Aid as a Path on the Muddled Road Toward Democratization?

A quantitative multiple case study on the impact of aid on the democratization process in Sub Saharan Africa

Master Thesis within Political Science

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Abstract

This thesis deals with the problematic question of aid as a helping hand to states that are in the process of developing democracy. It focuses on the Sub Saharan African region as a critical case, and furthermore upon the aid contributions made by the European Union during the time period of 1996-2006. The main ambition is to explore the real effect of aid on the democratic process, but also to explore other variables that might have effect. The method used is regression analysing of a database called The Quality of Government database Cross – Section Time-Series May 2008. The database has later been modified to suit my specific needs and aid has been recoded. This thesis is meant to be a theory testing study, and the theories tested will be related to the independent variables such as aid as a democratic helping hand as well as theories of corruption, political participation and military rule in the search for democracy.

Keywords: Aid, democracy, developing states, corruption, regression analyzes, opposition fractionalization, civil liberties, political participation, military officers in power
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1. Introduction

“Poverty is the parent of revolution and crime”

Aristotle

Revolution and crime are some of the factors that can severely put the democratization process on hold. This is why poverty is one of the main obstacles on the way to democracy, and therefore why we should focus on improving the living standards of people in the third world if we expect to see a turnover towards a more democratic form of governance. But how can the outside world help?

There are many reasons as to why a state or an organization chooses to donate aid to poorer countries. Many have said that aid is nothing but a bribe when having important economical interests in the recipient country, and political actors use aid as an important part of reaching their foreign policy goals alongside their diplomatic and financial muscles. The European Union (EU) is by far the world largest aid donor and accountable for 50% of the global development aid. After the Cold War the EU altered the goals in their development aid policy and went from mostly donating to promote economic and social development, towards promoting democracy, stability and good governance and one of the arguments for this alteration might be that the EU wanted to become a more noteworthy force in the international political arena. A good deed rarely comes without a hidden agenda.

But if so much of the EU: s total development aid budget goes towards the Sub-Saharan Africa nations, what has happened? Has the three “valuables” democracy, stability and good governance been achieved or at least improved, over the last decade when the financial aid has been the largest? And if not, how can we say that it is justified to donate these large sums of money without a possibility of accountability? And if aid proves not to be the most important feature in a change toward democracy are there other theories on other factors that can be said to have an effect?

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1 Aristotle Taken from www.the quoatationspage.com
2 Hoebrink, Stokke 2005:574
3 Resare 2008:7
4 Hoebrink, Stokke 2005:576
Voices have been raised on the ability of aid to drag out the worst in politicians, both on the left as well as on the right side of the spectra. The left side seems to feel that aid is nothing more than a sort of compensation for the colonialist era, a statement of guilt for the Western societies.

The right wing however seems to think that aid is similar to freeloading and therefore it rewards the helpless and by that accentuates the problem even more. According to some, aid is not very likely to solve many of the problems that the poorest countries in the world today are trapped in. But however, aid does tend to speed up growth. Without aid many of the countries in the bottom billion would be even poorer than today. These countries are mainly located in Sub-Saharan Africa, where growth is small and social and democratic governance problems tends to be large. This is the region where the EU:s main focus lie when distributing development aid. Over a period of years (1980-2001) the distribution of development aid has been three times as high, or more, in this region in comparison to other regions. The aid aimed at this specific region is regulated by the 2000 Cotonou agreement which replaced the previous Lome agreement, and is handled by a department of the commission called EuropeAid. The agency is directly financed by the member states, and each state contributes via their part in paying the total EU budget or via the European Development Fund (EDA).

In relation to this it is justified to ask the following main question of this thesis;

What are the actual effects of the EU:s development aid program on the Sub Saharan Africa region, and if aid is not the most relevant factor, which factors can be said to have an actual effect on the process of democratization?

1.1 Statement of purpose
This thesis is meant to investigate whether the EU:s aid contributions in relation to Sub-Saharan African countries during the period of 1996-2006 has had any real effect on the democratization process, provide for an understanding of the role of aid, if any, in the democratic development in this region and as a continuance what other factors that can be said to play the biggest parts.

5 Collier 2007:100
6 Collier 2007:101
7 The bottom billion is the billion of people in the world that are considered to be poor. Many of these states are situated in Sub-Saharan Africa.
8 Hoebrink, Stokke 2005:575
1.1.1 Questions/Problem

“If you ask the wrong questions the answers are irrelevant”

The Sub Saharan African countries are located in the region that by far has had the slowest democratic and economical development, and aid contributors around the world has donated many forms of aid to these countries in hope of a radical change; hence my main question is;

What are the actual effects of the EU:s development aid program on the Sub Saharan Africa region, and if aid is not the most relevant factor, which factors can be said to have an actual effect on the process of democratization?

In order to answer the main question in this thesis I need to ask more questions. The result of this thesis will be built upon my search for answers to the following questions;

1. Does an increased level of multilateral aid contribute to an increased chance for democracy in developing countries situated in the Sub Saharan African region?

2. Are the leading scholars on the subject of the other independent variables right, or is there room for new theory building?

3. Does multilateral aid have a future based on its current design, or does it need rethinking?

1.1.2 Demarcation

In this thesis I will only focus on the democratization process in Sub Saharan African countries and issues such as economic growth and education, although important issues, they will be left outside of the analytical framework mainly due to the thesis range and time limitation as well as political science relevance. The region has been chosen as the object of study mostly due to its slow development, both economically as well as democratically. Furthermore my time span will be between the years 1996 and 2006 when measuring the democratic development and aid. The time span is set to ten years mostly because the aid needs a certain time period to be implemented and a ten year period should be sufficient for aid to be shown in the result. A longer time period would have caused a statistical problem since it would have created a situation where more independent variables would have been necessary, due to the probability of other situations changing the conditions and making it harder to single out the effect of aid.

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9 Richard Millet 08-03-31 15.50 pm.
1.1.3 Disposition
This thesis is divided into different chapters where the first chapter has so far provided for an introduction to the current topic, the specification of the thesis main problem and purpose along with a clear demarcation in order to provide for an understanding of what material is to be included and what is not. Chapter two will be devoted to the theorizing of the concepts in question and to the building of a theoretical and analytical framework. Chapter three is meant to provide for a deeper understanding of the methodological concerns and procedures, as well as a careful operationalization of both the dependent as well as the independent variables. Chapter four will present the statistical findings which will be the foundation for my empirical results. Tables and models will be explained and evaluated. Last but not least, a chapter with conclusions and a final discussion will be laid out. Here I will give an account for my own thoughts and analyze the empirical results in relation to the presented theories.
2. Theory and hypotheses
In this section I will present the theories used to create the analytical framework needed to complete this thesis. I will also give an account for how they will be applied on my empirical material, and a careful definition of the thesis most central concepts will be presented. Since my thesis builds on statistical material I will also give an account for how these different concepts have been measured.

2.1 Democratic Theory
The political system of today is quite different from the one say 20 years ago. The globalization has caused a never before seen society of different levels of governance, and organizations with sanction powers all over the world. National sovereignty is not what is once was, especially not for those countries depending on international development aid. All these relatively recent changes have brought about a massive literature of democracy. All scholars conceptualize the term differently and therefore a careful definition of what is to be measured is in order. In this chapter I will theorize along the concept of democracy and lay out the basic grounds for measuring the concept, and in the third chapter I will operationalize it and give an account for the way I have chosen to measure it in this thesis. Later in this chapter I will also hypothesize around this concept in relation to all my independent variables.

When speaking of democratic theory it is almost impossible not to mention Robert A. Dahl. My concept of democracy will partly be built upon his famous criteria for ideal democracy, which he presents in the classic work “Democracy and its critics”, and below I give an account for them.

- Efficient participation – consideration shall be shown to all interests, and the members of the demos shall have equal powers of raising issues on the agenda
- Equal franchise at the final decision making
- Enlightened understanding – education and public discussions are necessary to form an awareness among the demos
- Control over the political agenda – who makes decisions and what about? Delegation of power to institutions is possible but only if it can be revoked, demos must have final control.
- All inclusive demos – everybody effected by decisions shall be a part of making them.\(^\text{10}\)

\(^\text{10}\) Dahl 2005:170-178
The five criteria stated above are meant to describe an ideal democracy. No state of today lives up to these criteria, not in the western democratic states and definitely not in newly developed democracies in the third world. Some of these criteria are more likely to exist in western democracies, for example education as a pre requisite for enlightened understanding but even so, in many societies we call democracies the equal possibilities of equal education is lacking. Dahl however sets up criteria regarding what he calls a polyarchy. Mainly this model is built upon the principles of participation and opposition, and is a modification of the ideal democracy model, adjusted to actually describe how modern democracies function.

Below follows the criteria for a polyarchy according to Dahl.

- The control over the governments political decision is according to the constitution the elected decision makers responsibility
- These elected decision makers are peacefully replaced via regular, recurrent and impartial elections, where coercion only occurs in a very limited extent.
- Practically all adults in the population have suffrage
- Most adults also have the right to run for public offices
- Citizens have a secured right to freedom of speech especially in matters of politics. Criticism of those in power, governmental policy, the current political, economical and social system and the ruling ideology.
- Citizens have access to alternative sources of information that have not been monopolized by the regime or any other political formation
- Efficiently secured right to form and join independent associations, both political parties and interest groups that with peaceful methods tries to influence the regime by for example compete in elections. 11

As written below, in this thesis the above definition with certain modifications is what will be used to complete the study. Dahl also states that there are different kinds of polyarchys, complete polyarchys which fully meet the demands of the above set out criteria, polyarchys with small restrictions and those with big restrictions. The latter he calls pseudo- polyarchys and this definition goes hand in hand with Diamonds definition of pseudo- democracies, which is stated on the following page. Dahl also talks about the rapid change that can occur in these countries based on what pre- conditions for democracy that exists, favorable conditions can be worsened and lead to a breakdown of the polyarchy system which was the case in Chile in the 1970’s. But bad pre- conditions can also get better and make the way for a strong polyarchic system which was the case in both Western Germany and Japan after the Second

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11 Dahl 2005:361
World War.\textsuperscript{12} In Sub Saharan Africa there has been evidence of development in both directions. Kenya’s troublesome elections in 2008 can be a valid example of how quickly things can go wrong, as well as Botswana’s long history of a stable polyarchic system alongside Ghana’s successful electoral democracy.

Furthermore Axel Hadenius writes that it is close to impossible to evaluate democracy without putting emphasis on political rights and civil liberties. He mentions the actual right of citizens to express their opinions openly, whether it be in speech or writing and in diverse ranges of the media, the organizing of parties and without obstacles be able to engage in political activities such as meeting and demonstrations.\textsuperscript{13} This is in agreement with the choice to use civil liberties (see operationalization of the concept on page 21) as an indicator of the state of democracy.

2.1.1 Democratization in a Third World Context

When speaking of democracy applied on third world countries it is important to keep in mind that our western definitions of democracy cannot be transferred into states that have recently gained the democratic rights of elections, or even worse, states that have not.\textsuperscript{14} A theory applied to these specific circumstances is crucial if one wishes to avoid the danger of conceptual stretching. Many of the democratic values that we in the west hold so dear are strictly contextual and cannot be said to be universal like Kristina Jönsson expresses in Göran Hydens 1998 anthology of democratization in third world countries.\textsuperscript{15} Another problem when defining the concept of democracy is whether the definition should be broad or narrow. The narrowest form of definition is the maximalist one which defines a society as democratic when each and every part of society is politically, economically and socially democratic. As Teresa Rindefjäll writes; “There is little use of this definition in empirical research”.\textsuperscript{16} This is the main reason why a minimalistic definition will be used in this thesis.

The minimalistic version of democracy only considers the political sphere of democracy and it has much to do with procedures which mainly concern elections and institutions, in Mikaelssons words “…institutional arrangements for reaching decisions”. Furthermore he

\begin{footnotesize}
\bibliography{bibliography}
\end{footnotesize}
argues that these processes guarantee that the people have a way of holding the elected politicians accountable. However, caution is needed. It is still important to question the design of the definition even though there is roughly a consensus among scholars. Giovanni Sartori writes that what democracy is cannot entirely be separated from what it should be.

Larry Diamond mentions different kinds of democratic conditions and among these are midrange conceptions, and pseudo democracies. The midrange type of democratic governance can be said to contain basic freedoms of expression but at the same time remain restricted when dealing with citizenship and the rule of law. Diamond writes that these democratic approached no longer can be divided into only two branches, liberal or electoral democracy, but claims that there are types like the middle range democracy which can live up to some of the expectations we have for a democracy but certainly not all, or even as many as we use to define a polyarchy according to Dahl’s classic definition of today’s western democracies.

Juan Linz and Martin Lipset also mention the problematic scheme of definitions and add the concept of pseudo democracies, which is when the state is no longer authoritarian, but it has not succeeded in transforming into an electoral democracy either. That is, democracy is possible, but still far on the horizon. The sole distinguishing feature for these types of democracies according to Lipset and Linz is that they allow for legal alternative parties to run for office, but with the control the ruling party has over the electoral system, this never really poses a threat. In order words, they are more democratic than other forms of authoritarian regimes but they are still balancing a thin line.

Both of the above definitions of democracy can be said to be the most common form of governance in the Sub Saharan African countries, alongside “real” authoritarian regimes where dictators possess all the power to create institutional reforms, which are usually frowned upon by leaders who appreciate their unique social position.

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17 Mikaelsson 2008:25
18 Hyden 1998:28
19 Diamond 1997:13
20 Ibid.
21 Diamond 1988:232
<table>
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<tr>
<th></th>
<th>Liberal democracy</th>
<th>Pseudo democracy*</th>
<th>Authoritarianism</th>
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<td><strong>State:</strong></td>
<td>accountable</td>
<td>limited accountability</td>
<td>dominant state and</td>
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<td>competitive elections</td>
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<td><strong>Civil society:</strong></td>
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<td>non existent 22</td>
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* In the original table the pseudo democracy was called partial democracy, but since the two are virtually identical I have chosen to rename it into pseudo democracy to avoid concept confusion.

The above table sets out the defining features of the three democratic models. As have been stated above in this thesis the democratic evaluation will be built upon the features for pseudo democracy, since the western liberal democratic model is not applicable on the developing countries situated in Sub Saharan Africa.

**2.1.2 Theories of Democratization**

David Beetham once stated that democratization is the process in which a state moves along a two-tailed spectrum with democracy in the one end, and authoritarian regimes in the other. He also states that it is a form of process towards democracy. Likewise David Potter states that

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22 Potter et al 1997:5
democratization is a political change moving toward democracy.\textsuperscript{23} Below is a model used to illustrate the democratization process.

\begin{center}
\begin{tikzpicture}
  \node[align=center] (liberalization) at (0,0) {Liberalization};
  \node[align=center] (transition) at (2,0) {Transition};
  \node[align=center] (consolidation) at (4,0) {Consolidation};
  \draw[->] (liberalization) -- (transition); 
  \draw[->] (transition) -- (consolidation);
\end{tikzpicture}
\end{center}

Therefore the distinction between democracy theory and democratization theory is essential. Teresia Rindefjäll also mentions the importance of a distinction between the different phases of democracy. The transition period which is ultimately the phase when a state for the first time puts a democratically elected government in political power, after that the elections have been held free, general and fair (this is really an example of the minimalistic definition of democracy since the term contains so much more than an elected government). It can be said that this phase represents the electoral democracy; it is what’s being done after this that decides the future fate of democracy. The next phase is the consolidation phase where democracy is meant to root itself in the governments institutions as well as in people’s minds, the democratic norms are here spread across different spheres of society.\textsuperscript{24} In the examined region in this thesis, we see examples of both, but according to these phases most of the Sub Saharan states are located in one or the other.

The former’s focal point is democracy as a \textit{state of being}, in other words democracy is already alive and well, while democratization focuses upon processes and causes of democratization.\textsuperscript{25} Mikaelsson mentions that democratization can be seen as a process of different stages all around the ladder of transition, by which he means that developing democracy, is possible in all countries and that this process follows a universal and linear path.\textsuperscript{26} This is not in contradiction to what has previously been stated in this thesis above; the non universality of democratic values, but rather a statement that supports the idea of the democratization process as universal that is the process in which a country develops democratic features.

\textsuperscript{23} Potter et al 1997:3
\textsuperscript{24} Hyden 1998:33
\textsuperscript{25} Mikaelsson 2008:31
\textsuperscript{26} Ibid
But what then are the factors behind democratization? What are the main difficulties in the process of democratization in Sub Saharan Africa, and even though these obstacles remain what makes democracy stay on the political agenda?

These are questions that Wiseman asks and answers in Potters “Democratization”. A cultural heterogeneity is brought by Wiseman as one of the main obstacles in the obtaining of democracy, however Collier happens to disagree, stating that a large cultural and religious homogeneity empirically does nothing to promote democracy; it is actually doing the opposite by promoting minority rebellion. Wiseman claims that history in Africa is dominated by European imperialism, which has created a diverse cultural and religious heritage and with it follows a weak sense of national identity. The imperialistic heritage has also created rebellious groups seeking independence but once won, democracy was not the chosen form of government and neither was any type of political order or development. The time passed since many of the Sub Saharan African countries independence is short, and therefore democracy is still in the phase of “pseudo”. Even though during Huntingtons third wave of democracy (early 1990:s) the one party systems was discarded and the military rule was diminished democracy has still not come into form in most of these countries, however a process of democratization is clearly happening, and the different nations are in different positions along the scope of democratization.

However something they both agree upon is the importance that a countries economic status has on developing democratic good governance, and in most cases in Africa, the economic environment does not favor this goal. And as Wiseman writes, the extreme cases of maladministration in countries which could have a flourishing economy thanks to large untapped natural resources seriously hinders the economical development. So once again it is easy to see the correlation between democracy and economy, and this correlation runs both ways. Collier on the other hand claims that natural resources could pose a threat to democracy, when heavy incomes to an undemocratic state hardly provides for a strong will of the governors to implement democracy in decision making procedures nor in the distribution

27 Potter 1997:272
28 Collier 2007:25
29 Potter 1997:277
30 Potter 1997:274
of the income from the natural resources.\textsuperscript{31} This is also a famous phenomenon in oil rich rentier states, when their extremely high incomes make it unnecessary to demand taxes from citizens, and if citizens do not pay taxes, accountability becomes hard.

2.2 \textit{Theorizing Aid as a Path Towards Democratization}

Aid has, much like democracy, changed concepts over the last 20 years or so. Earlier aid had little to do with democratic promotion and much to do with economic development, or if one wants to be abrupt economic future gaining. However over the last ten years priorities have changed and democracy as an ideal to be reached via the helping hand of aid has stepped out of the closet and into the limelight.\textsuperscript{32}

When evaluating the real effects that aid has on developing democracy there are many theories to choose from, however most of them seem to be in agreement. Aid is no straight highway towards development whether it is democratic or economic. Aid is a complex matter and according to Riddell it cannot be said to work, but there isn’t sufficient evidence to say that it is completely useless either. He mentions that a considerable amount of the problems that exists with today’s multilateral aid is that the countries governments are not working in favor of a well implemented aid policy.\textsuperscript{33} Here he is in total agreement with Collier who claims that aid does work, but not alone, and not as much as we would hope. He further argues that the economic growth of the bottom billion countries, and especially those situated in the Sub Saharan African region, has been helped by the multilateral aid from industrial countries, and that they would have been much poorer than today if aid had not been a part of their budget.\textsuperscript{34} He also claims that aid is not a very effective way of offering an instrument for support, but he does not agree with those claiming that aid in itself should be the problem.\textsuperscript{35}

In accordance with this; scholar Dag Ehrenpreis writes in Wolgemuths anthology that the current crisis in Africa, such as the economy, wars and the countries misguided economical

\begin{footnotesize}
\begin{itemize}
  \item Collier 2007:39
  \item Brodin 2000:2
  \item Riddell 2007:377
  \item Collier 2007:102
  \item Collier 2006:4
  \item Wolgemuth 1997:12
\end{itemize}
\end{footnotesize}
policies would be even worse had not aid been a part of the industrial worlds helping hand. Collier states that aid is subject for what is known as “diminishing returns” which basically means that the last dollar is not as much worth as the first one, and claims that if aid policy is not radically reformed then increasing the amounts will not increase the levels of development.

However Collier also states in his 2006 symposium paper “A Helping Hand to Failing States” that he found evidence in support of aid, if it is distributed at the right time and within the appropriate sectors. He claims that there is a time of window of opportunity for these failing states and if aid is donated at the right time it can actually be a success. However he distances himself from the notion of development aid as a mere source of cash in the budget. Technical assistance in the first period of reform does much more for the effective implementation of said reforms than “hard cash”. After the first window of opportunity has been closed, the contributing countries can start giving more conservative forms of aid. In other words he strongly criticizes donors for not paying attention to circumstances in the receiving countries surroundings. At the most extreme these donor mistakes make the effect of aid minimal or even none at all on the process of democratization. Bengt Ryden goes as far as to say that the effect of aid on the democratization and development process is highly questionable and that it perhaps makes more damage than good, and that aid should perhaps only be given in terms of humanitarian and disaster relief.

Along the same lines, Riddell claims that one of the major problems is that countries who need aid the most are the countries that are least likely to be able to handle, implement and make use of the aid contributions. Ehrenpreis sets out the aid paradox; “Aid is least effective where it is needed the most. It is most effective where it is needed the least.” From this I draw the conclusion that Sub Saharan Africa as a region is one of the regions in the world where aid is most needed, but also the region where it functions the worst. Elander also addresses the problem with aid being given to undemocratic regimes with little or no respect

37 Failing states are here defined as states with low per capita income as well as poor governance and economic policies. A failing state must have been classified as poor by the World Bank for more than a year, in other words almost all of the states in the Sub Saharan African Region falls under this category.
38 Chauvet, Collier 2006: 15
39 Ryden 1984:12
40 Riddell 2007:378
41 Wolgemuth 1997:17
for human rights, and when aid fails in those states it cannot be said to be a surprise. The money in those cases very rarely goes to the designated donor targets, but stays in the hands of an often corrupt and authoritarian regime. Elander further claims that clear demands should be a prerequisite in order receive aid.\textsuperscript{42} The apparent problem with this type of reasoning is that if the demands are not met and aid is not given to these failing states, the governments are not the ones paying the price. The oppressed people are.

Collier writes in his paper “Assisting Africa to Achieve Decisive Change” that the immense aid to Africa might be a part of the explanation to why Africa has failed to develop. Another possible view on aid is that it is highly marginal, merely a low significance factor behind the real factors of change. And the third position, which is the one my main hypotheses is meant to try, is that aid is conditionally important depending upon the circumstances that surrounds the state, but given during the wrong period it might also cause more damage than good.\textsuperscript{43}

\subsection*{2.2.1 A Brief Theorizing of the other Independent Variables}

In this section of the chapter I will give a brief theoretical line of argument regarding the other independent variables and their possible outcome on the democratic process. This will be useful when later formulating my different sets of hypotheses.

\subsubsection*{2.2.1.1 Opposition Fractionalization}

When theorizing this concept I have chose to use the previous work of Matthew Fehrs and Mark Axelrod at Duke University. In their quest for the loosening of tariffs they found it necessary to evaluate the degree to which institutions lived up to democratic (or pseudo-democratic or pseudo-polyarchic) ideals, since the relationship between economic stability and democracy has been long debated. It has really been a question of what came first, the chicken or the egg? However in order to do this they looked closer on the effects of opposition fractionalization and its consequences for democracy. One of the pillars in institutional democracy is a functioning opposition, a so called multiparty system. They exist in Africa, but more on paper than in real politics.

\textsuperscript{42} Elander 2008:5

\textsuperscript{43} Collier 2006:2
Fehrs and Axelrod’s theory is that if opposition fractionalization increases the opposition will be increasingly unable to effectively challenge the government’s actions and policies.\textsuperscript{44} The more parties in opposition the bigger fractionalization, and therefore lesser chances for civil liberties.

\textbf{2.2.1.2 Control of Corruption}
Corruption is one of the most prominent researched causes behind slow democratic and economic development. Vito Tanzi writes in his paper \textit{“Corruption Around the World: Causes, Consequences, Scope and Cures”}, that corruption contributes to reductions in public revenue, increases in public spending and a difficulty for the government to have a sound fiscal policy. It also increases the income gap in the state due to high positioned individuals tendency of taking advantage of the government’s spending at the cost of the rest of the population. Corruption also slows down, or stalls completely, the process of democracy, due to the peoples increased risks of poverty and the all over general violation of equality amongst individuals and the rights to participation. People without money are not a part of society.\textsuperscript{45}

\textbf{2.2.1.3 Chief Executive a Military Officer}
Axel Hadenius writes in his \textit{“Democracy and Development”} that a state striving for democracy is in a particularly difficult position if the military and armed forces have large political power. He further claims that the military have a very special position when regarding political power sources, namely the other social forces can try to pressure governments via strikes and demonstration. However the military can replace the government. He argues that the hierarchical system in the military and the organizational skills leads to highly developed ability of administration, which in an asset that the population often lacks. Furthermore this creates an identity that often functions as an alienation from the rest of the population.\textsuperscript{46} Collier also claims that military governance often are bad governance especially when dealing with economic and social questions since they often completely lack the capacity for doing so.\textsuperscript{47}

\textsuperscript{44} Fehrs, Axelrod 2006:11  
\textsuperscript{45} Tanzi 1998:583  
\textsuperscript{46} Hadenius 1992:138  
\textsuperscript{47} Collier 2007:65
2.2.1.4 Political Participation

Ronald Ingleheart is one of the most prominent scholars on the field of political participation. He argues that economic growth and development clearly diminishes the peoples will to yield to authority. People feel more secure with their everyday situation and material welfare, however when people are insecure, and there are no jobs and no financial stability the tendency of supporting authoritarian policies and strong leaders increases. Both Ingleheart and Stoker find this to be true in most of the developing world or in countries that has recently been through changes of social or economic type.\(^{48}\) In other words, people are less prone to actively participate politically when there is no economic security in the home atmosphere, and much more likely to participate if economy is stable. Political participation should, hence be a measurement of the quality of access to political institutions.

2.3 Hypotheses

In this section of this chapter the thesis main hypotheses will be presented. The formulated hypotheses are built upon the above stated theories and will be tested in the next chapter called Empirical Results. The scholars mentioned in this theoretical chapter can also identify many other factors that influence the democratization process. Two of the most talked about and researched factors can be said to be the amount of schooling that average citizens possesses, and the amount of natural resources that the state possesses. Both Ross and Collier for example have talked about what they refer to as the “natural resource trap” by which they mean that a state might be less prone to develop democratically since they can use the revenues from these natural resources in order to avoid dealing with the social responsibilities.\(^{49}\) Education is also often identified as a backbone of democracy. Dahl’s classic criteria contain enlightened understanding (see page 9) as a part of the democratic ideal which would be very hard to live up to without education. Illiteracy is the enemy of development, but making the educated stay in a country without prospects might even be a bigger one.\(^{50}\)

Both of the above identified factors would have been highly interesting to test for in my statistical data, however due to a large drop off (close to 80 %) in the variable “Average Schooling years” this was due to statistical reasons not included in the analyze. Regarding the

\(^{48}\) Stoker 2006:52  
\(^{49}\) Ross 2001:332  
\(^{50}\) Collier 2007:93
natural resources, there was no variable included in the database fit for describing this complexity; hence I chose to leave out that variable as well. Below I will give an account for those hypotheses which can be tested, and how I have chosen to formulate the theory testing hypotheses. One hypothesis per independent variable will be presented, although my main hypothesis is related to my main independent variable; aid.

**H1:** My theories have led me to this first hypotheses regarding the aid from the EU:s ability to create stable environments for democracy development. It consists of the assumption that there will be a correlation between aid and democracy development. However this correlation will be relatively small and will have no real effect in the democratic process. This hypothesis is not a positive judgment of the future of multilateral aid, but the main theories assumption of windows of opportunity and other ways of distributing aid, can still have a large influence over the outcome of aid.

**H2:** The hypothesis regarding opposition fractionalization is that the correlation between this independent variable and the dependent variable will be negative. In other words, if opposition fractionalization increases, civil liberties will decrease.

**H3:** The third hypothesis deals with the correlation between control of corruption and civil liberties. The hypothesis here is; the higher levels of control of corruption, the better the status of civil liberties, and if the capacity of controlling corruption increases, then so will civil liberties.

**H4:** The fourth hypothesis is formulated by the relationship between chief executive a military officer and civil liberties, if the state has a chief executive with military background, the civil liberties scale will fall.

**H5:** The last hypothesis involves political participation and its effect on civil liberties, and is formulated as follows; if political participation increases, civil liberties will also increase.
3. Method
When trying to determine what method is the appropriate one to carry out this type of scientific problem, there are many questions that need answering. First and foremost one has to ask oneself if the problem at hand has a scientific meaning, hence if it is relevant within ones field of science. Furthermore a reflection of its relevance for society in large is also a demand. One has to make sure that the method chosen is the right one to examine what needs to be examined. It is therefore possible to say that methodology has much to do with validity. Below I will give an account for my methodological discussion when writing this thesis.

3.1 Discussion
Since this thesis is meant to evaluate the real effect that development aid from the European Community has, and have had, on the democratic process in this specific region a statistical method is superior in the search for definitive results. This is accordingly my choice of methodological strategy, not only because it is most fit to solve the problem at hand, but also since it is the best method available at this time. But, just because the method of choice is based on statistical numbers and data does not make the thesis scientific. The concepts and the operationalization of them is as much a part of the method as the data itself.\(^51\)

In order to be able to measure the democratic development it is absolutely crucial to operationalize the terms aid, democracy and democratization. This is also theorized in the second chapter of this thesis, but the methodological discussion on operationalizing will be held in this third chapter.

The data used to complete this thesis is the Quality of Governments (QoG) Time – Series, Cross – Section database from May 2008.\(^52\) This database contains material from all the UN acknowledged states from the years 1946 to 2006, and measures many different variables in relation to the quality of government. In order to track the actual effects that aid has had on developing democracy it is crucial to have accurate, reliable, and consistent data over time and across countries. This applies both to the amounts of aid provided as well as the different

\(^{51}\) Djurfeldt 2008:23
\(^{52}\) QoG http://www.qog.pol.gu.se
variables against which the relationship with aid is to be measured. The database that has been used in this thesis responds well to all of the demands above.

Some of the variables in this thesis suffer from drop offs in the statistical data, hence there are variables that have not got values for every country and every year. I am well aware of that this creates a validity problem but the drop off is never larger than 28% which is why I consider them still to be statistically secured, and my main independent variable and my dependent variable does not at all suffer from drop offs which further creates validity for the study. Furthermore in the search for the answer to this thesis main question this is the only method and database available; hence one cannot find data that will be more complete. Furthermore in this specific region one can assume that the collection of this type of data not always comes easy when many of the countries are authoritarian regimes, and might not always be as open and willing to share statistics with outside scholars as we are in the western democracies. Drop offs are a considerable problem in this type of research but as far as one is aware of the problems involved, and the drop offs are not larger than the data itself the study can still be completed without too much loss of validity. There are even studies that claim that empirical research with a large number of drop offs can be better at predicting the future than those with little drop off, however until proven, it is better to assume that the reversed relationship is true, and hence do everything to keep the drop offs as small as possible.

Another problem with the variables is that, as has been stated earlier in the hypotheses section, some variables have not been possible to measure even though a large relevance belongs to these variables. Natural resources and education is therefore not a part of this analyze, but might be a suggestion for future research.

The time period chosen is 1996-2006, and the main reasons for this were the will to get a result that can be said to be recent as well as the fact that the database stretches to 2006. Furthermore a period of ten (actually eleven) years is necessary in order to create a result that provides for a broader result, that is, a result that has greater statistical value since the aid must have a certain period of time to be implemented before it can give results. However if a longer time period had been chosen another statistical problem would have arisen. Say the

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53 Ridell 2007:166
54 Esaiasson et al 2007:213
thesis would have been written with a time span of 20 years, it would have been problematic to distinguish what part of the democratic process that aid was responsible for. During a longer time span it is more likely that other changes in the country that aid had nothing to do with, like the throw over of a dictator or the implementation of new economical policies.

Another way to provide for this would have been to have overlapping time periods, for example to measure democracy from 1996-2006 and aid from 1991 to 2006 in order to provide aid with a better chance of having effect. However the database is built in a way that makes overlapping difficult. To measure one of the variables before the others creates a problem when reading the results, how would one interpret the regression analyze? One way would be to compare two different time periods, say 1991-2001 and 1996-2006 and say if the effect of aid had increased or decreased. The problem here would be to determine what actually caused the change of aids effect.

Yet another way would be to create a mean for all variables and each country; that is each country only has one value per variable, but this instead poses problems with the degrees of freedom. The degrees of freedom are statistical terms that signify the number of values that are free to vary within one given variable or a given variable space. If the degrees of freedom are too many, which they tend to be if the cases are few and the variables are many. This in turn leads to a non-reliable $f$ value which signifies that the regression analyze isn’t reliable either.55 When having executed a mean per country and variable and having done the regression analyze, the levels of significance was at 0, 98, which basically means that it was only statistically guaranteed at a level of 2% and this due to the radical decrease in cases, which created problems with the degrees of freedom. In conclusion, even though my method contains problems with drop offs it is still the most statistically valid method in examining this specific problem.

However, many problems remain in the hunt for results in this complex matter. To isolate aid as a sole effect on the process of democratization is hard. Many factors have a role to play in this process; the capacity of the government to implement aid which may vary across countries as well as the need for new conditions in the surrounding environment to act in a

55 Edling, Hedström 2003:83,84,121
positive direction might make aid function better. To draw general conclusions on which success aid has contributed is ever so hard and complex. The situation is affected by so many other factors such as the countries general development level and to which degree economic and political stability can be said to be at. There are also problems with the situation with neighboring countries and the world market for import and export. In other words it is difficult to distinguish aid or separate contributions from the development effects.\textsuperscript{56}

Although there are, as stated above, many problems when trying to determine the real effects of aid on developing democracy I have chosen to complete this thesis with the statistical method presented below. In my opinion as long as the researcher is well aware of the problems involved in this kind of study, and analyzes the result accordingly there is no grave validity problem.

3.1.1 Design and units of analyses

When determining which analyses that should be a part of this thesis I have chosen the entire Sub Saharan African region mostly due to the fact that this is the region in the world which has the most underdeveloped countries, both economically and democratically. This is my main unit of analyses. According to Collier many of the states in the region are failing states and most of them make up the so called “bottom billion” countries with low growth and problems with inner conflicts.\textsuperscript{57}

My design is made up of a so called multiple case study. I have chosen to incorporate all 47 countries in the Sub Saharan African region in the analyze and even though I call the study a multiple case study, the region will be the main focal point. Hence the case is the countries and each country and year between 1996 and 2006, but the analyze will be focused on explaining the situation for the entire region. Furthermore my line of argument is that this region could function as a so called critical case, since the conditions in this region could be said to be most unfavorable. This statement is based on the following logic; if the theoretical cases are supported by the statistical analyses, then they will most likely also be supported in less unfavorable conditions. In other words, if I get support for my theoretical testing, then this could be said to be true in a region with better conditions as well.\textsuperscript{58} The units of analyses,

\textsuperscript{56} Wolgemuth 1997:16
\textsuperscript{57} Collier 2007:4-7
\textsuperscript{58} Esaiasson 2007:185
hence the Sub Saharan African countries, have here been chosen in accordance with the World Banks definition of World Bank Borrowing.\textsuperscript{59} Below I will give an account for which countries that are included in that definition.

<table>
<thead>
<tr>
<th>Country</th>
<th>Country</th>
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<tbody>
<tr>
<td>Angola</td>
<td>Central African Republic</td>
<td>Eq. Guinea</td>
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<tr>
<td>Benin</td>
<td>Chad</td>
<td>Eritrea</td>
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<tr>
<td>Botswana</td>
<td>Comoros</td>
<td>Ethiopia</td>
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<tr>
<td>Burkina Faso</td>
<td>Congo</td>
<td>Gabon</td>
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<tr>
<td>Burundi</td>
<td>Côte d’Ivoire</td>
<td>The Gambia</td>
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<tr>
<td>Cameroon</td>
<td>Dem. Republic of Congo</td>
<td>Ghana</td>
</tr>
<tr>
<td>Cap Verde</td>
<td>Djibouti</td>
<td>Guinea</td>
</tr>
<tr>
<td>Guinea Bissau</td>
<td>Namibia</td>
<td>South Africa</td>
</tr>
<tr>
<td>Kenya</td>
<td>Niger</td>
<td>Sudan</td>
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<tr>
<td>Lesotho</td>
<td>Nigeria</td>
<td>Swaziland</td>
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<tr>
<td>Liberia</td>
<td>Rwanda</td>
<td>Tanzania</td>
</tr>
<tr>
<td>Madagascar</td>
<td>Sao Tome &amp; Principe</td>
<td>Togo</td>
</tr>
<tr>
<td>Malawi</td>
<td>Senegal</td>
<td>Uganda</td>
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<tr>
<td>Mali</td>
<td>Seychelles</td>
<td>Zambia</td>
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<tr>
<td>Mauritius</td>
<td>Sierra Leone</td>
<td>Zimbabwe</td>
</tr>
<tr>
<td>Mozambique</td>
<td>Somalia</td>
<td></td>
</tr>
</tbody>
</table>

When determining the design of one’s study it is vital to decide what kind of study one wants it to be. Should this study examine the limits of certain theories, or test well established theories for credibility, or is the aim to simply develop a new theory?\textsuperscript{60} This thesis is meant to act as a theory testing hypothesis. It aims at assessing the validity of existing theories in the field of aid and democratic development, but also at testing small pieces of theories regarding the other independent variables. It is also important to establish whether this specific test is a least-likely case, a most-likely case or a crucial case for the theory.\textsuperscript{61} As discussed above this is a study of a critical case according to the model of least-likely case. My goal is to describe an observable variation in the dependent variable.

\textsuperscript{59}http://web.worldbank.org/WEBSITE/EXTERNAL/COUNTRIES/AFRICASECT01/0,,contentMDK:
\textsuperscript{60} George, Bennet 2005:75
\textsuperscript{61} George, Bennet 2005:75
It is also important to keep in mind that the specification of the research problem cannot be to broad or to narrow. If it is defined to broadly, one risks losing important differences among the cases, but if it is defined to narrowly there might be a loss of possibility to compare with other cases.  

This thesis specific problem can be read in chapter one, where the purpose of the thesis also is stated.

### 3.2. Operationalization of the dependent variable; Democracy

When dealing with democratic issues a careful operationalization of the concept is crucial. I have chosen to define and measure the democratic status in this region based on Freedom Houses measured variables in democracy, or as they call the variable Civil liberties. This variable contains a questionnaire of 15 questions in four subcategories; (1) Freedom of Expression and Belief, (2) Associational and Organizational Rights, (3) Rule of Law and (4) Personal Autonomy and Individual Rights. The variable is measured on a scale of 1-7, where 1 is the most free, and 7 is the least free.  

The variables shortcomings in explaining the entire concept of democracy is a matter of full awareness. However, a problem arises when wanting to measure all of the aspects of democracy; hence I have chosen to work with Civil Liberties as an indicator of how democracy is being perceived and executed. This variable is also applicable on the chosen theories of pseudo democracies since it does not attempt to measure all spectra of democracy, but it does measure the most basic forms of democracy regarding how well the people’s rights are protected.

**3.2.1 Operationalization of the main independent variable; Aid**

In this thesis whenever aid is mentioned it is solely meant to describe the EU: s aid, and in that category all multilateral aid contributions in the time period 1996-2006. The numbers of the aid donated per country in this specific region was collected from the Organisation for Economic Co-Operation and Development (OECD).  

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62 George, Bennet 2005:79

63 [http://freedomhouse.org](http://freedomhouse.org) In QoG [http://www.qog.pol.gu.se](http://www.qog.pol.gu.se)

Aid has been chosen as the primary independent variable due to many reasons. For one, there is an overwhelming literature of international aid and its effects on so called “failing states”\textsuperscript{65}, both economically and socially. And just as many articles and books, there are theories of the expected effect. Hence, I was interested in determining which theory was right. Does aid have a positive or negative effect? And is there any effect at all? Another reason for my interest in the specific EU and aid variable, is the EU:s enormous budget and the fact that a part of this budget is what makes EU the world’s largest aid contributor, and 0,56% of the member states GDI is donated to the European Development cooperation\textsuperscript{66} and although this might not be a number that throws people off their seats, it is still a considerable amount paid by each member state. In other words the citizens of the EU pay the bill but are there any facts that suggest that it actually makes a difference?

3.3. Operationalization of other independent variables

When having a theory testing problem, especially when in a case study, it is very important to have multiple alternative hypotheses, in order not to fall victim of subjectivity by choosing only the variable closest to the researchers’ heart. This is the reason why I have chosen more independent variables, in order to avoid the trap of left-out variables that might be the “real” explanation of the, in this case, democratic development process. This might be a factor that could threaten the study’s validity\textsuperscript{67}; hence I have tried avoiding that problematic issue.

In this section I will state my reasons for why I assume that my chosen variables will have an effect on my dependent variable, and I will also describe how the variables are measured in the QoG database.

3.3.1 Opposition fractionalization

This variable is included in the study due to my theory that a fractionalized opposition group is partly a negative phenomenon in the hunt for democratic reforms. The main reason for this is that according to the definition of the concept in the QoG database code book suggests that a fractionalized opposition would mean problems in cooperating in terms of challenging the government party. Fractionalized groups do not tend to cooperate and hence, every party is on

\textsuperscript{65} Collier 2007:120
\textsuperscript{66} http://ec.europa.eu/europeaid/work/funding/index_en.htm
\textsuperscript{67} George, Bennet 2005:80
their own in the search for reforms instead of working together to create the power of numbers.

In the QoG database opposition fractionalization is defined by the probability that two randomly chosen deputies belonging to parties in the opposition will be from different parties.\textsuperscript{68}

3.3.2 Control of corruption
The third independent variable that I think will have an effect on the democratization process is how well corruption is being controlled. Corruption is, as written in the earlier chapter, a big obstacle in the path towards democracy and a reality in most of the Sub Saharan African states. Corruption is an obstacle to the democratic goal of free and equal treatment to all citizens as well as it is an obstacle for my main independent variable, aid, to reach its goals. Corruption also furthers the problem of poverty, and economical growth which are both strongly linked to a successful democratic development.

The QoG database code book defines this variable as a measure of perceptions of corruptions and usually this is defined as the exercise of public power for personal gain. There are different measurements that are used over time, but ranging between “additional payments to gets things done” as well as the corruption in the business environment and furthermore “grand corruption” in the political arena or the tendency of elite forms to engage in “state capture”.\textsuperscript{69} The measure ranges between -2.5 (worst) and +2.5 (best).

3.3.3 Chief executive a military officer
The fourth independent variable has been chosen due to the risk of previous coups and rebellion overtakes. If a country is being governed by a military officer it is likely that the country is run by the military itself, and if this is the case the country is also likely to have been victim of a military coup which is generally not an advantage for democracy. Rebels and the military are usually compelled to control its people by arms and forces and democratic

\textsuperscript{68} Database of Political Institutions in the QoG Database Codebook p.70

\textsuperscript{69} World Bank – Governance Indicators in the QoG Database Codebook p. 62 State capture is when corruption is being used in a grand scale, and usually takes place when oligarchs (both military and corporate) manipulate policy formation and shape their own rules and this contributes to one of the biggest challenges in economical reforms. (All above according to IMF for further reading see below)
reforms do not go together with arms and military force. The QoG database defines this as simply as if countries are run by a person with military background, it is coded as 1, and if not a 0. In other words this variable is dichotomized into only to values.

### 3.3.4 Political Participation

My fifth and final variable is political participation. The theory accompanying this variable is that if the people are involved in politics and form opinion groups and parties, demonstrates and creates petitions and all other activities that can be measured as participation in the political sphere, the more democratic the society will be. Democratic reforms do not come without the peoples (or the politicians) initiative, and clearly I realize that the demand for a so called window of opportunity is essential in order for this process to function, meaning that a semi democratic regime must be in government for the people to at all have these participation rights.

The QoG database codebook tells us that the definition of political participation varies between three values; 0 Very Limited, 1 Moderately Free and Open and 2 Very Free and Open. This is the one variable that has the largest drop off of all, but still a good 71% of the countries and years are accounted for and only 29% are missing, which make it statistically relevant.

### 3.4 Methodology

In this section I will give an account for how this thesis was constructed methodologically, and practically how the database was altered and modified. The methods used are linear regression analyzes, and bivariate as well as multiple. A linear regression analyze is not able to determine non-linear correlations, so there might be other forms of correlations that are hidden behind the choice of method. This method is superior when trying to determine cause and effect. The multiple regression analyze is also the only method when wanting to determine if more than one independent variable is significant for the dependent variable.\(^{70}\)

The original QoG database contained 192 states over a time span of 50 years, 1946-2006. Since the examined region was of the largest interest to me, all of the other countries had to be cut from the database. Hence, all other countries were cut and so were the chosen countries between the years of 1946 to 1995 since they didn’t fit into my time span. After having done

\(^{70}\) Djurfeldt 2003:332
that I used the numbers collected from OECD with the specific aid contributions from the EU country by country. Hence, I coded aid into SPSS using every country as a specific variable and coding one value per country and year into the data program. I have also created other variables such as Democratic Change over Time. This variable was constructed through the Freedom House index over political rights and civil liberties. Both of this variables are coded on a scale of 1 (most free) and 7 (least free). I then added these values per each country for the year of 1996, and then did the same to all countries for the 2006 period. After this I subtracted the value for 2006 with the total values of 1996 and got a number which can be said to be representative for democratic change over time.

When choosing the independent variables it is crucial to test them for multicollinearity. This means that it is important that the independent variables do not measure the same things, hence the correlate with one another and therefore are victims of a statistical error. If this error occurs, it becomes impossible to estimate the coefficients, and the standard error becomes too high.71 This is why when executing the regression analyze, it is important to also test for multicollinearity, a so called VIF test. The VIF numbers cannot be at a higher number than 2.5, and none of my variables have a higher VIF value than 1.3. Hence, none of my variables, neither the dependent nor the independent, suffer from this type of statistical errors.72

In the search for definitive results it is the Adjusted R Square value that it of the upmost importance. This value is also referred to as the determinationkoefficient. This value indicates the total variance in the dependent variable that can be explained by the theoretical model.73 In other words it gives us to what percentage the model explains the dependent variable, the higher the value, the higher the statistical importance.

Another important value that deserves methodological attention is the B-Coefficient. This indicates the camber of the regression line, and how it changes depending on the dependent variable.74 Yet another important value is the standard error which measures the deviation from the true population, hence it is a measurement which describes the typical or the average

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71 Edling, Hedström 2003:147
72 Djurfeldt 2003:389
73 Edling, Hedström 2003:93-95
74 Djurfeldt 2003:169, Edling, Hedström 2003:89
errors we will commit when drawing random samples of a certain size. However since this study is a total selection study, no random samples will be drawn. All of the variables are included in every country and every year, hence no large amount of energy should be spent on interpreting the standard errors in this study.

After this a linear bivariate and multiple regression analyze was carried out, and the result of this statistical data will be presented in the next chapter which I have chosen to call “Empirical Results”.

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75 Edling, Hedström 2003:116
4. Empirical Results
In this chapter tables and models will be presented in order to give an account for my empirical findings. The statistical data will be offered and explained as well as the analyzing of statistical correlations and effects.

4.1 Statistical findings
In this section of this chapter I will give an account for my statistical findings. This will be set forth in different tables, and explanations for the different coefficients and the results will be stated. The theories from chapter two will be tested vis-à-vis the statistical results.

Table 1: Bivariate regression analyze; the effect of aid on the process of democracy. Civil Liberties as the dependent variable (1 most free – 7 least free) and aid as the independent variable measured in US Dollars.

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>B- Coefficient (standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aid</td>
<td>-0.002*</td>
</tr>
<tr>
<td>(US Dollars)</td>
<td>(0.001)</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.002</td>
</tr>
</tbody>
</table>

| N                    | 517                             |

Commentary: * is significant at a 0.20 level.

4.2 H₁: Aid in Relation to Democratization
As seen on the table above, if aid increases by 1 million USD, civil liberties go down by 0.002 scale step. This might seem confusing, but one has to keep in mind that a negative result on the B- Coefficient value is positive vis-à-vis Civil Liberties, since the lower value on the measuring scale, the better.

The above stated result supports the hypothesis of a low effect and correlation between aid and democratization. However, in all honesty, the effect was according to the hypothesis supposed to be a little bit higher. The effect that was the actual result was hardly any at all and one must keep in mind that this was only the bivariate regression analyze and that in a multiple one, where other independent variables will be included, the effect might be even
smaller. Even if the significance is not perfect in this bivariate analyze it is still at the 0.20 level and is valid enough to be a part of a statistical analyze.

Below I will state some of the possible reasons that might explain the low effect. In the following scatter plot the result is even more visible.

Each of the scattered plots above represents one country and one year. As seen there is no regression line with plots, only scattered results. If aid had had a bigger effect on democratization, there would have been a clear line alongside which most of the plots would have been gathered. The plots are mostly concentrated along middle range of the Civil Liberty scale and on a low amount of aid.

First and foremost, for aid to be of assistance in the search for democracy it has to be correctly distributed and implemented. This poses a problem since most of the governments in Sub Saharan Africa are not capable of managing their own budgets, let alone the large sum of money from aid that can go relatively unchecked by.66 Furthermore the aid that is meant to create stable institutions for democracy and an environment for political and economical reforms relies upon the prerequisite that there already exists some form of democratic governance to distribute the aid. During the last couple of years it has become more and more popular amongst the donor countries not to give so called unconditional aid. This means that

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66 Collier 2007:69
there are often demands set out to the receiving country on what is supposed to be achieved with the received aid. Collier talks about the problematic complexity of such a switch by saying that the psychological aspect of it is that leaders of these underdeveloped countries do not want to be told what to do. It threatens the fragile, and in many cases relatively new found sovereignty. But on the other aspect one might agree with the donor countries will to try to have some say in what happens with their tax payer’s money, by setting out demands and require follow ups on the destinations and implementations of aid. One might call the problems related to aid a catch 22.

On the next page my results on the multiple regression analyze will be accounted for. There aid will also be further explained as a variable and the hypotheses testing surrounding the other independent variables will be executed.

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77 Collier 2007:101
### 4.3 What About the Other Independent Variables?

In this section I will give an account for the other independent variables, offer the statistical results in relation to formulated hypotheses and state whether the uses theories and scholars were right in formulating their theories, or not.

**Table 2**: Multiple regression analyze; all of the independent variables effect on democratization. Civil Liberties as the dependent variable (1 most free – 7 least free) and as the independent variables; opposition fractionalization (percent), Control of Corruption (estimate percent), Aid measured in USD, Chief Executive a Military Officer (dichotomized variable 1 exists – 0 does not exist), Political Participation (0 Very Limited – 2 Very Free).

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>B- Coefficient (standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opposition Fractionalization (percent)</td>
<td>-0.210**** (0.202)</td>
</tr>
<tr>
<td>Control of Corruption (-2.5 no control – 2.5 most control)</td>
<td>-1.002* (0.111)</td>
</tr>
<tr>
<td>Aid (US Dollars)</td>
<td>-0.004** (0.002)</td>
</tr>
<tr>
<td>Chief Executive a Military Officer (1 existing – 0 not existing)</td>
<td>0.280*** (0.202)</td>
</tr>
<tr>
<td>Political Participation (0 Very Limited – 2 Very free)</td>
<td>0.694* (0.098)</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.613</td>
</tr>
<tr>
<td>N</td>
<td>517</td>
</tr>
</tbody>
</table>

Commentary; *Significant at a 0.01 level, ** significant at a 0.02 level ***significant at 0.05 level, **** significant at a 0.3 level.
The table above shows us the effect of each independent variable on the dependent, and it also shows us that the entire model, made up of all the independent variables explains 61% of the dependent variable. In other words it is the total variation of the dependent variable that can be explained by the correlation between the independent variables and the dependent variable. It is also positive if the adjusted $R^2$ value is high when the independent variables are relatively few, which in this case they are. That raises the credibility of the models explanatory value. Below I will go into the specific interpretations that can be drawn from the table on the previous page.

It is important here too, just as in the bivariate analyze, to keep in mind that a negative B-Coefficient is a positive direction on the Civil Liberties scale since the lower the number on this scale, the better.

4.3.1 H2: Opposition Fractionalization
So as we can see based on the table, if the independent variable Opposition Fractionalization increases by 1% Civil Liberties also increases by 0,2 scale steps (actually it falls by 0,2 scale steps but from now on, I will simply say increase). This contradicts the formulated hypothesis; since the expected result was supposed to be negative for Civil Liberties (the B-Coefficient should according to my hypothesis be positive). In other words there is a need for new theories on the subject, and Axelrod and Fehrs are proven wrong. A possible reason for this unexpected result might be that if opposition fractionalization is high then it might indicate that a larger number of parties are a part of the opposition, hence the multiparty democratic system is more developed. This follows from the performed measuring of this variable since it is measured by the probability of two randomly selected officials being from the same party, so a high level of fractionalization should indicate a larger number of opposition parties.

4.3.2 H3: Control of Corruption
Moving on to the independent variable Control of Corruption, we can see that if the control for corruption goes up one scale step, then Civil Liberties increases with 1.002 scale steps. This variable has the largest isolated explanatory value and hence the theories regarding corruption can be held for true. Due to this fact it might be ideal if aid was to be more concentrated on defeating corruption in these developing countries, in order to increase Civil

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78 Djurfeldt 2003:168
Liberties and the promoting of democratic institutions. In other words, Vito Tanzi, along with many other scholars, are right in their theoretical assumptions.

4.3.3 H4: Chief Executive a Military Officer
The results of the following independent variable Chief Executive a Military Officer support the formulated hypothesis and theory. If the chief executive of a state has military background Civil Liberties decreases by 0.28 scale steps. In other words the theory of military background creating loyalties and a hierarchical system and a feeling of “us” and “the people” does hinder democracy. This is a variable that is very difficult for outsiders to influence. A coup or a rebellion overtake is severely difficult to control and prevent, but the donating of aid to create democratic institutions might reduce the need for rebellion and the disgruntlement among the people and hence lay the ground for democratic governance.

4.3.4 H5: Political Participation
The last of the independent variables in this study Political Participation might seem to have an obvious effect on democracy; however this need not be true. Political Participation can also be a path towards democracy, it is not a pre-requisite for democracy but it might be a pre-requisite for a states turnover towards democratic rule. The statistical analyze shows us that if political participation increases by one scale step, Civil Liberties increases by 0.694 scale steps. This makes this variable the second most important in the developing of democracy.

4.4 Aid in the Multiple Regression Analyze
Regarding the main independent variable Aid the effect of this variable on Civil Liberties increases when more variables are included. In the bivariate analyze we could see that if aid increased by 1 million US dollars, then Civil Liberties increased by 0.002 scale steps, but in the multiple analyze the positive effect has increased to 0.004 scale steps. A possible reason for this anomaly might be that aid has contributed in some of these cases. Some forms of multilateral aid goes to preventing corruption, increasing political participation and the making of a functional multiparty system. In other words aid correlates in a small scale with the other independent variables, but not nearly enough to threaten the statistical validity via the multicollinearity test described in the methodological section of the third chapter. The VIF values never reach higher than 1.3.

In relation to the different scholars mentioned in chapter two, we might say that the statistical finding is in support of Riddell who claims that aid does not work, but that it isn’t completely
useless either. Colliers theory on aid not being able to work by itself is supported in the multiple regression as can be seen on the following page, where the effect of aid increases slightly when more variables are included in the study. Furthermore this supports Colliers claim that aid is more likely to work if given to relevant sectors. This can also be seen on the following page. His claim on aid not helping as much as desirable and that aid is a part of the solution and not of the problem is indeed relevant according to the statistical findings. However the statement that Collier makes regarding the developing countries improved economy and that this is based on aid, is a subject for a future study, since no economical factors neither social nor political was included as a variable.

According to Ryden, aid does more harm than good, but this must be said to be falsified according to the statistical findings, since there was an effect, however small, but a positive effect it remains. However Ehrenpreis aid paradox, as you might remember from chapter two, is hard to either hold for true or falsify with this type of data. A more carefully executed comparison with other regions and countries would have to be completed before determining the explanatory value of that statement. Nevertheless the general idea of Sub Saharan Africa as being the region needing aid the most, and implementing it the worst is still a possible thesis. Elanders assertion of that it is a matter of setting clear demands on the recipient countries, is a question for the future, since these lines of argument are relatively new it might need time to implement, hence a similar study executed in say 10 years time would possibly answer that question. Colliers statement from his 2006 essay declares that interventions from outside states in the future will have less to do with aid and more to do with policy changes to empower change in these developing countries is also supported by the statistical results.

Dahl’s classic polyarchy criteria contains the suffrage of most adults, and the right for most adults to enter public offices as well as a secured right of join political parties and interest groups. Furthermore the elected politicians are supposed to, constitutionally, be held accountable for made decisions, and a peaceful replacement should take place between elected politicians. The independent variables favor and work against these criteria. Political Participation is a necessary in order to have suffrage for most of the population, however as stated above, it is necessary both under the consolidation and transition periods as well as under a fully functioning western polyarchy. Corruption on the other hand works against the polyarchy criteria by avoiding accountability and preventing people from having equal rights to participate in political decisions. Chief executive a military officer also works against the
developing of Dahl’s criteria at least according to both Hadenius and Collier saying that it creates a culture and an atmosphere that is not benefitting for democratic development. Large fractions in the opposition parties proved to be a good thing in achieving these criteria maybe mostly due to the fact that the more parties the opposition includes, the more possibilities for people to practice their right to participation, several options are a cornerstone of democracy.

This is the result that has produced by the statistical data, and the theory testing is hereby finished. The following section deals with the suggestions for future research.
5. Conclusions

So how then, does the future of aid look? One of the main conclusions from this study is that change primarily needs to come from within Africa itself. Aids low effect on democratization shows that the outside world’s attempts of making democracy work is coming up short. Aid is obviously no straight highway towards democratization. What outsiders should focus upon is evidently the support for internal change. All of the non-aid policies that Collier talks about seem to be heavily neglected, when in fact the results of this thesis show that they might deserve the limelight now. I believe that aid has had a decisive role in helping Africa get to where it is today, but I also do believe that Collier theory of aid as “diminishing returns” are true. The more aid the more economical and democratic development is just not true. At one point these states must decide to achieve changed policies by themselves. The most of the variables used in this thesis are hard for international organizations to keep track of, let alone to prevent. Whether or not a military leader gains power or not is almost impossible to affect by outside actors without military interventions which is a violation of state sovereignty. In other words aid is highly marginal and a low significance factor behind the real factors of change as Collier writes.

In many cases in Africa progress has been made, even if it might be modest, but the question in these states are more related to keeping their democratic progress intact, and not so much about gaining more at the moment. Kenya and their troubled elections in 2008 is a perfect example of the challenge to keep the modest success in shape. This is not to say that it isn’t important to replace non-democratic regimes with elected politicians, but the different problems need different approaches in many spectra, and aid is no exception. It needs to be directed at healing the correct problem. There are many different aspects from each country that need to be considered before giving aid. Social, economical, political, historical and cultural settings play a big part in the democratic development and they need to be properly diagnosed by donor countries and organizations. Not only this but as Collier maintains; the timing of aid is also of significance, so donors need to take windows of opportunity into consideration.

So in conclusion I state that a larger contribution of aid, does not lead to a higher level of democracy, however I do agree with Collier that aid has helped in the past but that it might have played out its part in its current shape. The new theories of the ending of unconditional
aid, and the start of demanding results and accountability from the receiving governments might be a step on the road towards more successful aid policies.

But as was stated in the introduction the EU is the biggest aid donor in the world, responsible for almost 50% of the world’s multilateral aid. But if aid has no apparent effect on democratization how are these enormous amounts of money justifiable to citizens of the union? The union claims that the biggest goals with aid policies are to promote democracy and stability. In my view this creates a problem with accountability within the union as well. The long debated democratic deficit in the EU, with accountability as its largest problem is here apparent. The visibility of decision making within the field of aid might be lacking, or would the peoples of Europe approve of the donations? In many countries, Sweden especially it is a big debate surrounding the “members fees” for the union and since the EU:s aid is separate from the sovereign states, meaning that states also donate on their own, the contributions from each person in the union becomes high. I would like to point out that in this multilateral aid, other forms of aid such as humanitarian aid in the face of disasters is not measured, and cannot be said to be a part of this study and due to that I do not pass any judgment on that specific form of aid.

So, as we have seen from the results of this study many things come into play in the process of democratization, and most of them are not possible to influence from the outside. Critical change needs to come from within Africa itself. Support can be given in the form of multilateral aid; however donors must increase awareness of the complex situation that aid brings. Major policy changes need to be implemented not only in the receiving countries but also on the part of the donors.

Aid must be given with individual country concerns, since each country in this underdeveloped region has different issues that need resolving. The status of democracy in these countries are of course ranging, but it is clear that democracy is something that cannot be imposed, and the measures to be taken right now is the support for those countries who have started their transition or consolidation phase, so that their newly found democratic institutions have a chance of survival.
6. Future research

These types of question deserve much attention. The evaluation of the contributions of aid, not merely on the process of democratization, but the impact on economic issues especially since economy and democracy often is strongly linked. For future research it would also be interesting to see if the results differ when adding overlapping time spans, if possible one could investigate aid during a ten year period and democracy during a ten year period, for example aid between 1991-2001 and democratic development from 1996-2006. With this method it might be easier to determine the actual influence of aid, since the 1991-1996 period of aid would have created a better atmosphere for implementation, hence the democratization might have gone further. In order to complete this task, the variable created in this thesis, although never used in the empirical research due to methodological problems, Democratic Change over Time would be an excellent dependent variable, since it is built upon the added values of Civil Liberties and Political Rights and

A continuance, and maybe an empirical testing and comparison with other regions, of David Dollars and Alberto Alesinas work on who gives foreign aid and why. Their findings state that it is indeed not the economic need nor the political policy performance that dictates who gives aid, but much rather the strategic considerations.79 They uncover different types of variables, such as colonial status as one of the most important ones determining the amount and the distribution of aid. This could be made into quite the interesting comparison with Sub Saharan Africa, the most colonized region in the world, at one end of the comparison and maybe a part of Latin America or Parts of Asia on the other, whose colonial history is not so widely spread as in Africa in order to see if the distribution of aid differs.

For future use of the QoG Database that was used in this study, a filling of the gaps would be preferable. Many of the variables in the database was supposed to be included in this study but due to the many gaps and hence the drop offs it was not statistically possible. Average Schooling Years and Ethnic Fractionalization were typical such variables. The drop offs were extremely high, and yet they are a highly relevant variables in many types of studies, especially such studies that involve democracy and economical development. These are my suggestions for future research.

79 Alesina, Dollar 1998:1
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