Prospectus: Corruption and Foreign Aid

Topic:

Rescuing developing countries from economic crisis has been a main concern of developed nations for a long time. Developed nations donate about 0.7% of their annual GDP to developing nations to assist with basic necessities (Acemoglu and A.Robinson). Even though currency has been flowing to this countries, there has been no real economic improvement in these counties. One of the major reasons why foreign aid fails is because of corrupt governments (Acemoglu and A.Robinson).  In fact, Harvard’s Alberto Alesina and University of Basel’s Beatrice Weder show that corrupt governments receive more aid than less corrupt governments, which leads one to wonder: does foreign aid actually encourage corruption?

Questions:

Questions I want to answer for this essay are: Do less corrupt governments receive more aid?  How do donors who discriminate against corrupt governments measure corruption? Has foreign aid supported or reduced corruption? If it has encouraged corruption, how so?  Does bilateral aid contribute more to corruption than multilateral aid? And finally, do commercial private flows like FDI behave differently with respect to corruption with relative to official aid?  (Alesina and Weder 4).

I will be using two scholarly articles and an article written by Acemoglu and A.Robinson of *THE SPECTATOR* to answer my questions by providing credible evidence. The first source, written by Alberto Alesina and Beatrice Weder from Harvard and University of Basel respectively, answers the question: “Do Corrupt Governments Receive Less Foreign Aid?”  This paper is at the crossroads of two strands of literature (Alesina and Weder 5). One is the improved version about the determinants and effects of foreign aid summarized by the World Bank in 1998. It analyzes the topics of foreign aid and its association with wasteful public consumption and the effects of foreign aid and the adaptation of good policies by some countries. The second strand of the literature is about the measurement and consequences of corruption (Alesina and Weder). The second source, “The effect of foreign aid on corruption: A quantile regression approach,” looks at how foreign aid affects corruption using a “quantile regression method” (Keisuke Okada). The study done by Okada shows that foreign aid generally decreases the corruption level and its reduction affects countries with less corrupt governments. Furthermore, studies have shown that multilateral aid has a larger reduction impact on corruption whereas bilateral aid has no effect (Okada). I will use the data and research done by the two credible sources to provide a response to my questions.

Thesis:

For an exceedingly long time, currency has flown into developing nations to assist with economic crisis and provide basic necessities, yet we have seen few, if any economic improvements in these aid receiving countries. Foreign aid critics state that aid does not work and contributes to the growth of corruption. A study done by FIRST NAME Okada shows that foreign aid generally decreases the corruption level of governments in foreign aid receiving countries. In particular, multilateral aid has a significant reduction impact on corruption.NEED TO SAY HOW IT REDUCES CORRUPTION, EXACTLY.

Road Map:

I will start my essay by presenting my sources and explaining how their data and research will help me prove my argument that foreign aid reduces corruption. Then present my main argument with concrete detail and evidence.

Works Cited

Acemoglu and A.Robinson. "Why Foreign Aid Fails - and How to Really Help Africa." *The Spectator*. N.p., 22 Jan. 2014. Web. 11 May 2015. <<http://www.spectator.co.uk/features/9121361/why-aid-fails/>>.

Sovannroeun and Okada, Keisuke and Samreth. "The Effect of Foreign Aid on Corruption: A Quantile Regression Approach." *M PRA*(n.d.): n. pag. 8 Jan. 2011. Web. 11 May 2015.

Weder and Alesina, Beatrice and Alberto. "DO CORRUPT GOVERNMENTS RECEIVE LESS FOREIGN AID?" (1999): 3-20. Print.

You did a decent job with your prospectus. Just be careful to explain to your readers HOW foreign aid reduces corruption. It is not enough to say that it does, but you need to explain how it does so.

Best,