Can Foreign Aid Help Influence?

Cindy Cheng
Postdoctoral Fellow
Bavarian School of Public Policy at the Technical University of Munich
cindy.cheng@hfp.tum.de

Scholars on two strands of inquiry which have long dominated the foreign aid literature --- "what drives aid?" and "does aid lead to economic development?" --- have arrived at the following consensus: strategic factors; and generally, no. I build on this work by investigating two related and important, but surprisingly neglected, questions:

Does aid given for strategic purposes forward strategic ends? Can aid given for strategic purposes forward developmental ends and under what conditions?

Strategically given aid could conceivably lead to two equilibria: stalemate or effectiveness in forwarding strategic interest. In the former, recipients play donors against each other such that they reap economic advantages without significantly changing the strategic status quo. Where polarization already exists, increased aid merely serves to buttress existing boundaries. In the latter, aid by different donors does not cancel out but actually forward a particular donor's strategic interest. I propose to test these arguments using panel aid data from AidData.

Strategic interest variables include UN voting ideal points and public opinion data on donor countries from the various recipient country Barometer indices. Meanwhile, under certain conditions, aid given for strategic purposes can forward developmental ends. In particular, China's engagement with African countries suggests that when recipients' economic success is strategically important to donors, developmental outcomes can be achieved. I explore this possibility by conducting a more fine-grained analysis of Chinese aid which parses out differences in project type along strategic criteria and investigating what other conditions may be important for buttressing this potential causal pathway.

Word Count: 249