Does Aid Motivate Democracy?
A Preliminary Study on Official Development Assistance and Regime Type

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Abstract

This paper seeks to answer the question about whether or not aid is connected with democratization, and more specifically if official development aid is effective in influencing regime change and democratization. This is a preliminary test to see if there is any connection between aid and regime type, and if there is, then it would suggest a direction for future research. Through comparing Official Development Assistance with Polity IV scores pertaining to regime type, it has been shown that while there is no clear correlation between aid allocations and democratization, there seems to be a trend of aid increasing when the most authoritarian regimes begin to liberalize.

I. Introduction

There has been a global push for democracy, and this has been shown through the huge rate of transitions around the world from non-democratic countries to democratic ones. This change often leaves questions about why these transitions were made and what influenced them. Some of the changes have been attributed to globalization, moral values and civilian uprisings, the fall of the USSR and a lack of other viable political options to name a few. In this paper, I'll be looking at the political aspect and if aid has any influence. The main question addressed in this paper is "Is aid able to influence and lead countries to democratize?"

Western states have been touting the superiority of the democratic system, along with capitalist based free markets for years. This has extended to policy arenas as well with aid conditional upon progress in these areas. This goal of spreading social and political norms has been evident not only in political discourse, but also in institutions such as the International Monetary Fund and World Bank (encouraging economic liberalization) to the United Nations (monitoring elections in less developed countries). This agenda of spreading democracy was further expanded by the Bush administration (43)[1] which attempted to spread democracy to the Middle East and beyond with a more

[1] This is to differentiate between the two Bush Administrations, identifying the difference by using the number of presidential order.

aggressive foreign policy of democracy promotion. This leaves me questioning -- how effective is aid in influencing regimes and democratization?

This is a significant topic for several reasons. First, if I can show if aid is linked to democratization. If it is, then it will have future implications on foreign policy and aid allocation, possibly suggesting that one factor motivating countries to democratize is to gain larger amounts of aid. If there is no link, then perhaps it would show a need for readjustment in policy and aid if the goal is to cause a regime change or liberalization of the political process.

In order to address these questions I will be looking at aid allocation via Official Development Assistance (ODA)[2] and see if there is any link between aid allocation and regime type. I will be comparing the amounts of aid allotted from all 50 donor countries, and if there is a preference for any specific type of beneficiary countries, such as democratic ones or burgeoning democratic countries. If there is, then it might suggest that counties would be induced to democratize simply for the economic benefits of larger aid allocation. On a second level, I will be looking at countries that make transitions either towards being more democratic, and see if these transitions have any impact on aid allocations as well. Through this process, I have found that there is a trend for aid to increase when the most authoritarian regimes begin to liberalize. However, once the transitioning countries reach a score of 0, the luminal stage of

[2] Official Development Assistance is a classification for certain types of foreign aid that will be elaborated upon later.

being neither democratic nor authoritarian, then there no longer seems to be a definitive trend for aid to increase or decrease.

II. Literature Review

Types of Democracy

It is important when talking about the promotion of democracy to recognize that there are many different types of democracy and democratic regimes. The three main types I will be discussing are liberal and illiberal, however; there are several others, which will be briefly addressed. The purpose of this section is to help lay the foundation to understand some of the different types of democracy that I will talk about throughout this paper. This section will also recognize that there is a large range of different types of democracy beyond the commonly accepted liberal and illiberal democratic regimes.

Liberal Democracy

The ideal, Western form of democracy is a liberal democracy. While there are other definitions for democracy, which I will later address, for the purpose of this paper I will be using the more common definition provided below. The main definition of the liberal democracy has five criteria that are necessary to be a liberal democratic country:

> 1.Effective participation. Before a policy is adopted by the association, all the members must have equal and effective opportunities for making their views known to the other members as to what the policy should be.
>
> 2.Voting equality. When the moment arrives at which the decision about policy will finally be made, every member must have an equal and effective opportunity to vote, and all votes must be counted as equal.

> 3.Enlightened understanding. Within reasonable limit is as to time, each member must have equal and effective opportunities for learning about the relevant alternative policies and their likely consequences.
>
> 4.Control of the agenda. The members must have the exclusive opportunity to decide how and, if they choose, what matters are to be placed on the agenda. Thus the democratic process required by the ... preceding criteria is never dosed. The policies of the association are always open to change by the members, if they so choose.
>
> 5.Inclusion of adults. All, or at any rate most, adult permanent residents should have the full rights of citizens that are implied by the first four criteria. Before the twentieth century this criterion was unacceptable to most advocates of democracy. (Dahl, 37).

This is the preferable form of democracy to the donor countries as well as the ultimate goal of liberalization policy. Essentially, a liberal democracy is the 'golden ring' and is the system that best provides human and civil rights, as far as the Western developed countries are concerned. This is particularly important since the Western democratic countries, like every country in Western Europe and the United States, all fall under this definition.

Illiberal Democracy

The opposite form of democracy is that of the illiberal democracy, which was first proposed as an idea by Fareed Zakaria in his essay published in *Foreign Policy*. He points out that an illiberal democracy

> Is a governing system in which, although elections take place, citizens are cut off from knowledge about the activities of those who exercise real power because of the lack of civil liberties. It is not an 'open society'. This may be because a constitution limiting government powers exists, but it is liberties are ignored; or because an adequate legal constitutional framework of liberties does not exist. (Zakaria, *Foreign Policy*).

This distinction is important because it is not only the difference between most Western countries, but it also provides for many of the freedoms, such as freedom of the press, freedom of speech, freedom to organize and influence the government etc., that are supposed to be key to economic development as well as providing the social freedoms that are thought to supply happy, relatively peaceful societies. Examples of illiberal democratic countries are countries like Brazil, Peru, and Egypt, where there is voting, but still restrictions on the freedom of the press as well as the people.

Other types

Others authors argue that there are more than just the two types of democratic regimes and that all countries do not fall neatly into a few categories. One suggestion is a different scale for judging democracy instead, one that is not dichotomous but a sliding scale that adds "'pluralization' and 'contextualization' of the conceptions of democracy" (Kurki, 362). Kurki emphasizes the importance of contestability or the "idea of essential contestability generally refers to the idea that a concept can take on a variety of different meanings at any given time" (Kurki, 371). He believes that no two democracies are alike and that current efforts to stick countries into groups like the two mentioned above, is a hasty generalization that does not encompass the entirety of the political and social system. There are different variables in definitions and Kurki illustrates his point with a few of the various models of democracy:

2. Marxist / socialist ‘‘delegative’’ which emphasizes substantive (rather than merely formal) democracy resulting from equalization of social and economic inequalities, as well as directly democratic and immediately revocable declarative form of democratic institutions (see for example, Mayo 1955); and

3. Social democratic, which works with some liberal democratic structures and procedures, but adds to them an emphasis on social solidarity and development of institutional structures for democratic control over economic processes, notably over general wage levels (Tilton 1991).

Beyond these ‘‘standard models,’’ a whole range of further models of democracy have been envisaged, notably:

4. Participatory democracy, which challenges the hierarchical, infrequent and what is perceived as elitist forms of representation in liberal democratic systems and which puts emphasis on citizen empowerment and active participation in the civil society, the work place, as well as in public decision making (Pateman 1970; Barber 2003);

5. Radical democracy, which emphasizes non-hierarchical and nonstate-based agonistic forms of democratic politics, focused often around social movement interactions (rather than party politics) (see, for example, Laclau and Mouffe 1985);

6. Deliberative democracy., which emphasizes the importance of generat- ing more deliberative mechanisms in modern democratic systems, thus generating not only a greater role for citizens in democratic gover- nance but also more effective and responsive forms of democratic state (Bohman and Rehg 1997; Warren 2008); and

7. Cosmopolitan democracy, which emphasize the need, through various innovative mechanisms including global political parties and global forms of taxation, to democratize politics globally as a pre-condition to any meaningful sense of democracy within states (Patoma¨ki and Teivainen 2004).

Beyond these models, various arguments for feminist, green and even Islamist and Confucian ideas of democracy have been made (see for example, Pateman 1989; Sadiki 2004; Bell 2006; and Humphrey 2007). For the sake of space we can- not here examine all these models in detail: to gain a more detailed understand- ing of these models one should turn to their advocates or a number of excellent texts reviewing a selection of them, for example, Mcpherson (1996, 1977) or Held’s (1996) works. What is crucial for us to note, however, is that different models have

> significantly diverging views of how society is structured, how democracies function, and also of the normative justifications for democracy. (Kurki, 372-373)

This list of different models is both daunting and instructive. What is important is that there is a large variance between democracies and the ways that they can be judged. For the purpose of this paper I will be using the scale of liberal versus illiberal for the sake of ease, as well as the fact that most of the policy makers (i.e. the Western Democratic countries like the United States and Western Europe) think in terms of this liberal versus illiberal democracy.

US Democratic Foreign Policy Objectives

When it comes to United States foreign policy objectives there are several that aid, whether it is economic or military, is trying to achieve. The United States' Department of State website points out seven purposes of U.S. Foreign Assistance.

1. Advance human rights and freedoms;
2. Promote sustainable economic growth and reduce widespread poverty;
3. Promote and support democratic, well-governed states;
4. Increase access to quality education, combat disease, and improve public health;
5. Respond to urgent humanitarian needs;
6. Prevent and respond to conflict; and
7. Address transnational threats.

(Director of U.S. Foreign Assistance)

These different policy objectives reflects a variety of goals that are achievable through democratization, but there are also other goals in foreign assistance that

do not necessarily parallel this democratic agenda such as goal number 7 of addressing transnational threats. Even with all of these other policy objectives, democracy is seen as an important issue to the United States Foreign policy.

Democracy is something that the United States upholds as a key form of government and they believe that states that do not have democracy cannot possibly be free. But a democratic system in itself represents more than just a type of government. The United States Government sees democracy as instrumental to not only providing freedoms to individuals, but also as a way to promote some of the other foreign policy objectives mentioned above such as human rights, promoting education, and economic growth.

During the Bush Administration (43), the stress on spreading democracy came to the forefront when he was talking about the war on terror and trying to promote democracy abroad following the September 11th terrorist attacks. Paula J. Dobriansky, Undersecretary of State for Global Affair, wrote in *Foreign Affairs* about the different objectives that the Bush Administration was trying to promote through pushing democratic ideals. These objectives ranged from seeing democracy as a way to combat terrorism and spread human rights to promoting international security by seeing democratic governments as less likely to support terrorists like Al-Qaeda through efforts in Iraq.

As well as working together with other countries both bilaterally and multi-laterally "a great deal of our multilateral diplomacy, including American engagement at the UN and the Organization of American States, is shaped by the imperatives of human rights and democracy promotion" along with the UN

Human Rights Commission and Community of Democracies among many other international ventures (Dobriansky, 1). This goal of democracy promotion is not one just created by the United States, but a goal that is international among other Western Democratic countries, which will be addressed in a later section.

The same article also pointed out that spreading democracy was seen also as a security objective:

> The administration's September 2002 National Security Strategy, which lays out our post-September 11 strategic vision, prominently features democracy promotion. The strategy describes it as a core part of our overall national security doctrine and commit is us to help other countries realize their full potential:
>
> In pursuit of our goals, our first imperative is to clarify what we stand for: the United States must defend liberty and justice because these principles are right and true for all people everywhere.... America must stand firmly for the nonnegotiable demands of human dignity: the rule of law; limit is on the absolute power of the state; free speech; freedom of worship; equal justice; respect for women; religious and ethnic tolerance; and respect for private property. (Dobriansky)

There are questions pertaining to the effectiveness and actual motivations behind the Bush objective of democracy promotion, but overall it was a large part of public speeches and supposedly of the foreign policy objectives.

Some of the programs that the later Bush Administration set out are still working today in the quest to promote democracy through aid. One such program is the Millennium Challenge Cooperation or the MCC that has the expressed purpose of giving economic aid on the basis of having a stable democratic government. During a conference that was held at Stanford in 2008, it was agreed that

"MCA/MCC funds are allocated on the basis of ex ante conditionality.

> Countries must demonstrate their commitment to governing justly, investing in people, and promoting economic freedom by scoring relatively well on sixteen third party quantified indicators . . . Three of the six governing justly indicators are measures of democracy." (Gordon)

While the Millennium Challenge Account is technically a non-governmental organization, it is still allocating funds based on the goals set out by the United States government who was pushing such a strong pro democracy agenda under the Bush Administration and is mostly funded by the US Government, which would make it more of a neo non-governmental organization[3]. It has also been said that "AID [another United States aid program] currently has an explicit policy of directing more aid to countries that appear to be making greater progress towards democratization" (Finkel, 413). Thus it comes a little surprise that the economic aid would be conditional upon democratization, but this same popular conditionality is also popping up across other international institutions including the World Bank (though it is important to note that the research of this paper does not deal with specifically conditional aid).

Of course it is also important to note that spreading democracy is not a venture purely created by the Bush Administration (43), but one that has been of concern to the United States with "steadily increasing level of democracy assistance programs from the U.S. since the end of the cold war" (Finkel, 403). It is instead the selectivity and preference in the way that the aid is distributed that has changed.

> In the past two decades, foreign aid overall has become more selective in the following sense: in the second half of the 1980's, aid was allocated in favor of countries with poor economic governance, as measured by an index of property rights and rule of law. Aid was allocated in favor of democracies, but among

[3] A neo-non governmental organization is an organization that is not formally tied to the government but receives government funding.

> low income countries there is not much relationship between democracy and economic governance. . . for multilateral assistance, significantly more aid is channeled to countries with good economic governance, the opposite of the case in the 1984-89 period. . . in the most recent period the latter has a slight relationship to good governance, but one that is not statistically different from zero (Dollar, 2044)

In fact, democratic aid can be seen as far back as following World War II with the promotion of democracy in Germany and Japan on the part of the United States, to US assistance of newly formed democratic countries like Colombia and Venezuela in the 1960's (Diamond, 26).

There has been a thread of democratic promotion by the United States throughout our history, and most clearly seen from the period following World War II to the current War on Terror. It is evident not only in political speeches and rhetoric but also as conditions for screening and allocating aid. The focus on such aid allocation has changed as US goals have changed, but it has been a pretty constant stream throughout the United States political psyche over the past 70 years.

World Democracy Promotion

While I talk in detail about US democracy promotion, these same values are reflected time and again in other Western democratic nations and around the world. This is clearly shown in organizations like the United Nations and World Bank that talk about promoting democracy, but also values such as human rights and civil liberties. More than the democratic regime itself, the rational behind democratic promotion, and the reason why so many developed

democratic countries promote further democratization, include the factors that are associated with being a democracy.

It is believed that there are many benefits to being a democracy that not only the developed democratic countries support. The populous in some non-democratic countries, as well as illiberal democratic countries, have also been pushing for democratic transition from within as was seen recently in the riots and protests that have been spreading across the Middle East. There are reasons such as the promotion of civil rights and freedoms that are seen as essential to the success of mankind and it is the democratic system that is seen as providing for these as seen in the 'rational behind lending to democracies' section of this paper.

The European Union believes heavily in democracy promotion. Not only are all member states democratic, but also one of the conditions for membership is that the country must be a liberal democracy (Schimmelfennig, 495). The EU also funds various organizations and groups that are supporting the promotion of democracy.

> With a budget of €1.1 billion between 2007 and 2013, the European Instrument for Democracy and Human Rights supports non-governmental organizations. In particular it supports those promoting human rights, democracy and the rule of law; abolishing the death penalty; combating torture; and fighting racism and other forms of discrimination. (European Union External Action)

The European Union supports democracy within their own borders and are active supporters of spreading democracy abroad through EU programs. The European Union also supports organizations and institutions that are active in

trying to promote the values that are conducive to democracy.

The United Nations, a compounding of world interests through its representation of so many different states from around the world, also takes a very strong democratic stance; even though several of it is members are non-democratic. This is evident in the creation of a United Nations' Democracy Fund (UNDEF) as well as groups such as the United Nations Human Rights Committee and others that are explicitly created to promote the values that are often linked to democracy.

> UNDEF was established by the UN Secretary-General in 2005 as a United Nations General Trust Fund to support democratization efforts around the world. UNDEF supports projects that strengthen the voice of civil society, promote human rights, and encourage the participation of all groups in democratic processes. The large majority of UNDEF funds go to local civil society organizations -- both in the transition and consolidation phases of democratization. In this way, UNDEF plays a novel and unique role in complementing the UN's traditional work -- the work with Governments -- to strengthen democratic governance around the world. UNDEF subsists entirely on voluntary contributions from Governments; in 2010, it surpassed 110 million dollars in contributions and now counts 39 countries as donors, including many middle- and low-income States in Africa, Asia and Latin America. . .
>
> UNDEF projects are two years long and fall under one or more of six main areas:
>
> · Community development
> · Rule of law and human rights
> · Tools for democratization
> · Women
> · Youth
> · Media
>
> (UNDEF)

The UNDEF is one example of many different international cooperative organizations that explicitly support the promotion of democracy and the rights and freedoms that are associated with democratic institutions.

Democratic nations and regions also tend to be pro democracy as well, as seen through actions in the United Nations by regions like Latin America, Asia, Africa, and even the Middle East that claim to be very supportive of democracy. There is a trend to support democracy, and almost every country in the United Nations says that they support democracy, even if the reality of their own political institutions might not reflect actual liberal democracy. There are efforts to promote democracy on almost every continent, and with many of the richest nations being democratic and contributing to aid such as Official Development Assistance and other organizations that specifically promote democracy, it would be expected that there would be the same values reflected in the aid distribution itself.

Official Development Assistance

Official Development Assistance is defined as:

> Flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent (using a fixed 10 percent rate of discount). By convention, ODA flows comprise contributions of donor government agencies, at all levels, to developing countries ("bilateral ODA") and to multilateral institutions. ODA receipts comprise disbursements by bilateral donors and multilateral institutions. Lending by export credit agencies—with the pure purpose of export promotion—is excluded.
> (OECD Glossary of Statistical Terms)

The international community, in order to create a more nuanced definition of Official Development Assistance, placed limits on reporting as presented below.

This is often the decisive criterion for determining ODA eligibility. In the final analysis it is a matter of intention. But in order to reduce the scope or subjective interpretations and promote comparable reporting, Members have agreed to limit is on ODA reporting e.g.:

- Exclusion of military aid - The supply of military equipment and services, and the forgiveness of debts incurred for military purposes, are not reportable as ODA. On the other hand, additional costs incurred for the use of the donor's military forces to deliver humanitarian aid or perform development services are ODA-eligible.

- Peacekeeping - The enforcement aspects of peacekeeping are not reportable as ODA. However, ODA does include the net bilateral costs to donors of carrying out the following activities within UN-administered or UN-approved peace operations: human rights, election monitoring, rehabilitation of demobilised soldiers and of national infrastructure, monitoring and training of administrators, including customs and police officers, advice on economic stabilisation, repatriation and demobilisation of soldiers, weapons disposal and mine removal. (Net bilateral costs means the extra costs of assigning personnel to these activities, net of the costs of stationing them at home, and of any compensation received from the UN.) Similar activities conducted for developmental reasons outside UN peace operations are also reportable as ODA, but not recorded against the peacekeeping code. Activities carried out for non-developmental reasons, e.g. mine clearance to allow military training, are not reportable as ODA.

- Civil police work - Expenditure on police training is reportable as ODA, unless the training relates to paramilitary functions such as counter-insurgency work or intelligence gathering on terrorism. The supply of the donor's police services to control civil disobedience is not reportable.

- Social and cultural programmes - As with police work, a distinction is drawn between building developing countries' capacity (ODA-eligible) and one-off interventions (not ODA-eligible). Thus, the promotion of museums, libraries, art and music schools, and sports training facilities and venues counts as ODA, whereas sponsoring concert tours or athletes' travel costs does not. Cultural programmes in developing countries whose main purpose is to promote the culture or values of the donor are not reportable as ODA.

- Assistance to refugees - Assistance to refugees in developing countries

is reportable as ODA. Temporary assistance to refugees from developing countries arriving in donor countries is reportable as ODA during the first 12 months of stay, and all costs associated with eventual repatriation to the developing country of origin are also reportable.

- Nuclear energy - The peaceful use of nuclear energy, including construction of nuclear power plants, nuclear safety and the medical use of radioisotopes, is ODA-eligible. Military applications of nuclear energy and nuclear non-proliferation activities are not.

- Research - Only research directly and primarily relevant to the problems of developing countries may be counted as ODA. This includes research into tropical diseases and developing crops designed for developing country conditions. The costs may still be counted as ODA if the research is carried out in a developed country.

- Anti-Terrorism - Activities combating terrorism are not reportable as ODA, as they generally target perceived threats to donor, as much as to recipient countries, rather than focusing on the economic and social development of the recipient.

(OECD: Is It ODA?)

Official Development Assistance is aimed at promoting developing countries and allowing them to expand economically and hopefully promote a stronger more self-sufficient country. ODA is even seen as a way to end world poverty by the United Nations. In their Millennium Development Goals, the UN set out the goal of setting forth "0.7% of rich-countries' gross national product (GNP) to Official Development Assistance" (Millennium Project) in the hopes that it would bring enough economic development that the poorest countries are able to provide for their poorest citizens. As pointed out in the definition, ODA is disbursed by donor government agencies to the beneficiary governments and multilateral institutions. The main purpose of this aid is supposed to be purely for the economic welfare of the beneficiary country, thus the reason for all of the exemptions. Yet as we have seen, this also serves the purposes of the developed

countries as well to the donors are providing these funds to the developing countries.

With the United States being the largest ODA donor, lending almost twice as much as the next largest aid donor, these democratic policies and objectives should show up in the data based on aid allocations. Other w=Western democratic countries should follow suit, and making up the largest portion of ODA donors, their policies of democracy promotion should be more represented within the ODA lending patterns. While ODA includes lending non-democratic as well as illiberal democratic countries, these countries account for a rather small portion of the total amount of ODA funding. So even if the non-democratic countries do not have policy objectives of democracy promotion, their small amount of lending with different objectives shouldn't hide a preference for democracy within the overall ODA data, if there is one.

Rational Behind Lending to Democracies and Aid Effectiveness

> Winston Churchill is often recognized for his quote saying
>
> Many forms of Government have been tried, and will be tried in this world of sin and woe. No one pretends that democracy is perfect or all-wise. Indeed, it has been said that democracy is the worst form of government except all those other forms that have been tried from time to time (Hansard, November 11, 1947).

When it comes to efficient aid allocation, the research that I have seen suggests that Winston Churchill is correct and that democratic governments distribute aid

better than the rest, which is yet another reason for preference in aid distribution to democratic regimes. This leads to the question, why democracy?

Aid effectiveness has been an issue at the forefront of discussions on how to not only distribute aid effectively, but also in terms of the aid simply getting allocated to the purposes it was meant for and serving the people effectively. The World Bank views good governance, particularly that democratic nations as more prone to good governance, as a way to better distribute aid and have more meaningful progress towards the goals of the aid, but there are other rationales at play as well (Santiso, 5). This goal of good governance is a way of promoting not only better aid allocation, but also furthers the perception that democratic regimes are better than non-democratic regimes.

There is a great deal of research and data on the ineffectiveness of aid. This research examines and seeks to explain why aid does not get to where it is directed, often finding that aid being used by corrupt officials for their own personal gains. Authors including Santiso (2003), Killick (1997), Dreher (2004), Vaubel (2004), Schimmelfnnig (2003), Engert (2003), Knobel (2003), Ramcharan (2002), Svensson (2002), Nunnenkamp (2010) and Ohler (2010) are just a few who have undertaken studies that found aid allocation to be ineffective regardless of the different efforts to solve the problems of inefficient aid allocation. These individuals and other researchers show a deep skepticism for aid allocation in itself and how much good it is actually doing when it is not reaching the people it was targeted to help.

Even with data that suggests that aid is ineffective, there is still hope for some effective allocation. There have been several studies conducted that also found that while aid allocation is often ineffective, when comparing democratic regimes with non democratic countries, they found that democratic countries have a much higher chance of having aid allocated to the people it was targeted for. Such optimistic authors include: Svensson (2002), Finkel (2007), Linan(2007), Seligson(2007), Knack (2004), Pritchett (198), Kaufmann (1998), Lipset (1959), Kosack (2003), Roodman (2007), Levitisky (2005), Way (2005), Morrison (2007), Plar (2007), Burnell (2004), Ross (2006), Owusu (1998) and Iimi (1998). These authors are but a few that found that liberal democratic regimes are better at allocating aid effectively than non-democratic and illiberal democratic regimes. Michael Ross states that, "there is good evidence that democracies fund public services at a higher level than non democracies" (Ross, 860) and this whole concept is great when it comes to giving out aid. The primary reason for giving out aid is to make a difference, and when liberal democratic regimes are more likely to invest in greater amounts towards the public than other regime types, it seems that it is a clear ringer for preferring countries that are democratic over those that are not.

Amartya Sen illustrates that there are three rationales for promoting democracy:

> The first argument is that democracies, through the electoral process, allow the poor to penalize governments that allow famines to occur; and political leaders, acting strategically, will therefore try to avert famine. . . Sen's second argument is that democracies are better than non democracies at transmitting information from poor and remote areas to the central government, thanks to freedom of the press . . .

> and the third theory suggests that democracies tend to help the poor by producing more public goods, and more income redistribution, than non democracies. (Ross, 861-862)

These rationales are often what motivate the preference for democratic systems. Democratic regimes seem far better equipped to address the needs of the people and be more responsive to them, thus promoting the ideals behind the aid as well as getting the aid out to the people it concerns. However, even with this rationale behind preferring to lend to democratic countries over those that are not, "it is not obvious that these infusions of money actually reach the poor; nor is it obvious that they produce better social outcomes" (Ross, 860). Even though it makes sense to prefer lending to liberal democratic regimes, there is still no clear evidence showing that the aid sent to liberal democratic regimes is better allocated and reaches the people better compared to other regime types.

> In fact, there is a view that trying to tinker with the institutions of state is not an optimal way to democratize regimes that fall short of being full liberal democracies. That approach can all too easily be co-opted by a regime that has no intention of going the full distance, but is only interested in partial liberalization – making concessions to buy time and to deflect pressure for more substantial political change (Burnell, 110)

This is in line with my research question of whether the efforts to turn non-democratic countries into full on democracies causes more harm than good. In fact, this lending pattern can result in lack luster progress which is only enough to appease the lenders into giving them more aid while not achieving meaningful democratization. Aside from the reasoning behind allocating aid to more democratic countries, there is also the assertion that countries who are moving

towards democratization receive more aid (something that I will be addressing in my paper).

> Kanck claims in this regard that "AID currently has an explicit policy of directing more aid to counties that appear to be making greater progress towards democratization" . . .[though it is unclear if this is even the case] (Finkel, 413)

Even with the belief that democratic countries are better at allocating aid, it is important to recognize that there can be harm done through democratic promotion as well. Larry Diamond in his article "Promoting Democracy" is one author who explains that democracy promotion, and specifically "Western" style democracy promotion is harmful.

> 'Promoting' democracy does not mean 'exporting' it. Except in rare instances, democracy does not work when foreign models are imposed, and many features of American democracy are ill-suited to poor, unstable, and divided countries. Moreover, a missionary zeal for America's specific institutions and practices is more likely to provoke resentment than admiration (Diamond, 1)

He goes on to point out that the West's support and promotion of capitalist ideals are not only non-democratic in nature, but are also potentially harmful. This support of neo-liberal ideals goes hand in hand with the current model of democracy promotion carried out by institutions such as the IMF in Latin America and other parts of the world for countries that simply weren't ready yet to take on such models of governance.

There has been research into this matter of democratization and the structural aspects that are often associated with such transformations. One author finds the structural conditions towards democratization to actually be counterproductive and even harmful when it comes to Africa. Rather than the

democratization itself, he find the means of allocation and aid allocated as being one of the largest contributors to the struggle to build African democracy and points at the donor countries, which are often former colonial powers, as one of the main forces acting against the success of African democratization. He concludes his article by saying

> Africans who have been struggling to bring democracy to their societies are now finding themselves the beneficiaries of growing international sympathy and support. All too often, however, well-wishers of African democracy in the West have been led astray by insensitivity to local conditions and erroneous theories (like those underlying the imposition of structural adjustment programs). Misguided support, however sincere, is bound to prove counterproductive. The West must guard against this by recognizing that Africa's democrats know what they are doing, and that they should be helped to advance their own agenda. (Ake, 44)

Along with considering the implications of such Western democratic promotion in the countries that are receiving the aid, there are also objections and questions about how much the aid helps to further the donor countries' goals.

There was an article that questioned the "premises of democracy promotion" (Goldsmith, 120) and found some severe flaws in the rationale of it.

> The rationale for blanket democratization is mistaken on two counts: it fails to differentiate sufficiently between partial and full democracy, and it glosses over the challenge of helping authoritarian countries avoid the first and obtain the latter. At issue is not the goal of expanding he number of constitutional representative political systems in the world. Such systems are fine in concept, but the preponderance of empirical evidence shows that means do not exist to produce more of this type of government consistently from outside. Awareness about the alternative likelihood of harmful consequences, especially in the short and medium term, is critical. (Goldsmith, 145)

His objections to democracy promotion are not based on the values that they promote, but on the realities of the aid distribution itself. Rather than feeding the stable, effective liberal democracies, the ones with civil liberties and human rights, it is supporting the illiberal democracies. The studies show that the aid does not get the illiberal democratic regimes to transition to more liberal ones. This reality is potentially harmful to the hopes of promoting future strong democratic regimes instead of supporting the countries that wish to maintain the status quo and, as I will point out later, it is also potentially threatening to the stability of the country in itself.

Democratic Peace Theory and Country Stability

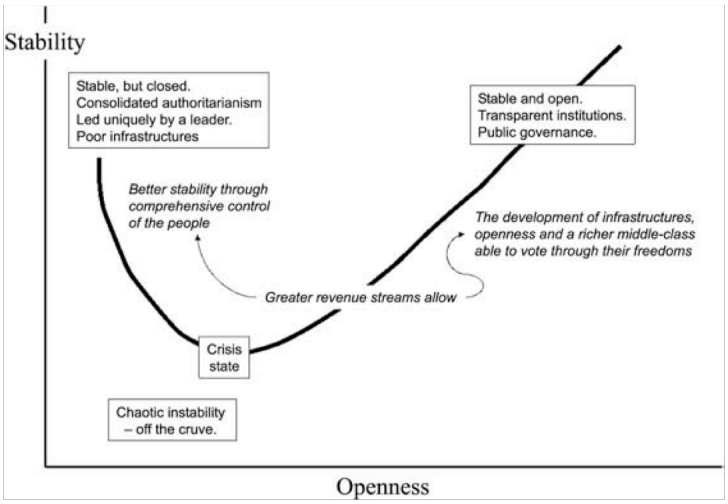
Another reason that states promote democracy is that it will reduce the possibility of international conflicts. This is based on democratic peace theory, which is the idea that democratic countries do not fight one another. This theory was first proposed by Immanual Kant in his essay "Perpetual Peace" written in 1795, even though he does not often receive credit for his assertion, and has since been studied and promoted by other authors as well (though it should be noted that he addressed liberal states rather than democratic countries specifically). Such authors include Small (1976), Singer (1976), Doyle (1983), Rummel (2005), Maoz (1993), Abdolai (1989), Russett (1995), Köchler (1995), Ray (2003). This assertion of democratic peace has been a popular one. As John Owen points out:

> 'Democracies do not attack each other,' President Clinton declared in his 1994 State of the Union address, meaning that 'ultimately the best strategy to insure our security and to build a durable peace is to support the advance of democracy elsewhere. (Owen, 87)

While Democratic Peace Theory in itself seems sound, there are various authors who have also pointed out objections to this theory, authors including Owen (1994), Senese (1999), Chan (1997), Rosato (2003), and Kurki (2010). They believe that it should instead be applied on a smaller scope and limited to encompass liberal democracies. Although there are various theories about what aspects of liberal democracies are responsible for the peace[4], it is relatively uncontested that liberal democracies have not historically fought with one another. This has often led to the reasoning behind democracy promotion in foreign policy and why democratic nations are seen as the political ideal. However, an important aspect that should be noted -- it is often their stability, not democracy, that is attributed to this ability to maintain peaceful relations with other such countries.

One such model (below) that is often used to explain this phenomenon is the J-curve proposed by Ian Bremmer in his book "The J Curve, a New Way to Understand Why Nations Rise and Fall."

[4] *Some explinations are that democratic countries are economically linked together and so are unlikely to fight with one another because it would not be in their best interest to lose trading partners.
*Another explination is that democratic institutions are more responsive to their people and held accountable so they are not willing to take place in the fighting.
*A third explination is that the norms of a democratic system itself encourages negotiation and compromise resulting in more peaceful conclusions to conflict.



(Kidd)

Bremmer discovered that there is a tendency for two types of regimes to be stable; that of the most authoritarian and the most democratic regimes. The graph shows a relationship between stability (the most stable countries being the least likely to break down in civil strife and have fighting within the country) and openness (how restrictive or open a country is with authoritarian states being the least open and liberal democracies being the most open states). This model has been backed up not only by Bremmer's research, but has also been furthered by authors such as Paul Senese (1999) who takes the model to another level to also include maturity of the state. Senese points out that

> Joint democracy imparts disparate effects on the hostility intensification of disputes, in terms of direction and magnitude, depending on maturity levels. Similarly, the magnitude of the joint maturity impact is contingent on democracy level" (Senese, 483)

He found that not only are the more stable democracies more peaceful, but also the length of time that the country has been democratic impacts the probability that a country will go to war. This has aid implications in terms of persuading the country to become democratic and encouraging it to remain a liberal democracy

in order to assure real stability and decrease the likelihood of that country having violent conflicts.

Stability in the liberal democratic countries, paired with evidence that aid distribution is most effective and efficient in the liberal democracies, would imply that the policy goals would be to get countries to liberalize. The model would suggest that becoming democratic is not enough to be a stable country with good governance. Rather, being a liberal democracy, where the countries are more prone to peaceful influence and less likely to go to war, would be the more beneficial choice for aid and the future stability of a country.

Bremmer's model would also suggest that it is important to move counties out of the middle range, where there is the highest chance of conflict (so countries that are less authoritarian all the way up to being illiberal democracies) and try to get them to either side of the spectrum where they are more stable (aka the authoritarian and or liberal democratic regimes).

With the number of countries that are illiberal democracies rising and leaving the vast majority of nations in that dangerous, in between stage of being neither truly authoritarian nor truly liberal democracies, it can imply that these are the most at risk nations for strife. Perhaps current trends of revolution and fighting in the streets are examples of the danger of being in that middle range, as we have lately seen with countries like Tunisia, Egypt, and even Libya.

From all of this, it should be clear that the goals of aid should be to encourage countries to move towards being liberal democracies and thus lead to meaningful stability. That is the range in which the UN goals as well as the United

States policy goals will be met of stability, economic strength, as well as the promotion of civil liberties and human rights. Also with this trend, it would suggest that donor countries and institutions should have a preference in aid for the liberal democratic countries, and that they should be trying to move the countries that are in the middle of the openness scale towards being liberal democracies.

In summary, for the purpose of this paper, I am considering two different types of democracies, those that are liberal democracies like the Western European democratic countries and the United States, and countries that are illiberal such as Egypt and most of Africa. The United States as well as other Western Democratic countries have all been promoting democratization and have policies and programs that are aimed at fostering democratic transitions around the world. While Official Development Assistance is not specifically targeted at democratization, it should reflect the policies and preferences of the donor countries that mostly have pro-democracy agendas with liberal democratic countries making up the majority of the money lent. On top of having political reasons for supporting democracy, there are also the matters of aid effectiveness and aid being better distributed in liberal democratic countries than in non-democratic countries. These findings that liberal democracies are better distributing the aid illustrates yet another reason for preferring to give aid to liberal democratic countries over that of less democratic regimes. Finally, under the J-Curve and Democratic Peace theory, we find that it is best to have countries either be complete liberal democracies or authoritarian for the stability of a

country. Given the trend of Democratic Peace theory, where liberal democracies do not fight one another, it would seem that liberal democracies would be the best goal to shoot for in terms of peace, but also in terms of political goals as well as effective aid distribution.

III. Hypothesis

My hypothesis is that there will be a preference in aid allocation to countries that are moving towards democratization over the more authoritarian regimes that are not. If this is the case, and the countries are illiberal but receiving huge amounts of funding and support from these Western democratic countries, then it would strongly suggest that the motivation for democratization of these authoritarian countries would be to receive larger amounts of aid. Such motivations might come not only from the aid, but also from the other support and incentives that are present in joining the 'democracy club' such as trade incentives and political partnerships, though this would require future research to look into it that is not addressed within my paper.

I will be using Polity IV to measure regime type (how authoritarian or democratic the country is). This will be compared with ODA disbursements to determine the amount of aid allocated as well as the changes in aid. I will expand upon this further in the methodology section.

IV: Methodology

The question being addressed is "if aid is able to influence countries to democratize?" When looking at this question the dependent variable is

democratization. As stated, I am trying to figure out if aid influences this transition and if the aid promise of more economic inducement is enough to encourage a country to make the transition. My independent variable, aid, will be measured by ODA as it is a significant amount of the aid that countries receive, and is primarily provided by Western democratic countries. This should then reflect the policies and ideologies of these countries.

The first challenge that I faced was finding an aid program that promoted democracy. While, I was originally going to look at World Bank political conditional aid programs, I was unable to access that information[5]. However, ODA also provides data on country-by-country aid allotments each year for the past 10 years from 2000 to 2009. The use of multiple years permitted me to compare the changes in aid over time, and to see if the changes in regime type had any impact on aid allocation. Another benefit of using ODA is that it accounts for large amounts of aid that developing countries receive (120 billion dollars in 2009 alone) (OECD, DAC Statistical Tables). Since the largest donors are western democratic countries the aid allocation would thus reflect western democratic ideals and policies (OECD, DAC Statistical Tables). I gathered the data from a website called AidFlows since they had the year by year statistics on ODA received by the beneficiary countries as well as the donor countries and then complied that data into an Excel® spreadsheet.

[5] I looked through various World Bank programs, but none were specific enough to asertain if they were based in conditional aid. They were also specific to each different country and thus could not provide a pool of conditional aid reciving countries. After that I called the World Bank on several occasions, as well as e-mailing them, and got the answer that they did not have the information that I needed, or simply would not help me.

The next challenge was finding an index to judge regime type. While a number of indices were considered (to be discussed in the next paragraph), I decided to use Polity IV for several reasons. The first of which is that this particular index measures regime type specifically along the spectrum of democratic to authoritarian.

> "The Polity conceptual scheme is unique in that it examines concomitant qualities of democratic and autocratic authority in governing institutions, rather than discreet and mutually exclusive forms of governance. This perspective envisions a spectrum of governing authority that spans from fully institutionalized autocracies through mixed, or incoherent, authority regimes (termed "anocracies") to fully institutionalized democracies." (Polity IV).

Another reason that I used this index is because others failed to address regime type.

Although the Freedom House index also has a metric for "freedom," I preferred an index not associated with a specific agenda of the government that helps to fund it. "Freedom House is an independent watchdog organization that supports the expansion of freedom around the world. Freedom House supports democratic change, monitors freedom, and advocates for democracy and human rights" (Freedom House). Another index considered was the Economist Intelligence Unit's Democracy Index, which measures democracy on a scale of 0-10 with 10 being democratic and 0 being the most restrictive authoritarian regime (Economist Intelligence Unit). The largest problem with this index though is that I couldn't get the information and index for more than 2010 and 2008.

Polity IV has a scoring system that ranges from -10 to 10[6], along with this shifting scale, they take into account the operations and freedoms of the governments to act both on the side of an authoritarian regime as well as a democratic one.

Bias within Indices

Of course, it is important to recognize some of the bias within the research design. It is operating within the bias of Western democratic countries, which are giving the aid, according to their standards and conditions. By operating within these biases though, it can also help to gauge the type of reform that is occurring. Isolating all other factors, we can see what the effectiveness of such aid towards encouraging democratization of non or less democratic countries is, as well as possibly of uncovering the lending trends of the Western democratic donors.

An additional bias that is unavoidable is the methods of judging the effectiveness of the democratic regimes is highly colored by the United States agenda, especially since they are so heavily funded by the US. In fact according to the Freedom House 2007 Financial Report, the US government provides 66% of their funding worth 10.5 million dollars per year, which is a strong case to be bias towards the US political agenda. There is also the issue of transparency within the process of judging and classifying the information as well (Freedom House

[6] Polity IV uses a numerical system of judging countries from being most authoritarian, with a score of -10, all the way to the most democratic with a score of 10. All countries fall somewhere between the -10 and 10 scores unless they are facing transitions which receives a score of -88, are in a state of anarchy which is a score of -77, and they also have a score of -66 which is in the case of countries that are under foreign control.

Financial Report 2007). These different programs lack transparency in how they get their information and then classify it. A criticism from authors such as Munck and Verkuilen write:

> Obscuring the entire exercise [of measuring freedom or the type of government], very little is done to open the process of measurement to public scrutiny. . . the sources of information are not identified with enough precision so that independent scholars could reanalyze them. To make matters even worse, the failure to make public the disaggregated data ensures that a scholarly, public debate about issues of measurement is virtually impossible. In the end, the aggregate data offered by Freedom House has to be accepted largely on faith (Munck, 21)

By not revealing sources of how the indices gather their information, it allows them to use whatever means they wish to determine the levels democracy without worrying about the correctness of the method which leaves a huge question as to the validity of the models. As a result they could be using bias methods, a small, inaccurate collection of informants, and it is easy to twist the information to suit the answers that Freedom House or any other index wants for their own purposes and without transparency there is no way to prove the validity of their tests. Kenneth Bollen writes about his objections to democracy indicators that come from the West. He says that what the indices use to measure democracy, as well as the fact that these indices use incorrect or biased information that skews the results to give the answers and level of freedom that their bias prefers. He sums up his finding with "These include the relation of the country being rated to the judge's home country, the political orientation of the judge, or any personal stakes in the rating" (Bollen, 18). Regardless of what the findings are, they will be skewed by the perceptions of the home country where

the indicator comes out of. In this case, Freedom House and Polity IV, both come from the United States, which cannot be ignored and suggests a possible skew towards the United States agenda and policies. For my purposes, Polity IV is appropriate, but for future and further detail, it is important to take these biases into account and recognize the limitations that come from them.

Of course, it is also important to recognize some of the bias within the research design. The research design is operating within the bias of Western democratic countries who are giving the aid since it is their standards and conditions that are being met. By operating within these biases though, the research can also help to gauge the type of reform that is occurring. Also, isolating all other factors, the research can see if aid is effective in encouraging democratization and or liberalization.

Limit is to Official Development Assistance

For this research, I am using Official Development Assistance totals. This means that the ODA numbers and changes in aid will also encompass the preferences and policies of other countries whose democratic priorities do not align with those of the United States and Western Europe. There are currently 50 donor countries whose contributions are included in these statistics, and while the US and Western Democratic countries account for the vast majority of aid allocation, there are still contributions from countries like China, Saudi Arabia, and Oman to name a few. Since some of these countries have values different

from democracy promotion, this difference in values could provide a skew in the data and contribute to a no correlation conclusion.

Another possible problem with the Official Development Aid as operationalization for my independent variable is that it does not specifically target democratization. As mentioned earlier in my literature review, this is aid reported by donor countries and is allocated for the expressed purpose of economic development. While this economic development can take the form of building industry, improving education and setting up infrastructure, to name a few, it cannot be explicitly political in nature. Since my study is trying to connect political motivations with economic ones, there is not a direct connection between the aid in itself and conditions towards democratization. The study is instead going to be a matter of assessing whether or not there is a trend of preferential aid allocation towards more democratic countries. This limitation could be one that nullifies my study, but since it is preliminary in nature to begin with, using ODA should be sufficient to see if there is a pattern present.

Research Design

I first built a table comparing Official Development Assistance aid allocation to the Polity IV score on regime type. The index in itself was built using the established databases from Polity IV and AidFlows and simply combining the information into my own index that put the two next to one another. The ODA numbers, supplied by AidFlows, covered total aid allocated and claimed by donor countries as ODA around the world with the United States donating over twice as

much as the next leading country of the United Kingdom. While I cover the rationale behind the US democracy promotion policies, my data encompasses the donations by various other countries from around the world. The leading contributors of ODA, behind the United States, are the United Kingdom and Japan, along with the rest of the developed Western European countries who make up the vast majority of donations. There are also other developed countries contributing, like China, Mexico, and Saudi Arabia to name a few. There are 50 aid donors in total who contribute to the ODA totals.

The data on the ODA funding covered the aid allotments from 2000 to 2009 for 154 beneficiary countries. From there I used Polity IV to rank the regime type of these countries on a year-by-year basis. Between the countries receiving ODA and the countries covered in the Polity IV index I was left with 111 countries. For the purpose of my research, the Official Development Assistance is the operationalization of my independent variable and democracy is the dependent variable.

After that I began to graph the data with aid amounts and polity scores on a yearly basis, running regressions to determine if there is a correlation between aid allocation and regime type. My initial results, after running an R^2 test[7], showed that there wasn't any correlation between funding and democratization/polity levels. I also tried to account for lag. Rather than

[7] This test was used to see if the line of best fit, assigned to the graphed information through the regression, was accurate. The R^2 test figures out the significance of the original regression rating the regression from a score of 1, meaning that the line was a perfect match, and from there it drops in accuracy all the way to a 0 meaning absolutely no match.

comparing the polity score with the aid of the same year, I compared the polity score with the aid amount from the following year and ended up with the same results of no correlation.

The next tests that I ran were to throw out all of the polity scores of -88, -77 and -66 to see if these were skewing the data since these were instances of outliers and exceptions to the Polity IV scores. I found that it made the R^2 test results even worse than before with scores of $R^2 = 0.0003$ rather than the $R^2 = 0.1438$ that I was getting for the year 2008 (this was the year with the best R^2 test results).

I repeated both tests to try and account for lag in the funding for one year at a time; for example, I would compare the polity score from 2000 to the aid from 2001. In both cases I found similar results that once again showed no correlation.

Finally I took all of the countries that had had a regime transition during the 10 years of data, with both increasing and decreasing polity scores, and compared the 3 years of funding following the change in polity score to the general trend in changes to policy scores. For the purpose of processing this data, I kicked out countries that only received ODA for 1 or 2 years before becoming donors themselves (this wasn't a large enough pool of data and they were all very democratic countries that became more developed that no longer needed the aid). I also removed countries whose polity scores changed in 2009 or 2008 since there wouldn't be enough data to figure out if their funding increased or decreased which left me with 82 instances of government change over the 9 years

that I used (this included polity scores from 1999 since I was only looking at aid from the following years).

From there, instead of comparing the total aid allocation amounts, I looked at whether or not the aid amounts increased or decreased over the three year period. I also compared the changes with the overall change in aid between all 111 countries that I initially had, so if one year a country's aid increased by less then the overall increase in aid I would consider it to be a mixed result. That way I could rule out increases or decreases in aid that were simple reflections of aid allocation in general. I then figured out if there was an overall increase, decrease or mixed results in aid allocation. The reason for isolating instances of governmental transition was to look specifically at cases of governmental liberalization to see if there was an increase in aid rewarding the changes to more democratic regimes. I also included negative transitions to see if the reverse occurred as well with a decrease in funding in cases of more authoritarian transitions.

Finally I separated the changes into two charts. I split the charts into two sides, one being positive regime transitions and the other being negative regime transitions. Under these two categories I separated the transitions further, starting with countries transitioning from scores of -88 to -6, -6 to -3, -3 to 0, 0 to 3, 3 to 6, and 6 to 10. Under these cases I compared the total number of transitions that occurred, and then the cases of a positive correlation, negative correlation and mixed correlation. (look to chart 1.1 and 1.2)

This too showed up pretty much no correlation within the overall data of an increase or decrease in aid relative to the transition except for three categories, that of the -88 to -6, -6 to -3, and -3 to 0 categories on the positive transition side. This means that these countries increased their polity scores to move towards the more democratic side of the spectrum. All three categories showed a trend of increased aid relative to their increase in polity, but with the number of mixed scores there cannot be a conclusive argument that these transitions always result in aid increases, or even what the motivation behind the change in aid is.

I also repeated the same exercise with aid levels for the three years before the transition (this includes the year that the transition was acknowledged by Polity IV) as seen in chart 1.2. The reason for looking at the three years prior to the transition was to determine if there was an increase in aid before the transition that might have motivated or pushed a country to transition. This showed no real correlation between aid allocation and changes in aid before the transition regardless of whether or not the country was making a positive or negative transition. For the data I threw out all of the cases of transitions before 2000 since I lacked any financial data before 2000, and extended my pool to encompass the data up to 2009. Once again, I judged the changes in aid relative to the overall trends in aid changes for each year and categorized them as having an increase, decreased, or mixed result in aid. There was no clear trend of aid impacting regime changes.

V. Findings

My findings would suggest that there is no correlation between regime type and overall aid allotments. This makes sense for many reasons including

- the different sizes of the countries who are receiving aid (countries like Mexico can take on a lot more debt and would need more aid than small island nations like Antigua and Barbados).
- how willing a country is to take loans from the international community,
- other interests of the donor countries in terms of what they want to fund.

There are also factors such as how developed the economy is, which can play a roll in this since the more economically developed a country is the less official development assistance they should need.

So the first part of the study shows that there is no correlation between aid allotment and regime type, which would suggest that there are other factors determining aid allotment overall.

The second part of the study, where I looked specifically at countries that had regime transitions, showed slightly different results. The first chart 1.1 shows that there seems to be an increase in aid for countries that are transitioning from very authoritarian regimes with scores from -88 through 0 towards more democratic or liberal institutions while countries making transitions from 0 onwards. Both increasing or decreasing the levels of liberalization saw no clear trend towards increasing or decreasing aid.

The other side of my examination of regime transitions, which looked at the aid for the three years prior to the transition, showed no real trend for increasing or decreasing aid that would be meaningful as seen in chart 1.2.

What is interesting about the results of chart 1.1 is that the bulk of the increases in aid would be expected from the range of perhaps -3 through 6, where there are very illiberal democracies, or countries that are on the cusp of democratizing given that the literature says that aid is best allocated to countries which are democratic and providing civil liberties. What I saw was a trend of increasing ODA to the most authoritarian regimes, without a clear preference or real increase in aid to the countries that are already partially democratic and transitioning up the scale towards more liberal democracies.

VI. Conclusion and Future Research

Summary

This was a preliminary study to see if there is an association between aid allocation and democratization, looking to see whether or not aid can motivate democratization. The literature on aid effectiveness, along with United States international policy on aid, would suggest that there would be an increase in aid in cases where meaningful democratization would occur. The results showed that there is no meaningful correlation between Official Development Assistance and democratization, though it suggests that the most authoritarian regimes, when transitioning more towards liberalization, will generally be rewarded with an increase in aid.

Implications

There are several possible implications that can be drawn from this study. The first of which is the gap between United States political discourse on democratization and aid distribution. As pointed out earlier, it would be expected to see an increase in aid in instances where countries made transitions to liberal or even illiberal democracies. Instead, the results would suggest that only the most authoritarian transitions towards liberalization were rewarded with increases of aid and not the countries that were democratizing. Since this study only covers Official Development Assistance from 2000 to 2009, this trend only speaks to the actions and policies of the Bush (43) and end of the Clinton Administrations. However, the data shows that perhaps instead of being so concerned with democratization of countries around the world, they were instead interested in other policy goals. These policy goals could be additional factors that are not a component of this study. However, the results are clear that democracy promotion was one of the least concerns for Official Development Assistance allocation. (There could be a preference for democratic countries reflected in other types of aid. With groups like the Millennium Development Corporation and other governance conditional aid programs that are made to specifically focus on democratic specific countries).

In terms of the beneficiary countries, there are also some interesting implications. For the most authoritarian regimes, there is a huge benefit from the increase in aid at a very low cost for liberalization. Even small moves forward seem to result in an increase in aid, and for transitions from the range of a -10 to

a -7 this could be a great benefit in terms of aid allotments that does not threaten the continued legitimacy of the regime. But for each additional payoff there would be a decrease in benefit relative to the increased possibility of regime change. This is in line with Bremmer's J-curve where the marginal utility of reform is weighted on one side. Initial efforts to liberalize would come at relatively little cost to the very authoritarian regime making positive efforts towards liberalization. This could suggest a possible motivation for the authoritarian regimes to liberalize.

On the other side, this could also have some negative implications for the countries that are in the middle section of the J-curve, the countries that are neither highly authoritarian nor are liberal democracies. Bremmer's curve shows that the countries that are in the middle of the spectrum are the least stable and most likely to have political and social upheaval. These are the countries that are most prone to having civil wars. For the illiberal democracies, these countries could possibly slide back towards being more authoritarian regimes like in the case of Iran. The fact that the trends in aid allocation to increase only to the point of reaching the 0 Polity score is alarming because that would reflect the possibility that aid rewards leaving countries at their most vulnerable stage and at a place where they are most prone to civil wars and instability. Of course there is no evidence from this study that shows that the countries in the middle who do not receive increases in aid after liberalizing go into civil war, but the fact that the aid in itself does not show a trend of increasing after countries transition from a 0 Polity score are potentially worrisome.

Limitations and Future Research

This is a preliminary test so there may be some issues with its assumptions and conclusions; however, there is a definite need for future research with additional tests and methods. One such test that is more sensitive to lag variables as well as expanding the pool of data to be tested would be a great place to begin.

Some challenges are timeframe issues. Since active emphasis and priority on democratizing is newer, following the strong stance of the Bush Administration (43), it might be too soon to see meaningful change. So even if I find that my hypothesis is correct, it could be because there hasn't been enough time for the countries to transition towards a liberal democratic regime. These countries might also be trying to provide more for their people and liberalizing their political system but haven't had enough time and money to really make that meaningful change yet.

When it comes to budgets, they are often set two or three years in advance. For foreign aid budgets, this can be even farther, from 20 to 30 years in advance, so a question is how much of that budget is even changeable. Specifically with the Bush budget (43), President Bush's influence wouldn't even be seen until 2003 even though he was in office in 2001. Even then, the issue comes that even after a president proposes a budget congress can also influence it and change it as well.

Another challenge is isolating the factors that drive the democratic transition. I was not able to control for other factors such as social and international pressures as well as other aid funds/ trade incentives. Even if my theory is true, it might not be the Official Development Aid that is causing this change. In addition, the aid works to create change on many levels including educating and swaying the populace's inclinations and belief systems (there has been a big push around the world to spread democratic ideals and export western beliefs to the rest of the world).

One huge limitation to this process is that it functions under the Western assumptions of democracy, not only from what the 'right type' of democracy is, but also the method of measuring the democracy. It is appropriate for this particular study since it is a means of measuring how far a country is willing to go to meet the demands for aid from Western Countries. But it is also important to realize that the type of democratization that is being pushed for isn't necessarily best for the recipient country, which is yet another area that could use future research.

Something else that is important to note is that aid allocation in itself has many different agendas and when it comes to Official Development Assistance, the spread of democracy is not the most important goal. ODA might be able to show a broader trend, but it is not going to reflect pure interest in regime type of the countries that are receiving aid. Even if it was to reflect political agendas like that of President George W. Bush (43) with his efforts to spread democracy around the world, there are still issues to account for like lag in aid and the effects

of preset budgets. It would also be beneficial to include longer lag variables in future research as well, rather than just three years.

Limits to this process in itself were my own capabilities. I would need to gain a better statistical understanding in order to better comprehend and test this subject, but there were also limit is on factors like data. One of the largest limitations was access to meaningful data. I couldn't get a hold of a lot of the information that I would need in order to do a better job and isolate more of the variables. As I mentioned earlier, I originally wanted to look at democratic conditional aid, but was unable to gain access to the information I would need to conduct such a study. I would also need a larger pool of data rather than just the 10 years and 84 transitions so as to have a more concrete or noticeable trend.

There are so many different variables and factors that need to be addressed and isolated in order to do better research on this question. All of these factors would need to be controlled for their influences and effects on the data, which leaves a lot of room for future research and shows that there is much room to work on in this area of study. Future need for study covers not only looking at other conditional aid programs, but there are many that cover all maters of interest that are widely spread. Another area to look at is what motivates countries to democratize, and what type of democracy they end up having, whether it is a theocracy like Iran vs. the liberal democracies all over the West.

Future research along the lines of my own study would be to look farther into my findings. That should include a qualitative study on the countries that

received an increase in aid after their transition, and what separated them from the rest. It should also include expanding the pool of data for more than just the past 10 years so as to have more conclusive results if that data was available.

It would also be nice to look farther into the stability of the countries that are receiving the aid and if it has increased or decreased their stability. One area would be to look at the 24 instances where aid increased after having a positive transition towards liberalization from highly authoritarian states. If Bremmer's J-curve is true, then this would suggest that these countries should be less stable and more prone to violence, which is yet another area to look at in the future.

An explanation for why the most authoritarian regimes got increases in aid and why the illiberal and burgeoning democratic countries did not get the same type of increase is also a question to be answered by future research.

Another possible approach is to look at democratic specific conditional aid programs and see if there is any type of correlation in terms of encouraging countries to democratize. This would be a better approach since the aid in itself is directly tied to the process of democratization. Governance conditional aid would also be better-equipped draw a correlation between aid and regime type. Unfortunately due to lack of publically available information this might not be possible for some time.

In order to better research the motivations behind countries democratizing, it would be important to look on a case by case basis and try to isolate the largest variables that might have motivated the transition towards a more democratic regime. Then the next step would be to compare other

countries' motivating factors as well to determine what the largest motivators are and if they can be incorporated into aid models.

Yet another area for future research would be to discover if the incentives for democratizing are present beyond aid allotments. Instead looking at whether or not democratic preference will also extend to other benefits such as trade deals and stronger aid funds as well from the Western democratic countries.

Overall, this preliminary study has raised more questions than it has answered. The study lends in itself to much future research in a variety of subjects from the motivation of the developing countries to democratize, all the way to the impacts of the aid and what actually motivates the democratic countries to increase lending in the pattern observed in my research. When I get back to the initial question of whether or not aid motivates democracy, the question is still that I do not know, but hopefully this paper has provided a great starting point to find out if it does.

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›sitive Transitions (aid from after transition)							Negative Transition				
ansitioning from	-88to -6	-6to -3	-3 to 0	0 to 3	3 to 6	6 to 10	10 to 6	6 to 3	3 to 0	0 to -3	-3
ımber of cases	18	12	8	3	6	11	6	8	1	2	5
sitive correlation d increases)	10	6	7	0	1	1	3	1	0	1	1
gative correlation d decreases)	2	1	0	1	1	3	2	2	1	0	2
xed results	6	5	1	2	4	7	1	5	0	1	3

›sitive Transitions (aid from before transition)							Negative Transition				
ansitioning from	-88to -6	-6to -3	-3 to 0	0 to 3	3 to 6	6 to 10	10 to 6	6 to 3	3 to 0	0 to -3	-3
ımber of cases	11	10	6	1	9	7	8	13	0	3	3
sitive correlation d increases)	6	5	2	1	1	2	3	1	0	0	1
gative correlation d decreases)	2	2	1	0	2	2	1	4	0	0	0
xed results	3	3	3	0	6	3	5	8	0	3	2