

# GOVT 335: Political Economy of Foreign Aid

Spring 2022

Draft (subject to change): December 14, 2021

**Instructor:** Cleo O'Brien-Udry

**Contact:** cleo.obrien-udry@yale.edu/cobrienudry@wesleyan.edu

**Seminar time:** Th 1:20-4:10pm

**Office hours:** TBD

Who gives and gets foreign aid, and does it work? This course will study how international and domestic interests interact and affect the causes and consequences of foreign aid. By focusing on foreign aid, the course will allow us to examine core political science topics such as how racism shapes international interventions, how leaders secure their hold on power, how voters assess their politicians, how gender shapes political institutions, how states manage migration flows, how political actors bargain with each other, and how the international community manages the environment. Throughout the course, we will also use the case of foreign aid to learn how social scientists study causal relationships. Students will learn the core assumptions involved in “causally-identified” research designs such as those recognized by the 2021 Nobel Prize in Economics.

*Class goals:*

- Students will learn about the causes and consequences of foreign aid for donors (countries/people who give aid) and recipients (countries/people who receive aid). We will work to understand the strategic dynamics of giving/receiving aid, how aid interacts with and affects social norms and political processes, and the circumstances under which foreign aid helps, or hurts, the people it is intended to support.
- Students will learn the core assumptions involved in “causally-identified” research designs. Both experiments and observational studies that identify the effect of phenomena in the world rely on an assumption of randomization—we will work to understand how social scientists develop research designs that use randomization to uncover patterns in foreign aid. We will discuss the practical and ethical limits of our knowledge about the world.
- Students will apply their knowledge of causal inference to creating their own research designs and/or critically-evaluating existing evidence. Student will critically engage

with work weekly in discussions, semi-weekly in response papers, and in their final paper. Students will also work with peers to give feedback and revise the component parts of their final paper. We will learn to give and engage with constructive criticism.

*Class structure:*

As this is a three-hour seminar, we will have breaks. Each seminar will follow a two-part structure:

- **Substantive discussion:** We will spend roughly half the class discussing the substantive topic of the readings for each week. One or two students will be in charge of leading the discussion, which will be characterized by curiosity and constructive engagement.
- **Methods workshop:** I will give a very short, interactive lecture on the methodological topic of the week (which will also be present in our readings), then we will break up into small groups to work on a methods introductory worksheet. We will all meet back up to discuss promises and pitfalls of the method.

In the second half of the semester, the methods workshop will be combined with time for paired peer feedback on your final projects. You will have weekly deadlines for parts of your final project so that 1) you can receive timely and helpful comments on your work and 2) constructing the final project will be less stressful/time-consuming than writing it from scratch at the end of the semester.

## On causal inference and foreign aid

Why do we care about causal inference? Causal inference is the study of how actions (or inactions) independently cause effects. We want to move beyond associations and correlations into territory where we can be sure that X causes Y.

Why study foreign aid? And what do these two things have to do with each other? Foreign aid, which we can think of as funds or goods transferred internationally by actors in one state to another for the benefit of the recipient country (or its people), is a key and complex part of international relations and development. We have widely diverging theories about why states and organizations give aid (is it a bribe for foreign policy favors? a humanitarian action? a bureaucratic tool?) and how it affects those who receive it (does it promote economic growth and welfare? cause corruption and violence? undermine democracy? change social norms?). Given the range of different questions we can ask about foreign aid, we can explore how causal inference can be applied to many different contexts and topics.

Both causal inference and foreign aid also pose important ethical dilemmas for practitioners and researchers. How does defining foreign aid as a transaction between “donors” and

“recipients” obscure the role of developing countries in implementing and designing development projects and producing knowledge? How does focusing on relationships for which it is possible to identify a clear cause and effect draw attention away from big, structural changes? How do our identities as researchers based in the West affect the work we can and should do internationally? Throughout the course, we will integrate discussions of how research and policy can be done with attention to their ethical impacts.

## On learning methods

We will study the world and also unpack how we learn about causes and effects. This course combines substantive learning about foreign aid with methodological techniques about causal inference. This class is meant for both people who have never taken statistics or seen a dataset and for people who know Python, C++, or STATA backwards and forwards! **If you are nervous about learning methods, read on! This class is for you.**

In the first half of the course, we will learn many different ways that scholars try to identify causal effects of foreign aid. You will not be expected to do math in this course! Our primary aim is to understand the logic behind causal inference (causes and effects) and when this logic might be violated.

The final project offers flexibility in terms of applying methods and concepts. You can choose to design your own research project using one of the causal inference methods we have learned in class. This could be an original design or a replication of an existing study. But you don’t have to! You can also write an analytical paper that questions the assumptions of the papers we have read in class, extends the arguments we have discussed, grapples with the ethics of foreign aid and studying international development, synthesizes existing evidence for policymakers, etc.

The central goal of the course is to question how we know what we know in the study of foreign aid. I will work with students who are interested in and have the bandwidth to engage with technical details of this knowledge, but all students will primarily engage with the logic of making causal claims in social science.

## Seminar requirements

*Class participation (30%):* This is a discussion-based class. Everyone will be expected to participate to the discussion in some form—if you are not comfortable speaking in class, please let me know as soon as possible so we can find alternative forms of constructive participation. Each week, students will lead the class discussion for the paper for which they have written a response.

*Paper responses (3, 2pp, 10% each for 30% total):* You will write three two-page responses to individual papers throughout the semester. The goal here is for you to engage meaningfully with the content and to work to refine discussion, argumentation, and analytical skills. As noted above, students who have written responses on papers in a given week will run discussion for that week. I will give feedback on the papers each week.

I will expect you to go beyond synthesis of the paper and into analytical territory, but this may take many forms! While there is no single correct way to write a response paper, here are some models that would be worth trying out.

- What does this paper do well? What could it improve on?
- Do you think this result would also occur in another context? Why or why not?
- What are the underlying assumptions of the paper and how might the conclusion change if we had different assumptions?
- Apply the theory of the paper to a different topic and discuss what we can (or cannot) learn from it.

*Final project (12-15pp, 30%):* The final project for this class can be a research design, replication study/meta-analysis, critical analysis, or policy paper. For the latter half of the semester, you will turn in component parts of the final paper each week for which you will receive feedback from both myself and your peers. These parts include: research question, literature review, hypotheses/expectations, design, and (optional) results. You will share your final project in the last class of the semester.

*Communication (10%):* Attend office hours **at least once** during the semester so that I can better get to know you, adjust the class to meet your needs, and help support you in completing the course successfully.

**Note:** We're in the middle of a pandemic. I expect you to stay home if you are feeling sick, let me know if you need extensions or extra support, and generally prioritize your own care and well-being. Please communicate when you need help and I will do my best to support you!

## Acknowledgements

This course draws heavily on the syllabi and input from Lindsay Dolan's GOV 327: Experiments in International Development course and P.M. Aronow's PLSC 123: Political Economy of Foreign Aid course. I am deeply grateful for Dr. Dolan and Dr. Aronow's support in designing the class.

## Accommodations

Wesleyan University is committed to ensuring that all students are afforded an equal opportunity to participate in and benefit from its programs and services. It is University policy to provide reasonable accommodations for students with documented disabilities as defined by the ADA, students who have experienced sexual trauma or assault at any point in their lives, and students who observe religious holidays occurring at any point in the academic year. Students, however, are responsible for making requests known to all of their professors in a timely manner, if applicable. Since accommodations may require early planning and generally are not provided retroactively, please take the necessary steps as soon as possible so that appropriate arrangements can be made.

*Disability Resources:* If you are a student with a documented disability, please reach out to Laura Patey, Director of the Office of Accessibility, at [lpatey@wesleyan.edu](mailto:lpatey@wesleyan.edu), or find procedures for registering with Disabilities Services at <https://www.wesleyan.edu/studentaffairs/disabilities/Student/requesting.html>.

*Title IX Resources:* If past trauma inhibits your ability to fully participate in class, please contact Debbie Colucci, Deputy Title IX Coordinator, at [dcolucci@wesleyan.edu](mailto:dcolucci@wesleyan.edu), or your class dean. Additionally, and if you are comfortable, you can contact me so that we can work out reasonable accommodations.

*Religious Observance Resources:* If you anticipate that your religious observance may conflict with academic obligations such as attending class, taking examinations, or submitting assignments, please notify me two weeks in advance so we can work out a plan. Should you require additional support or guidance, please feel free to reach out to any of the chaplains in the Office of Religious and Spiritual Life. A student's claim of a religious conflict, which may include travel time, should be accepted at face value.

## Course schedule

| Week | Date  | Topic                | Skill                                       | Due                                          | Comments by |
|------|-------|----------------------|---------------------------------------------|----------------------------------------------|-------------|
| 1    | 01/20 | Intro                | The fundamental problem of causal inference |                                              |             |
| 2    | 01/27 | Gender               | Randomized controlled trials                |                                              | 01/31       |
| 3    | 02/03 | Geopolitics          | Natural experiments                         |                                              | 02/07       |
| 4    | 02/10 | Epidemics            | Difference-in-differences                   |                                              | 02/14       |
| 5    | 02/17 | Conflict             | Instrumental variables                      |                                              | 02/21       |
| 6    | 02/24 | Local politics       | Regression discontinuity designs            |                                              | 02/28       |
| 7    | 03/03 | Race                 | Survey experiments                          |                                              | 03/07       |
| 8    | 03/24 | Climate              | Peer review / Measurement                   | <b>Paper proposal/<br/>research question</b> | 03/28       |
| 9    | 03/31 | Backlash             | Peer review / Mechanisms                    | <b>Literature review</b>                     | 4/04        |
| 10   | 04/07 | Human rights         | Peer review / Network analysis              | <b>Hypotheses</b>                            | 04/11       |
| 11   | 04/14 | Bureaucrats          | Peer review / Mixed methods                 | <b>Research design</b>                       | 04/18       |
| 12   | 04/21 | Migration            | Peer review / Theory & empirics             | <b>Revised design/results</b>                | 04/25       |
| 13   | 04/28 | The good and the bad | Presentations                               | <b>Final project</b>                         |             |

\*REMEMBER: Over the course of the semester, you will write three response papers to readings. Those response papers will be due the day of class for which we will be discussing that reading.

# Course outline

## Week 1: Introduction & Causal inference

Bahl, Kanika. “We’re Shutting Down No Lean Season, Our Seasonal Migration Program: Here’s Why.” *Evidence Action Blog Post*. June 6, 2019. <https://www.evidenceaction.org/were-shutting-down-no-lean-season-our-seasonal-migration-program-heres-why/>

Cilliers, Jacobus, Oeindrila Dube, and Bilal Siddiqi. “The white-man effect: How foreigner presence affects behavior in experiments.” *Journal of Economic Behavior & Organization* 118 (2015): 397-414.

*Suggested:*

Aly, Heba, and Jeremy Konyndyk. “Decolonising aid”. *Rethinking Humanitarianism Podcast, The New Humanitarian* January 6, 2021. <https://www.thenewhumanitarian.org/podcast/2020/1/6/rethinking-humanitarianism-decolonising-aid> (49 min, transcript available)

## Week 2: Gender & Randomized controlled trials

Beath, Andrew, Fotini Christia, and Ruben Enikolopov. (2013). “Empowering women through development aid: Evidence from a field experiment in Afghanistan.” *American Political Science Review*. 107(3): 540-557.

Teele, Dawn Langan. (2014) *Field Experiments and Their Critics : Essays on the Uses and Abuses of Experimentation in the Social Sciences*. Introduction. pp 1-8.

Van der Windt, Peter. “Can development aid empower women? Evidence from a field experiment in the Congo.” *The Journal of Politics* 80.3 (2018): 1039-1044.

*Suggested:*

Teele, Dawn Langan. *Field Experiments and Their Critics: Essays on the Uses and Abuses of Experimentation in the Social Sciences*. “Reflections on the Ethics of Field Experiments.” pp 115 -140.

## Week 3: Geopolitics & Natural experiments

Carnegie, Allison, and Nikolay Marinov. “Foreign aid, human rights, and democracy promotion: Evidence from a natural experiment.” *American Journal of Political Science* 61.3 (2017): 671-683.

Faye, Michael, and Paul Niehaus. “Political aid cycles.” *American Economic Review* 102.7 (2012): 3516-30.

Huang, Yanzhong. “Vaccine Diplomacy Is Paying Off for China.” *Foreign Affairs*. March 11, 2021. <https://www.foreignaffairs.com/articles/china/2021-03-11/vaccine-diplomacy-paying-off>

## Week 4: Epidemics & Difference-in-differences

Lee, Melissa M., and Melina Platas Izama. "Aid externalities: evidence from PEPFAR in Africa." *World Development* 67 (2015): 281-294.

Maffioli, Elisa M. "The political economy of health epidemics: evidence from the Ebola outbreak." *Journal of Development Economics* 151 (2021): 102651. 1-15.

Loazaya, Norman. "Aid effectiveness during the COVID-19 pandemic: This time it must be better." *World Bank Blogs*. May 06, 2020 <https://blogs.worldbank.org/developmenttalk/aid-effectiveness-during-covid-19-pandemic-time-it-must-be-better>

## Week 5: Conflict & Instrumental variables

Dube, Oeindrila, and Suresh Naidu. "Bases, bullets, and ballots: The effect of US military aid on political conflict in Colombia." *The Journal of Politics* 77.1 (2015): 249-267.

Iyengar, Radha, Jonathan Monten, and Matthew Hanson. "Building peace: The impact of aid on the labor market for insurgents." No. w17297. *National Bureau of Economic Research*, 2011.

*Suggested:*

Jackson, Emily and Daniel Aboagye. "Episode 2 : Independence Day; Aid & Conflict in South Sudan." *Deeper Than Data, AidData*. July 1, 2015. <https://podcasts.apple.com/il/podcast/episode-2-independence-day-aid-conflict-in-south-sudan/id1010766017?i=1000346121269&l=iw> [No transcript available, sorry] (15 min)

## Week 6: Local politics & Regression discontinuity designs

Cruz, Cesi, and Christina J. Schneider. "Foreign aid and undeserved credit claiming." *American Journal of Political Science* 61.2 (2017): 396-408.

Paler, Laura, Camille Strauss-Kahn, and Korhan Kocak. "Is bigger always better? how targeting aid windfalls affects capture and social cohesion." *Comparative Political Studies* 53.3-4 (2020): 359-398. (skip pp 366-369)

*Suggested:*

Lehmann, M. Christian, and Daniel TR Masterson. "Does aid reduce anti-refugee violence? evidence from Syrian refugees in Lebanon." *American Political Science Review* 114.4 (2020): 1335-1342.

## Week 7: Race & Survey experiments

Baker, Andy. "Race, paternalism, and foreign aid: Evidence from US public opinion." *American Political Science Review* 109.1 (2015): 93-109.



Prather, Lauren. “Transnational ties and support for foreign aid.” *International Studies Quarterly* 64.1 (2020): 133-147.

Gharib, Malaka. “What Do African Aid Recipients Think Of Charity Ads?” *Goats and Soda, NPR*. November 29, 2018. <https://www.npr.org/sections/goatsandsoda/2018/11/29/671879547/what-do-african-aid-recipients-think-of-charity-ads>

## **Week 8: Climate & Measurement**

Michaelowa, Axel, and Katharina Michaelowa. “Coding error or statistical embellishment? The political economy of reporting climate aid.” *World Development* 39.11 (2011): 2010-2020.

Weiler, Florian, Carola Klöck, and Matthew Dornan. “Vulnerability, good governance, or donor interests? The allocation of aid for climate change adaptation.” *World Development* 104 (2018): 65-77.

## **Week 9: Backlash & Mechanisms**

de Sardan, Jean Pierre Olivier, Oumarou Hamani, Nana Issaley, Younoussi Issa, Hannatou Adamou, and Issaka Oumarou. “Cash transfers in Niger: the manna, the norms and the suspicions.” (2015) Working paper. 1-39.

Zhou, Yang-Yang, and Guy Grossman. “When Refugee Exposure Increases Incumbent Support Through Development: Evidence from Uganda.” (2021). Working paper. 1-49.

Hadid, Daa. “Pakistan Ousts 18 Aid Agencies. Human Rights Minister Tweets ‘They Must Leave.’” *Goats and Soda, NPR*. December 7, 2018 <https://www.npr.org/sections/goatsandsoda/2018/12/07/674624977/pakistan-ousts-18-aid-agencies-human-rights-minister->

## **Week 10: Human rights & Network analysis**

Dietrich, Simone, and Amanda Murdie. “Human rights shaming through INGOs and foreign aid delivery.” *The Review of International Organizations* 12.1 (2017): 95-120.

Velasco, Kristopher. “A growing queer divide: The divergence between transnational advocacy networks and foreign aid in diffusing LGBT policies.” *International Studies Quarterly* 64.1 (2020): 120-132.

Rogers, Kelli. “Uganda’s anti-gay law: A silver lining for LGBTI aid?” *DevEx*. 27 February 2014. <https://www.devex.com/news/uganda-s-anti-gay-law-a-silver-lining-for-lgbti-aid-829>

## Week 11: Bureaucrats & Mixed methods

Aizenman, Nurith. “Which Foreign Aid Programs Work? The U.S. Runs A Test — But Won’t Talk About It.” *Planet Money, NPR* September 14, 2018. <https://www.npr.org/sections/goatsandsoda/2018/09/14/647212387/which-foreign-aid-programs-work-the-u-s-runs> (4 min, transcript available)

Honig, Dan, and Catherine Weaver. “A race to the top? The aid transparency index and the social power of global performance indicators.” *International Organization* 73.3 (2019): 579-610.

Hor, Amoz JY. “The everyday emotional lives of aid workers: how humanitarian anxiety gets in the way of meaningful local participation.” *International Theory* (2021): 1-30.

## Week 12: Migration & Theory & empirics

Bermeo, Sarah Blodgett. “Aid allocation and targeted development in an increasingly connected world.” *International Organization* 71.4 (2017): 735-766.

Gazeaud, Jules, Eric Mvukiyehe, and Olivier Sterck. “Cash transfers and migration: Theory and evidence from a randomized controlled trial.” *The Review of Economics and Statistics* (2020): 1-45.

Escarce, Alissa. “In Guatemala, A Bad Year For Corn — And For U.S. Aid.” *Goats and Soda, NPR*. September 30, 2019. <https://www.npr.org/sections/goatsandsoda/2019/09/30/764349336/in-guatemala-a-bad-year-for-corn-and-for-u-s-aid> (6 min, transcript available)

## Week 13: The good and the bad & Presentations

Briggs, Ryan C. “Does foreign aid target the poorest?.” *International Organization* 71.1 (2017): 187-206.

Seim, Brigitte, Ryan Jablonski, and Johan Ahlback. “How information about foreign aid affects public spending decisions: Evidence from a field experiment in Malawi.” *Journal of Development Economics* 146 (2020): 102522. 1-17.