Do Birds of a Feather Really Flock Together? Ideational Homophily and Development Policy Influence

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Do Birds of a Feather Really Flock Together? Ideational Homophily and Development Policy Influence

A thesis submitted in partial fulfillment of the requirement for the degree of Bachelor of Arts in the Department of International Relations from The College of William and Mary

by

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Given my active involvement with the Reform Incentives Research team during my four years at the College, using data from the *2014 Reform Efforts Survey* to write a capstone thesis seems to be a fitting end to this academic journey. However, this particular journey would not have occurred without the compassion, support, and encouragement I received from countless parties both on and off campus.

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Chapter 1

A state’s ability to effectively deploy soft power instruments in the service of its foreign policy objectives is arguably far more important in the 21st century than its ability to amass and employ hard power (Nye 2004; Wilson 2008; Atkinson 2010). Many of the most pressing issues for today’s states—for example, seeking solutions to violence and unrest in the Middle East and integrating developing countries into the global economy—require that states try to shape the interests of other actors in the international system through persuasion and attraction rather than coercion or the use of force (Nye 2009, Summers 2010).

The central importance of soft power is now widely accepted and publicly acknowledged by most of the major Western powers. Consider the U.K. Government, which has recently released a strategy document that attempts to better align its foreign aid policy with its national interests. It states that a central purpose of its foreign aid program is to increase the “UK’s soft power and our ability to project our influence across the globe” (HM Treasury and DFID 2015: 18). Similarly, Australia has sought to expand its soft power to neighboring countries. Julie Bishop, Australia’s Foreign Minister, is a vocal proponent of the Colombo Plan, a knowledge transfer program that purportedly represents “[Australian] soft power diplomacy at its best” (Bishop 2015).

However, the Western powers are not alone. The rise of non-traditional donors—such as China, South Africa, Saudi Arabia, Venezuela, Iran, Qatar, UAE, Brazil, and India—has brought greater competition to the global marketplace of policy ideas (Schadlow 2013; Naim 2009; Parks et al. 2015). Officials from these countries have indicated that they too wish to expand their soft power. In 2014, President Xi Jinping of China stated flatly, “We should increase China’s soft power … and better communicate China’s messages to the world” (Shambaugh 2015). The Chinese authorities have followed this strategic cue and invested heavily in the tools of attraction and persuasion – for example, scholarship programs that allow foreign nationals to study in China, training programs that expose foreign government officials to China’s development policy ideas and experiences, and political party outreach and capacity building activities (Dong and Chapman 2008; Aiping 2015; Walker 2016). Independent observers note that China’s own success in lifting 680 million people out of poverty in a generation increases the credibility and resonance of its development policy advice (Ravallion 2009; Lin and Wang 2014).

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1 Jon Huntsman, a former U.S. Ambassador to China, noted in a 2010 cable dispatch to the State Department that “China’s fast, efficient, ‘no strings attached’ bilateral approach is popular in [Africa], as is the PRC preference for infrastructure over governance projects. ... In addition, African officials believe that
Thus, public sector decision-makers in low-income and middle-income countries now have significantly more choices. They can select from a variety of development models, including the Washington Consensus, Beijing Consensus and Mumbai Consensus (Ramo 2004; Gore 2000; Williamson 2000; Summers 2010; Vikas 2010).

Some scholars and policy commentators have even gone so far as to argue that Western and non-Western donors are engaged in cutthroat battle for the hearts and minds of developing officials, with the liberal world order hanging in the balance (Naim 2009; Schadlow 2013; Walker 2016). Lamenting the West’s supposed inability to maintain a liberal economic and political order, Halper (2010) claims that authoritarian models such as China’s will “dominate the 21st century.” Moises Naim, the former editor in chief of Foreign Policy magazine, has similarly argued that “States like China, Iran, Saudi Arabia and Venezuela have the cash and the will to reshape the world into a place very unlike the one where we want to live. By pushing their alternative development model, such states effectively price responsible aid programs out of the market exactly where they are needed most. In place of those programs, rogue donors offer to underwrite a world that is more corrupt, chaotic and authoritarian” (Naim 2007b).

Yet others counsel caution, urging policymakers and pundits to dial back their bombastic claims and reserve judgment until there is a stronger base of evidence to support or discredit such claims. Dreher et al. (2015c) find that the motivations that guide Chinese aid are not terribly different from that of other Western donors. Parks (2015) suggests that “the Western policy establishment, and especially U.S. national security experts, should step back and take a deep breath. The sky is not falling.” He presents evidence that much of the heated rhetoric related to the aims and effects of Chinese aid is rooted in speculation rather than fact.

But who is right? To date, little systematic empirical research has been undertaken to determine which factors make a state influential in the eyes of the counterpart country officials who they seek to influence. This weak evidence base is due, in large part, to the absence of reliable, comparative data on the policy influence of state actors seeking to project soft power abroad.

The focus of my study is on Western and non-Western donors who provide foreign assistance and the conditions under which they effectively exert influence on the policy priorities of public-sector decision-makers in low-income and middle-income countries. As such, I cannot and will not make broad, generalizable claims about when soft power tools are effective and ineffective. However, my theory of state influence is not necessarily specific to international development policy and donor-recipient relationships. It produces a set of hypotheses that can and should be tested in other foreign policy settings.

__________________________

competition between donors has had positive consequences for African development, giving the African countries options after several decades of a largely Western development model” (Huntsman 2010).
At the outset, it is important to note that nearly all empirical research on aid effectiveness relies on quantifiable measures of success—such as number of children vaccinated or schools built—rather than on degree to which donors influence reform processes and outcomes in the countries that they advise and assist. However, this narrow definition of aid effectiveness belies an understanding of the aims and activities of donor agencies in the 21st century (Custer et al. 2015). Whereas aid agencies once focused their efforts and energies on direct service delivery activities, there is now a much stronger emphasis on the “enabling environment” – that is, the policies and institutions that enable or constrain the achievement of better development outcomes.

As an initial point of departure, it is important to take stock of some basic empirical patterns. First, some developing countries are more interested than others in drawing upon external sources of advice, making the question of who is influenced just as important as the question of who is influential. Custer et al. (2015) demonstrate significant variation in which developing countries are most and least influenced by donors. In Figure 1.1, I draw upon agenda-setting influence data from the 2014 Reform Efforts Survey to illustrate the full scope of this variation across low-income and middle-income countries.
Figure 3.1: Levels of Donor Influence on the Reform Priorities of 122 Developing Countries and Territories
Custer et al. (2015) perform an econometric analysis of the country-level correlates of overall donor influence. Among other findings, they report that donors are more influential in countries with a broad coalition of domestic support for reform. Conversely, they find that when the chief executive of a counterpart country opposes reform, it is difficult for donors to have much development policy influence.

There is also considerable variation in the levels of policy influence that different donors exert on the reform priorities and actions of public sector decision-makers in the developing world. Figure 1.2 draws upon the 2014 Reform Efforts Survey to show the variation in agenda-setting influence across donors. Many of the donors that development policymakers report to be most influential are Western institutions and countries, including New Zealand, Ireland, the World Bank, the European Union, and Denmark. By contrast, non-Western and non-traditional donors – for example, the Gulf Cooperation Council (GCC) countries, Iran, Russia, Turkey, Brazil, and Bulgaria – are among the countries and organizations that registered the lowest agenda-setting influence scores.
Figure 1.4: Average Agenda Setting Influence, by Donor
Custer et al. (2015) find that two *donor-level* attributes in particular help to explain which donors exert the most and least policy influence in the developing world. Donors who align their reform advice and assistance with a country’s priorities are more likely to be seen as influential. This finding supports the principle of “country ownership” proposed at the 2005 Paris Declaration, which encouraged bilateral and multilateral development partners to align their support with a country’s national development strategy (OECD 2005, 2008). Additionally, reliance upon technical assistance negatively correlates with donor policy influence. Technical assistance is, in many ways, the flip side of the country ownership coin. It usually supports highly paid expatriate advisers rather than the host government itself, and Helleiner (2000: 84) notes that technical assistance is “little more than a device for the monitoring and enforcement of external conditions.”

In this monograph, I will build upon this previous work that draws upon the rich, micro-level data from the *2014 Reform Efforts Survey*. Unlike previous studies, I will attempt to explain which *types* of donors are most influential in which *types* of developing countries. I will develop and test an ideational theory of homophily and focus in particular on the governance and economic policy orientations of different donors and developing countries.

To illustrate the nature of the empirical puzzle that I want to solve, consider Figures 1.3 and 1.4, which draw upon data from the *2014 Reform Efforts Survey* to identify the countries in which China and the United States, respectively, exerted the most and least development policy influence between 2004 and 2013. China and the United States evidently have different spheres of influence. Only one developing country (Montenegro) is among both the ten countries most influenced by China and the ten countries most influenced by the United States. It is also noteworthy that many, although certainly not all, of the countries where the U.S. had agenda-setting influence are democracies. By contrast, China appears to have exerted substantial development policy influence across a diverse group of democratic and autocratic countries, including Laos, Montenegro, Cameroon, Tanzania, and Sudan. These descriptive patterns beg for a theoretical explanation, and more fine-grained statistical analysis.
Figure 1.3: China’s Agenda-Setting Influence, By Country
Figure 1.4: U.S. Agenda-Setting Influence, By Country
The goal of this monograph is to account for this rich donor-recipient level variation, but in a way that produces generalizable conclusions rather than many idiosyncratic findings that are specific to individual donor-recipient dyads. I will evaluate which types of donors exert policy influence in which types of developing countries by leveraging the micro-data from the 2014 Reform Efforts Survey, which is a first-of-its-kind survey that leveraged the opinions and insights of 6,750 development policy makers and experts to better understand the qualities and practices that make development partners more and less influential. The data gathered by a team of researchers at the College of William and Mary – in partnership with NORC at the University of Chicago -- includes information on the influence, performance, and trustworthiness of over 100 Western and non-Western development partners (Custer et al. 2015). As such, this novel data source will allow me to systematically test the policy influence of development partners, as experienced, observed and reported by host government officials in aid-receiving countries.

My ideational theory of homophily is based on the following proposition: donors will exert more development policy influence in (a) countries that share their regime type and economic policy orientation, and (b) with policymakers who share their causal and principled beliefs about development policy.

To illustrate how different types of donors export distinct “development models” to their counterpart countries, consider the way in which the BRICS have promoted “South-South cooperation” as a distinct alternative to Western development policy. The BRICS promote a South-South narrative and emphasize their own identities as developing countries that escaped poverty without adopting the traditional “Washington Consensus” policies. Their basic pitch is that they understand the challenges that developing countries face better than Western donors and their development experiences, policies, and insights should be uniquely relevant and resonant with leaders in the developing world (Modi 2011; Quadir 2013). If one accepts this argument at face value, it suggests that ideational resonance between a donor and a recipient will not only determine which donors have development policy influence but also where they will exert such influence.

There is anecdotal evidence that suggests different types of developing countries may prefer the development policy ideas and models of some donors more than others. President Ellen Johnson-Sirleaf of Liberia, for example, is a vocal proponent of Western development policies and practices. A considerable amount of her time and energy in office was spent enacting reforms to meet the Millennium Challenge Corporation (MCC)’s policy performance criteria. She has publicly praised the principles underlying these reforms, saying that “we strive to meet these benchmarks because it is what our people deserve. These are our own priorities because if we cannot achieve them, stability and prosperity will remain fleeting dreams” (Johnson-Sirleaf 2008). Her explicit link between the model espoused by the MCC reforms and Liberia’s success underscores her belief in the power of a Western development model.

By contrast, the leaders of other countries have demonstrated a preference for the development models and policy ideas being promoted by emerging powers, such as China. Abdoulaye Wade, the former President of Senegal, has chastised Western donors for their
insensitivity to the conditions facing developing country policymakers and praised China’s alternative approach: “China’s approach to our needs is simply better adapted than the slow and sometimes patronising post-colonial approach of European investors, donor organisations and nongovernmental organisations. ... I am a firm believer in good governance and the rule of law. But when bureaucracy and senseless red tape impede our ability to act—and when poverty persists while international functionaries drag their feet— African leaders have an obligation to opt for swifter solutions” (Wade 2008).

However, a collection of anecdotes does not constitute systematic evidence and the goal of this study is to identify generalizable empirical findings. To preview my main findings, I recover partial evidence in support of the homophily evidence. While most recipient states do not exhibit a preference for donors who share their regime type and economic policy orientation, democratic, free- market recipient states are an important exception to this rule. These states, as well as developing world policymakers who were educated and socialized in democratic, free-market countries, consistently report that they embrace the development policy advice of democratic, free- market donors more so than any other donor type. These findings suggest that, in some cases, ideational factors such as the values and beliefs of policymakers facilitate the adoption of externally-informed or -influenced reforms. In this way, my study contributes to an emerging body of literature on the causal influence of policymakers’ professional and educational backgrounds (Gohlmann and Vaubel 2007; Parks 2014; Mikosch 2011; Farvaque et al. 2009; Farvaque et al. 2011; Gift and Krcmaric 2015).

The rest of this monograph is structured in the following manner. Chapter 2 proposes a general theory of policy influence that has different observable implications for different types of donors and recipient countries, and outlines eight hypotheses. These hypotheses are then systematically tested and discussed in Chapter 3. Chapter 4 concludes and provides suggestions for future research. I have also included an appendix, which includes a series of robustness checks on the core empirical findings reported in Chapter 3.
Chapter 2

Introduction:

Understanding how donors influence the development policy behavior of government officials in low-income and middle-income countries requires that one first understand the nature and origin of a donor’s development policy orientation (Alden 2007; Ranis et al. 2011). Previous research suggests that the development policy beliefs held by government officials in donor countries are often formed on the basis of their own country’s history and development experience (Wade 1996; Babb 2009), and that these causal and principled beliefs about development policy influence the substantive focus of the strategies and instruments used by donor countries to influence the policy priorities and decisions of developing country governments (Easterly 2003; Eviatar 2003).

However, there is virtually no systematic empirical research on the conditions under which the principled and causal beliefs of donors influence the policy behavior of their recipient country counterparts. My objective in this chapter is to put forward an ideational theory about which donors exert policy influence over which recipients – and why.

I will advance the idea that donors and recipients vary along two important dimensions: economic policy and governance. I use a two by two matrix to categorize both donor and recipient countries, as seen in Table 2.1.

<table>
<thead>
<tr>
<th></th>
<th>Democracy</th>
<th>Autocracy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Free-Market Economy</strong></td>
<td>Category 1 (Democratic, Free-Market Economy)</td>
<td>Category 3 (Autocratic, Free-Market Economy)</td>
</tr>
</tbody>
</table>

To derive plausible hypotheses about the motivations and tactics of each donor grouping characterized in the 2x2 matrix in Table 2.1, one must demonstrate that each donor grouping consists of a group of countries that have had similar formative experiences at
home (Patten 2011; Nelson 2014). If one can demonstrate that these seemingly diverse groupings of countries have had similar development experiences and that these experiences have helped shape a common set of causal and principled beliefs about development policy, then there is a strong a priori justification to test whether these donor groupings promote similar types of development policies among low-income and middle-income countries.

**Democratic, Free Market States:**

The first grouping of donor countries from the 2x2 matrix in Table 2.1 consists of democratic, free market states. Most of the countries that fall within this category -- including the United States, Canada, Australia, Japan, New Zealand, the United Kingdom, and much of mainland Europe -- emerged from authoritarian or monarchical systems of governance and eventually succeeded in creating democratic states and building open economies (Rueschemeyer, Stephens, and Stephens 1992). Countries in this category also tend to embrace both foreign policy and international development objectives that reflect their own experiences with economic and political development (Dietrich 2016).

Consider the United States, long considered a bastion of democracy and neo-liberal economic thought. Since the end of the Cold War, both Republican and Democratic administrations have actively sought to promote free market policies and democratic governance overseas (Dunning 2004; Bermeo 2011).

The Clinton administration’s 1994 National Security Strategy states that “[a]ll of America’s strategic interests – from promoting prosperity at home to checking global threats abroad before they threaten our territory – are served by enlarging the community of democratic and free market nations. Thus, working with new democratic states to help preserve them as democracies committed to free markets and respect for human rights, is a key part of our national security strategy. ... Our long-term goal is a world in which each of the major powers is democratic, with many other nations joining the community of market democracies as well.”

In the preamble to its 2002 National Security Strategy, the Bush administration went further, stating: “The great struggles of the twentieth century between liberty and totalitarianism ended with a decisive victory for the forces of freedom—and a single sustainable model for national success: freedom, democracy, and free enterprise. In the twenty-first century, only nations that share a commitment to protecting basic human rights and guaranteeing political and economic freedom will be able to unleash the potential of their people and assure their future prosperity.”

The Obama Administration has reaffirmed many of the same principles and values. It asserts in its 2015 National Security Strategy that “all countries will benefit when we open markets further” and “we are upholding our enduring commitment to the advancement of

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democracy and human rights and building new coalitions to combat corruption and to support open governments and open societies.” This strategy document also indicates that democracy is an “inevitable” part of the development process.4

In support of this strategy, the U.S. Government has developed a wide array of policies and programs to promote democratic governance in the developing world. The Millennium Challenge Corporation (MCC), for example, is a performance-based aid program that provides a financial incentive for developing countries to pursue democratic reform and consolidation. Its eligibility criteria for funding include measures of whether countries provide political rights and protect civil liberties (MCC 2016). Democracy promotion programs, such as those supported by the National Endowment for Democracy (NED), also provide assistance to democratic reformers in the developing world (Carothers 2006; Bush 2015). Educational and student exchange programs, such as the State Department’s Fulbright program, are also designed to help spread democratic values, as those who are trained and socialized in educational institutions in the U.S. or in other democratic donor states may contribute to the promotion and diffusion of democratic values and practices in their home countries (Atkinson, 2010; Weymouth and MacPherson, 2012).

The United States is not alone. Many donors that have embraced a democratic, free market economy orientation (Category 1 in Table 2.1) have also formulated policies and programs to promote democratic governance abroad. Lithuania, for example, supports democratization through knowledge sharing initiatives in neighboring countries such as Belarus. Lithuania’s own past as a communist country that experienced a democratic transition has arguably made it more inclined to support democratization in neighboring countries (Jonavicius, 2008; Delcour, 2015).

One can also see the importance of a donor’s experience with democracy “at home” in the way that Germany and other European donor countries have embraced a so-called ‘developmental approach’ to democracy promotion. This approach supports “democracy as process”, rather than “democracy as product”, meaning democratization is part of a larger reform program rather than an end in itself (Caruthers, 2009; Youngs, 2007). Scholars note that this process generally differs from that of the United States, which follows a more “political approach” (Caruthers, 2009). Some scholars have attributed this transatlantic difference to the unique development experiences of different donors, with Germany in particular and Europe more generally experiencing considerably more unrest during democratic transitions than the United States (e.g. Caruthers 2009).

Similarly, previous research suggests that donor states espousing neoliberal economic policy values and beliefs at home also tend to promote such values and beliefs abroad (Dietrich 2016). Neoliberal economic policy beliefs were famously codified and labeled by John Williamson as the “Washington Consensus” (Gore 2000). Williamson originally coined this term to refer to a set of economic reforms that Washington agreed were needed in Latin America in the late 1980s, but the term is now commonly used to refer to a set of

market-oriented economic policies that include trade liberalization, privatization, and deregulation (Williamson 2000).

Category 1 donor countries – i.e. those with a democratic, free market economy orientation – employ various policies and programs to promote their economic policy priorities in the developing world. For example, they advocate for developing country participation in IMF-monitored reform programs (Momani 2007), sponsor bilateral aid programs that aim to expand economic freedom in the countries where they are implemented (Ray et al. 2006; Schueth 2010), and encourage countries to join the WTO (Hawkins et al. 2006), which in turn encourages its members to adopt market reforms. (Sutherland 2008).

Another key strategy adopted by many democratic, free market donor states is the use of educational exchange programs to socialize current -- or future -- leaders from the developing world to their economic policy values and beliefs (Richmond 2003; Nye 2004; Spilimbergo 2009; Atkinson 2010; Weymouth and MacPherson 2012; Murat 2014). The rationale for such programs is that “ideas travel across geographic borders when exchange participants return home. Once home, participants may hold their own government institutions accountable through overt actions such as protests. But more likely their influence is more subtle. Some participants may enter into government service and the ideas that had been learned abroad may be used to reform existing practices or political institutions. Others may already hold politically powerful positions in their governments and can directly alter policies” (Atkinson 2010:2).

Notable examples include the United States’ Fulbright Scholarship program and the United Kingdom’s Chevening Scholarship program. Chevening Scholarships are described by the British Government as “an important element in Britain's public diplomacy effort and bring professionals, who have already displayed outstanding leadership talents, to study in the UK” (Foreign Commonwealth Office 2015). The stated objective of the Chevening scholarship program is to “support foreign policy priorities and achieve FCO objectives by creating lasting positive relationships with future leaders, influencers, and decision-makers” (Foreign Commonwealth Office 2015). Similarly, U.S. Government’s Fulbright Program seeks “to assist in the development of friendly, sympathetic, and peaceful relations between the United States and other countries of the world”.

Many of these programs target individuals who, in principle, will be able to take the ideas that they internalize in the host country and draw on these ideas when they are shaping new policies and programs in their countries of origin. Several programs explicitly state this objective in their selection criteria, including the Chevening program, which seeks “future leaders, influencers, and decision-makers from all over the world” who have

6 Previous research demonstrates that the vast majority of students who study in the United States return to their country of origin or another country after completing their studies, and many of these students profess interest in working for organizations that influence policy decisions, such as government and international organizations. See: Aslanbeigui, Nahid, and Veronica Montecinos. 1998. "Foreign Students in U.S. Doctoral Programs." Journal of Economic Perspectives, 12(3): 171-182.
“already displayed outstanding leadership talent” (Foreign and Commonwealth Office 2015). The Mason Fellows Program at Harvard University and the White House’s Young African Leaders Initiative (YALI) similarly choose candidates who are already in positions of influence or mid-career professionals with demonstrated leadership potential. The Mason Fellows Program screens applicants based on “their leadership abilities, their commitment to public service, and their academic achievement” (Harvard Kennedy School 2016). The Mandela Fellowship Program, which supports YALI, has a similar goal: “the Fellowship will provide 1,000 outstanding young leaders from Sub-Saharan Africa with the opportunity to hone their skills at a U.S. higher education institution with support for professional development after they return home” (YALI 2016).

There is also some evidence that these programs are effective. Spilimbergo (2009) finds that officials educated in democratic countries generally promote democratic principles in their home country upon their return. Weymouth and MacPherson (2012) find that economists trained in US higher education institutions -- and sponsored through the Fulbright Program -- have played a key role in diffusing liberal trade policy reforms around the world. Atkinson (2010:2) finds that “US-hosted exchange program can play an important role in the diffusion of liberal values and practices across the borders of authoritarian states”. She finds that both civilian and military exchange programs to the United States improve government respect for basic human freedoms in the home countries of the individual who was educated abroad. Oleg Kalugin, a former KGB General, is quoted as saying that “[educational] exchanges ... played a tremendous role in the erosion of the Soviet system. They opened up a closed society. They greatly influenced younger people who saw the world with more open eyes, and they kept infecting more and more people over the years” (Richmond 2003:32).

Demir et al. (2000) discuss this phenomenon in the Turkish context, finding that “the Fulbright experience contributed to the social and economic development of Turkey, because the besides the universities, some of the Fulbrighters were working in positions that entailed policy making for Turkey”. While their study does not specifically discuss the specific types of policies that these individuals attempted to influence, it does suggest a “broadened” worldview from their time abroad, which most likely included at least some of their host country’s beliefs.

However, a key question of interest for my study is under what conditions donors with a democratic and free-market economy orientation are likely to succeed in transferring their policy ideas to counterpart country officials in the developing world. Previous studies suggest that economically and politically liberal donor states are more likely to form relationships with and give aid to developing countries that share their policy beliefs (Murat 2014; Dreher et. al 2015b; Chwieroth 2013). Specifically, Chwieroth (2013) and

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7 The Mason Fellows Program and the Mandela Washington Fellowship, for example, provide continued access to networks in the host country as a means to encourage policy change.

8 Interestingly, these principles tend to reflect the type of democracy practiced by their home country: enacted policies differed for individuals educated in Russia compared to those educated in the United States, for example. Spilimbergo, 2009.
Dreher et al. (2015b) show that bilateral donors more often extend aid to countries that share their ideological beliefs. Similarly, Nelson (2014) finds that IMF deals become “comparatively sweeter” for countries that share the organization’s neoliberal ideology.

These theoretical considerations bring me to my first two hypotheses, which are based on the homophily (“bird of a feather flock together”) principal:

H1: Democratic, free market donor states will be considered to be more influential in low-income and middle-income countries that embrace democratic governance and neoliberal economic policies.

H2: Democratic, free market donor states will be considered to be more influential among individuals in low-income and middle income countries who were educated in democratic, free market countries.

**Democratic, State-Led Economy:**

The next category of donors that I consider is a grouping of democratic donors that embrace state-led economic policies. These “category 2” donors fall in the southwestern quadrant of the 2x2 in Table 2.1. Most of the donors in this category (e.g. India, Brazil, Turkey, Greece) represent relatively new entrants into the international aid market. As such, information about these donors and how they attempt to transmit their development policy beliefs to other countries is scarce.

However, there are still some descriptive observations that one can make about the underlying beliefs and foreign policy aims of these donors. Previous research demonstrates that the economic reforms that enabled these countries to escape poverty are substantially different from those pursued by other donors in the other quadrants of the 2x2 in Table 2.1 (Rodrik 2003, 2005; Clark and Wolcott 2003). For example, India’s economic development is attributed in part to its adoption of socialist-inspired policies of state intervention in the market during the 1950s (Bhagwati and Desai 1975). Brazil has also pursued policies that involve heavy state intervention in the economy (Rodrik 2005).

There also are reasons to believe that democratic reforms experienced by “category 2” donors have informed and influenced their policy values, beliefs, and objectives vis-à-vis developing countries. South Africa, for example, experienced a democratic transition in the late 1990s, and has since then assumed a regional leadership role in the promotion of democracy beyond its borders (Huber 2015; Schonwalder 2014; Khadiagala and Nganje 2015; Landsberg 2000). Brazil and India have also overcome legacies of authoritarianism and colonialism to embrace strong systems of democratic governance (McMillan 2008; Skidmore 2009; Ames 2001). They too have embraced the promotion of democratic governance as foreign policy objectives, albeit in ways that are somewhat more nuanced and understated than South Africa (Stuenkel and Jacob 2010; Sahoo et al. 2015).
Casual observation suggests that, unlike the donors that fall in the northeastern and southeastern quadrants of the 2x2 in Figure 1, many “category 2” donors are actively engaged in external democracy promotion efforts. Take, for example, South Africa’s principal instrument for the delivery of foreign assistance: the Africa Renaissance and International Cooperation Fund. One of the explicit, strategic objectives of this Fund is “to promote democracy and good governance.” (DIRCO 2013) Its project portfolio includes election monitoring in Madagascar and Zimbabwe, and electoral administration activities in Guinea Bissau (DIRCO 2013). Vickers (2012) suggests that South Africa may in fact have a comparative advantage in democracy promotion due to their fairly recent post-apartheid transition. South Africa’s willingness to employ democratic conditionality also speaks to this seriousness with which the authorities in Pretoria take the objective of democracy promotion (Vickers 2012).9

South Africa is not alone. Poland, Indonesia, Romania, Turkey and Slovenia – other category two donors – also administer foreign assistance programs with a focus on democratic governance (Pospiezenia, 2010; Carothers and Youngs 2011; Jonavicius 2008; Petrova 2014). Turkey, for example, is actively engaged in efforts to promote democratic governance through the activities of the Turkish Cooperation and Coordination Agency (TIKA). TIKA programs involve efforts to train parliamentarians and members of the judiciary, strengthen NGO capacity, and increase the capacity of central governments and local governments to deliver public services (Aydin-Duzgit and Keyman 2014). Poland has developed its own unique set of cross-border cooperation policies and programs to encourage democratic change within neighboring countries, such as Ukraine and Belarus (Pospiezenia 2010)10.

There are also reasons to believe that formative historical experiences with economic growth and development influence the contemporary international development policies and programs that category 2 donor countries prioritize and pursue. Specifically, there is some evidence that public sector decision-makers in these countries are more skeptical about allowing the free market to operate in an unfettered way. Consider, for example, Mozambique’s recent adoption of Brazil’s More Food International (MFI) and Food Purchase (PAA) programs. The PAA program in particular highlights the role of state intervention in implementing food purchase programs. The program operates in the following manner: “this National Programme purchases a wide variety of food produced by family farmers without a bidding process. The food is then distributed to people in food and nutrition insecurity as well as to those served by social assistance networks, public facilities for food and nutrition security, and public and philanthropic education

9 South Africa’s 2011 bailout loan to Swaziland stipulated that the Swazi authorities undertake democracy and rule of law reforms (Vickers 2012).
10 Poland’s unique approach to democracy promotion reflects its own experience with democratization in that Western-assisted civil society organizations, such as Solidarity, played a pivotal role. Specifically, media and civil society organizations are the primary recipients of Polish aid to Belarus, reflecting the government’s underlying belief in “[passing] on the legacy of Solidarity” for encouraging democratic transition and consolidation. (Pospiezenia, 2010:176).
institutions.” (PAA Africa 2013). The government thus plays a critical distributive role in this program, buying and allocating food to those in need.

However, traditional aid programs are not the only instruments that category 2 donors use to transmit their ideas about development policy to low-income and middle-income countries (Milani 2015; McCormick 2008). They have also developed scholarship and training programs to expand their soft power. Greece, for example, has a scholarship program that brings developing country nationals to Greece for a course of study and seeks to train the next generation of leaders in the developing world. Indeed, its stated objective is “the creation of executives, capable to contribute, in the future, to the development of their [countries] of origin” (Scholarships4Dev 2010).

In Brazil (another category 2 donor country), a wide variety of ministries offer professional training and advice to developing countries nationals (Milani 2015). Its social policy expertise is in particularly high demand among developing country officials. The “Bolsa Familia” program, designed and implemented by the Brazilian Ministry of Social Development and Fight against Hunger (MDS), is widely regarded as a spectacularly successful poverty reduction program (The Economist 2010; Pachecho Santos et al. 2011). As such, it is the subject of study and emulation by outsiders (World Bank 2014; Flatjord 2015). MDS reports that, between 2011 and 2014, it hosted 345 delegations from other countries visiting it to learn more about Bolsa Familia and other MDS-coordinated social policy programs in Brazil (MDS 2015). MDS also runs seminars on social policy in developing countries and supports an online platform called Mundo Sem Pobreza (World Without Poverty) that facilitates real-time information sharing between policymakers around the world who are designing and implementing social programs (World Bank 2014; Flatjord 2015).

Among democratic donors that embrace state-led economic policies, India is perhaps the country with the longest standing professional education program that aims to increase the influence of the sponsor vis-à-vis its developing country counterparts. Shortly after India lost the Sino-Indian War of 1962, the Ministry of External Affairs (MEA) decided that it needed to expand India’s influence in South and Southeast Asia (Mukherjee 2015). The Indian Technical and Economic Cooperation (ITEC) program was one of the key instruments that it used to support this “charm offensive.” The ITEC program has two components: it sends Indian experts to developing countries to provide technical expertise, and it brings developing country officials to India for professional education. Mullen and Ganguly (2012) argue that “[a]lthough ITEC was small in monetary terms, it bore fruit over the subsequent decades as many bureaucrats and politicians from other developed countries received their educational training in India. ... This program ... has ... provided for good future relations with recipient countries. Take the example of Afghan President Hamid Karzai, who attended university in India and enjoys warmer relations with India than with neighboring Pakistan.” Agrawal (2007: 9) makes a similar point about the approximately 40,000 alumni of India’s ITEC program, arguing that they effectively represent “a large constituency of senior public officials with a friendly disposition toward India.”
There is also some anecdotal evidence that these category two donors have had some success transmitting their unique beliefs about development policy to countries that are predisposed to embrace such policy ideas in the first place (Milani 2015; Zanella and Milhorance 2016). Returning to the earlier example of Brazil’s MFA and PAA and programs, it is likely no accident that Mozambique has embraced these programs. Indeed, there is some evidence that the Mozambican authorities may believe in likely effectiveness of such programs and embraced the underlying principles to guide and govern these programs (Cabral et al. 2016; Clements 2015).

In light of these theoretical considerations, I will test the following hypotheses:

H3: Democratic donor states with state-led economies will be considered to be more influential in low-income and middle-income countries that embrace democratic governance and state-led economic policies.

H4: Democratic donor states with state-led economies will be considered to be more influential among individuals in low-income and middle income countries who were educated in democratic donor countries with state-led economies.

**Autocratic, Free Market States:**

Autocratic, free-market donors represent yet another class of “competitors” in the international aid market. However, relatively little is known about the nature, allocation, and effects of their aid policies and programs (Kharas 2015; Shushan and Marcoux 2011).

The majority of the donors – Qatar, UAE, and Kuwait – that fall in this “category three” grouping of autocratic and free-market donors have had development experiences that set them apart from other types of donors. These states were once part of Islamic Empires founded on a distinct set of religious principles, but even as these empires expanded their territorial boundaries, the imposition of Muslim beliefs and ideology was rarely a priority. They were instead focused on promoting harmony and unity among diverse populations to ensure political stability (Facchini 2011).

Today, these countries are guided by a unique blend of governance and economic principles that stem not only from their histories as conquerors, but also as colonized states. Britain’s historical involvement in the region brought to bear one set of values, which can be seen primarily in the nature of their economies: donors from the Gulf Cooperation Council generally have higher levels of economic freedom than other Muslim majority countries (Facchini 2011). Authoritarianism has also long been a dominant feature of their governance systems. This can be attributed to institutions from their pre-colonial, monarchic past continuing to influence modern-day governance (Acemoglu and Robinson 2012; Fish 2002).

These donors do not openly or explicitly profess an interest in exporting ideas about authoritarianism. They instead claim that their motivations for aid provision are
humanitarian and religious in nature. The Islamic principle of *zakat* mandates a fund to help poor, vulnerable populations, underscoring calls for Muslim solidarity in cases of humanitarian crises (Barakat and Zyck 2010). And it is true that many aid recipients of category three donors share the religious ideologies of their state sponsors.\(^{11}\)

However, authoritarian, free-market donors also provide large sums of unconditional funding to some countries, and it is at least plausible that these counterpart countries will emulate the development models that their foreign sponsors have pursued, due to the perception that these donors are stable and successful countries. Consider for example Qatar and UAE, two category three donors that provided large sums of unconditional funding to the Egyptian government in the wake of the Arab Spring. While the largesse of these Gulf Cooperation Council donors may very well have prevented a complete collapse of the Egyptian state, their aid did not come with any expectations that the recipient would embrace democratic governance values and practices, potentially granting the Egyptian authorities more flexibility to elude other external pressures for democratic governance (Coates-Ulriksen 2014). Qatari aid in particular has been criticized for a "hands off" policy, that funds groups with varying motivations and purposes (Dickinson 2014; Kirkpatrick 2014). Thus, Qatar and UAE may exert significant “passive” influence over the policy direction of countries like Egypt, in that they may affect governance and economic policy outcomes without actively promoting authoritarianism or particular economic policies.

Donors can exert influence either through “push” mechanisms, such as conditionality, that actively promote the uptake of a particular set of policy values and ideas, or through “pull mechanisms”, like emulation (Jacoby, 2006; Dolowitz and Marsh 2000; Stone 2003). The idea of “passive” influence implies that autocratic, free-market donors likely exert more influence through pull mechanisms than other categories of donors in Table 2.1.

At the same time, category three donors do have some programs in place that may help them to promote their own development policy ideas. Qatar, for example, has developed a strong set of higher education institutions that attract students from all throughout the region. While many of these schools are branches of western universities, they attract students from the Middle East who have “self-selected” into a culturally similar environment, which may in turn reflect a desire to better understand Qatar’s development experience and its ideas about development policy (Antwi-Boateng 2013). The royal family in Qatar sponsors many of these higher education institutions, and Antwi-Boateng (2013:42) has suggested that these international students’ experiences may “make them much more tolerant of Qatari foreign policy, if not susceptible” (Anderson 2015). Therefore, it is at least plausible that Qatar’s investment in the higher education sector may reflect a state strategy to achieve a “hearts and minds” dividend among the current and future makers and shapers of development policy in low-income and middle-income countries.

\(^{11}\) Barakat and Zyck (2010) note that Qatar has only recently expanded its aid activities to non-Islamic countries.
Similarly, the Singapore Cooperation Program offers training courses and scholarships for mid to senior level officials from developing countries (Singapore Cooperation Program 2011). The Government of Singapore sees these initiatives as important way to exert soft power and “[build] goodwill and warm ties” with leaders in low income and middle-income countries (Tay Keong 2005; Chia Sheng- Kai 2015).

It is also important to recognize an additional channel through which “autocratic, but free-market” donors might exert development policy influence: through pre-existing affinities that counterpart government officials have for the development policy ideas of the donor country. Kharas (2015) and Shushan and Marcoux (2011) note that many of the recipients of aid from UAE, Qatar, and Kuwait are geographically proximate and culturally similar countries. Therefore, inasmuch as recipient countries and their foreign sponsors share similar governance and economic orientations, there may be greater scope for policy transfer, policy emulation, and policy learning (Dolowitz and Marsh 2000; Gilardi 2012). Indeed, these particular recipient countries may have selected these aid donors on the basis of their pre-existing affinities, and the donors may have selected these recipient countries because they expect it will be easier to have influence in such countries. For example, North Korean entrepreneurs hoping to open their country’s economy elect to participate in business administration courses provided by Singaporean NGO the Choson Exchange (Fifield 2015).

I will therefore test the following hypotheses:

**Hypotheses:**

**H5:** Autocratic, free market donor states will be considered to be more influential in low-income and middle-income countries that embrace autocratic governance and neoliberal economic policies.

**H6:** Autocratic, free market donor states will be considered to be more influential among individuals in low-income and middle income countries who were educated in their autocratic, free market donor countries.

**Autocratic, State- Led Economies:**

The fourth and final grouping of donor countries from the 2x2 matrix in Table 2.1 consists of autocratic states with state-led economies. These countries’ unique development experiences have arguably shaped their foreign policy and international development policy objectives (Ramos 2004).

Specifically, many of these countries have managed to achieve high levels of economic growth and major development gains, while at the same time governing in an authoritarian...
manner and granting the state a heavy hand in the management of the economy (Rodrik 2003; Bremmer 2009). A growing number of scholars and commentators argue that, having now achieved the means to project power and influence overseas, these so-called “rogue donors” are actively and passively exporting a unique set of development policy ideas that challenge the democratic and free market principles espoused by other donors (Romero 2007; Naim 2007, 2012; Halper 2010; Sieff 2014).

Aid from this cohort of donors often arrives with few or no “strings attached,” and provides recipient country counterparts significant autonomy and discretion to use funds as they see fit (Dreher et al. 2015a) New research also suggests this focus on protecting and preserving the national sovereignty of the aid recipient can insulate public sector officials from external pressure for democratic and market reforms and thereby embolden leaders in the developing world to pursue alternative development strategies (Hernandez 2016). Aid from authoritarian governments may also delay or reverse democratization processes in developing countries (Bermeo 2011; Kersting and Kilby 2014).

Apart from the direct provision of aid, critics claim that that this cohort of illiberal donors has developed a diverse and sophisticated set of soft power tools to promote the virtues of authoritarianism and state-led capitalism (Schadlow 2013). State-sponsored TV channels - - such as Russia’s RTV and Venezuela’s Telesur, which operate internationally and in multiple languages -- represent one tool to broadcast propaganda far beyond one’s borders (Walker 2016). Political party diplomacy is purportedly another tool employed by illiberal donors to exchange and promote ideas about economic management and governance. China’s Communist Party, for example, actively cultivates ties with political parties in other countries. According to Aiping (2015), “more than 81 African political parties have entered formal relations with [China’s Communist Party]” thus far, and the ruling parties of African countries frequently dispatch delegations to China to learn more about its economic model and system of governance. Aiping (2015) also notes that, in inter-party discussions about governance, China’s Communist Party places heavy emphasis on the importance of the ruling party maintaining internal stability to promote long-run economic growth and development.

Educational and professional training programs are additional tools that can be used to diffuse illiberal beliefs. Indeed, illiberal donor countries increasingly provide support for scholarship programs and professional training programs and critics charge that the thinly veiled purpose of these activities is to advance illiberalism in the developing world (Sun 2015). China, for example, provides thousands of scholarships for visiting students from developing countries every year, and this program seeks to not only “strengthen the understanding and friendship” between China and other countries, but also to “[train] future leaders ... who might serve as opinion leaders once back in their home countries.” (Dong and Chapman 2008: 162).

Illiberal donor countries can also transmit their development policy through training programs that specifically target existing policymaking elites and their family members (LaFraniere 2009). Beijing’s Communist Party, for example, trains developing country officials on how to more efficiently administer state-owned enterprises (Tungendhat
2014). It also sends Chinese government officials abroad to advise developing country officials on the design and implementation of agricultural policies and programs (Full Text: China’s Foreign Aid 2014). Tungendhat (2014) estimates that 63,000 policymakers and practitioners from Africa participated in short-term training courses sponsored by China between 2003 and 2015. China also offers a training program in Beijing for visiting diplomats from other countries. A 2005 New York Times article notes that “while [this effort] seems aimed at winning African hearts, the classes in diplomacy, refined over the past decade, seem aimed more at swaying African minds.” (French 2005).

Illeliberal donors have also ramped up their support for think tanks abroad. China, for example, has established the China-Africa Think Tank Forum, which seeks to unite intellectual elites from China and Africa and allow them to exchange ideas and opinions. Chinese President Xi Jinping has also called for the creation of a new set of government-controlled think tanks to increase China’s soft power (Xinhua 2014). Independent observers note that Chinese support for African think tanks likely reflects an effort on Beijing’s part to influence “opinion leaders” – or those who influence policy priorities – on the continent (Sun 2015).13 Similarly, the Russian state has extended considerable resources to its favored non-governmental organizations (so-called “GONGOs” or government-sponsored non-governmental organizations) in neighboring countries. These organizations allegedly promote the values and preferred policies of their state sponsors (Walker 2016).

There is some anecdotal evidence that suggests developing countries value the alternative model of development being promoted by illiberal donors, with various government ministers publicly praising it. The Deputy Prime Minister of Zimbabwe, Arthur Mutambara, recently told the Wall Street Journal: “China’s model is telling us you can be successful without following the Western example” (Wonacott 2011). In Barbados, the Prime Minister justified his decision to keep a large state share in a national bank by drawing upon analogous policy decisions taken by the Chinese and Singaporean governments (Hardt 2009).

However, the literature is relatively silent on the question of under what conditions illiberal donors will have more or less policy influence. Given that “soft power” instruments rely on “attractational” forms of influence rather than inducement, coercion, or the use of force, I predict that the local resonance of the policy ideas promoted by illiberal donors will be a major determinant of where such ideas are influential. This homophily principle – that “birds of a feather flock together” -- suggests the following set of predictions about the circumstances under which illiberal donors will exert policy influence:

13 There is some anecdotal evidence that China’s charm offensive may be having its intended effect. Mulugeta Gebrehiwot Berhe, the director of a think tank in Ethiopia, recently noted “African governments continue to appreciate the alternative presented by China in an increasingly multipolar world. China is a nation that knows what it means to be poor and it is considered as a nation that has developed, and perfected, a successful wealth creation formula, which it is willing to share with developing countries. As a result, China’s importance in African politics, governance and development is growing” (the Second Meeting of the China-Africa Think Tank Forum 2012).
H7: Autocratic donors with state-led economies will be considered to be more influential in low-income and middle income countries that embrace autocratic governance and state-led economic policies.

H8: Autocratic donors with state-led economies will be considered to be more influential among individuals in low-income and middle income countries who were educated in autocratic countries with state-led economic policies.
Chapter 3

Social scientists have proposed a large number of testable hypotheses about the conditions under which traditional and non-traditional donors will influence the development policy priorities of public sector decision-makers in low-income and middle-income countries (Dunning 2004; Finkel et al. 2007; Kilby 2009; Whitfield 2009; Pop-Eleches 2009; Gibson et al. 2015; Girod and Tobin 2016). Most of these hypotheses are based on theories of bargaining power: the idea that leverage matters and both donors and recipient possess different types and sources of leverage.

In Chapter 2, I proposed an alternative explanation that is based on the notion of homophily. Donors will exert more policy influence, I have suggested, when they share a common set of values, policy ideas, and objectives with their developing country counterparts. This idea-based explanation of policy influence differs from bargaining power-based explanations in fundamental ways. It calls attention to the causal role that ideas might play in shaping policy outcomes. In this way, it is consistent with – and builds upon – social constructivist theory. Chwieroth (2009), for example, has previously argued that policy influence is a function of the donor’s ability to “find and work with sympathetic domestic interlocutors who embrace their policy goals.” Kahler (1992) has similarly argued that “close alignment between a cadre of national economic technocrats and the IFIs seems to [be a] prerequisite for [reform] agreement[s].” Therefore, among those who believe that ideas can independently shape policy outcomes, a key hypothesis is that a shared set of causal beliefs and principled beliefs between donor agency and recipient government officials will increase the probability that a donor can wield policy influence.

However, none of these hypotheses are testable without appropriate data. In order to subject these hypotheses to empirical testing, one needs credible and comparable information about the development policy influence of multiple donors in multiple countries.

The 2014 Reform Efforts Survey, which was implemented by the College of William and Mary and the NORC at the University of Chicago during the summer of 2014, provides a solution to this problem. It generated data on the development policy influence of more than 100 Western and non-Western donors in 126 in low- and middle-income countries (Custer et al. 2015). It did this by posing a consistent set of questions about the agenda-setting and reform design influence of individual donors to nearly 7,000 in-country development policymakers and practitioners.
In this chapter, I will leverage this novel source of data to empirically test hypotheses that were previously untestable. The next section of this chapter describes how I operationalized the testing of the hypotheses presented in Chapter 2, which involved categorizing donors and recipients according to their form of governance and economic policy orientation using a simple 2x2 matrix, as seen in Table 3.1. I will then report on and interpret the findings from these hypothesis tests.

### Table 3.1: Model Matrix

<table>
<thead>
<tr>
<th></th>
<th>Democracy</th>
<th>Autocracy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Free-Market Economy</strong></td>
<td>Category 1 (Democratic, Free-Market Economy)</td>
<td>Category 3 (Autocratic, Free-Market Economy)</td>
</tr>
</tbody>
</table>

My analysis looks at a subset of donors from the *2014 Reform Efforts Survey*. All multilateral institutions were excluded from the analysis, as all of my hypotheses relate to the governance and economic policy traits of sovereign states and it would be difficult and contrived to categorize or otherwise ascribe these traits to multilateral institutions.

To categorize states as democracies or autocracies, I used the Polity IV dataset. I took an average of each country's Polity IV value over the 10-year period covered by the survey (2004-2013). The index assigns countries a score that ranges from -10 to 10, with 10 representing a full democracy and -10 representing a full autocracy. I considered countries with values of 6 or higher as democracies for the purposes of my analysis. This approach is consistent with how Polity categorizes countries as “Democracies” and “Full Democracies.” Countries with values lower than six - open and closed anocracies and autocracies -- were considered autocracies in my analysis.\(^{14}\)

I then used the Fraser Institute Economic Freedom of the World Report to determine whether countries were considered to be free-market or state-led economies. This index assigns countries a score from 0-10, with a score of 0 being considered a lack of economic

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\(^{14}\) In cases where Polity data for a donor country did not cover the 10-year period of the survey, I took the average of all available years.
freedom and a score of 10 being considered complete economic freedom. Again, I took the average over the 10-year period covered by the 2014 Reform Efforts Survey (2004-2013). Once scores were compiled for all donor countries included in my analysis, I split the rank ordered distribution of countries into two halves, with the top 50% of donors constituting free-market economies, and the bottom 50% of donors being categorized as state-led economies.

To enrich my analysis, I also leveraged several “write-in” donors from the survey. Question 12 in the 2014 Reform Efforts Survey prompted respondents to: “select all of the development partners (i.e., international organizations, foreign embassies, and development finance agencies) that you worked directly with on <<issue domain 4>> <<in.countryshort>>. (Please select all that apply.)” Respondents then had the option to write in donors not present on this list. I chose to include in my analysis only those countries with reasonably well-established established aid programs – specifically, Singapore, Chile, Mauritius, Estonia, Slovakia, Lithuania, Israel, Romania, Slovenia, Macedonia, Mexico, Croatia, Thailand, Indonesia, Morocco, Colombia, Nigeria, Ecuador, Argentina, and Cuba. I then categorized these donors according to the same methodology outlined above.

Each development partner included in the original survey analysis was assigned a unique Donor ID. These write-in donors, however, were all assigned a score of “1000,” which corresponded to a residual “other” category. To leverage the selected write-in donors, I then assigned each country its own Donor ID and hand coded the STATA dataset to reflect these updated values. This coding procedure resulted in the following 2x2 matrix (Table 3.2), which I used to structure my analysis:

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15 As with the Polity data, in cases where EFW did not provide scores for the 10-year period covered by the survey, I took the average of all available years. This affected Qatar, Taiwan, Japan, South Korea, India, Libya, and Cuba.

16 Many respondents wrote more than one country. I excluded these respondents from the write-in analysis, as the setup of the survey made it impossible to determine which donor corresponded to the influence score assigned in question 21.

17 Some respondents listed write-ins, but then did not assign them a score for their agenda setting influence. In this case, I did not assign a Donor ID because the write-ins could not further my analysis.
My hypotheses from chapter 2 also required that I create symmetrical 2x2 matrices in order to categorize recipient countries by governance type and economic orientation. I followed the same principles to categorize the recipient countries from the 2014 Reform Efforts Survey. I used the Polity IV dataset to determine whether recipient countries were democracies or autocracies, with 6 again being the cut off between the two categories. However, a considerable amount of recipient countries were not included in the Polity dataset. To include these countries in the 2x2 matrix, I turned to the Freedom House Freedom in the World dataset. This dataset assigns countries a score between 1-7, with 1-2.5 being considered “free”, 3-5 being considered “partly free”, and 5.5-7 being considered “not free”. I took the average of these scores over the 10-year period for those countries not included in the Polity IV dataset. Then, I ranked the countries in my survey sample from greatest to least based on their Polity IV scores and found the median country. This country, Burundi, was included in both the Polity IV and the Freedom in the World data sets. If countries without a Polity IV score had a higher average score than Burundi in the Freedom in the World dataset, I considered them to be democracies. If they had a lower average score, I considered them to be autocracies.

I also used the Fraser Institute’s Economic Freedom of the World Report to categorize countries as free- market or state- led economies. This dataset assigns countries a score from 0-10, with a score of 0 being considered a lack of economic freedom and a score of 10 being considered complete economic freedom. Again, I took the average over the 10- year

<table>
<thead>
<tr>
<th>Table 3.2: Donor Matrix</th>
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<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Free Market Economy</strong></td>
</tr>
<tr>
<td><strong>State Led Economy</strong></td>
</tr>
</tbody>
</table>
period covered by the 2014 Reform Efforts Survey (2004-2013). As with the Polity IV dataset, not all recipient countries were included in the dataset. Therefore, I used a supplementary dataset, the Heritage Foundation's Index of Economic Freedom, to include these countries in the 2x2 categorization scheme. The Index of Economic Freedom assigns countries a score from 0-100, with a score of 80-100 being considered “Free” and a score below 50 being considered “Oppressed”. I took an average of these scores to find the absolute level of performance over the 10-year period covered by the survey. To reconcile the differing scales, I chose a country with a Fraser Institute score around the median score in my sample that was included in both datasets, Bosnia and Herzegovina. I then compared countries not included in the Fraser Institute dataset to Bosnia and Herzegovina’s position in the Heritage Foundation’s Index. Countries receiving a higher score were considered to be “Free Market Economies” and those with lower scores were considered to be “State-Led Economies.” This led to the creation of the following 2x2 matrix (Table 3.3) for recipient countries:

<table>
<thead>
<tr>
<th>Absolute level of performance</th>
<th>Democracy</th>
<th>Autocracy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free-Market Economy</td>
<td>Georgia, Peru, El Salvador, Nicaragua, Guatemala, Jamaica, Romania, Honduras, Albania, Bulgaria, Montenegro, Zambia, Kenya, Botswana, Philippines, Belize, Macedonia, South Africa, Turkey, Moldova, Dominican Republic, Indonesia, Cape Verde, Namibia, Mongolia, Kiribati, Vanuatu, Samoa, Tonga, Bosnia and Herzegovina</td>
<td>Jordan, Armenia, Uganda, Cambodia, Gambia, Kazakhstan, Fiji, Bhutan, Rwanda, Papua New Guinea, Suriname, Kyrgyzstan, Thailand, Tunisia, Haiti, Tajikistan, Comoros, Sri Lanka, Solomon Islands, Swaziland</td>
</tr>
</tbody>
</table>

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18 As with the Polity data, in cases where EFW did not provide scores for the 10-year period covered by the survey, I took the average of all available years.

19 In some cases, unrest or other atypical events prevented data collection for certain recipient countries over the 10-year period. If countries were not included in any of the four datasets I used, they were excluded from the analysis. This affected Afghanistan, Iraq, Kosovo, Marshall Islands, Palestine, Somalia, South Sudan, Sudan, and Tuvalu.
I created two additional 2x2 matrices to determine whether states were becoming more or less democratic and more or less economically liberal over the 10-year period covered by the survey. This led to the creation of two additional 2x2 matrices: one that looks at the absolute change in performance (on the same measures) over the 10-year period, and another that looks at the percent change in performance (on the same measures) over the same 10-year period. Once these scores were assigned, I ranked the countries twice. First, I ordinarily ranked them on the basis of the absolute change in either Polity IV or Freedom House score over the 10-year survey period. The top 50% of countries were considered to be democracies and the bottom 50% were considered to be autocracies. I then ordinarily ranked the countries on the basis of the absolute change in either their Fraser Institute or Heritage Index score over the 10-year survey period. Again, the top 50% of countries were considered to be free-market economies and the bottom 50% of countries were considered to be state-led economies. This resulted in the following categorization (Table 3.4):

Table 3.4: Recipient Matrix #2, Absolute Change in Performance between 2004-2013

<table>
<thead>
<tr>
<th>Absolute change in performance (between 2004-2013)</th>
<th>Democracy</th>
<th>Autocracy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Free</td>
<td>Paraguay, Ghana, Serbia, India, Brazil, Bolivia, Colombia, Guyana, Lesotho, Timor-Leste, Mali, Benin, Senegal, Sierra Leone, Ukraine, Malawi, Sao Tome and Principe, Federated States of Micronesia</td>
<td>Tanzania, Egypt, Morocco, Yemen, Vietnam, China, Madagascar, Nigeria, Azerbaijan, Bangladesh, Mauritania, Iran, Cameroon, Pakistan, Syria, Ecuador, Burkina Faso, Cote d’Ivoire, Togo, Niger, Mozambique, Ethiopia, Guinea, Algeria, Burundi, Guinea Bissau, Democratic Republic of Congo, Central African Republic, Chad, Angola, Myanmar, Congo, Zimbabwe, Djibouti, Belarus, Cuba, Liberia, Laos, Uzbekistan, Eritrea, Equatorial Guinea, North Korea, Turkmenistan, Nepal, Maldives</td>
</tr>
</tbody>
</table>

20 If states did not have values for the entire 10-year period, I used the range of available scores to calculate both the absolute change and the percent change.
I followed the same basic procedure to create a third 2x2 matrix on the basis of the percent changes in recipient country performance over the 10-year survey period. Again, I ranked the countries from greatest to least based on the percent change in either their Polity IV or Freedom House score. The top 50% of countries were considered to be democracies and the remaining 50% were considered to be autocracies. Then, I ranked the countries based on the percent change in either their Fraser Institute or Heritage Index score over the 10-year survey period. The top 50% of countries were considered to be free-market economies and the remaining 50% were classified as state-led economies. This led to the following categorization (Table 3.5):
<table>
<thead>
<tr>
<th>Percent Change in Performance (2004-2013)</th>
<th>Democracy</th>
<th>Autocracy</th>
</tr>
</thead>
<tbody>
<tr>
<td>More Free</td>
<td>Guinea- Bissau, Democratic Republic of Congo, Madagascar, Comoros, Jordan, Sierra Leone, Turkey, Papua New Guinea, Burundi, Timor- Leste, Nicaragua, Paraguay, Kenya, Angola, Rwanda, Dominican Republic, Laos, Macedonia, Nigeria, Tanzania, Colombia, Ukraine, Montenegro, Indonesia, Serbia, Belarus, Georgia, Sao Tome and Principe, Cape Verde, Niger, Mongolia, Guyana, Tajikistan, Bulgaria, Cameroon, Vietnam, China, Kazakhstan, Burkina Faso, Lesotho, Philippines, Honduras, Armenia</td>
<td>Senegal, Ecuador, Mozambique, Bosnia and Herzegovina, Mali, Bangladesh, Morocco, Myanmar, Zimbabwe, Pakistan, Ethiopia</td>
</tr>
<tr>
<td>Less Free</td>
<td>Uganda, Bhutan, Liberia, Djibouti, Zambia, Albania, Syria, Benin, Iran, El Salvador, Moldova</td>
<td>Cote d’Ivoire, India, Namibia, Guatemala, Congo, Malawi, Azerbaijan, Cambodia, Kiribati, Algeria, Botswana, Brazil, Haiti, Romania, Suriname, Togo, Peru, Solomon Islands, Swaziland, Gambia, Micronesia, Vanuatu, Jamaica, Samoa, South Africa, Eritrea, Ghana, Belize, Chad, Cuba, Equatorial Guinea, North Korea, Turkmenistan, Tonga, Bolivia, Thailand, Maldives, Sri Lanka, Mauritania, Egypt, Central African Republic, Fiji, Nepal, Yemen, Tunisia, Kyrgyzstan, Guinea</td>
</tr>
</tbody>
</table>
After creating these 2x2 matrices, I created dummy variables for each category of donor and recipient states. My hypotheses vary by recipient category; that is, I predict that different types of donors will be influential in different types of recipient countries. The hypotheses from Chapter 2 are summarized in the Table 3.6 provided below.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 1</td>
<td>Democratic, free market donor states will be considered to be more influential in low-income and middle-income countries that embrace democratic governance and neoliberal economic policies.</td>
</tr>
<tr>
<td>Hypothesis 2</td>
<td>Democratic, free market donor states will be considered to be more influential among individuals in low-income and middle-income countries who were educated in democratic, free market countries.</td>
</tr>
<tr>
<td>Hypothesis 3</td>
<td>Democratic donor states with state-led economies will be considered to be more influential in low-income and middle-income countries that embrace democratic governance and state-led economic policies.</td>
</tr>
<tr>
<td>Hypothesis 4</td>
<td>Democratic donor states with state-led economies will be considered to be more influential among individuals in low-income and middle-income countries who were educated in democratic donor countries with state-led economies.</td>
</tr>
<tr>
<td>Hypothesis 5</td>
<td>Autocratic, free market donor states will be considered to be more influential in low-income and middle-income countries that embrace autocratic governance and neoliberal economic policies.</td>
</tr>
<tr>
<td>Hypothesis 6</td>
<td>Autocratic, free market donor states will be considered to be more influential among individuals in low-income and middle-income countries who were educated in autocratic, free market donor countries.</td>
</tr>
<tr>
<td>Hypothesis 7</td>
<td>Autocratic donors with state-led economies will be considered to be more influential in low-income and middle-income countries that embrace autocratic governance and state-led economic policies.</td>
</tr>
<tr>
<td>Hypothesis 8</td>
<td>Autocratic donors with state-led economies will be considered to be more influential among individuals in low-income and middle-income countries who were educated in autocratic countries.</td>
</tr>
</tbody>
</table>

21 There were three sets of dummy variables for recipient states, with each set corresponding to one of the three 2x2s that I created.
embracing state-led economic principles.

I then used t-tests to compare the average influence of one given category of donors compared to all other categories as perceived by one given donor category. To gauge the relative influence of various donor categories, I used question 21 from the 2014 Reform Efforts survey, which asked respondents:

“To the best of your knowledge, how much influence did each of the following development partners have on the Government <<of.countryshort>>’s decision to pursue reforms focused on these particular <<issue domain 16>>?
(Please use the slider to answer on a scale of 0 to 5, where 0 means no influence at all and 5 means a maximum influence. You can use any number between 0 and 5.)”

I ran these tests for all three categorizations of recipient states. The findings were virtually identical regardless of which recipient 2x2 matrix was used, so the main results that I will report here are based on the absolute level of democracy and economic freedom in a country over the 10-year period covered by the survey. For a more detailed summary of the findings from the additional tests, please refer to Appendix A.

Recall that hypothesis 1 predicted that democratic, free market donor states will be considered to be more influential in low-income and middle-income countries that embrace democratic governance and neoliberal economic policies. I took the mean responses to question 21 from the 2014 Reform Efforts Survey for “category 1” recipients (those from democratic, free-market states) who had scored the relative influence of category 1 donors (again, donors associated with democratic, free-market states), comparing this average to that of category 1 recipients who scored the remaining three categories. I found that category 1 respondents appear to find category 1 donors to be more influential (2.446) than all other donor categories (1.747), on average (Figure 3.1).

Notes:
Agenda-setting influence is on a scale of 0-5, where 0 means “No influence at all” and 5 means “Maximum influence”. Error bars indicate standard errors.
This data is consistent with hypothesis 1. The finding was statistically significant, with a p value of 0.24.

My third hypothesis in Chapter 2 was that democratic donor states with state-led economies would exert more policy influence in low-income and middle-income countries that embrace democratic governance and state-led economic policies. To test this hypothesis, I compared the mean responses to question 21 from the 2014 Reform Efforts Survey for “category 2” recipients (those from democratic recipient states embracing state-led capitalism) who had scored the relative influence of category 2 donors (those associated with democratic states with state-led economies), to those of category 2 recipients who scored the remaining three categories. It appears that category 2 respondents appear to find all other donors to be more influential (2.1612) than category 2 donors (1.773), on average (Figure 3.2). This disconfirms the second hypothesis proposed in Chapter 2, which predicted that Category 2 recipients would find Category 2 donors to be more influential than all other categories of donors. The finding was statistically significant, with a p value of 0.

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24 These results all use the 2x2 measuring the absolute level of economic freedom and regime type in recipient countries, as all three matrices produced extremely similar results. For the results from the other two matrices, please see Appendix A.
The fifth hypothesis proposed in Chapter 2 predicted that autocratic, free market donor states would be considered to be more influential in low-income and middle-income countries that embrace autocratic governance and neoliberal economic policies. To test this hypothesis, I compared the mean responses to question 21 from the 2014 Reform Efforts Survey for “category 3” recipients (those from autocratic, free-market states) who had scored the relative influence of category 3 donors (again, donors associated with autocratic, free-market states), to that of category 3 recipients who scored the remaining three categories. I found that Category 3 recipients appear to find all other donor categories (2.3067) to be more influential than category 3 donors (1.0590), on average (Figure 3.3). This disconfirms the hypothesis predicted in Chapter 2, which expected to find that Category 3 recipients would find Category 3 donors to be more influential, on average, than any other category. The finding was statistically significant, with a p value of 0.
The seventh hypothesis proposed in Chapter 2 predicted that autocratic donors with state-led economies would be considered to be more influential in low-income and middle-income countries that embrace autocratic governance and state-led economic policies. To test this hypothesis, I compared the mean responses to question 21 from the 2014 Reform Efforts Survey for “category 4” recipients (those from autocratic states with state-led economies) who had scored the relative influence of category 4 donors (again, donors associated with autocratic states with state-led economies), to that of category 4 recipients who scored the remaining three categories. The results disconfirmed my hypothesis, with category 4 respondents appearing to find all other donor categories to be more influential (2.1041) than category 4 donors (1.4349), on average (Figure 3.4). The finding was statistically significant, with a p value of 0.
I then examined each respondent’s country of education, using question 43_4 from the 2014 Reform Efforts Survey, which asks respondents to identify the country of the university where they received their most advanced degree.\textsuperscript{25} I used this information to create a new variable detailing the category in which respondents were educated. I created four dummy variables, one for each category of donor states. I then followed the same procedure outlined above, comparing the mean perceived influence for each category of donors to all other categories for a group of respondents educated in a given category of donor countries.\textsuperscript{26}

Hypothesis two from chapter 2 predicts that democratic, free market donor states will be considered to be more influential among individuals in low-income and middle income countries who were educated in democratic, free market countries. To test this hypothesis, I compared the mean responses to question 21 for recipients educated in democratic, free-market (category 1) states who had scored the relative influence of category 1 donors (donors associated with democratic, free-market states), to that of category 1 recipients educated in category 1 states who scored the remaining three categories. Recipients educated in a category 1 country appear to find category 1 donors to be more influential

\textsuperscript{25} The full text of Question 43 reads: “Please identify the following information about your most advanced degree.” Respondents were then prompted to list: “Name of Degree (e.g., Bachelor of Arts in Economics), Year Degree Earned, Name of University, Country of University”.

\textsuperscript{26} Notes: Agenda-setting influence is on a scale of 0-5, where 0 means “No influence at all” and 5 means “Maximum influence”. Error bars indicate standard errors.
(2.2209) than all other donor categories (1.3941), on average (Figure 3.5). This confirms hypothesis two. The finding was statistically significant, with a p value of 0.

Hypothesis four from chapter 2 predicts that democratic donor states with state-led economies will be considered to be more influential among individuals in low-income and middle income countries who were educated in democratic donor countries with state-led economies. To test this hypothesis, I compared the mean responses from question 21 recipients educated in democratic states with state-led economies (category 2) who had scored the relative influence of category 2 donors (donors associated with democratic states embracing state-led economics) to that of category 2 recipients educated in category 2 states who scored the remaining three categories. The results disconfirmed this hypothesis, with recipients educated in category 2 countries finding all other donor categories to be more influential (2.1179) than category 2 donors (1.9509), on average (Figure 3.6). The finding was statistically significant, with a p value of 0.
Hypothesis six from chapter 2 predicts that autocratic, free market donor states will be considered to be more influential among individuals in low-income and middle income countries who were educated in the autocratic, free market donor countries. However, this hypothesis proved to be impossible to test, as no recipients educated in category 3 (autocratic, free-market states) countries answered questions about category 3 donors.

Hypothesis eight from chapter 2 predicts that autocratic donors with state-led economies will be considered to be more influential among individuals in low-income and middle income countries who were educated in autocratic countries with state-led economies. To test this hypothesis, I compared the mean responses from question 21 recipients educated in autocratic states with state-led economies (category 4) who had scored the relative influence of category 4 donors (autocratic states embracing state-led economic policies) to that of category 4 recipients educated in category 4 states who scored the remaining three categories. My results seem to disconfirm this hypothesis, with recipients educated in category 4 countries finding all other donor categories (2.5308) to be more influential than category 4 donors (1.6077), on average (Figure 3.7). The finding is statistically significant, with a p value of 0.

![Figure 3.6: Category 2 Educated Recipients Find Category 2 Donors Less Influential](image_url)
On the whole, the results from these hypothesis tests suggest that recipient countries generally do not exhibit a preference for donors who share their regime type and economic policy orientation. However, democratic, free market recipients are an important exception; they have a clear and discernible preference for democratic, free market donors and are more likely to adjust their reform priorities in response to the advice and assistance that they receive from such donors.

A very similar set of findings emerge when one categorizes recipient countries according to their pace of democratic and neoliberal economic reform over a 10-year period (i.e. the second and third 2x2 matrices). Neither category 2 nor category 3 nor category 4 recipients are more likely to be influenced by donors with similar governance and economic policy orientations.

However, I do find strong support for hypotheses 1 and 2: democratic donors with free-market economies generally do exert more policy influence on countries that are actively attempting democratic and neoliberal economic reform. These results largely corroborate those from the first 2x2 matrix. For a more robust discussion of these results, please refer to Appendix A.

There are several ways to interpret these findings. One possibility is that traditional, western bilateral donors are more influential than non-traditional donors across a broad swath of recipient countries (with widely varying governance and economic policy orientations) because of specific attributes that they possess and non-traditional donors lack. Custer et al. (2015), for example, argue that the varying levels of “ground game” that Western and non-Western donors have in recipient countries may account for outsized development policy influence of Western donors across virtually all recipient countries.
However, it is also possible that other donor-level attributes, such as varying levels of investment and attention to the domestic policy matters and use of conditional aid contracts, account for this empirical variation.

The fact that democratic, free market recipients (and recipient country officials) prefer to work with democratic, free market donors provides limited and conditional evidence for my homophily argument. Thus, the evidence that I have uncovered suggests that my theory may require further refinement to better understand why the homophily principle seems to hold true for political and economically liberal donors and recipients, but not other combinations of donor types and recipient types. One potential explanation for the conditional nature of the evidence I have uncovered is that ideational resonance – a core theoretical concept for social constructivists – instigates changes in policy behavior (i.e. has causal power) in some but not all empirical settings. If this is true, it suggests the need for more research to understand the conditions under which ideational resonance matters.

It is also important to note that there is an existing literature on why democratic countries might be more likely to undertake externally-inspired or -influenced reform (Moravcsik 2000; Pevehouse 2002a, 2002b; Keefer 2007; Kapstein and Converse 2008, Mansfield and Pevehouse 2006). The conventional argument is that (young) democracies have a more compelling need to “lock in” reforms -- by making external commitments to donors – because they lack domestic political credibility. Mansfield and Pevehouse (2006) identify three reasons why (young) democracies lack credibility. Young democracies have a higher risk of reform reversal, due to the high turnover rate in leadership and the differences in optimal ex-ante and ex-post policy. Secondly, regimes may begin reforms with no intention of seeing these reforms to completion. Lack of information about regime intentions prevents external actors from evaluating whether a regime’s commitment is credible or not. This problem is amplified in new democracies, where information on the regime in power is even more limited. Finally, new regimes have no history of honoring commitments, and regime transitions often lead to institutional changes. Both of these factors limits a young democracy’s ability to send credible commitments immediately following the democratic transition.

Yet the evidence presented in this chapter suggests that this theory may be insufficient. Specifically, it suggests that ideational drivers, such as the values and beliefs of individual decision-makers in countries, are at play. Individual policy makers educated in democratic, free-market countries seem to have a preference for democratic and economically liberal donors, which suggests that the propensity of democratic countries to undertake externally-inspired and -influenced reforms may be related to ideational transfer. In this way, my study also contributes to an emerging literature on the causal influence of policymakers’ educational and professional backgrounds (Gohlmann and Vaubel 2007; Parks 2014; Mikosch 2011; Farvaque et al. 2009; Farvaque et al. 2011; Gift and Krcmaric 2015). Flores et al (2013) find that fledgling democracies with leaders educated in Western institutions receive more funding from the IMF, attributing this finding to the higher level of perceived credibility that such countries purportedly possess. However, my findings suggest that a credibility – or interest- and –incentive-based – explanation cannot fully explain the tight-knit relationships that exist between Western donors and leaders in new
democracies. The micro-level survey data that I have analyzed in this chapter makes it possible to test the plausibility of the notion that the socialization of (future) policymakers to a common set of development policy ideas is one of the main reasons why Western donors have strong relationships with (and exert more policy influence on) leaders from new democracies.

It should also be noted that my findings cast doubt on the suggestions of Mansfield and Pevehouse (2006): that (young) democracies undertake reforms and join international organizations to increase their credibility to both internal and external actors and stabilize their own democratic transitions. Indeed, my results suggest the leaders of young democracies may prefer joining and working with international organizations for reasons that have nothing to do with their interests and incentives. To determine the conditions under which interest-, incentive-, and idea-based approaches explain variation in donor influence, significantly more research will be necessary.
Chapter 4:

The rapid rise of non-DAC donors in the international market for aid has proven to be a major source of consternation among Western policymakers and pundits. Moisés Naím, the former Editor-in-Chief of Foreign Policy magazine, summarized these mounting concerns in 2009 when he wrote that “What we have here – in states like China, Iran, Saudi Arabia, and Venezuela – are regimes that…collectively represent a threat to healthy, sustainable development. … If they continue to succeed in pushing their alternative development model, they will succeed in underwriting a world that is more corrupt, chaotic, and authoritarian” (Naím 2009).

Leaders and commentators in the U.S. and in Europe continue to wring their hands, worrying that China and other non-Western donors will disrupt the existing international order and dislodge existing international norms and ideas related to economic and political liberalism (Manning 2006; Swaine 2011). Scholars have also sounded the alarm, warning that the economic ascent of illiberal regimes may lead to democratic retreat overseas and the creation of a new, less free world order (Kurlantzick 2013; Editorial Board 2016; Triffitt 2016).

My findings suggest that this narrative rests on a weak evidence base. The notion that illiberal donors now wield outsized influence in the developing world is something of a “phantom menace”; Western policymakers, pundits, and scholars ascribe far more influence to non-Western donors than they actually possess.

There are several reasons why Western policy influence predominates. Established, Western donors have a significantly stronger “ground game” than newer entrants to the aid market, meaning that they tend to have significant in-country personnel who have cultivated strong working relationships with host government counterparts (Custer et al. 2015). The small footprint that non-Western donors have in their counterpart countries may reflect staffing and financial constraints (Davies 2008), or an interest in respecting the sovereignty of counterpart countries through non-interference in their domestic affairs (Strange et al. 2013; Dreher and Fuchs 2011).

Additionally, traditional, Western donors benefit from a “backdoor” of influence, as they employ large numbers of citizens from their counterpart countries and these so-called “local hires” often go on to work for the host government. The porous boundary between aid agency employment and employment in counterpart government institutions is crucial because public sector officials in developing countries are more likely to view a donor agency favorably if they have previously worked for that donor agency (Custer et al. 2015).
Consequently, Western donors – who have invested year after year in “local hires” for more than a half-century – have gained a major advantage over their non-Western counterparts. Parks (2015) explains that “Western aid agencies have employed, trained and professionally socialized a disproportionately large number of future policymakers over many decades, [so] they have effectively stacked governments across the developing world with sympathetic interlocutors who share similar policy preferences.”

In this concluding chapter, I will discuss several potential reasons why I did not find broadly supportive evidence for my central hypothesis. Given that the homophily principal is not a powerful driver of empirical variation in donor influence, I will suggest alternative explanations that merit further inquiry.

One possible explanation is that illiberal donors have the intent to influence but not the capacity needed to achieve influence. That is to say, it is possible that non-Western donors are seeking – or will soon seek – to influence the development policies of their counterpart countries, but they simply do not have the capacity to do so. The analysis that I have undertaken in this study represents a “snapshot in time” that captures the influence of non-Western donors between 2004 and 2013. It is not yet clear whether and how non-Western donors will learn and adapt and adopt new strategies and policy to expand their influence in the developing world. For example, if non-Western donors take a page out of the playbooks of Western donors and begin to establish a strong “ground game” in their counterpart countries, we may very well see a change in the distribution of policy influence across liberal and illiberal donors. To understand whether and how new donors expand their policy influence, regular and systematic collection of data on the influence of various development partners will be crucial.

India, a country with a long history of giving aid despite their lack of an official aid agency, may be a case in point. India’s aid program began in the 1950s, despite being one of the largest recipients of aid, giving it ample time to develop influential practices similar to those of tradition, western donors.

By most accounts, India desires to influence the domestic development policies of other countries. The longstanding Indian Technical and Economic Cooperation (ITEC) program, one of the bases of India’s development cooperation, seeks knowledge transfer both through sending Indians abroad to developing countries and bringing developing country officials to India for training programs. The program was founded on the logic of idea sharing, with the Ministry of External Affairs claiming “it was necessary to establish relations of mutual concern and inter-dependence based not only on commonly held ideals and aspirations, but also on solid economic foundations” (Ministry of External Affairs 2016, emphasis added). India also seeks to export their development ideas – in particular, ideas about economic policy -- through this network of knowledge transfer (Beri 2003).

Despite the success of the ITEC program and India’s record of significant economic growth, the country’s development assistance program still does not conform to international standards. It instead consists of “a mixed bag of project assistance, purchase subsidies, lines of credit, travel costs, and technical training programs.” (Agrawal 2007:5). India’s development cooperation has no central governing body, and is currently disbursed...
through multiple sources including various departments within the Ministries of Finance and External Affairs as well as the Export-Import Bank of India. This diffuse structure has led analysts and Indian policy makers alike to call for a more “coherent structure” and “more resources” if the country hopes to advance its objectives (Agrawal 2007: 14) (Mukherjee 2015). These characteristics suggest a lack of capacity rather than a lack of intent to influence, especially in light of the movement to establish an official aid organization—the India International Development Cooperation Agency -- in early 2007.27

Looking to the future, if this hypothesis holds true, we should expect to observe increases in Indian (non-DAC) development policy influence as Indian (non-DAC) capacity expands. However, if instead we witness big expansions in capacity without a concomitant increase in domestic policy influence, this would suggest weak support for this hypothesis and the need for another alternative explanation.

A second possibility is that illiberal donors do not have the intent to influence in the same way that liberal donors do. That is to say, it is possible that non-Western donors are not seeking domestic policy influence, but rather they are seeking foreign policy influence. Consider China. It has been giving aid since 1950s, despite also being a major recipient. It has had ample time to develop “ground game” and emulate effective Western tactics for influencing policymakers in recipient countries. However, it has not capitalized on these opportunities. While India’s disjointed aid structure suggests a lack of capacity, a careful examination of China’s aid suggests a more fundamental impediment to influence: a lack of intent.

New research suggests that China does use its aid and other tools of economic statecraft to buy foreign policy support and to advance its geostrategic objectives. Dreher et al (2016) find that Chinese ODA is used to buy or reward foreign policy support. This builds upon the country’s long history of using foreign aid to achieve its foreign policy objectives. Davies (2007) finds that early Chinese aid supported African independence movements, later leading to African support for Chinese initiatives in the United Nations. In 1971, China used aid to buy support from African countries to replace Taiwan on the United Nations Security Council (Davies 2007; Kastner forthcoming). China has continued to reward countries that respect its “One China” policy, which denies Taiwan recognition as an independent state (Taylor 1998, Brautigam 2009). Even as China’s aid programs have grown and developed, this motivation for disbursing aid has remained consistent according to various analysts (Davies 2007, Brautigam 2009, Kastner forthcoming).

It is also important to note that China uses other tools of economic statecraft to achieve its foreign policy objectives – in particular, regime stability, territorial integrity, and continued economic development (Kastner forthcoming). Kastner (forthcoming) finds that China uses bilateral trade linkages to support its search for recognition as a market economy and its 2005 Anti- Secession Law. More generally, China’s foreign trade is seen by the state as a tool to garner support for its foreign policy objectives, with trading partners often

27 Little progress has been made in the years following this announcement, again pointing to a lack of resources and capacity rather than a lack of desire to influence (Agrawal 2007).
exhibiting foreign policy convergence with China (Kastner forthcoming; Flores-Macias and Kreps 2013; Struver forthcoming). China’s trading partners are also more likely to support Chinese United Nations General Assembly (UNGA) voting patterns, which suggests that the country’s trade patterns allow it to advance its foreign policy goals. (Struver forthcoming).

It is also worth noting that China has recently taken a lead role in establishing two new development banks: the New Development Bank (NDB) and the Asian Infrastructure Investment Bank (AIIB). These fledgling institutions demonstrate that China has the capacity to undertake large development projects and to create institutions with enough heft to influence the domestic policies of developing countries. This has fueled speculation among pundits and policymakers who suggest that China might use its disproportionate voting share in the AIIB to steer countries towards “Beijing Consensus” types of policies (Lazarus 2016; Perlez 2015; Nabili 2016). However, in spite of these concerns and the significant capacity of the NDB and AIIB, China and other illiberal donors have not yet made inroads into the domestic policy arenas of the countries that they assist. This suggests that domestic policy influence may not be a major goal of the illiberal donors.

If this latter hypothesis proves to be true, it will mean that Western policymakers and pundits have not only seriously misjudged the intentions of emerging powers but also the threats that they pose to democracy and the liberal world order. Illiberal donors may in fact be seeking to advance their own foreign policy goals rather than exporting their governance models and economic ideologies, effectively allowing Western donors to compete amongst themselves for the hearts and minds of leaders in developing countries. Addressing this question in a more thorough and convincing way should arguably be a priority for future research on the causes and consequences of donor policy influence.
Appendix A:

In this appendix, I detail the statistical tests from the second and third recipient 2x2s that were not included in chapter 3. These results were virtually identical to those from the first 2x2, finding that only democratic, free-market recipients find aid from their “homophily category”, in this case, democratic-free-market recipients, to be more influential than other categories.

Recall that I created two additional 2x2 matrices to determine whether states were becoming more or less democratic and more or less economically liberal over the 10-year period covered by the survey. This led to the creation of two additional 2x2 matrices: one that looks at the absolute change in performance (on the same measures) over the 10-year period, and another that looks at the percent change in performance (on the same measures) over the same 10-year period. Once these scores were assigned, I ranked the countries twice. First, I ordinally ranked them on the basis of the absolute change in either Polity IV or Freedom house score over the 10-year survey period. The top 50% of countries were considered to be democracies and the bottom 50% were considered to be autocracies. I then ordinally ranked the countries on the basis of the absolute change in either their Fraser Institute or Heritage Index score over the 10-year survey period. Again, the top 50% of countries were considered to be free-market economies and the bottom 50% of countries were considered to be state-led economies. This resulted in the following categorization:

Table A1: Recipient 2x2 Matrix #2, Absolute Change in Performance between 2004-2013

<table>
<thead>
<tr>
<th>Absolute change in performance (between 2004-2013)</th>
<th>Democracy</th>
<th>Autocracy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free-Market Economy</td>
<td>Pakistan, Zimbabwe, Myanmar, Madagascar, Comoros, Liberia, Guinea Bissau, Democratic Republic of Congo, Sierra Leone, Turkey, Morocco, Papua New Guinea, Burundi, Timor-Leste, Nicaragua, Kenya, Paraguay, Laos, Uzbekistan, Mongolia, Belarus, Sao Tome et</td>
<td>Niger, Tajikistan, Cameroon, Kazakhstan, Vietnam, Armenia, Burkina Faso, Honduras, Lesotho, Philippines, Tonga, Bosnia and Herzegovina, Jordan, Senegal, Ecuador, Mozambique, Bangladesh, Mali,</td>
</tr>
</tbody>
</table>

28 If states did not have values for the entire 10-year period, I used the range of available scores to calculate both the absolute change and the percent change.
I followed the same basic procedure to create a third 2x2 matrix on the basis of the percent changes in recipient country performance over the 10-year survey period. Again, I ranked the countries from greatest to least based on the percent change in either their Polity IV or Freedom House score. The top 50% of countries were considered to be democracies and the remaining 50% were considered to be autocracies. Then, I ranked the countries based on the percent change in either their Fraser Institute or Heritage Index score over the 10-year survey period. The top 50% of countries were considered to be free-market economies and the remaining 50% were classified as state-led economies. This led to the following categorization:

Table A2: Recipient 2x2 #3, Percent Change in Performance between 2004-2013

<table>
<thead>
<tr>
<th>Percent Change in Performance (2004-2013)</th>
<th>Democracy</th>
<th>Autocracy</th>
</tr>
</thead>
<tbody>
<tr>
<td>More Free</td>
<td>Guinea-Bissau, Democratic Republic of Congo, Madagascar, Comoros, Jordan, Sierra Leone, Turkey, Papua New Guinea, Burundi, Timor-Leste, Nicaragua, Paraguay, Kenya, Angola, Rwanda, Dominican Republic, Laos, Macedonia, Nigeria, Tanzania, Colombia, Senegal, Ecuador, Mozambique, Bosnia and Herzegovina, Mali, Bangladesh, Morocco, Myanmar, Zimbabwe, Pakistan, Ethiopia</td>
<td></td>
</tr>
</tbody>
</table>
After creating these 2x2 matrices, I created dummy variables for each category of donor and recipient states. My hypotheses vary by recipient category; that is, I predict that different types of donors will be influential in different types of recipient countries. The hypotheses from Chapter 2 are summarized in the Table provided below.

Table A3: Hypotheses

<table>
<thead>
<tr>
<th>Hypothesis 1</th>
<th>Democratic, free market donor states will be considered to be more influential in low-income and middle-income countries that embrace democratic governance and neoliberal economic policies.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 2</td>
<td>Democratic, free market donor states will be considered to be more influential among individuals in low-income and middle income countries who were educated in democratic, free market countries.</td>
</tr>
<tr>
<td>Hypothesis 3</td>
<td>Democratic donor states with state-led economies will be considered to be more influential in low-income and middle-income countries that embrace democratic governance and state-led</td>
</tr>
</tbody>
</table>

29 There were three sets of dummy variables for recipient states, with each set corresponding to one of the three 2x2s that I created.
<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hypothesis 4</strong></td>
<td>Democratic donor states with state-led economies will be considered to be more influential among individuals in low-income and middle income countries who were educated in democratic donor countries with state-led economies.</td>
</tr>
<tr>
<td><strong>Hypothesis 5</strong></td>
<td>Autocratic, free market donor states will be considered to be more influential in low-income and middle-income countries that embrace autocratic governance and neoliberal economic policies.</td>
</tr>
<tr>
<td><strong>Hypothesis 6</strong></td>
<td>Autocratic, free market donor states will be considered to be more influential among individuals in low-income and middle income countries who were educated in autocratic, free market donor countries.</td>
</tr>
<tr>
<td><strong>Hypothesis 7</strong></td>
<td>Autocratic donors with state-led economies will be considered to be more influential in low-income and middle income countries that embrace autocratic governance and state-led economic policies.</td>
</tr>
<tr>
<td><strong>Hypothesis 8</strong></td>
<td>Autocratic donors with state-led economies will be considered to be more influential among individuals in low-income and middle-income countries who were educated in autocratic countries with state-led economies.</td>
</tr>
</tbody>
</table>

I then used t-tests to compare the average influence of one given category of donors compared to all other categories as perceived by one given donor category. To gauge the relative influence of various donor categories, I used question 21 from the 2014 Reform Efforts survey, which asked respondents:

“To the best of your knowledge, how much influence did each of the following development partners have on the Government <<of.countryshort>>’s decision to pursue reforms focused on these particular <<issue domain 16>>?

(Please use the slider to answer on a scale of 0 to 5, where 0 means no influence at all and 5 means a maximum influence. You can use any number between 0 and 5.)

Question 22 similarly asks respondents: “To the best of your knowledge, how much influence did each of the following development partners have on the design of the Government <<of.countryshort>>’s <<issue domain 18>>?

(Please use the slider to answer on a scale of 0 to 5, where 0 means no influence at all and 5 means a maximum influence. You can use any number between 0 and 5.). I only used question 21 because the answers to questions 21 and 22 were virtually identical. For more information, see Figure 8 in Parks, Bradley, Zachary.
First, I will report the findings from the second 2x2, which measures the absolute change in a country’s economic and political performance between 2004-2013.

Recall that hypothesis 1 predicted that democratic, free market donor states would be considered to be more influential in low-income and middle-income countries that embrace democratic governance and neoliberal economic policies. I took the mean responses to question 21 from the 2014 Reform Efforts Survey for “category 1” recipients (those from democratic, free-market states) who had scored the relative influence of category 1 donors (again, donors associated with democratic, free-market states), comparing this average to category 1 recipients who scored the remaining three categories. I found that category 1 respondents appear to find category 1 donors to be more influential (2.485) than all other donor categories (1.879), on average (Figure A1). This confirms hypothesis 1. The finding was statistically significant, with a p value of 0.

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**Figure A1: Category 1 Respondents Find Category 1 Donors More Influential**

![Bar chart showing comparison of influence between Category 1 Donors and All Other Donor Categories.]

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31 Notes: Agenda-setting influence is on a scale of 0-5, where 0 means “No influence at all” and 5 means “Maximum influence”. Error bars indicate standard errors.
My third hypothesis in Chapter 2 was that democratic donor states with state-led economies would exert more policy influence in low-income and middle-income countries that embrace democratic governance and state-led economic policies. To test this hypothesis I compared the mean responses to question 21 from the 2014 Reform Efforts Survey for “category 2” recipients (those from democratic recipient states embracing state-led capitalism) who had scored the relative influence of category 2 donors (those associated with democratic states with state-led economies), to that of category 2 recipients who scored the remaining three categories. It appears that category 2 respondents appear to find all other donors to be more influential (2.412) than category 2 donors (1.498), on average (Figure A2). This disconfirms the second hypothesis proposed in Chapter 2, which predicted that Category 2 recipients would find Category 2 donors to be more influential than all other categories of donors. The finding was statistically significant, with a p value of 0.

![Figure A2: Category 2 Respondents find Category 2 Donors Less Influential](image)

The fifth hypothesis proposed in Chapter 2 predicted that autocratic, free market donor states would be considered to be more influential in low-income and middle-income countries that embrace autocratic governance and neoliberal economic policies. To test this hypothesis, I compared the mean responses to question 21 from the 2014 Reform Efforts Survey for “category 3” recipients (those from autocratic, free-market states) who had scored the relative influence of category 3 donors (again, donors associated with autocratic, free-market states), to that of category 3 recipients who scored the remaining three categories. I found that Category 3 recipients appear to find all other donor categories (1.954) to be more influential than category 3 donors (0.0734), on average (Figure A3). This disconfirms the hypothesis predicted in Chapter 2, which expected to find the opposite result, with Category 3 recipients finding Category 3 donors to be more influential, on average, than any other category. The finding was statistically significant, with a p value of 0.
The seventh hypothesis proposed in Chapter 2 predicted that autocratic donors with state-led economies would be considered to be more influential in low-income and middle-income countries that embrace autocratic governance and state-led economic policies. To test this hypothesis, I compared the mean responses to question 21 from the 2014 Reform Efforts Survey for “category 4” recipients (those from autocratic states with state-led economies) who had scored the relative influence of category 4 donors (again, donors associated with autocratic states with state-led economies), to that of category 4 recipients who scored the remaining three categories. The results disconfirmed my hypothesis, with category 4 respondents appearing to find all other donor categories to be more influential (2.128) than category 4 donors (1.451), on average (Figure A4). The finding was statistically significant, with a p value of 0.
I then ran the same test for the third 2x2, which measured the percent change in a country’s economic and political performance between 2004 and 2013. The results are as follows:

Recall that hypothesis 1 predicted that democratic, free market donor states would be considered to be more influential in low-income and middle-income countries that embrace democratic governance and neoliberal economic policies. I took the mean responses to question 21 from the 2014 Reform Efforts Survey for “category 1” recipients (those from democratic, free- market states) who had scored the relative influence of category 1 donors (again, donors associated with democratic, free- market states), comparing this average to category 1 recipients who scored the remaining three categories. I found that category 1 respondents appear to find category 1 donors to be more influential (2.496) than all other donor categories (1.552), on average (Figure A5). This confirms hypothesis 1. The finding was statistically significant, with a p value of 0.32.

Notes: Agenda-setting influence is on a scale of 0-5, where 0 means “No influence at all” and 5 means “Maximum influence”. Error bars indicate standard errors.
My third hypothesis in Chapter 2 was that democratic donor states with state-led economies would exert more policy influence in low-income and middle-income countries that embrace democratic governance and state-led economic policies. To test this hypothesis I compared the mean responses to question 21 from the 2014 Reform Efforts Survey for “category 2” recipients (those from democratic recipient states embracing state-led capitalism) who had scored the relative influence of category 2 donors (those associated with democratic states with state-led economies), to that of category 2 recipients who scored the remaining three categories. It appears that category 2 respondents appear to find all other donors to be more influential (2.243) than category 2 donors (1.895), on average (Figure A6). This disconfirms the second hypothesis proposed in Chapter 2, which predicted that Category 2 recipients would find Category 2 donors to be more influential than all other categories of donors. The finding was statistically significant, with a p value of 0.
The fifth hypothesis proposed in Chapter 2 predicted that autocratic, free market donor states would be considered to be more influential in low-income and middle-income countries that embrace autocratic governance and neoliberal economic policies. To test this hypothesis, I compared the mean responses to question 21 from the 2014 Reform Efforts Survey for “category 3” recipients (those from autocratic, free-market states) who had scored the relative influence of category 3 donors (again, donors associated with autocratic, free-market states), to that of category 3 recipients who scored the remaining three categories. I found that Category 3 recipients appear to find all other donor categories (2.157) to be more influential than category 3 donors (1.367), on average (Figure A7). This disconfirms the hypothesis predicted in Chapter 2, which expected to find the opposite result, with Category 3 recipients finding Category 3 donors to be more influential, on average, than any other category. The finding was statistically significant, with a p value of 0.
The seventh hypothesis proposed in Chapter 2 predicted that autocratic donors with state-led economies would be considered to be more influential in low-income and middle-income countries that embrace autocratic governance and state-led economic policies. To test this hypothesis, I compared the mean responses to question 21 from the 2014 Reform Efforts Survey for “category 4” recipients (those from autocratic states with state-led economies) who had scored the relative influence of category 4 donors (again, donors associated with autocratic states with state-led economies), comparing to that of category 4 recipients who scored the remaining three categories. The results disconfirmed my hypothesis, with category 4 respondents appearing to find all other donor categories to be more influential (2.184) than category 4 donors (1.560), on average (Figure A8). The finding was statistically significant, with a p value of 0.
As with the results presented in chapter 3, the results from these hypothesis tests suggest that recipient countries generally do not exhibit a preference for donors who share their regime type and economic policy orientation. However, democratic, free market recipients are an important exception; they have a clear and discernible preference for democratic, free market donors and are more likely to adjust their reform priorities in response to the advice and assistance that they receive from such donors. For a more robust discussion of these results, please see Chapter 3.
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