

How the Media Affect U.S. Foreign Aid Allocations?  
Evidence from the Aid Allocation Pattern to Muslim Countries

by

Seungjun Kim

Department of Political Science  
Duke University

Date: \_\_\_\_\_  
Approved: \_\_\_\_\_

\_\_\_\_\_  
Peter Feaver, Supervisor

\_\_\_\_\_  
Erik Wibbels

\_\_\_\_\_  
Emerson Niou

Thesis submitted in partial fulfillment of  
the requirements for the degree of Master of Arts in the Department of  
Political Science in the Graduate School  
of Duke University

2013

ABSTRACT

How the Media Affect U.S. Foreign Aid Allocations?

Evidence from the Aid Allocation Pattern to Muslim Countries

by

Seungjun Kim

Department of Political Science  
Duke University

Date: \_\_\_\_\_

Approved: \_\_\_\_\_

\_\_\_\_\_  
Peter Feaver, Supervisor

\_\_\_\_\_  
Erik Wibbels

\_\_\_\_\_  
Emerson Niou

An abstract of a thesis submitted in partial  
fulfillment of the requirements for the degree  
of Master of Arts in the Department of  
Political Science in the Graduate School  
of Duke University

2013

Copyright by  
Seungjun Kim  
2013

## **Abstract**

The previous literature fails to reach consensus on the role of media in the foreign aid allocation. My paper attempts to answer following questions by examining Muslim countries: Are there any media effects on the pattern of aid giving? If the media influence the amount of aid, then how does it play its role? In addition, although previous studies show that different donors have prioritized specific groups, no study systemically shows the reason why a donor prioritizes certain recipients. Examining all recipients and donors cannot control the circumstantial factors generated by different regions and ethnicities. In other words, donors allocate international aid to different group of countries for various reasons and much of the research fails to examine the reasons that cannot be generalized.

This paper conducts the OLS time series regression analysis with robust standard errors for U.S. foreign aid allocations, specifically for 46 Muslim/Arab countries. The results of my empirical analysis are threefold. First, Muslim/Arab related factors such as oil reserves, Millennium Challenge Account, and the existence of terrorist groups affect aid variation. Second, the more media attention a country acquires, the more it is likely to receive more generous allocations of aid. Finally, and most importantly, there is a negative interaction effect between the level of media coverage and the number of U.S. soldiers present in that country on aid allocation. When a Muslim recipient maintains more number of U.S. soldiers than the yearly mean U.S. troop level of Muslim countries, the media effect on aid volume decreases. This finding provides guideline for the plausible links around the public, media and governing bodies.

## **Dedication**

I am indebted to Prof. Peter Feaver, my academic advisor, who has provided precious advice during my time at Duke. Comments from Prof. Erik Wibbels and Prof. Emerson Niou for my thesis were also valuable. I want to express my gratitude to Prof. Joseph Grieco and Prof. Christopher Gelpi for their warm guidance throughout the program. Finally, I devote my work to Kim, Cheol Soo and Choi, Kyu Rye who are my parents. With their moral support, I was able to graduate from the Master's Program at Duke and continue my Ph.D. at the University of Maryland at College Park. I am truly lucky to be their son.

## Contents

Abstract.....	iv
List of Tables .....	vii
List of Figures .....	viii
1. Introduction .....	1
2. Literature Review.....	5
2.1 Literature on Foreign Aid Allocation .....	5
2.2 The Media Effects on Foreign Aid .....	9
2.3 Why Muslim? Evolution of U.S. Foreign Aid Policy Toward Muslim Countries	13
3. Empirical Analysis: Evaluating U.S. Foreign Aid Allocation to Muslim Countries with OLS Time Series Panel Data .....	17
3.1 Data and Method.....	17
3.2 Empirical Results.....	23
4. Discussion .....	30
5. Conclusion .....	33
Appendix.....	35
References.....	37

## List of Tables

Table 1: Summary Statistics .....	22
Table 2: Regression Estimates Predicting Foreign Aid Levels (1990-2009) .....	25

## List of Figures

Figure 1: The Marginal Effect of Media Coverage dependent on U.S. Troop Level. .... 27

Figure 2: The Marginal effect of U.S. Troop Level on U.S. Foreign Aid Allocation. .... 29



# 1. Introduction

My paper examines the media effect on foreign aid. One potential weakness of media effect literature is that the basic assumption remains unproven: Does the general public know much about aid allocations for different countries? Do they care about the level of aid being given to recipients? Is it even fair to assume media coverage has an affect at all if the public does not pay any attention to such countries? In this sense, my media coverage variable in the statistical model will serve as a better predictor.

This is because historically, Muslim countries have been important elements in formulating U.S. foreign policy. Beginning in the 1990s, administrations not only pursued stability for energy supplies like oil, they have also put much effort into settling Arab-Israeli disputes. Especially after 9/11, the strategic importance of Muslim countries has been more emphasized as U.S. national security is threatened by terrorist groups originating in the Muslim world, as well as a number of rogue states that support these terrorist groups and seek WMD.

In this sense, Arab countries have drawn keen attention from the American people since the late 20<sup>th</sup> century because of its strategic importance. Accordingly, the American public has become quite familiar with the Arab world through the media. In other words, people are likely to be influenced by the clear image of recipients appearing in the media – this will enhance the explanatory power of media coverage variables to account for the aid variation among Muslim countries.

Additionally, my paper may provide some hint of the characteristics of U.S. assistance to Muslim states. Political scientists have long been concerned with the pattern of allocation of foreign aid from various donors to recipients. Many of them are interested in the altruistic and strategic aspects of aid allocation. Some scholars use the cross-national analysis and regional controls to account for individual donor priorities.

For example, France allocates aid because of colonial ties and Japan is seen as giving aid to trading partners. The United States gives much aid to the Middle East (Alesina and Dollar, 2000), and during the Cold War allocated consequential aid to nations bordering Communist countries (McKinlay and Little, 1977).

However, few studies have successfully accounted for the exact determinants of donor states' individual priorities. Although previous studies show that different donors have prioritized specific groups, no study systemically shows the reason why a donor prioritized certain recipients. Examining all recipients and donors cannot control the circumstantial factors affecting the level of aid generated by different regions and ethnicities. In other words, donors allocate international aid to different group of countries for various reasons and much of the research fails to examine the reasons that cannot be generalized.

To solve aforementioned problems, my paper restricts its attention to U.S. foreign aid to Muslim countries. Since my paper does not take all recipients into account, it will not explicitly show why the United States allocates certain amounts of aid to Muslims as opposed to other recipients. However, by examining aid variation among Muslim recipients, my paper may provide some hint of the characteristics of U.S. assistance to Muslim states. Furthermore, I was able to test the aid pattern with variables that have yet to be examined in other studies. This measure will elaborate the circumstantial factors.

Thus, my substantive interest is to elaborate on three issues: 1) How the U.S. foreign aid allocation pattern is determined by different factors? 2) Are there any media effects on the pattern of aid giving? 3) If the media influences the amount of aid, then how does it play its role? Specifically, is it a mere proxy for the national interests? Or does it serve as a parameter of the public sentiment?

This paper proceeds in the following way: The first section reviews the literature on Foreign Aid allocations in general. I outline the literature on the media effects on foreign aid policy to illustrate the unproven causal links among different actors such as mass media, public and political elites. Subsequently, I explain how my research design can be used to provide empirical evidence for research questions in the literature on these links between different actors. The next section shows how U.S. foreign policy toward Muslim countries has evolved since the 1990s, and I briefly discuss how the evolution of political relations of Muslim countries may affect the implementation of U.S. foreign aid policy. This is followed by the discussion of the OLS time series regression and my data.

My empirical findings suggest that there are different factors that determine the aid variation among Muslim countries and one such factor is the media coverage. More media attention is likely to allocate more generous amounts to a recipient. However, perhaps surprisingly, the salient effects of media can be differed in accordance with the level of troops in a recipient: the effect of news coverage has been constrained to a state that maintains a larger number of U.S. troops than the yearly mean troop level in Arab countries. This finding deals a serious blow to any argument stating that U.S. national priorities are determined by political elites and media coverage measures the national interest of the United States.

From political elites' perspective, a certain degree of U.S. army deployment captures a function of political relations between the U.S. government and "target" Muslim countries. On the other hand, from the public perspective, the increased number of U.S. military forces in "target" Muslim countries shows the heightened tension between a recipient and the United States. Therefore, if the U.S. national priorities are determined by political elites and the level of news coverage is a good proxy for U.S.

national interests, then there must be a positive interaction effect on aid amounts between the number of U.S. troops and the level of news coverage. However, in my empirical analysis, the news coverage effect has been constrained to a state maintaining higher than average U.S. troop levels among Arab nations. One possible interpretation can be this: people are likely to respond to certain countries with more negative emotions, as is the case when they read more articles regarding such countries with a high level of U.S. troops. That greater media attention would enforce the negative feelings of public and negative public sentiment is reflected in formulating foreign aid policy. Therefore, this empirical finding suggests that the media coverage is affecting the volume of aid not contingent on the national interests of America.

## **2. Literature Review**

Many studies have shown that the U.S. bilateral foreign assistance program can be used as a test case for the more general goals reflected in overall U.S. foreign policy. According to Riddell (1987), we cannot assume that the aid given is the most important element in formulating foreign policy, but considering the fact that the foreign aid budget is a part of the U.S. foreign policy budget and its global reach, it can be regarded as representative of U.S. foreign policy goals and purposes.

### ***2.1 Literature on Foreign Aid Allocation***

Many studies with regard to foreign aid allocations expound upon strategic motivations. The strategic motive is strongly associated with a realistic perspective on world politics where aid is regarded as a crucial tool to promote national interests of the United States. Maizels and Nissanke (1984) emphasize that the strategic concerns of donors explain the pattern of bilateral aid. By examining bilateral aid flows to around 80 developing countries in different periods, the authors conclude that foreign aid is used to promote political interests, national security and trade interests. Particularly, according to their empirical analysis, the United States more openly used its foreign aid policy as an instrument to pursue national goals such as securing more support in the United Nations elections.

Schraeder, Hook and Taylor (1998) compare four different donors such as France, Japan, Sweden, and the United States and discredit the existence of altruistic motivation for donors. They highlight how a donors' position in the international order, relationship with former colonies and strategic interest including ideological factors heavily influenced by the cold war contribute to differences between donors' foreign aid

giving. Moreover, according to their explanation, economic factors played a vital role among aid donors.

Lebovic (1998) also delineates similar features of U.S. foreign aid in two different administrations: strategic aspects of aid allocation during both the Carter and Regan administrations. His analysis views determinant factors leading the aid pattern to have been political and military consideration. Economic interests such as market expansion were particularly important for both administrations. Resource acquisition and economic penetration played a crucial role in formulating foreign aid policy.

Finally, Alesina and Dollar (2000) carefully examine that factors that drive various donors to provide international assistance to recipients. One more interesting finding is the relative importance of different variables such as the poverty level of the recipients, strategic interests, colonial history and political institutions of the recipients. After examining several donors' motivations, they conclude that that one's colonial past and political alliances are the major determinants of foreign aid, elaborating on the strategic interests of foreign aid.

In contrast, another branch of the literature on foreign aid allocation focuses on the humanitarian aspect. The humanitarian perspective reflects the need of economic support from core economic states. Maizels and Nissanke (1984) conclude that different from bilateral aid, aid flows of multilateral sources are allocated basically on recipient need criteria, which is related to shortfalls in domestic resources and/or in foreign exchange availabilities.

Lumsdaine (1993) statistically and theoretically illustrates 18 developed democracies' aid patterns to investigate the direction of aid. He considers colonial history, the level of democracy, and income levels and shows that the aid pattern is guided by the humanitarian convictions that peace could be sustained within a

international order. Therefore, his evidence supports an argument that humanitarian concerns such as domestic poverty shapes the aid flows underlining a “moral vision” of international assistance.

To illustrate the role of foreign aid in reducing poverty reduction, Collier and Dollar (1998) test three different premise: 1) the efficiency of aid in promoting growth is contingent on the quality of economic policies (Isham and Kaufmann, 1999; Burnside and Dollar, 2000); 2) the amount of aid does not have systematic effects on the quality of policies (Collier, 1997; Williamson, 1994; Rodrik, 1996; Alesina and Dollar, 2000); 3) donors are not able to target particular groups or use economic assistance to change the distribution of income (Pack and Pack, 1993; Feyzioglu et al., 1998). The authors demonstrate that economic assistance can have maximum effect on poverty reduction in accordance with the poverty level and the policy quality. They conclude that aid lifts around 10 million people annually from the poverty.

Moreover, other scholars elaborate on the economic motivations of donors, stating that economic motive is associated with economically powerful states’ desires to maintain a dependent relationship between the donor and the recipient. Per-capita GDP is the most commonly used indicator for such kinds of aid (Gilpin 1987; Morgenthau 1964; Kaplan 1975). Meernik et al. (1998) implement an exploratory test of the three different levels of U.S. policy behavior during and after the Cold War. They show that security-driven goals are less critical after the Cold War, when ideological goals of the state became the determinant factors in motivating state behavior.

Another perspective of foreign aid literature is the after-effect of foreign aid on terrorism. This literature can be categorized as a branch of the realist’s perspective on world politics, where aid is regarded as a crucial tool to promote the national interests of the United States. Krueger (2007) argues that foreign aid cannot be used as an

instrument to prevent terrorist activities within a recipient. His view casts doubt on the curbing effects of foreign aid on terrorism. His skepticism starts from the fact that poverty cannot be among the factors promoting terrorist attacks. In addition, Krueger and Maleckova (2003) show that terrorists' movements are largely recruited from groups having comparatively wealthy and educated family backgrounds. Easterly (2006) further concludes that foreign aid has no effect in deterring terrorist movement.

However, Azam and Thelen (2008, 2010) argue that foreign aid plays a significant role in reducing the number of terrorist attacks from recipients and it is used for deterring terrorism. They further prove that a theoretical framework showing how the level of foreign aid is likely to reduce the supply of terrorist attacks from recipients while U.S. military interventions are apt to increase the supply. With this empirical result, the authors claim that the U.S. should invest more money in foreign aid as opposed to military spending.

Bandyopadhyay et al. (2011) also demonstrates foreign aid as a tool for counterterrorism policy. Interestingly, they employ a game theoretical model in predicting possible effects of aid in deterring terrorism. According to their explanation, they measure the damage from terrorism, which may impact not only the donor country, but also the recipient. Thus, they take a recipient country into the game theoretical model as well. The authors concentrate on the strategic interaction between the donor and the recipient in the choice of counterterrorism measures. From illuminating different aspects of aid to both the donor and the recipient, they prove that aid allocation plays an important role in preventing terrorist activities in other countries.

A Congressional Research Service (CRS) report (2005) also reflects the actual tendency of aid flows. The Economic Support Fund (ESF) of U.S. foreign aid has gone to the Middle East peace process and after 9/11, much ESF has been used in countries that



are important for the war on terrorism. Moreover, the antiterrorism orientation of aid increased the amount of aid in Asian regions such as Pakistan and Indonesia, illustrating the strategic importance of Muslim countries. In this regard, it would be crucial to examine the major vehicle of foreign aid in making it easier to understand the mechanism of aid decision-making processes. The U.S. Agency for International Development (USAID) manages the bulk of bilateral economic assistance and it is plausible to assume that there are various external/circumstantial factors that influence the aid allocation process.

In the next section, I discuss one of the possible factors affecting the level of development assistance: the media effects. Since there are contrasting views with respect to the effects of public media, it is important to carefully review the existing differences among different articles and how it differs in elaborating domestic constraints on aid allocation.

## ***2.2 The Media Effects on Foreign Aid***

The literature on domestic determinants of foreign aid allocations can be divided into two parts. One argues that political leaders or government branches do not pay much attention to public opinion in terms of foreign aid allocations; the other shows that domestic factors are the overriding determinants.

On the first point, Bauer et al. (1972) argue that legislators are often very free to pursue the goals that they want because the general public is not well organized, poorly informed and inactive. Otter (2003) also examines government response to public opinion and concludes that governments in democracies pay little attention to public opinion, at least in so-called elite policy areas such as foreign aid. His argument largely relies on the result of survey stating, "Problems related to what questions are asked and

when, and how much knowledge is provided before asking, produces widely differing results.” However, his supporting evidence relies merely on few survey cases.

Baum and Potter (2008) claim that there are interactions between the public, leaders and the media and an exclusive focus on one of the three may distort the validity of argument. They further concluded that most research on public opinion and foreign policy treats the mass media as an undifferentiated mass and unpacking this unitary-actor is an unproven question.

The second point, namely an explanation of a domestic political element existing in the allocation of development aid, is my main interest. Beenstock (1980) shows a statistical model that illustrates the political decision-making process with respect to the allocation of Official Development Assistance (ODA). He suggests that macroeconomic indicators such as unemployment, balance of payments position, the central budget and the rate of growth of GNP are reflected in aid decision-making processes. Thus, an empirical model demonstrates ODA decisions are based on a political consideration and domestic politics.

Ruttan’s (1996) analysis provides the most comprehensive ground for the domestic sources of U.S. foreign aid. According to Ruttan, “Domestic sources have been more important in determining the size and direction of assistance than has the international economic and political environment” (Ruttan; 17). This is mainly because the costs caused by self-interested or humanitarian assistance must be justified for domestic constituencies. In this regard, mass media coverage can be used as important indicators of actual domestic constituencies’ demand for bureaucrats’ decisions on development assistance.

Dury et al. (2005) shows that foreign policy and domestic factors not only affect disaster assistance allocations but that they are the overriding determinant. They

emphasize that the degree of aid cannot be devoid of political consideration. Milner and Tingley (2009) also show that domestic politics and the distributional consequences of economic aid can – and do – matter.

Olsen et al. (2003) also investigates determinant factors of emergency assistance. They maintain that emergency assistance is determined by three main factors: intensity of media coverage, political interest related to security and seriousness of the disaster. By comparing different countries that have experienced emergency situations such as Angola, Sudan and Afghanistan, and showing how different level of media attention affects the allocation mechanism, they reasonably delineate the process of how the salience of the issue draws a generous amount of aid from donors. Nonetheless, as the authors simply compare the coverage volume but did not control other factors that may influence the level of aid, they do not fully investigate the relationship between the media effect and the volume of development assistance.

Van Belle's (2003) contribution empirically evaluates the influence of mass media coverage on the level of aid allocation while also accounting for several socio-economic variables. Mass media effects on public opinion such as agenda setting, priming, rally events and the effects found from the specific news channel CNN are familiar topics in political science research (McCombs and Shaw 1972: Krosnick and Kinder 1990: Iyengar and Simon 1993: Berinsky and Kinder 2006). Cottle and Nolan (2007) show that domestic considerations strongly influence the allocation of military and economic development assistance. Particularly, they reveals that the competitive field of humanitarian agencies and non-governmental organizations (NGOs) now struggle to brand themselves in the media and accordingly demonstrate the prevailing role of public media in forming public opinion.

In this regard, the implication of Van Belle's work is to examine the responsiveness of U.S. foreign aid bureaucracies and compare the influence of print and broadcast sources, namely *New York Times* coverage, along with levels of television news coverage of recipient countries. The underlying logic of Van Belle's paper is that the news media provides many of the strongest political cues that "both principals (elected officials) and agents (bureaucracies) use to judge the current or expected demands from the domestic political arena." (266) It is expected that bureaucrats try to avoid negative sanctions by using the information from the news media and adjusting their activities accordingly. Thus, based on the assumption that bureaucracies are clear examples of government agencies responding to the news media, the author argues that bureaucrats will try to focus the amount of aid allocations with areas receiving high level of news media converge, which serves as an indicator of demands from the domestic political area. This political interaction can also be interpreted as an agenda-setting thesis that elaborates the media's influence on the public policy agenda.

A possible criticism of the theoretical basis of this experiment is that Ven Belle establishes, at best, only correlations among public media, public opinion and policy makers – the causal argument is still left unproven. This criticism is based on the assumption that foreign aid is distributed according to national interest priorities and the media coverage anticipates the national interest of the United States since the media focuses on national interests and priorities. In this case, aid distribution is a good proxy for U.S. national interests and priorities; therefore the coverage measures the media's efforts at reporting on issues that are important for national security.

Although it is not easy to capture the nature of the connection between the media, public and political elites, the author attempts to reveal direct effect news coverage has on aid allocations by controlling the strategic and economic interest of

recipient countries. In the next section, I discuss the growing strategic importance of Muslim countries in U.S. foreign policy options and how foreign aid is being used as a tool to pursue national goals.

### ***2.3 Why Muslim? Evolution of U.S. Foreign Aid Policy Toward Muslim Countries***

As is posited by Maizels and Nissanke (1984), the United States has been formulating foreign aid policies more openly as an instrument of goal. Lancaster also (2000) points out that foreign aid was a significantly efficient tool of U.S. diplomacy during the second half of the 20<sup>th</sup> century. It not only contributes to the containment of the expansion of communism, development aid also promotes economic and social development in those regions. He also predicts that aid allocation will continue to function as an important role in the 21<sup>st</sup> century.

According to Alesina and Dollar (2000), one third of US aid is focused on the Middle East because one-third of the U.S. aid in their data set was sent to Egypt and Israel. They also shows from the regression test that issues that revolve around the Middle East are important factors in UN voting because the voting patterns are largely influenced by the cultural affinity and religious differences within those regions.

After 9/11, the strategic significance of Muslim countries has become a major component when deciding U.S. foreign aid policy. Many studies attempt to provide a useful framework for U.S. foreign policy in the Muslim world. Under the Clinton administration, the primary concern of America was to advance global economic cooperation, which promotes the consensus for international organizations such as the World Bank and IMF. And security concerns have replaced the economy in the 21<sup>st</sup> century. Therefore, the American government should use both tough and soft tactics to reserve its influence in Muslim countries to secure national security (Khan, 2003).

As pointed out by Dalacoura (2005), after 9/11, the U.S. administration greatly increased its focus on promoting democracy in the Middle East. He shows the enforced implementation of U.S. democracy promotion policies and their impact on the Arab world. The author argues that U.S. democracy promotion policies in the Arab world made no substantial changes with respect to its status. Diamond (2010) relates how the absence of a single democratic regime in the Arab world, paired with the religion and culture and the message of democracy often results in complete rejection of the message along with the messenger (Dalacoura, 2005). In the absence of any clear statements of government objectives, one must surmise what might be the factors that bear upon aid performance. Under current circumstances, it is plausible to measure how the democracy level affected the aid volume.

Another topic related to U.S. foreign policy toward Muslim states is the effort to fight terrorism. Page (2006) suggests that Middle Eastern terrorism is mainly motivated by nationalism and this is reinforced by military intervention from Western countries. In contrast, Gelpi, Feaver, and Reifler (2009) have shown how the Bush administration used terrorism to draw public support for the war in Iraq. This view shows that the presence of U.S. troops in other countries is a response to a terrorist threat.

According to the 2002 Pew survey, the majority of survey participants from overseas think the United States wages its war on terrorism to “control Middle Eastern oil,” or “target Muslim governments” (Walt 2005: 107). Cramer and Duggan (2009) view that the true agenda of the invasion of Iraq was not the fight against terrorism but the control of oil reserves. Chatterjee (2009) further argues that it was privileged private contractors who affected the decision to invade Iraq for “oil-related” reasons.

A Congressional Research Service Report (2005) focuses on the fact that foreign aid has taken on an emphasized sense of strategic importance and is used to contribute to the global war on terror. Particularly during the Bush Administration, the reports indicate that supporting U.S. geostrategic interests, particularly in countries including Iraq, Afghanistan, Pakistan, Jordan and Egypt can be a primary concern of foreign aid.

The current version of CRS Report (2011) also states that foreign aid allocation now plays a key role in promoting national interests in the Middle East in order to achieve three priorities: 1) maintain peaceful relationship between Israel and other Arab countries 2) protect vital petroleum supplies 3) fight against international terrorism. In this regard, it would be meaningful to examine the determinant factors in allocating foreign aid in Muslim countries.

From reviewing previous studies regarding foreign aid and the evolution of U.S. policy toward Muslim states, two points can be noted. First, few statistical models have analyzed media effects on aid level. The causal links between the public, the media and government seems left unproven. It is hard to judge whether media presentation shapes elites' perception or politicians and governments turn the media into their stewards by communicating the message of the government to the public. The latter perspective shows that aid distribution is a good proxy for prioritizing U.S. national interest and that media coverage measures the effort taken to report on things that are important for national security. Thus, it would be meaningful to elaborate on the causal link between the media and the government. In other words, does the media merely play a role as a proxy for national interests or does the media itself contribute to foreign policy making processes? Second, no studies successfully demonstrate what determinant factors contribute to the level of economic assistance to specific groups of countries. Most

studies of foreign aid take all donors' recipients into account and attempt to examine conceivable motivations such as strategic, altruistic and economic interests.



### **3. Empirical Analysis: Evaluating U.S. Foreign Aid Allocation to Muslim Countries with OLS Time Series Panel Data**

#### **3.1 Data and Method<sup>1</sup>**

The dependent variable used in this paper is Economic Assistance from the U.S. Overseas Loans and Grants (Greenbook). The annual update of the “U.S. Overseas Loans and Grants,” known as the “Greenbook,” refers to data of United States Government (USG) foreign assistance since 1945. To avoid including the military aspect within the dependent variable, I merely used Economic Assistance measured by constant dollar amounts and excluded military assistance, which allows me to evaluate the U.S. foreign aid on a comparable basis.

The media play a crucial role informing the public, and elected officials will try to match the amount of aid allocation with the level of demands from the constituents. This means that more media attention is likely to result in more generous amounts allocated to a recipient. The levels of media coverage can be aggregated up to a year. Thus, *New York Times* news coverage levels for Muslim countries serve as a predictor of aid allocations. The level of *New York Times* news coverage is coded using The *New York Times* Index. This includes all direct reference to recipient countries. If the article contains the name of recipient countries either in the title or content, the article is counted.

However, it is hard to prove whether the media presentation shapes the judgments of the public or policy makers. Scholars have investigated conceivable causal

---

<sup>1</sup>The analysis of development aid is an extension and refinement of the analysis presented in Van Belle (2003). However, this paper uses different data sets for news coverage, per-capita GDP, recipients' population and trade volume.

links among public opinion, political elites, and public media. Robinson (1999) argues that politicians and governments use the media by communicating the message of the government to the public. In this case, aid distribution is a good proxy for U.S. national interest priorities; the coverage measures the media efforts at reporting on issues that are important for national security. In contrast, Van Belle (2000) shows that the media is reliant on the demand of the public as the ultimate consumers of information and thus bureaucrats try to avoid negative sanctions by using the information from the news media and adjust their activities accordingly.

I include a number of U.S. troops as independent variables. The presence of troops illuminate a visible commitment made by the United States (Meernik, Krueger and Poe, 1998) and captures a function of political relations between the U.S. government and the “target” country. The aid may be used to make a recipient country friendly to a U.S. presence and the aid also facilitates military build up and training (Poe 1991, 1992; Poe and Meernik 1995). Since 9/11 the number of U.S. troops in Muslim countries has increased dramatically, therefore such states will be more likely to receive aid. Thus, including this variable may capture the effect of 9/11 influencing the increase in aid level. The data is obtained from the Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports Selected Manpower Statistics.

To model the selection mechanism of why the press decides to report on a country and elaborate on unrevealed causal links between the media and the policy decision makers, I added an interaction term between news coverage level and the number of U.S. active duty personnel. A theoretical claim I make is that political elites and elected officials determine the strategic importance of a country and once a country is considered to have strategic importance, the country is likely to receive more attention

from the media, which will result in an increase of aid. Accordingly, the coverage merely indicates the media efforts at reporting on things that are important for national security. To test this premise, I added an interactive variable that shows how the salient media effects on the foreign aid are contingent on the presence of U.S. soldiers.

Furthermore, additional independent variables are used in this analysis to control other potential determining factors of U.S. development assistance. To capture U.S. economic interests in the recipient state, a bilateral trade between the U.S. and the recipient country is implemented. Balance of trade indicates the volume of exports from the U.S. to the recipient minus the volume of imports. I expect that the economic interests of United States may influence the amount of aid allocation. The data has been collected from the International Trade Administration website of the U.S. Department of Commerce.

According to the 2002 Pew survey, the majority of survey participants from overseas think the United States waged its war on terrorism to “control Middle Eastern oil,” or “target Muslim governments” (Walt 2005: 107). Cramer and Duggan (2009) view that the true agenda of the invasion of Iraq was not the fight against terrorism but the control of oil reserves. Chatterjee (2009) further argues that it was privileged private contractors who affected the decision to invade Iraq for “oil-related” reasons. Thus, I attempt to account for the amount of oil maintained by the recipient country and how the amount might influence the levels of aid allocation. This explains the fact that, *ceteris paribus*, providing more aid to the recipient who is holding more oil illuminates the U.S. strategic guidelines for allocating development aid.

I controlled for the MCC and HIV/AIDS initiative effects. The United States has increased foreign aid spending rapidly in some regions thanks to the Bush Administration’s Millennium Challenge Account (MCA) and Global HIV/AIDS

Initiative (GHAI) since 2004. The funds are channeled through USAD. For instance, the MCA maintained a budget of \$1.5 billion in 2005, a total that is projected to grow to \$5 billion by 2006 under the President Bush's plan (Tarnoff and Nowels, 2005). Different groups of countries are chosen every year. The information regarding selected countries is attained from CRS Report RL 32427, *Millennium Challenge Account* (Tarnoff, 2007) and the data is obtained and analyzed from a foreign assistance dashboard, which helpfully synthesizes available USAID budget.

I control for the type of recipients' disaster (e.g., insect infestation, earth quake, floods, drought, civil strife, etc.). I include dummy variables to control possible effects of natural disaster to Muslim countries on aid variation.<sup>2</sup> The data has been collected from the OFDA Annual Reports Library.

To control the influence of the size of the recipient state on the level of aid commitments, the total population is included as a control variable. The data has been collected from World Development Indicators.

The recipient's economic wealth will sway the U.S. decision. The United States may grant more generous aid to countries with lower levels of wealth. To capture the countries' level of development and wealth, I used recipients' GDP per capita and this variable is also used to capture the humanitarian perspective of aid. The data is obtained from World Bank Data.

In previous literature, several other studies used alliances to capture the underlying strategic relationship between the U.S. and the recipient (Meernik, Krueger et al, 1998). However, as my research focuses on a particular group of countries, of

---

<sup>2</sup> To accurately capture the effects of disaster, I not only counted for declared disaster, but also included non-declared disaster. According to OFDA annual reports, a non-declared disaster indicates activities initiated in response to a disaster declaration that often need subsequent funding. This also indicates that there is continuous assistance to countries in which disasters have occurred and threatened citizens but had not been officially declared.

which very few maintain political alliances with the United States, I used the updated version of polity 2 variable from the Polity IV project (Marshall and Cole, 2011). Furthermore, I expect that the more democratic the nation is, the more likely the United States will provide foreign aid, for the U.S. tends to reward nations that root out corruption, respect human rights, and adhere to the rule of law (Alesina and Dollar 2000; Cury et al, 2005).

I also capture the effects of existence of terrorist group in the model. I take a look at the number of terrorist groups by country by searching the U.S. state Department's list of Foreign Terrorist Organizations (FTO's). Once I found the list, I tried to sort out where these groups are primarily based and from when they began terrorist activities. I coded a dummy variable for the existence of terrorist group.

To directly address the donor's decision of how much total aid to allocate given a budget constraint, I measure the U.S. deficit as the percentage of the total government budget and add it as a control variable. The data has been attained from the White House Office of Management and Budget, summary of receipts, outlays, and surpluses or deficits as a percentage of GDP. A summary statistic of variables is presented in Table1.

**Table 1: Summary Statistics**

Variables	Observat	Mean	Median	Std.Dev.	Min	Max
Aid Allocation	953	18.90	1.59	79.52	0	927.66
NYT Coverage	953	51.07	14.00	137.62	0	2199
Number of U.S.	953	1795.17	8.00	16226.58	0	218500
MCC and HIV/ AIDS	953	0	2.63	30.91	0	650.95
GDP per capita	953	4384.68	970.00	8987.90	201.00	82389.00
Trade Balance	953	-93.87	0.78	399.562	-4226.32	1313.11
Polity	953	-2.62	-4.00	5.67	-10	9
Oil Reserve	953	13.77	4.85	17.73	0	105.95
U.S. Deficit	953	-2.27	-2.60	2.65	-10.10	2.40

One of interesting characteristics of statistic is that polity score. Since my paper restricts its attention to Muslim countries, the average of polity score is -2.62. Therefore, it would be interesting to find out how the level of democracy would affect the level of aid allocation. Moreover, trade volume between Muslim countries and the United States is substantially unbalanced. This means the United States imports much more from Muslim nations than it exports.

To test the relative influence of the public media measures, an ordinal least squares analysis model with robust standard errors in a cross-sectional time series is employed. Several measures have been taken to control the possible error terms. In terms of the dependent variable, it is not plausible to assume that aid spending in t-1 has no impact in spending at t since the amount of aid in the previous years will be considered when the level of economic assistance has been decided. Therefore, I added a

lagged dependent variable to control the autocorrelation. Furthermore, to control for the slope heterogeneity and unit heterogeneity, I added year and country dummies by using a looping command in STATA.

All in all, this analysis controls for unit and slope heterogeneity and thus contains fixed effects in. I also control for autocorrelation. Theoretically, my empirical model could have Nickell bias. However, that shouldn't be a practical problem considering the time span. The temporal domain of my study includes the years 1990 to 2009. I conducted a collinearity test using vif command after the regression.

### **3.2 Empirical Results**

Before turning to the results, I first discuss the two-stage process of development aid (Meernik et al, 1998; Drury et al, 2005). The first stage is a simple yes/no decision, showing who receives assistance. The second stage reveals how much aid each country has received. The two-step process consists of separate analysis but only the second stage is examined here because I already restrict my attention to Muslim countries. The result of empirical testing is presented in Table2.

This paper conducts the OLS time series regression analysis with robust standard errors for US foreign aid allocation, focusing on 46 Muslim and Arab countries<sup>1</sup>. The first model is based on the variables of interests with other control variables that are commonly used in the literature of foreign aid (Van Belle, 2003). This analysis reveals that there are strong substantial effects for two variables: the level of media coverage and the number of U.S. troops present in each country. The level of media coverage and

---

<sup>1</sup> The Muslim countries include countries where the majority of the population is Muslim. These countries are Albania, Algeria, Azerbaijan, Bahrain, Bangladesh, Brunei, Burkina Faso, Chad Comoros, Djibouti, Egypt, Gambia, Guinea, Indonesia, Iran, Iraq, Jordan, Kazakhstan, Kyrgyz Republic, Lebanon, Libya, Malaysia, Maldives Island, Mail, Mauritania, Morocco, Niger, Nigeria, Oman, Pakistan, Qatar, Saudi Arabia, Senegal, Sierra Leone, Somalia, Sudan, Syria, Tajikistan, Tunisia, Turkey, Turkmenistan, United Arab Emirates, Uzbekistan, and Yemen.

the number of U.S. troops have a significant and positive impact on aid giving. We can also see that other variables are measured as expected. The larger the population of the recipient, the more aid it receives from the United States. Meanwhile, countries with larger economies are likely to receive less aid. One interesting figure is the polity score. Different from previous studies, it shows a negative number although it fails to reach the statistically significant number.

These findings remain when I add the circumstantial variables in Model 2. Additionally, Millennium Challenge Accounts, HIV/AIDS initiatives and oil reserves had a significant affect on the level of U.S. foreign aid allocation. In particular, the oil reserve variable showed the largest impact on aid allocation, which will prove the premise of literature stating that even among Muslim countries, the country that maintains greater oil reserves will be more likely to receive aid. The existence of terrorist groups in a recipient country lowered the amount of aid.

Finally, the polity score and balance of trade has no effect on the aid variation and the direction of parameter was inconsistent. As pointed out by Dalacoura (2005) and Diamond (2010), my empirical finding implies U.S. democracy promotion policies in the Arab world made no substantial changes and inconsistent with respect to its status.



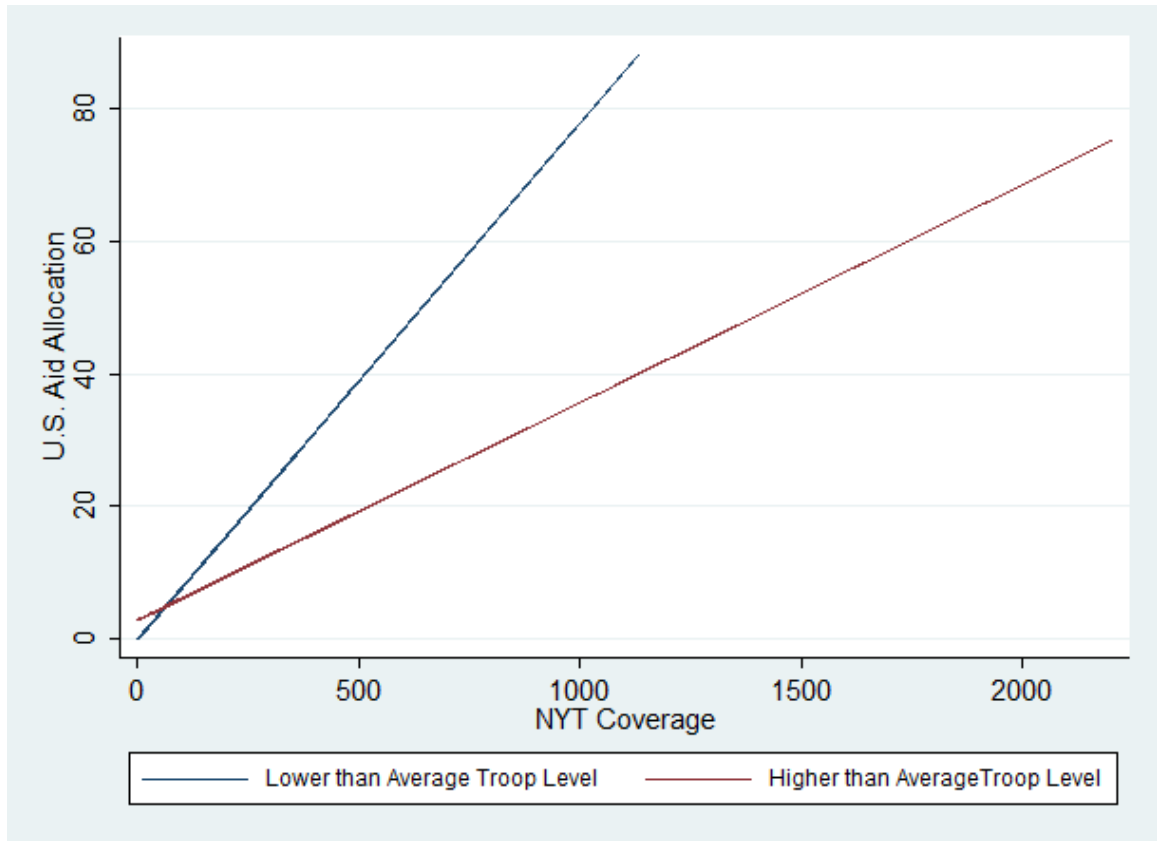
**Table 2: Regression Estimates Predicting Foreign Aid Levels (1990-2009)**

Variables	Effect on Aid Levels			
	1	2	3	4
NYT Coverage	0.305* (0.172)	0.305* (0.173)	0.078*** (0.027)	0.078*** (0.027)
U.S. Army	0.024*** (0.001)	0.024*** (0.001)	-	-
U.S. Army High	-	-	2.904* (1.653)	2.882* (1.655)
NYT x U.S. Army High	-	-	-0.045** (0.217)	-0.045** (0.022)
GDP per capita	-0.001 (0.001)	-0.001 (0.001)	-0.000 (0.000)	-0.000 (0.000)
Population	0.415*** (0.151)	0.446*** (0.157)	0.037* (0.021)	0.036* (0.021)
Oil Reserve	-	1.660*** (0.582)	0.194** (0.079)	0.194** (0.079)
MCC & HIV / AIDS Initiative	-	0.945*** (0.049)	0.089* (0.046)	0.089* (0.046)
Disaster	-	10.855 (7.774)	1.959* (1.137)	1.972* (1.140)
U.S. Deficit	-	-2.060 (4.805)	-0.143 (0.245)	-0.149 (0.245)
Trade Balance	0.005 (0.014)	0.004 (0.014)	-0.000 (0.001)	-0.001 (0.001)
Polity	-0.876 (1.509)	-0.741 (1.867)	-0.137 (0.298)	-0.148 (0.301)
Terrorist Group	-	-	-	-5.112** (2.590)
Constant	-112.110*** (42.552)	-135.542*** (54.693)	-77.827* (42.894)	-76.051* (42.753)
Adjusted R <sup>2</sup>	0.851	0.872	0.712	0.712
N	642	557	703	703

\*  $p < 0.10$ . \*\*  $p < 0.05$ . \*\*\*  $p < 0.01$ . Robust standard errors in parentheses.  
All values rounded up to the third decimal point.

Model 3 includes an interaction term between the *New York Times* coverage and the number of U.S. active duty personnel. When I tested the interaction term with existing variables, the model fails to pass the vif test showing severe multi-collinearity. The test produces a statistic close to 100 both using the U.S. army presences variable and the interaction term. When I tested the correlation between the two, the statistic was almost close to the 98th percentile. Therefore, I tried a different method: when the number of U.S. troops in a country exceeds the average number of U.S. troops in all Muslim countries, I coded it as a dummy. It enabled me to interpret the effects the level of U.S. troops has in a more obvious way. As seen in Model 3, the NYT coverage, the U.S. Army High and interaction term between the two show a statistically significant number. However, in contrast the other two variables of interest, the interaction term

shows a negative value. I showed their relationship graphically in Figure1.

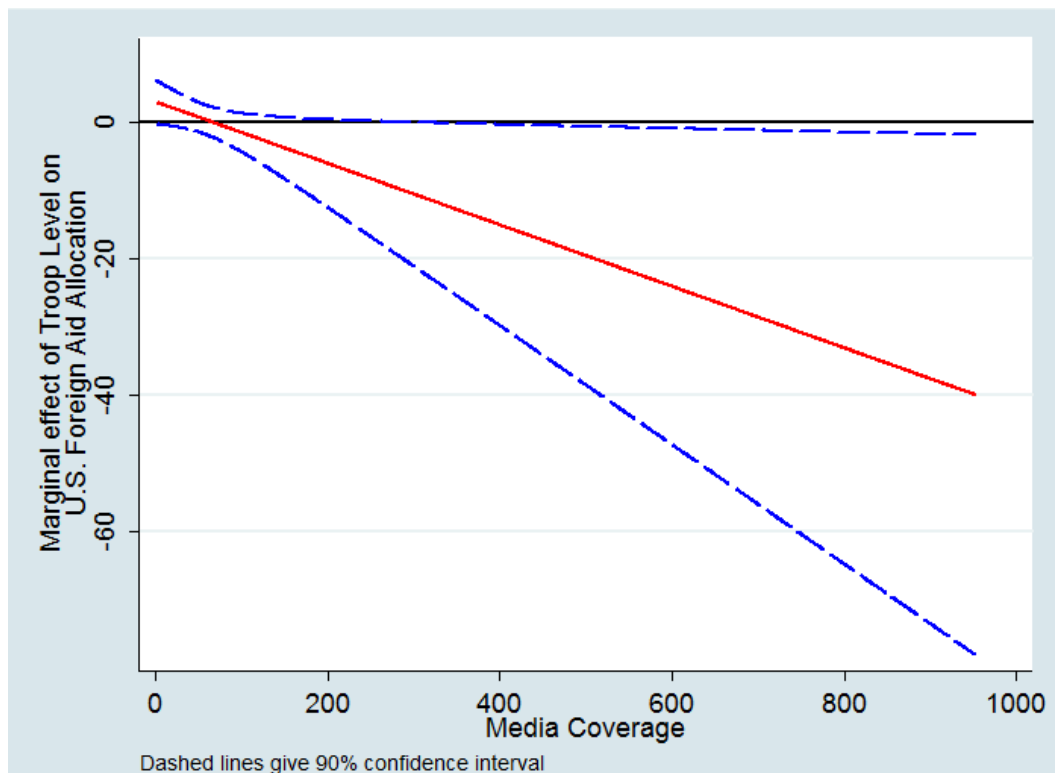


**Figure 1: The Marginal Effect of Media Coverage dependent on U.S. Troop Level.**

This finding shows constrained media effects in a state where maintains more number of U.S. army than the average level. In other words, the marginal effect of the news coverage in a state where maintains below the average troop level is 0.078. Meanwhile, the parameter of media effect has been decreased to 0.033 in a state where maintains maintaining a larger number of U.S. troops than the average level. A difference between groups is 0.045. The coefficient for the U.S. army is 2.904, which is the difference in the intercepts between below the average troop level and above the

level. In Model 4, I added the Terrorist Group variable to test how the existence of terrorist group in a recipient affects the aid allocation. The existence of terrorist has a significant and negative impact on the aid.

Additionally, I graphically illustrate how the marginal effect of troop level on aid allocation changes across the level of media coverage in Figure 3. The sloping line in Fig. 3 indicates how the marginal effect of level of U.S. army changes with the number of *New York Times* articles. 90% confidence intervals around the line show that the level of troop has a statistically significant effect. It is easy to see that the troop level has a reductive effect on the aid level. And interestingly, this reductive effect inclines as the number of news article increases.



**Figure 2: The Marginal effect of U.S. Troop Level on U.S. Foreign Aid Allocation.**

To summarize, the results of my empirical result are fourfold. First, more media attention is likely to result in more generous amounts of aid being allocated to a recipient. Second, as a number of U.S. army personnel capture a function of political relations between the U.S. government and “target” Muslim countries, an increase in the number of U.S. troops in a recipient raise the volume of aid. Third, there is a negative interaction effect between the news coverage and the number of U.S. soldiers on aid allocation, meaning the level of media effect does not necessarily keep step with strategic interests. Fourth, circumstantial factors that may illustrate the characteristics of U.S. policy toward Muslim countries also have significant effects on aid level.

## 4. Discussion

The empirical findings presented in this paper may allow us to draw some inferences about causal links revolving around government, public and the media and also be used to evaluate determinant factors that are affecting U.S. aid given to Muslim countries.

The highly significant news coverage variable and U.S. army variable indicates that more references in the news media and growing number of U.S. troops increases the amount of aid allocated to Muslim countries. However, perhaps surprisingly, there is a negative effect between two variables on the aid allocation. This result refutes the view that the media merely plays a role as a proxy of national interests.

One possible interpretation can be this: From political elites' perspective, a certain degree of U.S. army deployment captures a function of political relations between the U.S. government and "target" Muslim countries. On the other hand, from the public perspective, the increased number of U.S. military forces in "target" Muslim countries shows the heightened tension between a recipient and the United States. Therefore, if U.S. national priorities are determined by political elites and the level of news coverage is a mere proxy for U.S. national interests, then there must be a positive interaction effect on aid allocation between the number of U.S. troops and the level of news coverage. However, in my empirical result, the level of U.S. troop has a constraining effect on the marginal effect of news media parameter in terms of influencing foreign aid allocation. This finding is particularly interesting because it refutes the argument that elites governments turn the media into their stewards by

communicating the message of the government to the public in so far as this interaction effect remains statistically significant.

From the public view, this finding may imply that people are likely to respond to certain countries with more negative emotions, as is the case when they read more articles regarding such countries with a high level of U.S. troops. That greater media attention would enforce the negative feelings and the public sentiment is reflected in formulating foreign aid policy. Therefore, this empirical finding revolves around the plausible links around the public, media and governing bodies. The media coverage is affecting the volume of aid not contingent on the national interests of America. This possibly implies that the basic assumption of Van Belle (2003) that “both principals (elected officials) and agents (bureaucracies) use media cue to judge the current or expected demands from the domestic political arena” (266).

My empirical finding is also interesting in a sense that although a dependent variable is not capturing military aid, the number of U.S. troops variable remains statistically significant. This may imply that the strategic and military importance of a recipient is reflected in the volume of economic assistance as well, illustrating a strategic aspect of U.S. foreign aid.

Furthermore, circumstantial factors described in my paper illustrate the characteristics of U.S. policy toward Muslim countries and how they also have significant effects on aid level. A recipient that maintains higher oil reserves is likely to be given more economic assistance from the United States. As noted, Millennium Challenge Account and HIV/AIDS initiative also play a role in attributing changes with regard to development assistance. Existence of terrorist groups in a recipient country lowers the amount of aid.

Finally, there can be other possible implications drawn from my paper. By extending the time period, my analysis shows the effect of news media coverage and its direct effect on U.S. aid after the Cold War. My employed data set is complete and contains a clearer standard to sort out news articles, which is crucial for the research.

It should be noted, however, that the interpretation of the level of news coverage is not exactly straightforward. Drury et al. (2005) points out that the *New York Times* is considered an elite news paper, which raises a question of how well the *New York Times* represents the overall news media coverage in the United States. Another response is that it is not clear whether the media affects must be on the general public or a certain group of “attentive public,” meaning policymakers could only be responding to the pressure from the attentive public, not from the general public. The last concern revolves around the question of how the news articles affect the public’s awareness of referred countries. This paper does not directly deal with the link between the reader and the media and my empirical model does not reveal the actual influence of news articles.



## 5. Conclusion

Foreign policies do not arise in a vacuum but are shaped in profound ways by interactive dialogues between elected officials and the public. The explanation of aid flow with regard to domestic politics is of particular interest to many scholars. Although the literature on public opinion and foreign aid allocations has made significant progress in recent decades, scholars have yet to reach a clear consensus concerning what social factors play a role in guiding public opinion and how such factors contribute to the size of aid allocations.

Moreover, political scientists have long been concerned with the pattern of allocation of foreign aid from donors to recipients. Few studies have accounted for the exact determinants of donor states' individual priorities. Even though previous studies show that different donors have prioritized specific groups, no study systemically shows the reason why a donor prioritizes certain recipients. Examining all recipients and donors cannot control the circumstantial factors affecting the level of aid generated by different regions and ethnics. In other words, donors allocate international aid to different group of countries for various reasons and much of the research fails to examine the reasons that cannot be generalized.

By restricting its scope to Muslim/Arab states, my paper provides some hint of the characteristics of the United States' assistance to Muslim states. First of all, circumstantial factors described in my paper illustrate how the characteristics of U.S. policy toward Muslim countries also have significant effects on aid level. A recipient that maintains higher oil reserves is likely to draw more economic assistance from the United States. Millennium Challenge Account and HIV/AIDS initiatives also play a role

in attributing changes with regard to the development assistance, while the existence of terrorist groups in a recipient country lower the amount of aid.

Furthermore, my media variable may perform better compared to previous literature. This is because Arab countries have drawn keen attention from the American people since the late 20<sup>th</sup> century because of its strategic importance. Accordingly, the American public has become quite familiar with the Arab world through the media – this will enhance the explanatory power of media coverage variables to account for the aid variation among Muslim countries.

Finally, the examination of U.S. foreign aid policy toward Muslim/Arab countries enables me to investigate the causal link revolving around three actors: the public, the government and the media. My findings cast doubt on view that the elected officials determine the strategic importance of a country and that once a country is considered to have strategic importance, the country is likely to be get more attention from the media, which will result in an increase in aid. Rather, I conclude that as my empirical finding suggests, the media plays a role in influencing foreign aid policy independent of national goals and priorities.

# Appendix

Linear regression

Number of obs = 642  
 F( 69, 572) = 12484.62  
 Prob > F = 0.0000  
 R-squared = 0.8509  
 Root MSE = 96.014

uscom1	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]
luscom1	.5997434	.1101978	5.44	0.000	.3833017 .8161852
nytttotal	.3047044	.1719436	1.77	0.077	-.0330135 .6424222
usarmy	.0238732	.0005708	41.83	0.000	.0227521 .0249942
lgdpl	-.0009941	.0011373	-0.87	0.382	-.0032279 .0012397
lustra2	.0053258	.013909	0.38	0.702	-.0219931 .0326447
lpolity2	-.8762225	1.508601	-0.58	0.562	-3.839296 2.086851
lpopulat1	.415135	.1508501	2.75	0.006	.1188474 .7114226
id					
2	116.1134	43.05442	2.70	0.007	31.54939 200.6775
3	-22.60513	19.75526	-1.14	0.253	-61.40683 16.19657
4	89.20329	37.48998	2.38	0.018	15.56848 162.8381
5	62.61332	52.28654	1.20	0.232	-40.08372 165.3104
6	-354.3162	144.5306	-2.45	0.015	-638.1915 -70.4408
8	91.84986	36.59911	2.51	0.012	19.96482 163.7349
9	88.81122	34.35969	2.58	0.010	21.32466 156.2978
10	105.7107	43.64269	2.42	0.016	19.99124 191.4302
11	95.45247	45.74601	2.09	0.037	5.601821 185.3031
13	106.5369	44.60428	2.39	0.017	18.92877 194.1451
14	89.38227	35.32122	2.53	0.012	20.00715 158.7574
15	-701.5523	260.0736	-2.70	0.007	-1212.368 -190.7366
16	-285.9858	92.25787	-3.10	0.002	-467.1913 -104.7803
17	-51.38614	43.65495	-1.18	0.240	-137.1297 34.35741
18	218.0528	68.80969	3.17	0.002	82.90227 353.2032
19	78.06762	30.55688	2.55	0.011	18.05025 138.085
20	79.6441	60.67135	1.31	0.190	-39.52171 198.8099
21	112.8392	41.16787	2.74	0.006	31.98054 193.6978
22	124.5837	49.13654	2.54	0.011	28.07362 221.0938
23	71.02043	43.95562	1.62	0.107	-15.31368 157.3545
24	22.69139	31.00647	0.73	0.465	-38.20905 83.59182
25	103.7448	51.87363	2.00	0.046	1.858721 205.6308
26	107.5619	39.85008	2.70	0.007	29.29159 185.8323
27	99.52575	43.36613	2.30	0.022	14.34947 184.702
28	13.69638	40.80773	0.34	0.737	-66.4549 93.84765
29	78.48019	32.57482	2.41	0.016	14.49933 142.4611
30	-337.2013	130.3955	-2.59	0.010	-593.3137 -81.08882
31	95.56769	46.18643	2.07	0.039	4.851997 186.2834
32	-345.4514	147.7334	-2.34	0.020	-635.6174 -55.28532
33	125.2999	83.31951	1.50	0.133	-38.34961 288.9494
34	-14.81866	41.25757	-0.36	0.720	-95.85348 66.21617
35	95.49684	34.29557	2.78	0.006	28.13623 162.8575
36	101.3576	39.9653	2.54	0.011	22.861 179.8543
37	64.21136	32.07736	2.00	0.046	1.207572 127.2151
38	151.3029	46.80582	3.23	0.001	59.37066 243.2351
39	8.664765	25.37334	0.34	0.733	-41.17153 58.50106
40	102.8199	39.36558	2.61	0.009	25.50121 180.1386
41	67.30768	32.83868	2.05	0.041	2.808567 131.8068
42	-220.7344	74.06804	-2.98	0.003	-366.213 -75.25594
43	90.68189	43.33811	2.09	0.037	5.560652 175.8031
44	97.74155	59.50383	1.64	0.101	-19.1311 214.6142
45	15.1833	21.97122	0.69	0.490	-27.97081 58.3374
46	52.68331	24.61944	2.14	0.033	4.327775 101.0389
year					
1991	10.54169	20.30712	0.52	0.604	-29.34394 50.42731
1992	-11.42616	19.39954	-0.59	0.556	-49.52919 26.67687
1993	13.32812	18.56755	0.72	0.473	-23.14078 49.79701
1994	-9.155767	19.1309	-0.48	0.632	-46.73115 28.41961
1995	-6.838425	19.85851	-0.34	0.731	-45.84293 32.16608
1996	-26.51062	17.66389	-1.50	0.134	-61.20462 8.18339
1997	-19.07119	18.36018	-1.04	0.299	-55.13279 16.99041
1998	-19.8166	21.19563	-0.93	0.350	-61.44735 21.81416
1999	1.507963	20.15511	0.07	0.940	-38.07909 41.09502
2000	-10.50656	20.05293	-0.52	0.601	-49.89292 28.8798
2001	-13.79903	21.00716	-0.66	0.512	-55.05961 27.46156
2002	22.67706	29.06472	0.78	0.436	-34.40954 79.76365
2003	8.21813	45.40915	0.18	0.856	-80.97089 97.40715
2004	-12.47572	26.59121	-0.47	0.639	-64.70404 39.7526
2005	21.39752	23.96795	0.89	0.372	-25.67841 68.47346
2006	-1.251054	19.96401	-0.06	0.950	-40.46277 37.96066
2007	14.71784	23.00694	0.64	0.523	-30.47054 59.90622
2008	29.78099	30.71994	0.97	0.333	-30.55665 90.11864
2009	43.43401	30.05583	1.45	0.149	-15.59923 102.4673
_cons	-112.1099	42.55176	-2.63	0.009	-195.6866 -28.5331

Linear regression

Number of obs = 703  
 F( 68, 634) = 16.04  
 Prob > F = 0.0000  
 R-squared = 0.7122  
 Root MSE = 11.021

uscom2	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]
luscom2	.5378664	.1160446	4.63	0.000	.3099882 .7657445
nyttotal	.0780164	.0268915	2.90	0.004	.0252092 .1308236
usarmy_yd	2.882459	1.65508	1.74	0.082	-.3676432 6.132561
inter_y	-.045341	.0216227	-2.10	0.036	-.0878017 -.0028802
lgdpl	-2.77e-06	.0000437	-0.06	0.950	-.0000887 .0000831
lustra2	-.0006697	.0014341	-0.47	0.641	-.0034858 .0021464
loil	.1943013	.0789315	2.46	0.014	.0393024 .3493002
lpopulat1	.0358417	.0209812	1.71	0.088	-.0053593 .0770426
usdeficit	-.5516671	.512494	-1.08	0.282	-1.558058 .454724
lpolity2	-.1476067	.3010786	-0.49	0.624	-.7388386 .4436253
rmcaids	.0893075	.0458267	1.95	0.052	-.0006829 .1792979
ldisaster	1.972136	1.139613	1.73	0.084	-.2657371 4.210009
terrordum	-5.111646	2.590228	-1.97	0.049	-10.19811 -.025182
id					
2	3.008256	7.855765	0.38	0.702	-12.41821 18.43472
3	-7.192389	4.061264	-1.77	0.077	-15.16754 .7827674
4	-5.108222	7.20452	-0.71	0.479	-19.25583 9.039386
5	-2.556382	7.057768	-0.36	0.717	-16.41581 11.30305
6	-24.40612	20.11788	-1.21	0.226	-63.91185 15.09962
8	5.18369	5.947376	0.87	0.384	-6.495249 16.86263
9	.1107943	6.53964	0.02	0.986	-12.73118 12.95277
10	4.446528	7.69082	0.58	0.563	-10.65603 19.54909
11	3.338642	6.944681	0.48	0.631	-10.29872 16.976
13	3.843855	6.994915	0.55	0.583	-9.89215 17.57986
14	5.033107	6.493088	0.78	0.439	-7.717453 17.78367
15	-71.71736	37.32923	-1.92	0.055	-145.0213 1.586529
16	-38.12717	11.0856	-3.44	0.001	-59.8961 -16.35824
17	-44.92856	15.99155	-2.81	0.005	-76.33138 -13.52574
18	6.282553	7.611278	0.83	0.409	-8.663811 21.22892
19	-4.490431	6.094356	-0.74	0.462	-16.458 7.477132
20	-8.94961	7.79373	-1.15	0.251	-24.25426 6.355037
21	8.250494	7.122697	1.16	0.247	-5.736436 22.23742
22	.6406573	8.82455	0.07	0.942	-16.68822 17.96954
23	-2.259641	6.19764	-0.36	0.716	-14.43003 9.910743
24	-2.330047	4.940247	-0.47	0.637	-12.03127 7.371178
28	-4.284124	4.064502	-1.05	0.292	-12.26564 3.697391
30	-42.0783	20.13354	-2.09	0.037	-81.61478 -2.541814
31	-4.504326	7.35598	-0.61	0.541	-18.94936 9.940706
32	-27.2368	22.02983	-1.24	0.217	-70.49706 16.02345
33	-2.894995	7.215547	-0.40	0.688	-17.06426 11.27427
34	-18.80558	7.692685	-2.44	0.015	-33.91181 -3.699358
35	3.810711	6.522524	0.58	0.559	-8.997652 16.61907
38	10.09412	7.780334	1.30	0.195	-5.184225 25.37246
39	-6.29064	4.864395	-1.29	0.196	-15.84291 3.261635
40	14.80082	6.639792	2.23	0.026	1.762178 27.83947
41	-.3728548	5.890504	-0.06	0.950	-11.94011 11.1944
42	-19.36963	7.756766	-2.50	0.013	-34.6017 -4.137573
43	-2.459712	7.080888	-0.35	0.728	-16.36454 11.44512
44	-2.205002	6.51264	-0.34	0.735	-14.99396 10.58395
45	-3.916445	5.913555	-0.66	0.508	-15.52897 7.696079
46	-1.297054	5.437329	-0.24	0.812	-11.97441 9.3803
year					
1991	.5574991	3.362649	0.17	0.868	-6.045778 7.160776
1992	1.243456	2.765939	0.45	0.653	-4.188055 6.674966
1993	3.785337	2.849562	1.33	0.185	-1.810384 9.381059
1994	4.01091	3.314613	1.21	0.227	-2.498038 10.51986
1995	2.517483	3.488367	0.72	0.471	-4.332667 9.367634
1996	1.464864	3.749272	0.39	0.696	-5.89763 8.827359
1997	2.032337	4.041189	0.50	0.615	-5.903397 9.968071
1998	3.482005	4.714546	0.74	0.460	-5.776008 12.74002
1999	7.727399	5.099785	1.52	0.130	-2.287114 17.74191
2000	5.037889	5.634009	0.89	0.372	-6.025687 16.10147
2001	7.386342	5.336633	1.38	0.167	-3.093272 17.86596
2002	7.668174	5.650653	1.36	0.175	-3.428086 18.76443
2003	.2374577	3.813882	0.06	0.950	-7.251911 7.726827
2004	1.157562	3.078275	0.38	0.707	-4.887285 7.20241
2005	3.295046	3.634513	0.91	0.365	-3.842094 10.43219
2006	-1.188908	3.415475	-0.35	0.728	-7.895921 5.518104
2007	-.5443984	3.644854	-0.15	0.881	-7.701845 6.613048
2008	-1.459559	2.898935	-0.50	0.615	-7.152235 4.233116
2009	(omitted)				
_cons	-8.404242	7.850007	-1.07	0.285	-23.8194 7.010918

## References

- Alesina, Alberto, and Beatrice Weder. Do corrupt governments receive less foreign aid?. No. w7108. National Bureau of Economic Research, 1999.
- Alesina, Alberto, and David Dollar. "Who gives foreign aid to whom and why?." *Journal of economic growth* 5.1 (2000): 33-63.
- Azam, Jean-Paul, and Véronique Thelen. "The roles of foreign aid and education in the war on terror." *Public Choice* 135.3-4 (2008): 375-397.
- Azam, Jean-Paul, and Véronique Thelen. "Foreign aid versus military intervention in the war on terror." *Journal of Conflict Resolution* 54.2 (2010): 237-261.
- Bandyopadhyay, Subhayu, Todd Sandler, and Javed Younas. "Foreign aid as counterterrorism policy." *Oxford Economic Papers* 63.3 (2011): 423-447.
- Bauer, R. A, I. D. S. Pool, and L. A. Dexter. 1972. *American Business and Public Policy: The Politics Of Foreign Trade* Chicago, IL: Aldine-Atherton.
- Baum, Matthew A., and Philip BK Potter. "The relationships between mass media, public opinion, and foreign policy: Toward a theoretical synthesis." *Annu. Rev. Polit. Sci.* 11 (2008): 39-65.
- Beck, Nathaniel, and Jonathan N. Katz. "What to do (and not to do) with time-series cross-section data." *American Political Science Review* (1995): 634-647.
- Beenstock, Michael. "Political econometry of official development assistance." *World Development* 8.2 (1980): 137-144.
- Berinsky, Adam J., and Donald R. Kinder. "Making sense of issues through media frames: Understanding the Kosovo crisis." *Journal of Politics* 68.3 (2006): 640-656.
- Burnside, Craig, and David Dollar. "Aid, policies, and growth." World Bank policy research working paper 569252 (1997).
- Center, Defense Manpower Data. "Selected manpower statistics." Arlington, VA: Department of Defense (2009).
- Chatterjee, Pratap. *Halliburton's Army: How a Well-connected Texas Oil Company Revolutionized the Way America Makes War*. Nation Books, 2010.
- Collier, Paul. "Chapter 2. The Failure of Conditionality." *POLICY ESSAY-OVERSEAS DEVELOPMENT COUNCIL* (1997): 51-77.
- Collier, Paul, and David Dollar. "Aid allocation and poverty reduction." *European Economic Review* 46.8 (2002): 1475-1500.

- Cottle, Simon, and David Nolan. "Global humanitarianism and the changing aid-media field." *Journalism Studies* 8.6 (2007): 862-878.
- Cramer, Jane K., and Edward Duggan. "Why did the US invade Iraq? Not ideology, Israel or geopolitics, but likely for private oil and other profits." th ISA Convention, New York. 2009.
- Dalacoura, Katerina. "US democracy promotion in the Arab Middle East since 11 September 2001: a critique." *International affairs* 81.5 (2005): 963-979.
- Diamond, Larry. "Why are there no arab democracies?." *Journal of democracy* 21.1 (2010): 93-112.
- Drukker, David M. "Testing for serial correlation in linear panel-data models." *Stata Journal* 3.2 (2003): 168-177.
- Drury, A. Cooper, Richard Stuart Olson, and Douglas A. Van Belle. "The politics of humanitarian aid: US foreign disaster assistance, 1964–1995." *Journal of Politics* 67.2 (2005): 454-473.
- Dudley, Leonard, and Claude Montmarquette. "A model of the supply of bilateral foreign aid." *The American Economic Review* 66.1 (1976): 132-142.
- Feyzioglu, Tarhan, Vinaya Swaroop, and Min Zhu. "A panel data analysis of the fungibility of foreign aid." *The World Bank Economic Review* 12.1 (1998): 29-58.
- Gilpin, Robert, and Jean M. Gilpin. *The political economy of international relations*. Vol. 8. Princeton: Princeton University Press, 1987.
- Hoechle, Daniel. "Robust standard errors for panel regressions with cross-sectional dependence." *Stata Journal* 7.3 (2007): 281.
- Iyengar, Shanto, and Adam Simon. "News Coverage of the Gulf Crisis and Public Opinion A Study of Agenda-Setting, Priming, and Framing." *Communication research* 20.3 (1993): 365-383.
- Kaplan, Stephen S. "The distribution of aid to Latin America: A cross-national aggregate data and time series analysis." *The Journal of Developing Areas* (1975): 37-60.
- Krosnick, Jon A., and Donald R. Kinder. "Altering the foundations of support for the president through priming." *The American Political Science Review* (1990): 497-512.
- Krueger, Alan B., "what makes a terrorist: Economics and the Roots of Terrorism." (2007).
- Krueger, Alan B., and Jitka Maleckova. "Education, poverty and terrorism: Is there a causal connection?." *The Journal of Economic Perspectives* 17.4 (2003): 119-144.

- Lebovic, James H. "National interests and US foreign aid: The Carter and Reagan years." *Journal of Peace Research* 25.2 (1988): 115-135.
- Levich, Richard M., and Rosario C. Rizzo. "Alternative Tests for Time Series Dependence Based on Autocorrelation Coefficients." WORKING PAPER SERIES-NEW YORK UNIVERSITY SALOMON CENTER S (1999).
- Lumsdaine, David Halloran. *Moral vision in international politics: the foreign aid regime, 1949-1989*. Princeton University Press, 1993.
- Maizels, Alfred, and Machiko K. Nissanke. "Motivations for aid to developing countries." *World Development* 12.9 (1984): 879-900.
- Marshall, M. G., and K. Jaggers. "Polity IV Project: Political Regime Characteristics and Transitions, 1800–2010 (2010)." University of Maryland: <http://www.cidcm.umd.edu/inscr/polity>.
- McCombs, Maxwell E., and Donald L. Shaw. "The agenda-setting function of mass media." *Public opinion quarterly* 36.2 (1972): 176-187.
- McGillivray, Mark, and Edward Oczkowski. "Modelling the Allocation of Australian Bilateral Aid: A Two-Part Sample Selection Approach\*." *Economic Record* 67.2 (2007): 147-152.
- McKinlay, Robert D., and Richard Little. "A foreign policy model of the distribution of British bilateral aid, 1960-70." *British Journal of Political Science* 8.3 (1978): 313-331.
- Meernik, James, Eric L. Krueger, and Steven C. Poe. "Testing models of US foreign policy: Foreign aid during and after the Cold War." *The journal of Politics* 60.01 (1998): 63-85.
- Michelat, Guy and Michel Simon. 1977. "Religion, Class, and Politics" *Comparative Politics*, Vol. 10, No. 1. pp. 159-186.
- Milner, Helen V., and Dustin H. Tingley. "The political economy of US foreign aid: American legislators and the domestic politics of aid." *Economics & Politics* 22.2 (2010): 200-232.
- Morgenthau, H. J. "Preface to a political theory of foreign aid." *Why foreign aid?*. Books for Libraries, 1971.
- Otter, Mark. "Domestic public support for foreign aid: does it matter?." *Third World Quarterly* 24.1 (2003): 115-125.
- Ruttan, Vernon W. *United States development assistance policy: the domestic politics of foreign economic aid*. Johns Hopkins University Press, 1996.

- Isham, Jonathan, and Daniel Kaufmann. "The forgotten rationale for policy reform: the productivity of investment projects." *The Quarterly Journal of Economics* 114.1 (1999): 149-184.
- Pack, Howar, and Janet Rothenberg Pack. "Foreign aid and the question of fungibility." *The Review of Economics and Statistics* (1993): 258-265.
- Riddell, Roger. *Foreign aid reconsidered*. Baltimore: Johns Hopkins University Press, 1987.
- Robinson, Piers. "The CNN effect: can the news media drive foreign policy?." *Review of international studies* 25.2 (1999): 301-309.
- Rodrik, Dani. "Understanding economic policy reform." *Journal of economic literature* 34.1 (1996): 9-41.
- Schraeder, Peter J., Steven W. Hook, and Bruce Taylor. "Clarifying the foreign aid puzzle: A comparison of American, Japanese, French, and Swedish aid flows." *World Politics* 50.02 (1998): 294-323.
- Sharp, Jeremy M. "US foreign assistance to the Middle East: Historical background, recent trends, and the FY2011 request." LIBRARY OF CONGRESS WASHINGTON DC CONGRESSIONAL RESEARCH SERVICE, 2010.
- Tarnoff, Curt. "Foreign aid: An introductory overview of US programs and policy." LIBRARY OF CONGRESS WASHINGTON DC CONGRESSIONAL RESEARCH SERVICE, 2005.
- Tarnoff, Curt. "Millennium Challenge Account." LIBRARY OF CONGRESS WASHINGTON DC CONGRESSIONAL RESEARCH SERVICE, 2007.
- Van Belle, Douglas A. "Bureaucratic responsiveness to the news media: Comparing the influence of the New York Times and network television news coverage on US foreign aid allocations." *Political Communication* 20.3 (2003): 263-285.
- Van Belle, Douglas A., and Steven W. Hook. "Greasing the squeaky wheel: news media coverage and US development aid, 1977-1992." *International Interactions* 26.3 (2000): 321-346.
- Walt, Stephen M. "Taming American Power." *Foreign Aff.* 84 (2005): 105.
- Williamson, John, ed. *The political economy of policy reform*. Peterson Institute, 1994.
- Wooldridge, Jeffrey M. "Simple solutions to the initial conditions problem in dynamic, nonlinear panel data models with unobserved heterogeneity." *Journal of applied econometrics* 20.1 (2005): 39-54.