The Impact of Foreign Aid on Human Rights Violations: Innocent Flower or the Serpent under it?

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Abstract

Despite the vast amount of literature on the effects of foreign aid on democratic and economic structures in the recipient countries, there is a lack of studies focusing on the effect of aid on human rights violations. I consider democracy and human rights as two related concepts and thus any such effects should also be taken into account. This paper aims at finding out whether there is a relationship at all between aid and human rights. I will finish by concluding that there is a slight correlation at the macro level and politics needs to consider this when distributing aid.

Keywords: Timor-Leste, peacebuilding, statebuilding, global justice

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Introduction

Theoretically, the transfer of foreign aid to less and underdeveloped countries is considered as a tool to move the world towards global justice by giving money and other resources from those who have them in abundance to those who hardly have anything. Consequently, advertising on public transportation or commercials on television asking people to donate money to poor people who do not have enough food, sufficient health care or primary education are inherent parts of our everyday life. As a result, the amount of aid donated from the mid-fifties until 2006 has amounted 2.3 trillion US dollars (Easterly & Pfuette 2008, 29).

Numerous researchers in the social sciences as well as some politicians and government officials severely criticise the distribution of foreign aid (see for instance Easterly 2007; Erler 1985). Most of those studies and reports focus on the political and economic consequences in the recipient countries, however, there has been no systematic research done so far on the influence of foreign aid on human rights violations. With this paper I aim at filling this gap. It is not my intention to criticize the donation of foreign aid as a whole, but to evaluate it critically and, if necessary, draw attention to improvement, especially as far as the protection of human rights is concerned. Although – from a rational point of view – the circumstances in faraway countries do not concern us rather wealthy Europeans, it is nevertheless our duty, not only morally, but also legally according to for instance Art.21 of the Treaty on European Union, to ensure the protection of human rights and economic development all over the world (EUR-Lex 2008). Furthermore, it is the money we pay to our governments that is given to economically less developed countries. Therefore, it is in our interest to make sure that our money does not hurt people instead of protecting them.

In this study, democracy and human rights are regarded as two related concepts, so the basic assumption is that aid does not only have a negative impact on democracy in the recipient countries as previous studies show, but also on the protection of human rights. The main limitation of this paper is that it was not possible to discover the actual causal link between aid and human rights violations, because I only used macro level data to check whether there is a correlation at all. In addition, the indicator I used for violations does only include civil and political rights and not economic, social, and cultural rights. Therefore, it was not possible to discover the impact of aid on the whole spectrum of human rights.

This paper is composed of the following parts: First, I will present common criticism on foreign aid and then the current
state of research on the relationship between aid, democracy, and human rights. After that I will demonstrate why I consider democracy and human rights as two related concepts from which I derive my hypotheses. After testing them empirically I will conclude that there is a weak, but statistically significant relationship at the macro level.

Why foreign aid is not aiding

General criticism is that aid creates incentives for leaders to delay economic and political reforms and the fact that there are hardly any institutional constraints for donor countries regarding aid programs, so they are free in the distribution of their money and resources (Lundsgaarde 2013, 2).

William Easterly, one of the most cited scholars in the area of foreign aid research, names four main points of criticism: Firstly, there is donor coordination. Recipient countries are not only burdened with poverty, conflicts, and problems resulting from that, but also with administrative duties what results in “higher-than-necessary overhead costs for both donors and recipients” (Easterly & Pfurtze 2008, 38). In addition, there is a huge donor fragmentation instead of a clear and well organized structure resulting in numerous donors donating to numerous recipients in numerous projects and sectors what partly can be ascribed to the fact that donors act according to their national interests when selecting their recipients. Thus, aid often is rather a policy instrument serving the donor instead the recipient (Lundsgaarde 2013, 3; Poe 1992, 163). Secondly, aid tying diminishes the actual value of aid, because donors insist that recipients purchase certain items from them, which leads to the fact that aid actually becomes inefficient. However, Easterly also notes that there has been great improvement, but on the other hand, some donors refuse to report their statistics on aid tying or deliver incomplete or unclear reports. Thirdly, food aid has the disadvantage of pushing aside local food producers and shop owners by making them uncompetitive and thereby destroying the local economy. Fourthly, technical assistance in most cases involves experts from donor countries who lack local knowledge and are hardly able to transfer their expertise to local actors (Easterly 2007, 639-644).

Foreign aid and democracy

According to Knack, foreign aid can contribute to the promotion of democracy in three main ways. First, through conditionality: Donors award grants or loans to foreign governments for liberalization, i.e. for adopting civil and political rights,
holding free and general elections and respecting the rule of law, secondly, through technical assistance such as the promotion of civil society organizations and monitoring during elections, and thirdly by improving education and increasing the people’s income. However, he could not find any evidence that aid directly promotes democratic development, so he warns that the results of his study need to be interpreted with caution, because aid could be aligned with effects that undermine rather than promote democracy (Knack 2003, 2; 20). On the other hand, Wright states that aid can promote democracy, but it depends on the size of the ruling party’s coalition partner: The leader of an autocratic regime will only democratize if success for the new regime with competitive, multiparty elections can be guaranteed, and this requires a large and supportive coalition. If there is only a small coalition, foreign aid decreases the likelihood of democratization (Wright 2009, 552; 561-562).

Morrison discovered that aid – like oil – is an “externally obtained” revenue, i.e. neither the government nor the citizens have to work and pay for it. The consequence is that in a country that is rather autocratic, externally obtained revenues are used to raise social benefits to appease citizens who could start a revolution, because they are unsatisfied with the social and economic circumstances. In a democracy revenues are associated with lower taxes to restrain rich elites who otherwise might pursue the establishment of an autocracy. In short, aid does not promote regime change from autocracy to democracy, but fosters regime stability (Morrison 2009, 109; 112-113). Similarly, Djankov et. al. demonstrate that aid is rather a “curse” than a blessing, because it reduces the incentives for democratic accountability: “When revenues do not depend on the taxes raised from citizens and business, there is less incentive for accountability. At the same time corrupt government officials will try to perpetuate their rent seeking activities by reducing the likelihood of losing power” (Djankov et. al. 2008, 169; 172).

Easterly and Pfutze criticize that donors do not consider the quality of democracy when distributing aid and even “appear to be responsive to political changes in recipient countries”: “Unfree$^2$ countries have retained about a third of aid, while around 80 percent of aid goes to countries either partly free or unfree” (Easterly & Pfutze 2008, 31; 41-42). In sum, if a country is receiving foreign aid this does not necessarily mean that a stable democracy can also be guaranteed. Also, being democratic does not mean that a country is rewarded with aid.

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$^2$ This classification is taken from Freedom House which rates states according to their level of democracy. They can be assigned to three categories; “unfree”, “partly free”, and “free” states.
Foreign aid and human rights

It is remarkable that despite all that criticism, it seems that there has not been any reconsideration of the distribution practice of aid. In the following I will try to find out whether or not aid has a negative impact on the protection of human rights. I consider this important for three reasons: First, there has not been done much research on that topic as far as I know. Second, in my opinion negative impacts of aid on human rights are more important than negative impacts on the democratic system, because I consider being killed or tortured worse than not being allowed to vote. Third, if the results show that aid does indeed promote human rights violations, it would be another severe reason to reconsider and restructure the politics of foreign aid.

In most studies foreign aid has been analyzed as a resource given to countries to reward them for protecting civil and political rights or punish them for abuse as the case may be (Hawkins & Goodliffe 2009; Knack 2003, 2; 20; Lebovic & Voeten 2009). Some authors on the other hand, such as Neumeyer, argue that there is only limited support for the assumption that aid serves as a reward for the protection of human rights. For instance, decisions to distribute aid do not only depend on the recipient country’s performance, but often also on the donor’s interests such as political and strategic concerns (Neumeyer 2003, 25-26; Poe 1992, 163). Alesina and Dollar state that “an inefficient, economically closed, mismanaged non-democratic former colony politically friendly to its former colonizer, receives more foreign aid than another country with similar level of poverty, a superior policy stance, but without a past as a colony”. France as a donor can be considered as such an example. Furthermore, when giving aid the US acts according to its interests in the Middle East. On the contrary, the some donors – mostly the Nordic countries – respond to incentives such as income levels and good institutions (Alesina & Dollar 2000, 33-34). Carey shows that the levels of human rights violations have no impact on the decisions of whether or not to give aid as far as European donors, especially the United Kingdom, are concerned. Germany, on the other hand, does give less aid to more repressive countries. However, more attention was given to countries that succeeded in improving their human rights records. She concludes that the reason for this is bureaucratic inertia among the donor countries (Carey 2007, 447; 461-462).

Nielsen finds that states selectively impose sanctions against repressive states for violating human rights if three

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3 However, I am well aware of the fact that a malfunctioning economy can also have a negative impact on physical integrity rights in the long run.
conditions are met: Firstly, the sanctioned country does not have close political ties to the sanctioning country. Secondly, the sanctions do not have any negative outcomes for the sanctioning country, and thirdly, the sanctions are widely publicized. As the cause for this he sees rationalist motivations he also refers to as “realpolitik”, because donor states are interested in keeping peaceful and thus stable relations with their political partners and weakening their enemies. Constructivist thoughts purely motivated by normative intentions aiming at protecting and promoting human rights cannot be used to explain those findings (Nielsen 2012, 2-3; 25). Moreover, it is “aid shocks” that can cause violence: When there are severe decreases in aid revenues, potential rebels gain bargaining power in negotiations with the government. The reason is that aid normally is used to appease rebels, but when there is a sudden stop of aid transfers, they have no incentive to behave peacefully. Furthermore, with sudden changes in the state budget, the government has difficulties in keeping its military’s ability to preserve peace (Nielsen et. al. 2012, 2; 25).

Altogether, these results lead to the assumption that the relationship between human rights and foreign aid is marked by two problems: First, there is no formula that ensures that aid promotes the protection of human rights and sanctions decrease them, respectively. Second, donors do either not seem to be aware and/or willing to face that their foreign aid policies are actually causing more harm than good in many cases.

**Democracy and human rights – related concepts**

I argue that democracy and human rights are two closely related concepts. For instance, most constitutions of established democracies not only contain provisions of how the government and other state institutions are formed in a democratic way, but also several articles that protect the basic rights of the individual such as freedom from arbitrary detention, killing, and torture. Furthermore, both concepts are also codified together in international public law such as in Art.21 UDHR and Art.25 ICCPR (United Nations 2012a; Office of the United Nations High Commissioner for Human Rights 2007).

According to the United Nations, “the values of freedom, respect for human rights and the principle of holding periodic and genuine elections by universal suffrage are essential elements of democracy. In turn, democracy provides the natural environment for the protection and effective realization of human rights” (United Nations 2012b). Similarly, Norman states that “it is
clear that human rights and democracy are interdependent, especially when defined in the broader conceptualizations of democracy as substantive democracy, and human rights as civil, political, economic, social, and cultural rights. These different kinds of rights cannot be realized in a non-democratic system, and likewise, no democracy is sustainable without the presence of these rights” (Norman 2005).

De Mesquita et. al. argue that party competition is essential for the protection of human rights for which the appropriate institutional foundations are necessary, but respect for integrity rights actually involve all dimensions of democracy. Thus, it is not enough if a country is merely defined as democratic as opposed to autocratic. It needs to be a fully established democracy. Only if that is the case, there is greater respect for integrity rights. In addition, full accountability is also important (De Mesquita et. al. 2005, 439; 456). Davenport and Armstrong find that democracy decreases state repression, but also that “below certain values, the level of democracy has no discernable impact on human rights violations, but after a threshold that has been passed” (Davenport & Armstrong 2004, 551). Consequently, I assume that aid does not only have a negative impact on democracy, but also on the protection of human rights.

Foreign aid as a means to violate human rights

In her 1985 report, Brigitte Erler – former member of the German Bundestag and development policy expert working for the Federal Ministry of Economic Cooperation and Development – depicted the deficits and problems she was facing working in development politics for many years. She states that all her illusions that her work is actually helping have been more and more destroyed and thus she decided to resign from her position. One main point of criticism is that aid is disguised as having humanitarian and social aims, but actually – and many donors do not seem to be aware of that – helps to promote genocides and keeping exploitive elites in their positions (Erler 1985, 8-9). Similarly, Dutch freelance journalist Linda Polman reported that donations are misused by corrupt leaders to finance wars, because donors are forced to cooperate with local authorities, in most cases rebels or military regimes. Those who are responsible for wars were given aid what prolonged conflicts instead of ending or preventing them and helping its victims. In some cases the perpetrators even extorted resources from the donors as some kind of taxes or admission fees. In Sierra Leone, Rwanda, Somalia, Congo, and Afghanistan
she discovered the same patterns of misuse in which in total more than 200 million US dollars disappeared (Spiegel Online 2010; The Guardian 2010).

There are at least two causal mechanisms through which aid can cause human rights violations: First, the recipient government can keep the aid for itself, which causes dissatisfaction and anger among the population for whom the aid was originally intended. As a consequence, they might start revolting against the state and the state in response will use violent means to protect itself and stay in power (Poe 2004, 16-17; 23-27; 31). Second, as the example of Ethiopia shows, foreign aid can be misused as a means of coercion: The Ethiopian government under President Meles Zenawi and his party Ethiopian People’s Revolutionary Front (EPRDF) control all aid programs and suppress political dissidents by conditioning access to aid on support for the ruling party. In addition, aid-funded capacity-building programs whose purpose is to improve people’s skills that would help the country’s development are used for indoctrination of children, teachers, students, and citizens with a neutral political view. Food aid is even withheld in cases of emergency. As Rona Peligal, Africa director at Human Rights Watch put it: “If you don’t play the ruling party’s game, you get shut out”. This seems to be the dominant theme in Ethiopia’s foreign aid politics (Human Rights Watch 2010a; 2010b; 2010c; 2010d; The Telegraph 2010). Therefore, the first hypothesis is

\[ H1: \text{Countries that receive foreign aid are more likely to have a high level of human rights violations.} \]

As already mentioned above, foreign aid can also have a negative impact on democracy. Thus, I used the level of democracy as a control variable.

\[ H2: \text{Countries that have a low level of democracy are more likely to have a high level of human rights violations.} \]

One possible reason why aid is associated with human rights violations might be as a result of corruption: Money is given to a government which is supposed to give it to those in need, but instead government officials use it for their private interests (Schudel 2008, 507). It is also criticized that “[a]id agencies are typically not transparent about their operating costs and how they spend the aid money” and that aid money often goes to corrupt autocrats (Easterly & Pflutze 2008, 31; 41-42). Thus, I also included corruption as an additional control variable.

\[ H3: \text{Countries that have a high level of corruption are more likely to have a high} \]
Variables and data

For human rights violations as the dependent variable I used the Political Terror Scale (PTS) index that ranges from 1 to 5 with 1 indicating that the country is “under a secure rule of law, people are not imprisoned for their view, and torture is rare or exceptional. Political murders are extremely rare” and 5 that “terror has expanded to the whole population. The leaders of these societies place no limits on the means or thoroughness with which they pursue personal or ideological goals”. The PTS provides two ratings, one based on Amnesty International reports and one based on US State Department reports (Political Terror Scale 2012), both of which I will use separately. I personally prefer the ratings by Amnesty International, because ratings by the US State Department are considered to be biased in favour of friends of the United States while discriminating against their enemies (Poe et. al. 2001, 677).

For the main independent variable – foreign aid in US dollars – I used two types of aid; that by countries on the one hand, and that by international organizations and agencies on the other hand (Tierny et al. 2011). The Polity IV index served as first control variable. It ranges from -10 “autocracy” to 10 “democracy” (PolityIV Project 2012). The second control variable is the Corruptions Perception Index ranging from 1 indicating that a country is highly corrupt to 10 indicating that there is no corruption. The problem here is – as the name might suggest – that this index is based on reports by the population whether they think there is corruption or not (Corruption Perceptions Index 2012). This could have led to some cases of bias, but there was no alternative indicator available. The analyzed time frame goes from 2000 to 2010 and includes all countries that were listed on the PTS scale and in the aid data set.

Analysis and results

For the analysis I created three models: The first one only includes both main independent variables; aid by countries and by organizations and agencies such as the European Community, the World Food Program, the United Nations Development Programme, and the World Bank. One fundamental problem with this model is that it does not detect and balance those cases in which aid does have positive effects. Thus, in model 2 I did the same as in model 1, but here I eliminated those cases in which the average PTS indicator of the years from 2000 to 2002 was worse than the average of the same country from 2008 to 2010. In
model 3, the democracy and the corruption variables were additionally included.

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<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
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<tbody>
<tr>
<td><strong>Aid by Countries</strong></td>
<td>1.829*</td>
<td>1.82**</td>
<td>0.95**</td>
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<tr>
<td><strong>Aid by Organizations/Agencies</strong></td>
<td>0.21</td>
<td>0.536*</td>
<td>0.14*</td>
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<tr>
<td><strong>Democracy</strong></td>
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<td>-.02*</td>
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<td><strong>Corruption</strong></td>
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<td>-.06**</td>
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<td><strong>Constant</strong></td>
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<td><strong>R²</strong></td>
<td>.002</td>
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Table 1 shows the results with the human rights violations documented by Amnesty International. As expected, the first model does not explain anything which is probably due to the fact that there have been too many cases that balanced actual human rights violations caused by foreign aid. In the second and third model, however, this looks a bit different: In those cases in which aid did have a negative impact, this impact is rather strong considering that aid actually is supposed to aid. In addition, the results also show that the level of democracy and corruption are important factors, i.e. that the more autocratic and corrupt a country, the more likely it is that aid is misused as a weapon.

In table 2 in which I used the PTS indicator provided by the US State Department, the results were similar, but model 2 and 3 were only significant on the .01 level in contrast to the results based on the Amnesty International indicator that were significant on the .001 level.
Conclusion

The results in both tables show that foreign aid does promote human rights violations. It is now the duty of the donor states to restructure and reconsider their foreign aid politics, because aid that physically hurts people and even kills them is worse than aid having just negative impacts on the level of democracy and the economic system in the recipient countries. When doing that, donors need to put back their own interests and not label them as help. Furthermore, they need to keep detailed track of their actions and be responsive to improvements and declines in the recipient countries. In sum – to answer the question posed in the title – foreign aid is not an innocent flower, but rather the serpent under it.

Bibliography


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