



GEORGE MASON UNIVERSITY

Simulating the Impact of Assistance on Political Development
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Foreign Assistance

- Post-WWII European Reconstruction
- Decolonialization
- Cold War Zero-Sum Alliances

2019: \$150 billion by OECD countries alone

But...

... is this achieving anything?

... for that matter, what even is “development?”



The Standard Model

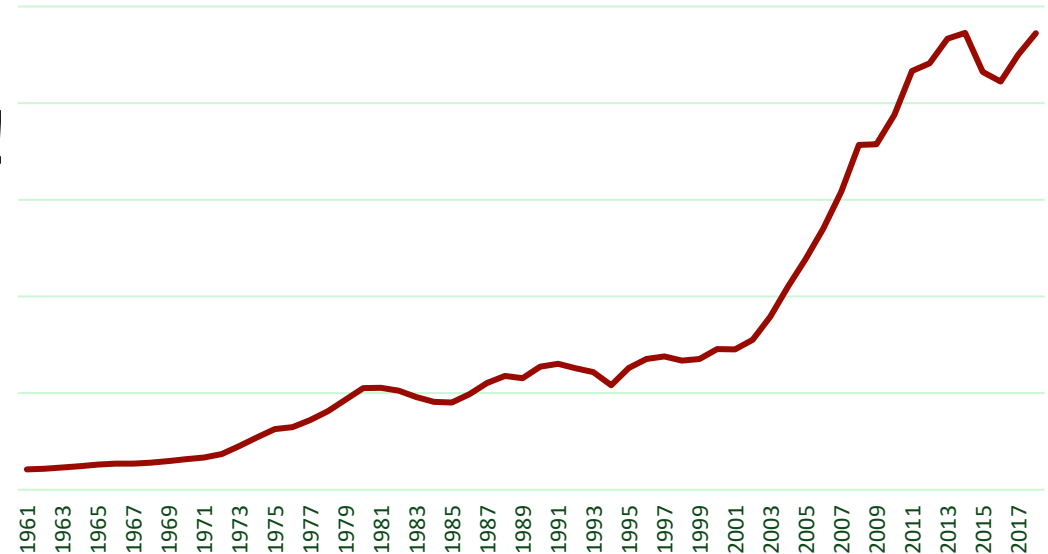
$$y = A \times f(L, K)$$

The problem with this formula:

Nobody can get it to work in practice!

- A is unmeasurable
- Function is unknown
- L is unmeasurable
- K is unobservable
- Cost of transition unaccounted for
- Heterogenous factors (political, environmental, etc.) unaccounted for
- Heteroscedastic demographic trends

Average GDP Per Capita: SSA



Dangers of Dictatorship



Most common form of government in developing countries

Theoretically...

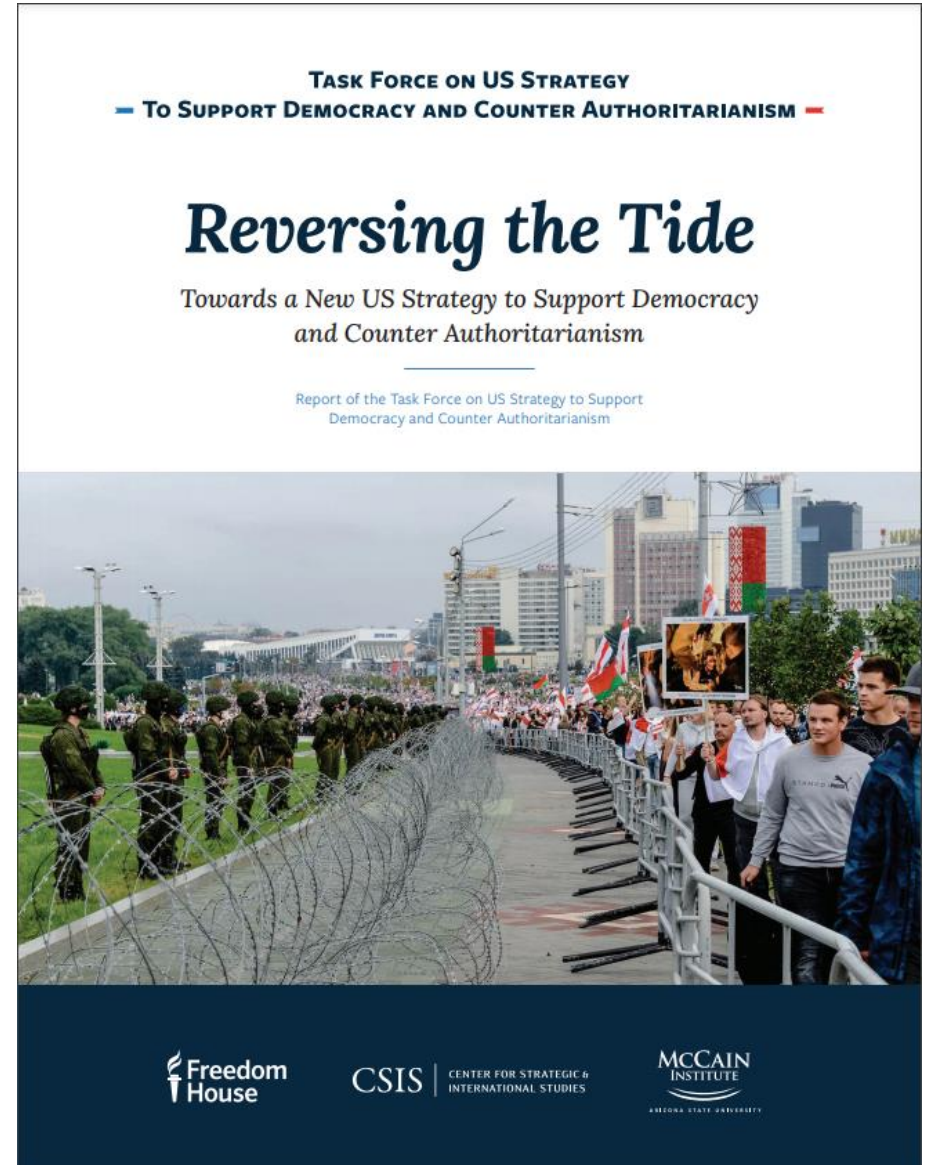
- Act quickly & decisively
- No “short-term” electoral cycles

In practice...

- Focus on self and inner circle
- Unconcerned with country as a whole
- Policies can change on a whim

Promoting Democracy

- One of many “silver bullets” proposed over the years
- All else being equal, democracies appear to develop better than non-democracies
- But all else is not equal
- No established causal link
- Democratization often fails



Development Challenges

- Personalist governments
 - few outsized power players
- Ideology beats reality
- Donor geopolitics beats principles
 - Landscape perceived as zero-sum
 - More important to beat opponents
- Instability & discontinuity
 - Progress is fleeting and reversible

(these are ubiquitous in democratic, autocratic, and hybrid regimes)

“Pick a Benefactor”

- In principle, recipient countries are still sovereign, and can accept or reject foreign aid
- But rejecting foreign aid is outright fiscally ruinous
- So, recipient countries can “play off” different donors to get the most assistance with the least expectations



The Problem Is...

- On average, an African country has experienced a coup d'état every twelve years
 - Coups are a “reset” that eliminates progress made
 - In practice, coups *can* be democratizing, but this is rare
- Donors in a competitive environment hesitate to abandon dictatorial beneficiaries, lest this create an opening for their adversaries
 - Can you “give up” leverage you don't have to begin with?
 - Could it be beneficial to ‘stretch’ your adversary?

Coups d'état

Egypt 1952	Central African Rep. 1969	Chad 1976	Kenya 1982	Djibouti 1991	Sierra Leone 1996	Guinea-Bissau 2008	Mali 2020
Sudan 1958	Sudan 1969	Sudan 1976	Upper Volta 1982	Lesotho 1991	Central African Rep. 1996	Guinea 2008	Central African Republic 2021
Sudan 1959	Mali 1969	Burundi 1976	Ghana 1982	Mali 1991	Sierra Leone 1997	Equatorial Guinea 2009	Niger 2021
Sudan 1959	Libya 1969	Benin 1977	Central African Rep. 1983	Cote d'Ivoire 1991	Congo-Brazzaville 1997	Lesotho 2009	Mali 2021
Congo-Kinshasa 1960	Somalia 1969	Ethiopia 1977	Equatorial Guinea 1983	Comoros 1991	Zambia 1997	Guinea-Bissau 2009	Guinea 2021
Ethiopia 1960	Congo-Brazzaville 1969	Ethiopia 1977	Ghana 1983	Togo 1991	Guinea-Bissau 1998	Niger 2010	
Somalia 1961	Dahomey 1969	Sudan 1977	Upper Volta 1983	Togo 1991	Comoros 1999	Guinea-Bissau 2010	
Ghana 1962	Lesotho 1970	Congo-Brazzaville 1977	Niger 1983	Chad 1991	Guinea-Bissau 1999	Madagascar 2010	
Senegal 1962	Congo-Brazzaville 1970	Chad 1977	Nigeria 1983	Togo 1991	Cote d'Ivoire 1999	D. R. Congo 2011	
Togo 1963	Sudan 1970	Angola 1977	Guinea 1984	Togo 1991	Comoros 2000	Guinea 2011	
Congo-Brazzaville 1963	Togo 1970	Ghana 1977	Cameroon 1984	Chad 1992	Cote d'Ivoire 2000	Guinea-Bissau 2011	
Dahomey 1963	Guinea 1970	Comoros 1977	Swaziland 1984	Burundi 1992	Guinea-Bissau 2000	Mali 2012	
Tanzania 1964	Uganda 1971	Mali 1978	Mauritania 1984	Sierra Leone 1992	Djibouti 2000	Guinea-Bissau 2012	
Gabon 1964	Sierra Leone 1971	Somalia 1978	Sudan 1985	Benin 1992	Cote d'Ivoire 2001	Mali 2012	
Algeria 1965	Morocco 1971	Comoros 1978	Guinea 1985	Chad 1992	Burundi 2001	Guinea-Bissau 2012	
Burundi 1965	Sudan 1971	Ghana 1978	Uganda 1985	Madagascar 1992	Central African Rep. 2001	Eritrea 2013	
Zaire 1965	Chad 1971	Mauritania 1978	Nigeria 1985	Comoros 1992	Burundi 2001	Egypt 2013	
Dahomey 1965	Ghana 1972	Guinea-Bissau 1978	Sudan 1985	Sierra Leone 1992	Central African Rep. 2003	South Sudan 2013	
Central African Rep. 1966	Congo-Brazzaville 1972	Ghana 1979	Liberia 1985	Chad 1993	Mauritania 2003	Central African Rep. 2013	
Upper Volta 1966	Dahomey 1972	Ghana 1979	Lesotho 1986	Burundi 1993	Guinea-Bissau 2003	D. R. Congo 2013	
Nigeria 1966	Morocco 1972	Equatorial Guinea 1979	Equatorial Guinea 1986	Burundi 1993	D. R. Congo 2004	Lesotho 2014	
Ghana 1966	Dahomey 1972	Central African Empire 1979	Togo 1986	Libya 1993	D. R. Congo 2004	Gambia 2014	
Burundi 1966	Rwanda 1973	Mauritania 1980	Sierra Leone 1987	Nigeria 1993	Togo 2005	Burundi 2015	
Nigeria 1966	Lesotho 1974	Liberia 1980	Burundi 1987	Burundi 1994	Mauritania 2005	Burkina Faso 2015	
Togo 1966	Uganda 1974	Liberia 1980	Burkina Faso 1987	Gambia 1994	Guinea 2006	Burkina Faso 2016	
Burundi 1966	Niger 1974	Uganda 1980	Tunisia 1987	Lesotho 1994	Chad 2006	Zimbabwe 2017	
Sudan 1966	Ethiopia 1974	Liberia 1980	Comoros 1987	Liberia 1994	Chad 2008	Equatorial Guinea 2017	
Togo 1967	Ethiopia 1974	Tanzania 1980	Benin 1988	Liberia 1994	Sudan 2008	Gabon 2019	
Sierra Leone 1967	Central African Rep. 1974	Zambia 1980	Somalia 1988	Gambia 1994	Mauritania 2008	Ethiopia 2019	
Ghana 1967	Madagascar 1974	Guinea-Bissau 1980	Chad 1989	Gambia 1995	Guinea-Bissau 2008	Sudan 2019 (pictured)	
Algeria 1967	Dahomey 1975	Upper Volta 1980	Ethiopia 1989	Comoros 1995			
Dahomey 1967	Chad 1975	Cote d'Ivoire 1980	Sudan 1989	Sierra Leone 1995			
Congo-Brazzaville 1968	Nigeria 1975	Mauritania 1981	Madagascar 1989	Cote d'Ivoire 1995			
Sierra Leone 1968	Comoros 1975	Equatorial Guinea 1981	Nigeria 1990	Cote d'Ivoire 1995			
Congo-Brazzaville 1968	Sudan 1975	Gambia 1981	Madagascar 1990	Benin 1995			
Congo-Brazzaville 1968	Uganda 1975	Central African Rep. 1981	Zambia 1990	Sierra Leone 1996			
Congo-Brazzaville 1968	Mozambique 1975	Ghana 1981	Sudan 1990	Niger 1996			
Mali 1968	Nigeria 1976	Mauritania 1982	Mauritania 1990	Guinea 1996			
Equatorial Guinea 1969	Niger 1976	Chad 1982	Chad 1990	Burundi 1996			

= 255 in Africa since 1960



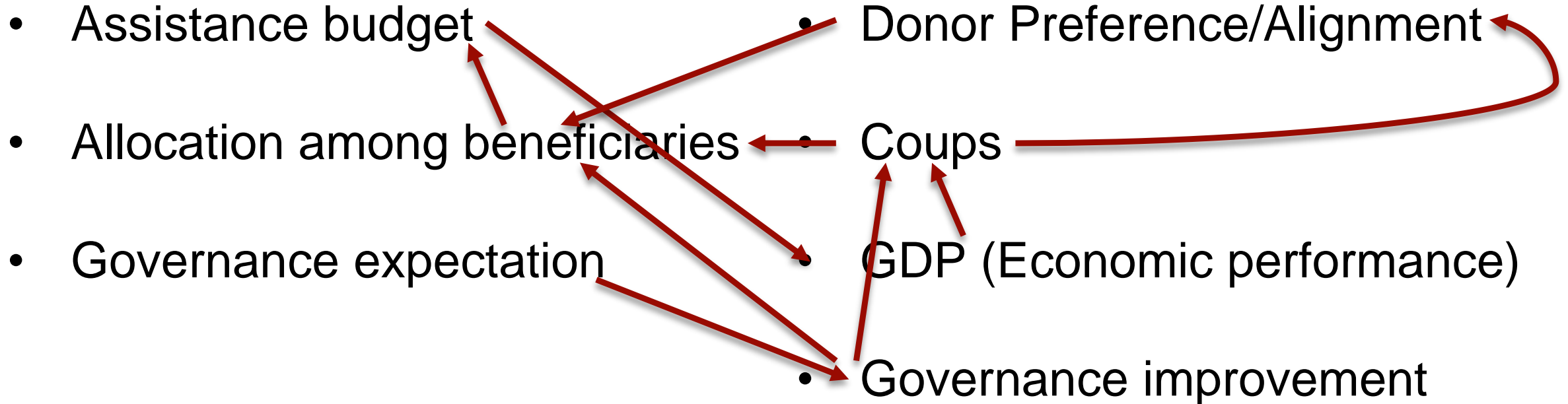
The Model (conceptually)

Donors

- Assistance budget
- Allocation among beneficiaries
- Governance expectation

Beneficiaries

- Donor Preference/Alignment
- Coups
- GDP (Economic performance)
- Governance improvement



<http://www.jimsuits.me/acad/Agent21.html>

Conclusions

- Donor expectations can influence beneficiary behavior
 - ... but only to a point
- Beneficiaries can choose from among donors
 - ... but not all donors are created equal
 - ... more \$ tends to come with more expectations
- Interruptions to equilibria complicate analysis
 - ... but also representative of reality
- It is possible *in theory* for beneficiaries to opt out of the system altogether
 - ... but as a practical matter, this is unsustainable

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