

MS. NO. BJPOLS-D-18-00438R1 ENTITLED “KEEPING FRIENDS CLOSE, BUT ENEMIES CLOSER: FOREIGN AID RESPONSES TO NATURAL DISASTERS”

Dear Professor Leeman,

Thank you for again giving us the opportunity to revise and resubmit our manuscript. As before, our comments and responses to the reviewers' concerns are shown in *BLUE* below each respective point.

We hope you agree that the manuscript has improved through this process and we are looking forward to your response.

Sincerely,

Cindy Cheng & Shahryar Minhas

REVIEWER 1

Major Comments.

- (1) I think that this paper's primary finding—that donors increase aid to opponents but not to allies in the aftermath of natural disaster—is an important one. Both the consideration of the (vast) extant literature on the strategic motivations for aid allocation and the novel theorizing by the authors are done carefully and well. I also appreciate that the finding is supported by a wealth of anecdotal examples.
 - *Thank you for this comment.*
- (2) I really like the whole theory section of the paper, especially the careful reading of the strategic environment in aid and the naïve vs. more strategic reading of why donors may distinguish between allies and opponents in humanitarian aid-giving. I think this moves the literature forward in a productive way.
 - *Thank you for this comment.*
- (3) Theorizing civil society aid: I think that the authors have a choice to make with regards to the discussion of civil society aid. On the one hand, I think that they could group civil society aid with development aid and essentially test humanitarian vs. all other kinds of aid. This would still allow them to both theorize and test the main relationship of the paper—that between strategic alliances and humanitarian aid. On the other hand, if they want to maintain the three-part distinction in types of aid, then there is more theoretical and empirical work to be done in teasing out civil society aid. I note some of the empirical issues in 4b-c. On theorizing:
 - The authors state that civil society aid is “to empower grass-roots advocacy and improve governance and government accountability.” This may be true, but there can also be a more strategic logic, especially in strategic opponents. For example, when the U.S. allocates civil society aid to Russia, much of it goes to pro-democracy groups or support for freedom of the press, which does support civil society but is also anti-regime. In this case, civil society aid may be about laying the groundwork for long-term change within strategic allies. It is worth looking into some specific civil society projects that happen after natural disasters to support the logic in the paper that natural disasters serve as an entrance into domestic politics within strategic opponents.
 - *Insert great response.*
 - In general, the authors need to be more clear about how civil society aid is defined and how it is strategically different from development aid.
 - *Insert great response.*
- (4) Types of aid: The empirical tests rely on distinguishing between humanitarian, civil society, and development aid. I have several outstanding questions about these distinctions.
 - Strategic labeling of humanitarian aid: I would like the authors to consider the possibility that there is a strategic logic to how donors label aid, which may vary between strategic allies and opponents. For example, as illustrated nicely in the authors' Iran example, in order for the U.S. to allocate any aid to Iran, it was necessary to create new aid levers outside of the normal aid bureaucracies and allocation processes. This was true in this specific case because of economic sanctions, but it may also be true in order to generate public appetite for aid

going to strategic opponents. With a strategic ally, there are already preexisting development aid channels and it may be more possible bureaucratically to send resources through those channels (without needing a distinct aid category of humanitarian aid) to provide post-disaster support or to enable allied recipients to reallocate, say, budget support in the health sector to disaster relief (and allies tend to receive more fungible forms of aid in the first place). The humanitarian aid classification may thus be more necessary with strategic opponents compared to strategic allies. One way to check this would be to see whether some of the types of aid within development aid increase for strategic allies in the aftermath of natural disaster—for example, do donors allocate more to food aid (but maybe less to other sectors, so the net effect is zero?). This would still indicate humanitarian support for allies, just through different bureaucratic channels.

— *Insert great response.*

- Why is “women” categorized as civil society aid? Aid aimed at women’s empowerment could as easily be categorized as development aid. It would be useful to understand at a project level what types of projects fall into this category to understand whether “women” is capturing, say, women’s political organizations or women’s economic empowerment. If it is simply a heterogenous category that doesn’t fall neatly into any of the authors’ categories, then they could re-run the models classifying “women” as civil society vs. development and see if it makes a difference. It is also worth noting that women are disproportionately affected by natural disasters, and there could be a humanitarian logic behind increasing women’s programs in the years after a natural disaster.

— *Insert great response.*

- There seem to be some missing aid categories. Where do things like governance aid, budget aid, and technical assistance fall? I am particularly wondering whether these categories (especially budget aid) are falling into civil society aid through the “Government and Civil Society” tag, as these are decisively not support for civil society. How does civil society aid relate to Dietrich’s notion of bypass aid? Is it always non-governmental?

— *These aid categories were deliberately excluded from our analysis precisely because it would be difficult to categorize them along the distinctions that we make when we define humanitarian, civil society and development aid. These excluded aid categories take up around 30% of the sum of total aid over the time period under consideration in this paper.*

- (5) Empirics: The models rely on testing the interaction term between strategic proximity and the number of natural disasters.

- It would be good to see in an Appendix the factor analysis used to calculate the strategic proximity variable as well as the summary statistics on this variable.

— *Insert great response.*
- I would like to see the models re-run using a dummy variable for whether a natural disaster occurred at all rather than the number of natural disasters. I don’t see how the number of natural disasters affects the strategic calculus of whether to respond with humanitarian aid, especially since the number of disasters has little to do with their scale. Using a dummy variable would ease interpretation of

the interaction terms and their constituent terms. It also seems more consistent with the authors' argument: they argue that natural disasters are a "shock" which prompts donors to respond based on varying levels of strategic alliance.

– *Insert great response.*

- If the authors do think that the scale of the natural disaster matters for the response, then using the number of deaths seems more appropriate than the number of disasters, since one large disaster could be far more damaging than five small ones.

– *Insert great response.*

Minor Comments.

- (1) The legend on Figure 1 did not come out clearly, and the different categories of aid cannot be easily distinguished.
 - *Insert great response.*
- (2) I think H3 is phrased the opposite of what the authors intended.
 - *H3 was indeed phrased the opposite of what we intended and we have since fixed this unfortunate oversight.*

REVIEWER 2

Major Comments.

- (1) The manuscript asks whether donors respond differently to natural disasters in strategic allies and adversaries. In particular, the authors put forth hypotheses across three different types of aid - humanitarian, civil society and development - and posit that an interaction will exist between “strategic distance” and disasters. The idea is sound and worth testing, particularly with regard to civil society aid, but the execution is not as good as it could be and the paper feels dated in both literature review and time covered. I would strongly suggest reframing the paper to focus more on the civil society findings (as well as the humanitarian findings), updating the analysis and literature review, and paying additional attention to some empirical difficulties. I'll say some more on each of these.
- *Insert great response.*
- (2) I thought the most interesting finding is that donors may be using a humanitarian disaster to “sneak” civil society aid to groups in countries not aligned with themselves - if this holds up it is a really neat finding. It also suggests that recipients are right to be worried about donors having multiple purposes when responding to humanitarian crises. I would highlight the importance of this more, as it would be the newest finding in the paper. The North Korean example regarding “changing hearts and minds” could play into this - it is a clear example of influencing the opinion of the people, rather than the government, toward the donor.
- *Insert great response.*
- (3) Breaking H1 into three parts (the middle one clearly a straw man) is not helpful. Also on framing I recommend removing the multiple anecdotes of disasters in wealthy states in the front of the paper - these have nothing to do with interactions between aid donors and recipients, they are confusing in the context of the questions asked in the paper, and removing them would streamline the argument.
- *Insert great response.*
- (4) I believe H3 is stated exactly the opposite of what the authors intended to say. Also, it does not necessarily seem consistent with H1A/C- if states experience a lot of infrastructure destruction then much of the disaster aid may be designated to rebuild infrastructure. In this way it seems like a longer-term disaster response, and then the same logic that plays out in H1 might play out here too.
- *H3 was indeed phrased the opposite of what we intended and we have since fixed this unfortunate oversight.*
- (5) The literature review is dated. In particular, it misses some key contributions from recent years regarding donor intent and foreign aid. Most notable are Bueno de Mesquita and Smith (2009, 2015); Fleck and Kilby (2010); Clist (2011); Bermeo (2017, 2018). Multiple of these studies note the importance of considering changes in donor intent and behavior across three periods (Cold War, 1990s, post-2001), which the authors should certainly test in their empirics. Carter and Stone (2015) have written the definitive piece on UN voting and aid, which should certainly be referenced.
- *The development of this paper was quite long and we appreciate Reviewer 2 pointing out these later works that we overlooked and have incorporated them into the manuscript. Inspired by this comment, we have also incorporated additional*

relevant readings from: Andrabi and Das (2017), Carnegie and Marinov (2017), which hopefully will make the literature review even more relevant and robust.

- (6) A key contribution the authors could be making is on the measure of strategic difference, using network analysis and combining information from three variables - UN voting, alliances, and membership in IGOs. It is difficult to assess the suitability of this with the information given. We don't know which IGOs were included in developing this measure. There is updated data for UN voting (Bailey, Strezhnev, and Voeten, 2017).
 - *Insert great response.*
- (7) On the empirical setup, it would be nice to see results on total aid in addition to the results by category. Do disasters shift total levels of aid and does this interact with strategic distance? This would allow us to see if increases in some categories are happening at the expense of other categories. It would also provide a nice backdrop to show how the new measure of strategic distance performs in models similar to those that have used other measures (which the authors find sub-optimal). Does the measure make a difference?
 - *Insert great response.*
- (8) Have the authors considered threshold effects? It is possible that there are discontinuities - perhaps for recipients that are either really close or really far from the donor in terms of strategic distance are treated differently but the many countries in the middle see no impact for small changes in strategic distance, regardless of disasters.
 - *Insert great response.*
- (9) The period of analysis is cause for concern. First, it is not really a good idea to start in 1975 using disaggregated aid data. Countries were not required to report the purposes of aid for earlier years and before 1995 there was significant lack of reporting by category and it was not uniform across donors. Some donors almost never marked the sector of aid (just reported the total amount by recipient) and others did report. This is particularly problematic in AidData (which the authors use), since this source only includes aid that is reported at the project level. So large sums of aid are excluded from AidData in earlier years because donors did not code its purpose. This makes it impossible to create meaningful categories for humanitarian, civil society, and development aid, since donors did not distinguish across types.
 - *Note that for the Aid Data version 3.0, which is what we use in the paper, the AidData team themselves code aid projects according to different sectors. We have confirmed this both in terms of the documentation given for the version 3.0 data as well as in terms of the actual data. We double checked this by seeing if the sum of the disaggregated aid categories by purpose code equals the aggregated aid categories across purpose codes and found this to be so. As such, there should be no concerns about missing data in this regard.*
- (10) It is also problematic to end the analysis in 2006. Why exclude ten years of more recent data? It can be particularly problematic to do so since multiple studies have shown that patterns in aid giving vary across the Cold War, 1990s, and post-2001 period. This analysis is swamped by Cold War years and may not hold for the more recent periods.
 - *We agree with Reviewer 2 and ideally we would also have liked to extend the analysis past 2005. However, we face the constraint that the IGO data is simply*

not available past 2005 which restricts our ability to construct our strategic interest variable and consequently, also restricts our ability to model the relationship between strategic interest and aid.

- (11) The count of natural disasters seems like the wrong measure of disaster intensity. A measure of number of people affected or dollar value of damages would better measure need in the wake of a disaster.
 - *Insert great response.*
- (12) Donor and year fixed effects would be more in-line with the theory and existing literature, rather than donor and recipient random effects. The theory would imply that within a donor in a given year, the donor awards aid differently across recipients. Although there could be within-recipient differences over time for individual donors as well, the need to account for time invariant donor characteristics (while still allowing dyad characteristics to vary over time) suggests that donor fixed effects are worth considering.
 - *Insert great response.*
- (13) Multiple studies have shown that donors vary the composition of aid based on recipient characteristics. The positive relationship between humanitarian aid and strategic difference even in the absence of a disaster, coupled with the negative relationship between development aid and strategic difference, suggests that donor may simply be giving different types of aid to allies and adversaries. Perhaps they are more worried about going through the government in adversaries and so use aid that is more easily channeled through NGOs (similar to the Dietrich logic on corruption/governance and aid channels). This would suggest that, even absent disasters, donors are giving to both allies and adversaries but doing so differently. The same applies when a disaster strikes: allies and allies may both get more aid (hard to tell from the way it is presented), but for allies it is development aid and for adversaries it is humanitarian aid. The authors should address these patterns and possible implications for their theory.
 - *Insert great response.*

REVIEWER 3

Major Comments.

- (1) This paper argues that the extent to which natural disasters lead to an increase in bilateral aid allocation is a dependent upon the strategic relations between countries. They examine this relationship using dyadic data, and a novel measure of strategic interest. I find the discussion of potential theoretical mechanisms surrounding the impact of natural disasters upon aid allocation to be well executed and rather common sense. Therefore I think the main contribution of the paper is its empirical analysis, particularly with respect to the effect of strategic interest. Thus I would suggest a revise and resubmit. However, as a primarily empirical contribution the empirical analysis needs to be expanded considerably to be suitable for publication.
- *Insert great response.*
- (2) One key empirical part of the paper is the introduction of the new measure of strategic interest. I think this measure is a good addition to the literature. However there is one methodological concern that it raises, which is that this measure of strategic interest is an estimate with uncertainty. This introduces a statistical bias akin to measurement error. Therefore the statistical models need to take this into account.
- *Insert great response.*
- (3) Another concern is that strategic interest as operationalised is correlated with factors such as trade and FDI, i.e. economic interests. In the case of the impact of natural disasters on aid, and development assistance in particular, I would think it's exactly such economic linkages that would be relevant for donors. For example to help rebuild infrastructure that facilitates trade between them. Therefore this economic interdependence needs to be incorporated in the empirical specification.
- *With regards to FDI data, dyadic data does exist from OECD and UNCTAD but there is a lot of missing data in these datasets and they start, at the very earliest, around 2001. As such, it unfortunately doesn't make sense to use dyadic FDI data for our analysis.*
- (4) I also have other comments/suggestions related to the use of this measure of strategic interest:
- It would be interesting to see how much better this measure is at explaining variation in aid commitments compared to existing bilateral approaches. e.g. compare the latent space measure of alliances to the simple measure of whether the countries share an alliance or not.
 - *Insert great response.*
 - I'd be interested to see which aspects of strategic interest drive the results. Therefore it would be nice to see the results from simply including each of the latent space measures in the model, to potentially see their relative importance.
 - *Insert great response.*
- (5) I have further concerns about the empirical specification used in the paper:
- Aid tends to have pretty strong temporal dependence, particularly within dyads. However no efforts are taken to model this dependence. Therefore it's important to ensure the results are robust to models that take this into account, such as including a lagged dependent variable or more elaborate specifications such as an Error Correction Model.
 - *Insert great response.*

- There should be discussion of why fixed effects models aren't estimated, given their common use in the aid literature and given that unobserved unit heterogeneity is likely correlated with the right hand side variables. At least FE models should be estimated as a robustness test.
 - *Insert great response.*
 - Any justification for why the independent variables are lagged by one year?
 - *Insert great response.*
- (6) Regarding the dependent variable could there be an issue of countries committing more to non-strategically aligned countries, with the expectation that they will not accept all of this money? Some information on how the relationship between commitments and disbursements varies according to strategic interest would be useful.
- *Insert great response.*
- (7) Finally as a presentational issue I think that presenting the marginal effects in addition to the predicted values would be useful, at least in an appendix.
- *Insert great response.*