

Comments on “Political Aid Cycles” by Paul Niehaus and Michael Faye

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Summary

- Fascinating research question
 - Great idea to assess whether aid allocated differentially in election periods
- Main finding:
 - Countries more aligned with donors in UN voting receive more aid during election years
- Interpretation:
 - Donors give aid to influence elections

Supply vs. Demand for Aid

- Interpretation: its donor supply of aid vs. recipient demand for aid
 - Countries may ask for more aid during elections
 - Coefficient on elections alone may be insignificant if it reflects heterogeneous effects
 - Aligned “friends” may ask differentially since there’s lower political cost or more likely to get it
 - Non-aligned countries may ask for less if its politically embarrassing or costl

Measure of Alignment

- UN voting alignment may respond to aid differentially during elections
 - Consistent with U.S. vote buying account (Kuziemko and Werker, 2006)
 - A deal with donors and recipients could include agreement to vote in alignment for multiple years prior to
- Try Alternative alignment measure such as:
 - Donor and recipient have right-wing/left-wing govt

Election Timing I

- Timing of elections may be endogenous
- Countries may call elections when receive more aid
 - Aligned countries may be more likely to do this if their aid comes with less monitoring
- Use pre-scheduled or legally mandated election years instead
 - As an instrument for actual election years
 - Or restrict to subset of pre-scheduled years

Election Timing II

- Third factors (like instability or natural disasters) may result in calling newer elections and more aid to aligned countries
- Control for:
 - Civil war incidence (Uppsala/PRIO data)
 - Political repression of opponents (Banks, 2005)
 - Natural disasters (EM-DAT data)

Other Points

- Can the NED data be broken down into component to NGOs vs. opposition parties?
 - Negative effects should only be observed for component going to the opposition party
- Sample selection
 - List all countries excluded due to gaps in elections and UN voting data (Iraq, Somalia mentioned...)
 - Does their omission exert bias?
- Result with multiple party illegal at time of election
 - Frame as evidence of differential aid cycle for democracies (vs. competitiveness)
 - Could also see if there are differential effects for countries with lower corruption better institutional quality