

# Geopolitics of International Relations for Pakistan, US Political Regimes and the US Bilateral Aid to Pakistan

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**Abstract**— There have been several fluctuations in US Aid inflows to Pakistan throughout the country's inception; The Cold War, involving the US and the Soviet Union and the Russian invasion in Afghanistan in 1979, and then the events of 9/11 (War against Terrorism), were major global phenomena which were shaping US' foreign policy towards Pakistan, depending upon the perceived geopolitical significance of Pakistan for the US. Such volatility of Foreign Aid may have serious outcomes for the recipient country in form of lack of sustainability of economic growth & the external sector of the economy. This paper tries to assess the importance of various supply side (US) factors regarding Aid giving; strategic importance of Aid recipient with regard to Geopolitics of International relations, US political regime, trade openness of recipient, etc. Two competing econometric modeling choices were employed namely the Prais-Winsten and the Distributed lag models, so that to comprehensively validate the intensity of the impact of the above mentioned supply side factors of US bilateral Aid to Pakistan. After obtaining Durbin-Watson and Breush-Pagan estimates, it was inferred that the estimated models were free from any significant serial correlation and heteroskedasticity, respectively. It is found that geopolitical importance of Pakistan with regards to the Geopolitics of International relations, the US political regime and the trade openness of Pakistan are among the significant factors determining the size of bilateral Aid from US. However, the recipient regime proved to be insignificant.

**Keywords**- *geopolitics of aid; political regime; Prais-Winsten modeling; distributed lag model*

## I. INTRODUCTION

### A. Historic evolution of U.S bilateral Aid to Pakistan

Donors (multilateral or bilateral) make use of Official Development Assistance (ODA) for foreign policy purposes. Thus, they give out Aid based on some conditionality. Due to the fact that donor interests are reflected in such Aid programs, as the geopolitical significance of these countries varies, size of Aid or conditions attached to Aid may also vary. Thus, such Aid can also be termed as geopolitical Aid.<sup>1</sup> Pakistan has been a recipient of varying US bilateral Aid almost since its inception in 1947.

<sup>1</sup> Definition of Geopolitical Aid: "Geopolitical Aid is in practice presumed generally to be undergirded by motives other than promotion of development. These other motives include, perhaps prominently, military and political considerations." [1].

An example of the conditions attached with incoming Aid from the US is the Enhanced Partnership with Pakistan Act of 2009 (also known as the Kerry-Lugar Bill). The bill featured a sum of \$7.5 billion in Aid spread over 5 years. It required continuing counter-terrorism activities by the Pakistan military in alliance with the US troops, in the northwest region of the country, in attempts to disrupt Taliban and Al-Qaeda. Furthermore, the Secretary of State was to personally certify Pakistan's efforts to curtail outgoing attacks from terrorist organizations such as the Lashkar-e-Taiba. Pakistan also received Aid in the Cold War era to support the Afghan insurgents who were fighting off Soviet invasion [2].

### B. Changing Geopolitics of International relations and volatility in the US bilateral Aid to Pakistan

Past data show that the amount of foreign debt taken from the US by the Pakistani governments has been substantial but there have been significant variations over the years [3]. A graphical representation is shown in the figure below:

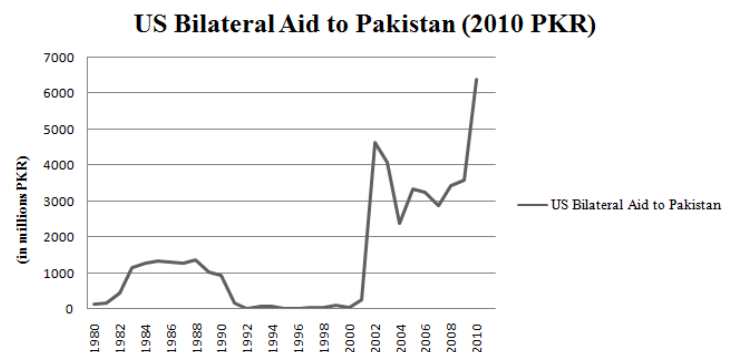


Figure 1. Source: *Center for Global Development*

Aid inflow started some years after its inception and increased rapidly in the 1960s and 1970s. However, Aid started leveling off by the end of the 1970s, which is attributed to the US being "upset" with the Pakistan government over its nuclear program pursuit [4]. Interestingly during that time, communist threat started to loom in the region and the US needed an ally to contain the threat specifically in Afghanistan where the Soviet Union had its forces; the US found one in Pakistan which shared a border with Afghanistan. Consequently, Aid to Pakistan was reinstated till the Soviet Union withdrew forces from the region. Furthermore, the US reverted to focusing on Pakistan's nuclear program and

subsequently passed a bill called the Pressler Amendment in 1990, which required the signature of the US president verifying that Pakistan did not possess nuclear arms. In 1995 the president no longer verified, thus cutting off most Aid to Pakistan [3]. The last dramatic swing in Pakistan's Aid history with the US came about in 2001 as a consequence of the 'War against Terrorism'; Aid from the US increased sevenfold and reached \$776.5 million, followed by a \$3 billion economic Aid package in 2003 [4]. Therefore, this shows that the discussions on geopolitics of international relations by the US and other variables is necessary to make an inference of the role-playing factors in the bilateral Aid transactions between the US and Pakistan.<sup>2</sup>

#### C. US political regimes and Aid inflows in Pakistan

In the US, generally, the two-party system of democrats and republicans creates a division on this school of thought; a democratic politician may consider development of LDCs to be as important as growth of the US, and thus favor financial assistance to them, whereas a republican might be 'conservative' in the sense that domestic politics and self-interest is considered of greater importance. Therefore, the term 'democrat' is often put side-by-side with 'liberal', and 'republican' with 'conservative'.

Jimmy Carter, in his inaugural speech, made the comment that he was focused on human rights to be upheld in various countries where it was an issue. He went on to say that the US will fight against injustice and poverty along with those countries who share the vision of human rights protection [5]. During his time in office, the Foreign Aid to Pakistan was high. However his predecessor Ronald Reagan, a republican, also approved Aid to Pakistan which shows inconsistency in the theory of US political regimes and assistance to Pakistan

#### D. Academic Concerns pertaining to research and Study Objectives

Pakistan's geopolitical importance has been variant starting from the latter half of the 20<sup>th</sup> century till the early years of the 21<sup>st</sup>. Therefore, the discussions on geopolitics of international relations by the US as well as US political regimes are relevant in order to investigate into the factors affecting Foreign Aid flows to Pakistan, thus making the determination of these factors the main objective of this paper.

Also, the above two mentioned factors have not formally been formally incorporated as part of econometric modeling before. However, it must be noted that research on this topic might be affected due to missing data on some important variables, even though proxy variables have been used.

<sup>2</sup> Definition of political regime: "A government structure and form of rule by the leaders. It can be democratic or military (dictatorship) in nature in Pakistan's case, and democratic or republic for the United States."

## II. THE PROPOSED FRAMEWORK OF ANALYSIS, METHODOLOGICAL CHOICES AND REVIEW OF LITERATURE

### A. Proposed Framework of Analysis

The literature written on Foreign Aid is generally classified into two categories. The first division of literature deals with the effectiveness of Foreign Aid provided. It is claimed that a Foreign Aid program is effective if it has been successful in alleviating poverty and raising living standards [6]. Effectiveness is, thus, measured in terms of the change in national income caused by Aid inflow [7]. There is a vast amount of literature available on this particular dimension.<sup>3</sup>

The side of literature relevant to this paper focuses on the determinants of bilateral Aid flows between two countries. Two models of Foreign Aid allocations are discussed: donor interest models and recipient need models. The former include factors such as the Geopolitics of International Relations strategic, economic importance of a recipient and global aims of the donor country. The latter includes "recipient need" factors such as the resource imbalance of the recipient, humanitarian assistance, etc. The verdict generally arrived at by researchers dealing with this topic for the US is that donor-interest models are more significant; bilateral Aid depends more on donor interests in the recipient country [8]. However, it is not safe to assume that only one of the models is at work when a country gives Aid to another. Therefore, both models should be integrated.<sup>4</sup>

#### 1) Geopolitics of International Relations, Geostrategy and the Supply of Foreign Aid

'Strategic importance of Pakistan' is incorporated into the model as another independent variable. This measures how the US gave Aid to Pakistan when the US had strategic motives in its foreign policy. These strategic motives and intentions refer to the self-interests of the donor and how a policy on Aid would be of best interest to the domestic country and its global objectives.

There is an open belief that Foreign Aid is used to strengthen the donors' national security. For countries which have the agenda of global domination, strategic interests are vital in Foreign Aid allocations. In US' case, specifically, these trends came about in the form of security partnerships with nations that were willing to join the US in its goal to curtail communism [9]. In a paper on the discussion of human rights policy with regards to Aid allocations by the US, a statement is made which says that it is almost impossible to proclaim that humanitarian concerns by the US will dominate strategic ones. Therefore, the strategic aspect of providing Aid to developing countries plays big role in designing Foreign Aid policy for the US [10].

The Geostrategic importance of Pakistan due to Geopolitics of International Relations was visible in the period of the Cold War. The Soviet invasion of Afghanistan in 1979 made Pakistan vital for US interests in that region. Aid flows

<sup>3</sup> For literature on effectiveness of Aid consult [6], [7], [11], [12], [13].

<sup>4</sup> Examples of aggregated models are [14], [15], [16], [17].

into Pakistan increased as the number of Afghan refugees in Pakistan increased [18]. Soon, Pakistan became the 4<sup>th</sup> largest recipient of US bilateral Aid. This new pattern of inflow of Aid from the US came at the time when not long ago sanctions were imposed on Pakistan due to its pursuit of a nuclear program which was not welcomed by the US. These series of events illustrate the importance given to geopolitics of international relations, over other concerns, by the US in Aid allocations among LDCs [3]. The donor country's own motives and interests may prevail over recipient country's policies, when it comes to Aid flow determination. Furthermore, the US has targeted Israel and Egypt (according to a study) more than most countries due to Geopolitics of International Relations [19].

Therefore, a dummy for geostrategic importance due to Geopolitics of International Relations has been constructed: a value of 1 assigned for the Cold War and 'War against Terrorism' years, 0 otherwise. As these two particular phases of US history are considered crucial in the US' global agenda, this method of incorporating strategic importance of the recipient appears to be justified. Furthermore, it is reasonable to include the type of government regime in Pakistan, the recipient country, along with this variable. Thus, an interaction term is created to capture the effect of the recipient government regime given a strategically important period for the donor. For this purpose, a dummy had to be separately created for Dictatorship in Pakistan: 1 for the years a pure dictatorship existed in Pakistan, 0 otherwise.

## 2) Donor/Recipient Government Regimes, Direction of Foreign policy and Aidflows

### a) Donor political regime

There are variations seen in Aid outflows with changing government regimes of the donor countries in the past. Governments may or may not find Aid, to developing countries, an integral part of their plans and strategies. Aid budgets have been significantly higher under democratic presidents, other things held constant [20]. Theory states that democratic presidents are more likely to give out Aid to developing nations since democrats have looked into humanitarian issues around the world and cared about low standards of living in countries more, as compared to republicans. An example can be taken of a comparison of Presidents Bill Clinton and George W Bush and their visits to Africa, where the former was welcomed with open arms by the people but the latter faced hospitality. Moreover, Jimmy Carter's (democrat) work for African human rights is widely recognized today, which give the democrat party a lift. The republicans have, over history, seen Africa as strategically important to the US. Moreover, the republican presidents have not made apparent the continent's significance to US interests openly and have tried to hide this fact. Furthermore, as a sign of the lack of humanitarian concern but a strong strategic concern, none of the republican presidents had been to Africa personally, until when Bush went there in 2003 [21].

The factor of US President in office is incorporated into the model; there can either be a Democratic president or a Republican president in office. A dummy for US political regime is thus created: 1 for the years when a Democrat is in

office, 0 otherwise. Furthermore, to see the impact of democratic/republican US Presidents during the Cold War or War against Terrorism, an interaction term with the dummy for Geopolitics of International Relations for Pakistan is created. This will tell how Aid to Pakistan was affected by different forms of governments in the US given a strategically important time for the US.

### b) Recipient political regime

Another important aspect to the political regime discussion is to consider the effect of a possible relationship between the government regime in Pakistan, the recipient country, and bilateral Aid from the US. Generally, the developed world is thought to promote a democratic setup in the third world. However, the US does not seem to be concerned about the recipient regime as long as the US has other strategic motives dominating the promotion of democracy in the Aid-receiving nation.

Throughout history, anti-communist dictators in Indonesia, Philippines and Zaire were seen to be getting high levels of US assistance despite heavy corruption, violation of human rights, etc. On the other hand, however, support for emerging democracies and countries which did not rank high in human rights violations was not predictable. So in the Cold War, a strategically important time for the US, Aid was in good numbers to the above mentioned states which had rulers who were against communism [20]. At the time of Soviet Union's invasion of Afghanistan in 1979, the regime type present in Pakistan was a pure military dictatorship; that of General Zia-ul-Haq. Aid flows were rising from the US in large numbers during this phase of the Cold War. Again, after the events of 9/11, Pakistan's Geostrategic importance had increased. General Pervaiz Musharraf, a military ruler, received Foreign Aid in large sums from the US [3].

Incorporating this aspect of study, an interaction term is created to measure the impact, on bilateral ODA, of the Cold War and War against Terrorism during the years when there was a Dictatorship regime in Pakistan. Hence, a separate dummy for Dictatorship in Pakistan had to be created in the first place for the years when a pure military regime was present in Pakistan; an example of this time period is the era 1999-2004 of General Musharraf's rule in Pakistan. A value of 1 was assigned for these years, 0 otherwise. This variable is intended to show whether the US responds to a dictatorship in Pakistan during Cold War/War against Terrorism, or not.

### 3) Other Determinants of Aid volatility to Pakistan

When a country gives out financial assistance, its domestic resources are important to consider. If resources at home are insufficient, Aid might be restricted due to a resource imbalance. A resource imbalance deals with, usually, three main important records/statistics of a country: Fiscal budget, Savings gap and the Balance of Payments. According to an article, US based organization of OFDA is less likely to give out Aid for disasters in LDCs, given that there is a budget deficit in the US [22].<sup>5</sup> In a paper on the US' Millennium

<sup>5</sup> Heavy Aid disbursements during periods of budget deficits might put the US themselves in an uncomfortable economic position, due to lack of funds to meet even domestic needs.

Challenge Account and Aid to African countries, it is stated that it should not be a surprise if the US decreases Aid flows through this program. The reason is said to be the heavy expenditure on the ongoing War against Terrorism as well as a US budget deficit. Therefore, the imbalance in the US is affecting Aid to Africa [23]. Moreover, the fall in US Foreign Aid after the Cold War is said to be influenced partly by the rising pressure of a budget deficit which took shape during the Cold War [24]. The choice of quantification chosen for this particular study is the US Balance of Payments; there can either be a deficit or a surplus in the balance of payments.<sup>6</sup> In two separate econometric models created later on in the paper, this proxy is once used as it is and then taken as a 2-year lagged variable. Balance of Payments statistics have been collected from the online database of the US Bureau of Economic Analysis (BEA).

Trade ties are an important element in foreign policy and donors are likely to favor countries with which they actively trade. However, in the findings of a paper, the authors did not find economic importance to be significant, but the potential for “control through trade” was significant. This is often the reason economic importance of a recipient comes out as being significant [26]. If a donor country wishes to focus on achieving its worldwide economic goals, it is likely that the recipients of Aid will be those with whom the US has a lot of trade [27]. So there is a potential positive impact on a donor’s economy as a result of Aid disbursement. The donor country is likely to benefit in terms of promotion of its own trade and investment [9]. In this paper, this variable has been included in the model and is measured by the sum of imports from and exports to Pakistan expressed as a percentage of US Gross Domestic Product. Data for this variable are collected from the State Bank of Pakistan’s (SBP) online database of publications (Handbook of Economic Statistics 2010).

‘Trade Openness’ is a variable which incorporates the extent to which the recipient country is involved in international trade, thus having a potential for growth. Thus, LDCs with greater potential for growth are likely to receive more developmental Aid [23]. The US has taken a challenge upon itself which deals with globalization and the promotion of economic development across the world. The US can use Foreign Aid as an instrument to promote trade openness in smaller countries by providing them with the necessary funds to rebuild their industry and infrastructure [28]. In the paper “Who give Aid to whom and why?” [19], trade openness is shown to be rewarded with Foreign Aid. Furthermore, Aid donors tend to put conditionality on Aid to LDCs in terms of opening themselves to international trade as well as controlling inflation, etc [29]. However, economic reform proves to be an unimportant factor when the donor’s strategic interests are involved; Aid is likely to be given for strategic motives even if the recipient is a closed economy [7]. In this particular study, this variable is measured by the sum of imports and exports of Pakistan expressed as a percentage of total GDP of Pakistan, showing the proportion of international trade in total national income. Data are found through the

World Development Indicators’ online database of the World Bank.

A variable of ‘Indebtedness of Pakistan’ is incorporated to capture the effect of a rising debt burden on the Pakistani government. The indebtedness of a country can be measured by the value of its total public debt (domestic and external) expressed as a percentage of total GDP. A theory on the impact of high indebtedness of a country is that it would demand or need financial assistance for external as well as domestic debt servicing. Another theory on the indebtedness of an LDC states that as its GDP falls to a very low level, a developed country might wish to ensure stability in the political system, which is vulnerable in this particular situation. This may be due to keeping up trade with the country, for own economic interests [30]. For this study, it has been measured via the proxy of the total sum of external debt of the government for each of the years under analysis. Data on external debt of Pakistan are collected from the World Development Indicators database.

## B. Data Collection Procedure, Statement of Research Hypothesis and Model Specification

The data being used in the models are time series data for Pakistan for the years 1980 through 2010. The dependent variable for the research is ‘Total US Bilateral Aid to Pakistan’, which covers the total economic and military Aid given to Pakistan by the US. It is quantified through statistics, on total bilateral Aid from US to Pakistan, collected from the website of *Center for Global Development*. Data on independent variables are gathered from various sources including the World Bank’s World Development Indicators database, the online Bureau of Economic Analysis database as well as the Handbook of Statistics 2010 by the State Bank of Pakistan.

The research hypotheses are such that positive relationships are anticipated between geopolitics of international relations and US bilateral Aid to Pakistan, as well as between a Democratic US regime and US bilateral Aid to Pakistan.

Two models have been incorporated into the study: the Prais-Winsten model (a GLS model) has been used due to serial correlation in the model; Distributed lag model is also employed since it incorporates lagged variables, considered important in this analysis of Foreign Aid.

## III. ESTIMATION, ANALYSIS AND CONCLUSION

### A. Prais-Winsten and Distributed Lag model estimates of US Bilateral Aid to Pakistan

The results show estimation of two models applied to the data ranging from years 1980 through 2010; the first model uses the Prais-Winsten command, while the second is of the type of distributed lag.<sup>7</sup> In both models the dependent variable

<sup>6</sup> Balance of Payments definition extracted from <http://www.econlib.org/library/Enc/BalanceofPayments.html> [25].

<sup>7</sup> Definition of distributed lag model: “In a finite distributed lag (FDL) model, we allow one or more variables to affect  $y$  with a lag” [31].

is the same. Results of the regressions are shown in tabular form in Table 1 below:

Table 1 Competing Model Estimates

Competing Model Estimates		
Regressand: US Bilateral Aid to Pakistan	Estimates of Competing Models	
Regressors	Prais-Winsten	Distributed Lag
Trade openness of Pakistan (Imports + Exports/Total GDP)	15632.19** (2.46)	-
Economic importance of Pak to US (Imports from and Exports to US/Total GDP of Pakistan)	-98308.22 (-1.69)	-
US Balance of Payments	0.0072729* (1.82)	0.0050272* (1.85)
US Balance of Payments (Lagged 2 years)	-	0.00829*** (2.8)
Dummy for Geopolitics of International Relations for Pakistan	771.332*** (3.19)	2214.07*** (7.39)
Dummy for US political regime	856.077*** (3.6)	-
Dummy for US political regime*Dummy for Geopolitics of International Relations for Pakistan	948.2147* (1.8)	1392.137* (1.8)
Dummy for regime type in Pakistan*Dummy for Geopolitics of International Relations for Pakistan	571.6538 (1.31)	-
Pakistan Indebtedness (Lagged 1 year)	-	0.07112*** (4.23)
Constant	612.809*** (-5.38)	-1565.15*** (-3.25)
Observations	29	29
R-squared	0.543	0.839
*significant at 10% level; **significant at 5% level; ***significant at 1% level		

#### B. Model Consolidation Tests and the Post-estimation Criterion

Due to apprehension of serial correlation, Prais-Winsten and Distributed lag models were preferred. The model estimated through the Prais-Winsten command had non-stationary data which was converted into stationary form through 'first differencing'. Looking at the Durbin-Watson d-statistics of 1.871 and 1.743 respectively, we can infer that the estimated models were free from any significant serial correlation. Also, the Breusch-Pagan test for the distributed lag model shows a p-value of 0.58, indicating homoskedasticity, whereas the first model employed the use of robust standard errors to eliminate the problem of heteroskedasticity shown by a p-value of 0.002.

After calculating the variance inflation factor (VIF), it was concluded that there was no problem of significant multicollinearity in the regressors in both models.

#### C. Analysis of Competing Models

As per our estimated models, the results appear as expected in accordance with the theories on US bilateral Aid allocation.

##### 1) Geo-strategic significance of Pakistan

One of the core variables in the paper was the geo-political aspect of donor interest, which was captured by the dummy variable of Geopolitics of International Relations; values of 1 were assigned for the years of the Cold War (US-Soviet Union) and post 9/11 period (War against Terrorism), 0 otherwise. These were strategically important times as the US did not want communism to spread in the region. In both the estimated models, this variable comes out to be highly significant at a 1% level. The coefficient is positive, as expected; implying that the US increased Aid to Pakistan during these 2 periods, reflecting the geostrategic importance of Pakistan due to Geopolitics of International Relations.

##### 2) Geo-strategy, Military regimes in Pakistan and US Bilateral Aid inflows

An interaction term, created between the dummy for Dictatorship in Pakistan and the dummy for Geopolitics of International Relations, is included to capture the effect of a pure military dictatorship regime in Pakistan during the years of the Cold War and/or War against Terrorism; for example, the time period starting from the events of 9/11 where General Pervaiz Musharraf was in power in Pakistan, till when Shaukat Aziz joined him in power, by becoming Prime Minister, after which the regime was no longer considered a pure military regime. This variable was included in the Prais-Winsten regression (Column I) only. The sign obtained shows that there is a positive relationship of this variable on Aid flow. However, this factor is not showing to be significant at any level, the t value being 1.31 only. Thus, we can say that even though both these variables are moving together, there is no such relationship between the two.

##### 3) Geo-strategic significance of Pakistan, the US political regimes and the US Bilateral Aid inflows

The variable representing the political regime in the US is the dummy for US political regime: a value of 1 for all the years a Democrat was President, 0 otherwise. The theory behind this variable is that a democrat is more likely to be open to foreign assistance to developing nations in order to help them reach economic growth and development targets. The results satisfy this part with a positive coefficient appearing in the model, showing that it is highly significant at a 1% level.

Moving onto the next variable, we see the interaction term created between the dummy for US political regime and the dummy for Geopolitics of International Relations which is shown in the column. This is included to show the impact of a democratic US president being in office during strategically important times for the country. The coefficient obtained is

still positive, as expected; in strategically important times, democratic presidents of the US tend to provide more than republican ones.

#### 4) Other Demand and Supply-side factors affecting Aid flows to Pakistan

Indebtedness of Pakistan is included as the sole demand-side variable to capture the effect of Pakistan being a highly indebted country. The proxy in use is the total sum of external debt of Pakistan. In theory, as the indebtedness of a country goes up, Foreign Aid inflows increase in order to service debts. The obtained coefficient appears positive, as expected, and highly significant at a 1% level of significance.

On the supply side, Trade Openness comes out to be significant, at a 5% significance level, carrying a positive sign with the coefficient as expected. The sign matches with the theory because donor countries are now trying to reward LDCs that have liberal economic policies. For economic importance of Pakistan, in theory, it was expected that there will be a positive correlation but such is not the result of our estimated coefficient. Also, it is not significant, meaning that it is not determining Aid flows to Pakistan in any major way. Another supply-side variable is the one measuring US resource imbalance. In the first model, 'US Balance of Payments' as expected is coming out to be significant at a 10% significance level. The coefficient obtained is positive. In the second model, a lagged variable (2 years) is taken alongside the original variable; the capability of the US to provide Aid is determined by the BOP from 2 years ago. Both these variables appear to be statistically significant, with positive signs. A positive sign implies that as BOP increases, Aid given to Pakistan increases by this donor. Therefore, this is the expected sign.

#### IV. CONCLUSIONS

In the context of Pakistan, past data show that the amount of foreign debt taken in by the governments has been substantial but there have been significant volatility in US bilateral Aid inflows over the years. Furthermore, the literature found for the case of Pakistan suggests that the US has given more priority to its own foreign policy objectives rather than any other factor; even the move towards a better democracy, by Pakistan, has not been specifically rewarded. As per evidence, the exit of the Soviet Union from Afghanistan resulted in assistance from the US being cut down to a bare minimum level. Such was the case till the War against Terrorism's origin in 2001 where Pakistan had, once again, come of geopolitical significance for the US who wanted its alliance; Aid levels rose again to heights previously seen during the Cold War. As the agenda had become the fight against terrorism, the presence of a military ruler in the recipient country did not seem to have an importance. However, Economic Importance is not instrumental in this case; the reason for which is the fact that the US tends to assist LDCs which have a large share of their GDP coming from trade with the US, not the other way around.<sup>8</sup> Factors such as

<sup>8</sup> This is based on the intuition that there becomes a capacity of 'control' by the donor on the recipient.

the recipient government regime do not appear to be significant in the case of the US.

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