

Doing well by doing good: foreign aid improves opinions of the US

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Over the last decade, comments made by politicians in a number of OECD countries have suggested that they are eager to see *domestic* benefits born of *foreign* aid provided for developing countries. Given their own countries' fiscal constraints, as well as pressing economic and social problems, they outspokenly argue against the provision of foreign aid *unless they see tangible rewards back to their own countries*. Understandably, these comments have been a cause for concern among people who want foreign aid to be genuinely aimed at helping the poor in recipient countries. This is because some of the worst failures of foreign aid programs in the past have been aimed foremost at bringing economic or domestic political benefits to donors. These programs – often not carefully planned to solve problems in recipient countries and thus ineffective in producing desirable outcomes for those recipient countries – have been an easy target of criticism by the anti-aid camp. They condemn foreign aid that is not only ineffective in helping the poor but also fuels corruption in recipient countries.

A fundamental question, therefore, is whether helping the poor in recipient countries and bringing benefits to donor countries are ever compatible. In [our new paper just published in *Quarterly Journal of Political Science*](#), we argue that they are indeed compatible when the benefit sought is enhanced international standing of the donor country, at least for certain types of aid programs.

Using a multinational survey and an econometric tool (specifically, multiple regression using instrumental variables), we show that a United States aid program specifically targeted to address the problems of HIV and AIDS – the [President's Emergency Plan for AIDS Relief \(PEPFAR\)](#) – has improved perceptions of the US among mass publics in recipient countries. HIV and AIDS are still major problems in much of the developing world. Among a variety of initiatives aimed to combat them, PEPFAR stands out in its scale (15% of all US development aid in some years) and in its significantly positive health impacts. It was established under the Bush Administration in 2003, and has been provided to more than 80 developing countries, in particular, in sub-Saharan Africa. It has continued to receive support under the Obama administration, although in a modified form integrated into a broader plan for improving global health outcomes. Importantly, PEPFAR is well publicised and thus visible among publics. The US government carefully and deliberately branded PEPFAR-funded work to “ensure appropriate recognition for US programs and contributions to this effort” ([PEPFAR's Branding Guidance, Updated 2012](#)).

Considering these important aspects of PEPFAR, our theory is that in addition to its potential humanitarian benefits, a foreign aid program that is *targeted*, *sustained*, (perceived to be) *effective* and *visible* can serve an important strategic goal for those countries that give it: fostering positive perceptions among foreign

publics.

The estimated impacts are substantial. The figure below (not in our paper) is based on the estimates of our regression model with instrumental variables (Table 1, 2007-2010 average). To interpret the main findings in an intuitive and direct manner, we focus on selected African countries that received comparatively large amounts of PEPFAR, and simulate the percentage of each country's population who approve of the performance of US leadership under a counterfactual scenario (code to make this figure and replication data are available from the authors). Specifically, the arrows in the figure show how much less popular the US would have been in these countries *if it had not provided PEPFAR*. The magnitude of the impact is not trivial.

So what? We argue that these results indicate an important possible virtuous circle or race-to-the-top dynamic for the emerging global order. As great powers, especially the US and China, are increasingly constrained by the costs that militarised conflicts would impose on their trade and investment interests, they may increasingly seek to pursue their international interests through currying favor among foreign elites and publics. Foreign aid is an obvious potential tool for this. If *targeted, sustained, effective* and *visible* aid gives the best chance of influence, this may compel great powers to actually do good, and to be seen to be doing so, in order to do well in their global competition for influence.

But is enhanced international standing valuable enough for great powers to pursue vigorously? Much of the buzz about "soft power" and China's standing in Africa and Latin American would seem to indicate that it is. In [a companion paper published in *World Politics*](#) in 2012, we (Goldsmith and Horiuchi) also show that positive foreign public opinion can have tangible foreign policy benefits when the US seeks cooperation on an issue important to publics abroad. More generally, with the expansion of democratic governance globally, it seems intuitive that public opinion will matter more in international relations.

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