TOWARDS EUROPEAN INTEGRATION: DO THE EUROPEAN UNION AND ITS MEMBERS

ABIDE BY THE SAME PRINCIPLES?

Anne Etienne, B.A.

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APPROVED:

Steven C. Poe, Major Professor
T. David Mason, Minor Professor
Michael Greig, Minor Professor
James Meernik, Chair of the Department
   of Political Science
Sandra L. Terrell, Dean of the Robert B.
   Toulouse School of Graduate Studies

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In the last few decades the European Union (EU) and its members have emphasized the importance of human rights and the need to improve human rights conditions in Third World countries. In this research project, I attempted to find out whether the European Union and its members practice what they preach by giving precedence to countries that respect human rights through their Official Development Assistance (ODA) program. Furthermore, I tried to analyze whether European integration occurs at the foreign policy level through aid allocation. Based on the literatures on political conditionality and on the relationship between human rights and foreign aid allocation, I expected that all EU members promote principles of good governance by rewarding countries that protect the human rights of their citizens. I conducted a cross-sectional time-series selection model over all recipients of ODA for each of the twelve members for which I have data, the European Commission, and the aggregate EU disbursements from 1979 to 1998.

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CHAPTER 1

INTRODUCTION

Over the past three or two decades, human rights have gained considerable attention among the scholarly community. Many have focused on the determinants of human rights violations (Poe and Tate 1994, Davenport 1995, Fein 1995, Hofferbert and Cingranelli 1996, Apodaca 2000, Regan and Henderson 2002, Harrelsen-Stephens and Callaway 2003) and some attempts at integrating those findings under a general theory have been made (Poe 2004). Similarly, human rights researchers have also tried to identify the impact of American foreign aid, conditionality, and military assistance on the human rights records of recipient countries (Regan 1995). The EU (European Union) and its members adopt an attitude similar to that of the United States when considering recipients to foreign aid in trying to promote respect for human rights, democratization, and the eradication of political corruption (Tomaševski 1993, Sørensen 1995). Each member state of the European Union, as well as the countries requesting admission must join the European Human Rights Commission which monitors human rights violations within the countries comprising the EU. New members must agree to take the necessary steps to eliminate any such violations (Rauch 1998, Ivanov 1999). The internal policies of the European Union directly affect its external policies in the sense that conditionality – based on the principle of "good governance" – theoretically shapes the foreign assistance budget drafted by the European Commission (EC). Though they must abide by European standards with regards to foreign policy, European Union member states have less strings attached that the Commission with

regards to aid allocation, which may lead to an apparent lack of integration of foreign aid disbursements across EU members.

As outlined by many scholars, aid allocation, in reality, from donor countries fails to match those donors' rhetorical principles on aid disbursements (Gillies, 1998). However, the Organization of Economically Developed Countries' (OECD) members have agreed to allocate Official Development Aid (ODA) within their agenda, according to the underlying assumption that countries that demonstrate their willingness to improve their human rights records should receive more aid than those that do not. Since all European Union member states belong to the OECD and because the European Union has officially stated it wants to promote human rights both internally and externally it is expected to implement those policy guidelines.

This study analyzes whether the European Union and its members practice what they preach. In other words, to what extent does European ODA reward countries with good human rights practices and sanction those that systematically commit human rights violations? How do the members of the EU allocate their ODA? Is there any integration among the members of the EU and/or between them and the EU itself? The main goals of this research are to 1) assess whether there is congruence between principles and practices; i.e., whether the EU and its members enact the clause of the Lomé Treaty and of the Development Assistance Committee (DAC – organization which oversees the OECD's ODA disbursements), 2) identify whether European Integration occurs with regards to foreign aid and foreign policy, 3) emphasize potential differences in ODA allocation amongst member of the EU, and 4) try to provide explanations as to

why, in spite of the official move towards integration, the EU members may not share a similar outlook with regards to foreign aid and foreign policy.

The first aim of the study is to identify the relationship between conditionality and foreign aid. Conditionality, in this case, stipulates that countries that systematically violate human rights should be granted no aid whatsoever. Therefore, the first step is to analyze whether the European Union and its members select the countries to which they give aid based on human rights records or whether some other factors also come into the equation. I conduct a selection model on the European Commission, the European Union, and its member states. After looking at the selection process, this study attempts to demonstrate that countries with the best human rights records receive more official development aid than those that fare worse. Because, without regards to human rights records, all countries' political, economic, demographic, and social characteristics are not equal, other factors are taken into consideration to account for the inherent discrepancies between recipients. Then, I use the aggregate measure of the total aid of all member states' foreign aid allocation and compare it to that of the Commission to see whether there is integration beyond the state-by-state analysis. Finally, I also conduct a selection model of the same nature on all dyads (i.e., including all member states and the EU and EC) for comparison purposes only. I provide a short analysis of these results.

This thesis outlines the research on aid conditionality and foreign aid with regards to human rights. I first provide an overview the concept of conditionality and then review the foreign aid literature before focusing on explanations about why the

relationships between foreign aid allocation and human rights may differ between the EU and its member states. Second, I derive some theories and hypotheses from the existing literature on conditionality and foreign aid. Third, I identify control variables based on the more general human rights research. Fourth, I discuss the operationalization of the dependent and independent variables. The fifth section analyzes and discusses the results of the empirical analysis. Finally, I summarize the results of the study and outline potential directions for future research.

CHAPTER 2

REVIEW OF THE LITERATURE

The previous literature emphasizes the concept of political conditionality and how this should affect foreign policy and more precisely official development assistance. Such studies include a wide range of descriptive analyses of the concept of conditionality (Tomaševski 1993, Gillies 1996, Cingranelli 1996) and how this should guide developed countries when they allocate foreign aid. The majority of the empirical research focuses on American foreign aid and human rights (Poe 1992, Regan 1995, Apodaca and Stohl 1999). Only Neumayer (2003a) comparatively studied this aspect, including 21 OECD members and grouping them by country size to isolate different patterns. As far as the European Union is concerned, only one scholar attempts to link good governance principles to foreign aid (Zanger 2000). Other scholars have focused on the internal processes of foreign aid allocation with regards to the European Union (EU). They have outlined reasons as to why the Commission must abide by more altruistic standards than its members, which may account for a potential lack of integration within the EU as far as foreign aid and human rights considerations are concerned (Tsoutsoplides 1991, Rudner 1992, Collier et al. 1997, Putzel 1998). Other authors also mention stipulations pertaining to the lack of relationship between conditionality and practice on a case-by-case basis with regards to the donor countries (Cumming 1995, Schraeder et al. 1998). I will now overview the literature on political conditionality, human rights and foreign aid, and I will then explain why I should expect

to find differences between member states and between the EU and the EC (European Commission).

2.1 The Concept of Conditionality

Conditionality helps to explain why we should expect to find a relationship between human rights practices of the recipient countries and foreign aid allocation. At the international level, human rights has become a major component of development aid, as exemplified by the doctrine of the OECD (Organization of Economically Developed Countries): "allocation decisions henceforth will be more influenced than in the past by a country's record on human rights and democratic peace" (OECD 1990, p. 12). Gillies (1996) studies the issue of conditionality and how it has become an international concept especially since the fall of the Soviet Union. He acknowledges that the donor countries may not always be aware of the actual human rights records of the potential recipient countries and that other factors, such as the strategic importance of the recipient to the donor or its level of economic development, may play a more decisive role than human rights on aid allocation. Even though countries encounter difficulties with monitoring human rights abuses they all seem to agree on the same properties of potential recipient countries when allocating aid. Good governance enumerates, in principle, the guidelines donors should follow when allocating foreign aid. Furthermore, scholars agree that OECD members have reached a consensus on its definition:

The statements vary in the way they are phrased and in the emphasis given to various components. Most, however, make reference to

democracy, transparency, and acceptance of the rule of law principles, respect for human rights, accountability and an effective non-corrupt administration. They are subsumed under the concept of "good government." (Stokke 1995, p 24)

As part of the OECD, European Union members and the European Commission (EC) have embraced the principles and guidelines of the OECD. Furthermore, the former colonial powers of the Union drafted the Lomé system, which, based on a set of treaties, provides guidelines for both recipients and donors as follow:

The Lomé system provides the legal basis between the seventy ACP countries and the EC. The Convention affirms the long-term commitment of donors and lays down principles for the programming of aid. …. The dialogue involves a commitment to policy changes by the aid-receiving countries as a condition for aid. Human Rights were first touched upon in the preamble of the Lomé III Convention. (Tomaševski 1993, pp.74-5)

The descriptive literature addressing the issue of conditionality clearly demonstrate that OECD countries as well as the European Commission should incorporate human rights records within their rhetoric and use both sanctions and/or rewards to countries that either disrespect human rights or countries that show genuine willingness to improve their records. However, as demonstrated below, the application of conditionality faces many obstacles from both the donor and the recipient countries' perspectives.

One of the problems with conditionality in the allocation of foreign stems from the fact that the enforcement of "good governance" principles stays within the domestic

realm. As such, recipient countries should enact the necessary policies to adopt those principles. Thus, even though the UN (United Nations) monitors states' behaviors, no international institution can control the conduct of states. Therefore due to the concept of sovereignty and the belief that states are the highest source of authority in the international system conditionality, can only be applied as the donor countries use their foreign policy to attempt to impose human rights and good governance principles on violating countries (through sanctions or rewards) (Donnelly 2003). Yet, an inherent weakness of foreign aid emanates from the fact that recipient countries may not solely rely upon a specific donor for assistance and survival and they can simply ignore the threats of the latter. Baehr (1997) illustrates this phenomenon with the example of the Netherlands' aid to the Philippines and Suriname. The Netherlands threatened to withhold foreign aid from both countries if they did not take the necessary measures to improve their human rights records. The Netherlands did not implement those sanctions because the Philippines represents an economically important country. Conversely, because Suriname mainly depends on the Netherlands for assistance, the latter could withhold its aid on account of Suriname's human rights records. Ultimately, Suriname suffered from the interruption of Dutch funds and accommodated the donor by improving its human rights practices. Eventually, the Netherlands resumed providing assistance to Suriname. Though conditionality may meet obstacles, when it is endorsed by the international community at large, its chances of success consequently increase. Such has been the case with many peace building missions that succeeded in gathering the support of the international community (Boyce 2002).

Implementing conditionality in foreign aid raises many monitoring and enforcement problems because of the incompatibility of the international nature of human rights and of states' sovereignty over their internal affairs. Nonetheless, conditionality and political rhetoric represent the theoretical and intuitive background for human rights scholars interested in analyzing the relationship between foreign aid and human rights. I will now turn to the empirical analysis of the theoretical concept sketched above.

2.2 Human Rights and Foreign Aid

As far as the developing countries are concerned, political, economic, and social development should be equated with improvements in their respective human rights, as stipulated by the latest Human Rights Conventions:

> The World Conference on Human Rights in Vienna in 1993 […] gave the right to development international legitimacy and at the same time emphasized once more that social and economic rights have the same status as political and civil rights. (Sano 735-6)

The definition of human rights not only addresses respect for personal integrity but also includes basic rights such as rights to work and to food, as illustrated by the Universal Declaration of Human Rights (United Nations 1948) and the Covenant on Economic, Social and Cultural Rights (United Nations 1966). However, Sano further contends that due to the anarchical nature of the international system there exists no power to enforce and monitor the premises of the Universal Declaration of Human Rights of 1948. Therefore "Human Rights thus exist in a limbo between a feeble international

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community and state powers that to varying degrees are capable and willing to make human rights more than aspirations" (Sano 2000, 749). As a result, it is not so surprising that the existing literature on the relationship between recipients' human rights records and the amount of aid they receive fails to meet statistical significance or yield mixed findings in many instances (Zanger 2000, Poe et al. 2001, Neumayer 2003a, Neumayer 2003b).

Most of the previous literature focuses on American foreign aid and the human rights violations of the recipients of US foreign aid (Cohen 1982, Cingranelli and Pasquarello 1985, Carleton and Stohl 1987, McCormick and Mitchell 1988, Poe 1991, Poe 1992, Hofrenning 1991, Regan 1995, Apodaca and Stohl 1999). Human rights have been used as both independent and dependent variables in these studies. When used as a dependent variable to identify whether American foreign aid has an impact on the human rights records of recipient countries the results proved unconvincing. A big part of American foreign aid, especially in the two decades preceding the collapse of the Soviet Union, was directed to Latin American countries (Regan 1995). Consequently, security considerations guided the allocation of aid and, due to the presence of civil wars, the recipient countries tended to utilize those funds to fight the opposition. The Cold War and the subsequent fight against the spread of Communism in Latin America both shaped the patterns of US aid disbursements to the region and the adoption of repressive policies by recipient countries (Pion-Berlin and Lopez 1991).

As an independent variable, human rights do not fare substantially better as far as the impact they have on the amount of aid allocated to recipient countries. Security

considerations, the presence of American troops, the location of the recipient countries, and their economic importance all seem to guide the allocation of foreign aid. Most scholars did find that human rights do impact foreign assistance allocation when the Congress is deciding who should receive assistance (Cingranelli and Pasquarello 1985, Carleton and Stohl 1987, Poe 1991, Poe 1992, Hofrenning 1991, Regan 1995, Apodaca and Stohl 1999). In other words, countries that have poor human rights records are less likely than others to be granted assistance. Furthermore, Apodaca and Stohl (1999) find consistency across administrations in the period under study with the exception of the first Clinton administration. Barratt (2004) has also tried to isolate a relationship between human rights and foreign aid in the case of the United Kingdom (U.K.) and found relationships similar to those generated by the studies on US foreign aid and recipients' human rights records. She finds that human rights only affect foreign aid in the case of Great Britain when the recipient country is of minimal economic importance; i.e., there is little trade between the U.K. and the specific recipient country.

Unfortunately, few have tried to look at how other developed countries allocate foreign aid. Neumayer (2003a) is the most recent and most comprehensive. He studies the relationship between the official development assistance disbursements of 21 members of the OECD and the human rights records of recipient countries. He finds that the biggest donors (the United States, Germany, France, and Japan) tend to take personal integrity rights into consideration when allocating aid while middle and small donors (especially the Scandinavian countries and Canada) usually incorporate civil and political rights in their decision to allocate aid to specific countries. Only the United

Kingdom assesses both personal integrity violations and civil and political rights in its requirements for foreign aid.

In another study, Neumayer (2003b) focuses on total bilateral and multilateral aid flows to Third World countries. He finds that economic and strategic considerations take precedence over human rights records as far as bilateral aid goes. However, he notes that civil and political rights tend to have an effect on the aggregate amount of aid allocated by OECD members supporting the expectation that OECD countries tend to favor like-minded countries. In other words, politically developed states tend to receive more aid than authoritarian regimes and partially-free countries (countries receiving between "3" and "5" on the seven-category Freedom House country ratings scale – averaging the political rights and civil liberties scores of each country). Neumayer further argues that with regards to multilateral aid, economic and strategic considerations only seem to matter. One would expect to see a stronger relationship between human rights and foreign aid at the member state level rather than at the EC level. I address the potential discrepancies between the two in the next section.

Others have tried to understand what leads donors to allocate more aid to specific countries than to others. Alesina (2000) compared the foreign aid allocations of the biggest three donors – the United States, Japan, and France. He concludes that the United States takes security considerations into account since it allocates most of its aid to Egypt and Israel to maintain stability in the Middle-East. Japan has an ideological and strategic approach and allocates aid to countries that vote in tandem with Japan at the UN General Assembly. Finally, France favors its former colonies as it tries to maintain

influence and also address claims that it is the cause of most of the turmoil in its former colonies. For none of the countries does he find that human rights and other good governance variables affect foreign assistance decisions.

Finally and more closely related to this study, Zanger (2000) directly addresses the patterns of official development aid of the European Commission and that of its main three donors, France, Germany, and the U.K. She claims that the European Commission signed a 'Declaration of Human Rights and Foreign Policy' in 1986 and that its members have adopted similar foreign policy objectives and strategies by the early 1990s. Consequently, she attempts to see whether this ideological and political shift led to significant changes in the foreign policy outcomes of those countries and of the Union. She conducts her analysis on three different periods: 1980-85, 1985-90, 1990-95 with the underlying assumption that human rights, and good governance principles should impact foreign aid more for the 1990-95 period. Her findings "suggest that good governance factors have little impact on European aid allocation" (Zanger 2000, 311). However, she does find that some good governance components did influence foreign aid for Germany and the UK. However, institutional and human rights characteristics of recipient countries affect aid disbursements from those donors both prior to and after the rhetorical changes of the EU foreign policy. Thus, those apparently positive findings fail to account for the impact of the Declaration of Human Rights and Foreign Policy. Moreover, some of her findings go against the idea of good governance principles guiding aid decisions since Germany did award more Official Development Aid (ODA) to countries with high military expenditures between 1985 and 1990.

2.3 The European Commission and its Members' Approach

Despite the fact that the members of the EU are theoretically expected to apply the European directives in foreign policy, as a consequence of sovereignty rights the member states have less constraints than the Commission with regard to foreign policy decision-making. Many scholars have emphasized the inability of the European Commission to enact a clear and consistent foreign policy, which often results in a lack of coherence and integration between the Union and its members (Uvin 1993, Collier et al. 1997, Putzel 1998).

Putzel (1998) stipulates that the European Union should integrate its foreign aid allocation patterns so that there exists coordination between the members and the Commission. However, he then goes on to depict the several obstacles met by both sides in attempting to coordinate foreign aid. Consequently, the lack of accountability and transparency between the EU member states within the European Commission prevent them from presenting themselves as promoters of democratic ideals and human rights. Furthermore, the decision-making process with the EU institutions hampers the potentiality for the members to reach a sound consensus on foreign aid disbursements at the EC level. Thus, though Putzel emphasizes that the EU should have the capacity to promote human rights and democratic values at the international level, he concludes that its inherent political constraints prevent the EC from playing the role.

In an earlier study, Uvin (1993) also tapped the issue of political conditionality and its application by the EU members and the Commission. He found that while the EU

tends to promote good governance practices and also attempts to somewhat support all developing countries, the members states act in a more egoistic manner and allocate aid so that it will eventually benefit them. Thus, one may expect to find a stronger correlation between the amount of foreign aid allocated by the EU and human rights measures than with the members.

Though the EU institutions and the members may behave differently on the aggregate level, there exist many discrepancies amongst its members. For instance, former colonial empires are expected to attempt to keep their political influence on former colonies, therefore neglecting other considerations and potential recipients when allocating foreign aid (Uvin 1993, Schraeder et al. 1998). Furthermore, the EU has a stronger propensity than its members to abide by the treaties it signed, which puts further restrictions on how it should allocate foreign aid (Collier et al. 1998). Finally, while the member states may have a government and population dominated by a coherent and agreed-upon foreign policy ideology, the European Union encompasses a mixture of diverging national interests which result in compromises and a foreign policy that tries to satisfy all members.

Because my approach may appear similar to that of Zanger, I need to outline several differences. First, I base my expectations on the assumption that the European Union and its members changed their rhetoric on foreign aid and ODA after the Lomé conventions it the mid 1970s. Thus, rather than using the means of my indicators over five-year time periods before and after the shift in the EU foreign policy directives, I conduct a time-series analysis since the period under study started after the Lomé

conventions. Second, besides assuming that countries look at human rights records *per se* when allocating foreign aid, they also look at the change in human rights practices and reward those countries that have taken some measures to improve their records. Thus, if a country has identical levels of violations for an extended period of time, European assistance should remain static due to political inertia and the lack of willingness to change human rights practices by the recipient. Finally, I include other variables she did not account for such as population size, the presence of a war (whether civil or international), and whether the recipient was a former colony of the donor when the donor is a former colonial empire.

CHAPTER 3

THEORY AND HYPOTHESES

Foreign aid allocation contains two different, yet related, steps. First, donor-countries have to decide which countries should be allocated foreign aid. In this process, political decision-makers assess the potential recipients' characteristics and chose the recipients based on foreign policy objectives. This step is usually referred to as the gate-keeping stage (Cingranelli and Pasquarello 1985). Once the donor has decided to which countries it will allocate aid, policy makers discuss the amount of aid each recipient should receive based on characteristics other than those used during the gate-keeping stage. Because those two stages have distinct characteristics, I need to differentiate between them.

3.1 Gate-Keeping Stage

Unfortunately, most of the literature on the relationship between recipients' human rights records and foreign aid disbursements bypasses the gate-keeping stage and focuses mainly on the allocation phase.

Theoretically, OECD (Organization of Economically Developed Countries) members, including the members of the European Union, have been adopting foreign policy geared toward the development of democratic institutions, good governance principles, and respect for human rights (OECD 1990, Zanger 2000, Neumayer 2003a). Furthermore, the European Union (EU) and its members are bound to favor countries that respect those principles due to the stipulations of the Lomé Treaty originally signed in 1975 (Tomaševski 1993). Thus one would expect countries with better human rights

records to be more likely to receive aid than others. There exist three different types of human rights – personal integrity rights, political and civil rights, and social and economic rights (Apodaca 2000, Milner 2004). Most of the literature focuses on personal integrity rights (cf. Poe and Tate 1994, Davenport 1995). The most recent studies have also incorporated political rights and civil liberties as well as economic and social rights in their studies (cf. Neumayer 2003a, Milner 2004). Furthermore, those rights have received more attention in the last decade at the international level as directly demonstrated by the World Conference of Human Rights in Vienna in 1993 (Sano 2000). Because I chose to use several measures to account for the effects of personal integrity rights (the level of personal integrity violations and the change thereof) and political and civil rights (civil liberties and political rights), I propose two different hypotheses for those two indicators. From the above statements, I can formulate the following hypotheses:

H_{1a}: The more a country respects the personal integrity of its citizens, the more likely it is to receive foreign assistance from the EU and its members, other things equal.

H_{1a}: If a potential recipient's respect for the personal integrity of its citizens increases, its likelihood of receiving official development assistance from the EU and its members increases, other things equal.

H_{2a}: The better a country protects the political rights of its citizens, the more likely it is to receive foreign aid from the EU and its members, other things equal.

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H_{2b}: The better a country protects the civil liberties of its citizens, the more likely

it is to receive foreign aid from the EU and its members, other things equal.

H_3: The better a country protects the economic and social rights of its citizens,

the more likely it is to receive foreign aid from the EU and its members, other

things equal.

The hypotheses just formulated address the expected relationship between potential

recipients' human rights records and their likelihood of receiving aid from both the EU

and its member-states. Hypothesis 1a measures the relationship between the level of

political violence in a country and the aid this country receives; hypothesis 1b attempts

to grasps the impact of change in the most noticeable form of human rights violation –

political violence – on whether a country receives foreign aid or not. Thus hypothesis 1

tries to assess the impact of the overall level of personal integrity rights on a country's

likelihood of receiving aid. Hypotheses 2a and 2b address the effects of the level of

potential recipients' political and civil rights. Hypothesis 3 focuses on the relationship

between aid allocation and social and economic rights; those specific rights also account

for the level of economic development of the potential recipient and, therefore, their

need for foreign assistance. Those expectations emanate from the human rights

literature and from the propositions of the concept of political conditionality and foreign

aid. However, other considerations come into play in the decision-making process as I

will illustrate.

Because of political inertia and the tendency of countries to donate aid to the

same recipients over years, I expect that former recipients of ODA (Official

Development Aid) from a member of the EU will most likely be considered for allocation the next time the specific donor decides to which countries it should allocate foreign aid. Furthermore, Alesina notes that donors tend to allocate aid to the same countries over years and give precedence to countries to which they have traditionally allocated aid (Alesina 2000). Thus, I expect the following relationship:

> H_4: Countries that have received aid from a European Union member the year prior to the one under study are more likely to receive aid than those which did not receive aid the year prior to that under study, other things equal.

Moreover, the fact that donor countries tend give preferential treatment to certain recipients over others may also help account for the potential lack of relevance of human rights in foreign aid disbursement (Regan 1995, Barratt 2004).

In addition, certain members of the European Union used to have colonial empires. Because they want to try to keep their influence over their former territories, whether it is for political, cultural, or economic reasons, those countries that had colonial empires will prioritize their former colonies over other countries (Alesina 2000, Zanger 2000). From this statement, I expect the following to hold:

> H_5: Former colonies of the donor are more likely to receive aid than other countries, other things equal.

Obviously, not all European Union members have former colonies. Furthermore, it would make no sense to include a measure of former colony with regard to aid allocation from the European Commission (EC) and the aggregate allocation from the

member-states. Thus, this variable does not appear for Austria, Denmark, Germany, Ireland, Sweden, the EC, and the EU.

Though little research has shown the impact of international wars on aid allocation, I expect the event of international wars to have an effect on a donor's decision to allocate aid to a specific country. Countries involved in international wars are likely to utilize most of this aid to fight the war in which they are engaged. Consequently, the potential funds they may receive from donors may be absorbed by the war effort, which hampered the country's capacity to use those funds for more appropriate and necessary ends. Furthermore, by donating funds to warring countries, donors associate themselves as supporters of one side over the other, which may undermine the donor's credibility at the international level. Thus, not only are funds allocated to warring countries absorbed by the war efforts, but donors do not want to show open support for potentially unpopular wars.

H_{6a}: *If a country is engaged in an international war, it is less likely to receive aid than if it is not, other things equal.*

Alternatively, by providing funds to a specific country engaged in an international war, donor countries may attempt to accelerate the end of the war in order to eventually re-establish the rule of law in both warring countries. In those instances, the donor does not necessarily support one side, it rather tries to end a war in order to address other issues that emerged from the war. I can propose this alternative hypothesis:

H_{6b}: *If a country is engaged in an international war, it is more likely to receive aid than if it is not, other things equal.*

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However the relationship between the decision to give aid and the occurrence of a civil war should have a direction opposite of that between aid and international war. Countries engaged in civil wars tend to have poor human rights records because extensive repression takes place (Poe and Tate 1994). By providing the government with foreign aid, donor countries attempt to enable the government of the country undergoing strong internal turmoil to put an end to the war and re-establish order. Foreign aid can thus end the civil war and enable the country to focus on establishing order, building democratic institutions, and addressing its human rights practices. Consequently, I propose the following:

> H_{7a}: If a country is engaged in a civil war, it is more likely to receive aid than if it is not, other things equal.

Still, the opposite relationship could also occur. Apodaca and Stohl (1999) find that the occurrence of a civil war affects the level of aid received. However, security purposes, rather than the civil war itself, determine the likelihood of a country receiving aid from a specific donor. The consensus over foreign aid proposes that the government of the recipient country will decide on how to allocate the funds. Thus, it appears that if a donor supports the cause of the opposition in specific countries engaged in civil wars. Those countries become less likely to receive aid from those donors. I propose the alternative hypothesis:

> H_{7b}: If a country is engaged in a civil war, it is less likely to receive aid than if it is not, other things equal.

Now that I have proposed my expectations for the gate-keeping stage, I can underline the theoretical expectations over the relationship between human rights records of recipient countries and the amount of aid they receive.

3.2 Allocation Stage

Again, the human rights literature focuses mainly on this stage when trying to identify the relationship between foreign aid allocation and recipient countries' human rights records (cf. Poe 1989, Poe 1991, Poe 1992, Neumayer 2003a). According to political conditionality one would expect that countries with better human rights records should receive more foreign aid than those which do not fare as well (Gillies 1996, Cingranelli 1996). However, another argument contends that aid allocation can also be a means for donor countries to encourage the recipients to improve their human rights practices which has been outlined in the case of the European Commission (Tomaševski 1993). Violations to personal integrity rights represent the most noticeable and the most violent form of human rights violations. Therefore I expect the following relationships:

H_{8a}: Conditional that they passed the selection stage, countries which systematically violate the personal integrity of their citizens should receive less aid than others, other things equal.

H_{8b}: Provided they are allocated foreign aid, countries that improve their respect for the personal integrity of their citizens are likely to receive more aid than others.

The first hypothesis attempts to explain at the relationship between the *level* of personal integrity violations and foreign aid allocation. Thus, I expect countries that respect the personal integrity of their populations to be granted more aid than countries that constantly repress those rights because the former have demonstrated that they respect the basic rights of their citizens and therefore have norms and values that resemble those of the EU members while the latter need to improve their records to receive more aid. The second hypothesis isolates the expected relationship between the *change* in the level of personal integrity rights violations and the amount of allocated foreign assistance. Thus, I expect that upon improving their human rights records, countries should receive a further incentive or reward by an incremental change in the aid they receive. Consequently I expect levels of foreign aid to be high for countries with good human rights records. Foreign aid should go up significantly as the recipient's human rights records improve and then drop gradually. The two above-mentioned hypotheses attempt to tap into this expectation which reciprocates the symmetrical premise postulated in the gate-keeping stage.

Though theoretically as important, other types of human rights tend to not get the same attention as violations to personal integrity (Donnelly 2000). However, countries which show greater respect for the physical integrity of their population tend to have higher levels of democratization than others (Fein 1995. Hofferbert and Cingranelli 1996, Cingranelli and Richards 1999). Furthermore the literature has emphasized the fact that OECD countries tend to give precedence to countries that are politically like-minded when allocating foreign aid (Olsen 1998, Alesina 2000). Since

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European Union members all are consolidated democracies, I expect them to allocate more aid to countries that endorse democratic values, i.e., countries that provide certain political rights and civil liberties to their constituency. I can formulate the following hypotheses:

H_{9a}: A*mong countries that receive aid, the better their political rights, the more aid they should receive from any member of the European Union, other things equal.*

H_{9b}: A*mong countries that receive aid, the better their civil liberties, the more aid they should receive from any member of the European Union, other things equal.*

The level of political rights and civil liberties granted by recipient countries to their citizens directly measures the level of political development of those countries. In essence, countries that provide rights and liberties to their citizens share the same political ideologies as those promoted by the "good governance" principles (Zanger 2000). Thus, the literature emphasizes the importance of those types of human rights in addition to that of respect for the personal integrity of one coutnry's citizens.

Finally, though rarely studied and barely considered to represent a type of human rights, the level of economic and social rights should also have an impact on the amount of aid received (Milner 2004). High levels of economic and social rights usually denote high levels of economic development. Since foreign assistance promotes development at all levels, countries with good economic and social rights should receive less aid than others. I can formulate the following hypothesis:

H_{10}: Amongst the countries that receive aid, the higher their level of economic and social rights, the less foreign assistance they receive, other things equal.

The level of economic and social rights not only account for the provision of basic human needs to its citizens from a country, but it also accounts for its level of economic development, thus its standard of living. In other words, it accounts for the level of needs of the general population and as often been referred to as "needy people" by the literature (Apodaca 2000, Zanger 2000, Neumayer 2003b). Thus, by allocating more aid to lesser developed countries, donors not only try to improve the economic development of recipient countries but also to indirectly increase their level of economic and social rights.

The European Union and its members have tried to differentiate themselves from the United States when allocating foreign aid (Neumayer 2003a). To do so, it has been argued that they have not followed ideological lines with their aid allocation. Furthermore, because the United States gives priority to Israel and Egypt with its foreign aid, European countries have somehow tried to counter-balance this phenomenon by aiding smaller nations and nations of lesser strategic importance which implies that military presence in the recipient country and the ideological preference thereof should ultimately not impact the amount of foreign aid this country receives from the European Commission or any EU member-state. Considerations other than strategic importance and ideology do enter into the equation on European foreign aid allocation decisions as demonstrated below.

Though European countries theoretically do not give much importance to military and political strategy, economic considerations are taken into account when they allocate foreign aid (Alesina 2000, Zanger 2000). As demonstrated by the Dutch example (Baehr 1997), the economic importance of certain countries represents a burden to political conditionality when it comes to foreign aid allocation. Certain recipient countries may change trade partners in the event that their major partner decides to no longer donate aid based on the former recipient's human rights records. Therefore, a potential loss of economic input that would result from putting conditions on aid allocation represents a disincentive for donors to fully apply political conditionality. Furthermore recipient countries are likely to contract with companies from their donors when working on development projects. By allocating funds to certain countries, donor countries indirectly provide for the welfare of their domestic companies (Richards et al. 2001). From these economic constraints, I postulate the following hypothesis:

H_{11}: *Provided it receives aid, the more economic ties to a donor it has, the most likely a country is to receive aid from this donor, other things equal.*

Common wisdom entails that countries with higher populations should receive more aid than less populated countries.

H_{12}: *Provided it receives aid, the more populated a country is the more aid it receives from the European Commission and any of its members, other things equal.*

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3.3 Differential Aid Allocation Patterns

This research project not only attempts to assess the relationship between foreign aid allocations from the European Union and its members, it also tries to assess whether the European Union is integrated at the foreign policy and human rights levels. While the European Commission is bound by certain treaties and is subject to the lack of cooperation and the need to compromise amongst members (Uvin 1993, Collier et al. 1997, Putzel 1998), its member-states enjoy higher levels of independence which allows them to allocate official development assistance as they see fit. On the one hand, because it attempts to be as unbiased as possible, the European Commission most likely attempts to provide some sort of aid to as many countries as possible without regard to recipients' human rights records. Yet, because it has to pose itself as a model of good governance to the member states, it also has to incorporate human rights practices in its criteria, while the member-states most likely give priority to certain key countries. As a result, I expect to see a lack of coherence and cohesion both between members of the European Union and between the aggregate donations of those members and the allocation of the European Commission.

As mentioned earlier, the behavior of the European Commission and that of its member states is expected to diverge. Furthermore, there should be discrepancies between the behavior of the major donors and the smaller donors (Schraeder et al. 1998, Alesina 2000; Neumayer 2003a). All these scholars agree on the fact that bigger donors – such as France, the UK (United Kingdom), and Germany – prioritize their interests over those of recipient countries. Conversely, middle-sized or small countries

behave in a more altruistic manner with regards to aid allocation. Consequently, I

expect to see a lack of integration amongst the member states. Furthermore, the

aggregate value of all members' aid allocation should not resemble that of the

Commission's ODA due to the different politics that guide ODA disbursements at the

country level and at the IGO (Inter-Governmental Organization) level. I can thus derive

the following propositions:

> H_{13}: The bigger member states should pay less attention to human rights
>
> records than the smaller member states when allocating foreign aid.
>
> H_{14}: The aggregate value of member states' ODA disbursements should
>
> not necessarily follow the same patterns as the disbursements of the
>
> Commission.

Those two hypotheses attempt to grasp whether there is integration at the foreign

policy level between the member states of the EU and between the states altogether

and the EU. The latter part attempts to measure whether, through its ODA allocation,

the EU tries to reflect the will of all member states as opposed to being controlled by its

most influential members. Table 1 summarizes the expected relationships between the

several independent variables and the decision to give aid and the amount of aid

allocated to a country.

Table 1: Summary of Hypotheses

	PTS	Improved PTS	Pol. Rights	Civil Lib.	Soc & Econ	Past Aid	Former Colo.	Inter. War	Civil War	Econ. Imp.	Pop.
Gate Stage	-	+	-	-	-	+/-	+/-	-	+	NA	NA
Alloc. Stage	-	+	-	-	-	NA	NA	NA	NA	+	+

CHAPTER 4

RESEARCH DESIGN

The statistical analysis presented here consists of two stages; First, the selection stage analyzes the relationship between human rights and whether a country receives aid or not. The second, the allocation stage, takes into account the results of the former analysis and estimates the effect of human rights on the amount of official development aid received by countries that have passed the selection stage. Because my dependent and independent variables vary across stages – different characteristics of recipient countries help account for different independent and dependent variables at the two stages – I explain the operationalization of those variables separately. All independent variables are lagged two years due to political and budgetary inertia and the subsequent contention that budget decisions are based on data and figures dating from the previous years and not from the current year. Furthermore lagging all independent variables has become the norm within the foreign aid literature (c.f. Neumayer 2003a, Neumayer 2003b, Barratt 2004). The unit of analysis is the recipient country year and the period covered is from 1979 to 1998 (except for Spain and Portugal where the analysis only covers 1987 to 1998 due to a lack of data). Additionally, no data on ODA allocation was available for Greece, Luxembourg, and Finland. Therefore I cannot provide an analysis for those countries. I generated a dataset that includes observations for all European Union members for which I have data, the European Commission, and the aggregate value of European Union members' donations. The whole dataset includes 34,783 observations, divided into 14 donors (I use the donors' COW ID's –

Correlates of War Identifications – to identify over which country I am conducting my analysis) and a maximum of 134 recipient countries. The operationalization of the independent and dependent variables is explained below.

4.1 Dependent Variables

Gate-Keeping Stage: In this analysis, I look at the relationship between the characteristics of the recipients, with an emphasis on human rights, and whether they are allocated aid or not. I use the OECD (Organization of Economically developed Countries) data provided by Zanger (2000) on ODA (Official Development Aid) disbursements. Those data cover the period from 1960 to 1998. Official Development Aid represents aid given by OECD members to Third World countries to promote political development including the building of democratic institutions, improvement of human rights conditions and freedoms (Stokke 1995). Because they are not considered to be Third World countries by the OECD, Eastern European countries (excluding former Soviet Union countries and ex-Yugoslavia states) are excluded from the dataset. To operationalize whether a country received aid or not, I created a dichotomous variable that takes a value of "1" when a country receives aid from a EU (European Union) member state or from the European Commission and "0" otherwise.

Allocation Stage: This stage focuses on the effects of human rights records in recipient countries (therefore it only includes nations that receive ODA from the EU, EC (European Commission), or the donors under study) on the amount of aid they receive. Again, I use the OECD data on ODA disbursements provided by Zanger (2000). The data depict the actual ODA allocated to Third World countries with the sole and

underlying goal of being used for the promotion of good governance practices (Stokke 1995). Since I used this data to operationalize the dependent variable in the gate-keeping stage, I will briefly summarize it here to avoid repetition. The data provide the aid disbursed by all twenty-two OECD members from 1960 to 1998. The recipients exclude Eastern European countries, thus those countries do not appear in the final analysis. The data are expressed in constant 1995 million US dollars making the variable for this estimation continuous.

4.2 Human Rights Indicators

All variables measuring the different types of human rights violations that recipients countries may commit appear in both stages of the model and have identical values for observations on the same recipient-year-donor in both stages. I have five measures of human rights records operationalized as follow:

Personal Integrity: This variable attempts to grasp the level of violence exercised by potential recipient countries and recipient countries on their citizens' personal integrity. I use the Political Terror Scale (PTS) to measure this concept (Poe and Tate 1994, Gibney et al. 1996). This scale has constantly been updated by Gibney and Poe and covers the period from 1976 to 2001. This is a categorical variable that takes values from "1" to "5". "1" depicts the absence of political violence, random arrests, torture, or unfair trials. Conversely, a "5" on the scale denotes systematic gross human rights violations. As Gibney (1996) puts it, a "5" relates to countries in which: "The leaders …. place no limits on the means or thoroughness with which they pursue their personal or ideological goals." To gather the data, the coders analyzed country reports

compiled by Amnesty International and the U.S. State Department. Therefore, since those reports differ, values given to countries diverge depending on which report they rely upon. Some scholars have highlighted that the country reports published by the US State Department tend to be biased and to favor friendly countries and penalize countries with which the US has animosities (Poe, Carey and Vasquez 2001, Cingranelli and Richards 1999). However, the same authors denounce the limited number of reports compiled by Amnesty International, which, though more objective in its reviews, faces budgetary constraints limiting the organization's capacity to overview every possible country in the world. Thus, in order to promote objectivity, I use the codes based on Amnesty International reports and replace missing values with the codes from the US State Department when available. Since high values exemplify poor human rights records, I expect to see a negative relationship between this variable and a country's likelihood to receive aid and the amount of aid it receives.

Change in Personal Integrity Violations: I use the same data as those used to compute the level of violation to personal integrity. This variable tries to show the effect of decrease of gross human rights violations on both the likelihood of a country to receive aid and on the amount of aid it receives. Thus, for every country year, I subtracted the value of the "Personal Integrity" (Poe and Tate 1994, Gibney et al. 1996) variable from the previous year to that of the current year. Thus, values may go from "-4" to "4" with "-4" expressing tremendous improvements on the respect of personal integrity and "4" the opposite. To facilitate interpretation, I reversed the signs of the variables so that a "-4" denotes a significant decrease of respect for personal integrity

and "4" the opposite. Based on the hypotheses, I expect a positive relationship between the variable and both a country's likelihood to receive aid and the amount of aid recipients receive.

Political Rights: This second aspect of human rights addresses a concept that is usually related to the level of democratization of a country. Political rights refer to the existence of certain mechanisms that promote the participation of the citizenry in the political process such as political competition, free and fair elections, and change of leadership. I use the Freedom House country ratings scale which covers all world countries from 1972 to 2003 and takes values that range from "1" to "7" (Freedom House 2004). The ratings provides scales for both political rights and civil liberties. I use the political liberties scores to measure the level of political rights of a recipient. A value of "1" contains the following characteristics:

> Countries and territories which receive a rating of 1 for political rights come closest to the ideals suggested by the checklist questions, beginning with free and fair elections. Those who are elected rule, there are competitive parties or other political groupings, and the opposition plays an important role and has actual power. Citizens enjoy self-determination or an extremely high degree of autonomy (in the case of territories), and minority groups have reasonable self-government or can participate in the government through informal consensus (Freedom House 2004)

On the other hand, the political aspects of countries that fare the worst on the scale occur when "political rights are absent or virtually nonexistent due to the extremely

oppressive nature of the regime or severe oppression in combination with civil war"

(Freedom House 2004). According to hypotheses 2a and 9a, I expect to observe a

negative relationship between this variable and my dependent variables.

Civil Liberties: Respect for human rights also entails the provision of certain liberties to

the citizenry such as freedom of expression, freedom to assemble, a free and

independent press, and freedom of religion amongst others. I also use the Freedom

House country ratings on civil liberties to operationalize this variable (Freedom House

2004). The scale goes from "1" to "7" with "1" denoting the guarantee of civil liberties

to a country's population in the following fashion:

> Countries …. that receive a rating of 1 come closest to the ideals
>
> expressed in the civil liberties checklist, including freedom of expression,
>
> assembly, association, education, and religion. They are distinguished by
>
> an established and generally equitable system of rule of law. Countries
>
> and territories with this rating enjoy free economic activity and tend to
>
> strive for equality of opportunity (Freedom House 2004).

Conversely, countries that score "7" have no freedom whatsoever. Based on hypotheses

2b and 9b, I expect to see a negative relationship between this variable and a country's

likelihood to receive aid or the amount of aid it receives.

According to Freedom House, countries usually have political rights and civil

liberties ratings within two points of each other (Freedom House 2004) since the

existence of a civil society, made possible through extensive civil liberties, permits the

development of political rights. Thus, many countries have a better civil liberty score

than political liberty score; however, this is not always the case which may result in apparently contradictory findings. Those two variables measure the level of political development and the existence of democratic values and democratic institutions. Though some scholars have emphasized the lack of reliability of the Freedom House ratings (McCamant 1981, Poe 1989), I prefer to use this scale as opposed to the Polity IV (Gurr 1974, Gurr et al. 1990) because it better grasps the level of civil and political rights than Polity IV – which mainly addresses democratization.

Economic and Social Rights: Economic and social rights represent the level of economic development and health advancement of a given country. To capture this variable, I use the Physical Quality of Life Index (PQLI) (Morris 1979, Miller 2004). Three elements are incorporated in this variable: infant mortality, life expectancy at age one, and literacy rate at age 15. Each of these is calculated on a 0-100 scale and the mean of the three is used to get the composite PQLI measure. 100 signifies the highest level of economic and social development and 0 indicates the lowest. The data cover all countries from 1960 to 1996. Milner et al. (2000) as well as Miller (2004) argue that the first two components address the issues of nutrition, health, and social relations (social rights) while the latter taps the access to education, which highlights the level of economic development. Others have used GNP (Gross National Product) per capita to measure economic and social rights as well as to grasp the level of economic development of countries (Poe and Tate 1994, Zanger 2000). However, this poses problems with certain countries that have high levels of income per capita but which fail to redistribute their income to the population in a comprehensive manner. Thus, I

believe the PQLI measure to be the most appropriate to account for *both* economic *and* social development. I expect a negative relationship between the level of economic and social rights of potential recipient countries and their likelihood to receive aid and the amount of aid recipient countries get.

4.3 Control Variables

Past Aid: This variable only appears in the gate-keeping stage. In order to compute it, I created a dichotomous variable that take a value of "1" if a country has been allocated aid the previous aid and a value of "0" otherwise. I used the dependent variable of the gate-keeping stage to decipher between countries that have been allocated aid the previous aid and those which had not.

Former Colony: Again, this variable is solely used in the gate-keeping stage of the analysis. Both Zanger (2000) and Alesina (2000) outlined that donor countries give precedence to their former colonies when allocating aid. I created a dichotomous that take a value of "1" if a potential recipient country is a former colony of the donor under study and "0" otherwise. I used the Political Handbook to find which countries are former colonies of each donor. Because not all countries had colonial empires, this variable is omitted when I do my analysis on those countries (as mentioned in the theory), furthermore, I do not include this variable for the analysis on the EC and the EU.

International War: This variable is used for the gate-keeping stage because of the previous proposition than by allocating aid (or not) to countries engaged in international war, donors show their support for one side over the other. Ultimately,

whether a country is engaged in an international war or not should not affect the amount of aid it receives from a specific donor. I use a dichotomous variable with "1" meaning that the potential recipient is engaged in an international war and "0" otherwise using the COW data (Singer and Small 1972, Small and Singer 1982, Sarkees 2000, Stinnett et al. 2002). The COW data includes cases in "which a nation that qualifies as a member of the interstate system engages in a war with another member of the interstate system" (Correlates of War Project). In order to qualify as a war, militarized disputes have to involve more than 1,000 deaths.

Civil War: For the same rationale as that presented above, this variable only appears in the gate-keeping stage. Civil wars are expected to have a positive effect on the likelihood of a country to receive aid from any of the donors or from the EC. I utilize the Correlates of Wars (COW) data (Singer and Small 1972, Small and Singer 1982, Sarkees 2000, Stinnett et al. 2002). The Correlates of War project defines a civil war as follow: "An internal war is classified as a major civil war if (a) military action was involved, (b) the national government at the time was actively involved, (c) effective resistance (as measured by the ratio of fatalities of the weaker to the stronger forces) occurred on both sides and (d) at least 1,000 battle deaths resulted during the civil war" (Singer and Small 1972, Small and Singer 1982). I created a dichotomous variable for civil war where "1" denotes cases where there was a civil war and "0" otherwise. Again, the direction of causality remains uncertain since the European Commission may want to try to help the government to re-establish order by allocating aid or it may

want to sanction an ruthless government by suppressing or diminishing the aid it allocates to the country in question.

Economic Ties: I postulate that the most economically important to a donor a country is the more aid it receives. Thus, this variable is expected to have an effect in the allocation stage only. Economic ties represent the level of trade that occurs between a donor and a recipient. Consequently, imports to and exports from a recipient country signify the economic importance of that country to the European Union or any of its members. Thus, a sum of both imports and exports with each recipient country addresses this variable. I used the International Monetary Fund (IMF) annual Direction of Trade data (IMF 1998). Luckily, the data include observations for the European Union (which I use for the computations on the EC and the EU) and for all EU members as well. The data are expressed in 1995 constant million US dollars[1]. Since economic ties, as demonstrated by Barratt (2004), appear to be a good predictor of foreign aid attribution in certain instances, I expect to observe a direct and positive relationship between this variable and allocated foreign aid.

Population: It appears intuitive that the larger the population of the country the more aid it should receive, *cetirus paribus.* I use the World Development Index (WDI) to get the population of each recipient for each year (World Bank, 2003). The population variable is continuous and simply refers to the actual population of each country, expressed in millions.

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[1] I would like to thank Patrick McLeod for re-coding the data in usable format.

Hypotheses 13 and 14 address the behavioral differences expected across countries and the potential lack of integration of foreign policy within the European Union. Hypothesis 13 stipulates that bigger member states should give less attention to recipients' human rights records than smaller ones. On the other hand, hypothesis 14 proposes that there should be a lack of integration between the aggregate EU donations and the EC aid disbursements. I do not have any direct statistical method to analyze this proposition. To test this hypothesis, I compare the patterns used by the major donors with that of the small donors; furthermore, with regard to European integration, I conduct an analysis on the EC aid allocation and on the aggregate allocation of the EU members and compare their disbursement patterns. In the course of conducting the analysis, I have been advised to also conduct a random pool times-series analysis on all members and the EC combined to see whether I can outline a common behavior, but I will this aspect to future research.[2]

4.4 Research Design

Most studies focus on the allocation stage and disregard the gate-keeping stage or only focus on countries' likelihood to receive aid from specific donors (Zanger 2000, Milner 2004). However, the policy process entails that decision-makers first have to decide which countries they want to allocate to and then how much those countries should receive. Neumayer (2003a) has tried to identify the impact of potential recipients on their likelihood to receive aid then, isolating countries that have passed the gate-keeping stage, he focuses on the effects of his different human rights variables on the

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[2] I presented an earlier version of this paper to Dr. Brandt, Professor at the University of North Texas. He proposed me to conduct an analysis on the whole dataset in addition to the country-by-country analysis to further the comparison.

amount of aid donors receive. However, he treats the two stages as independent in the sense that the results from the gate-keeping stage are not included in the allocation stage.

In his study on the characteristics that affect the onset of conflict and escalation thereof, Reed (2000) notes that the two processes are independent. By treating them independently, he further argues, the results suffer from selection bias since the reasons that led two countries to initiate conflict to begin with also affect their likelihood to escalate that conflict or not. The same rationale applies to the decision to allocate aid to a country and the amount of aid that country receives. Thus human rights records of potential recipients affect the decision to allocate aid and the amount of aid they subsequently receive from a specific donor. Heckman models provide a good means to deal with this issue. However, they fail to account for the time-series nature of the dataset. Another approach would consist in running a time-series logit model on the gate-keeping stage and a time-series regression on the allocation state. This would fail to account for the selection that occurs within policy decision-making. I use a method similar to Reed's and provide the results from the Heckman model and the time-series logit and regression in appendix for comparison.

4.5 Methodology

As noted above, the two stages under study are related since there is a selection process first (gate-keeping stage) followed by an allocation stage in which components of the selection stage also come into consideration. Thus I first compute a time-series logit model on the gate-keeping stage and a second model tries to look at the effect of

human rights on the amount of aid received by countries, provided they pass the first stage[3]. Let y_i^* be a latent variable that measures whether a country receives aid or not and let y_i^* be a continuous variable that measures the amount of aid allocated to recipients. I assume the y_i is influenced by a vector of observed explanatory variables X_i and an error term u_i. The latent variable y_i^* is not observed, we observe the dichotomous realization of y_i instead. We can only observe a specific amount of ODA allocation, y_j, if a country is allocated ODA, $y_i^* > 0$. That is:

$$Selection = \begin{cases} 1, \ if \ y_i^* > 0 \\ 0, \ if \ y_1^* \leq 0 \end{cases}$$

To account for the selection model, I compute the inverted-Mills ratios from the selection (logit) model. Inverted-Mills ratios (IMR) are calculated as follow:

$$IMR = \frac{cdf \ xb}{pdf \ xb}$$

Where *cdf* is the cumulative distribution function of the estimates, *pdf* is their probability distribution of those estimates, and *xb* is the estimates generated from the coefficients obtained by the logit model. The model thus consists of the following two equations:

$$y_i = \beta_0 + \beta_1 X_{PTS} + \beta_2 X_{\Delta PTS} + \beta_3 X_{PR} + \beta_4 X_{CL} + \beta_5 X_{SER} + \beta_6 X_{PA} + \beta_6 X_{FC} + \beta_7 X_{IW} + \beta_8 X_{CW} + u_i$$
$$y_j = \beta_0 + \beta_1 X_{PTS} + \beta_2 X_{\Delta PTS} + \beta_3 X_{PR} + \beta_4 X_{CL} + \beta_5 X_{SER} + \beta_6 X_{EI} + \beta_6 X_{POP} + IMR_j + u_j$$

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[3] It is impossible (given the coding rules) for countries to receive a certain amount of aid from a given donor in a given year if that country without first having been selected as a recipient of aid from the donor that year. Thus, the dependent variables are outputs of a sequential process rather than part of simultaneous decision.

The explanations of the terms are presented in footnote[4]. The strength of this model, over the two other models presented above, is that the second equation takes into account the results of the selection stage through the IMR. If the coefficients of this variable meet statistical significance in the statistical analysis, it proves that selection occurs, which justifies the use of a selection model. I present the result from the statistical analysis in the next section.

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[4] *PTS* stands for Physical Terror Scale; Δ*PTS* stands for Change in Physical Terror Scale; *PR* stands for Political Rights; *CL* stands for Civil Liberties; *SER* stands for Social and Economic Rights; *PA* stands for Past Aid; *FC* stands for Former Colony; *IW* stands for International War; *CW* stands for Civil War; *EI* stands for Economic Importance; *POP* stands for Population; and IMR is the Inverted-Mills ratio.

CHAPTER 5

ANALYSIS

I conduct a times-series selection model covering the period from 1979 to 1998 over the aid disbursement patterns of the European Union members for which I have data and both the EU (European Union) in general and the European Commission (EC) – the data only covers from 1986 to 1998 for Spain and Portugal. Therefore, the unit of analysis is the country-year. All analyses are two-tail tests. The gate-keeping stage attempts to highlight the relationship between potential recipients' human rights standing and their likelihood to receive aid, while the allocation stage analyzes the effect of human rights conditions in recipient countries on the amount of aid they receive. Because this paper tries to isolate whether Europe has reach integration on its practices with regard to human rights, I first analyze the aid allocation patterns of the small countries (which, theoretically, should give human rights more emphasis (Neumayer 2000a)) and then that of the major donors, the EC, and the EU; at the end of each stage of the analysis, I provide a comparison across countries, between the members states and the EC, and between the overall EU donations and the EC's. I divide the analysis in two stages: the gate-keeping stage comes first and then I elaborate on the allocation phase.

5.1 Gate-Keeping Stage

Small Donors: The results of the times-series logit estimations over the relationship between human rights records and the likelihood to receive foreign aid from any small European Union donor appear in Table 2.

There exists no clear cut pattern amongst the smaller donors of the EU. As far as the human rights indicators are concerned, no consensus has been reached between those nations. For most nations, the level of violations to the personal integrity of a country's citizens actually negatively affects their likelihood of getting aid; in other words, states that systematically violate the personal integrity rights of their citizens are more likely to receive aid from Belgium, Ireland, the Netherlands, and Sweden. It ensues then that, in a few instances, as the PTS (Political Terror Scale) changes and the human rights records of a potential recipient improves its likelihood to receive aid decreases from the point of view of both Belgium and Sweden. One may propose that, by providing attaching conditionality to ODA (Official Development Assistance), hence disbursing assistance to help recipients improve their human rights practices, the EU members that give precedence to gross human rights violators do so in the hope that their aid will somehow contribute to the re-establishment of the rule of law.

As expected, institutional provisions to promote the political rights of one's population does increase a country's likelihood to receive aid from some small EU donors. Ireland and the Netherlands are more likely to give aid to countries that protect the political rights of their citizens than others. The same phenomenon occurs as far as civil liberties go. This stems from the stipulation that no good civil liberties usually entail reciprocally appropriate political rights. Thus, Belgium and Sweden both give precedence to nations that allow more civil liberties than others when deciding to which they should allocate aid. Nevertheless, this remains disappointing insofar as very few

small donors seem to pay attention to the level of political rights and civil liberties of potential recipient countries.

Table 2: Times-Series Logit – Small Donors

	Austria	Belgium	Den.	Ireland	Nether.	Portugal	Sweden
PTS	0.167	*0.595*	0.042	*0.268*	*0.398*	0.194	*0.421*
	(.533)	(.001)	(.699)	(.012)	(.026)	(.237)	(.001)
Change in PTS	-0.087	*-0.381*	-0.089	-0.113	0.170	0.141	*-0.237*
	(.794)	(.007)	(.429)	(.351)	(.355)	(.500)	(.033)
Political Rights	-0.279	*0.206*	-0.131	*-0.181*	*-0.232*	-0.022	-0.033
	(.208)	(.049)	(.109)	(.036)	(.084)	(.891)	(.691)
Civil Liberties	0.332	*-0.471*	-0.038	0.024	-0.234	0.216	*-0.201*
	(.236)	(.001)	(.710)	(.824)	(.128)	(.265)	(.057)
PQLI	*-0.025*	*-0.020*	*-0.041*	*-0.021*	*-0.051*	0.006	0.003
	(..086)	(.001)	(.001)	(.001)	(.001)	(.520)	(.780)
Former Colony	-	35.731 (1.00)	-	-	33.035 (1.00)	*4.699* (.001)	-
Past Aid	*8.359*	*1.892*	*2.629*	*3.940*	*2.852*	*2.387*	*2.362*
	(.001)	(.001)	(.001)	(.001)	(.001)	(.001)	(.001)
Inter. War	-0.630	-0.362	-0.036	-0.917	*-1.690*	0.163	-0.132
	(.753)	(.479)	(.954)	(.248)	(.002)	(.880)	(.815)
Civil War	-0.080	-0.138	0.360	0.261	-0.155	0.191	*0.721*
	(.911)	(.651)	(.186)	(.301)	(.710)	(.645)	(.018)
Cons.	*-4.490*	*1.494*	*1.840*	-1.326	*5.323*	*-5.407*	-0.904
	(.001)	(.048)	(.016)	(.025)	(.001)	(.001)	(.252)
N	2074	2032	2032	2032	2032	1178	2032
Chi^2	277.53	108.03	270.86	393.73	167.00	110.50	248.67
Log Lik.	-92	-562	-724	-583	-402	-187	-767

p-value in parentheses; *italics* denote statistical significance at the .1 level, two-tail.

The last human rights indicator, PQLI (Physical Quality of Life Index), addresses the needs of the potential recipients' population and the level of economic and social development thereof. Almost all small donors, with the exception of Portugal and Sweden, give priority to countries with lower levels of economic and social development than others, as denoted by the negative sign. In doing so, and as proposed by the hypothesis, they theoretically, and practically, attempt to provide some assistance for the poorer countries to provide for the basic needs of their citizens.

Overall, the main single predictor of whether a country receives aid from any of the small donor or not is whether any given country had been allocated aid the year prior to that of observation. This finding re-emphasizes the problem of political inertia and the contunuity in budgetary policies from one year to the next. This poses a serious threat to the validity of the rhetoric used by those countries with regard to assisting countries based on certain criteria, e.g. improvement of human rights records, good governance, and the development of democratic institutions, since, it appears that most small donors (and big ones as I will show below) allocate aid to the same countries over and over again without regard to any improvement in any of the above-mentioned categories. Another striking finding relates to the behavior of Portugal. This country gives a striking preference to its former colonies through its foreign aid; this may be the result of two different factors: on the one hand, Portugal allocates very little aid and can only assist a restricted number of nations; on the other hand, considering the political situation of its former colonies (mainly Mozambique and Angola), Portugal may attempt to help repair the damage she did upon independence through aid allocation.

Having outlined the relationship between small donors' decision to allocate aid to certain countries and those countries' human rights records, I will now provide a similar analysis on the bigger donors. Finally, I provide a summarizing table over the probabilities of receiving aid from each donor for certain levels of the human rights indicators.

Major donors: The results of the times-series logit estimations over the relationship between human rights records and the likelihood to receive foreign aid from any small European Union donor appear in Table 3. I provide a brief analysis of the significant findings below.

Similar to the findings over small donors, the level of violation of personal integrity (as depicted by the PTS scores) of potential recipient countries affects their likelihood of receiving aid from bigger donors in the direction opposite to that proposed in the hypothesis. Countries that systematically commit gross human rights violations (score a "5" on the PTS) are more likely than others to receive aid from either France, Italy, Spain, or the United Kingdom (U.K.). A potential explanation could be that those countries apply conditionality to giving aid to those human rights violating countries and therefore give more aid to countries that fare the worst with regard to human rights violations. This also helps account for the fact that when the PTS score of nations improve, they are less likely to receive aid from France.

The level of political rights of potential recipient countries has virtually no effect on major donors' propensities to allocate aid to certain countries rather than others. Only in the case of Italy are good political rights provisions associated with a higher

likelihood to receive ODA from her. The same can be said on the impact of civil liberties on the likelihood to receive aid. The European Community is the only entity that gives priority to countries that protect the civil liberties of their citizens when allocating foreign aid. In that regard, the small donors appear more human-right oriented for they do give attention to the political rights and civil liberties of potential recipient countries when deciding to whom they should give assistance.

As for the small donor country, the level of economic and social development represents the only human rights indicator on which they have apparently reached a consensus. All major donors, but Spain, attempt to somehow help to rovide for the basic needs of the populations of lesser economically and socially developed countries by giving them precedence when allocating Official Development Assistance. This finding supports the expectations of the modernization school of thoughts that postulates that economic development (and the protection of the economic rights of one's population) is a necessary condition to attain political development. In other words, if countries develop economically, they will then require democratic institutions which, in turn, should provide an environment conducive to the elimination of gross human rights violations (Apodaca, 2000)

As mentioned earlier, the main predictor of whether a country receives aid from a major EU donor in a given year is whether it received aid from them in the previous year. This further undermines the importance of human rights and discredits the rhetorical claims of most European Union members and of the European Commission itself. Furthermore, the main former colonial empires, the United Kingdom, France, and

Spain, all give preference to their former colonies in their decision to allocate aid or not. Again, this emanates from an attempt from those countries to keep their scope of influence within former territories and also to somehow make up for the damages done under colonial rule.

Table 3: Times-Series Logit Analysis – Major donors

	France	Germany	Italy	Spain	U.K	EC	EU
PTS	0.329	0.193	0.284	0.504	0.224	0.051	0.205
	(.002)	(.212)	(.011)	(.001)	(.098)	(.707)	(.422)
Change in PTS	-0.426	-0.008	-0.060	-0.183	-0.144	-0.055	-0.191
	(.007)	(.967)	(.597)	(.113)	(.334)	(.746)	(.531)
Political Rights	-0.036	-0.003	-0.203	0.001	-0.029	0.048	-0.060
	(.734)	(.984)	(.012)	(.999)	(.783)	(.696)	(.794)
Civil Liberties	-0.071	-0.189	0.127	-0.161	-0.009	-0.345	-0.205
	(.576)	(.264)	(.201)	(.156)	(.943)	(.021)	(.459)
PQLI	-0.021	-0.037	-0.039	-0.008	-0.025	-0.031	-0.098
	(.002)	(.001)	(.001)	(.251)	(.005)	(.001)	(.003)
Former Colony	1.304	-	32.985	2.237	0.864	-	-
	(.017)		(1.00)	(.001)	(.017)		
Past Aid	4.046	3.878	2.292	2.921	3.613	4.056	3.799
	(.001)	(.001)	(.001)	(.001)	(.001)	(.001)	(.001)
Inter. War	1.458	0.926	0.567	-0.784	-1.547	-1.469	0.236
	(.054)	(.369)	(.393)	(.287)	(.028)	(.023)	(.871)
Civil War	-0.364	-0.381	-0.374	-0.42	-0.020	0.350	-0.047
	(.244)	(.354)	(.180)	(.887)	(.958)	(.333)	(.946)
Constant	0.313	2.852	1.733	-1.678	0.408	2.786	9.344
	(.649)	(.032)	(.018)	(.019)	(.638)	(.005)	(.019)
N	2074	2032	2032	1378	2031	2042	2074
Chi^2	435.79	202.49	227.47	306.46	223.27	275.74	77.16
Log Likelihood	-373	-317	-719	-510	-484	-382	-140

p-value in parentheses; *Italics* coefficients significant at .1 level, two-tail.

As mentioned earlier, the main predictor of whether a country receives aid from a major EU donor in a given year is whether it received aid from them in the previous year. This further undermines the importance of human rights and discredits the rhetorical claims of most European Union members and of the European Commission itself. Furthermore, the main former colonial empires, the United Kingdom, France, and Spain, all give preference to their former colonies in their decision to allocate aid or not. Again, this emanates from an attempt from those countries to keep their scope of influence within former territories and also to somehow make up for the damages done under colonial rule.

Thus, the size and potential political influence of the donor does not seem to impact its ODA disbursement patterns since small and major donors portray similar characteristics. Unfortunately, based on this logit analysis, I cannot conclude with certainty that the human rights records of the potential countries affect their likelihood of receiving aid from any of the EU members or from the European Commission. Past aid allocation and whether a country is a former colony of any given EU member represent the best predictors of whether they will receive aid from any of them in any given year. A summary of the effects of the human rights indicators on the likelihood to receive aid from any of the EU members and the EC is provided in Table 4.

Table 4: Effect of Human Rights on the Likelihood to Receive Aid

		PTS		Change in PTS		Political Rights		Civil Rights		PQLI	
		1	5	2	-2	1	7	1	7	40	80
SMALL DONORS	Austria	.007	.014	.008	.011	-026	.005	.003	.021	.015	.006
	Belgium	.864	.986	.896	.975	.896	.968	.990	.860	.964	.927
	Denmark	.458	.500	.433	.522	.596	.402	.512	.454	.661	.297
	Ireland	.102	.249	.128	.187	.263	.108	.144	.163	.214	.110
	Netherlands	.958	.991	.985	.971	.991	.965	.991	.965	.992	.948
	Portugal	.028	.059	.052	.030	.042	.037	.019	.066	.035	.043
	Sweden	.522	.855	.592	.789	.724	.683	.829	.592	.687	.710
LARGE DONORS	France	.933	.981	.914	.983	.966	.958	.970	.955	.974	.944
	Germany	.966	.984	.975	.976	.976	.975	.988	.962	.987	.952
	Italy	.839	.942	.885	.907	.948	.844	.844	.921	.947	.807
	Spain	.307	.769	.430	.611	.521	.522	.660	.424	.424	.487
	U.K.	.873	.944	.886	.932	.920	.906	.914	.910	.942	.866
	E.U.	.997	.999	.997	.999	.998	.998	.999	.997	.997	.988
	E.C.	.950	.959	.950	.959	.946	.959	.987	.904	.974	.922

Italics probabilities are statistically significant at .1 level, 2-tail.

This table shows the probabilities of getting aid from each of the members when all variables are held constant at their mean with the exception of the variable on which the analysis is conducted. Across members of the EU, the most important predictor of receiving aid, amongst the human rights indicators, is the level of social and economic development. For the major donors, however, none of the human rights variables has a significant effect on the probability of receiving aid, even if those are statistically significant. This phenomenon is exemplified by the high probabilities of receiving aid, other things constant at their mean, without regard to the human rights records of the

potential recipients. It is worthy to note that, in the case of Spain, the level of violation of the personal integrity of their citizens demonstrated by potential recipients does have a strong impact on their likelihood of receiving aid since a country with a PTS score of "1" has 30% chances of receiving aid from it while a country with a PTS score of "5" has almost 77% chances of getting aid from her, other things equal. A similar pattern occurs in the case of Sweden. Furthermore, Sweden also integrates the civil rights conditions of potential recipients in its decision to allocate foreign aid since countries with a perfect sore on the Freedom House rankings are substantially more likely to get ODA from Sweden than those which score the worst. Finally, the effect of the level of economic and social development seems of stronger importance to small donors than to larger ones since countries with a PQLI of 44 are twice as likely to receive aid from either Denmark or Ireland than countries with a PQLI of 81; on the other hand, an identical change in PQLI does yield a very small change in the likelihood of receiving aid from Either France or Britain for instance.

Thus, though the European Union members all give priority to the development of economic and social rights through aid allocation, the impact of this variable (with the exception of a few small donors) remain too limited to affirm that this type of human rights does make a difference in the gate-keeping stage. Furthermore, the findings regarding the most observable for of human rights violations, i.e. the non-respect of personal integrity as expressed by the PTS measure, provides a troubling picture and fails to support the theoretical expectations usually provided by the human rights literature. However, as postulated here and elsewhere, other considerations enter

into the foreign assistance decision-making process and human rights often remain a consideration of secondary importance (cf. Carleton and Stohl 1987, Poe 1992, Apodaca and Stohl 1999, Zanger 2000, Neumayer 2003a). The literature has also emphasized that though human rights considerations may not play a role at the gate-keeping stage; they may actually directly and considerably affects the amount of aid that countries receive provided they passed the selection stage. Using a similar approach, I now turn to the study of the relationship between the amount of aid received by countries and their human rights records.

5.2 Allocation Stage

This stage emphasizes the relationship between human rights practices of recipient countries and the amount of aid they receive from each of the European Union member-states as well as from the EC. The results from the selection process have been included in the analysis since I computed the inverse Mills ratio and added it on the right-hand side of the equation. Thus, when this variable passes the statistical significance test, it means that the criteria under study in the gate-keeping stage do have an effect on whether countries receive aid or not and on the amount of aid they ultimately get. Furthermore, this helps account for the actual political decision-making process which consists of two stages: the first stage occurs when policy makers decides to which countries they should allocate aid while the second addresses the amount of aid each of the qualified recipients should get. I first provide an analysis similar to that conducted in the first part and then attempt to compare and contrast the results across countries.

Small Donors: The results of the cross-sectional times-series analysis on the relationship between the amount of foreign aid disbursed by each small donor and recipients' human rights records appear in Table 5.

Though poor human rights records were associated with a higher likelihood of receiving aid in most cases, for the countries that receive aid, the systematic violation of their population's personal integrity causes them to receive less aid than others. Thus, a one unit decrease in a country's PTS score (which denotes an improvement in its respect for personal integrity rights) leads to a 2.427 millions constant 95 US dollars increase in ODA received from Austria; this also leads to an increase of ODA received of 968,000 dollars from Belgium; 1.036 million dollars from Denmark; 3.358 million dollars from Portugal; and an increase in aid from Sweden of 1.993 million dollars. All those findings are statistically significant, as shown in Table 3. Only the Netherlands seem to provide more aid to countries that fare worse on the PTS scale. Consequently, an one unit increase in the PTS score of recipients leads to a 2.768 million dollars increase in foreign assistance from the Netherlands. This anomaly may emanate from the fact that the Netherlands tries to keep its scope of influence in countries with which it has strong interests despite their human rights records, such as the Philippines (Baehr, 1997). The case of the Netherlands is further reinforced by the fact that changes in human rights practices, as shown by the "change in PTS" variable, yield findings opposite to the expected ones. Overall, however, it appears that most small donors reward countries that respect the basic physical integrity of their citizens by providing them with more resources than others.

Political rights barely affect the level of aid received by small donors. Surprisingly, the Netherlands appear to provide more aid to countries that protect the political rights of their citizens, which seems to contradict the findings regarding the relationship between aid allocated and the level of gross human rights abuses (denoted by the PTS results) of recipient countries. Still, other things equal, a one unit decrease in the political rights indicator (depicting more provisions for those rights) leads to a 1.339 million US dollars increase in aid received from the Netherlands at the .01 level. Conversely, this variable has the opposite effect on the amount of aid received from Ireland since a one unit increase engender an increase of $225,000 from Ireland, at the .05 level. The relationship between recipients' civil liberties and aid received also shows a mixed picture. Austria and Denmark both provide more assistance to countries that fare worst on this indicator at the .05 and .01 level respectively. Thus, a one unit increase in the civil liberties score yields a increase of $1.746 millions and $2.066 million in aid received from Austria and Sweden respectively. Thus, most countries sanction recipients that systematically violate those rights without much regards for other types of human rights.

The last of the human rights variables, PQLI, which measures economic and social rights, also provides support for the proposed hypothesis. In almost every case, countries with poor economic and social rights receive more aid from small donors with the exception of Portugal, which seem to provide more aid to recipients that have better economic and social rights than others. Again, however, with a relatively small N, it is difficult to make generalizations over the aid disbursement patterns of Portugal.

Thus, I can assert with confidence that small donors try to promote the economic and social development of countries that are underdeveloped in that category by granted them higher level of ODA.

Table 5: Times-Series Generalized Least Squares Analysis – Small Donors

	Austria	Belgium	Den.	Ireland	Nether.	Portugal	Sweden
PTS	-2.427	-0.968	-1.036	-.077	2.768	-3.358	-1.993
	(.002)	(.001)	(.015)	(.440)	(.001)	(.087)	(.001)
Change in PTS	0.394	0.431	0.468	0.027	-2.263	-1.135	0.666
	(.663)	(.264)	(.423)	(.836)	(.001)	(.745)	(.377)
Political Rights	-0.696	-0.137	0.528	0.225	-1.339	1.577	-0.411
	(.271)	(.596)	(.187)	(.015)	(.002)	(.478)	(.426)
Civil Liberties	1.746	0.544	-0.362	-0.203	-0.081	-3.413	2.066
	(.028)	(.106)	(.477)	(.096)	(.883)	(.254)	(.001)
PQLI	-0.104	-0.042	0.038	0.007	-0.172	0.882	-0.137
	(.031)	(.017)	(.174)	(.283)	(.001)	(.001)	(.001)
Trade	0.011	0.003	0.003	-0.001	-0.005	0.002	-0.003
	(.001)	(.001)	(.001)	(.316)	(.001)	(.767)	(.357)
Pop	-0.001	0.001	0.001	-0.001	0.001	0.001	0.001
	(.001)	(.645)	(.001)	(.073)	(.001)	(.263)	(.001)
Mills Ratio	-0.227	-7.501	-4.381	-0.403	-6.942	-5.173	-10.214
	(.683)	(.001)	(.001)	(.001)	(.023)	(.001)	(.001)
Constant	9.831	7.014	7.243	1.227	20.671	93.834	18.234
	(.054)	(.001)	(.004)	(.036)	(.001)	(.001)	(.001)
N	185	1447	978	506	1654	92	1209
Chi^2	220.81	51.22	148.34	34.20	308.46	74.93	180.08
Log Likelihood	-669	-5378	-3859	-1087	-7105	-403	-5200

p-value statistics in parentheses; *Italics* coefficients significant at .1 level, 2-tail.

The economic importance of the recipient countries also supports the hypothesis; however, the strength of the relationship (the coefficient) remains too small, especially considering that the "trade" variable has been logged. The same applies to the effect of

the population of the recipients on the aid they receive from small donors. Consequently, there appears to exist sufficient support to claim that, though small donors do not seem to really pay attention to human rights when deciding to which countries they should allocate aid, human rights, mainly the level of violation of personal integrity of the citizens of recipient countries, do play an important role when those same donors decide over the amount each recipient should be rewarded.

Finally, it is noteworthy to notice that, with the exception of Austria, the inversed Mills ratio is statistically significant across small donors. This supports the proposition that there exists a two-stage selection process in those instances. It would be interesting to conduct a similar analysis without including these ratios on the right-hand side of the equation, which I will include in future research for the sake of comparison. I now turn to the analysis on the major donors.

Major donors: The results of the time-series cross-sectional analysis on the relationship between human rights records of recipient countries and aid received appear in Table 6.

Only France appears to give attention to the level of gross human rights abuses (PTS) of the recipients when allocating aid. Thus, a one unit decrease in the PTS of the recipients leads to a $3.358 millions increase of aid received from France at the .01 level; furthermore, as their record increase by one unit (a change in PTS of 1), recipients receive an extra $3.811 million from France at the .05 level. All other major donors (besides Italy and Spain for which there is no statistical significance) grant more ODA to countries that fare worse with regard to the respect of their population's personal integrity rights. As a result, a one unit increase in the PTS score of recipients

leads to an increase of aid received of $4.980 million (Germany), $1.486 millions (U.K.), $4.032 (EC), and $18.163 (for the overall EU) at the .01 level. Those findings are equated by negative relationship between the "change in PTS" variable and the amount of aid received from Germany, the U.K, and the EU. I will provide a potential explanation of those findings when I compare them with those of small donors.

Again, the measure of political rights poses problems for it contradicts the findings over the relationship between PTS and aid received. Thus, while France supports countries that respect the personal integrity of their citizenry, at the same time, it gives more aid to countries that do not provide the necessary mechanisms to protect the political rights of their population. However, the opposite occurs with regard to the UK. So, those apparently contradicting findings may be due to the nature of the data since, good political rights may be equated with high levels of violations of a recipients' citizens' personal integrity. The findings on civil rights provide support for the proposed hypothesis for most countries. Thus, a one unit decrease in this measure (equating an improvement in the level of civil liberties of a country) lead to an increase in aid received of $5.413 millions (France), $2.217 millions (Germany), $1.301 millions (U.K.), $1.616 millions (EC), and $7.471 millions (the overall EU).

Finally, the level of social and economic development has a negative effect on the amount of ODA disbursed by major donors, which supports the contention that the needier the country, the more aid it receives, other things equal. Only Spain appears to provide more assistance to less needy people which may result from the fact it mainly donates to Latin American countries, which, in general, have reached higher levels of

economic development than most other Third World countries. Thus, with the exception of the measure for personal integrity, human rights have a significant effect in the expected direction on the amount of aid major donors, and the EC and EU in general, provide to Third World countries.

Table 6: Times-Series Generalized Least Squares Analysis – Major donors

	France	Germany	Italy	Spain	UK	EC	EU
PTS	-3.358	4.980	1.389	-0.915	1.486	4.032	18.163
	(.010)	(.001)	(.150)	(.297)	(.005)	(.001)	(.001)
Change in PTS	3.811	-3.735	-0.886	0.834	-1.728	-1.390	-9.131
	(.044)	(.012)	(.489)	(.466)	(.019)	(.194)	(.041)
Political Rights	5.056	-0.192	-0.510	-0.260	-0.890	1.027	1.040
	(.001)	(.847)	(.556)	(.732)	(.076)	(.153)	(.730)
Civil Liberties	-5.413	-2.217	1.202	1.615	-1.301	-1.616	-7.471
	(.001)	(.070)	(.262)	(.103)	(.038)	(.073)	(.046)
PQLI	-0.686	-0.291	-0.136	0.176	-0.263	-0.369	-2.212
	(.001)	(.001)	(.022)	(.001)	(.001)	(.001)	(.001)
Trade	0.003	0.005	0.002	-0.001	0.004	-0.002	-0.008
	(.001)	(.001)	(.043)	(.866)	(.001)	(.011)	(.001)
Pop.	0.001	0.001	0.001	0.001	0.001	0.001	0.001
	(.001)	(.001)	(.001)	(.001)	(.001)	(.001)	(.001)
Mills Ratio	-13.333	-10.367	-7.075	-4.455	-5.766	-6.215	-126.578
	(.006)	(.087)	(.012)	(.001)	(.001)	(.027)	(.126)
Constant	76.695	33.251	12.863	-4.775	28.961	36.137	225.030
	(.001)	(.001)	(.020)	(.378)	(.001)	(.001)	(.001)
N	1738	1826	1411	672	1544	1701	1980
Chi^2	269.69	616.71	68.13	111.53	531.91	183.52	663.16
Log Likelihood	-9348	-9430	-6905	-2968	-6797	-8203	-12491

p-value statistics in parentheses; *Italics* coefficients significant at .1 level, 2-tail.

Economic importance and the population of recipient countries also enter into the equation and decision-making process. Yet, their impact (especially that of

economic important) remain minimal. Also, I can conclude that there is a selection process occurring in all cases but in that of Spain, which, again, justifies the use of the selection model for this analysis. I now provide predicted values (holding all variables but the one under study at their mean) at different levels of the human rights indicators. Those results appear in Table 7.

Those predictions clearly depict the relationship between the different human rights variables and the amount of aid received from each of the EU members. In cases where high levels of violations to personal integrity have the excepted impact on the amount of aid received (Austria, Belgium, Denmark, France, Portugal, and Sweden), the loss of foreign aid from those donors appear of strong importance as shown by the different amounts received by countries scoring a "1" on PTS and those scoring "5"; thus, conditionality may gain legitimacy in that sense. However, the fact that most major donors, including Germany, the UK, and the EC, tend to disregard recipients' records shows a different picture. Those findings confirm the expectation that small- and middle-sized countries put more emphasis on human rights than major donors (Neumayer 2003a). Furthermore, those phenomena fail to support the contention that integration has occurred within the EU with regard to foreign aid disbursements. The numbers over the effects of changes in PTS strongly resemble those from PTS themselves and need no further examination in those regards.

Finally, the level of social and economic development has a negative effect on the amount of ODA disbursed by major donors, which supports the contention that the needier the country, the more aid it receives, other things equal. Only Spain appears to

provide more assistance to less needy people which may result from the fact it mainly donates to Latin American countries, which, in general, have reached higher levels of economic development than most other Third World countries. Thus, with the exception of the measure for personal integrity, human rights have a significant effect in the expected direction on the amount of aid major donors, and the EC and EU in general, provide to Third World countries.

I have already mentioned the potential problems associated with the political rights measure since it appears that donors that sanction recipients which have poor human rights records based on the PTS measure also reward countries that fare equally poorly on political rights, which undermines the impact of good governance. This unexpected finding is undermined by the fact that it fails to meet statistical significance in most cases. Conversely, with the exception of Sweden and Austria, the findings on civil rights support the proposed hypothesis. Variations in this variable lead to considerable changes of the amount of aid received from France, the UK, the EC, and the overall EU. It appears there exist some sort of consensus then in which European nations reward countries that which have better civil rights than others.

Probably the strongest point of agreement amongst EU members is the importance given to the need for countries to economically and socially develop, which may, in the longer run, lead to the creation of democratic institutions and the improvement of human rights records overall. Consequently, all countries (but Spain) give substantially more aid to poorer and lesser developed countries than others in an attempt to assist them in their economic, social, and political development. Thus,

though the findings over the other human rights variables yield mixed results, I can at least extract one point of agreement.

Table 7: Effect of Human Rights on the Amount of Aid Received

		PTS		Change in PTS		Political Rights		Civil Rights		PQLI	
		1	5	2	-2	1	7	1	7	40	80
SMALL DONORS	Austria	*9.55*	*-.15*	5.26	3.68	7.23	3.05	*-2.40*	*8.08*	*5.8*	*1.65*
	Belg.	*5.65*	*1.77*	4.63	2.9	4.27	3.45	1.80	5.06	*4.60*	*2.93*
	Den.	*9.96*	*5.82*	8.90	7.02	5.97	9.13	9.34	7.16	7.37	8.88
	Ireland	1.25	.94	1.14	1.03	*.23*	*1.58*	1.88	.66	.98	1.25
	Nether.	*6.61*	*17.68*	*7.25*	*16.30*	*16.50*	*8.47*	12.03	11.55	*15.30*	*8.42*
	Port.	*20.17*	*6.74*	10.86	15.40	7.16	16.62	26.22	5,75	*31.62*	*-3.66*
	Swe.	*14.26*	*6.28*	11.53	8.87	11.70	9.23	*2.61*	*15.01*	*13.11*	*7.51*
LARGE DONORS	France	*34.56*	*21.13*	*36.06*	*20.81*	*9.91*	*40.25*	*48.42*	*15.94*	*43.03*	*15.60*
	Germ.	*19.11*	*39.03*	*20.73*	*36.60*	28.89	27.74	*36.33*	*23.02*	*.36*	*22.71*
	Italy	10.78	16.34	11.78	15.32	15.47	12.41	8.96	16.17	*16.15*	*10.70*
	Spain	11.78	8.11	11.53	8.19	10.75	9.18	4.34	14.03	*5.50*	*12.53*
	U.K.	*8.94*	*14.89*	*8.26*	*15.17*	*14.93*	*9.59*	*16.41*	*8.61*	*17*	*6.49*
	E.U.	*87.38*	*160.03*	*101.27*	*137.79*	115.70	121.94	*146.46*	*101.63*	*169.29*	*80.80*
	E.C.	*15.14*	*31.27*	19.54	25.10	18.62	24.79	*28.09*	*18.39*	30.06	15.31

Italics estimates are statistically significant at .1 level, 2-tail.

CHAPTER 6

DISCUSSION AND CONCLUSION

In this paper, I have tried to elucidate the European Union foreign aid puzzle and whether human rights play a role in both the decision to allocate aid and the amount of aid that countries receive. The two main goals were to find whether European Union (EU) members and the EU institutions do take human rights into account when allocating foreign aid and to then decipher whether European integrity exists with regard to foreign aid. Those questions came from the broad literature on conditionality and European rhetoric that stipulates that European nations should reward countries which respect the human rights of their citizens and sanction those which do not, using foreign aid as their mean. Much has been said about the lack of cohesion within the European Commission, yet, scholars have proposed that it should promote human rights more than any other entity since it has the scope and power to do so and is bound by many treaties and official declarations. Consequently, I expected the EC (European Commission) to be more prone to promote good governance principle than any other country.

The findings have mainly shown that the level of violations of personal integrity does not matter for most of the donors, including the EC, when the decision to allocate aid to country is made. Quite contrary, countries with poor human rights records of this type are actually more likely to receive aid in general. One contention I proposed was that in doing so, European nations attempt to give signs of support to those countries and, by attaching conditionality to the aid allocated, hope that the recipients will take

the necessary measures to redress their human rights records. However, the level of personal integrity does affect the amount of aid donated by small donors and France in the expected direction: these donors reward recipients which do not systematically commit gross human rights violations. However, most major donors, as well as the overall EU and the EC, provide more Official Development Aid (ODA) to gross human rights abusers. As a result, the European Union members send mixed messages as to their intentions and conditionality becomes limited since violators may resort to the major donors for aid.

The political rights indicator appears to pose problems as I have assessed throughout this study. Therefore, I will not expand on it here. The results on the effects of the level of civil liberties of potential recipient countries and their likelihood to receive aid are as mixed and confusing as those for personal integrity. However, countries with better civil liberties are more likely to receive aid from European nations than others. The same also applies to the impact of this variable on the amount of aid countries receive; yet, it fails to meet statistical significance for most small donors. Still, it shows another apparent point of agreement and cohesion within the EU since all major donors provide more assistance to countries that provide their citizens with acceptable levels of civil liberties. I can postulate then that the EU may emphasize those rights more than those discussed in the previous paragraph.

The only point of perfect consensus (with the exception of Spain) is the importance of economic and social rights. This variable attempts to grasps whether the basic needs of citizens of specific countries are met. In both giving priority to those

countries when deciding to whom to give aid and by allocating then more aid than others, EU countries send a clear and unitary message. Thus, though they may disregard the physical and political rights of potential aid recipients, European nations attempt to promote the economic and social development of Third World countries in the hope that such development will eventually lead to the establishment of democratic institutions which should provide better political rights and civil liberties and the improvement of the human rights situation.

However, the messages sent by the different EU members and by the EC remain blurry and incoherent in general and further integration appears necessary for European foreign aid rhetoric to become more legitimate and heard. Sadly, most of the above analysis show the lack of importance of human rights in the gate-keeping stage though they appears to play a somewhat important role in the allocation stage. As Europe grows and accepts more members, not only does it work to integrate within and enforce its norms and values on the new members, as the major international organization in the world system, it should aim at playing a most important and decisive role on the human rights agenda. The analysis and comparison amongst and between small and major donors also needs be elucidated here. As proposed earlier, though there is no apparent consensus between the EU members and the EC on how to allocate ODA, small donors seem to adopt specific strategies while major donors use different, yet somewhat integrated, strategies when allocating aid. I will no try to delineate attitudes of small donors from those of bigger donors.

In the case of small donors, altruistic reasons give the impetus for selection of recipient and ODA allocation. In the selection stage, the level of violations to personal integrity has a positive effect on countries' likelihood to receive aid from small donors. In this instance, by applying conditionality small donors hope that the recipients of their aid will improve their records. Furthermore, once selected as recipients of aid from small donors, countries with better PTS (Political Terror Scale) scores (scoring 1 or 2) receive more aid from small donors than others. Again, this emphasizes the importance of conditionality in those cases. Furthermore, small donors give precedence to countries with better respect for the political rights and civil liberties of their citizens in both the selection and allocation stages. Finally, the outmost priority is given to needy countries, i.e., countries with the lowest levels of economic and social rights. Thus, small donors appear to give preferential treatment to countries that have good respect for political and civil rights, in spite of their respect for the integrity of their citizens. One contention proposed by some scholars is that democratizing countries tend to have higher levels of gross human rights violations (PTS) than autocracies and democracies (Fein 1995). In turn, democratizing countries have better political and civil rights than autocracies, which accounts for the apparent discrepancy in the findings. Small donors, then, promote the democratization of countries in the hopes that, once their institutions are consolidated, those countries will have better respect for the overall human rights of their citizens. This altruistic behavior can better be emphasized by the evident lack of impact of the economic importance of the recipient countries.

Bigger donors show different behaviors when allocating foreign aid, for the most part. Though the results from the logit models for small and major donors resemble one another, striking differences occur at the allocation stage, which necessitate another rationale to explain the findings. First, at the gate-keeping stage, all former colonial empires give a strong preference to their former colonies when deciding which countries should receive aid. Amongst small donors, only Portugal seemed to do so, which is probably due to the fact the country allocates little aid and tries to devote it to repairing damages done to its former overseas possessions. Again, countries with better records on the civil and political rights as well as needy countries are more likely than others to receive aid. And, like small donors, major donors also give precedence to countries which systematically abuse the personal integrity of their citizens. Thus, except from the preferential status given to former colonies, the same considerations are taken into account by large and small donors in the gate-keeping stage. The main differences occur at the allocation stage. With the exception of France and contrary to the small donors, most major donors allocate more founds to countries with high level of violation to the personal integrity of their citizens. This phenomenon is reinforced by the fact that major donors seem to either ignore or give little importance to the political and civil rights granted to the citizens of the recipients of their ODA. Thus there exist differences between the approach of small donors and that of large ones, which are reciprocated at the European Commission and European Union levels.

Both the aid granted by all EU members combined and by the EC follows the patterns taken by the major donors. Thus, though there seem not to be integration

between countries, as explained earlier, it appears that policy-making, at the European Commission level, is greatly influenced by the major donors. This represents a downfall since one would expect that the European Commission, as a supporter of human rights internally and externally – at least rhetorically – should promote what it preaches. Rather than following its own foreign policies as an independent institution, the EC reflects the will of its major financial contributors. If researcher were to investigate this more systematically, emphasis could be put on the fact that the EC fails to abide by its standard. Hopefully, in the near future, the internal politics of the EU will not be hampered by the national influences that it comprises, which could allow for a greater and more genuine concern for the human rights of the recipients of EC ODA. However, more research remains to be conducted to better elucidate this puzzle.

Thus, future work should focus on a more comprehensive analysis of aid disbursements of the EC, EU, and the EU members. If the EU and its members were to abide by their standards, they would manage to gain credibility abroad and within as new members join the Union. Furthermore, regional research needs to be attempted to decipher the aid flows puzzle. Knowing whether the different members of the EU and the EC adopt different strategies when allocating aid to specific regions of the world may help shed light as to why the cross-sectional findings appear so confusing and disintegrated. Finally, future research should include more control variables, especially for the major donors, such as strategic importance (the presence of armed troops and/or military-related sales) and diplomatic ties for instance.

APPENDIX

Times-Series Analysis without Selection

The following analysis takes into account the times-series nature of the data, however, it does not include the selection process. Consequently, the model assumes that the decision to allocate ODA (Official Development Aid) to countries is independent of the amount of money allocated in the second stage. Thus, the analysis consists of a times-series logit and a times-series regression without controlling for the selection taking place. The results of the logit are identical to those presented in the analysis and can be found in Tables 2 and 3. Yet, the results of the regression for the second stage differ. Those findings appear in Tables 8 and 9.

Though most of the results of this analysis resemble those presented in the thesis, they remain inaccurate and fail to grasp the selection process. The coefficient show strong similarities with those obtain through the times-series two-step model; however, the levels of statistical significance differ. As seen in the analysis of this thesis, selection occurs in most instances, which justifies the use of a selection model. For the sake of comparison, this alternative statistical method proves how the use of different tools affects our findings. Another potential model, which accounts for selection but fails to incorporate the times-series nature of the data, could also have been used. I now present the findings using such a model.

Table 8: Times-Series Generalized Least Squares Analysis without Selection – Small Donors

	Austria	Belgium	Den.	Ireland	Nether.	Portugal	Sweden
PTS	*-2.419*	*-0.576*	*-0.930*	-0.047	*2.874*	*-3.735*	-.0712
	(3.04)	(2.04)	(2.14)	(0.47)	(6.21)	(1.75)	(1.26)
Change in PTS	0.409	0.209	0.389	0.036	*-2.305*	-0.813	-0.093
	(0.45)	(0.54)	(0.65)	(0.27)	(3.60)	(0.21)	(0.12)
Political Rights	*-0.723*	-0.023	0.351	*0.240*	*-1.395*	0.083	-0.769
	(1.15)	(0.09)	(0.87)	(2.54)	(3.22)	(0.04)	(1.46)
Civil Liberties	*1.741*	0.244	-0.436	*-0.215*	-0.208	-2.821	*1.805*
	(2.19)	(0.74)	(0.84)	(1.72)	(0.38)	(0.87)	(2.85)
PQLI	*-0.106*	*-0.057*	-0.034	0.002	*-0.189*	*-1.083*	*-0.121*
	(2.22)	(3.33)	(1.35)	(0.28)	(6.82)	(6.37)	(3.63)
Trade	*0.011*	*0.003*	*0.003*	<-0.001	*-0.005*	<0.001	-0.003
	(13.14)	(3.86)	(7.29)	(1.32)	(3.91)	(0.01)	(0.72)
Population	*<-0.001*	<0.001	*<0.001*	<-0.001	*<0.001*	<0.001	*<0.001*
	(4.80)	(0.55)	(7.74)	(1.67)	(13.64)	(1.34)	(8.01)
Constant	*10.006*	*7.153*	*10.216*	*1.119*	*21.980*	*103.228*	*13.305*
	(1.97)	(4.18)	(4.05)	(1.87)	(7.93)	(6.38)	(3.92)
N	185	1447	978	506	1654	92	1209
Chi²	220.44	33.83	108.00	12.72	302.32	49.91	112.57
Log Likelihood	-668.77	-5396.30	-3876.76	-1096.83	-7107.87	-410.66	-5230.29

Absolute value of z statistics in parentheses; *Italics* coefficients at .1 level, 2-tail.

Table 9: Times-Series Generalized Least Squares Analysis without Selection – Major donors

	France	Germany	Italy	Spain	UK	EC	EU
PTS	-3.192	5.091	1.955	-0.001	1.618	4.041	18.208
	(2.43)	(4.83)	(2.08)	(0.01)	(3.06)	(5.30)	(5.91)
Change in PTS	3.719	-3.841	-1.199	0.378	-1.751	-1.431	-9.233
	(1.96)	(2.59)	(0.94)	(0.33)	(2.37)	(1.34)	(2.06)
Political Rights	4.874	-0.269	-0.781	-0.290	-0.875	0.969	0.974
	(3.86)	(0.27)	(0.91)	(0.38)	(1.74)	(1.35)	(0.32)
Civil Liberties	-5.211	-2.229	1.342	1.198	-1.335	-1.698	-7.455
	(3.34)	(1.83)	(1.25)	(1.21)	(2.12)	(1.89)	(1.99)
PQLI	-0.711	-0.310	-0.192	0.194	-0.273	-0.389	-2.237
	(9.14)	(4.91)	(3.48)	(3.65)	(8.60)	(8.48)	(12.00)
Trade	0.003	0.005	0.002	<0.001	0.004	-0.002	-0.008
	(10.47)	(6.72)	(2.16)	(0.16)	(5.53)	(2.66)	(3.39)
Pop.	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001
	(4.52)	(16.64)	(4.93)	(8.12)	(16.52)	(5.30)	(19.68)
Constant	76.998	34.124	13.803	-8.828	28.846	37.721	226.291
	(9.67)	(5.44)	(2.49)	(1.66)	(8.91)	(8.15)	(12.00)
N	1738	1826	1411	673	1544	1701	1980
Chi^2	261.12	612.81	61.58	95.15	518.86	178.09	660.05
Log Likelihood	-9351.81	-9431.75	-6907.91	-2978.72	-6802.28	-8205.26	-12492.63

Absolute value of z statistics in parentheses; *Italics* coefficients significant at .1 level, 2-tail.

Heckman Model

A Heckman model consists of two distinct stages. The rationale behind the use of this model emanates from the researcher's belief that in order to be in the second stage of the analysis, observations must first meet certain criteria. Similarly to the analysis provided in the thesis, the first stage outlines the variables that affect potential countries' propensity to receive aid from the donor. In the second stage, only countries that receive aid are included and the results of the first model are incorporated in this stage to account for selection. Thus, a Heckman model is identical to the one presented earlier with the exception that it fails to take into consideration the times-series and cross-sectional nature of the data. Due to the times-series aspect of the dataset, observations take similar values on most of the independent variables across years, which hampers the model's capacity to perform. When searching for the maximum likelihood estimation, the statistical software provides an error message due to the fact that the model cannot be estimated as is. I did manage to estimate a Heckman model for few countries (mainly the smaller donors which allocate funds to very few countries) but do not present them here. Overall, most of the independent variables have little effect on potential countries' likelihood to receive aid. Conversely, in the allocation stage, the indicators show some statistical significance. This highlights the occurrence of selection from the donor countries. Again, this model fails to properly account for the characteristics of the data and consequently makes it either impossible to use or renders the results (when found) inefficient.

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