions while civil liberties has 15 with each one being awarded between 0 and 4 points. Under this framework, the most democratic countries can score up to 40 points for political rights and 60 points for civil liberties. A 1 to 7 point scale is then matched to both question groupings, where 1 would correspond to countries scoring toward the top such as a 60 for civil liberties and 40 for political rights. The most

undemocratic countries whose question points range very low, are attributed a 7. The sum of the 1 to 7 point scales is taken and divided by two, yielding their freedom score. If a country such as North Korea, for example, scores a 7 for both political rights and civil liberties, their sum would be 14 and then divided by 2. Their overall freedom score would then be a 7, the “worst of the worst”, resulting in a “not free” category designation. On the other hand, countries like the United Kingdom would score two 1’s and be divided by 2 to equal a 1, landing them as “free”. Most cases, however, do not fall under one extreme or another. Most countries will fall in the middle. To solve the issue, Freedom House has minimum and maximum value to each category of “free”, “not free” and an additional “partly free” group. If a country’s final, divided value falls between 1 and 2.5, they are classified as “free”. A country between 3 and 5 is “partly free”, and those who average between 5.5 and 7 is deemed “not free”. The dataset here codes not free countries as 0, partly free countries as 1, and free countries as 2.

As mentioned above, year observations typically go from January to December, but in the 1980’s there were some differences in this pattern. For example, from January 1981 to August 1982, there was only one rank for every country. As a result, the data set I constructed ranks years 1981 and 1982 with the same value. The ranking for August 1982 to November 1983 is the rank provided for year 1983. The rest of the 1980’s decade has starting points that run from one November to the next until 1990, where the years begin in January. This actually means that in the 80’s, US fiscal years (that begin in October) and Freedom House year’s match almost perfectly. From the 1990’s until present, Freedom House scores begin from January to December. Aid data for each country begins when they first appear in the Freedom House set as a country. Most states’ initial year on this dataset are consistent with the Correlates of War (COW), a public source project on conflict and international relations.

In their study of aid and democracy, Finkel, Perez-Linan and Seligson (2006) use democratic assistance specifically as the primary independent variable. They disaggregate governance aid from others forms arguing these programs should be examined specifically to analyze actual USAID democracy promotion outcomes. I counter that, as Knack (2004) mentions, all aid is theoretically conditional upon good political behavior. As such, assistance in any form can prompt change in recipient actions. Their approach may be useful as a policy program study, however, I look at all forms of aid (economic and military) because their purposes can also be interconnected. Assistance designated for the health sector may be not necessarily come from democracy allocations, but must be included. Such programs are designed to improve citizen welfare and their progress can result in a more robust and engaged society. Any aid form can also assist democracy indirectly by promoting societal modernization, thought to be crucial in increasing demands for democracy (Knack 2004; Epstein et al. 2006). Likewise, military aid can support the defense of a state against internal and external threats. Internally, defense and military aid can have a negative impact on human rights if the country is overaggressive in its pursuits of dangers or turncoats. It may also have a positive effect if a state strives to maintain civil rights and liberties while eliminating violent and illegal opposition. Given the concerns of Finkel, Perez-Linan and Seligson, I do separate economic and military aid in the models. I do not separate one specific aid program from another, however. This methodology allows the researcher to see if military aid and economic aid has the same or an opposite effect from each other.

Several important control variables have been added to investigate their effect on the democracy relationship. They include, oil production and exports, country region, United Nations affinity data, GDP per capita, and a former colony variable. A good deal of literature emphasizes the importance (or lack of) of these concepts on democratic development (Przeworski et. al 2000,

Dunning, 2004, Gartzke and Jo 1999). What each variable means and their significance is described below.

## 4.2 Controls

The oil production and exports information come from the dataset developed by Michael Ross and Paasha Mahdavi (2015). Two specific variables are being used. The first is net oil exports per capita. This is measured as the value of oil exports divided by the population and converted into 2000 constant dollars. These numbers only begin in 1986, which is why an oil production variable was added that contains numbers going back to the 1940's. Oil production is gathered by the authors using sources such as the US Geological Survey Minerals Yearbook, The UN's "Wealth of Nations" dataset, and the US Energy Information Administration. Production values were converted to measure in metric tons. These variables are important because an "oil curse", as coined by Ross (2000), is believed to be a reason why states fail to develop in stable ways. The spoils of this unearned income appear to have an effect on the governance outcomes of nations. This is paradoxical because one might expect additional wealth to assist stability rather than harm it. Because the existing evidence indicates that natural resources are impediments to democratic consolidation, they are included here.

United Nations Affinity scores are used to measure the degree that dyads in the UN vote similarly to one another. These "s scores" are commonly used in the literature to compare policy preferences among states. In its entirety, the scores have data for every possible country pairing that is in the UN, an enormous wealth of information. For the purposes of this project, the scores compiled are between the US and every other country found in Freedom House going back to 1972. I incorporate one particular variable from the dataset here, UN voting affinity based on

“Yes” and “No” votes, as well as “Abstained”, between the US and country  $x$ . The range of the scores are between -1 and 1 where more negative values denote less compatibility in policy preference and more positive values mean increased compatibility. The numbers are also interpolated by Gartzke, Jo and Tucker (2010) meaning that missing data are factored into that measure. Some of the literature overviewed previously made a strong note that UN voting patterns matter in aid distribution (Alesina and Dollar 2000). Here, similar UN affinity scores between the US and another country can be used as a proxy for closer diplomatic ties and policy preference at the UN.

Since relationships between colonies and former masters matter in aid studies, a variable for this type of affiliation is included in the dataset. “Colony”, is coded dichotomously to distinguish states that were at one time or another a colonial possession after WWII under the control of a western government, or a former USSR client. The last group includes mostly countries that came about in the early 1990’s and were newly formed. An inclusion of a colony variable may show how these past political ties can have an impression on the shape recent government takes. It is possible these unseen links have an impact on democratic development. Information for all countries was taken from the US Office of the Historian which provides a thorough synopsis of state recognition and general historical background for countries in the world. Most states that were once colonies belonged to Britain, and not all that long ago. France has a relationship with some African nations, but the bulk of former possessions appears to have belonged to their island neighbors.

The final two variables included are, one for geographic location of the country, and GDP per capita. “Region” adds a specific code for each state indicating their location in the world, and are the same as those used by USAID. With this variable included, a researcher can isolate aid



effects to certain areas of the world. This type of analysis, however, would only work in regions where there is a meaningful amount of variance in scores. A statistical output for solely the Middle East will not be of much use, for instance, since positive movements in that part of the world are rare. For GDP per capita, numbers are logged and taken from Boehmer and Reuveny (2016) GDP estimates are available for most countries in the world, but some exceptions exist. Myanmar is one such example where these data are simply not available. North Korea, perhaps the most closed off country in the world, also has a lack of data for its profile. Despite these holes, GDP is one measure of a country's wealth and likely to be associated with democratic movement. The base expectation for GDP per capita is that the higher the number, the more likely the state is democratic.

### 4.3 Cox Proportional Hazards Modeling

To test the hypotheses of foreign aid and democracy, I use Cox proportional hazard models (hereafter Cox Model) and the three level democracy designations from Freedom House. This particular statistical method assesses the likelihood of an event occurring given the inclusion of certain covariates. It serves as a survival analysis similar to those done in the medical field. In the medical realm, survival rates could be used to estimate the life expectancy of a patient, for example, if he or she has a certain condition. The outcome is typically binary where something happens or it does not. In a medical case, death would be the "failure" event and the end of one observation. By gathering data on a sample of patients, failure likelihood can be determined for those who are in a similar medical condition. The researcher can introduce a treatment to the patients and compare the survival rates between them. This method can have time varying covariates (such as different quantities of a drug given over time) or static ones (such as a person's gender or race). The study is then done across a determined time horizon appropriate to the

research question. If an event does not occur for one subject (a patient survives the length of the study) this data is right censored. This is also the case if a subject drops out of the analysis. By summing up this information, the model can predict the significance of the covariates on the failure event and the rate at which an event will or will not occur.

Logistic regression is one common way of analyzing the odds of an x event happening and typical of studies with binary outcomes. Most of the time, this method works well enough. In this case, it is not appropriate because the event of interest is democracy improvement over time. If a simply logistic regression were used, each year would be observed as a disparate event unrelated to another. The model would treat aid and democracy in 1993 in Antigua, for example, as unrelated to aid and democracy in 1994 in Antigua. Intuitively, we know this is not a logical assumption to make because such dramatic political shifts do not typically occur out of the blue. Moreover, democratic improvements and transitions take time to happen. By opting for the Cox method, the researcher is able to account for the time it takes to move from “not free” to “partly free” and “partly free” to “free”.

When the Cox model is used, it must adhere to the proportional hazards assumptions. This means that the two values of a variable are proportional to each other across time. Gillespie (2006) use the analogy of heart disease in men compared to women. If a male has twice the risk of heart disease a woman has at age 50, the risk is also present at age 60. Number wise, a Schoenfeld residuals post estimation test resulting in a p value above .05, indicates those assumptions have not been violated. Graphically, two parallel lines for each value should be visible and indicates there no violation of proportional hazard. If there is a convergence of crossing of lines on the graph,

a violation can be assumed. Every model presented here is given the Schoenfeld residuals post estimation test, and all fall above the .05 threshold<sup>1</sup>.

Time varying covariates require a degree of caution when used in analysis. Revisiting the medical examples, it may difficult to determine the causality of a treatment related to survival under certain modeling specifications. Fisher and Lin (1999) note that when employing regression into the model, “if the effect of treatment on survival is predominantly mediated through the covariate, such an analysis will show little or no treatment effect on survival.” The researcher must be cautious in the inclusion of covariates and have a good theoretical grounding for their use. Another example that may cause misleading inferences is if the treatment amount varies depending on the health of the subject. In this case, the subject is partly driving the variation in the treatment. This can be contrasted to static covariates, such as whether a person is a smoker or not. Assuming the subject is consistently a smoker or non-smoker, survival analysis may illustrate the added risks the former has in comparison to the latter. Fisher and Lin (1999) sum up by strongly advising that the researcher must be cautious of inadvertently introducing biases, and accounting for other possible explanations when using time varying covariates. Below, I use the UN affinity variable as an example of how these concern may emerge.

In the survival analysis, quantities of foreign aid may be related to the “condition” of a country. This issue is not a major concern because of how the data are set up for analysis. The condition for all observations begins when a country is either partly free or not free, the dataset is split up accordingly. In this sense, all the subjects are on the same level. One concern may be that quantities of foreign aid may be higher or lower for a particular country due to their relationship

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<sup>1</sup> This visuals and post estimation results for each model are available upon request.

to the US. Likewise, if a country is strategically salient (be it either partly free or not free) it may also receive higher amounts of assistance.

The first issue is not as problematic here. Using the UN voting data to look at how countries generally get along with the US, there is not much variance overall. Not free countries tend to vote the least like the US, unsurprisingly, but states with higher freedom scores do not have much higher affinity scores. See table 2. The second concern of strategic consideration is more difficult to assess since that requires in-depth knowledge of the relationships between the two countries. Like it was argued with Nicaragua, though, an underlying strategy not visible in the data should result in a negative association between aid and movements toward democracy. Unfortunately, pinpointing and identifying the strategic maneuvers would be impossible to capture here. The underlying condition of countries being “strategically important” cannot be made. Moreover, these highly important states may be so few, that they may not impact the model results all that much. This is the nature of working with large N studies. Generally, the Cox method should provide worthwhile data on the primary research questions this paper poses.

Table 2: United Nations Affinity Voting Averages by Country Type 1972-2010

Country Type	United Nations Affinity Averages
Not Free	-.355
Partly Free	-.295
Free	-.084

\*-1 denotes least compatibility while 1 denotes most compatibility

#### 4.4 Model Specifications and Design

In this paper, foreign aid would be the treatment, a time varying covariate. The “failure” event would be the positive democratic movement a state makes such as going from “not free” to “partly free”. In this “not free” to “partly free” example, the death event is actually the end period of one autocratic spell and beginning of a democratic opening. Static variables could include the region a country is located or whether it was a colony or former Soviet state. Since the time that aid is given is important to the theory, the observation periods are divided appropriately. The same model is run with the same variables with the only difference being the time horizons in which they are analyzed. The expectations, as indicated by the hypotheses, would be a negative association between aid and democracy during the Cold War and after 9/11. The post-Cold War period should see a positive and significant association.

Because aid is disbursed to most countries, the treatment is received by most all “patients”. What is important is its positive or negative significance and rate of change in the specified years. Since the outcome of an observation is either failure or no failure, the dataset is altered to examine two possible outcomes at a time. The first possibility is a change from “not free” to “partly free”, and the second is a change from “partly free” to “free”. In the first instance, all cases that are “not free” are taken as a starting point and “free” states are disregarded. In the second instance, all “partly free” states are a starting point and “not free” states are omitted. Using the medical analogy, the “condition” that each state shares would be that they are either “not free” or “partly free” at the beginning of the study. The death is when this form of governance changes to either partly free or free.

The master dataset begins its observations of countries in 1972, the year that Freedom House began its work. The first set of democracy ratings from most states are dropped, however, because the length of this status for that country was unknown. For example, Afghanistan is ranked as being “partly free” for the year of 1972. In 1973, that rank is changed to “Not Free”. This is problematic since there is no data available on how long prior to 1972 Afghanistan was considered “partly free”. The survival analysis would take that one year into account only rather than the prior years it could have lasted at that condition and the aid given at that time. Argentina, which was at the height of its political tumult in the early 70’s is also classified as “partly free” in 1972, only to change to “free” the following year. This issue is simply a function of when the democracy data began to be collected, but with the dropping adjustment it is solvable. The lowest amount of time a state is in a condition beginning in 1972 and is included in the analysis is four years. For countries which begin their sovereignty or existence post 1972, this is not an issue because that would be the first time it could be democratically judged.

The observations for every country vary across years with different starting points. An inclusion of a time counter was added to make the time analysis consistent across subjects. Event history data works on clock time as opposed to calendar time. This means that the actual year a state enters the study is not relevant, what matters are the amount of years taken into consideration. For example, a state such as Namibia first appears in 1989, while Afghanistan enters in 1973. Using the time counter, the model does not distinguish these calendar years themselves, it views each entrant’s first appearance as year one in clock time. The analysis then is dependent upon the years based on this time counter. Country  $x$  may enter the dataset in 1980 and remain partly free until 1990 with a change to free in 1991. The time counter would end at 12 in 1991, symbolizing

that the move to consolidation took 12 years. In 1992, under its new free status, a new time counter begins at 1 again.

Each country in the data is assigned their Correlates of War code across the entire 1972 to 2010 time frame (or from the time they first appear in Freedom House). Each change in freedom has a corresponding country code, what Epstein et al. (2003) would call a “country spell.” These changes are clustered around the COW code to account for possibility of repeated events among one country. Afghanistan, the country at the top of the dataset, has a country code of 1, for its first “partly free” year (which is actually dropped for reasons discussed above) and a 2 for its new status as “not free.” The total changes in country codes, or “spells”, from 1972 to 2010 for Afghanistan are nested in its COW code which is 700. Every time there is a change in freedom, there is a new country code and new time counter to go with it. The year that a change occurs is the last year of a particular counter and country code. This informs the models of the clock year the event happened.

To briefly overview, every change in freedom has a new country code, and every country code has its own new time counter. The time counter makes up the clock time for each observation in the Cox model and these changes are nested within the COW code of the respective country. This accounts for the possibility of repeated events so as each change in freedom is not estimated independently on the country code. If the initial freedom score is almost immediately changed, it is dropped because it is difficult to assess how long prior to 1972 that state would have been at that democratic rating. The base models have the same covariates, but are run three separate times for a Cold War, post-Cold War and post 9/11 eras.

To test the hypotheses of aid, time, and transitions, specific temporal cut points need to be

established with some theoretical grounding. The Cold War era time frame here spans between 1972 and 1985. These years are chosen for three reasons. The first follows the example of Starr and Lindborg (2003) that 1985 was the first year that over a third of world countries become free. This indicates an upward trajectory may be occurring past this point. By limiting it to these years, I can capture the full dynamic of the Cold War before the USSR began to liberalize. The second reason 1985 is chosen, is that it marks the first year a reform minded Mikhail Gorbachev took over as Soviet leader. His arrival initiated structural changes to the Soviet Union not seen previously throughout the Cold War. Additionally, by 1986, the Soviet Union had begun to scale back their military assistance to client nations like those in Africa (Herbst 1990). According to Dunning (2004), this also led to a shuffling of priorities by Western governments such as the United States in those countries. These models should demonstrate a negative association between assistance and democratic movements, as outlined in hypothesis one and two. The post-Cold War period then covers years 1986 to 2001. Hypotheses three and four will be tested for that era.

The last breaks in time are for the years after September 11, 2001, ranging from 2002 to 2010. It is true that aid year 2002 should have been decided by the beginning of 2001 which, of course, would be prior to the attacks. However, by looking over the data on outlays it appears these decisions were amended. In aid year 2002, economic assistance to Afghanistan jumped 500% and was the first year it officially received military funds since 1978. This indicates that aid for the purposes of combating terrorism should already be present here and began immediately after 9/11. The variables for GDP per capita and UN voting patterns all end in 2008. Using World Bank additions and affinity scores added by Voeten et al (2016), I stretch out the observations to 2010. The last year net oil exports per capita are available is 2010, so this is the final year of analysis for



the Cox models. These results should fit hypotheses five and six, a negative association between aid and positive democratic shifts.

For each of these delineated periods, two models will be run. The first analyzes Not Free states and their propensity to move to the Partly Free condition. The second examines Partly Free States and their movement to the Free category. I do not include a Not Free to Free models because these movements are extremely rare, more in line with individual case study analysis. Ideally, the variables in each statistical run should be the same. These include: economic aid per capita, military aid per capita, the log of GDP per capita, the log of population, net oil exports, UN voting affinity, and the former colony variable. All are time varying covariates interacted with the time counter except for the dummy colony variable. For the Cold War period, however, oil export data are not available. To solve the issue, I use Ross' (2000) oil production variable from the same dataset as a proxy. After 1986 when export data first appear, I employ the exports variable which, coincidentally, neatly fits into the time frame divisions. For robustness, I also run oil production.

#### 4.5 Data Descriptors

The section is designed to present a vivid picture of the data used in the forthcoming analysis. Specifically, these tables will describe the general conditions of freedom in the world, overall country characteristics. The dataset in its entirety consisted of over 6800 total years of potential observations. The most notable descriptive statistics and countries in the data, are presented below.<sup>2</sup>

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<sup>2</sup> A full illustration of these data are not possible to summarize here, however, the codebook and dataset are available upon request.

Table 3 displays the figures for average GDP per capita by world region. The region variable is taken from USAID, meaning the countries in this dataset are labelled according regional definitions of USAID. While some may argue of a need for distinguishing the Middle East from North Africa, for instance, I coded and labelled to the standard set by the agency to maintain consistency. Aggregately, the world GDP average is the second lowest on the table, subject to the skewness caused by a majority of states which have low GDP values. One of the most troubled regions in the world, South and Central Asia, has the lowest amount on average since 1972. Where many of the world's most developed countries reside, in Europe and Eurasia, the highest levels of GDP can be found.

Table 4 describes the state of freedom for each region. As can be seen, the region with the highest GDP per capita is also the region with the highest mean of Freedom House scores. The assumption that poorer countries are more prone to being undemocratic does not hold up, however. The Middle East and North Africa have the lowest freedom scores yet have the second highest GDP per capita figure.

Table 3: Nation Wealth: GDP Per Capita Averages by Region (logged) 1972-2010

Location	GDP per capita (logged)
World (Overall)	8.07
East Asia and Oceania	8.16
Europe and Eurasia	9.25
Middle East and North Africa	8.61
South and Central Asia	7.09
Sub-Saharan Africa	6.81
Western Hemisphere	8.53

\*Lowest GDP Per Capita country = 4.16, Highest GDP Per Capita country = 11.36

Table 4: State of Freedom: Average Freedom House Scores by Region 1972-2010

Location	Freedom House Score Average
World (Overall)	1.06
East Asia and Oceania	1.09
Europe and Eurasia	1.56
Middle East and North Africa	0.46
South and Central Asia	0.68
Sub-Saharan Africa	0.65
Western Hemisphere	1.51

\*Freedom Score Scale: Not Free=0 Partly Free=1 Free=2

Table 5: State of Freedom: Freedom House Scores 1972-2010

Time Period	Freedom House Average Country Scores
Cold War (1972-1985)	.09
Post-Cold War (1986-2001)	1.1
Post 9/11 (2002-2010)	1.2

\*Freedom Score Scale: Not Free=0 Partly Free=1 Free= 2

These numbers lead to speculation about how foreign aid may be distributed. If USAID is dually committed to alleviating poverty and improving democratic conditions, South and Central Asia and the Middle East and North Africa should be the highest recipients of aid. Table 6 shows this is not necessarily the case. While both regions do appear on the list of highest aid recipients, aid comes mostly in the military form, not the economic aid that should help promote better governance development and result in poverty relief. Most economic aid over time is provided to countries on the Western hemisphere. This may imply that while aid considerations are given to all states, the US is biased toward the region where it resides. Note, however, that after 9/11 military and economic assistance shifted significantly toward the Middle East and North Africa at higher, but comparable levels, than were seen during the Cold War.

Table 6: Highest Economic and Military Aid Recipients by Region and Time Periods for Not Free and Partly Free Datasets

Period	Highest Regional Economic Recipient	Dollars Per Capita	Highest Regional Military Recipient	Dollars Per Capita
NF to PF Cold War (1972-1985)	Western Hemisphere	\$19.72 on average	Middle East and North Africa	\$15.64 on average
NF to PF Post-Cold War (1986-2001)	Western Hemisphere	\$12.42 on average	Middle East and North Africa	\$4.23 on average
NF to PF post-9/11 (2002-2010)	Middle East and North Africa	\$17.13 on average	South and Central Asia	\$12.49 on average*
PF to F Third Wave (1974-1997)	Western Hemisphere	\$17.60 on average	Middle East and North Africa	\$8.91 on average
PF to F Post-Cold War (1986-2001)	Western Hemisphere	\$13.03 on average	Middle East and North Africa	\$8.10 on average
PF to F post-9/11 (2002-2010)	Middle East and North Africa	\$20.44 on average	Middle East and North Africa	\$18.45 on average

\*Only 0.16 cents above the Middle East and North Africa

Finally, table 7 lists two groups of consolidated democracies and hardened autocracies. These are states that never change in their freedom score from either not free (hardened autocracy) or free (consolidated democracy). While there are 13 disheartening examples in their lack of democratic progress, there are far more examples of strong democratic regimes, 41 total (including the United States). The final table of this section provides a snapshot of the how the dataset would look for countries, using Afghanistan as an example. It provides a view of aid prior to 9/11 and after 9/11.

Table 7: Consolidated Democracies and Hardened Autocracies

Consolidated Democracies	Hardened Autocracies
Andorra	Chad
Australia	China
Austria	Congo(Kinshasa)
Bahamas	Cuba
Barbados	Equatorial Guinea
Belgium	Iraq
Belize	Libya
Canada	Myanmar
Costa Rica	North Korea
Denmark	Rwanda
Dominica	Saudi Arabia
Finland	Somalia
France	Vietnam
(West) Germany	
Iceland	
Ireland	
Israel	
Italy	
Jamaica	
Japan	
Kiribati	
Liechtenstein	
Lithuania	
Luxembourg	
Marshall Islands	
Mauritius	
Micronesia	
Monaco	
Netherlands	
New Zealand	
Norway	
Palau	
Saint Kitts and Nevis	
Saint Vincent & Grenadines	
Saint Lucia	
Slovenia	
Sweden	
Switzerland	
United Kingdom	
Vanuatu	

\*Freedom scores never change from either “free” or “not free” from time they enter the dataset.

Table 8: Snapshot of Data Set for Afghanistan

Year	Country	Freedom Score	Time Counter	Country Code	Economic Aid (before transformed per capita)	Military Aid (before transformed per capita)
1999	Afghanistan	0	27	2	47084739.23	0
2000	Afghanistan	0	28	2	70498744.65	0
2001	Afghanistan	0	29	2	108426530.4	0
2002	Afghanistan	0	30	2	503264130.7	64457423.21
2003	Afghanistan	0	31	2	787425411	422077586.9
2004	Afghanistan	0	32	2	1682497355	644911103.4
2005	Afghanistan	1	33	2	1189689619	822858897.5
2006	Afghanistan	1	1	3	1262098776	2122050070
2007	Afghanistan	1	2	3	1204172468	4258332817
2008	Afghanistan	0	3	3	2837051696	6679874249

\*Example of how the data set was coded with country code and time counter.

#### 4.6 Not Free to Partly Free Analysis

First, I present the analysis of the not free to partly free relationship. This dataset illustrated the best results across time, largely because changes from full autocracies to partial democracies have occurred often. The Cold War model from 1972 to 1985 on table 2, reveals economic aid to be significant toward movements in governance. Military aid, meanwhile, is nowhere near a statistical significance, logging in a fairly low z score. If foreign aid that falls under the economic label is associated with quicker failure episodes (change to partial democracies), the Cold War setting would appear to have no impact on America's ability to promote democracy. Oil production and GDP are signed as expect, negatively for the former and positively for the latter. Although both variables come close, neither are significant as denoted by their respective z scores.

Inspecting the potential for failures across the time yields additional details on rates of change. In figure 1, the 1972 to 1985 graphic, the hazard curves exhibit the likelihoods of failure

for autocratic regimes given certain amounts of economic aid. The lines were drawn to illustrate three possible quantities of disbursement; no economic aid provided, the mean of economic aid for the time period, and one standard deviation above the mean. The graph indicates that from 1972 to 1985, economic aid not only helped transitions occur to the partly free condition, it caused them to take place quicker. A country receiving the average amount of aid was 55% likely to graduate politically from full autocracy by year four. This is compared to a state that received no aid which has a roughly a 45% chance. Assuming a country begins to obtain economic aid at levels of one standard deviation above the mean, their likelihoods of transitioning skyrocket to 85%. Translated to dollars, the average amount of aid distributed between 1972 and 1985 was \$7.55 per capita, while the amount responsible for the 85% likelihood would be \$45.19<sup>3</sup>, a very large sum.

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<sup>3</sup> Averages in the analysis are for aid obligations prior to a shift in freedom from NF or PF respectively.

The averages are not for the master dataset which has aid figures for all countries across all freedom categories. The region with the highest amount of economic aid on average was the Western Hemisphere at \$19.52 per capita. When the region is dropped, economic aid is still significant, oil production remains negative and GDP per person increases to .05 levels. See table 12



Table 9: Not Free to Partly Free States 1972-1985

<i>Variable</i>	<i>Coefficient</i>	<i>St. Error</i>	<i>z</i>	<i>P&gt; z </i>	<i>95% Confidence Interval</i>
Econ Aid***	.0167654	.0044654	3.75	0.000	.0080133 .0255174
Military Aid	-.0034289	.0032846	-1.04	0.297	-.0098667 .0030089
Oil Production	-.0324497	.0175626	-1.85	0.065	-.0668718 .0019724
Pop Log**	.0632765	.0295784	2.14	0.032	.0053038 .1212491
UN Affinity	-.0703474	.1501564	-0.47	0.639	-.3646485 .2239538
Colony	-.5613023	.5545511	-1.01	0.311	-1.648202 .5255979
GDP	.101663	.053316	1.91	0.057	-.0028344 .2061605

\*\*significant at .05 level

\*\*\*significant at .01 level

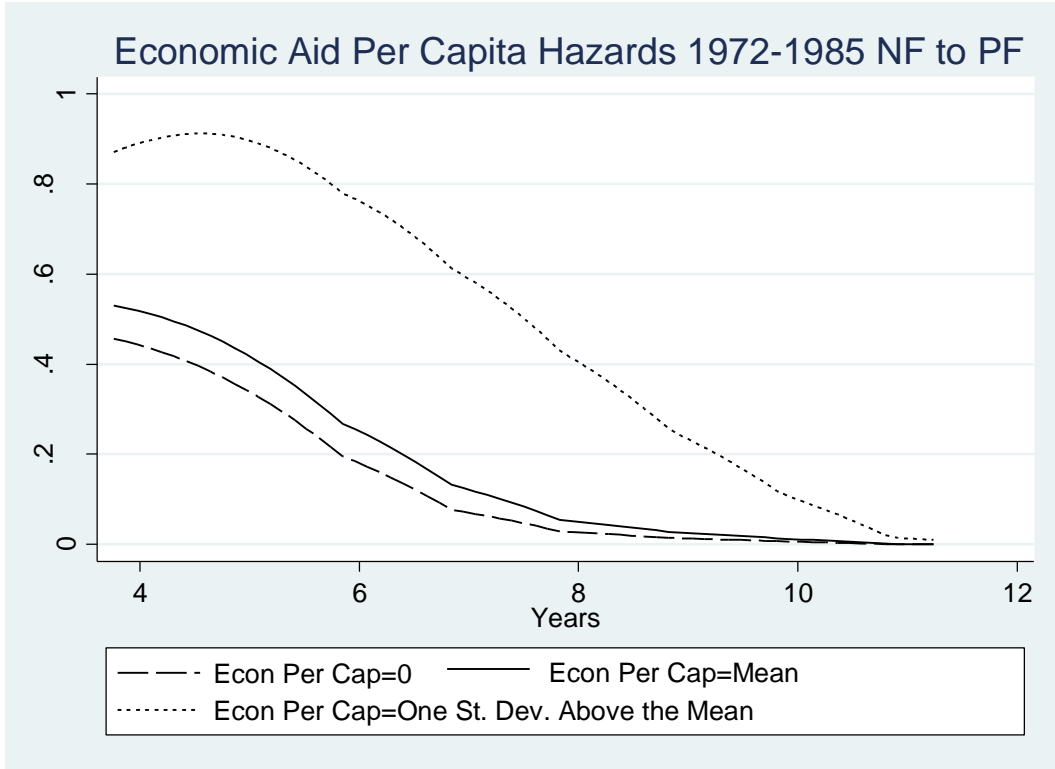


Figure 1: Economic Aid Hazards 1972-1985 NF to PF

Table 10: Not Free to Partly Free States 1986-2001

<i>Variable</i>	<i>Coefficient</i>	<i>St. Error</i>	<i>z</i>	<i>P&gt; z </i>	<i>95% Confidence Interval</i>
Econ Aid***	.0031586	.0008624	3.66	0.000	.0014683 .0048489
Military Aid	-.028712	.0151305	-1.90	0.058	-.0583672 .0009433
Oil Exports	-.0000151	.0000121	-1.24	0.214	-.0000388 8.71e-06
Pop Log	-.0111616	.0078625	-1.42	0.156	-.0265718 .0042485
UN Affinity	.0822511	.0470469	1.75	0.080	-.0099592 .1744613
Colony	.0958827	.4014608	0.24	0.811	-.690966 .8827313
GDP	.0037295	.010573	0.35	0.724	-.0169932 .0244523

\*\*significant at .05 level      \*\*\*significant at .01 level

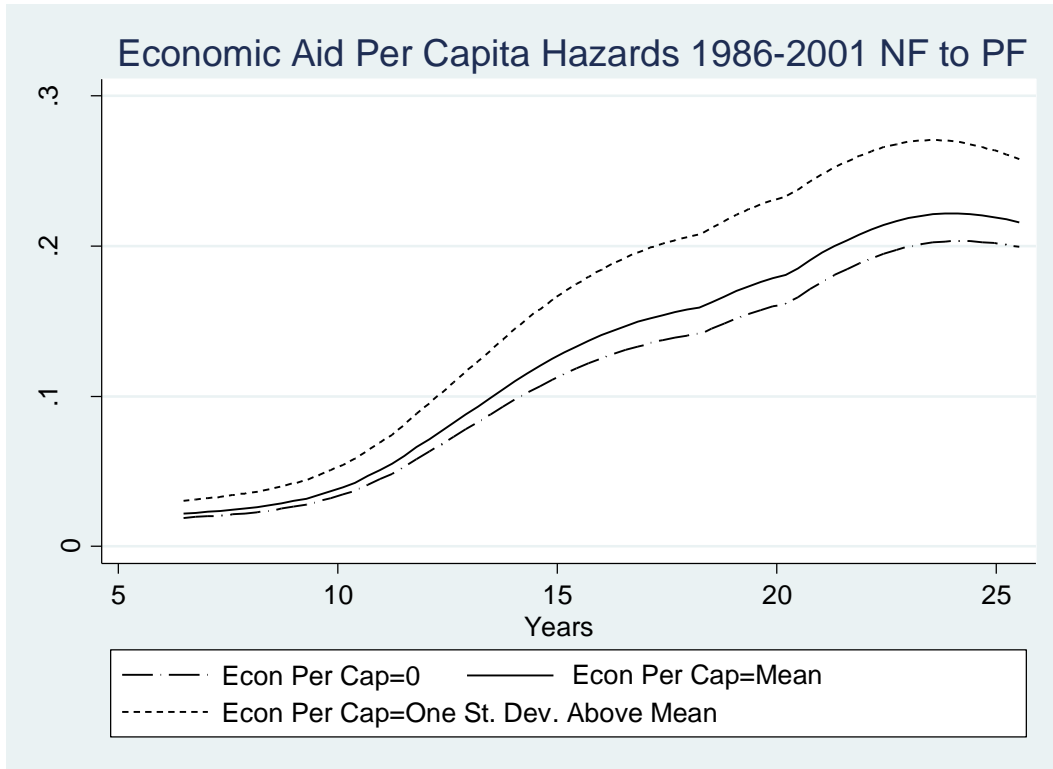


Figure 2: Economic Aid Hazards 1986-2001 NF to PF

Moving over to the 1986 to 2001 era, the results are less encouraging. Economic aid is still positively associated with movements, as are higher amounts. However, the rate of speed is much lower. States with no economic aid have about 2% probability of movement, those at the mean about 3%, and those one standard deviation above the mean about 5% at year six. As time moves on, economic aid's impact increases but only marginally. At year 15, at the highest level of aid on the graph, the likelihood of transition hovers around 17%, while those with no aid are about 12%. In the post-Cold War era, the average amount of economic aid stood at \$4.65 and \$17.51 one standard deviation above the mean. Notice on table 3, military aid's negative z score in this time span jumps. While still insignificant, this is again unexpected. Ideally, if the theory was completely correct both forms of aid should have been useful to initiating transitions.<sup>4</sup>

Post 9/11 the overall results are weaker than those presented above. There have not been as many changes in part due to the minimal amount of observation years available. From the years examined, analysis reveals economic aid to be relevant to democracy movements once again. Oil exports per capita stand out in this model as higher oil revenues are related to the endurance of autocratic regimes. Colony's z score likely entails that old Soviet states and Western colonial possessions have stagnated in their governmental evolution. It is possible these vulnerable

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<sup>4</sup> . The highest average of economic aid between 1986 and 2001 flowed to the Western Hemisphere (\$12.42 per capita) and the highest average of military assistance found was in the Middle East (\$4.23 per capita). I drop the Western Hemisphere on one run and the Middle East on another. When the former is missing, the results are the same. For the Middle East, military aid's negative effects drop, but economic aid continues logging in as important to transitions. Replacing oil exports for oil productions, the aid results are the same and oil performs very weakly. See tables 13, 14 and 15.

countries made the leap at one point to partly free, only to backslide into negative Freedom House scores. It is difficult to make precise inferences because the focus is on movements in the positive direction, but that is certainly a possibility. GDP behaves interestingly since it is often hypothesized that more wealth can lead to heightened demands for democracy. The rates of change graphic in figure 3 provides some perspective.

In an odd outcome, the results are much the same for the post 9/11 period as they are for the 1986 to 2001 period, but more pronounced. The three curve lines which are present in the plot region but indistinguishable, show the rates of change to partly free are almost identical across economic aid quantities. Keeping in mind that economic aid is significant in the model at the .05 level, the visuals pose an interesting question as to why this could be. Delving into the data assists the analysis. Glancing over Freedom House scores for the post 2002 era, it appears those states which have not moved to partly free may just be hardened autocracies. Among the list of regimes in this position include; Cambodia, Laos, Myanmar, Vietnam, China, Russia, Brunei, North Korea, Saudi Arabia, Oman, Iran, Syria, and the UAE to name a few. Some of these countries have high GDP's, are former Soviet allies, and have oil resources. The regression model is likely taking into consideration these lack of changes and amounts of time states like Yemen take to move to partly free (although many do revert right back five years later) or Lebanon. The time consideration is accounted for and the association for economic aid is positive. It is known, though, real world conditions are very different. It is unlikely a state like China, Cuba, or North Korea, although these are the most extreme examples, will change their ways regardless of aid given to democratic minded reformers, NGO's or political opponents. If this change is to happen, it will likely take

close to a generation, sans a major, unforeseen event<sup>5</sup>. More importantly, if these events are to happen, they are likely to be the result of some internal dynamic within those states as opposed to large infusions of aid on America's behalf.

Table 11: Not Free to Partly Free States 2002-2010

<i>Variable</i>	<i>Coefficient</i>	<i>St. Error</i>	<i>z</i>	<i>P&gt; z </i>	<i>95% Confidence Interval</i>
Econ Aid**	.0004481	.0002031	2.21	0.027	.0000501 .0008461
Military Aid	-.0006666	.0006793	-0.98	0.326	-.0019981 .0006649
Oil Exports***	-.000126	.0000371	-3.39	0.001	-.0001988 - .0000532
Pop Log	-.0099188	.0110972	-0.89	0.371	-.0316689 .0118312
UN Affinity	-.2414281	.1923433	1.26	0.209	-.6184141 .1355579
Colony***	-1.318103	.4037857	-3.26	0.001	-2.109508 - .5266976
GDP***	.0519738	.017299	-3.00	0.003	-.0858792 - .0180685

\*\*significant at .05 level      \*\*\*significant at .01 level

<sup>5</sup> When the Middle East region which receives the highest amount of economic aid is dropped, economic aid per capita drops from significance while higher oil exports remain the same. See table 16. There were 3 failure episodes in the Middle East of not free countries: Lebanon, Yemen, and Bahrain.

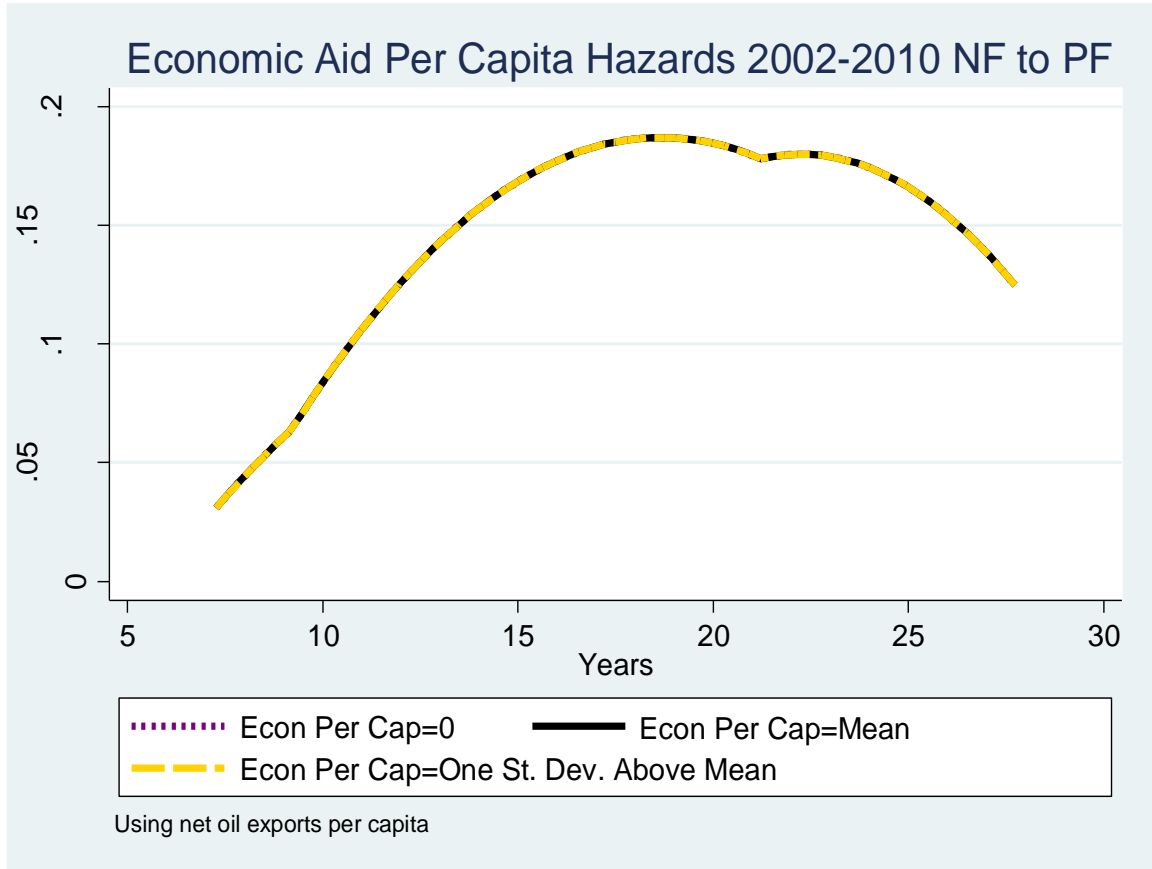


Figure 3: Economic Aid Hazards 2002-2010 NF to PF. Colors distinguish hazard curves



Revisiting the hypothesis proposed:

H1: During the Cold War period, high levels of American aid reduce the likelihood of a transition from the not free to the partly free category.

H3: During the post-Cold War period, high levels of American increases the likelihood of a transition from the not free to the partly free category.

H5: During the post 9/11 period, high levels of American aid reduce the likelihood of a transition from the not free to the partly free category.

Hypothesis one is clearly incorrect since high levels of aid in its economic form increase the likelihood of transitions. Hypothesis three, likewise, is incorrect since the rate of change for movement in this era is much longer. Economic aid still has a strong effect leading to episode failures, but across time it is slower. Additionally, military aid is actually negatively significant. It is important to observe that after the Cold War, levels of economic and military aid dropped precipitously. During the Cold War, the economic aid average was \$7.55 per capita and dropped \$3 after it ended. Military assistance fell about 60%. Perhaps if economic levels of assistance had consistently been maintained at Cold War levels and coupled with the drop of military aid better outcomes would have resulted.

The final hypothesis, statistically, would seem to be incorrect. However, because not free states in the 21<sup>st</sup> century seem unlikely to transition in a rapid way, the result is mixed. The hierarchical theory would assume that the reason aid is not as useful for democratic movement is that there is a security component tied to it due to the war on terror. There may well be such an effect for some countries, but after analyzing which states were part of this not free group, it would be erroneous to attribute a lack of transitions to security issues. It is more likely that these

states are hardened autocracies which do not respond to aid. Some very well might, but only incredibly large sums could cause alterations. Aggregately, there was a large increase of both economic and military aid, five-fold (\$5.19 compared to \$0.99) and \$4 more per capita for the former after 2002. Even with these increases the differences in rate of change is difficult to determine.

Table 12: Not Free to Partly Free States 1972-1985  
(Western Hemisphere Excluded)

<i>Variable</i>	<i>Coefficient</i>	<i>St. Error</i>	<i>z</i>	<i>P&gt; z </i>	<i>95% Confidence Interval</i>
Econ Aid***	.021538	.0046386	4.64	0.000	.0124466 .0306294
Military Aid	-.0052484	.004196	-1.25	0.211	-.0134725 .0029756
Oil Production	-.0327366	.0197738	-1.66	0.098	-.0714925 .0060194
Pop Log**	.0778596	.0333769	2.33	0.020	.0124421 .143277
UN Affinity	.0495912	.2016346	0.25	0.806	-.3456053 .4447878
Colony	.119232	.7946061	0.15	0.881	-1.438167 1.676631
GDP**	.1284294	.0541879	2.37	0.018	-.002223 .2346358

\*\*significant at .05 level      \*\*\*significant at .01 level

Table 13: Not Free to Partly Free States 1986-2001  
(Western Hemisphere Excluded)

<i>Variable</i>	<i>Coefficient</i>	<i>St. Error</i>	<i>z</i>	<i>P&gt; z </i>	<i>95% Confidence Interval</i>
Econ Aid***	.0045651	.0017826	2.56	0.010	.0010713 .008059
Military Aid	-.0290356	.0171748	-1.69	0.091	-.0626977 .0046264
Oil Exports	-.0000171	.0000138	-1.24	0.214	-.0000442 9.91e- 06
Pop Log	-.0080906	.0074373	-1.09	0.277	-.0226674 .0064862
UN Affinity	.0665703	.0469049	1.42	0.156	-.0253616 .1585021
Colony	.4927082	.4391837	1.12	0.262	-.368076 1.353492
GDP	.0110084	.0131406	0.84	0.402	-.0147467 .0367634

\*\*significant at .05 level      \*\*\*significant at .01 level

Table 14: Not Free to Partly Free States 1986-2001  
(Middle East and North Africa Excluded)

<i>Variable</i>	<i>Coefficient</i>	<i>St. Error</i>	<i>z</i>	<i>P&gt; z </i>	<i>95% Confidence Interval</i>
Econ Aid***	.0023096	.0008426	2.74	0.006	.0006583 .003961
Military Aid	-.0386844	.0311057	-1.24	0.214	-.0996505 .0222817
Oil Exports	-9.63e-06	.0000159	-0.61	0.544	-.0000408 .0000215
Pop Log	-.0105553	.0072499	-1.46	0.145	-.024765 .0036543
UN Affinity	.0780395	.047326	1.65	0.099	-.0147177 .1707967
Colony	-.3111835	.4360468	-0.71	0.475	-1.165819 .543453
GDP	.0050031	.0099366	0.50	0.615	-.0144722 .0244785

\*\*significant at .05 level      \*\*\*significant at .01 level

Table 15: Not Free to Partly Free States 1986-2001  
(Oil Production Measure)

<i>Variable</i>	<i>Coefficient</i>	<i>St. Error</i>	<i>z</i>	<i>P&gt; z </i>	<i>95% Confidence Interval</i>
Econ Aid**	.0064972	.0026254	2.47	0.013	.0013514 .0116429
Military Aid**	-.0130353	.0063212	-2.06	0.039	-.0254246 - .000646
Oil Production	.0014577	.013028	0.11	0.911	-.0240766 .026992
Pop Log	-.0111348	.0164213	-0.68	0.498	-.0433199 .0210502
UN Affinity	.0997529	.0632948	1.58	0.115	-.0243026 .2238083
Colony	1.142334	.8670671	1.32	0.188	-.557086 2.841754
GDP	-.0002403	.0274156	-0.01	0.993	-.0539739 .0534933

\*\*significant at .05 level      \*\*\*significant at .01 level

Table 16: Not Free to Partly Free States 2002-2010  
(Middle East and North Africa Excluded)

<i>Variable</i>	<i>Coefficient</i>	<i>St. Error</i>	<i>z</i>	<i>P&gt; z </i>	<i>95% Confidence Interval</i>
Econ Aid	.0037766	.0021879	1.73	0.084	-.0005115 .0080648
Military Aid	-.0033807	.0024098	-1.40	0.161	-.0081038 .0013425
Oil Exports**	-.0002433	.0001073	-2.27	0.023	-.0004537 - .0000329
Pop Log	.0049829	.0229309	0.22	0.828	-.0399608 .0499266
UN Affinity	-.2544849	.2365617	-1.08	0.282	-.7181373 .2091675
Colony**	-1.226716	.5628403	-2.18	0.029	-2.329862 - .1235688
GDP**	-.0475736	.0226955	-2.10	0.036	-.0920559 - .0030913

\*\*significant at .05 level      \*\*\*significant at .01 level

## 4.7 Partly Free to Free Models

The models for partial democracies provided mixed results. First, the time period divisions used for not free state could not be duplicated for partly free states. The reason seems to be that these sort of changes are less common. When divided into shortened time periods, the models did not come out useful for making solid conclusions. A closer look at the data shows many states that are partially free either stay in that condition for a very long time, and in the breaks they do have, they change back to a not free state. To work around the issue, I introduced a “third wave” model. According to Huntington (1991) democratic changes tend to cluster temporally, or in “waves”. Huntington observes that third time this happened in the 20<sup>th</sup> century was in the mid 1970’s, a quick movement to democracy by a large number of states. Diamond in 1997 posed a question about the third wave after noticing a stall in its progression, had it abruptly ended? I run an analysis from 1974 to 1997 using Huntington and Diamond’s work as a basis for my start and endpoints to test aid during the so called wave<sup>6</sup>. While it does intersect the Cold War, post-Cold War divisions, partly free states move along slower. Providing them additional years to observe change will help create a stronger output. I am able to run the base 1986 to 2001 model without breaking proportionality assumptions to provide a comparison. The 2002 to 2010 base model is not possible to run for this partly free data set because movements during these years are also scarce. To gain some idea of the situation after 9/11, I stretch out the observational time to 1986 to 2010.

The results do not bode well for aid on table 17. Both economic and military types are negatively associated, although not significant. Oil production continues to be detrimental to aid, as well as colony. According to this model, those variables are the only ones that are significant

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<sup>6</sup> A Third Wave model for NF to PF states show economic aid is still positively significant while all other variables are insignificant except for closer US affinity scores, which is positive.



for democratic movement, or in this case, lack of democratic movement. The Western hemisphere region logs in an average of about \$17 per person in economic aid and the highest for that category. If it is dropped from the base model, economic and military aid both jump to being significant, negatively so, alongside colony and oil production (see table 14). This makes sense because many democratizing countries during the Third Wave were in Latin America. With that area omitted of the analysis, the negative association of both aid forms should spike. Oil production, a Middle Eastern characteristic, and the fact most Latin American nations were not colonies post WWII, explain the boosts for those variables.

Compared to the 1986 to 2001 model on table 6, the negative effects of military assistance persist and are actually strengthened. It is important to note this 1986-2001 model is somewhat weaker, but consistent in the military assistance findings for the Third Wave model and the not free 1986 to 2001 model. Recall that the not free to partly free model for this year span also had military aid with a negative z score (-1.90). The hazard curves for the years 1986 to 2001, however, show that states receiving no military aid compared to those receiving average amounts, were only 2% more likely to transition. This indicates that while this form of assistance appears to be relevant in the model, when inspected for change over time, the results are substantively different. A reasonable conclusion may be that military assistance to partly free states have no bearing on their democratic movements, regardless of the motivations behind granting it.

Table 17: Partly Free to Free States 1974-1997: Third Wave Model

No. of subjects =	184	Number of observations =	554		
No. of failures =	55	Time at risk =	1329		
Wald chi2(7) =	30.51	Prob > chi2 =	0.0001		
<i>Variable</i>	<i>Coefficient</i>	<i>St. Error</i>	<i>z</i>	<i>P&gt; z </i>	<i>95% Confidence Interval</i>
Econ Aid	-.0117371	.0067569	-1.74	0.082	-.0249804 .0015063
Military Aid	-.0298735	.017961	-1.66	0.096	-.0650764 .0053294
Oil Production**	-.0317858	.0153231	-2.07	0.038	-.0618186 - .001753
Pop Log	.0402806	.0240961	1.67	0.095	-.0069469 .0875082
UN Affinity	.2734834	.1403725	1.95	0.051	-.0016415 .5486084
Colony**	-.9432757	.4438423	-2.13	0.034	-1.813191 - .0733607
GDP	.0573827	.0608393	0.94	0.346	-.0618602 .1766255

\*\*significant at .05 level

\*\*\*significant at .01 level

Table 18: Partly Free to Free States 1986-2001

<i>Variable</i>	<i>Coefficient</i>	<i>St. Error</i>	<i>z</i>	<i>P&gt; z </i>	<i>95% Confidence Interval</i>
Econ Aid	-.0014614	.0012047	-1.21	0.225	-.0038225 .0008997
Military Aid**	-.0233294	.0104891	-2.22	0.026	-.0438876 - .0027713
Oil Exports	-5.26e-06	8.58e-06	-0.61	0.540	-.0000221 .0000116
Pop Log	.0069475	.0096011	0.72	0.469	-.0118704 .0257654
UN Affinity	.11337	.0782501	1.45	0.147	-.0399974 .2667375
Colony	-.4163755	.3242021	-1.28	0.199	-1.0518 .2190489
GDP	.0055084	.0116616	0.47	0.637	-.017348 .0283648

\*\*significant at .05 level

\*\*\*significant at .01 level

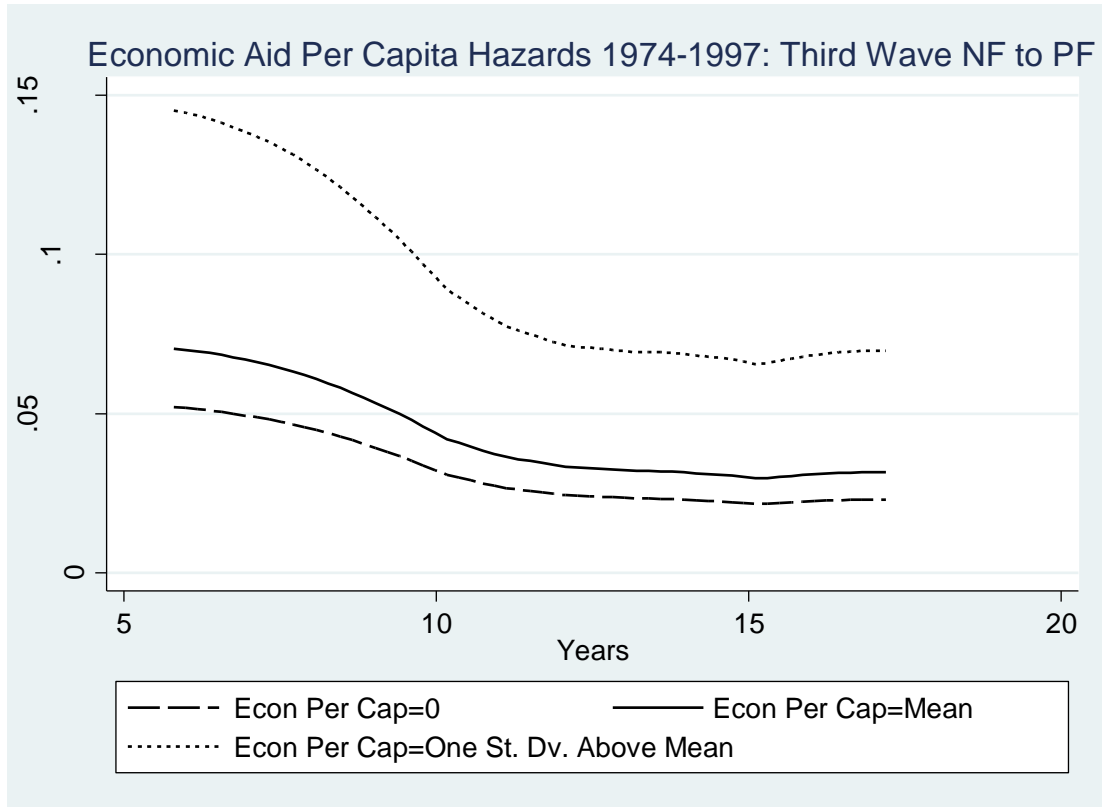


Figure 4: Economic Aid Hazards 1974-1997 PF to F

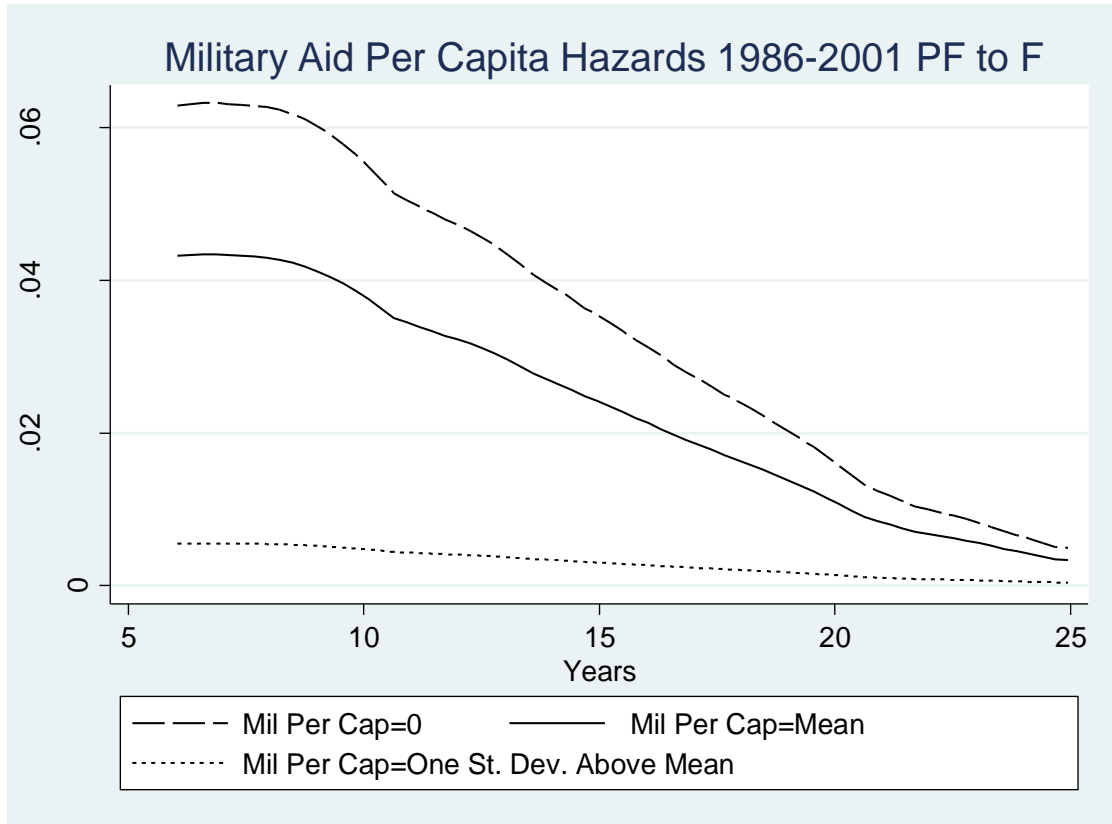


Figure 5: Military Aid Hazards 1986-2001 PF to F

Running an analysis from 2002 to 2010, the small number of failures generates an insignificant model. I modify the 1986 period and extend it out to 2010. I drop the GDP variable to avoid violating the proportional hazards assumptions, though, since its inclusion resulted in a failing post estimation test. These results going across 57 failures, show military aid's negative relationship continues. Like the previous model, though, the likelihood of change over time is about a 2% difference. Once again, despite its significance, the impact of military aid is largely irrelevant. Across all years where useful results could be created with use of some theoretical guidance, military aid is negatively associated with partly free failures while economic aid fluctuates but remains negative.

The partly free analysis did not yield the best results. Given the negative associations of aid broadly, though, it is possible aid can be functioning in one of two ways. It is either being used to promote democracy with no effect, or it is being employed strategically to maintain stability. Given the current terrorism situation, I believe the latter statement to be more accurate. The likelihoods of change with or without aid are so similar, so it is possible that regardless of its purpose, aid is not substantively linked to any freedom changes. The explanation that these nations, along with other partly free states, may simply be too difficult to turn free cannot be dismissed either.

Revisiting the hypothesis proposed:

H2: During the Cold War period, high levels of American aid reduce the likelihood of a transition from the partly free to free category.

H4: During the post-Cold War period, high levels of American aid increase the likelihood of a transition from the partly free to free category.

H6: During the post 9/11 period, high levels of American aid reduce the likelihood of a transition from the partly free to free category.

While a 1972 to 1985 model could not be done, the Third Wave analysis works as a substitute for hypothesis two. Both forms of aid perform somewhat poorly, and are negatively signed. This means that while the world was in the process of greater governance improvements, American assistance played no role during that time with partly free states. The oil curse is persistent in the third wave and former colonies and Soviet clients had a difficult time being able to transition beyond partly free. While the theory developed would attribute the time period and security interests during the Cold War for these type of results, hypothesis four's outcome causes a reconsideration of that assumption. In the 1986 to 2001 era, military aid is significant and negatively associated, while its economic form is not significant at all. While the model is weaker than that of the not free to partly free version, this outcome invalidates hypothesis four. At the time where conditionality was said to be its strongest, neither economic aid or military aid functioned as expected. This means that hypothesis two, while accurate, cannot be attributed mostly to the world security structure the Cold War fostered.

Table 19: Partly Free to Free States 1986-2010

<i>Variable</i>	<i>Coefficient</i>	<i>St. Error</i>	<i>z</i>	<i>P&gt; z </i>	<i>95% Confidence Interval</i>
Econ Aid	-.0029793	.00181	-1.65	0.010	-.0065267 .0005682
Military Aid**	-.0345662	.0150398	-2.30	0.022	-.0640437 - .0050887
Oil Exports	-7.05e-06	8.29e-06	-0.85	0.395	-.0000233 9.19e- 06
Pop Log	.0052024	.0086845	0.60	0.549	-.0118189 .0222236
UN Affinity**	.1542322	.0635909	2.43	0.015	.0295964 .2788681
Colony	-.4585956	.2718366	-1.69	0.092	-.9913856 .0741944

\*\*significant at .05 level      \*\*\*significant at .01 level



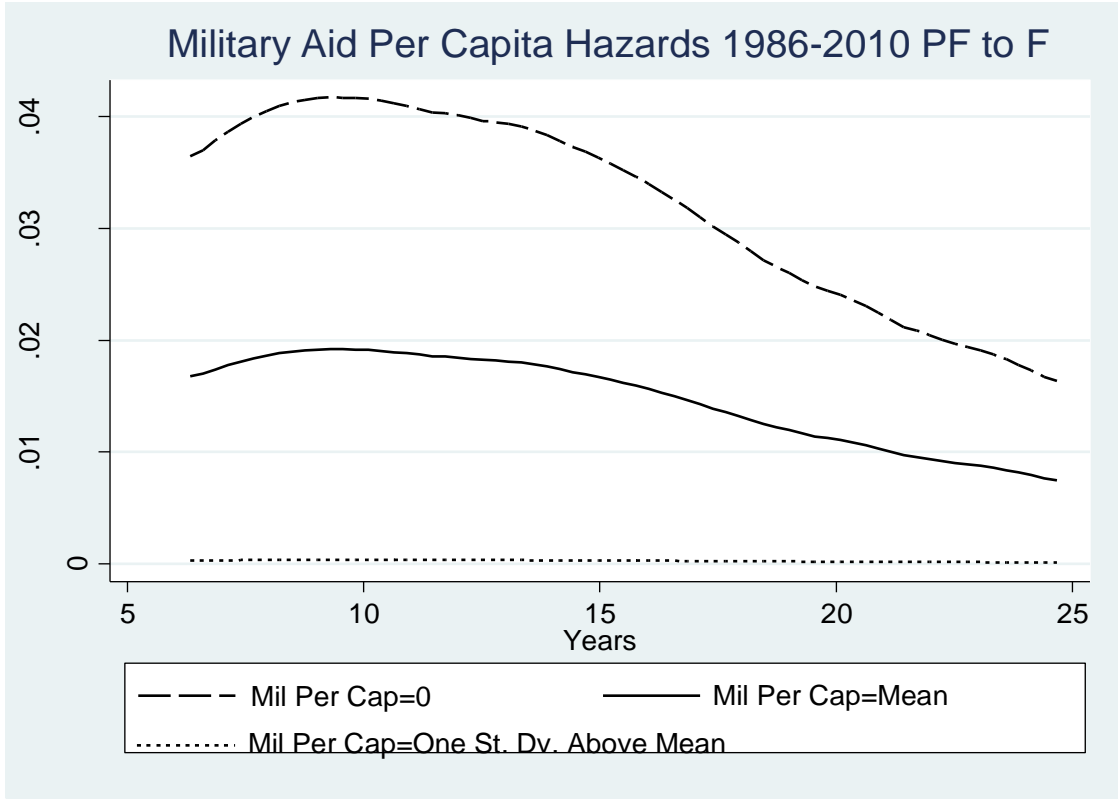


Figure 6: Military Aid Hazards 1986-2010 PF to F

Hypothesis six, could not be tested using the smaller 2002 to 2010 range. I expand the time frame to have a starting point of 1986. The results once again show military assistance as negatively significant. It is difficult to argue that this longer period is reflective of true post 9/11 conditions. However, the results are very similar to that of the all models generated for this data set. The lack of movement toward the free condition after 2002 is also telling. Analyzing their hazard curves, though, the actual impact of military assistance on democratic movement is negligible. Partly free states seem to be one of the most difficult group of countries to analyze when examining how democratization can be pushed along.

Table 20: Partly Free to Free States 1974-1997 Third Wave Model  
(Western Hemisphere Excluded)

<i>Variable</i>	<i>Coefficient</i>	<i>St. Error</i>	<i>z</i>	<i>P&gt; z </i>	<i>95% Confidence Interval</i>
Econ Aid**	-.021906	.0089818	-2.44	0.015	-.0395101 - .004302
Military Aid***	-.0545393	.0202382	-2.69	0.007	-.0942054 - .0148732
Oil Production**	-.0427986	.0172711	-2.48	0.013	-.0766494 - .0089478
Pop Log	.0663659	.037396	1.77	0.076	-.006929 - .1396607
UN Affinity	.7269301	.1868501	3.89	0.000	.3607106 1.09315
Colony***	-1.390609	.5200445	-2.67	0.007	-2.409878 - .3713405
GDP	.0899649	.07493	1.20	0.230	-.0568953 .2368251

\*\*significant at .05 level      \*\*\*significant at .01 level

## Chapter 5: Conclusion

This thesis set out to answer two primary questions. First, how effective has foreign assistance been at accomplishing its goal of democratic promotion? Second, under what security circumstances is it more effective or less effective. The investigation of American foreign aid and democratic improvement generated unexpected results. Contrary to the belief that aid would be detrimental to positive changes in government during the Cold War, economic assistance was found to be invaluable for not free states. After the Cold War, its effectiveness continued, albeit at a far slower pace. This could have been a symptom of a drastic reduction in aid between 1986 and 2001. Following 9/11, the models were substantively similar to those of the post-Cold War era. Economic aid should still, statistically, propel autocracies to improve to the partly free category. An examination of the hazards, however, depicted the time span for failure to be almost identical between that of a state receiving no aid and a state receiving above average levels. A possible conclusion is that nations which were unable to transition before 2001 are hardened autocracies such as China, Cuba, or Vietnam. The relationship between economic aid and partly free countries seems much clearer, as it fails to net significance in several models. In those it does, it is negatively associated with failures to free.

Meanwhile, military assistance was consistently insignificant or negatively linked to freedom failures across both datasets. In the case of partly free countries, like economic aid, military funds never came close to producing a positive association regardless of temporal divisions. It may be that policymakers could have invoked this type of aid to maintain the stability of important partial democracies, hence its negative relationship. On the other hand, they could

have provided more assistance to these nations in hopes of improving unfavorable security circumstances and thereby improving their political situations. If the second statement is true, by handing out more of these funds, they may actually help entrench regimes with little interest in full democratization (albeit marginally). Given the hazard curves, its real world effectiveness irrespective of purpose, is somewhat dubious.

Economic aid and freedom shifts also have a bad news ahead. It would be unreasonable to assume major autocratic nations and those struggling along presently, will be as impacted by any level of aid as those during the Cold War. The pool of potential democratizers has dwindled over time and those that remain are rigidly entrenched. An unfortunate possibility for those interested in the spread of democracy, is that the good work economic aid did to transform countries in the past, may not apply to the present. While it is good that many liberalized during the 70's and 80's, if their evolution stalled out at partially free, their likelihood of moving forward now is dim. Partial democracies appear to struggle mightily moving ahead and are prone to backsliding. Indicative of this is economic aid's insignificant impact for this group. Where it is negative and statistically significant, the same logic applies to economic aid as that of military aid. Either more assistance is given in the hopes of producing better governance to no avail, or it is given to shore up important partly free regimes.

The research presented here make it clear three topics are in need of further study. First are the motivations and efficacy of military aid. The outcomes of the survival analysis made unclear the actual purpose of this form of assistance. Is it disbursed to help security and stability in the hopes of observing more democratic governance? Or, is it given solely to stabilize salient, strategic regimes? The paper attempted to shed light on the topic by dividing three time periods, two where national security worries were elevated and one where they were less so. The results indicated

military aid generally is negatively associated, or simply unhelpful with transitions, regardless. There is no doubt this aid has a strategic component as evidenced by the regions where most military assistance ends up. Untangling where it is used for certain aims and where it is used for others should be further investigated. This is especially true if the goal is to discover the usefulness assistance has in producing favorable American policies across the globe.

The second topic deserving of closer inspection is backsliding. This paper looked at only forward progress, not reversals in good governance. The dataset indicates this happens quite commonly to partly free states. For scholars interested in the successful diffusion of democracy, foreign assistance's ability to prevent backsliding is a worthwhile question to tackle. Going one step further, researchers may study the dynamic between American foreign aid, strategically important countries, and their propensity to move up or down the freedom scale.

Lastly, as Starr and Lindborg (2003) point out, the workings of partly free states are undoubtedly an essential puzzle that must be put together. Countries residing on this middle ground are more unstable and making movements to the free condition seems less likely to occur. The process of change is slow with most movements going backwards instead of forward. A woeful implication for the study of aid may be that generalizations about assistance to this set of countries may not be as useful as we would wish. Any positive effects of aid on partly free states may require specific country studies in specific contexts. Democracy scholars would be wise to additionally investigate the symptoms found in these states that make transitions so difficult. On the debate of dichotomous and graded levels of measurements for democracy, these results provide more evidence to the argument that ordinal or interval scaling is the most appropriate method to constructing democracy variables.

With respect to the theory of foreign policy behavior, economic aid and military aid do not work in tandem in helping or hurting democracy as was initially believed. While in some partly free periods economic aid was negatively associated or insignificant, the positive result for not free countries meant it was instrumental to these states as they moved toward democracy in the past. Military aid may then be the form of assistance which is more related to strategy and security. If true, since military aid's negative associations were constant across time periods, security concerns may always be strong. This does not mean that all periods are viewed in the same way by foreign aid decision makers, though. The Cold War saw high averages for aid per capita distributions, while the post-Cold War saw a large dip. After 9/11, the assistance numbers rose once again. The average in the partly free data show economic aid per capita rose 35% when comparing 1986 to 2001 and 2002 to 2010. Military aid per capita increased 100% and are at the highest levels ever. Moreover, most of those grants are distributed to the Middle East. Perhaps strategic countries always acquire high levels of economic assistance and above average military support across all time. During heightened security periods, these amounts are simply increased. States that are less strategic, though, may receive greater amounts of economic aid with military assistance only given at lower levels.

Comparing these results to the research of other American aid and democracy studies yields interesting parallels and differences. Contrasted to Meernik, Krueger and Poe (1998) who find idealistic goals had overtaken strategic ones during the 1990's, those conclusions are difficult to support here. The analysis after 1986 show that aid not only dropped in total disbursements, the effect it had was weaker than before on democratic shifts. Given the increases in military aid after 2001 and its negative associations with democracy, I would conclude that if their argument was

true, its validity changed after 9/11. Judging from aid's primary recipients after the attacks and the form it took, it is difficult to argue assistance's goals have not become more strategic.

Looking at Finkel, Perez-Linan, and Seligson's (2007) study, their results are similar but more optimistic. Their work disaggregates democracy program funds from other aid types, while I employ all aid forms but distinguish military from economic. Like them, I find a modest worthiness to American assistance, particularly as it functioned in the past. I, however, question its efficacy going forward. They conclude that substantial increases in democratic governance aid can lead to much higher likelihoods of democratic improvement. While my not free to partly free models demonstrate a similar outcome, looking at the hazards curves, the marginal increase in likelihoods do not merit such an increase in expenditures. When limited to an analysis of partly free states, the results are far less promising according to the Cox model.

There is much left to uncover about American foreign aid, strategic behavior and its theoretical implications. The general principles of the hierarchical theory argued in chapter 3 may still stand. The US may genuinely seek to promote democracy and use its resources to do so. Some resources like military aid, however, may be designated for more calculated purposes in the support of national security even if they are not conducive to democracy. This is a conscious decision made by policymakers that hierarchically prioritize foreign policy objectives. Such ordering of preference behavior should be expected by any nation, because at their core, all nations are realist oriented. Rather than focusing solely on time periods, looking at regions and specific country dynamics could provide more fruitful results. Beyond theory development, clear results about whether foreign assistance is useful in accomplishing our global goals is important to gather.



While the state of foreign aid may seem grim, it would be a mistake to say US assistance is a wasteful enterprise. Aside from the goal of democracy, much assistance has been granted to alleviate the living conditions of the world's poorest and most vulnerable. Medicinal improvements, disaster relief, food rations and educational improvements have all been made possible in part by the American people. Long term, these gestures may in fact help build up robust societies that demand responsive government. If democratic promotion is the primary goal, though, policymakers would be wise to be selective in who they give funds to and when. The work of the Millennium Challenge Corporation, which works in such a selective way, will be interesting to investigate once more data is available on their efforts. In the meantime, examinations of military aid, partly free states and how backsliding can be prevented, should inform foreign aid decision makers on how they can best pursue specific foreign policy goals. The tricky part for researchers, is figuring out which goals are sought out where and for what purpose.

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## Curriculum Vita

The author of this thesis is Ricardo Alejandro Romero. He graduated from the University of Texas at El Paso with a BA in History and Political Science in 2014. In 2016, he co-authored an article in the Encyclopedia of Public Administration and Public Policy alongside Dr. Jose D. Villalobos entitled: "Presidential Transaction Costs." At the UTEP, the author was a teaching assistant from 2013 to 2016 for the political science department, assisting in American politics, World politics, and Quantitative Methods courses. In the fall of 2016, he will begin a Ph.D. program at Arizona State University's School of Politics and Global Studies.

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