

# **Coups, Democracy, and Foreign Aid**

by

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# Table of Contents

	<b>Page #</b>
<b>Chapter 1: Introduction</b>	<b>4</b>
Literature Review	5
Recipient Country Profiles	12
Table 1: Recipient Countries Descriptive Data	28
<b>Chapter 2: Hypothesis and Research Design</b>	<b>29</b>
Research Method	29
Table 2: Independent Variables	36
Data Analysis	37
<b>Chapter 3: France</b>	<b>41</b>
Results	43
Table 3: Regression Results for France	43
<b>Chapter 4: Switzerland</b>	<b>47</b>
Results	48
Table 4: Regression Results for Switzerland	48
<b>Chapter 5: The United Kingdom</b>	<b>52</b>
Results	53
Table 5: Regression Results for the United Kingdom	53
<b>Chapter 6: The United States</b>	<b>57</b>
Results	58
Table 6: Regression Results for the United States	58
<b>Chapter 7: Results and Conclusion</b>	<b>62</b>
<b>References</b>	<b>66</b>

## Chapter 1: Introduction

Foreign aid to developing countries and their peoples exists in many forms, such as bilateral, multilateral, and private assistance. The intent behind multilateral and private aid comes from an array of reasons that are hard to pinpoint. Examples are: situations of extreme poverty, natural disasters, and the desire to help children get an education. However, bilateral aid that is “provided directly by a donor country to an aid recipient country” is a form of aid that is important and well documented (DAC Glossary). Donor countries clearly state their foreign policy goals such as humanitarian relief, supporting trade relations, and other good intentions behind their foreign aid donations. However, these donor countries generally fail to cite strategic or self-interested reasons, like maintaining status in the global order, maintaining military relations, or gaining access to export markets.

Foreign aid is allocated to both dictatorships and democracies, with varying reasons for such donations. These reasons vary from humanitarian concerns to crisis relief to commercial interests to strategic relations to supporting democracy. Global interests have been more geared toward democracy since the end of the Cold War, and so I expect donor countries to strongly promote democracy. This promotion of democracy is also supported by the fact that the donors are typically large, industrial, and democratic countries.

A common hindrance against democracy is the coup d'état. A coup is “an illegal and overt attempt by the military or other elites” in a state that unseats the existing executive, which lasts more than seven days (Powell & Thyne 2011). These coups bring about abrupt, unexpected shifts in regimes that would be expected to negatively effect foreign aid allocations. Coup d'états can lead to a dictatorship or a democracy, depending on the intentions of the group of people involved in overthrowing the existing regime. Coups generally lead to a quick change in regime

type that a donor country is unlikely to expect, thus making it of significant interest in understanding donor countries' intent behind aid. With "governments and international organizations around the world...voic[ing] similar support for the spread of liberal democracy and freedom," I expect that when a coup overthrows a democratically elected leader there will be a significant decrease in foreign aid allocations (Coyne & Ryan 2009).

This variation in amount of aid in response to a coup is what I am interested in. I examine the variations between the cases of Cambodia, Cote d'Ivoire, Honduras, Madagascar, Mauritania, Niger, Pakistan, and Thailand, which have all suffered some variation in illegal overthrows in recent years. I chose the donor nations of France, Switzerland, the United Kingdom, and the United States in order to control for other underlying reasons that may also affect foreign aid allocations.

## **Literature Review**

My main research question in this thesis is: what happens to foreign aid allocations after a coup d'état? I analyze the effects of coups on foreign aid under different donors while controlling for other variables that the existing literature has found to be correlated with foreign aid.

Jonathan Powell and Clayton Thyne's *Global Instances of Coups from 1950-2010: A new Dataset*, addresses what a coup d'état is, the lack of recent coup research, and "present a new dataset on coups from 1950 to 2010." While their article does not address foreign aid, the considerations center on the distinct characteristics of a coup and cite previous work on them. However, they do state that "coups can quickly derail the process of democratic consolidation," which I expect will affect foreign aid allocations.

The definition of a successful coup that Powell and Thyne suggest is one that I include in my study, which is, “an illegal and overt attempt by the military or other elites within the state apparatus to unseat the executive that lasts more than seven days” (Powell & Thyne 2011). This definition comes from the views expressed by previous authors on the topic and supports the opinions of the democratic donor countries in my study. The authors go on to suggest, “coups should be of interest to those studying democracy” because “coups are likely to derail the process of democratization and/or democratic consolidation” (Powell & Thyne 2011). I take up this suggestion in my own study by looking at the effect of coups on democracy and foreign aid.

Since the Cold War, foreign aid policy has been more focused on promoting democracy, alleviating poverty, and stimulating economic stability, linking these objectives to the Millennium Development Goals. Although many countries are interested in these goals, in reality many studies have been done about the self-interested reasons behind aid such as colonial ties, trade benefits, and strategic ties, among others. These studies are Lumsdaine’s *Moral Vision in International Politics: The Foreign Aid Regime 1949-1989*, Schraeder, Hook, and Taylor’s *Clarifying the Foreign Aid Puzzle*, Alesina and Dollar’s *Who Gives Foreign Aid to Whom and Why*, and Javed Younas’ *Motivation for Bilateral aid Allocation: Altruism or Trade Benefits..*

The papers I have cited are not an exhaustive list, but some of the very relevant literature to my own study. Such studies have focused on an array of democratic versus non-democratic recipient nations in terms of the effect of this aid as well as the reasons behind it. In the realm of foreign aid, there is much literature on reasons for giving aid to both dictatorships and democracies. It is important to consider these reasons in order to analyze the motives for variations in foreign aid in response to a coup.

In Lumsdaine's book, he discusses the motivations of donor countries for donating foreign aid and argues for ways in which this foreign aid regime might be improved. Lumsdaine discusses the origins of aid, differences in donor countries foreign aid programs and allocations, the development of foreign aid, and the reforms that continually occur within the foreign aid regime. However, he also discusses moral obligations, economic interests, and political interests behind giving aid, which are of more concern to my hypothesis and study. Lumsdaine's study is across Development Assistance Committee (DAC) donor and recipient countries. Some of the main reasons behind aid he discusses are: colonial ties, response to poverty, trade relations, and the hegemonic status relationships between the recipient and donor.

Lumsdaine's results were varied among the different motivations behind foreign aid, but response to poverty and humanitarian need of the recipient country were positively associated with foreign aid allocations. On the other hand, political and economic interests were found to be less influential on foreign aid spending (Lumsdaine 1993). "Those donor countries with the widest global aspirations and interests, and the most possibility of global influence" were also not found to be "vigorous aid donors," so hegemonic status was not influential on foreign aid allocations (Lumsdaine 1993). Lumsdaine also found that trade relations only have a small relationship with foreign aid. Colonial ties were found to have a strong positive influence on foreign aid allocations especially in France, as this donor country "clearly was interested in promoting French influence in its former colonies" (Lumsdaine 1993). And finally, the United States was found to be "motivated in at least half of its bilateral spending by strategic considerations" (Lumsdaine 1993).

Schraeder, Hook, and Taylor's study analyzes the motivations behind the foreign aid allocations of the United States, Japan, France, and Sweden to African recipient countries. They

look at these countries during the last decade of the Cold War and the foreign policy interests associated with this period. The motivations they address are “humanitarian need, strategic importance, and economic potential,” due to their common appearance in foreign aid literature (Schraeder, Hook, & Taylor 1998). They also address not so commonly cited motivations, which are, “cultural similarity, ideological stance, and region” (Schraeder, Hook, & Taylor 1998).

The results were different across the donor countries, but the United States and France are particularly important to my study as I analyze these two donor countries and the authors found interesting results for them. Although this study was done with special interests in Cold War foreign policy, and the donor countries did have the prevention of communism as a goal, the results are still relevant to my period and are important considerations to carry over time.

For the United States, they found that “U.S. foreign aid [was] being driven by strategic and ideological interests associated with the cold war,” and “the existence of a security alliance ensured the generous provision of foreign aid” (Schraeder, Hook, & Taylor 1998). The importance of Cold War interests were also highlighted during this time period as Marxist regimes received little to no aid compared to capitalist countries that were considered Cold War allies (Schraeder, Hook, & Taylor 1998). Humanitarian need was another important influencer of foreign aid allocations as “American aid was consistently provided to African regimes that had ‘consistently worse economic growth rates’ than those enjoyed by other African countries” (Schraeder, Hook, & Taylor 1998). Finally, trade relations were also found to have a positive relationship with United States’ aid levels, so the more trade done with the recipient countries, the more aid the United States allocated (Schraeder, Hook, & Taylor 1998).

For France, the results follow a similar pattern to Lumsdaine’s results in that France’s main goal is “first and foremost promoting the *rayonnement* (spread) of French culture [and] is



strongly supported by the statistical results” with “a positive relationship for the category of former French colonies” (Schraeder, Hook, & Taylor 1998). Colonial ties were also found to have an underlying connection to military ties and strategic importance, as “French aid levels were positively associated with military force as a percentage of population” (Schraeder, Hook, & Taylor 1998). Schraeder, Hook, and Taylor also found that economic interests were not influential in France’s aid allocation determinations. These motivations behind France’s foreign aid policy have been critiqued as it seems that “as long as authoritarian leaders continued to underscore their commitment to close ties with France, they were unlikely to find themselves under heavy pressure from Paris to democratize” even though France “concerns support for democracy in its former colonies” (Schraeder, Hook, & Taylor 1998). This is particularly relevant to my study of the relationship between democracy, coups, and foreign aid.

Another study is Alesina and Dollar’s, which looks at aid allocations and the motivations behind it. The study includes many variables such as colonial ties, political alliances, humanitarian need of the recipient country, and democracy. In this study, colonial ties were once again deemed an important influencer of foreign aid allocations along with political alliances (Alesina and Dollar 2000). Alesina and Dollar also found that recently democratized countries received aid increases and take this variable as their main hypothesis. The United States was also found to have special strategic interests with the recipient countries, especially in the Middle East (Alesina and Dollar 2000). Humanitarian need of the recipient countries was also important, as “most donors give more to poorer countries,” with the exception of France (Alesina and Dollar 2000). Finally, democracy was found to have variations in affects among the donor countries’ aid allocations, with France paying no attention to it and the United States’ aid having a positive relation linked to higher levels of democracy (Alesina and Dollar 2000).

Finally, Javed Younas' *Motivation for Bilateral aid Allocation* views trade relations, humanitarian need of the recipient countries, and strategic concerns as influencers of foreign aid allocations. From the results, trade benefits do serve as an influencing positive factor on aid allocations as "donors seem to have their economic interest in encouraging their imports through aid" (Younas 2008). Also, alleviating infant mortality was stronger than reducing poverty in the recipient countries, but overall humanitarian need of the recipient countries are an important influencing factor on foreign aid allocations (Younas 2008). Aid was also found to be "mostly concentrated towards less populated countries" and "for the United States, political and strategic concerns appear to be stronger than economic gains from aid allocation" (Younas 2008). This study was done in the Post Cold War era, showing that the results will be important to my own study.

Focusing on the post Cold War era is important to my analysis of the relationship between coups, democracy, and foreign aid allocations. In Fox and Roth's *Democracy and International Law*, the article discusses the shift of foreign policy goals from Cold War interests to post Cold War interests. The article states that "prior to the events of 1989-91, 'democracy' was a word rarely found in the writings of international lawyers" and "whatever one is to make of the developments in the 1990s, it is now clear that international law and international organizations are no longer indifferent to the internal character of regimes" (Fox & Roth 2001). The article also addresses the global view on military coups, which is important in my study. This view is that: "military coups against democratically elected Governments by self-appointed juntas are not acceptable" and "once marginal events in the eyes of international law, are [now] increasing[ly] condemned as illegitimate exercises of state power" (Fox & Roth 2001). These

reactions coupled by the negative views of the democratic, donor countries on coups should have a negative effect on their foreign aid allocations, which is what I argue in my study.

These studies address various reasons donor countries have for giving foreign aid in general, across varied donor and recipient country datasets. The literature shares similar independent variables of trade, hegemonic status, humanitarian need of the recipient countries, strategic interests, and colonial ties. However, there is a hole in terms of literature explaining why aid is given to nations that have undergone a coup d'état and none go in depth about the relationship between foreign aid and coups. So, I further develop the arguments of the literature discussed by examining the effect of a coup d'état's occurrence along with these other possible confounding variables across eight recipient countries and four donor countries' aid allocations to measure the true interest in democracy by donor nations. I expect to see similar impacts with these variables even when examining the relationship between foreign aid variations in relation to a coup.

I also control for Cold War foreign policy interests by focusing on a ten-year period starting a few years after the end of the Cold War. I chose 1995 to 2010 in order to give a margin between the end of Cold War interests and new foreign policy interests while stopping at a year that is not too recent so the effects of the coups can be fully analyzed. I decided to control for this because during the Cold War, regardless of democratic levels or coups, the United States and other nations gave continued aid to an array of recipient countries. With the goal of the eradication of communism, democracy levels were not important, but in my study this is what I consider and analyze the strength of, since a coup often affects democracy.

### **Recipient Country Profiles:**

Throughout history, many countries have experienced coups, creating national and a decrease in freedom and democracy. A coup d'état has occurred in each of the recipient countries I have chosen, and I expect these coups to have a direct effect on the donor countries' aid allocations. This effect will be in the form of aid curtailments, as a decrease in democracy will conflict with the donor countries' stated commitment to democracy. The four donor countries I include are France, Switzerland, the United Kingdom, and the United States of which I will discuss in their own chapters.

The recipient country sample in my study varies in several different aspects, and includes: Cambodia, Cote d'Ivoire, Honduras, Madagascar, Mauritania, Niger, Pakistan, and Thailand. Five of the recipient countries are former French colonies, one is a former British colony, and two have no former colonial ties, making the selection varied in order to highlight the colonial ties independent variable. The countries are also varied in locations across Africa, Central America, and Asia. There are also varied military and trade relations among the donor countries and recipient countries. Finally, the cases are all relatively poor third world countries, but with varying population amounts, per capita income levels, and infant mortality levels. The recipient countries, together, create a varied set with a partial bias to former French colonies as more than half of the sample includes former French colonies. This partial bias is not by choice, but because there have been a disproportionate number of recent coups in former French colonies.

A coup is in itself an undemocratic procedure, and generally leads to higher freedom ratings and lower democracy even though it can occasionally lead to democracy. So, I would expect to see substantial decreases in foreign aid allocations after the overthrow of a democratic

leader. When a substantial decrease in aid does not occur, this is contrary to what is expected, based on the international norms discussed above. Each coup in my sample does lead to an increase in the country's freedom rating, which means a decrease in the overall levels of democracy and freedom, except for Mauritania's first coup. This coup is followed by a decrease in the country's freedom rating as the overthrow led to the establishment of a democratic government, though this government was quickly removed in the second coup in 2008.

Analyzing these continued foreign aid distributions helps to understand the true strength of promoting democracy and good governance within donor nations' foreign policy interests. In this next part of the chapter, I will now describe the eight recipient countries in my sample and their relevant characteristics.

### ***Cambodia***

Cambodia is a relatively small, poor country with a large population. The population of the country is the sixth largest at about 14.4 million. It is also the third poorest country according to its per capita income of \$782.62 from the sample. The infant mortality rate of the country is in the middle range of the recipient country sample as well. All these factors show that within the sample set Cambodia is a country with average to high humanitarian need.

Cambodia is a former French colony, creating strong political and economic ties between the two states. Cambodia gained its independence in 1954, which is earlier than most of the recipient countries in my sample as a consequence of the war in Indo-China. The country has suffered from much political violence since gaining its independence and is a generally unstable state, even before it suffered a coup in July of 1997. In this coup, Hun Sen seized power causing the United Nations to refuse to recognize the coup's newly established government, and the Association of Southeast Asian Nations postponing Cambodia's admission to the organization

(Freedom House Cambodia Freedom in the World Report 2013). The 1997 coup also came with many executions and casualties. The date of this coup makes it possible for the donor countries to respond with aid restrictions that same year. Cambodia has very limited to no freedom explicitly stated in its constitution, domestic violence is common, and the press can only operate “under severe pressure” (Freedom House Cambodia Freedom in the World Report 2013). These characteristics of the country show that it is not free, nor a democracy and the coup only added to this. Because of this, I would expect that the country would experience a curtailment of aid post coup and not receive great increases, as its freedom levels remained relatively the same across the period of my study.

Even though Cambodia has a history of political turmoil, it has received large amounts of aid from France and the United States. The greatest aid flows come from France, but overall, this amount decreased throughout my period of interest and by the end of the period, the United States surpassed France in aid flows. France did decrease aid the year after the coup, as I expected. However, the overall large flows can be related to France’s colonial history with this recipient country. On the other hand, the United States’ aid allocations to Cambodia fluctuated over time, but the overall trend was an increase throughout my period of interest. The United States increased aid slightly the year after the coup, followed by a sharp decrease in the year following, but since then, the United States increased total aid amounts to Cambodia. The United Kingdom’s aid allocations to Cambodia have remained relatively constant to Cambodia over my period of interest. However, interestingly enough, the United Kingdom slightly increased aid the year after the coup. Finally, Switzerland’s aid to Cambodia has remained relatively small and constant and increased aid the year after the coup with modest variations in aid in the years following.

Despite all of this political turmoil, Cambodia and France have strong ties due to its former colonial status under the latter state. Political relations were established with the French Protectorate and France's signature to the peace agreements in Paris in 1991 (France Diplomatie Website). Cambodia is also a member of the Association of Southeast Asian Nations, which is associated with the Asian Pacific Economic Cooperation creating strong economic ties with the United States, as it is also a member of the latter organization. The United Kingdom has the UK Trade and Investment Cambodia program, strengthening economic ties between the two countries. Finally, both Switzerland and the United Kingdom have embassies here, which promote and deal with different "political, commercial, security, and economic interests" between the donor countries and Cambodia (UK and Cambodia).

### *Cote d'Ivoire*

Cote d'Ivoire is a small, relatively poor country with a very large population of about 19 million. The population of the country is the fourth largest of my sample. It is also the third richest with a per capita income of \$1207.83. The infant mortality rate of the country is the highest from my sample as well. Cote d'Ivoire is thus a country with high humanitarian needs due to its high population and infant mortality rate.

Cote d'Ivoire is a former French colony, which gained its independence in 1960. From then until 1993, the country had economic success under its first president, Felix Houphouet-Boigny (Freedom House Cote d'Ivoire Freedom in the World Report 2005). However, since then, the country had a history of rebellions and suffered a coup on December 24<sup>th</sup>, 1999 where Henri Konan Bedie was forced to flee to France due to being "overthrown in a military coup led by Robert Guei". In October 2000, Guei announced his triumph in an allegedly rigged presidential election (Ivory Coast Profile). I treat the years 1999 and 2000 both as coup years

because the coup took place on December 24<sup>th</sup>, 1999 so the effects of the coup were very likely to have gone into the new year (Cote d'Ivoire: Military Coup Announced). A popular uprising, violence, and a deep division between the north and south regions of the country followed the fraudulent election in 2000 (Freedom House Cote d'Ivoire Freedom in the World Report 2005). After this political turmoil, civil wars and an attempted coup came in 2002, and more violence in the years following until a peace deal was signed in 2006. Cote d'Ivoire has been relatively stable in its "not free" status. However, Cote d'Ivoire's freedom ratings did increase a bit after the coup of 1999/2000.

The largest amount of foreign aid from my donor country sample comes from France, with fluctuations over time, but a definite decrease in the year after the coup followed by a large increase. Both Switzerland and the United Kingdom give very small amounts of aid to this recipient country. Switzerland decreased aid in the year after the coup (2001) while the United Kingdom decreased aid in 2000 but increased aid very slightly in 2001. Finally, the United States gives Cote d'Ivoire a varied amount of aid throughout the period of my study, but in the year following the coup sharply decreased its aid allocations followed by a large increase the year after.

Even through all this political and violent turmoil, the state has maintained a strong position in global trading relations and close relations with its former colonizer, France. The currency in Cote d'Ivoire is the CFA franc, which is tied to France, illustrating the close economic ties between the two countries. France also has a military base, and thus military interests, in Cote d'Ivoire. Cote d'Ivoire is also part of the United States' President's Emergency Plan for AIDS Relief (PEPFAR), since 2004, which shows humanitarian ties between these two states (PEPFAR in Cote d'Ivoire). This is complemented with the United States having



overriding interests in “establishing democracy” in the state (U.S. Relations with Cote d’Ivoire). The United Kingdom has an embassy present in the state in order to maintain its peaceful ties with the state, but this was closed from 2005 until 2012. Finally, Switzerland also has a Swiss embassy in the state, but its ties to Cote d’Ivoire remain minimal. These two countries have modest ties to this recipient, which is reflected in their small amounts of aid granted.

### ***Honduras***

Honduras is a small, relatively poor country with an average population amongst the sample set. The population of the country is the second smallest in my sample of recipient countries, at 7.6 million. It is also the second richest, with its per capita income of \$2078.32. The infant mortality rate of the country is the second lowest of the recipient country sample as well. All these factors show that in comparison to other recipient countries in my sample, Honduras does not have too large a humanitarian need.

Honduras is a former Spanish colony, meaning that it has no colonial ties with any of the chosen donor countries and serves as a control for this independent variable. Throughout its history, Honduras has been a relatively stable country with “partly free” and “free” ratings since 1995 (Freedom House Honduras Freedom in the World Report 2013). Since 1982, the state has had a freely elected civilian government, but the military still plays a powerful role, and there were no coups in the Central American region since 1983 (Malkin 2009). However, this changed with the June 2009 coup, when President Jose Manuel Zelaya was overthrown (Freedom House Honduras Freedom in the World Report 2013). Roberto Micheletti, who became acting president, curtailed civil and political liberties and disregarded human rights, which caused Honduras to become “the most violent country in the world” in 2009 (Freedom House Honduras Freedom in the World Report 2013). The date of this coup made it possible for donor countries

across the globe to act within the year in terms of the curtailment of aid allocations.

Governments across the globe denounced the coup due to concerns with its newly established government and refusing to recognize it as a legitimate government (Malkin 2009).

In terms of aid allocations, France, Switzerland, and the United Kingdom give relatively small amounts to Honduras. France gives the most of these three donor countries with Switzerland and the United Kingdom about the same. In the year after the coup, France increased aid slightly while both Switzerland and the United Kingdom increased aid more substantially, with the United Kingdom's increase being the largest. All three of these donor countries increased aid between the year before and year after the coup, which is contrary to what I would expect. The United States gives a large amount of aid to Honduras, and largely decreased aid in 2010, the year after the coup, which is what I expected.

Honduras is part of the United Nations, the World Trade Organization, and the Central American Integration System (SICA), creating relations to France, the United States, and the United Kingdom. The United States is a regional observer of SICA and both France and the United Kingdom are extra-regional observers of the program, which was established to constitute a region of "peace, freedom, democracy, and development" (SICA Members and Observers). A goal of SICA is to consolidate democracy and establish freedoms. This organization creates strong economic, political, and possibly a military relationship between Honduras and these donor countries. There are also British and Swiss embassies present in Honduras.

### ***Madagascar***

Madagascar is a relatively small, poor country with a large population. The population of the country is the third (and over time became the second) largest in my sample at 21 million. It is also the second poorest country with its per capita income of \$414.87 of the recipient countries

I have chosen. The infant mortality rate of the country is also in the middle of the recipient country sample as well. All these factors show that Madagascar is a country with a generally high level of humanitarian need within my sample set.

Madagascar is a former French colony, which gained its independence in 1960. Throughout its history, and the period in my study, Madagascar has maintained a relatively stable “partly free” rating. The governmental leaders have mostly been selected through presidential elections since 1972, until a military coup occurred in January 2009. The date of this coup allows aid restrictions to occur within the same year, which should clearly show on the donor country aid allocation data. The timing of this coup may even have led to some aid increases the year after the coup (2010) depending on the progress of the state of political turmoil, even though the freedom levels remained the same in 2010. Since this coup, there has been a lot of political turmoil, but the state was able to hold its first free elections since the incident in 2013 (Freedom House Madagascar Freedom in the World Report 2013). Madagascar has faced much corruption, which became worse post-coup, and suffers from illegal trade and human trafficking issues (Freedom House Madagascar Freedom in the World Report 2013).

Among my sample of donor countries, France gives the largest amount of aid to Madagascar. However, these large aid amounts went through great fluctuations throughout the period of my study. There was an increase in aid between 2008 and 2010, but, as expected, France decreased its aid allocations to Madagascar between 2009 and 2010. The United States gives the second largest aid donations to Madagascar and as expected also decreased aid the year of the coup and the year after the coup. Switzerland also gives a relatively large amount of aid to Madagascar. Switzerland decreased aid the year of the coup, but then increased aid again the year after the coup. Finally, the United Kingdom gives the least amount of aid to Madagascar,

and decreased aid the year of the coup and then increased aid the year after the coup, which is similar to Switzerland.

Despite this political turmoil, Madagascar has received foreign aid from France, Switzerland, the United States, and the United Kingdom. France, as its former colonizer, maintains a close relationship with Madagascar, creating strategic, economic, and humanitarian ties between the two states. The United States is also connected to Madagascar because of the state's membership in the US Millennium Challenge Account, showing a humanitarian interest by this donor country. The United States also has an interest in, "supporting international efforts led by the Southern African Development Community [SADC] and the African Union [AU]," illustrating its close ties to this recipient state (U.S. Website - Relations with Madagascar). Finally, both the United Kingdom and Switzerland maintain embassies here. However, neither of these states have any established strategic or economic ties with the country.

### ***Mauritania***

Mauritania is a relatively small, poor country with a small population of 3.6 million when compared to the other recipient countries in my sample. The population of the country is the lowest in the sample and it is the third poorest in terms of wealth levels with its per capita income of \$874.31. The infant mortality rate of the country is the third highest of the recipient country sample as well. All these factors show Mauritania has an average level of humanitarian need.

Mauritania is a former French colony, which gained its independence in 1960. Since its independence, a mix of both civilian and military authoritarian regimes has ruled over the state (Freedom House Mauritania Freedom in the World Report 2013). The state has been mostly "not free" in the period of my study, between 1995 and 2010 (Freedom House Mauritania Freedom in the World Report 2013). In August 2005, the first coup arose with the overthrow of Ould Taya's

government, and this overthrow was “greeted with strong domestic support” (Freedom House Mauritania Freedom in the World Report 2013). This coup led to the country’s first free elections, but this process was again terminated in November 2008 due to another coup (Armstrong 2012). Although the first coup was met with good support from the domestic population, the 2008 coup overthrew “a democratically elected, constitutional government” and was globally condemned (Walker 2008). The later date of both coups in the year, but especially the second, illustrate that the aid allocation data may not reflect any responses in the form of aid reductions within the year by the donor countries because it would take some time to calculate the amount of reductions necessary in response to the coups.

France gives the most aid to Mauritania in comparison to the other donors. France’s aid allocations experienced an overall decrease over the period in my study and France decreased aid in 2006 and again in 2009. The United States gives a small amount of aid to Mauritania. For the 2005 coup, the United States decreased aid the year of the coup and the year after, but increased aid in 2008, the year of the second coup. However, as expected the United States once again curtailed aid the year after the second coup, 2009, and increased aid slightly the year after. Finally, the United Kingdom and Switzerland both give very small amounts of aid to Mauritania. The United Kingdom slightly increased aid in both years after the coup, but gives very little aid between 2004 and 2010 overall. Switzerland, on the other hand, decreased aid the year after the coup for both coups, as I expected.

Despite these coups and political turmoil, France has maintained close ties with the state. Mauritania is a member of the United Nations, WHO, and WTO, illustrating its global ties. Mauritania also began oil production in 2006, which may make its economic ties stronger, but it remains one of the world’s poorest countries with a small population creating economic and

humanitarian pressures (Freedom House Mauritania Freedom in the World Report 2013).

Mauritania also is a member of NATO as part of the NATO Mediterranean Dialogue creating strategic ties between the state and France, the United Kingdom, and the United States. There is no British Embassy established in Mauritania. This can also be attributed to the fact that Mauritania is a small poor country so it would be expected that military and trade relations with the donor countries would be modest. Finally, Switzerland has a consulate in Mauritania. Mauritania is a small, poor state with weak economic ties to any of the donor countries aside from its former colonizer, France.

### *Niger*

Niger is a relatively small, poor country with a mid-sized population in the dataset of 15.8 million. The population of the country is the third lowest in the sample and it is the poorest country with its \$359.80 per capita income. The infant mortality rate of the country is the third highest as well. All these factors show that within the sample set, Niger has a very high level of humanitarian need.

Niger is a former French colony that gained independence in 1960. Since gaining its independence, Niger has been ruled by one-party, military regimes, and in 1987 turned into a civilian one-party state (Freedom House Niger Freedom in the World Report 2013). However, due to global pressure and African trends, Niger has made a change towards greater democracy (Freedom House Niger Freedom in the World Report 2013). Niger suffered from a coup in 1996, and as a result, its freedom ratings changed decreased to a “not free” rating. Due to the violent state of the January 1996 coup, the United States condemned the coup and, “American law require[d] that aid to Niger be suspended” (U.S. and France Suspend Aid After Military Coup in Niger). France also condemned the coup and “said it had suspended military and economic aid to

Niger” (U.S. and France Suspend Aid After Military Coup in Niger). Ibrahim Bare Mainassara seized power in January 1996, running an “increasingly repressive state” and was killed in 1999 causing the rating to change from “not free” to “free” (Freedom House Niger Freedom in the World Report 2013). This increase in freedoms can be attributed to the death of Mainassara, as his oppressive regime ended. The date of the coup was early in the year and the donor countries were able to take action towards it by restricting and suspending aid amounts within the year.

In regards to foreign aid allocations of the donor countries, France gives the largest aid amounts to Niger. Unexpectedly, France greatly increased aid the year after the coup, but decreased aid after that. The United States also gives large amounts of aid to Niger when compared to the other donor countries. It also, unexpectedly, increased aid in the year following the coup, but decreased it the following year, which is similar to the case of France. Switzerland gives Niger mid -ranged amounts of aid, but decreased aid in the year after the coup. Finally, the United Kingdom gives very little aid to Niger and slightly increased aid the year after the coup and again the year after that. Niger’s dire humanitarian need may account for these unexpected results.

France, as a former colonizer, has remained closely tied to the Nigerien government with French citizens present in the government, economic, and other sectors in Niger. The United Kingdom has no strong connections to this recipient state and closed the bilateral aid program between the two in 2011-2012 (DFID Niger). I am still able to use Niger’s relationship with the United Kingdom in my analysis because the bilateral aid program was in use during the period covered in my study. The United States and Switzerland also do not have strong relationships with Niger. Switzerland, however, does have a Swiss Consulate, which is also the Swiss Agency for Development and Cooperation office in Niger.

## *Pakistan*

Pakistan has a very large population of 173.1 million and is a relatively poor country. The population of the country is the largest, by a substantial margin, of the recipient countries in my study. Its wealth is in the middle range with a per capita income of \$1007.85. Pakistan's infant mortality rate is also the second highest. All these factors show that Pakistan is a country with mid to high humanitarian needs among my sample set.

Pakistan is a former part of British India and thus the United Kingdom is a former colonizer of this recipient state. The country has been ruled through direct and indirect military power since its independence in 1947. The Pakistani coup occurred October 1999. The ratings for Pakistan have been largely "not free" since the coup took place, and was "partly free" from 1995 until the coup's occurrence. Its late occurrence in the year means that there would be a lag in response time, so I would expect more aid restrictions apparent in the data the year after the coup rather than in the year it occurred. Overall, Pakistan has suffered from much military oppression and regimes before and after the coup along with incidents of terrorism and political turmoil (Freedom House Pakistan Freedom in the World Report 2013).

In regards to aid allocation trends of the donor countries, the United States and the United Kingdom both give very large amounts of aid to Pakistan. The United States' aid allocation to Pakistan greatly increased over time and surpassed the United Kingdom's allocations throughout the period of my study. In the year after the coup, the United States greatly increased aid to Pakistan, which is very unexpected. This unexpected result may be attributed to the United States' special relationship to Pakistan. Pakistan is important to the United States because of special security interests like its proximity to Afghanistan and the Taliban movement. On the other hand, the United Kingdom decreased aid the year after the coup, and increased it slightly



the year after that. France gives an average amount of aid to Pakistan, and unexpectedly greatly increased aid the year after the coup. Finally, Switzerland gives the smallest amount of aid in comparison to the donor countries. In the year following the coup, Switzerland increased aid as well, this is also unexpected. These unexpected aid increases in the year after the coup (2000) may be the result of Nawaz Sharif's imprisonment and exile for his involvement with the coup, showing Pakistan's rapid response to the coup (Pakistan BBC Timeline). However, it is possible that another confounding variable in my study accounts for these unexpected results.

Despite these negative aspects of political turmoil and past military rule, Pakistan's government and history, the country has been able to hold close ties with France, the United Kingdom, and the United States. As a member of NATO's "Partners Across the Globe", the relationships between Pakistan and these donor countries have been strongly maintained (NATO Partners). Pakistan was also a member of SEATO, and although this pact was dissolved in June 1977, the strong ties between the recipient country and France, the United Kingdom, and the United States continued. France and Pakistan have particularly strong ties as the donor country helped to restore the Pakistan Air Force and Navy through the selling of military instruments (Pakistan Airforce Website). Also, since Pakistan is part of the Commonwealth there are strong ties between the United Kingdom and its former colony. These memberships and alliances show that these three donor countries have strong strategic, economic, and political interests with Pakistan. Although all three of these donor nations have strong ties with this recipient country, Switzerland remains a neutral nation with just a Swiss Consulate in the country, so it is interesting that the upward trend occurs for Switzerland too.

## *Thailand*

Thailand has a very large population of 66.4 million and is a rich country in comparison to the other countries in my sample, having a GDP of \$5090.21. The population of the country is the second largest, and it is the wealthiest in per capita income. The infant mortality rate of the country is also the lowest of the recipient country sample as well. All these factors show that Thailand is a country with little humanitarian need.

Thailand has had no former colonizers or previous colonial ties, making it a good candidate to control for the effects of colonial ties. From 1932 until the early 1990s Thailand suffered from “multiple military coups, constitutional overhauls, and popular uprisings,” a government that was mostly dominated by the army except for some “periods of unstable civilian government” (Freedom House Thailand Freedom in the World Report 2013). From 1992 until September 2006, Thailand had an elected civilian leadership (Freedom House Thailand Freedom in the World Report 2013). This democracy ended abruptly when a bloodless military coup ousted Prime Minister Thaksin Shinawatra in 2006 (Freedom House Thailand Freedom in the World Report 2013). Thailand’s country freedom ratings were “partly free” in 1995 to 1997 and 2005, “free” from 1998 until 2004, “not free” the year of the coup (2006), and “partly free” from 2007 to 2010. In September 2006, the country’s ratings increased to a “not free” seven rating from a low “partly free” three rating. This sharp change in the rating reflects a dramatic deterioration in democracy and freedoms, which I expect to have a dramatic effect on foreign aid allocations as well. However, the coup occurred in the latter half of the year and this may show in the data as the lag in response time could affect aid restrictions. So, I expect more aid restrictions the year after the coup rather than in the same year.

Among the donor countries, the United States gives the most aid to Thailand. In the year after the coup, the United States unexpectedly increased foreign aid allocations, which may be attributed to its trade relations or military relations with this recipient country. France gives the next largest aid amounts to the country, and as expected, sharply decreased aid to this recipient country in the years following the coup. Switzerland and the United Kingdom both give relatively little aid to Thailand when compared to the United States and France, and while the United Kingdom decreased aid the year after the coup, Switzerland increased aid slightly in the same year.

Although Thailand has experienced much political turmoil since 2005, the state's previous affiliation with the dissolved SEATO alliance created strong strategic relationships between the country and France, the United Kingdom, and the United States and these ties still hold today (Office of the Historian). Thailand is also part of the Association of Southeast Asian Nations, which is affiliated with the Asian Pacific Economic Cooperation making it a trading partner with the United States. Aside from its historic ties between these three donors, the 1954 Manila Pact and Thanat-Rusk Communique of March 1962 created and signify even stronger ties between Thailand and the United States (An Overview of Thai – U.S. Relations). These various relationships create strong economic, strategic, and political ties between Thailand and France, the United Kingdom, and the United States. Switzerland is a neutral country, so aside from trade relations the only ties to Thailand are humanitarian and for maintaining peace and Swiss tourism with the Swiss Consulate's presence in the country.

**Table 1: Recipient Countries Descriptive Data (2010 Figures)**

Country	Population	GDP (per capita)	Infant Mortality Rate (per 1,000 live births)	Month and Year of Coup
Cambodia	14,364,931	\$782.62	37	July 1997
Cote d'Ivoire	18,976,588	\$1207.83	80	December 1999 – January 2000
Honduras	7,621,204	\$2078.32	20	June 2009
Madagascar	21,079,532	\$414.87	44	January 2009
Mauritania	3,609,420	\$874.31	67	August 2005, November 2008
Niger	15,893,746	\$359.80	67	January 1996
Pakistan	173,149,306	\$1007.85	72	October 1999
Thailand	66,402,316	\$5090.21	12	September 2006

## **Chapter 2: Hypothesis and Research Design**

### **Hypothesis:**

My hypothesis is that a coup d'état results in a decrease in foreign aid allocations. Aid allocations also depend on the level of democracy and freedom of the recipient country. Therefore, when a country receiving foreign aid undergoes a coup or a decrease in democracy, I expect the donor country to decrease the amount of aid allocated to the recipient. However, the said aid restrictions appearance in the data is dependent on the month when the coup occurs because the reaction time of the donor country and its choices in regard to the coup are important causes of foreign aid allocations.

If, contrary to my expectations, the donor country does not decrease aid, then it may be because of the effects of other determinants of aid. These determinants are present as independent control variables in my analysis. I expect colonial ties to have a strong influence on the donor country's decision whether or not to decrease aid post-coup. For the countries that do not have colonial ties I expect my hypothesis to hold and my main independent variable, commitment to democracy, to be the most important influence in aid allocation decreases in my study. However, I also predict that trade and military relations along with humanitarian need of the recipient country will be important in explaining aid fluctuations present in the dataset.

### **Research Method**

#### **Overview:**

The selection of the cases was done on the basis of the independent variables I include in order to highlight different causes behind variations in aid amounts in response to a coup d'état. All of the donor countries are democracies and exhibit an interest in the promotion of democracy, so I expect this to be the main contributor in driving changes in foreign aid after a

coup. However, if democracy is not found to be as important as expected, it may be due to the effects of other control variables. According to Alesina and Dollar (2000), colonial ties may be particularly significant. I also consider important variables of interest like trade, humanitarian need of the recipient country, strategic interests, and hegemonic status of the donor countries. In this paper, I compare the effects of these other possible contributing causes of changes in foreign aid allocations after a coup d'état.

### **Variable Selection and Definitions:**

The dependent variable I measure is the variation in foreign aid given to a recipient country in response to several independent variables. The donor nations I chose all see a coup d'état as an illegitimate overthrow of any democratically elected leader, and so the definition I utilize complements the donor countries' view. However, it is important to note that in some of these countries the incumbent leaders are not always democratically elected, so I expect the results to vary. I am interested solely in the donor nations' choices and considerations behind their changes in foreign aid allocations.

The definition of a coup d'état is the illegal displacement of the popularly elected leader by a group in which the military, elite, or police forces of the state have a key role, and this group maintains power longer than seven days (Powell & Thyne 2011). A regime change and various levels of violence may occur, but are not necessary in this definition of a successful coup. A coup is scored on the basis of a one or zero. When a coup occurs, this year receives a score of one while any other year with no coup is scored as a zero.

Many contributing variables affect the trends in foreign aid allocation after a coup, however I choose the ones that are strong reasons for allocating foreign aid in general, as they should be similarly important even after a coup occurs. The independent variables I used are: the

promotion of democracy, colonial history, hegemonic status, humanitarian needs of the recipient country, strategic relations, and trade relations. These variables are defined in the country and variable selection section below.

### **Country and Variable Selection:**

Many countries allocate foreign aid across the globe and to many different forms of governments. However, in order to highlight the question of this paper I focus on four donor countries, which exhibit specific relationship to the recipient countries chosen. All of the countries included are democratic nations, defined by a rating of one from the Freedom House *Freedom in the World* index. I use this index because it has been used frequently in political science research and is a trusted rating. These countries are the United States, the United Kingdom, France, and Switzerland. Each of these countries claims a strong commitment to the promotion of democracy in their foreign policy goals, and I analyze the strength of this commitment in my study. The way I measure this is the variation in foreign aid in response to a coup along with several control variables. A decrease in aid signifies a strong commitment to democracy, and an increase is not what I expect. Any unexpected variations in aid may be attributed to any of the control variables I have included. I have selected the donor countries in my study in part to control for such alternative motivations for foreign aid.

My dependent variable is foreign aid amounts to the recipient countries. I measure this variable by taking the natural logarithm of the scaled amount of aid from each donor country. This scaled aid is taken by calculating the amount of aid given per capita from the donor country to the recipient country. It is also important to note that I have included a lagged version of this dependent variable in my data set. This lagged aid variable represents the decisions of the donor country in the previous year. This serves to account for overall increases or decreases in aid

across the period of time I analyze. I do discuss the results of this lagged dependent variable in the most significant cases, but overall this lagged scaled aid does not cause any great deviations from the original models with the exception of the United States.

The first independent variable I consider is the level of democracy of the recipient country. This variable is intended to capture the donor country's commitment to democracy, because it shows whether these donor nations give more aid to countries with more or less freedom. I use the Freedom House Freedom in the World ratings of civil liberties and political rights for each country. I take the average of these two freedom scores to get a composite measure of freedom and democracy in the recipient country. Note that a high score on this scale is associated with a low level of freedom in both civil liberties and political rights, and vice versa, so that I expect to see a negative sign when this variable is used to explain foreign aid allocations.

The first important control variable I consider is colonial ties. This is the colonial history a donor country has with the recipient countries in the sample. In Alesina and Dollar's as well as in Lumsdaine's study, colonial ties were important in influencing donor countries aid allocations, and this is why I include the variable in my study. The relationship of colonial ties is operationalized as whether or not a donor country is a former colonizer of the recipient country. If a donor country is a former colonizer of the recipient country, the donor country is coded as a one, whereas if the donor country is not a former colonizer, the country is coded as a zero. In my sample, two donor countries have strong colonial histories with the recipient countries, while two have none. Throughout history, the United Kingdom and France have had a number of colonies while Switzerland has had none and the United States has had very few in comparison. France still has strong ties with many of its former colonies, and my recipient dataset includes many of



them, so I expect colonial ties to be a strong explanatory variable for this donor country. Both Switzerland and the United States have no colonial ties with the recipients included in my sample, so these two donor countries serve as controls for this case.

The next variable I consider is trade relations between the donor country and the recipient countries. I include this variable on the basis of Lumsdaine's (1993) results and because all the recipient countries have trade relations, some of them very important ones, with the donor countries. The strength of this trade relationship may affect curtailment of aid in response to a coup. I expect that when trade relations are stronger, donors give more aid, possibly even with the occurrence of a coup. The concept of trade relations is operationalized as the total trade, or the sum of exports and imports, of the recipient country divided by the total trade the donor country has with the world. By doing this, the strength of trade relations is captured through the percentage of trade the donor country does with the recipient country. This data for trade relations is from the International Monetary Fund. Trade relations are strongest between all four donor countries and Thailand, which may show in the results as I expect the recipient countries with more trade between the donors to receive more aid.

Another important variable to consider is strategic interest between the donor country and recipient country in the form of military relations. I include this variable because donor countries have military ties to increase their global reach and power, making foreign aid a tool in this process. France, the United Kingdom and the United States have similar strategic interests across the globe, and especially the first two with their former colonies. Strategic relations have also been found to be an important reason behind foreign aid allocations in the previous literature, making it a possible important reason for why aid is not curtailed after a coup. To operationalize this variable, I simply give a score of one or zero to the donor countries. Military ties are scored

as one if the donor and recipient countries are members of the same strategic alliance in the year in question or if the donor country maintained a military base in the recipient country; and zero otherwise. I establish these military relations by research on previous and current alliances in organizations such as SEATO and NATO, reading the current governmental websites of the donor countries military alliances, and the presence of military bases in the recipient country.

France has strong military ties with many of its former colonies, and my recipient dataset includes many of its former colonies, so I expect military ties to be strong for this donor country. Switzerland serves as a control for this variable as a neutral state. The United States has special strategic interests in Pakistan, which may be especially important after 9/11. Also, in previous studies that included similar countries, a dummy variable was needed. For example, Younas used Egypt and Israel as dummy variables because of these compelling military interests. The United Kingdom, as a former colonizer of Pakistan may also have increased interest in this recipient country. So, In order to control for these special interests in my study, I compare the results with and without Pakistan specifically for the United Kingdom and the United States.

The last determinant variable that I consider is humanitarian need of the recipient country. I consider this variable because it is an important explanatory variable for aid allocations in general, as mentioned in the literature review. Also, depending on the level of need of the recipient country, humanitarian need may be an overriding factor that leads donors to maintain or increase aid despite a coup. I operationalize humanitarian need of the recipient countries by taking two alternative measures: the log of infant mortality and per capita income of the recipient countries. Each of these measures is also compared to population levels. Population is not a direct indicator of humanitarian need, though generally poorer countries have larger populations. With these indicators, it is easy to tell which country is in the direst need of aid to

help their living conditions and standards of living. The countries with the lowest per capita income and the highest infant mortality rate are those in the most need. The recipient country with the highest level of need according to these humanitarian need indicators is Niger, while Thailand has the lowest. Alleviating poverty and improving welfare, among other humanitarian needs may trump the occurrence of a coup and so the donor countries may be likely to continue aid despite the occurrence of this unlawful, undemocratic event.

There are many countries receiving foreign aid that undergo coups resulting in deviations in foreign aid allocations. However, I choose eight distinct cases that have suffered from a coup d'état between 1995 and 2010. The countries included in my thesis are Cambodia, Cote d'Ivoire, Honduras, Madagascar, Mauritania, Niger, Pakistan, and Thailand. I chose these countries because the coups they have experienced have been successful in terms of my definition and the information on these coups is widely available. Information about the coups are in the form of media reports as well as the Powell and Thyne dataset of coups d'état from 1950 to the present. I decided on these recipient countries in order to make my sample varied with respect to former colonial histories, poverty levels, world region, and trade and military ties.

There are a few more instances of coups in this period, but much speculation surrounds them, such as whether the coup was just an attempt, a coup-like event, or a failed coup. I do not include any of these contested cases, as I do not expect donor countries to sanction a failed coup in the same way that they would sanction a successful one. Also, I exclude any recent coups, such as the one that took place in Niger in 2010, or any coup after 2010. This is because I chose exclusively examine the period from 1995 to 2010 to make sure complete data is available and the total effects of the coups can be evaluated.

**Table 2: Independent Variables**

Name	Construct	Measure	Source
Freedom House Country Rating Average	Democracy Score of recipient country	The average of the political rights and civil liberties scores in the recipient countries	Calculated from Freedom House – Freedom in the World
Coup Year	Year of coup in recipient country	Coup year (1) or not a coup year (0)	Powell & Thyne Coups d'état 1950-Present
lagged.CoupYear	A predictor of a coup year from last year's coup	Calculated lag from the coup year independent variable	Calculated from Powell & Thyne Coups d'état 1950-Present
log.Population	Population of recipient countries	Natural logarithm of populations of the recipient countries	Calculated from the World Bank Data
log.ScaledFranceAid	France aid flow to recipient countries	Natural logarithm of scaled per capita France aid flows to recipient countries	Calculated from OECD - QWIDS
log.ScaledSwissAid	Swiss aid flow to recipient countries	Natural logarithm of scaled per capita Swiss aid flows to recipient countries	Calculated from OECD – QWIDS
log.ScaledUKAid	United Kingdom aid flows to recipient countries	Natural logarithm of scaled per capita United Kingdom aid flows to recipient countries	Calculated from OECD – QWIDS
log.ScaledUSAid	United States aid flows to recipient countries	Natural logarithm of scaled per capita United States aid flows to recipient countries	Calculated from OECD - QWIDS
log.GDP	GDP per capita of recipient countries	Natural logarithm of per capita GDP of the recipient countries	Calculated from the World Bank Data
log.IMR	Infant mortality rate of recipient countries	Natural logarithm of infant mortality rate per 1,000 live births in recipient countries	Calculated from the World Bank Data
log.%FranceTrade	The percentage of total trade between recipient countries and France	Natural logarithm of the sum of recipient country's imports and exports divided by the sum of France's imports and exports	Calculated from the International Monetary Fund
log.%SwissTrade	The percentage of total trade between recipient countries and Switzerland	Natural logarithm of the sum of recipient country's imports and exports divided by the sum of Swiss' imports and exports	Calculated from the International Monetary Fund
log.%UKTrade	The percentage of total trade between recipient countries and the United Kingdom	Natural logarithm of the sum of recipient country's imports and exports divided by the sum of United Kingdom's imports and exports	Calculated from the International Monetary Fund
log.%USTrade	The percentage of total trade between recipient countries and the United	Natural logarithm of the sum of recipient country's imports and exports divided by the sum	Calculated from the International Monetary Fund

	States	of United States' imports and exports	
FranceColonialTies	France's colonial ties to recipient countries	Colonial Ties (1) or No Colonial Ties (0)	Freedom House Country Overview
UKColonialTies	United Kingdom's colonial ties to recipient countries	Colonial Ties (1) or No Colonial Ties (0)	Freedom House Country Overview
FranceMilitaryTies	France's military ties to recipient countries	Military Ties (1) or No Military Ties (0)	An analysis of the existing military agreements between states
UKMilitaryTies	United Kingdom's military ties to recipient countries	Military Ties (1) or No Military Ties (0)	An analysis of the existing military agreements between states
USMilitaryTies	United States' military ties to recipient countries	Military Ties (1) or No Military Ties (0)	An analysis of the existing military agreements between states
lagged.logScaledFranceAid	A predictor of aid from last year to this year for France	Calculated lag from the logarithm of per capita aid from France	Calculated from OECD – QWIDS
lagged.logScaledSwissAid	A predictor of aid from last year to this year for Switzerland	Calculated lag from the logarithm of per capita aid from Switzerland	Calculated from OECD – QWIDS
lagged.logScaledUKAid	A predictor of aid from last year to this year for the United Kingdom	Calculated lag from the logarithm of per capita aid from the United Kingdom	Calculated from OECD – QWIDS
lagged.logScaledUSAid	A predictor of aid from last year to this year for the United States	Calculated lag from the logarithm of per capita aid from the United States	Calculated from OECD – QWIDS

## Data Analysis

My analysis aims to test for the effect of coups while controlling for other explanatory independent variables. I have collected complete data from 1995 until 2010 on foreign aid allocated to each of the recipient countries and compare the aid donation variances with the relationship to the independent variables mentioned above. For each recipient country, I will run ordinary least squares linear regressions for the effect of the independent variables on the dependent variable, which is foreign aid measured in dollars at fixed prices.

For each of the donor countries I will run separate ordinary least squares linear regressions with the dependent variables of foreign aid allocations specific to that donor country. For the inclusion of independent variables I will use three consistent models for each of the donor countries. I will start with a simple model including just the independent variables relevant to my main hypothesis, lagged coup year and freedom rating average. In the next model I will add on the humanitarian need variables of GDP and population size. Finally, in the last model I will add on the bilateral relationship variables of trade, colonial ties, and military ties. There are slight modifications in the final model due to Switzerland having no military or colonial ties and the United States having no colonial ties. This variation is due to these donor countries acting as controls for these independent variables, otherwise this last model is the same across the donors.

One concern I have is that my independent variables may be so highly correlated with one another that it is difficult to disentangle their respective effects on aid (multicollinearity). In order to control for this potential problem, I ran correlation coefficients for each of the independent variables across the donor countries and found that GDP and infant mortality rate were correlated at a high  $-0.763$ . Originally, I expected to include both infant mortality rate and GDP, but because of this high correlation coefficient between the two I looked over the results for each, and chose GDP based on the better overall results it produced across the donor countries. The results for the two were generally very similar and in a few cases there actually were significant differences between the two, I will discuss in the results section. No other independent variables had correlation coefficients as high and therefore I was able to include all the other independent variables simultaneously in my models.

Also, I originally had the option of using coup year or lagged coup year for the impact of a coup on foreign aid allocations. Depending on the date of the coup, a donor country may or

may not be able to react to the coup with aid curtailments in the same year. I ran regressions using both variables independently across my three original models, and found that lagged coup year gave better results. I expected this to be the case because most of the restrictions in aid allocations that I initially observed in the raw data occurred in the year after the coup, which is what this lagged coup year variable represents. So, lagged coup year was the better choice of the two.

I also had to consider the possible effect on foreign aid of the dramatic events of September 11<sup>th</sup>, which fell about halfway through the time period I chose. In order to assess the interests and shifts in foreign aid patterns between pre (1995-2001) and post (2002-2010) 9/11, I ran the same three regression models for each of the periods and compared them. By doing this, I was able to see if any variables' results significantly changed across time and possibly attribute this to the occurrence of 9/11.

One final consideration I took into account was the special interest of the United Kingdom and United States with Pakistan. In order to assess this I ran the same three specifications of my main model in a new model excluding Pakistan for both of these donor countries. I compared these regression results to my main model to see if any significant differences were apparent. If so, these differences could be attributed to these possible special interests.

An indication that the independent variable has a significant effect on whether or not aid restrictions occur is the strength of the statistical relationship between aid allocations from the donor country and the independent variables present in the regression. When there is a significant relationship, it indicates that the independent variable is a factor in determining variations in foreign aid. If on the other hand I find an insignificant association, then I infer that

this independent variable is not a strong cause of aid allocation. As I cannot be exhaustive in my list of independent variables, it is very possible for aid donations to be affected by something not covered by this study, which is a possible way to expand my study in the future.



### **Chapter 3: France**

In this chapter and the three following, I lay out the donor country profiles and the results from my OLS regressions moving from a simple model to a more complex one. The country profile information comes from various pages of the government websites of each of the donor countries and so the sources have no clear authors, but are taken as valid because democratic donor countries have high transparency and clear stated foreign policy and foreign aid goals. Although there may be hidden goals and intentions behind foreign aid donations, I do not speculate over any further considerations other than the variables in my study, which all can be found in the donor country's foreign policy goals.

#### **Country Overview**

France is most similar to the United Kingdom in my donor country sample in that it has colonial ties, and is a smaller global power than the United States. France's foreign aid policy, as spelled out by the state website, is not as clear on its stance on democracy compared to the United States and the other donor countries. However, France is committed to the United Nations' Millennium Development Goals, which illustrates its commitment to humanitarian needs of the recipient countries (Millennium Development Goals France Diplomatie). For the importance and relation to my study, it would seem that reaching these Millennium Development Goals would not be as possible after a coup, as a coup usually limits freedoms and human rights of the public.

France also has its foreign aid policy grounded in fighting poverty and supporting economic, social, and environmental sustainable development (Development Assistance France Diplomatie). France is also concerned with furthering its "cultural, diplomatic and economic influence" and placing "special emphasis on the Francophonie" (Development Assistance France

Diplomatie). This implies that France is very concerned with its former colonies, and I expect to see this in the data.

Finally, France's other foreign policy goals are, "promoting peace, stability, human rights, and gender equality" among other goals, but these last few are the most relevant to my study (Development Assistance France Diplomatie). This promotion of peace shows that France should have a conflict with the occurrence of a coup as this is a disturbance of peace and stability. So, France's foreign aid allocations should reflect this in the form of a decrease in aid allocation in response to a coup.

France puts forth strong ideals about influencing their global reach over the Francophonie as well as supporting humanitarian needs, but the promotion of democracy is still present in the country's foreign policy goals. The results section below will provide the insights into how much importance France puts on its stated foreign policy goals.

## Results

**Table 3: Regression Results for Log Scaled France Aid**

	A	B	C
Constant	-0.458 (-0.730)	20.589*** -11.548	25.083*** (6.708)
lagged.CoupYear	-0.118 (-0.199)	0.036 (-0.090)	0.092 (0.336)
Freedom Rating Average	0.351* (-2.561)	0.214* (2.275)	-0.072 (-0.979)
log.population		-0.926*** (-9.302)	-0.989*** (-7.807)
log.GDP		-0.770*** (-5.292)	-0.594** (-3.141)
log.FranceTrade			0.566*** (5.840)
FranceColonialTies			1.442*** (3.765)
FranceMilitaryTies			0.174 (0.645)
R square	0.050	0.573	0.810
Adjusted R square	0.035	0.559	0.799
Standard Error of Estimate	1.867	1.262	0.852
No. Observations: 128			

t statistics in parentheses

\* p<0.05, \*\* p<0.01, \*\*\* p<0.001

For France I ran the regression model and went from a simpler model to a more complex and complete model with all the control variables included. For the initial simple model, lagged coup year was not statistically significant, but it was in the expected direction. This means that France decreased aid to the recipient country in the year after the coup, but this result was not as significant as I expected. On the other hand, freedom rating average was significant in the simple

model but it was initially not in the correct direction. This effect is counter-intuitive because a high freedom score means less democracy. As a result, the simple model for France suggests that this donor actually tends to give more aid to less democratic countries. However, this model has an adjusted r-squared value of 0.035, which means that it is not the best-fit model for the data. The fit of the model as measured by the adjusted r-square result increases as I add more variables.

Adding on GDP and population led to both the freedom rating average and lagged coup year to go in directions that were not expected, but neither was statistically significant. Both population and GDP were significant in the second model, showing these variables are of more concern to France than lagged coup year or freedom rating average. GDP and population were also in the directions expected. For GDP, this expected direction means that the higher the per capita income of a recipient country, the less aid France gives them. While for population this means that the greater the population a recipient country has, the less aid (scaled per capita) is given to that country. The adjusted r-square result of this model is 0.559, which shows that it is a much better fit for the regression, but not as good as the final model fit including all of the control variables.

When I moved to the most complex model and added on bilateral relationships of trade relations, colonial ties, and military ties between France and the recipient countries the results changed again. The adjusted r-squared result in this model was the highest at 0.799, meaning this was the best-fit model for analyzing the data. When I looked at my main independent variable of lagged coup year, it became more statistically significant but changed direction, so these results were contrary to what I expected. This unexpected regression result for lagged coup year means that France increases aid after a coup rather than decreasing aid as I expected. The average

freedom rating variable is not statistically significant either, but it did change to be in the expected direction. Both trade relations and colonial ties are in the expected directions and statistically significant. This means that when a recipient country does more trade with France, France gives more aid to them, and when a recipient country has former colonial ties with France, they also get more aid.

It is important to note that for France, the regression results with choosing the infant mortality rate variable over GDP gave slightly better results. However, I chose GDP because the regression results using this variable were better across the other three donor countries and is more widely used when analyzing humanitarian need and wealth of a country. When I used infant mortality rate for France, freedom rating average was in the correct direction and statistically significant, while lagged coup year was insignificant and still not in the expected direction, but was slightly more significant than when using GDP. However, overall this means that lagged coup year was not statistically significant, even when I looked at the results with coup year instead of lagged coup year.

A second important caveat is that although I ran regressions for a comparison of pre and post 9/11 data, the two periods did not differ much. I ran these regressions to see if global trends for foreign aid allocations changed after the occurrence of 9/11. The significant results worth noting are that after 9/11 military ties became much less statistically significant, but were still not significant overall. Also, before 9/11, both lagged coup year and freedom rating average were more significant than post 9/11, but neither were statistically significant. Other than these larger changes, slight deviations in significance for GDP, colonial ties, and trade occurred, but colonial ties and trade still remained the most significant variables overall.

Looking over all the models for France, trade and colonial ties are most important to this donor country. Colonial ties and trade relations are both very statistically significant, with large t-statistics. Trade relations have a larger t-statistic than colonial ties, but both play large roles in France's foreign aid allocation decisions. Population and GDP also have large negative t-statistics, so these are influencing variables as well. I expected coups to have a stronger effect on aid allocations by donor countries, but for France it seems to have very little influence. Due to the high prevalence of France's former colonies in the recipient country sample set, this may be an influencing factor but in other literature, such as Lumsdaine's study, France has been shown to put more emphasis on maintaining its former colonial ties. Overall, military ties, coups, and average freedom ratings do not significantly affect variations in France's aid allocations.

## **Chapter 4: Switzerland**

### **Country Overview**

Switzerland is a small nation that acts as a control for two of the independent variables in my study: colonial ties and military ties. Switzerland is a member of NATO's Partnership for Peace, showing its commitment to peaceful relations in security and military within Europe, but remains a non-member of NATO and is committed to staying that way (Swiss Neutrality). However, it is clear that Switzerland's foreign policy is geared towards promoting its own interests and values (Swiss Foreign Policy).

Switzerland's objectives towards its own interests are the promotion of its independence, security, and prosperity (Swiss Foreign Policy). However, it also has interests in "alleviating global poverty and need, respecting human rights, promoting democracy and the peaceful coexistence of nations, and preserving natural resources (Swiss Foreign Policy). So, because of these stated goals, it is clear that a coup d'état would be unsupported by Swiss interests and this should be present in their foreign aid allocation trends after a coup.

## Results:

**Table 4: Regression Results for Log Scaled Swiss Aid**

	A	B	C
Constant	-0.541 (-1.275)	11.991*** (10.224)	2.052 (0.576)
lagged.CoupYear	-0.321 (-0.798)	-0.196 (-0.739)	-0.266 (-1.033)
Freedom Rating Average	-0.173 (-1.864)	-0.298*** (-4.819)	-0.262*** (-4.242)
log.population		-0.347*** (-5.296)	-0.009 (-0.067)
log.GDP		-0.952*** (-9.951)	-0.632*** (-4.123)
log.SwissTrade			-0.227** (-2.760)
R square	0.036	0.590	0.618
Adjusted R square	0.021	0.576	0.601
Standard Error of Estimate	1.262	0.830	0.800
No. Observations:	128		

t statistics in parentheses

\* p<0.05, \*\* p<0.01, \*\*\* p<0.001

Switzerland does not have as complete a model as France, the United Kingdom or the United States but this is because it acts as a control for both military and colonial ties. However, I still ran the same three regression models for this donor country, but the only bilateral relationship between Switzerland and the recipient countries is trade relations.

When I looked at the simplest model for Switzerland, the adjusted r-squared value is very low at 0.021. This result showed that this simple model was not a good fit for analyzing the data, but the result increased as I added more variables. Both lagged coup year and average freedom rating were in the correct directions, and average freedom rating was statistically significant while lagged coup year was not. This means that when a coup occurs, Switzerland generally



curtails aid in the following year, but this result is not as statistically significant as I originally expected. But the significance of the average freedom rating means that Switzerland gives more aid to recipient countries that are more democratic than to those that are less.

When I added the independent variables of humanitarian need of the recipient countries, the results changed slightly. The adjusted r-squared of this regression model was higher at 0.576. This result shows that the second model was a better fit for the regression analysis than the first. Average freedom rating remained significant when I moved to the second model and remained in the expected direction. Lagged coup year remained insignificant but was also in the expected direction. The variables of population and GDP were both in the expected directions as well and were both statistically significant. This means that the larger the population in recipient countries, the less foreign aid is given (scaled to per capita amounts) and recipient countries that are wealthier also receive less aid from Switzerland.

Finally, when I added on the bilateral relationship variable of trade relations, the adjusted r-squared value became a very good fit at 0.601. The results change a bit more as well. The average freedom rating maintained its significance overall and the value remained in the expected direction. Lagged coup year was also in the expected direction but was not a statistically significant result. Population was also in the expected direction but was no longer statistically significant in this more complete model. GDP retained its significance between the second and third models, and remained in the expected direction as well. Finally, the trade relations variable between Switzerland and the recipients was statistically significant but not in the direction I expected. Controlling for the other variables in this model, Switzerland actually gives more aid to recipient countries that do less trade with this donor than to those that it does more trade with.

When I looked at Switzerland's results pre and post 9/11, I did not expect to see any large changes because of this donor country's neutrality. The only changes were increased levels of significance for some variables. Trade relations, lagged coup year, and population became more significant in the post 9/11 results when compared to the pre 9/11 model. However, overall GDP and average freedom rating were still the most significant across the Switzerland regression models.

For Switzerland, average freedom rating, GDP, and trade relations were the most statistically significant variables. Freedom rating average had the largest t-statistic while GDP had the second largest t-statistic. These results show that these two variables play large explanatory roles in the determinations of Switzerland aid variations. The statistical significance of average freedom rating shows that Switzerland gives more aid to recipient countries that have better democracy and lower freedom rating averages. This highlights that Switzerland does have a commitment to democracy, which is a strong result that is in line with my hypothesis, as this donor country favors democratic recipients. Although lagged coup year was not statistically significant, it is a good sign that it was in the expected direction because this means that Switzerland does decrease aid the year after a coup occurs and so a coup year has a slight effect, though not as much as I expected. So, the event of a coup occurring does not have strong implications on variations in Switzerland's aid allocations.

Overall, the results show that Switzerland gives poor, less populated recipient countries more aid than wealthy, more populated ones. And Switzerland favors recipients that are more democratic. From this it can be concluded that of the variables included in my study, Switzerland is most concerned with recipient countries' humanitarian need and democracy levels. Trade is also an important variable, but since the direction was contrary to what I expected this may have

something to do with the recipient sample set or a different confounding variable. However, these unexpected results mean that Switzerland gives less aid to the recipient countries it does more trading with. Overall, these results are interesting and shed some insight onto considerations Switzerland takes into account for foreign aid allocations in accordance with a coup's occurrence in the recipient countries.

## Chapter 5: The United Kingdom

### Country Overview:

The United Kingdom's foreign policy is most geared towards supporting its nationals overseas, promoting human rights, "preventing conflict in fragile states," and "strengthening the Commonwealth" among many other policy goals (Foreign Affairs Gov.UK) The United Kingdom also supports the UN Millennium Development Goals, which shows its commitment to humanitarian needs of recipient countries (Strengthening the Commonwealth Gov.UK). The United Kingdom's goal of strengthening the Commonwealth shows its commitment to its former colonies, which in this case is Pakistan, and may have a stronger effect than the United Kingdom's commitment to democracy, but this remains to be seen. Also, because the United Kingdom has nationals present across the globe, this may have some effect on any possible unexpected results in the data.

The main goal that exhibits parallels with my study is the United Kingdom's goal of preventing conflict. A coup is an event that generally leads to decreased democracy levels, restrictions of freedoms, and brings about conflict. Because of this, it would seem that the United Kingdom's goal to "dispel hostility, to build and maintain trust, and to assist in the development of democratically accountable armed forces" would not be furthered by a coup (Preventing Conflict in Fragile States Gov.UK). The United Kingdom invests in "upstream prevention" or "tackling the causes of conflict to stop them spreading and escalating," which means that it would be in its interests to prevent or stop a coup (Preventing Conflicts in Fragile States Gov.UK). The data analysis will provide insights to which goal the United Kingdom is most committed to as well as their level of commitment to their stated goals.

## Results:

**Table 5: Regression Results for Log Scaled UK Aid**

	A	B	C
Constant	-3.549*** (-6.866)	1.418 (0.684)	20.094** (2.739)
lagged.CoupYear	-0.527 (-1.084)	-0.458 (-0.986)	-0.430 (-1.018)
Freedom Rating Average	0.486*** (4.303)	0.420*** (3.841)	0.049 (0.346)
log.population		-0.055 (-0.463)	-1.271*** (-3.816)
log.GDP		-0.578*** (-3.408)	0.147 (0.436)
log.UKTrade			0.152 (0.901)
UKColonialTies			4.786*** (4.839)
UKMilitaryTies			-1.508** (-2.624)
R square	0.135	0.226	0.387
Adjusted R square	0.120	0.200	0.349
Standard Error of Estimate	1.521	1.451	1.308
No. Observations: 128			

t statistics in parentheses

\* p<0.05, \*\* p<0.01, \*\*\* p<0.001

I began with the simple model and the variables of lagged coup year and average freedom rating. Lagged coup year was not statistically significant but in the expected direction while average freedom rating average was not in the expected direction, but was statistically significant. The adjusted r-squared value of this model was 0.120. So, this model is not the best fit, but this value increased as I added more variables.

In the second model, I added on the GDP and population variables associated with humanitarian need of the recipient country. Once I added these variables, the results changed and the adjusted r-squared value increased to 0.200, which made this model a better fit than the simple one, but was still not an ideal fit. When I looked at the results of the second model, average freedom rating maintained its unexpected direction and statistical significance, while GDP was the only other significant variable present in the results. For GDP, it is in the expected direction, so wealthier recipient countries receive less aid from the United Kingdom. Both lagged coup year and population were not statistically significant, but were in the expected directions.

Finally, in the most complete model I added on the variables of trade, colonial ties, and military ties to illustrate the bilateral relationships between the United Kingdom and the recipient countries. For this model, the adjusted r square value is 0.349, which shows that it was a moderately good fit for the data. Freedom rating average was statistically insignificant and still remained in the direction contrary to my expectations. Even though these results were insignificant, this means that overall the United Kingdom does not have a very strong of a commitment to democracy. Lagged coup year was also not statistically significant, but was in the correct direction, which means that a coup occurring the previous year does cause the United Kingdom to decrease aid.

The variable of GDP per capita also lost its significance in the final model. Trade was also not a significant predictor of aid, but was in the expected direction, meaning that the more trade a recipient country does with the United Kingdom the more aid this donor country gives the recipient. Also, military ties are significant, but go in the direction contrary to what I expected. This means that when the United Kingdom has military ties with a recipient country the recipient country actually gets less aid. This result is counter intuitive and it may be due to my recipient

country selection or the United Kingdom may simply be a different case compared to the other donor countries. However, it is not easy to pinpoint the reason for this counter intuitive result, and could be attributed with a confounding variable I have not included in my study. For the United Kingdom, colonial ties are the largest factor in aid allocations. This variable has a significantly larger t-statistic than any other, with population coming in second and military ties third.

It is important to note that I also ran regressions for pre 9/11 data and post 9/11 data. For the United Kingdom, I thought that these results would show differences between the two periods because 9/11 was an event of great foreign policy interest. However, these results turned out to be similar to those of France and Switzerland. There were no large differences apparent in the comparison of the two periods. Before 9/11, lagged coup year was in the expected direction and insignificant while average freedom rating average was not in the expected direction and insignificant. The next variables, GDP and trade relations were both in the expected directions but also insignificant. Military ties were once again not in the expected direction but were significant. Finally, population and colonial ties were in the expected directions and significant.

For the period after 9/11, military ties remained in the same unexpected direction but became insignificant, while lagged coup year, average freedom rating, and GDP remained in the same directions but were all insignificant. Colonial ties and population were still the only variables that were significant and so this result holds across both periods. These results show that nothing greatly shifted between the pre 9/11 and post 9/11 periods.

For the United Kingdom, I also expected the donor country to have a special relationship with Pakistan so I ran the regression data excluding this recipient country. The greatest difference between these results and the original ones was that with the exclusion of Pakistan the

United Kingdom no longer had colonial ties to any of the recipient countries. Without Pakistan, the simple model's results remain unchanged and when I looked across the second and third models, all the variables became statistically insignificant. Also, military ties and average freedom rating remained in the same unexpected directions and GDP changed to go in the unexpected direction as well. Lagged coup year and population were both in the expected directions, as in the model with Pakistan. So, overall the model without Pakistan only changed the results to become more insignificant overall. This means that the unexpected results for the United Kingdom are not attributed to the inclusion of Pakistan, but rather with other confounding factors that I have not accounted for in my models.

These results show that for the United Kingdom, colonial ties are the single most important factor in regards to its aid allocation decisions. The variables of military ties, trade relations, and average freedom rating are also important considerations, but not as important as the former colonial status of the recipient country. However, it is important to note that contrary to my original hypothesis, these results show that the United Kingdom gives more aid to countries with less democracy. This illustrates that the United Kingdom does not strongly consider level of democracy as an important variable in its foreign aid allocations.



## Chapter 6: The United States

### Country Overview

It is important to note that the United States is different than my other donor countries in that it is a clear hegemonic power, which is why its analysis results may be different, but that remains to be seen. The United Kingdom and France may be similar in hegemonic status, but the United States remains the strongest hegemonic player in global relations.

The United States' foreign policy is geared towards promoting democracy across the globe. In 1961, the United States changed their foreign aid policy to include Section 508, which made it unlawful to give aid to any country that suffered an overthrow in the form of a military coup (Committee Reports 105th Congress). Although this law was repealed in 1973, a more stringent law was enacted in 2012-13, illustrating that the United States' does have some commitment to deterring coups; it is just not clearly articulated in the period of my study, 1995 to 2010 (Legislation on Foreign Relations Through 2002) (H.R. 5857 2013). However, the United States' commitment to democracy is clearly applicable to my hypothesis and study.

The United States' commitment to democracy is highlighted on the U.S. Department of State's website where the department's mission statement is to, "shape and sustain a peaceful, prosperous, just, and democratic world and foster conditions for stability and progress for the benefit of the American people and people everywhere." (Bureau of Budget and Planning). This is complemented by the Freedom House's U.S. Foreign Policy overview, which states that the organization "actively advocates for a U.S. foreign policy that seeks to support human rights and democracy through diplomacy, foreign assistance, and support for international human rights mechanisms" (Freedom House U.S. Foreign Policy).

This mission statement and the Freedom House report highlight the importance of analyzing the United States' true commitment to these goals and their commitment to democracy overall, because if the nation puts forth such strong ideals their foreign aid allocations should reflect them. My data and analysis will provide insights to the importance the United States really puts on these goals.

**Results:**

**Table 6: Regression Results for Log Scaled US Aid**

	A	B	C
Constant	0.733 (1.732)	9.364*** (5.917)	18.120*** (4.306)
lagged.CoupYear	-0.435 (-1.083)	-0.390 (-1.090)	-0.357 (-1.022)
Freedom Rating Average	0.029 (0.315)	-0.003 (-0.032)	0.065 (0.768)
log.population		-0.495*** (-5.600)	-0.731*** (-5.413)
log.GDP		-0.038 (-0.292)	-0.519* (-2.250)
log.USTrade			0.266* (2.238)
USMilitaryTies			0.233 (0.931)
R square	0.010	0.228	0.276
Adjusted R square	-0.006	0.203	0.240
Standard Error of Estimate	1.259	1.121	1.094
No. Observations:	128		

t statistics in parentheses

\* p<0.05, \*\* p<0.01, \*\*\* p<0.001

As with the other models, I began with the simple model. In the results for this model, neither lagged coup year or freedom rating were statistically significant. However, lagged coup year was in the expected direction while freedom rating average was not. The adjusted r-squared

value for this simple model was -0.006, showing that this was not a good model for analyzing the data. The adjusted r-squared value did increase as I expanded the models and included more variables.

Moving to the next model, I added the variables of GDP and population into the regression. Average freedom rating changed to be in the expected direction but remained statistically insignificant. Both lagged coup year and GDP were also not statistically significant but in the expected directions. The only variable in this model that was significant was population, so the United States gives less aid per capita to recipient countries with larger populations. The adjusted r-squared value for this model was 0.203, which shows that this model was a better fit than the previous one but was still not a very good fit overall.

Finally, in the last and most complete model, I add the variables of trade and military ties, but since the United States has no former colonies out of the recipient country sample, this control variable was not included in this model. The freedom rating average once again went in the direction contrary to what I expected, but was not statistically significant. Both lagged coup year and military ties were also statistically insignificant, but both were in the expected directions. Population, GDP, and trade relations were all statistically significant and in the expected directions. The adjusted r-squared value of this model was 0.240, which means this model is a better fit than the previous two, but still not such a good fit for the data and regression for the United States.

Overall, the results mean that for the United States, GDP per capita and population have the most significance in the model, influencing foreign aid. So, the United States is concerned with giving smaller, poor recipient countries aid rather than larger wealthier recipient countries, which may be in response to humanitarian need. However, the trade relations variable also has a

large t-statistic, showing that trade benefits and considerations are important to the United States. Therefore, countries that do more trade with the United States tend to get more aid than those that do less. Although the other variables are not statistically significant, most go in the expected directions, and for coup year this is an important result. This means that the United States does at least decrease aid in the year following a coup, even if this result is not as significant as I originally expected.

I also expected the United States to have a special relationship with Pakistan and so I ran regression models for the United States without Pakistan, just as I did for the United Kingdom. However, just as in the United Kingdom regression results, the United States' special interests in Pakistan don't have a large effect on aid allocations in my model. The results with and without Pakistan were very similar, except that in the third model without Pakistan freedom rating average went in the direction I expected. Also, military ties changed to go in the direction contrary to what I expected with the removal of this recipient. However, overall freedom rating average, lagged coup year, and military ties were insignificant while population, GDP, and trade were significant, just as for the results including Pakistan. So, the special interests with Pakistan I expected would affect the United States' aid allocations did not have a big influence on the results.

Another important consideration for the United States was the occurrence of 9/11. For the United States, as with all the other donor countries I compared the time before 9/11 (1995-2001) to the time after (2002-2010). An apparent change between the two periods was the loss of significance of GDP and trade relations in the post 9/11 results. Another noticeable difference in the post 9/11 results was the slightly increased significance of lagged coup year, average freedom rating, and military ties. This increased level of significance for the freedom rating is

also in the reverse direction of what I expected. Overall, the results between pre 9/11 regressions and post 9/11 regressions did not have any significant differences and so I take the regression model across all years as my main model.

It is important to consider that the United States is a hegemonic power in global relations, so this may be why the results were not a very good fit in terms of the model and why many of the results were not statistically significant. The United States' hegemony may play a big role in its foreign aid allocations, which is why it gives aid to so many countries and other variables do not play such large roles in its foreign aid allocations. This can also be attributed to the very large significant result of lagged aid when I ran the models including this variable. The significance of this variable means that the largest explanatory variable for the United States is the amount of aid a recipient country received in the year prior. Also, when this variable was included the adjusted r square value increases to 0.438, which shows that with the inclusion of this variable the model becomes a better and good fit. This result is not very surprising as a lagged dependent variable usually produces a better fit and soaks up some variance.

## **Chapter 7: Results and Conclusion**

Foreign aid is affected by many different variables and considerations of the donor countries. Such variables include humanitarian need of the recipient country, trade relations between the donor and the recipient country, former colonial history, military and strategic relations between the donor and recipient countries, and commitment to democracy of the donor country.

Bilateral aid allocations are easy to track and analyze as aid flows from the government of the donor country to that of the recipient countries. Donor countries have specified foreign policy goals as I reviewed in the donor country profiles, and the promotion of democracy is found across all the donors I chose. Also, with global interests more geared towards promoting democracy since the end of the Cold War, a coup d'état is seen as a hindrance to democracy. Coups are unlawful quick changes in the government that a donor country typically cannot anticipate, which makes it an ideal event to consider when looking at variations in foreign aid allocations. To look at this relationship between coups occurring in the recipient countries and variations in foreign aid allocations by the donor countries, I chose four democratic donor countries: France, Switzerland, the United Kingdom, and the United States. I examined variations in the donor countries' aid allocations to eight recipient countries: Cambodia, Cote d'Ivoire, Honduras, Madagascar, Mauritania, Niger, Pakistan, and Thailand, in response to several independent variables and the coups that each recipient suffered from between 1995 and 2010.

I expected commitment to democracy to be an important consideration, if not the most important consideration, for donor countries. This is because promoting democracy is found in the foreign policy agenda of all the democratic donor countries I chose for my study. However,

other independent variables turned out to be more important than commitment to democracy. By including and analyzing coup d'états and the effect of these undemocratic and unlawful events I was able to see if the undemocratic nature of such an event could trigger decreases in foreign aid allocations. I expected that coups would cause decreases in foreign aid allocations by donor countries because it is clearly an obstacle in the donor countries' claims of promoting democracy.

Except for France, the donor countries in my sample all had the expected direction for the regression results of lagged coup year. This is a good result in that it shows that aid decreases do occur in the year following a coup, but the generally low levels of significance of these results suggest that these are not as powerful as I expected in association with foreign aid allocations. Freedom rating average, which is associated with democracy and freedom, had mixed results in the regression analysis. For the United States, the results were largely insignificant across all three models, showing that freedom ratings and democracy is not a great influencing factor on the United States' aid allocations. On the other hand, the United Kingdom gave more aid to less democratic recipient countries across all three models, with these results significant in the first two models. This means that democracy is not as great a factor for this donor country as I expected either. Switzerland's results were in line with my hypothesis as this donor country gave less aid to less democratic recipients. France had varied results in that it gave both less and more aid to these less democratic recipient countries depending on the model. Overall democracy and freedom ratings have more significance than a coup's occurrence in my results.

For donor countries that have colonial ties to recipient countries, like France and the United Kingdom, it is apparent that this is a very important determining factor in aid allocations. This result is parallel to the results that Alesina and Dollar and Lumsdaine found, and still stands

true even with the occurrence of a coup d'état. This is not a surprising result as I expected colonial ties to be an important variable to former colonizers and this is why I chose to include it in my model.

Humanitarian need of the recipient countries was also an important consideration, especially for Switzerland. It is true that humanitarian need could be an overriding consideration for foreign aid, and with the occurrence of a coup this situation could worsen. However, the significance of this result followed my prediction about humanitarian need being a possible confounding variable, as it turned out to be.

Military relations caused a strange result in the United Kingdom, but otherwise was not an important variable or consideration for foreign aid allocations. This was surprising to me as the United States and the United Kingdom have strong strategic ties to many countries and this could be expected to positively affect aid allocations, however this lack of significance may be attributed to my recipient country sample set or other confounding variables I did not address. Trade relations also led to strange results when associated with Switzerland, showed no significance for the United Kingdom, and were significant for both France and the United States. Trade is an important consideration for donor countries, as general restrictions in aid and restrictions after a coup may cause the recipient country to cut ties or even take action in the form of trade sanctions. So, trade being an important variable shows that donor countries do try to maintain their trade relationships with the recipient countries in my sample.

Overall, the insignificant result of coups among the donor countries was unexpected. However, this leads to further research opportunities in answering the question of why? I was not exhaustive in my list of independent variables or considerations for foreign aid allocations and considered a specific period. Perhaps the results are due to coups only occurring in relatively



small, poor aid receiving countries, but I can only speculate as my results are not conclusive on the matter. Answering the question of why don't coups have a large effect even though democratic donor nations claim that they "are increasingly condemned as illegitimate exercises of state power" could be considered by looking further into different variables that explain foreign aid allocations over a longer period (Fox & Roth 2001). This is just one suggestion, but the question is an important one and may have implications in understanding further donor nations' interests, intent behind aid, and the nature of coups in the global society.

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