

GVPT 409R: The Political Economy of Foreign Aid

Fall 2019

Tu/Th 2:00pm-3:15pm

Location: TYD 1101

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Office Hours: Tu/Th 3:25-5:25 and by appointment

Course Overview:

Despite a flourishing research agenda that increasingly considers complexity and implements theory, foreign aid is often misunderstood by well-meaning policymakers or misconstrued by those with an agenda. This course is designed to provide perspective on the empirical realities of foreign aid. We will dive into the recent research on the causes and effects of aid, especially as they relate to politics and economics. The goal is to understand when foreign aid works and why it sometimes backfires, in order to craft better aid policy as practitioners and better research as scholars.

The first half of the course offers an overview of international political economy theory as it relates to foreign aid literature. We will consider the politics of both the donors and recipients of official development assistance, as well as development finance. Much of the political economy literature in the past decades has considered foreign aid as a blunt instrument, as has much of the policy community. The first half of the course will review that literature and discuss the policy implications.

The second half of the course will consider the recent research revolution that considers heterogeneity in foreign aid practices. Not all foreign aid is identical; countries, organizations, and recipients differ in how they craft foreign aid policy. These differences, often political in nature, have implications for the effectiveness of aid. The discussions in this half of the class will focus on how best to shape policy and research in light of recent findings about foreign aid's causes and effects.

Readings:

There is no required text for this course. All weekly readings will be uploaded onto the course website or included as links. Most weeks will focus on academic papers on foreign aid. They may be a bit dry, but they will be supplemented as often as possible with policy perspectives.

Students will also be expected to purchase a clicker (or clicker technology for the phone or laptop) and register it following the guidelines on www.clickers.umd.edu.

Class Discussions:

A major component of this seminar will involve in-class discussions of major concepts and events in foreign aid. Students are encouraged to think about issues beyond the rhetoric and

talking points that often pepper the surface of policy debates. I expect students to use their knowledge of the empirical research on foreign aid to drive understanding of policy outcomes.

Policy debates will undoubtedly emerge, but they will be secondary to the goal of evaluating the causes and effects of foreign aid policy. Personal attacks will not be tolerated, and questions of “should” will be redirected to (more interesting) questions of “why.” I do not expect it, but if a debate becomes negative or unnecessarily contentious, I will step in. Be respectful.

Campus Policies:

It is our shared responsibility to know and abide by the University of Maryland’s policies that relate to all courses, which include topics like:

- Academic integrity
- Student and instructor conduct
- Accessibility and accommodations
- Attendance and excused absences
- Grades and appeals
- Copyright and intellectual property

Please visit www.ugst.umd.edu/courserelatedpolicies.html for the Office of Undergraduate Studies’ full list of campus-wide policies and follow up with me if you have questions.

Course Overview:

PART 1: OVERVIEW OF FOREIGN AID

Week 1: Overview of Foreign Aid and Political Economy

Aug 27 - 29

TU *What Is Foreign Aid?*

– Oxfam America. 2014. U.S. Foreign Aid 101.

<https://www.oxfamamerica.org/static/media/files/Foreign-Aid-101-Mar2014-single-Oxfam-America.pdf>

TH *What Is Political Economy?*

– Radelet, Steven. 2006. A Primer on Foreign Aid, Center for Global Development Working Paper No. 92, Washington, D.C., 24 pp.

https://www.cgdev.org/sites/default/files/8846_file_WP92.pdf

– Chapter 1: Drazen, Allan. *Political Economy in Macroeconomics*. Princeton University Press, 2002.

– Peruse PEDL: <https://pedl.byu.edu/Pages/mission.aspx>

Week 2: Does Foreign Aid Work?

Sep 3 - 5

TU *The Foreign Aid Debate*

– <http://reason.com/archives/2013/12/26/the-aid-debate-is-over>

– https://foreignpolicy.com/articles/2014/01/21/the_case_for_aid

– <https://foreignpolicy.com/2014/01/23/aid-amnesia/>

TU *How Do We Know if It Works?*

- https://www.ted.com/talks/esther_duflo_social_experiments_to_fight_poverty
- <https://www.npr.org/sections/money/2013/11/08/243967328/episode-494-what-happens-when-you-just-give-money-to-poor-people>
- <https://www.npr.org/sections/goatsandsoda/2017/09/13/542261863/cash-aid-changed-this-family-s-life-so-why-is-their-government-skeptical>

Week 3: Why Foreign Aid?

Sep 10 - 12

TU *Development*

- Alesina, A. & D. Dollar. “Who Gives Foreign Aid to Whom and Why?” *Journal of Economic Growth*, 5(2000): 33-63.
- Andrabi, Tahir, and Jishnu Das. “In Aid We Trust: Hearts and Minds and the Pakistan Earthquake of 2005.” World Bank Policy Research Working Paper Series, Vol (2010).
- Paul, Elisabeth. “A Survey of the Theoretical Economic Literature on Foreign Aid”, *Asian- Pacific Economic Literature* 20.1(2006): 1-17.

TH *Geopolitics*

- Meernik, James, Eric L. Krueger, and Steven C. Poe. “Testing Models of US Foreign Policy: Foreign Aid During and After the Cold War.” *The Journal of Politics* 60.1 (1998): 63-85.
- Bueno De Mesquita, Bruce, and Alastair Smith. “Foreign Aid and Policy Concessions.” *Journal of Conflict Resolution* 51.2 (2007): 251-284.

Week 4: Why Foreign Aid?: Donor-Government Politics

Sep 17 - 19

TU *Donor Governments*

- Powers, Ryan M., David A. Leblang, and Michael J. Tierney. “Overseas Economic Aid or Domestic Electoral Assistance: The Political Economy of Foreign Aid Voting in the US Congress.” APSA 2010 Annual Meeting Paper. 2010.
- Milner, H. & Tingley, D. “The Political Economy of U.S. Foreign Aid: American Legislators and the Domestic Politics of Aid.” *Economics & Politics* 22 (2010): 200-232.

TH *Donor Populations*

- Van Heerde, J. & Hudson, D. ““The Righteous Considereth the Cause of the Poor”? Public Attitudes towards Poverty in Developing Countries.” (2010) *Political Studies*
- Bechtel, M., Hainmueller, J., & Margalit, Y. “Preferences for International Redistribution: The Divide over the Eurozone Bailouts.” *American Journal of Political Science*. 58.4 (2014): 835-856.

Week 5: Why Foreign Aid?: Recipient Government Politics

Sep 24 - 26

TU *Local Leaders and Foreign Aid*

- Jablonski, Ryan S. “How Aid Targets Votes: The Impact of Electoral Incentives on Foreign Aid Distribution.” *World Politics* 66.2 (2014): 293-330.

– Cruz, Cesi, and Christina J. Schneider. “Foreign Aid and Undeserved Credit Claiming.” *American Journal of Political Science* 61.2 (2017): 396-408.

TH *Political Effects of Foreign Aid*

– Ahmed, Faisal Z. “The Perils of Unearned Foreign Income: Aid, Remittances, and Government Survival.” *American Political Science Review* 106.1 (2012): 146-165.

– Bermeo, Sarah Blodgett. “Aid is Not Oil: Donor Utility, Heterogeneous Aid, and the Aid-Democratization Relationship.” *International Organization* 70.1 (2016): 1-32.

Week 6: Does Foreign Aid Work? Counterinsurgency and Democracy

Oct 1 - 3

TU *Democracy*

– Dietrich, Simone, and Joseph Wright. “Foreign Aid Allocation Tactics and Democratic Change in Africa.” *The Journal of Politics* 77.1 (2014): 216-234.

– Savun, Burcu, and Daniel C. Tirone. “Foreign Aid, Democratization, and Civil Conflict: How Does Democracy Aid Affect Civil Conflict?” *American Journal of Political Science* 55.2 (2011): 233-246.

TH *Conflict*

– Nielsen, Richard A., et al. “Foreign aid shocks as a cause of violent armed conflict.” *American Journal of Political Science* 55.2 (2011): 219-232.

– The Strategic Prevention Project: Assessing the Role of Foreign Assistance in Preventing Violent Conflict in Fragile States. (2019). Office of US Foreign Assistance Resources.

Week 7: Mid-Term Exam

Oct 8 - 10

TU – Mid-term Review

TH – Exam

PART 2: HETEROGENEITY IN FOREIGN AID

Week 8: When Does Foreign Aid Work?

Oct 15 - 17

TU *Criticism of the Debate*

– Miller, Daniel. “Sachs, Easterly and the Banality of the Aid Effectiveness Debate: Time to Move On.” *Mapping Politics* 3 (2012).

– Easterly, William, and Tobias Pfutze. “Where does the money go? Best and worst practices in foreign aid.” *Journal of Economic Perspectives* 22.2 (2008): 29-52.

TH *Making Foreign Aid Work*

– Dietrich, Simone. “Bypass or Engage? Explaining Donor Delivery Tactics in Foreign Aid Allocation.” *International Studies Quarterly* 57.4 (2013): 698-712.

– Center for Global Development. “The Quality of Official Development Assistance (QuODA) Third Edition.” (2014).

Week 9: Geopolitics and Foreign Aid

Oct 22 - 24

TU *UN Voting*

- Kuziemko, Ilyana, and Eric Werker. “How Much is a Seat on the Security Council Worth? Foreign Aid and Bribery at the United Nations.” *Journal of Political Economy* 114.5 (2006): 905-930.
- <https://www.cgdev.org/publication/linking-us-foreign-aid-un-votes-what-are-implications>

TH *Political Alliances*

- Stone, Randall W. “The Political Economy of IMF Lending in Africa.” *American Political Science Review* 98.4 (2004): 577-591.
- Clarke, Duncan L., and Daniel O'Connor. “US Base-Rights Payments After the Cold War.” *Orbis* 37.3 (1993): 441-457.
- <https://www.nytimes.com/2018/10/14/world/asia/donald-trump-foreign-aid-bill.html>

Week 10: NGOs and Private Aid

Oct 29 - 31

TH *Non-Governmental Organizations*

- Büthe, Tim, Solomon Major, and André de Mello e Souza. “The Politics of Private Foreign Aid: Humanitarian Principles, Economic Development Objectives, and Organizational Interests in NGO Private Aid Allocation.” *International Organization* 66.4 (2012): 571-607.
- <http://politicalviolenceataglance.org/2015/10/05/the-challenges-of-american-ngos-abroad/>

TU *Private Donors*

- Watch: *Poverty, Inc.* 2015
- <https://www.forbes.com/sites/mikemontgomery/2015/04/28/how-entrepreneurs-can-avoid-the-philanthropy-pitfalls/#4badec9b1c38>

Week 11: Immigration and Trade

Nov 5 - 7

TU *Aid and Immigration*

- Bermeo, S. & Leblang, D. (2015). “Migration and Foreign Aid.” *International Organization*. 69(3): 627-657.
- <https://theglobepost.com/2019/06/19/central-america-migration-aid/>

TH *Aid and Trade*

- <https://www.cfr.org/backgrounder/agoa-us-africa-trade-program>
- <https://www.cgdev.org/blog/export-promotion-not-same-building-markets-abroad>

DEADLINE: Aid Project Evaluation (15%)

Week 12: Multilateral Foreign Aid

Nov 12 - 14

TU *Why Multilateralism?*

– Milner, Helen V., and Dustin Tingley. “The Choice for Multilateralism: Foreign Aid and American Foreign Policy.” *The Review of International Organizations* 8.3 (2013): 313-341.

– Schneider, Christina J., and Jennifer L. Tobin. “Portfolio Similarity and International Development Aid.” *International Studies Quarterly* 60.4 (2016): 647-664.

TH *Politics of Multilateral Aid*

– Dreher, Axel, Jan-Egbert Sturm, and James Raymond Vreeland. “Development Aid and International Politics: Does Membership on the UN Security Council Influence World Bank Decisions?” *Journal of Development Economics* 88.1 (2009): 1-18.

– Kersting, Erasmus K., and Christopher Kilby. “With a Little Help from My Friends: Global Electioneering and World Bank Lending.” *Journal of Development Economics* 121 (2016): 153-165.

Week 13: International Lending

Nov 19 - 12

TU *Bretton Woods Institutions*

– <https://www.cfr.org/backgrounder/world-bank-groups-role-global-development>

– Przeworski, Adam, and James Raymond Vreeland. “The Effect of IMF Programs on Economic Growth.” *Journal of development Economics* 62.2 (2000): 385-421.

TH *Microfinance*

– <https://www.npr.org/sections/money/2010/09/28/130194702/the-tuesday-podcast-what-s-better-for-helping-poor-people----greed-or-charity>

– <https://www.npr.org/sections/money/2011/01/10/132803684/the-microfinance-backlash>

– <https://www.cfr.org/blog/financing-egypts-missing-middle>

Week 14: New Donors in Foreign Aid

Nov 26 - 28

TU *China*

– Dreher, Axel, et al. “Aid, China, and Growth: Evidence from a New Global Development Finance Dataset.” (2017).

– Richard Aidoo, “African Countries Have Started to Push Back Against Chinese Development Aid. Here’s Why.” *Washington Post*, October 16, 2018.

TH *Other New Donors*

– Steinwand, Martin C. “Compete or Coordinate? Aid Fragmentation and Lead Donorship.” *International Organization* 69.2 (2015): 443-472.

– Ipek, Pinar. “Ideas and Change in Foreign Policy Instruments: Soft Power and the Case of the Turkish International Cooperation and Development Agency.” *Foreign Policy Analysis* 11.2 (2015): 173-193.

Week 15: New Topics in Foreign Aid

Dec 3 - 5

TU *Ethical Issues in Foreign Aid*
– <https://www.scientificamerican.com/article/how-cia-fake-vaccination-campaign-endangers-us-all/>
– <https://www.npr.org/sections/thetwo-way/2016/08/18/490468640/u-n-admits-role-in-haiti-cholera-outbreak-that-has-killed-thousands>

TH To Be Decided; Review for Take-Home Final

DEADLINE: Take-Home Final (Dec 17 5:00 PM)

Grading:

The grading scale will be as follows, and will be based on the percentage of total assessment points earned. When grades fall between percentages, I will round up after 0.5:

A = 93-100	A- = 90-92	
B+ = 87-89	B = 83-86	B- = 80-82
C+ = 77-79	C = 73-76	C- = 70-72
D+ = 67-69	D = 63-66	D- = 60-62
F = < 60		

Students will have up-to-date access to their current grades throughout the semester through the course site on ELMS. I will also send out periodic messages updating students on their progress.

Participation: 10%

Students are expected to engage with assigned readings and come to class and/or my office hours prepared to discuss them.

Weekly Quizzes: 10%

Once per week, on either Tuesday or Thursday, I will conduct an in-class quiz that covers the week's readings. Students should attend each class prepared. Students may drop their lowest two quiz scores in their final grade.

Review of Aid Project: 15%

Students are required to complete a 5-page evaluation of a foreign aid project from the PEDL website. This evaluation will include a description of the major actors involved, an analysis of the political factors behind a foreign aid project, an assessment of the project's effectiveness, and an explanation for any lack of effectiveness.

Mid-Term: 30-35%

The Mid-term will be composed of a fill-in-the-blanks section, a short-answer section, and one essay question. I will reveal a set of potential essay questions the weekend before the mid-term to allow students to prepare an answer, but no notes will be allowed into the exam. The Tuesday before the mid-term will consist of a preparation section, in which we will discuss the class topics and potential essay questions.

Take-Home Final: 30-35%

Students have the option of allocating either 30% or 35% of their final grade to the final or to their mid-term (not to both). For example, if a student allocates 30% to their final grade, they must allocate 35% to their mid-term, and vice versa. The take-home final will ask students to integrate multiple components of the class, evaluate a hypothetical foreign aid program, and write an essay. The last class will be devoted to preparing for the final exam, which I will release after the class. The take-home final must be returned to me by Dec 17 at 5:00 PM.

Course Policies and Expectations:

1. Assignments that are turned in past the deadline will be penalized one letter grade per day.
2. Absences for valid reasons such as medical or family emergencies will be excused with appropriate documentation, but you will still be responsible for missed material, such as quizzes. Please contact me if you know you will be late or absent.
3. Making-up exams is not permitted unless: 1) there is an official excuse for having missed an exam (with proper documentation); or 2) a prior arrangement is made.
4. Neither cheating nor plagiarism in any form will be tolerated. The penalty for having committed either one of these violations is a failing grade for the course. Familiarize yourself with the campus policies on academic honesty, and when in doubt, ask me.
5. Recent findings in social psychology discourage the use of laptops and phones in class (see youtu.be/WwPaw3Fx5Hk). However, the nature of this course leads me to provisionally accept technology in the classroom, to allow for a broader discussion. If it seems that students are spending more time online shopping than having productive discussions, I will revoke those privileges, so be responsible.
6. Any student with disabilities/special needs or who will miss class due to a religious observance should contact me during the first week of classes so that the proper arrangements can be made.
7. Class participation is challenging for some. If you have particular concerns or anxieties about participating in class discussion, please come to my office hours early on. We can work to find a less stressful and more effective way for you to participate.
8. While I am happy to answer brief questions by email, I will not respond right away and may ask you to come to my office hours for broader questions and issues, whether they be about the class, the field more generally, or even about your career. I hope to see you at my office!