



Women as policy makers and donors: Female legislators and foreign aid



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ABSTRACT

This paper investigates whether the gender composition of national legislatures in donor countries impacts the level, composition, and pattern of foreign aid. We provide evidence that the election of female legislators leads countries to increase aid both in total and as a percentage of GDP. Consistent with existing research examining domestic expenditures, we find that the empowerment of women in national legislatures is associated with a reallocation of aid flows in favor of education and health-related projects. These increased flows occur predominately through bilateral aid and reflect a redistribution of aid toward developing countries.

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1. Introduction

A recent strand of economic research has documented that individual politicians can play a significant role in shaping country level outcomes.¹ Many of these studies robustly associate individual characteristics such as educational status, ethnicity, and gender with particular policy outcomes.² In the case of gender, the empowerment of women in governance has been associated with lower levels of corruption and higher levels of spending, both in total and on public goods in particular (Lott and Kenny, 1999; Abrams and Settle, 1999; Swamy et al., 2001; Dollar et al., 2001; Chattopadhyay and Duflo, 2004; Duflo and Topalova, 2004; Aidt and Dallal, 2008; Svaleryd, 2009; Bertocchi, 2011; Brollo and Troiano, 2012).³

This paper's primary contribution is to advance the causal analysis of impacts of improvements in women's political empowerment by examining how the election of female legislators impacts another sphere of government policy, foreign aid.⁴ Using

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¹ For instance, Jones and Olken (2005) document a causal impact of national leaders on economic growth, and Dreher and Jensen (2013) find that leadership change impacts voting affinity with the U.S. in the United Nations.

² Besley et al. (2011) conclude that educated leaders are associated with stronger economic growth; Pande (2003) demonstrates that reservation of seats for lower castes alters the pattern of government transfers in India; while Fearon et al. (2007) show that countries with leaders who are ethnic minorities are no more likely to undergo civil conflicts.

³ A notable exception to this pattern is the case of Latin America, where Aidt and Eterovic (2011) show that female suffrage expansion failed to produce an expansion in the size of government.

⁴ Section 2.2 discusses related literature examining aid, gender, and generosity both within economics and more broadly.

donor-level panel data on aid flows for the period 1965–2011, we find a robust, positive association between the election of women to national legislatures and levels of foreign aid commitments, both in total and as a percentage of GDP. In addition to larger flows, the inclusion of greater shares of women in governance is associated with changes in the composition of aid flows by intended purpose, and the pattern of aid flows by recipient region. Specifically, we document higher levels of aid earmarked for health, education, and social capital projects as well as reallocations of aid in favor of less developed countries (LDCs). Our analysis suggests that it is the election of women, and not confounding factors, which directly influences these outcomes and we provide multiple pieces of evidence consistent with this hypothesis.

The principal obstacle to examining the causal effect of the election of women to political offices on aid flows is that electoral outcomes are nonrandom and potentially correlated with preferences of the electorate concerning both the level and composition of aid. In our benchmark specification, we limit potential sources of endogeneity by including both time and country fixed effects and controlling for an array of commonly studied time-variant determinants of aid. Our fixed effects strategy restricts identification to that arising from within donor country changes in the gender composition of national legislatures over time. This eliminates the possibility that the effects we observe could result from variation across donors in terms of their preferences for aid and for female legislators.

A key remaining concern for identification within this framework is the potential co-evolution of voter preferences for foreign aid and for the election of women to office. For instance, estimates of the impact of the empowerment of women on aid policy would be biased upwards if donor country electorates became more progressive over the sample period, deciding to elect more women to office and to support more foreign aid, which is a plausible scenario. We employ three novel strategies to address this possibility.

First, we attempt to isolate variation in aid flows that is specifically attributable to policymakers. We do this primarily by controlling for the level of private aid flows originating in the donor nation. Observable variation in private aid flows should capture the underlying preferences of the portion of the electorate concerned with how much foreign aid should be given, leaving the variation due to the election of female legislators. Our results are robust to this inclusion. We further supplement this with two alternative measures of electoral preferences and show that the observed relationship between female legislators and aid flows holds when we include a control for the ideological preferences of the median voter or for the economic ideology of the majority political party in office.

Second, we contrast aid provided bilaterally with aid sent through multilateral channels. The logic behind this comparison is that individual legislators should have relatively more influence over bilateral aid, since multilateral aid is subject to the collective decision making process of cross-country negotiation and is typically channeled through international organizations where it could be impacted both by the existence of formulaic contribution rules and by organizational priorities. Consistent with this logic, we find that the expansion of female representation within donor governments is primarily associated with changes in bilateral aid.

Third, we show that our results hold when we employ a set of time-varying instrumental variables for the election of women to national legislatures. In particular, we employ two different instrumental variables for female representation in government, one based on the adoption of gender quotas and the other on the accumulated electoral experience of women in donor nations. Both instrumental variable strategies produce results consistent with those of the fixed effects estimates.

The impacts we identify are both highly statistically significant and economically meaningful. A 10 percentage point increase in female representation is on average associated with a 30% increase in aid committed as a fraction of GDP per capita. For illustrative purposes, this would imply that if the mean donor in 2010 were to move from the current gender distribution in which 22% of seats are held by females, to a legislative composition in which one third of the seats were held by women, foreign aid would be expected to rise from 0.51% to 0.69% of GDP per capita.

The remainder of this paper is organized as follows. [Section 2](#) examines related literature and provides motivation for the exercises in the paper. [Section 3](#) describes the construction of our data. [Section 4](#) details our empirical strategy and provides evidence that the gender composition of donor legislatures has a causal impact on the level of aid. [Section 5](#) shows that the election of female legislators further affects the composition and pattern of foreign aid flows. [Section 6](#) concludes.

2. Motivation

2.1. The political economy of foreign aid

A range of donor and recipient country characteristics have been shown to influence foreign aid flows. Early research highlighted the importance of political economy factors, documenting that donors are more likely to give aid to former colonies, ideologically aligned nations, and allies in the Middle East ([Alesina and Dollar, 2000](#)). Subsequent work expanded this list dramatically, painting a complicated picture of the decision making process in aid assignment, and including determinants such as geographic distance, level of democratization, proximity to or involvement in a conflict, quality of institutions and governance, the creation of an independent aid agency, extent of media coverage of the recipient nation in donor countries, recipient nation U.N. security council tenure, peer pressure among donors, trade flows, and shared donor-recipient cultural characteristics such as language ([Round and Odedokun, 2004](#); [Dollar and Levin, 2006](#); [Kuziemko and Werker, 2006](#); [Stromberg, 2007](#); [Balla and Reinhardt, 2008](#); [Hoeffler and Outram, 2011](#); [Brück and Xu, 2012](#); [Raschky and Schwindt, 2012](#); [Dreher et al., 2013](#); [Fuchs et al., 2014](#)).

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