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Do human rights matter in bilateral aid allocation?

A quantitative analysis of 21 donor countries*

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Objective. To analyse the role of human rights in aid allocation of 21 donor countries. *Methods.* Econometric analysis is applied to a panel covering the period 1985 to 1997. *Results.* Respect for civil/political rights plays a statistically significant role for most donors at the aid eligibility stage. Personal integrity rights, on the other hand, have a positive impact on aid eligibility for few donors only. At the level stage, most donors fail to promote respect for human rights in a consistent manner and often give more aid to countries with a poor record on either civil/political or personal integrity rights. No systematic difference is apparent between the like-minded countries commonly regarded as committed to human rights (Canada, Denmark, the Netherlands, Norway and Sweden) and the other donors. *Conclusions.* Contrary to their verbal commitment, donor countries do not consistently reward respect for human rights in their foreign aid allocation.

The bilateral allocation of aid is one of the foreign policy tools available to donor countries. It will therefore be determined to some extent by the self-interest of the donor country as well as the recipient country's need for aid. Many donors claim that respect for human rights also plays a role in their allocation decisions (see for example, Tomaševski, 1997; Gillies, 1999; Neumayer, 2003). This article tries to

assess what impact, if any, respect for human rights really has on the allocation of aid to recipient countries.

The article differs and improves upon the existing literature on two major accounts: First, there has been too much exclusive focus on US aid allocation. Instead, this article examines the allocation of aid from all 21 countries that are members of the Development Assistance Committee of the Organisation of Economic Co-operation and Development (OECD). Second, I avoid the implicit bias of some of the literature that has implicitly equated human rights with political/civil rights, sometimes explicitly subsumed under the heading of democratic governance. To do so, I introduce a further variable, namely personal integrity rights, which has been used before by a number of studies addressing US aid allocation (see, for example, Carleton and Stohl, 1987; Poe and Sirirangsi, 1994; Poe et al., 1994). Personal integrity rights are closer to the very core of human rights, referring to such things as imprisonment, disappearances, torture, political murder and other forms of politically motivated violence.

Most of the existing literature has focused on the role of human rights in US foreign aid allocation. The results from these studies are somewhat inconclusive depending on which period is studied, whether economic or military aid is looked at and the methodology employed - see, for example, Cingranelli and Pasquarello (1985), Carleton and Stohl (1987),

Poe (1992), Poe and Sirirangsi (1994), Abrams and Lewis (1993), Poe et al. (1994), and Apodaca and Stohl (1999).

As concerns aggregate bilateral aid flows, Trumbull and Wall (1994) include a variable for political/civil rights in panel estimations for 1984-89 finding a positive relationship between rights and the receipt of aid. This author has analyzed the role of human rights in the allocation of aggregate bilateral and multilateral aid in a panel from 1984 to 1995 (Neumayer, 2002). He distinguishes between civil/political and personal integrity rights (see section below), finding that as concerns bilateral aid flows countries with higher respect for civil/political rights and those with improving respect for personal integrity rights receive more aid. As concerns multilateral aid flows, only improvements in the respect for civil/political rights exert a statistically significant positive impact on the allocation of aid.

Few studies addressing bilateral aid flows from donors other than the US have analyzed the role of human rights. Svensson (1999) and Alesina and Dollar (2000) examine various donor country's aid allocation in pooled regressions covering the period from 1970 to 1994. The results of these previous studies are compared to the ones from this analysis in the concluding section.

Measuring Respect for Human Rights

Almost all studies addressing aid allocation for a range of donors exclusively use Freedom House (2000) data for measuring the extent of a government's respect for political rights and (sometimes) civil liberties within a country. Political rights refer to, for example, the existence and fairness of elections, the freedom to organize in different political parties or groupings, the existence of party competition, opposition and the possibility to take over power via elections. Civil liberties refer to, for example, the freedom of assembly, the right to open and free discussion, the independence of media, the freedom of religious expression, the protection from political terror, the prevalence of the rule of law, security of property rights and the freedom to undertake business, the freedom to choose marriage partners and the size of family.

This paper also uses a variable measuring respect for personal integrity rights with data from the two Purdue Political Terror Scales (PTS) in accordance with most of the studies that specifically look at US aid allocation. Even though there is some overlap with the concept of civil liberties from Freedom House, these scales have a much clearer focus on what constitutes arguably the very core of human rights and they are not simply redundant.¹ One of the two PTS is based upon a codification of country information from Amnesty International's annual human rights reports to a scale

from 1 (best) to 5 (worst). Analogously, the other scale is based upon information from the US Department of State's Country Reports on Human Rights Practices. Codification is according to rules with regard to the prevalence of political imprisonment, disappearances, torture, political murder, and other forms of politically motivated violence within a country.

The major difference between personal integrity rights and the political/civil rights from Freedom House data lies in two things: personal integrity rights violations are without doubt non-excusable and are not subject to the relativist challenge (see Perry, 1997). There simply is no justification whatsoever for political imprisonment, torture and murder. Governments that employ or tolerate such activities are guilty of political terrorism (hence the name of the scales). Political/civil rights violations do not carry quite the same status. One cannot dismiss the argument that these rights are contingent on a particular form of Western culture and that a certain amount of political/civil rights violations are somehow "necessary" for the stability of certain countries and the welfare of their people as easily as one can dismiss a similar argument with respect to political imprisonment, torture and murder (see, for example, Moon and Dixon, 1992). In this sense, McCann and Gibney (1996:16) are correct in arguing that the PTS refer to 'policies within the developing world which all theorists and investigators would agree

constitute egregious miscarriages of political authority' and represent 'the most serious form of human rights abuses'.

Note that the measures used in this study only capture what is sometimes called first-generation rights, but not economic and social rights, sometimes also called second-generation rights. There are mainly two reasons for this exclusion. First, governments can be better held responsible for violations of first-generation rights than for economic and social rights. Respect for the latter rights can be partly or wholly outside the reach of governmental action. It is difficult to discern whether low achievement of economic and social rights is a consequence of neglect or malevolent governmental activity or simply the consequence of a country's poverty. Second, and related to this, low achievement of these rights might be reason for the receipt of more rather than less aid. The reason is the overlap with a country's need for foreign aid. Countries with low gross domestic product (GDP) per capita are more in need for foreign aid, but are also less likely to satisfy economic and social rights.

Research Design

The dependent variable. The dependent variable is net official development assistance (ODA) a country receives as a share of total net ODA allocated in that year by the donor country. ODA data over the period 1985 to 1997 are taken from OECD (2000), which provides data for all political units in the world

receiving aid, approximately 185 countries and dependent territories. Unfortunately, PTS data are unavailable for many of these, particularly the small countries and all the dependent territories. The remaining sample comprises a total of 105 countries.

The independent variables. In accordance with the established literature, three kinds of independent variables are used here: need, interest and human rights variables. Also, population size is used as an explanatory variable to account for differences in the size of countries. In addition, year-specific time dummies are included to account for changes over time that affect all recipient countries equally.

The only need variable included is the natural log of GDP per capita in purchasing power parity in constant US\$1995, taken from World Bank (2000). It is the by far most commonly and often only need variable used in the literature - see Neumayer (2003) for an overview of this literature. This is because it has good data availability and it is highly correlated with other need variables such as life expectancy, infant mortality or literacy. Neumayer (2003) demonstrates that these other need variables are insignificant once income is controlled for in case of most donors. Greater need should have a positive effect both on the probability of receiving aid as well as on the amount of aid allocated.

Four variables are used capturing different aspects of donor interest in line with the existing literature (see Neumayer, 2003): The first is the number of years the recipient country has been a former colony of the donor in the 20th century (Alesina and Dollar, 2000). It is a well established result that many donors favor their former colonies in part at least because of a political interest in maintaining their influence on those countries. The second donor interest variable is the value of exports from the donor country (Gleditsch, 2001). The idea is that donors might want to promote their exports in giving more aid to countries that are major recipients of their good and services. The third variable is the geographical distance between the donor and the recipient country's capital (Haveman, 2000).² This variable can be expected to be significantly negative only for some donors that want to promote a regional sphere of influence in giving more aid to proximate countries, whereas the aid allocation of other donors has a more global orientation. The fourth variable attempts to measure a security interest of donors. Unfortunately, relevant variables are difficult to find for most donors. We take the military aid a recipient country receives as the share of total US military aid as our proxy variable (USAID 1999). Countries which receive a higher share of US military aid can be expected to be of greater importance to Western security interests.

The two human rights variables used have already been introduced and justified above. The first is the respect for personal integrity rights based upon the Purdue Political Terror Scales (PTS), where the simple average of the two indices was taken. If one index was unavailable for a particular year, the other one available was taken over for the aggregate index. The index was then reversed such that 1 means worst and 5 means best human rights performance.

The second variable is the combined political rights and civil liberties index from Freedom House (2000). They are based on expert surveys assessing the extent to which a country effectively provides for political rights and civil liberties, both measured on a 1 (best) to 7 (worst) scale. A combined political/civil rights index was created by adding the two variables so that the index ranges from 2 to 14, which was then reversed and transformed to a 1 (worst) to 5 (best) scale.

Methodology. In accordance with, for example, Cingranelli and Pasquarello (1985) and Poe and Sirirangasi (1994), I assume a two-year lag of the independent variables, since decision-makers are unlikely to have more recent data available at the time they allocate aid flows. This lagging of the independent variables should also reduce any potential problems of simultaneity.

Assessing the impact that respect for human rights has on the allocation of aid has to deal with the fact that not only do countries receive different amounts of aid, but some countries do not receive any aid at all from particular donors. In our sample, the share of positive observations ranges from as high as about 96 per cent in the case of France to as low as around 8 per cent in the case of Portugal. There are basically two options for dealing with this clustering of zero observations. One is to follow the lead of Cingranelli and Pasquarello (1985) and many others and to distinguish between two stages in the process of aid allocation. The first stage is the so-called gate-keeping stage where it is determined which countries receive aid. The appropriate estimation technique for this kind of analysis is probit, which is used throughout.³ The second stage is the level stage where it is determined how much aid as a share of total aid is allocated to a country, which has been selected as an aid recipient in the first stage. All regressions at this stage were estimated via ordinary least squares (OLS). One of the problems with this two-stage method is that it assumes that the errors in both stages are uncorrelated. In other words, it assumes that decisions at the gate-keeping stage are taken independently from the decisions at the level stage.

The second method is Heckman's (1979) two-step estimator, which explicitly allows the error terms from both stages of aid allocation to be correlated. However, the two-step

estimator works best with an exclusionary variable that has a significant impact upon the first step (gate-keeping stage), but not upon the second step (level stage). Otherwise the validity of estimations depends on restrictive distributional assumptions only. The problem is that such an exclusionary variable is frequently impossible to find. Another disadvantage of Heckman's two-step estimator is that the model is highly sensitive towards model specification and estimations can be unstable. Due to these problems the two-stage method was used for reporting the main results, but Heckman's two-step estimator was used in sensitivity analysis.

The dependent variable was logged in order to reduce the influence of outliers. All independent variables with the exception of the human rights variables were logged as well. Doing so allows an easy to understand elasticity interpretation of the estimated coefficient in the second stage estimations. The human rights variables were not logged since they are not cardinal variables with the consequence that it would be non-sensical to speak of a percentage increase in respect for human rights. The main results are not affected by whether or not the independent variables are logged. Since Cook-Weisberg tests rejected the hypothesis of constant variance, standard errors were used that are robust towards arbitrary heteroscedasticity and autocorrelation.

Grouping donors. To guide our analysis, we distinguish three groups of donors: The big aid donors (France, Germany, Italy, Japan, the UK and the US), the so-called like-minded countries (Canada, Denmark, the Netherlands, Norway and Sweden) and the remaining smaller donors. The big aid donors are commonly regarded as pursuing their own interest, which might leave little room for promoting human rights (Svensson, 1999). The like-minded countries traditionally see poverty alleviation as the main objective of their aid giving. They are also commonly viewed as paying little regard to their own interest and as being committed to the pursuit of human rights in their foreign policy in general, and their aid allocation in particular (Tomaševski, 1993; Gillies, 1999; Neumayer, 2003). The small aid donors are somewhat in between the other two groups as concerns respect for human rights: they are perhaps freer to promote respect for human rights in their aid allocation than the big aid donors, but they do not have a strong reputation of being committed to human rights as the like-minded countries do.

Results

Table 1 provides probit estimation results of the gate keeping stage. The reported coefficients are not probit coefficients, which have no intuitive interpretation. Instead, they are already transformed into changes in the probability following

a marginal increase at the mean of a variable, with all other independent variables held at their mean values as well.⁴

< Table 1 about here >

Poorer countries have a higher chance of being eligible for aid receipt for all donors but Portugal. Population size has no consistent effect, but most donors, particularly the small ones, select more populous countries with higher probability. With the exception of Japan and the Netherlands, all donors give preference to their own colonies at this stage.⁵ In the case of Japan this is due to the traditionally problematic relationship between the donor and its former colonies, which were occupied during the Second World War. In the case of the Netherlands, it is due to a temporary withdrawal of Dutch aid to Indonesia in the mid-1990s due to anger about Indonesian politics in particular towards East Timor. Countries that receive a higher share of US military aid as well as those that import more from the donor are more likely to be eligible for the receipt of aid by most donors. Geographical distance does not exert a consistent influence at the aid eligibility stage. Only Australia, New Zealand and Portugal have a regional bias at this stage.⁶

As concerns human rights, there are only few donors that give preference to countries with a good record on personal integrity rights. Indeed, in the case of Sweden, Luxembourg, New Zealand, Portugal, Spain and Switzerland, countries with a poor record are actually more likely to be eligible for aid

receipt. The situation is entirely different with respect to civil and political rights. With the exception of Germany, Australia, Austria, Ireland and Portugal, all donors give preference to countries with a good record on such rights.

Comparing across groups of countries, no consistent pattern emerges. Most countries take recipient need as well as some aspect of donor interest into account. As concerns human rights, the like-minded countries do not stand out as a group. Denmark is the only like-minded country to give preference both to countries with greater respect for personal integrity rights and to those with greater respect for civil and political rights. The smaller donors fare no better than the big donors.

Results from the level stage are reported in table 2. With the exception of Luxembourg, New Zealand and Portugal all donors allocate a higher share of their aid to poorer countries. As expected, the income elasticity for the like-minded donor countries is quite high in absolute terms demonstrating their commitment to poverty alleviation.⁷ The majority of donors also allocate a higher share to countries with a greater population size as one would expect. Note that the estimated elasticity for the population variable is clearly below one for all donors, which confirms the so-called population bias in aid allocation already suggested by Isenman (1976): more populous countries receive more aid, but the aid increase is less than the proportional population increase.

With the exception of Japan and the United States, all donors give a greater percentage of aid to their former colonies. For Japan, the reason is analogous to its bias against its former colonies at the gate-keeping stage. For the US, such a bias is highly implausible. The Philippines is the only US colony in our sample with traditionally good relations to its former colonial power. If the variable 'US military aid' were not included in the model, then the colony variable would become positive. The colony variable is insignificant in our model because the effect is picked up by the 'US military aid' variable.

All big donors with the exception of the UK, give more aid to countries which receive high shares of US military aid. With the exception of Canada (a close ally of the US), none of the like-minded countries does, which is in line with our expectations. All the big donors promote their exports in giving more aid to major importers of their goods and services. On this aspect, the like-minded countries are not free of pursuing their interest in aid giving as they also give more aid to major importing countries, with the exception of the Netherlands. The small donors vary on both of these aspects of donor interest. As concerns a regional bias, our results confirm what is commonly known about certain donors: Germany, Austria and Switzerland give some preference to Eastern European and Mediterranean countries, Japan to East Asian countries, the US to Latin American and finally

Australia and New Zealand to Pacific recipient countries. The other donors do not share this regional bias.

As concerns human rights, there is no consistent pattern across donors. With respect to personal integrity rights, France, Japan, the UK, Canada, Denmark and Australia provide countries with a good record with a higher share of aid. The opposite is true for Italy, the US, the Netherlands, Norway, Luxembourg and Spain. The variable tests insignificantly for the remaining countries. There is no systematic difference between the big aid donors, the like-minded countries and the small donors. As concerns civil and political rights, the results paint a similarly complex picture. Germany, Japan, the UK, the Netherlands, Norway and Switzerland give more aid to countries with a good record. The opposite is true for France, Australia, Austria and Belgium, whereas civil and political rights exert no statistically significant influence on aid allocation by the remaining countries. Again, there is no systematic difference apparent across the groups of aid donors.

< Table 2 about here >

Sensitivity analysis

It is sometimes suggested that the US Department of State's Country Reports on Human Rights Practices are subject to some ideologically motivated bias. Poe, Carey and Vazquez (2001) test this hypothesis and find some limited evidence that at times, particularly in the early years, the US Department of

State favoured allies of the US in its reports and was biased against its enemies. Replacing the variable used in the regressions reported above, which combined the PTS derived from the US Department of State's and amnesty international's reports, with the one based on the latter only leads to broadly the same results.

One might wonder whether human rights exert a greater influence in the post Cold War period (1991-1997) as compared to the period of the Cold War (1985-1990). However, this is not the case. Breaking down the sample into two sub-periods did not suggest any systematically enhanced role of human rights in the post Cold War period. One might also be concerned about multicollinearity given that the two aspects of human rights are correlated with each other. However, variance inflation factors were computed and were all well below 5. Also, including each of the two human rights variables in isolation leads to broadly the same result as their simultaneous inclusion. Using Heckman's two-step estimator instead of the two-stage method also hardly affects the estimation results on the human rights variables. Given that for many donors a Wald test fails to reject the hypothesis of independent equations at the two stages, this result is not very surprising, since the two-stage method assumes independence of the two equations.

Concluding Observations

Existing studies that look at the role of personal integrity rights in addition to civil/political rights have focussed on US aid allocation. Studies looking at aid allocation by other donors have not included personal integrity rights. This article has attempted to fill this gap. Indeed, to the best of my knowledge, it is the first study analyzing comprehensively the role of human rights in the allocation of aid of all the 21 member countries of the OECD's Development Assistance Committee.

The results reported above convey a mixed picture of the role human rights play in the allocation of aid. On the one hand, respect for civil/political rights is a statistically significant determinant on whether a country is deemed eligible for the receipt of aid for most donors. Respect for these rights thus clearly plays a role as a gate-keeper for most donors. Respect for personal integrity rights, on the other hand, is insignificant for most donors. At the level stage, respect for civil/political rights and respect for personal integrity rights exert a positive influence on the pattern of aid giving of only few donors.

Table 3 compares our results at the level stage to those of Svensson (1999) and Alesina and Dollar (2000), the only studies addressing the impact of civil/political rights on aid allocation by donors other than the US. Our results with respect to the effect of civil/political rights on aid

allocation are consistent with at least one of these studies in the case of France, Germany, Italy, Japan, the UK, the US, the Netherlands and Norway. For Canada and Denmark, Svensson (1999) finds a positive effect of civil/political rights. Our study suggests that it is personal integrity rights instead, which matter for these two donors, and that Svensson's result is due to model mis-specification given that he does not control for these rights. A similar argument applies to Australia, for which Alesina and Dollar (2000) report a positive effect of civil/political rights, whereas our results suggest again that it is personal integrity rights which matter. Only in the case of Sweden does our study fail to find any positive effect of human rights on aid allocation contrary to Svensson's (1999) result. As concerns the US, our results confirm Poe and Sirirangsi's (1994) finding that human rights matter at the aid eligibility stage and not at the level stage as suggested by Cingranelli and Pasquarello (1985).

< Insert Table 3 about here >

One of the major results of this paper is that the like-minded countries do not fare better as a group than the other donors in spite of usually being portrayed (not least by themselves) as committed to the pursuit of human rights. This does stand in contrast to Svensson (1999) and Alesina and Dollar (2000). What this paper has shown is that the impact of human rights on aid allocation by these countries is much less consistent than the other studies would suggest. The

Netherlands and Norway indeed provide more aid to countries with higher respect for civil/political rights, but also less aid to countries with higher respect for personal integrity rights. Canada and Denmark provide more aid to countries with higher respect for personal integrity rights, but not civil/political rights. Indeed, there are only two countries (Japan, UK), which give more aid to countries with greater respect for both aspects of human rights, and they belong to the group of big aid donors, not like-minded countries.

All in all, the results reported in this study are rather sobering from a normative point of view. Respect for human rights does not exert a consistent influence on aid allocation by most donors. There is inconsistency across the two stages of aid giving as well as across the different aspects of human rights. There is not a single donor, which would consistently screen out countries with low respect for civil/political and personal integrity rights and would give more aid to countries with higher respect for both aspects of human rights. If donors want to appear less hypocritical about their commitment to the pursuit of human rights, then our analysis suggests that they still have a long way to go.

NOTES

1 Indeed, the partial Pearson correlation coefficient is not very high ($r = .21$; $n = 1262$).

2 Distance to Sweden functioned as a proxy for Denmark, Finland and Norway; Spain as a proxy for Portugal; the United Kingdom as a proxy for Ireland and Australia as a proxy for New Zealand.

3 Alternatively, logit estimation could have been undertaken. The two techniques provide very similar results in standard situations.

4 Note that the probabilities are contingent on specific values of the independent variables because the probit model is nonlinear, and therefore nonadditive, in the probabilities.

5 The result "100% success" means that all colonies are given aid in all years. Note that due to statistical reasons, these observations need to be dropped and the estimated probabilities refer to the remaining observations only.

6 Australia and New Zealand notoriously concentrate their aid in the Pacific region.

7 Note, however, that the income elasticity of Italy, Japan and Finland is also very high.

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Table 1: Gate-keeping stage (probit estimation).

				US			personal	civil and	Pseu-		
				military			integrity	political	do		
donor	income	pop	colony	aid	exports	distance	rights	rights	R ²	N	
<i>The big donors:</i>											
France	-.06**	-.01	100%	.01	.02**	.03**	.01*	.02**	.2525	1001	
	(6.32)	(1.08)	success	(1.93)	(5.90)	(3.57)	(2.03)	(3.73)			
Germany	-.04**	.01**	100%	.01**	.00	.02**	.01	.01	.3887	1188	
	(7.75)	(3.04)	success	(2.91)	(.06)	(4.48)	(1.48)	(.63)			
Italy	-.22**	.01	100%	.03**	.03**	.01	.00	.04**	.2732	1259	
	(11.49)	(1.54)	success	(4.19)	(5.14)	(.52)	(.06)	(3.16)			
Japan	-.08**	-.01**	-.06	.01	.01**	.01	.01	.04**	.2778	1262	
	(9.86)	(3.00)	(1.92)	(1.67)	(3.76)	(.68)	(1.35)	(5.89)			
United Kingdom	-.13**	.05**	.04**	.01	-.02*	-.02	.01	.04**	.2643	1262	
	(7.80)	(5.85)	(5.78)	(1.17)	(2.23)	(1.67)	(.60)	(4.71)			
United States	-.27**	-.05**	100%	.05**	.01	.01	.03**	.04**	.2997	1248	
	(14.13)	(4.64)	success	(6.93)	(1.19)	(.21)	(2.50)	(3.12)			

The like-minded countries:

Canada	-.14**	-.01**		.01	.02**	-.01	.01	.03**	.3345	1262
	(13.19)	(2.58)		(1.78)	(5.49)	(.37)	(1.42)	(4.10)		
Denmark	-.36**	.05**		.01	.04**	.05	.05**	.04**	.2201	1262
	(13.21)	(3.28)		(1.22)	(3.25)	(1.77)	(2.89)	(2.38)		
Nether-lands	-.12**	.02**	-.05**	.01	-.01*	.06**	-.01	.04**	.4243	1262
	(10.52)	(4.00)	(4.42)	(1.90)	(2.35)	(5.82)	(1.59)	(5.51)		
Norway	-.20**	.06**		.02**	-.01	.00**	-.01	.03*	.2310	1262
	(9.57)	(5.39)		(3.70)	(.46)	(4.13)	(.97)	(2.22)		
Sweden	-.20**	.03		.01*	.04**	.06**	-.06**	.07**	.2699	1262
	(8.31)	(1.88)		(2.31)	(5.06)	(2.82)	(3.71)	(4.30)		

The smaller donors:

Australia	-.24**	.03*	100%	.03**	.04**	-1.24**	.04*	-.02*	.3037	1250
	(8.85)	(2.18)	success	(4.47)	(4.68)	(12.21)	(1.97)	(1.06)		
Austria	-.07**	.08**		-.01	.03**	.04	-.02	.01	.1584	1262
	(2.99)	(5.10)		(1.77)	(3.83)	(1.91)	(1.11)	(.74)		
Belgium	-.16**	-.01	100%	.05**	.02**	.12**	-.00	.04**	.2153	1234
	(9.43)	(.75)	success	(5.70)	(3.29)	(6.21)	(.07)	(2.79)		

Finland	-.21**	.13**		.01	.04**	.03	-.03	.04**	.2344	1261
	(8.06)	(8.26)		(1.81)	(4.32)	(1.07)	(1.46)	(2.36)		
Ireland	-.22**	.05**		-.01	.01	.09	-.02	-.01	.2521	1262
	(9.75)	(4.54)		(.52)	(.35)	(3.03)	(1.17)	(.22)		
Luxembourg	-.09**	.07**		.01	-.01	-.04	-.04*	.04*	.1842	917
	(4.45)	(5.78)		(1.16)	(1.25)	(1.76)	(2.75)	(2.51)		
New Zealand	-.09**	.05**		-.01	.01*	-.70**	-.06**	.07**	.4625	1257
	(5.64)	(5.69)		(1.48)	(2.00)	(13.85)	(4.62)	(5.45)		
Portugal	-.00	-.00	.03**	-.00	.01*	-.02*	-.02**	.01	.3008	1262
	(.09)	(.28)	(4.46)	(.43)	(2.40)	(2.13)	(3.13)	(.76)		
Spain	-.14**	.02		.03**	.06**	-.02	-.08**	.07**	.2853	1176
	(6.44)	(1.86)		(3.40)	(7.12)	(.86)	(4.49)	(4.26)		
Switzerland	-.15**	.03**		.02**	.00	-.01	-.03**	.05**	.2672	1257
	(6.59)	(3.36)		(3.42)	(.35)	(.57)	(2.65)	(3.98)		

Note: Dependent variable is aid eligibility (1 = receives aid; 0 = does not receive aid). Robust standard errors. Absolute z-values in brackets. Year-specific time dummy coefficients not reported. Coefficients represent change in probability at the mean of independent variables due to marginal increase in the variable. * statistically significant at 95% level ** at 99% level

Table 2: level stage (OLS estimation).

	US						personal	civil and		
	military						integrity	political		
donor	income	pop	colony	aid	exports	distance	rights	rights	R-sq	N
<i>The big donors:</i>										
France	-.52**	.36**	.49**	.11**	.20**	.03**	.11**	-.13**	.6284	1183
	(9.85)	(10.10)	(18.61)	(8.34)	(6.01)	(3.57)	(2.93)	(3.49)		
Germany	-.58**	.52**	.41**	.12**	.09**	-.15**	.06	.15**	.5713	1165
	(10.73)	(17.88)	(8.93)	(10.17)	(4.65)	(2.72)	(1.54)	(4.03)		
Italy	-.90**	.17**	.54**	.14**	.18**	-.09	-.18**	.09	.2759	985
	(11.00)	(3.97)	(9.53)	(7.06)	(5.92)	(1.01)	(3.12)	(1.44)		
Japan	-.82**	.52**	-1.03*	.13**	.20**	-.51**	.21**	.13**	.4548	1150
	(11.55)	(12.46)	(3.98)	(7.24)	(6.82)	(4.02)	(3.42)	(2.68)		
United Kingdom	-.55**	.61**	.53**	.02	.05*	.09	.11*	.13*	.5852	1030
	(7.75)	(20.05)	(25.35)	(1.23)	(2.45)	(1.03)	(2.42)	(2.72)		
United States	-.18*	.23**	.06	.25**	.05*	-.41**	-.17**	.10	.3983	933
	(2.34)	(5.58)	(.92)	(13.04)	(2.40)	(3.86)	(3.53)	(1.89)		

The like-minded countries:

Canada	-.77**	.38**		.12**	.18**	-.00	.13**	-.04	.4181	1097
	(11.85)	(9.19)		(7.24)	(7.64)	(.04)	(2.80)	(.76)		
Denmark	-.82**	.31**		-.01	.15**	.11	.25**	.05	.2103	682
	(7.96)	(5.44)		(.34)	(2.98)	(1.03)	(3.43)	(.80)		
Nether-	-.81**	.37**	.52**	.09	.05	.42**	-.16**	.26**	.3568	1061
lands	(12.80)	(9.73)	(4.73)	(5.07)	(1.63)	(4.41)	(4.41)	(5.34)		
Norway	-1.03**	.21**		-.07**	.10**	.00**	-.13**	.17**	.2740	921
	(11.73)	(4.33)		(3.86)	(2.89)	(4.20)	(2.19)	(3.04)		
Sweden	-.82**	.11		-.08**	.21**	.21*	-.10	.01	.1801	858
	(7.01)	(1.74)		(3.64)	(4.51)	(2.18)	(1.50)	(.11)		

The small donors:

Australia	-.62**	.38**	.33**	.12**	-.03	-3.71**	.17*	-.23**	.4490	602
	(4.43)	(4.99)	(2.68)	(4.54)	(.48)	(12.62)	(2.27)	(2.59)		
Austria	-.19*	.31**		.03	.12**	-.48**	-.07	-.15*	.2634	847
	(2.51)	(5.84)		(1.49)	(3.42)	(6.13)	(1.25)	(2.55)		
Belgium	-.23**	.37**	.76**	.07**	.02	.09	.06	-.19**	.3194	972
	(3.30)	(9.42)	(17.83)	(3.51)	(.64)	(.92)	(1.25)	(3.71)		

Finland	-1.11**	-.02		-.03	.34**	-.08	-.12	-.01	.2728	670
	(10.88)	(.26)		(1.41)	(7.77)	(.73)	(1.65)	(.14)		
Ireland	-.58**	.02		.01	-.03	.48**	.00	-.00	.2969	391
	(5.25)	(.31)		(.25)	(.58)	(3.44)	(.01)	(.04)		
Luxembourg	-.09	-.09		.02	.02	.15	-.18**	.10	.1435	357
	(1.16)	(1.93)		(.72)	(.64)	(1.61)	(3.15)	(1.60)		
New Zealand	-.02	.18		.10**	-.21	-2.56**	-.00	-.08	.7649	303
	(.25)	(5.95)		(5.14)	(.31)	(23.83)	(.05)	(1.90)		
Portugal	-.05	.23*	1.33**	.13	-.08	.17	.02	.02	.9258	76
	(.19)	(2.15)	(12.27)	(1.83)	(1.06)	(.77)	(.21)	(.16)		
Spain	-.36*	-.12		.02	.35**	.77**	-.24**	-.01	.2063	554
	(2.44)	(1.81)		(.53)	(6.74)	(4.38)	(2.91)	(.10)		
Switzerland	-.80**	.33**		.07**	.00	-.16*	-.08	.20**	.2794	1019
	(8.95)	(7.82)		(3.96)	(.03)	(2.23)	(1.61)	(3.95)		

Note: Dependent variable is log of aid as a percentage of total aid. Only countries with positive aid receipts included. Robust standard errors. Absolute t-values in brackets. Year-specific time dummy coefficients not reported. * significant at 95% level ** at 99% level

Table 3: Level stage results in comparison to previous studies.

Country	Svensson (1999)	Alesina & Dollar (2000)	This study: civil/political rights	This study: integrity rights
<i>The big donors:</i>				
France	-	not sign.	-	+
Germany	not sign.	+	+	not sign.
Italy	-	not sign.	not sign.	-
Japan	not sign.	+	+	+
UK	+	+	+	+
US	not sign.	+	not sign.	-
<i>The like-minded countries:</i>				
Canada	+	+	not sign.	+
Denmark	+	not ex.	not sign.	+
Netherlands	not ex.	+	+	-
Norway	+	not ex.	+	-
Scandinavia	not ex.	+	not ex.	not ex.
Sweden	+	not ex.	not sign.	not sign.
<i>The small donors:</i>				
Australia	not ex.	+	-	+
Austria	not ex.	not sign.	-	not sign.
Belgium	not ex.	not sign.	-	not sign.
Finland	not ex.	not ex.	not sign.	not sign.
Ireland	not ex.	not ex.	not sign.	not sign.
Luxembourg	not ex.	not ex.	not sign.	-
New Zealand	not ex.	not ex.	not sign.	not sign.
Portugal	not ex.	not ex.	not sign.	not sign.
Spain	not ex.	not ex.	not sign.	-
Switzerland	not ex.	not ex.	+	not sign.

Note: "+" means positively significant; "-" negatively significant; "not sign." not significant; "not ex." not examined.