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WITH FRIENDS LIKE THESE, WHO NEEDS ENEMIES?
Aiding the World's Worst Dictators

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Abstract

Despite rhetoric supporting liberal values and institutions, the governments of developed countries provide continued development and military assistance to the world's worst dictators. This aid sustains the status quo and imposes significant costs on ordinary citizens. This paper reviews the foreign aid provided to the worst living dictators. We consider arguments for the continued provision of aid as well as reasons why aid fails to improve the situations in countries ruled by these dictators. The main conclusion is that if the goal of developed countries is to foster liberal economic, political and social institutions abroad, they should cease providing aid to the world's worst dictators.

JEL Codes: F53, O17, O20

Keywords: dictatorship, military aid, official development assistance, weak and failed states

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1. Introduction

On April 2, 2008, the Zimbabwe Election Committee publicly confirmed that President Robert Mugabe and his party, the Zimbabwe African National Union–Patriotic Front (ZANU-PF), had lost control of the parliament to the main opposition party, the Movement for Democratic Change and its leader Morgan Tsvangirai. Mugabe has been the leader of Zimbabwe since 1980, first as the country's prime minister (1980–1987) and then as president (1987–present). During his reign, Mugabe acquired a reputation as one of the world's most brutal dictators. The reputation was well deserved as Mugabe's government has engaged in a wide array of human rights violations (see Human Rights Watch 2007: 4, 10, 171–7). As one would expect from someone of Mugabe's ilk, he refused to respect the election results and cede his power. Instead, Mugabe and his followers responded by arresting and violently brutalizing his opposition.

Despite claims by Tsvangirai and his party regarding their victory, on April 4, the ruling ZANU-PF announced that there would be a runoff to determine the winner. On May 2, among claims of vote fraud and manipulation, the Zimbabwe Election Committee seconded the calls for a runoff between Mugabe and Tsvangirai. While the runoff did take place in late June, Tsvangirai was not present because he was forced to flee the country due to threats against his life. Likewise, Tsvangirai's supporters were threatened by violence, imprisoned, or killed by Mugabe's supporters. In late June 2008, Mugabe won the sham runoff which was, in reality, a one person race.

Leaders from around the world quickly denounced Mugabe for his actions during the election process. Despite the public rhetoric denouncing Mugabe and his brutality, it is a little-known fact that the governments of developed countries from around the world have provided billions of dollars in aid (a combination of official development assistance and military aid) to

the Mugabe government during his reign. This aid has contributed to Mugabe's ability to stay in power, even though his regime is the antithesis of liberal democracy, characterized by widespread corruption and brutality against Zimbabwe's citizens as illustrated by his actions in the recent election.

Mugabe is not the only dictator to receive significant aid from the governments of developed countries. Indeed, a consideration of the world's worst dictators indicates that even while publicly condemning their gross violations of basic civil, human, and political rights, world leaders have been very generous with foreign aid to the most brutal dictators. Similar to the case of Mugabe in Zimbabwe, this aid allows these dictators to consolidate their positions, remain in power, and sustain their brutal and corrupt methods. Ultimately, this imposes significant costs on ordinary citizens in the countries ruled by these dictators. As the case of Mugabe illustrates, dictators tend to rule through brute force. They also make few, if any, investments in their citizens and country. Given this, citizens suffer not only through the constant threat of physical violence, but also through continued economic stagnation and underdevelopment.

This paper reviews and analyzes the foreign aid delivered to the world's top living dictators. Also considered is why aid to these dictators fails to generate change for the better. At least rhetorically, the governments of developed countries provide aid to poor countries to facilitate development and movement toward liberal institutions which protect basic rights. Despite these good intentions, aid has failed to generate sustainable change in the countries ruled by the world's worst dictators.

The tyrants we consider are the worst of the worst. They are corrupt and engage in gross violations of basic civil, property, and political rights. They rule through violence and are

subject to few, if any, constraints on their behavior. As such, they impose significant costs on the citizens of the countries they rule while providing few, if any, benefits. Further, the brutal and oppressive nature of these regimes is well known by leaders around the world. Despite this, we find that these dictators continue to receive development assistance and military aid from the governments of developed countries around the world. While political leaders in developed countries offer strong rhetoric against the actions of these dictators, in practice they often embrace these leaders through financial and military support. This aid not only rewards the behavior of these dictators, but freezes the status quo and prevents change. If the governments of developed countries are truly committed to spreading liberal values and institutions (i.e., economic, social, and political institutions), an important step is to stop providing aid to the worst dictators in the world.[1]

This paper proceeds as follows. In the next section we review the official development assistance and military aid provided by the governments of developed countries to the most brutal dictators in the world. Section 3 considers arguments for providing aid to dictatorship as well as some reasons why this aid fails to generate positive change toward liberal institutions. Section 4 concludes with the implications of the analysis.

2. Making the World Safe for Autocracy

2.1 Aiding Dictatorships

In 1917, U.S. President Woodrow Wilson requested a declaration of war from the U.S. Congress against Germany to "make the world safe for democracy." Calls for foreign intervention—both direct military intervention and indirect interventions through aid—have long been motivated by

[1] For the important difference between democracy and liberal democracy see Zakaria 2003.

the desire to spread liberal values and institutions. A more recent example is President George W. Bush's second inaugural address where he stated that "It is the policy of the United States to seek and support the growth of democratic movements and institutions in every nation and culture, with the ultimate goal of ending tyranny in our world."[2] Similar support for the spread of liberal democracy and freedom is voiced by governments and international organizations (e.g., the IMF, World Bank, United Nations, regional development banks) around the world. Despite this rhetoric, the practice of delivering foreign aid to the world's worst dictators has undercut the goal of spreading liberal values and institutions. Instead of making the world safe for liberalism, the provision of aid has made many countries safe for autocracy.

We begin by considering the official development assistance and military aid provided to the worst dictators in the world by members of the Organization for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC). The DAC is the main body through which members of the OECD interact with developing countries. It allows bilateral donors to coordinate their assistance to developing countries in order to maximize the return of those efforts. Not all members of the OECD belong to the DAC. There are currently twenty-three members of the DAC including the European Commission, which holds full membership rights on the committee although it is not a member state. All members except the European Commission are members of the OECD and each of these countries was classified as a "high-income country" by the World Bank in 2006. Table 1 lists the members of the DAC as well as their date of membership.

[2] Inaugural Address available at: http://www.whitehouse.gov/news/releases/2005/01/20050120-1.html.

Table 1: DAC Members and Year of Membership

DAC Member	Member since…
Australia	1966
Austria	1965
Belgium	1961
Canada	1961
Denmark	1963
Finland	1975
France	1961
Germany	1961
Greece	1999
Ireland	1985
Italy	1961
Japan	1961
Luxembourg	1992
Netherlands	1961
New Zealand	1973
Norway	1962
Portugal	Joined in 1961; Withdrew in 1974 and rejoined in 1991
Spain	1991
Sweden	1965
Switzerland	1968
United Kingdom	1961
United States	1961
Commission of the European Communities	1961

We focus on the DAC because it includes the governments from developed countries around the world. These governments are typically the strongest advocates, at least rhetorically, of the spread of the liberal values and institutions, as well as the largest aid presence within these developing nations.

The general goals of DAC efforts include focusing on "how international development cooperation contributes to the capacity of developing countries to participate in the global economy, and the capacity of people to overcome poverty and participate fully in their

societies."[3] Along these lines, DAC efforts seek to foster a wide array of rights (civil, political, etc.), gender equality, political participation, economic development, and poverty reduction. On the face of it, these goals seem noble. However, as we will discuss in more detail in the subsequent section, the members of the DAC are undermining the broader goals of their organization by providing aid to the worst dictators in the world.

In order to compile a list of dictators we utilize *Parade* magazine's annual list of "World's Worst Dictators." Dictators are defined as a head of state that cannot be removed from power through the legal system. These rankings are based on a variety of factors including the protection of human rights, individual as well as civil and media freedoms, the right to a fair trial, freedom to criticize the government, and freedom to choose elected representatives. Also taken into account is the brutality used by dictators against citizens and political opponents (see Wallechinsky 2006). We combine the lists from 2006 and 2007. As one would imagine, there is much overlap between the two years, and our combined list consists of 23 dictators.

While one could take issue with certain aspects of the methodology used in the annual *Parade* survey, it would be difficult to argue that the dictators listed are not among the worst in the world. Further, we are not concerned with the ordinal relationship between each dictator presented by *Parade*; #5 may or may not be a "worse dictator" than #15, however judged, but both names are of equal value to us. We are simply interested in an exogenous listing of the world's worst dictators to utilize for our analysis.

Table 2 lists official development assistance (ODA) provided by all DAC members to dictators during their respective reigns. We consider net disbursements as well as total commitments. Detailed data descriptions and sources for these categories are provided in appendix 1. Net disbursements provide one measure of assistance to date, while commitments

[3] Source: DAC website: http://www.oecd.org/about/0,3347,en_2649_33721_1_1_1_1_1,00.html

provide an indication of continued future support. In addition to assisting the world's worst dictators in the past, the commitments indicate that the governments of developed counties plan to continue to support them in the future as well. For each dictator, the ODA figure reflects the total amount of funding received from DAC members from the year they initially assumed power through 2006.

Table 2: Total DAC Official Development Assistance (2006$, millions)
Year Power Assumed through 2006

Country	Dictator	Year, Power Assumed[4]	ODA, Net Disbursements	ODA, Total Commitments
Belarus	Aleksandr Lukashenko	1994	71.9	79.3
Burma (Myanmar)	Than Shwe	1992	1,141.2	1,296.4
Cameroon	Paul Biya	1982	9,341.6	11,811.1
China	Hu Jintao	2002	6,802.5	10,947.8
Cuba	Fidel Castro	1959-2008	865.7	796.5
Egypt	Hosni Mubarak	1981	41,715.0	60,592.6
Equatorial Guinea	Teodoro Obiang Nguema	1979	522.87	415.08
Eritrea	Isayas Afewerki	1991	1,661.7	1,639.4
Ethiopia	Meles Zenawi	1995	7,540.6	8,128.9
Iran	Sayyid Ali Khamenei	1989	1,840.9	2,108.0
Laos	Boungnang Vorachith	2001-2006	1,040.6	1,103.0
Libya	Muammar al-Qaddafi	1969	176.8	170.9
North Korea	Kim Jong-il	1994	750.7	890.9
Pakistan	Pervez Musharraf	1999-2008	5,579.0	12,765.8
Russia	Vladimir Putin	1999	NA	NA
Saudi Arabia	King Abdullah	1995	143.0	163.1
Sudan	Omar al-Bashir	1989	6,981.3	7,003.5
Swaziland	King Mswati III	1986	416.4	471.5
Syria	Bashar al-Assad	2000	253.7	653.5
Turkmenistan	Saparmurat Niyazov	1990-2006	210.05	242.88
Uzbekistan	Islam Karimov	1989	1,474.8	2,082.4
Vietnam	Tran Duc Luong	1997-2006	9,839.8	14,064.0
Zimbabwe	Robert Mugabe	1980	6,252.7	6,645.7

As table 2 indicates, in total, DAC members supplied nearly $105 billion in net disbursements and almost $144 billion in total commitments to the world's worst dictators.

[4] Dictators still in power unless ending date is provided.

Table 3 presents a subset of the development and military aid provided to our list of dictators. Specifically, it presents the aid provided by the United States. The U.S. government has been extremely vocal in condemning the practices of the worst dictators. This rhetoric has only sharpened with the broader "war on terror," the Darfur tragedy and the aforementioned elections in Zimbabwe. However, despite claims of support for liberal values and institutions, the U.S. government continues to provide significant aid to the world's worst dictators.

Table 3: Total U.S. Official Development Assistance and Military Assistance (2006$, millions)
Year Power Assumed through 2006

Country	Dictator	Year, Power Assumed[5]	U.S., Net Disbursements	U.S., Total Commitments
Belarus	Aleksandr Lukashenko	1994	6.2	25.6
Burma (Myanmar)	Than Shwe	1992	38.3	62.6
Cameroon	Paul Biya	1982	385.3	513.9
China	Hu Jintao	2002	106.2	165.1
Cuba	Fidel Castro	1959-2008	54.1	63.0
Egypt	Hosni Mubarak	1981	25,075.2	39,099.8
Equatorial Guinea	Teodoro Obiang Nguema	1979	15.4	16.9
Eritrea	Isayas Afewerki	1991	524.8	519.4
Ethiopia	Meles Zenawi	1995	2,591.7	3,018.2
Iran	Sayyid Ali Khamenei	1989	-34.4	16.0
Laos	Boungnang Vorachith	2001-2006	35	36.8
Libya	Muammar al-Qaddafi	1969	26.2	26.4
North Korea	Kim Jong-il	1994	386.2	457.5
Pakistan	Pervez Musharraf	1999-2008	2,128.03	3,644.3
Russia	Vladimir Putin	1999	NA	NA
Saudi Arabia	King Abdullah	1995	1.3	1.2
Sudan	Omar al-Bashir	1989	2,714.8	2,969.4
Swaziland	King Mswati III	1986	144.7	120.0
Syria	Bashar al-Assad	2000	1.1	3.3
Turkmenistan	Saparmurat Niyazov	1990-2006	140.3	174.1
Uzbekistan	Islam Karimov	1989	409.8	537.4
Vietnam	Tran Duc Luong	1997-2006	205.9	381.1
Zimbabwe	Robert Mugabe	1980	854.9	988.3

[5] Dictators still in power unless ending date is provided.

As table 3 indicates, in total, the U.S. has provided nearly $36 billion in net disbursements and almost $53 billion in total commitments to the world's worst dictators. Further, the U.S. government has provided over $46 billion in military aid. Of this total, a large majority of this military aid is given to Egypt and Pakistan for strategic purposes. One consequence of this military aid is that it has allowed two of the world's worst dictators to consolidate their position and remain in power. Other dictators on our list have received much less military aid, but given their reliance on brutality and oppression to remain in power, any positive amount of military aid imposes some cost on the citizens of the country and broader region. Unfortunately, military aid from all DAC countries to the world's worst dictators is not available. But the U.S. provision of such aid provide some lower bound, and if anything one would expect total military aid from DAC members to be greater than this amount.

2.2 Sudan's Omar al-Bashir—A Case Study on One of the World's Worst Dictators

In order to shed light on the type of dictators being supported by DAC aid, we consider in detail the case of Omar al-Bashir, the current president of Sudan. We focus on al-Bashir because he captures many of the characteristics of the other dictators on the *Parade* list. Al-Bashir is corrupt and relies on violence against both citizens and political opposition to maintain his position of power (see Human Rights Watch 2007: 158–164). Additionally, despite the fact that the methods of al-Bashir's government are widely known, his government has received significant aid from the governments of developed countries.

The Sudan has a long history of war and conflict. This pattern continued with the rise of al-Bashir to power. Before becoming the president of Sudan, al-Bashir had a career in the Sudanese military. Following a bloodless coup in 1989, al-Bashir named himself the chairman

of a fifteen member Revolutionary Command Council. After doing so, he signed a decree suspending the constitution and dismissing the country's government. This was followed by the dissolution of all political parties and a ban against all protests and demonstrations in the name of national stability (Anderson, 1999: 3–8; O'Ballance 2000: 165). In 1993, the Revolutionary Command Council was dissolved and al-Bashir was named president of Sudan.

Following his rise to power, al-Bashir moved to implement a radical Islamic agenda. This agenda was largely influenced by Hassan al-Turabi, the leader of the National Islamic Front. Among the many laws passed was a mandatory six weeks of military training which included indoctrination into radical Islam. Al-Bashir also implemented a penal code that included public flogging, amputations, and the death penalty. Women were publicly beaten for violating strict dress codes. Western art, music, and other cultural products were banned. In 1995, following a decree banning all alcohol, all medicines including alcohol were also banned. This included drugs used to combat malaria resulting in an epidemic of the disease (Wallechinsky 2006: 17).

The history of conflict in Sudan predates al-Bashir. A main factor behind the history of conflict is ethnic and religious differences. The northern part of Sudan is primarily Arab and Muslim while the southern part of the country is mainly African, Christian, and animist. There are also important identity issues between the eastern and western parts of the country regarding the perception of what it means to be "Arab" (see de Waal 2005, 2007). Even within these general categories there is great diversity. For example, one census indicated 50 different ethnic groups and 114 different languages in Sudan (Wallechinsky 2006: 9).

This ethnic and religious diversity is often noted as the cause of the continued conflict in the region. While this is one source of tension, the broader problem is weak and dysfunctional

political institutions which fail to provide basic protection of property rights and instead engage in gross violations of those rights.[6] The result has been numerous wars, including a civil war from 1955 to 1972 followed by a second civil war from 1983 to 2005. It was the onset of the second civil war which weakened the central government and allowed al-Bashir to take control.

Since assuming power, al-Bashir has done his part to continue the tradition of conflict by exacerbating ethnic and religious differences. Al-Bashir took power amidst an ongoing war in southern Sudan between non-Muslim rebels and government troops. During the war, the government brutalized the country's citizens. The government prohibited the use of local languages and confiscated citizens' land. In doing so, they relocated citizens to "peace villages" where men were forced to be circumcised and children were forced to attend Quranic schools. There were also reports that the government military used citizens as human shields during the conflict. When government military recruitment numbers began to drop, al-Bashir implemented a draft with all males between the ages of 18 and 30 eligible. Recruits where physically dragged from their homes and forced to join the government army (Wallechinsky 2006: 26).

In 1996, al-Bashir organized a sham election. He used the ongoing war in the south as an excuse to hand-select representatives for the region and to restrict the number of candidates that could compete in the election. The result of the election, as one would expect after such manipulation, was a landslide victory for al-Bashir. In 1999, al-Bashir and Turabi had a falling out. There had always been tension between the two as they vied for control and influence over the government. In 1999, Turabi tried to partner with one of the rebel groups against al-Bashir. Al-Bashir responded by having Turabi arrested and placed under house arrest (Johnson 2003: 107-9; Wallechinsky 2006: 27–8). Once it was revealed to the public that Turabi had partnered

[6] Easterly 2001b shows that good institutions, which protect against expropriation overcome problems posed by ethnic fractionalization for economic development.

with a rebel group he had previously denounced, he lost his credibility and influence on policy in Sudan (Johnson 2003: 108). While these events unfolded, the country's civil war raged on.

In 2003, peace talks began between the rebels and the government. The peace talks continued through 2004 and a formal peace agreement was announced in 2005. However, peace in Sudan would be short lived. In 2003, while peace negotiations were being held to end the civil war, another conflict was brewing in the western part of the country.

Despite the fact that the al-Bashir regime received significant aid from the governments of developed countries around the world, the average citizen in these developed countries was unaware of the history and current events unfolding in Sudan. This changed in 2003 with the onset of the Darfur crisis, which received global attention. While global leaders and the media called for an end to the humanitarian crisis, very little attention was paid to Omar al-Bashir and his role in the crisis.

Darfur is located in the western part of the Sudan. The British, who had conquered Sudan in the late 1800s, allowed Darfur to remain independent until 1916 when they invaded the region and merged it with Sudan (Prunier 2005: 8–24). The British government paid little attention to the Darfur region, and those citizens living in the area were politically and economically marginalized. This marginalization continued after independence, as the Sudanese government not only neglected the region, but also used it to house rebels fighters to engage in battles with neighboring Libya and Chad (Flint and De Waal 2005: 12–16; Prunier 2005: 42–47).

Drought and famine, which began in the mid-1970s and continued for decades, had a devastating impact on the region. In addition to the deaths of tens of thousands of inhabitants, the drought led to the movement of Arab tribes into an area traditionally occupied by non-Arab tribes (Wallechinsky 2006: 31), leading to increased conflicts over scarce natural resources.

Contributing to these conflicts were active attempts by the Sudanese government to undermine traditional mechanisms of dispute resolution by "deliberate manipulation of the tribal administrative system to augment the power of some groups at the expense of others" (De Waal 2007: 29).

Over the course of its history, numerous rebel groups have emerged in the Darfur region. By 2003, two dominant rebel groups existed in the Darfur region—the Justice and Equality Movement and the Sudanese Liberation Army (Flint and De Waal 2005: 70–73, 93–96). These groups accused al-Bashir's government of neglecting Darfur and sought to gain control of the region from the Sudanese government.

Al-Bashir responded with a military campaign including bombing and ground attacks by the government-supported "Janjaweed" militia (Flint and De Waal 2005:101–111). During these attacks, the Janjaweed were responsible for the major human rights violations—including torture, murder, and rape—reported by the mass media around the world (International Commission of Inquiry on Darfur 2005). In addition to physical violence against Sudanese citizens, the Janjaweed also destroyed schools, houses, and the few remaining sources of food and water in the region. This was a broader part of the Sudanese government's strategy to literally starve the opposition (Flint and De Waal 2005: 111–115). It is estimated that the war led to the death of approximately 180,000 people, with millions being driven from their homes into refugee camps (Flint and De Waal 2005: 111; Wallechinsky 2006: 31).

During the conflict, al-Bashir's government engaged in an active program to suppress all public information regarding the government attacks on its citizens. Domestic journalists were arrested for reporting negative stories and international journalists lost their access to country.

Human rights investigators and other NGOs were expelled from the country or denied visas to enter (Flint and De Waal 2005: 115–117).

The African Union facilitated peace talks between the rebel groups and the Sudanese government starting in 2002. After numerous failed negotiations, a formal peace agreement was signed in May 2006. However, the situation in Darfur is extremely fragile for several reasons. Only one of the rebel groups, the Sudanese Liberation Army, signed the peace agreement. Further, the government-backed Janjaweed are sill present in the region and pockets of conflict have continued to emerge. Finally, humanitarian issues associated with drought and starvation are still real and significant. Aid agencies attempting to address these issues have limited access and security in the region.

In addition to engaging in brutality against his own citizens, al-Bashir also has connections to known terrorist organizations. Reports have indicated that al-Bashir's government has provided sanctuary to Hamas, Hezbollah, and Islamic Jihad, among other terrorist groups (Wallechinsky 2006: 23). He also hosted Osama bin-Laden in Sudan in the mid-1990s. In 1993 the U.S. government placed Sudan on its lists of states which sponsored international terrorism, where it remains to this day (see O'Ballance 2000: 179–180).

The governments of developed countries have tried to have it both ways with al-Bashir's government. On the one hand, they have publicly denounced his government and his actions against his own people. At the same time, they have sent billions of dollars of aid to his government. As table 2 indicates, total DAC official development assistance to al-Bashir from the 1989–2006 period was nearly $7 billion in net disbursements. Table 3 indicates that approximately 40 percent ($2.7 billion) of that total development assistance has come from the U.S. Further, members of the DAC have made official development assistance commitments to

Sudan for another $7 billion. In addition to official development assistance, the United States has also provided hundreds of millions of dollars in military aid to Sudan, despite the fact that al-Bashir has used the country's military against certain segments of the Sudanese population.

It should be noted that aid to the brutal, autocratic governments of Sudan has a long history which can be traced back to before al-Bashir's rise to power. During the 1980s, the U.S. sent hundreds of millions of dollars in aid to the Sudanese government, despite the fact that it violently persecuted the southern minority (Anderson 1999: 47–54). Likewise, the World Bank lent $800 million to the northern government over the 1983–1993 period. Since 1993, the government of Sudan has been the world's largest debtor to the World Bank and IMF. Total aid to the Sudanese government between 1960 and 2002 is estimated at $23 billion (Easterly 2006a: 303; Wallechinsky 2006: 9).

In their analysis of Sudanese politics and conflict, political scientists have put forth two general theories (see De Waal 2007: 32–3). The "brute cause" paradigm focuses on individual accountability and holds that those running the government are criminals and thugs. This view concludes that bad leaders have been the main cause of conflict and economic stagnation in Sudan. In contrast, the "turbulent state" paradigm focuses on how the economic, political, and social institutions in Sudan continue to generate bad government after bad government. This theory holds changing leaders will not have a major impact unless coupled with fundamental structural changes in the country's institutions.

Our goal here is not to adjudicate between these competing theories, but instead to make a more fundamental point. No matter which paradigm is correct—and it may be that both are correct to some degree—developed countries have provided significant aid allowing bad

institutions to perpetuate and brute thugs to take full advantage of what those perverse institutions have to offer.

It is hard to argue that the significant aid provided to the government of the Sudan has made a positive impact. The country is still ruled by a brutal dictator and political institutions remain unreformed. Further, the government remains on the U.S. State Department's list of countries that sponsor international terrorism. To the extent peace exists, it is extremely fragile. Per capita income in 1994 was below the level at Sudan's independence in 1956. Further, life expectancy remains extremely low, as do investments in basic infrastructure (see Easterly 2006a: 305).

Although the specifics vary, the case of al-Bashir and Sudan are representative of the other dictators on our list. In all cases, the regimes of these dictators are characterized by some mix of corruption, violence, and violations of basic rights. Nonetheless, the world's worst dictators have received significant amounts of development assistance and military aid. Further, members of the DAC have committed billions of dollars in future aid to the dictators on our list.

3. Can Foreign Aid Buy a Liberal Society?

There is an ongoing debate regarding the importance of foreign aid for economic and institutional development. On the one side are those that call for drastic increases of aid to fund a "big push" investment so that poor countries can escape the poverty trap and reform economic, political, and social institutions for the better (see Cassen 1997; Riddell 1987; Sachs 2005; Collier 2007). On the other side are those who are skeptical of the role of increased aid for economic development and reforms toward liberal institutions (see Boone 1996; Bauer 2000; Easterly 2001a, 2006a). In addition to this academic debate, foreign aid is a central part of the

foreign policy of many developed countries. In 2005, countries around the world renewed their commitment to significant reductions in global poverty through increased aid as specified in the Millennium Development Goals. These goals reflect a new global effort to achieve certain baseline goals by the year 2015 with concerted efforts to increase the amount of aid delivered by donors.

Arguments that focus on the quantity of aid often overlook the issues of incentives and allocation (Easterly 2001a, 2006a). Recipients of aid must have the incentive to use aid in a manner that contributes to economic and institutional reform and development. Likewise, those who distribute aid must have the relevant knowledge of how to allocate aid in a manner that will allow it to be used effectively. Absent the proper incentives and information, aid will be either ineffective or counterproductive, no matter what the quantity.

It follows that those countries where leaders face weak incentives to use aid to achieve the desired reforms, or where they lack the knowledge to effectively allocate aid, are likely to be bad investments. While this logic may seem straightforward, in practice the countries which would appear to be the worst investments receive significant aid, as illustrated in the previous section.

A common argument for the provision of aid to corrupt and dysfunctional governments is that it is precisely these countries most in need of aid to strengthen political institutions. This argument holds that aid used to reform political institutions will ultimately contribute to economic development. For example, Sachs (2005: 311–314) contends that African countries do not have bad governments controlling for their level of income. In other words, given the level of development, the governments of African countries are no worse, on average, than

governments in other countries with similar levels of income. Sachs calls for increased foreign aid to bolster development and income which, he argues, will in turn lead to better government.

This line of reasoning, however, overlooks the fact that the worst governments typically have no incentive to reform. These governments tend to face few constraints on their behavior and have little desire to establish mechanisms of accountability because doing so would reduce the scope of their power. The result is that institutional reforms fail to get off the ground. Where perverse incentives exist, aid is likely to make the situation worse instead of better by providing continued support for dictators while strengthening the status quo.

There is little empirical evidence that foreign aid improves political or policy environments. In their well-known study on the connection between foreign aid and growth, Burnside and Dollar (2000) conclude that the impact of aid on growth is directly dependent on the incentives created by existing institutions. They find that aid can benefit growth in countries with sound policies, but that aid does not contribute to growth in countries with poor political institutions and policies. This indicates that aid is beneficial for growth only after political institutions adopt policies conducive to growth. At the time of its publication, the aid community embraced this study and shifted focus to improving "governance" and the adoption of good policies so that subsequent aid could be effective.

However, since the publication of the Burnside and Dollar study, subsequent analysis has shown that the results are fragile when the data set is expanded (see Easterly, Levine, and Roodman 2004) and when alternative definitions of "growth," "aid," and "good policy" are used (see Easterly 2003b). These studies call into question the effectiveness of aid for generating growth in both good *and* bad policy environments.

Other studies call into question the impact of aid on political institutions. For example, Knack (2004a) finds that more aid lowers the quality of bureaucracy and leads to more violations of the law. The underlying cause is that aid creates rents which foster corruption and illegal activity. Employing different measures of democracy and aid intensity, Knack (2004b) finds that aid does not promote democracy. Djankov, Montavalo, and Reynol-Querol (2005) find that high levels of aid resulted in setbacks to democracy over the 1960–1999 period.

In sum, the empirical evidence indicates that foreign aid, by itself, does not lead to improvements in development or political institutions. There are several reasons why aid fails to generate economic development and the desired institutional reforms.

The first deals with difficulties associated with the monitoring of aid. Once aid is delivered to a corrupt government, it is extremely difficult to monitor how aid is dispersed. As an example of this logic, consider the case of U.S. assistance to North Korea. In his January 2002 State of the Union Address, President George W. Bush listed North Korea as part of the "Axis of Evil." Further, as noted in table 2, Kim Jong-il ranks among the world's worst dictators. Despite this fact, the U.S. continues to provide aid (energy and humanitarian aid) to North Korea. In theory, this aid is supposed to benefit the citizens of North Korea that suffer under Kim Jong-il. This aid is delivered directly to the North Korean government, despite the fact that the government does not allow donors or aid agencies to operate inside the country or track the flow of their donations. As such, there is good reason to believe that a substantial portion of the foreign aid, which is supposed to be delivered to North Korean citizens in need, never actually arrives to its intended recipients.

Along these lines, a U.S. government report indicated that "A number of sources have presented evidence that not all the food assistance going to North Korea is reaching its intended

recipients…The numerous reports of donated food being sold (at price levels far higher than the official, government-controlled prices) in farmers' markets are widely assumed to be signs that officials are stealing and selling some of the aid for their own profit" (Manyin and Jun 2003: 15). If basic humanitarian aid cannot be delivered effectively, it is not hard to imagine how aid intended to generate more complex outcomes (i.e., institutional reforms) is unlikely to achieve the desired ends of donors.

In general, aid is only effective to the extent that it reaches the intended recipients. When aid is delivered to corrupt governments to disperse to those in need, there is little reason to believe that the aid will be effective. Like North Korea, many corrupt governments refuse to allow donor agencies and NGOs into their country to administer and monitor aid distribution. When there is no check on the recipient government, aid will tend be stolen by members of the government while ordinary citizens continue to suffer.

A second reason that aid fails to generate institutional reform and economic development is negative unintended consequences. While the delivery of aid may be grounded in the best of intentions, in reality it often makes things worse and generates significant bads. Drazen (1999) argues that where aid is ineffective it reflects the incompetence of the recipient government. As such, continuing to provide aid to such regimes makes reforms less likely because it contributes to the sustainability of the ineffective regime. He concludes that denying aid to such governments is more likely to generate change in future periods.

In addition to solidifying the status quo, there are other potential negative unintended consequences of aid. For example, Collier and Hoeffler (2007) explore the connection between foreign aid and military expenditures. In their model, the decision of a government regarding its military expenditures is a function of aid received and the level of spending by neighboring

countries. They conclude that foreign aid has the negative unintended consequence of fostering regional arms races. This highlights the fungible element of aid. Because money is fungible, the provision of aid in one area may result in a transfer of government expenditures in other areas. For example, food aid increases the amount of money that governments can shift from the provision of food to other areas, including military expenditures. This can result in negative unintended outcomes.

A third reason that aid fails is due to the nature of donor agencies (Easterly 2003a, 2006b). Aid agencies are bureaucracies which suffer from issues of perverse incentives and limited information of how to effectively allocate resources. Absent profit and loss mechanisms, success tends to be measured by the size of the budget, number of bureaucrats, and amount of aid dispersed. The result is that aid agencies have little incentive to be "tough" against corrupt governments because they have an interest in dispensing aid in order to exhaust their budgets. Along these lines, a World Bank (1998) report on foreign aid noted that "Disbursements (of loans and grants) were easily calculated and tended to become a critical output measure for development institutions. Agencies saw themselves as being primarily in the business of dishing out money." Aid recipients are aware of this dynamic which is why they tend to renege on reform commitments or simply ignore the requests of the aid community.

In addition to issues within donor agencies, there are also issues across agencies. Specifically, each donor agency is driven by its own agenda and goals. Although aid agencies are supposed to work together toward the common, overarching goal of economic and institutional development, in reality they often pursue conflicting goals and agendas. Each agency is driven by local politics, which shapes and influences its behavior. As Easterly notes, "Coordination is impossible under the current aid system, when every agency reports to different

bosses who have different agendas" (2006a: 191–2). Likewise, a report on humanitarian aid by Transparency International (2006) concluded that a fundamental problem with the delivery of aid is that the humanitarian system contains so many different bureaucratic layers and organizations (numerous governments, aid agencies, international organizations, NGOs, etc.) that it extremely difficult to establish and maintain effective accountability within agencies and across individuals.

Yet another argument for supplying aid to dictators is that it allows the governments of developed countries to achieve other foreign policy objectives. In such instances, governments use dictators as middlemen to achieve broader goals. For example, the U.S. partnered with the Pakistani military dictator and Islamic fundamentalist General Zia-ul-Huq in the 1980s in their Cold War effort against the Soviet Union in Afghanistan. In this case, the U.S. provided aid to Zia and in return he funneled U.S. weapons and monetary aid to the rebels in Afghanistan fighting against the Soviets. The argument could me made that providing aid to Zia was far from ideal, but still necessary to achieve the goals of the U.S. in the broader Cold War. As mentioned above, the U.S. continues to provide significant amounts of military aid to Pakistan and Egypt for strategic purposes.

While the provision of aid to dictators can contribute to broader goals, this line of reasoning overlooks the real harms caused by supporting foreign dictators, even to achieve other objectives. Continuing with the Pakistan example, the U.S. partnership with Zia had several unintended consequences, both in Pakistan and in the broader region. As Bhutto notes, "The United States, fixated on defeating and humiliating the Soviets in Afghanistan, embraced Zia and the ISI as surrogates; the United States' attention was riveted exclusively on Afghanistan, disregarding the war's impact on internal political factors in Pakistan" (2008: 193). The result was political instability that exists in Pakistan to this day. The U.S. intervention in Afghanistan,

through Pakistan, also had negative unintended consequences including the rise of the Taliban and the global proliferation of U.S.-supplied Stinger missiles (see Coyne and Ryan 2008).

In sum, the answer to the question, "Can foreign aid buy a liberal society?" is no. Aid agencies, policymakers, and academics have little knowledge of how to fix the wide array of problems plaguing the poorest countries in the world. The existing empirical evidence indicates that the provision of foreign aid is not effective in generating sustainable economic development and institutional change. In stark contrast, the provision of aid can make things worse and prevent changes to the status quo. The arguments against the provision of aid are even stronger in those countries ruled by the worst dictators in the world. These countries are plagued by the same problems of all other poor countries, but they are also ruled by corrupt and brutal dictators. There are few, if any, arguments for supporting the behavior of these individuals through the delivery of development and military aid.

4. Conclusion

In criticizing the rhetoric of the aid community, the development economist P.T. Bauer noted that, "To call official wealth transfers 'aid' promotes an unquestioning attitude. It disarms criticism, obscures realities, and prejudges results. Who can be against aid to the less fortunate?" (2000: 42). Nowhere is Bauer's critique more relevant than in the continued delivery of foreign aid to the world's worst dictators. There is little evidence that this aid does good and clear indications that it can do real harm. Despite this, the governments of developed countries continue to provide aid to the worst of the worst.

If the goal of developed countries is to foster liberal economic, political, and social institutions abroad, they should cease providing aid to the world's worst dictators. Development

assistance and military aid solidifies dictators in their position of power and contributes to conflict through the politicization of daily life. The associated costs fall mainly on the ordinary citizens living in these countries. While humanitarian aid is often motivated by the best of intentions, it tends to fail to achieve the desired goals of the donor.

Nation-states tend to deal with other nation-states. In the realm of aid, this means that donor governments tend to deliver aid to other governments instead of directly to individuals. Further, the world's worst dictators typically refuse any checks or monitoring on how they distribute aid. As discussed, the result is that the delivery of aid for humanitarian purposes often fails to reach the intended recipients.

The failure of foreign aid to the world's worst dictators indicates that alternatives must be considered. One potential alternative is the privatization of aid. This would entail allowing private citizens around the world to decide where to send aid contributions. This would allow aid to circumvent the world's world dictators. In such a scenario, private citizens would have the incentive to donate aid to organizations which were deemed effective and competitive pressures would be put on recipients to deliver on their stated goals.

Although this alternative may seem extreme, recent experience shows that private aid to address humanitarian crisis can be significant. For example, consider the response of U.S. citizens following the tsunami which struck Indonesia in 2004. Private citizens and organizations in the U.S. pledged over $400 million and were able to choose the organizations where they donated their aid (Christian Science Monitor 2005). These private donations exceeded the total amount pledged by many national governments around the world. Likewise, private donations and humanitarian efforts have played a central role in the recovery following

Hurricane Katrina (see Horwitz 2009). Of course private charity has problems as well, but none are as great as the continued delivery of billions of dollars of aid to the world's worst dictators.

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Appendix 1: Data Description and Sources

Variable	Data Description	Data Source
Official Development Assistance, Net Disbursements	Grants or loans to countries and territories on Part I of the DAC List of Aid Recipients (developing countries) which are: (a) undertaken by the official sector; (b) with promotion of economic development and welfare as the main objective; (c) at concessional financial terms [if a loan, having a Grant Element of at least 25%]. In addition to financial flows, Technicial-Co-operation is included in aid. Grants, loans and credits for military purposes are excluded. Transfer payments to private individuals (e.g. pensions, reparations or insurance payouts) are in general not counted. Source: www.oecd.org/dac/glossary	OECD Development Database on Aid from DAC Members.
Official Development Assistance, Total Commitments	A firm obligation, expressed in writing and backed by the necessary funds, undertaken by an official donor to provide specified assistance to a recipient country or a multilateral organization. Bilateral commitments are recorded in the full amount of expected transfer, irrespective of the time required for the completion of disbursements. Commitments to multilateral organizations are reported as the sum of (i) any disbursements in the year reported on which have not previously been notified as commitments and (ii) expected disbursements in the following year. Source: www.oecd.org/dac/glossary	OECD Development Database on Aid from DAC Members.
Military Assistance	Military Assistance entails all military-related U.S. foreign assistance allocated through Military Assistance Program (MAP) Grants, Foreign Military Credit Financing, the International Military Education and Training (IMET) Program, Transfers of Excess Defense articles (EDA), and Other Grants. Source: http://qesdb.usaid.gov/lac/technotes_assistance.html	USAID Greenbook