

Foreign Aid: What good is it?

This paper examines the effectiveness of foreign aid on per capita GDP growth in developing countries that are subject to institutional failings, such as public sector corruption, inept bureaucracy, failures in the rule of law, public contract repudiation and expropriation of private assets. Contrary to popular sentiment, our results suggest that aid is relatively *more* effective in poor institutional environments. It appears that institutional illness creates greater scope for aid to have impact. In other words, although economies with good institutions may assimilate aid more effectively, they are less likely to actually need the aid, will likely enjoy higher levels of GDP to begin with, and as such, the impact of aid is essentially indiscernible. More simply put, we find that the greater is the need, the greater are the marginal benefits of foreign aid.

Consistent with much of the literature, we find that aid has a negligible direct impact on growth. We therefore investigate what exactly foreign aid does for an economy. We find that aid enters the economic system and thus affects growth indirectly through its impact on prices. Our results lend support to the model by Barreto and Alm (2005), in which institutional corruption raises the user cost of public goods thereby giving aid the opportunity to lower prices and thereby affect growth.

We assess the nature of growth through a system of equations with fixed effects. We apply OLS, 2SLS and 3SLS on a cross section of 45 less developed countries from 1966 to 1993, divided into four-year averages. We test several multivariate specifications of growth and its determinants in which institutional quality, proxied by the quality of governance measures from the International Country Risk Guide (ICRG), is interacted with foreign aid. Of particular interest is our explicit inclusion and estimation of the user costs of public and private infrastructure within the growth function.

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Does foreign aid stimulate economic growth and development? If so, what are the circumstances and or institutional prerequisites under which foreign aid is the most effective? If not, what exactly does foreign aid impact and can any indirect causal relationship with growth be drawn? This paper addresses these three questions.

We find significant evidence to suggest that foreign aid is indeed more effective when a country is more in need. Our results validate the analogy; although the more ill patient does not respond as well to medication in absolute terms, medications' relative effect is far greater on the critically ill than on a slightly ill patient. Although countries with poor or dysfunctional institutions are generally worse off than those with good institutions, and as a result are less efficient at allocating the aid, whatever aid does get through has enormous impact.

The first question, does foreign aid stimulate growth, has a long and rich literature to draw upon.¹ It has nonetheless received significant recent attention since publication of Dollar and Pritchett (1998) followed by Dollar and Burnside (2000). Using an econometric exercise, similar to what is employed herein, they find that foreign aid can affectively stimulate growth subject to good institutions in the recipient nation. Criticisms, using similar approaches, have found that the results are unstable at best.² Critics include Easterly, Levine and Roodman (2001) and Hansen and Tarp (2000, 2001). Most recently Rajan and Subramanian (2005) conduct a thorough re-examination of aid and growth to find little evidence of a robust positive impact of aid on growth.

Herein, we consider a model structure similar to that of Burnside and Dollar (2000). We begin by estimating growth in four-year averages across a panel of less developed countries. In general, we find that foreign aid is not a significant determinant of growth. Similar to Easterly, Levine and Roodman (2001), we find that foreign aid's statistical effectiveness is intimately tied to the choice of data employed as well as to the

¹ See Clemens et. al. (2004) for a brief survey of the literature.

² See Easterly, et. al. (2001) as well as Hansen and Tarp (2000, 2001).

selection of other independent variables one includes alongside foreign aid. Of particular interest, we find support for the inclusion of prices in the growth model. The evidence suggests that higher prices of either government and or investment inhibit growth. Although greater aid is directly associated with both higher a price of government and investment, when aid is interacted with deteriorating institutions, it becomes more effective. In other words greater aid raises prices, which is bad, but also acts as panacea to ailing institutions, which is good.

Several authors have addressed the question pertaining to the impact of institutions on the effectiveness of aid. Morrissey (2004) finds that although aid contributes positively to growth, it is independent of the policy environment. Rajan and Subramanian (2005) find, "...virtually no evidence that aid works better in better policy or institutional or geographical environments." On the theoretical plane, Barreto and Alm (2005) find that foreign is more effective when given to countries with worse institutions. Their argument is that countries with sound institutions are less likely to need aid to begin with. Therefore, bad institutions provide a better scope for aid to be effective. In their model, aid affects growth indirectly through the user cost of government. Herein, we find evidence that institutions, when defined in general terms, indeed have positive direct impact on growth rates. In addition, we find evidence that greater aid in the presence of worsening institutions raises the user cost of government while it lowers the price of investment. Since lower prices are better for growth, these effects may well counterbalance one another.

If aid has only a questionable direct impact on growth, that begs the question, what exactly does aid do for the recipient country? Assuming the theoretical foundations for inclusion of prices in the growth equation, and given the result that higher prices of government and investment have negative direct impacts on growth; we investigate the determinants of the prices of government and investment. As expected, investment and

government consumption are each inversely correlated with their respective prices. Institutional quality, broadly defined, is positively correlated with the investment price, while stronger creditors' rights and more flexible employment laws are positively correlated with price of government. Foreign aid, when considered alone, has a positive impact on both the government price and the investment price. But when aid is interacted with institutions along the investment price channel, the results support the contention that bad institutions provide better scope for aid to be effective.

Econometric investigations into the determinants of economic growth in less developed countries generally follow an ad hoc approach to modelling. Loosely based on the simple Solow-Swann type framework, growth is described as a function of initial GDP, capital productivity, labour productivity, government and institutions. Most research of this type mirror the Barro (1997) approach as applied to a cross section of countries. Variations to the base model, in general, consider refinements to existing measures of institutional quality and or the impact of new measures or variables.³ Nonetheless, the scope of this research has been extensive enough to yield a somewhat accepted model to investigate the determinants of growth in less developed countries.

More recently, authors have ignored the long run nature of the Solow-Swann model in order to estimate growth using a time-stacked panel of countries. By considering data in four-year increments, instead of long run averages, authors significantly increased the number of observations even at a loss in the number of countries considered. The most common framework estimates growth of country i during period t using the following general form specification:

³ Some notable contributions consider the effect on growth of institutional quality - Knack and Keefer, (1995), openness - Sachs and Warner, (1997), financial development - King and Levine (1993) and fiscal measures - Easterly and Rebelo (1993).

$$Growth_{it}=f(\text{Initial GDP, investment, government, openness, government finance, institutions, SPGD, fixed effects, aid})^4$$

We follow suite by estimating the above model with one significant modification; we include the price of government as well as the price of investment amongst the regressors.

Our estimates of price follow general form:

$$Price_{git}=f(\text{Initial GDP, } price_{kit}, \text{ investment, government, openness, government finance, institutions, SPGD, fixed effects, aid})$$

Where, if $Price_{git}$ is the price of government in country i during period t , then $price_{kit}$ is the price of investment in country i during period t , and vice versa. We estimate the model using multivariate ordinary least squares, fixed effects, two stage least squares and three stage least squares. Our results are generally quite robust and have some interesting policy implications.

The paper is organized as follows. Section 2 presents the model specification. Section 3 describes the data. Section 4 presents the results. In Sections 5, we consider the policy implications as well as offer some concluding remarks.

Section 2

The empirical exercises we conduct consider the following two hypotheses. First, foreign aid stimulates growth indirectly via its effect on the user cost of public goods and the price of investment. Second, foreign aid is more effective in economies with bad institutions than in economies with good institutions. Should it be the case that foreign aid

⁴ SPGD stands for Socio-Political-Geographic-Demographic.

is more effective in the presence of greater corruption, then it stands to reason that bad institutions provide greater scope for foreign aid to be effective.

Our two hypotheses are investigated by estimating variants of the following set of equations:

$$\hat{y}_{it} = y_{it}^0 \mathbf{a}_{y^0} + k_{it} \mathbf{a}_k + g_{it} \mathbf{a}_g + p_{it}^k \mathbf{a}_{p^k} + p_{it}^g \mathbf{a}_{p^g} + i'_{it} \mathbf{a}_p + z'_{it} \mathbf{a}_z + b'_{it} + \mathbf{e}_{it}^{\hat{y}}$$

$$p_{it}^g = y_{it}^0 \mathbf{g}_{y^0} + p_{it}^k \mathbf{g}_{p^k} + k_{it} \mathbf{g}_k + g_{it} \mathbf{g}_g + a_{it} \mathbf{g}_a + i'_{it} \mathbf{g}_p + z'_{it} \mathbf{g}_z + b'_{it} + \mathbf{e}_{it}^{p^g}$$

$$p_{it}^k = y_{it}^0 \mathbf{b}_{y^0} + p_{it}^g \mathbf{b}_{p^g} + k_{it} \mathbf{b}_k + g_{it} \mathbf{b}_g + a_{it} \mathbf{b}_a + i'_{it} \mathbf{b}_p + z'_{it} \mathbf{b}_z + b'_{it} + \mathbf{e}_{it}^{p^k}$$

where i indexes countries, t indexes time and the hat (i.e. $\hat{}$) denotes a growth rate. All variables are relative to the United States. The reasons for this are discussed below. y_{it} is the index of per capita real GDP, y_{it}^0 is the index initial per capita real GDP, k_{it} is the investment share, g_{it} is the government share, p_{it}^k is the PPP price of investment, p_{it}^g is the PPP price of government, a_{it} is aid receipts relative to GDP, i_{it} is the $M \times 1$ vector of policies that affect growth and prices, z_{it} is the $N \times 1$ vector of other exogenous variables that might affect growth and prices, b_{it} is the $Q \times 1$ vector of fixed effect, and \mathbf{e}_{it} is a zero mean scalar.

The data and estimation methods

Unlike most previous econometric investigations of the determinants of growth, all data herein is in relative terms to the United States. This is because the nature of the available price data is in relation to prices in the US. In order to maintain consistency throughout the study, all other data is also converted to U.S. relative values. Although this

conversion does not change which variables are significant versus the traditional approach, the interpretation of the model results change somewhat. For example, the traditional approach uses the average growth rate of GDP per capita as the dependent variable and the log of initial GDP per capita as one of the independent variables. A common result is to find evidence of conditional convergence. Herein, we use the GDP per capita as an index relative to the United States such that the dependent variable is the average growth rate of the index. In other words, it measures the rate in which the country's GDP per capita approaches the U.S. GDP per capita. Similarly, initial GDP per capita, in this case, is the initial GDP relative to that of the U.S.. We still get a conditional convergence result, except that it should be interpreted as convergence toward a baseline defined by U.S. figures. Penn World Tables conveniently reports a GDP per capita index relative to the US.

This paper attempts to prove that corruption has the greatest influence on the user cost or "price" of government. Analysis of user fees in the dispensing of publicly produced goods and services is not new. User fees for public services are described analytically by Samuelson (1954). The edited volume by Wagner (1991) is devoted to the discussion of explicit user fees and ear marked taxes for public goods. More recent examples include Barreto (2000), in the context of an endogenous growth model with corruption and Bardhan and Mookherjee (2000) in the context of fiscal federalism within developing countries. The basic idea is that exercising your rights over the public sector often requires additional real costs in time or money, above and beyond taxation. Due to government's monopoly over its services and given the premise that tax revenue generally undervalues public goods and services, there necessarily exists the ability to profiteer by public agents in public goods' provision. The aggregate result is a premium on any business conducted between the private sector and the public sector.

For example, although the three tasks of government- law and order, contract enforcement and property rights- are generally paid for by taxes and, theoretically, equally available to all; to exercise of one's rights in practice is often prohibitively expensive and or subjectively available. A public service that cannot be contracted efficiently without a side payment or bribe is such an example. Therefore, there must exist a price of government, which measures the degree to which the implicit supply of publicly produced goods approaches marginal cost pricing. We implicitly assume the following simple of aggregate production framework.

$$y = F(k_y, g) \quad g = h(k_g)$$

The model, similar that which is presented in Schleifer and Vishny (1993), is described by diagram 1. In a perfect world, with no corruption, the efficient quantities of public and private goods are produced such that cost of infrastructure is equal across sectors, depicted as point 1. As public agents realize the profiteering rents, the relative price of public infrastructure rises as its quantity falls. Simultaneously, the marginal return to private infrastructure falls as its relative quantity rises. The resulting equilibrium must be somewhere along the knife edge between the perfectly competitive no corruption benchmark at point 1 and the absolute corruption benchmark at point 3. If for example point 3 is the equilibrium, the price of government is determined by difference between the marginal product of publicly produced infrastructure and that of privately produced infrastructure. Note that the premium results from the assumption that production of private infrastructure requires inputs of public infrastructure which are subject to profiteering or more generally, corruption.

Unfortunately, there does not exist a real price series that measures the user costs of public or private infrastructure. The closest approximations that we are aware of are the relative purchasing power parity price index series published by Summers, Heston and Aten (2002). They publish a set of annual PPP price levels for the aggregate

economy, consumption, investment and government. The index represents the price share of each respective component of aggregate expenditure. The price index for each component, C, I and G, are relative to the aggregate price level in the United States for each given year. Therefore, given that the aggregate price level in the United States is assumed to be 100 every year, all prices for any component from any country are relative to that 100. For example, in 1997, the aggregate price level in the U.S. was 100 while the price levels of C, I and G were 99, 86 and 132, respectively. Interpreted simply, the average price paid for U.S. government consumption was about 32% higher than the aggregate price level while that paid for capital was 14% lower than the aggregate. In Venezuela that same year, the aggregate price level was 57 while those of its component price levels for C, I and G were 60, 25 and 77, respectively. In order to make the component price indices comparable, the first step is to divide each component by the aggregate such that the relative price indices for C, I and G in Venezuela are 105, 44 and 135. Interpreted, this means that the average price level paid for Venezuelan government consumption was about 35% higher than the Venezuelan aggregate price level while that paid for capital was 56% lower than the aggregate. Thus government consumption in Venezuela is relatively expensive compared to that of the United States while capital in Venezuela is relatively cheap.

Included in our multivariate system, as an endogenous variable, is also the relative price share of investment, which we use as the proxy for the price of private infrastructure. The goal is to capture the cost of employing various degrees private infrastructure, which is the embodiment of all things privately owned required by the aggregate production function.

As mentioned earlier, consistency requires all data to be in relation to the United States. This means that the benchmark U.S. GDP per capita value of 100 in 1997 resulted, in part, from the component price levels of C, I and G at 99, 86 and 132, respectively. In

order to compare Venezuela to that benchmark, we need to further divide the relative price indices of 105, 44 and 135 by 99, 86 and 132, respectively. The resulting price statistics of 106, 51 and 102 imply that the price level of investment in Venezuela in 1997 was 49% less than that of the United States while the price level of government in Venezuela was 2% greater than in the United States.

The data for government consumption as a percent of GDP, investment as a percent of GDP and openness as a percent of GDP must be similarly altered for consistency. These data are also drawn from Penn World Tables. Given that the benchmark 1997 GDP per capita of 100 in the U.S. resulted, in part, from a 23% investment share and an 11% government share, the investment and government shares for each country in the dataset must be adjusted to reflect their relation to the U.S. benchmark. In Venezuela, the investment share in 1997 was 15% and the government share was 14%. In comparison, the Venezuelan investment share was 35% less than it was in the U.S., while the government share was 27% more than in the U.S..

We consider three measures of relative openness. *OPEN_USA* is imports plus exports indexed to be comparable to the USA. *TOT* is the effect of terms for trade, which is gross national income divided by GDP. Both of these statistics are drawn from Penn World Tables. *FDI* is foreign direct investment as a percent of GDP and is drawn from the OECD Financial Flows database.

The three measures of government finance are similarly indexed in relation to U.S. averages. Balance budget as a percent of GDP, *BB_USA*, inflation, *INFL_USA* and money plus quasi-money as a percent of GDP, *M2GDP_USA* are all drawn from the World Development Indicators.

An important aspect in all studies pertaining to growth is the impact of institutions. Unfortunately, institutional data are less available and less consistent across countries. Nonetheless, some useful data exists. Stephan Knack and the IRIS Center

publish the International Country Risk Guide (ICRG) data on the quality of governance. Measures of corruption, bureaucratic efficiency, expropriation risk, rule of law and repudiation of government contracts are available from 1982 to 1997. This poses somewhat of a problem considering this study, as others similar; consider data dating back to 1969. Most growth authors take an average of each measure across all times available and use one measure for all years for each country such that the measure is effectively a fixed effect. This seems like somewhat of a waste of valuable data and necessarily results in over aggregation. Herein, we take the four-year averages, 1982-85, 1986-89, 1990-93 and 1993-97, of each institutional measure for each country where available. In place of missing data for the years prior to 1982, we use the first available year, which in most cases is 1982. We justify this approach by assuming that most countries experience improving levels of governance over time, thus at worst we may slightly overestimate institutional quality in early years while keeping in place as much variation as possible in later years. We create the institutional quality index, *ICRG_INV*, which is the inverse of the sum of the five indices that are published by IRIS.⁵ They are corruption in government, rule of law, bureaucratic quality, repudiation of government contracts and expropriation risk,

A similar approach is taken in the use of other institutional measures that are available from the World Bank. In particular, amongst the World Development Indicators are various measure of contract enforcement, resolution of insolvency, ease of business registration and start-up, creditor rights and rigidity of employment laws. Unfortunately, only data for 1997 is available. Again under the assumption that institutions generally improve over time, we simply use the 1997 value as a static measure for each country in the dataset such that these data are treated as fixed effects. We create an index each for

⁵ Corruption, rule of law and bureaucratic quality are scaled from their original 0-6 value to a 0-10 value so that they are better comparable to repudiation of government contracts and expropriation risk, which come as 0-10 values. To allow for meaningful interactions with other variables, the inverse is taken so that big numbers are bad.

contract enforcement, *IND_CE*, ease of starting a legitimate business, *IND_SB*, and resolution of insolvency, *IND_RI*. The indices reflect the cost of the action, the procedures required to undertake the action and the time necessary to see the action through. The exact description of how the indices are generated can be found in the Data Appendix 1.

There are essentially three available data series for foreign aid. The most popular, and arguably the best series, comes from Chang, et.al. (1999). We refer to these data as *AID3*. The second series, from which Chang, et.al. (1999) draw much of their raw data, is published by the OECD.⁶ We refer to these data as *AID2*. The third, and largest, consistent series available is published by the World Bank as part of their World Development Indicators. It measures total aid, broadly defined as a percent of gross national income. We refer to these data as *AID1*. We employ the various aid series for three reasons pertaining to issues of robustness. First, the difference in breadth of coverage from *AID3* to *AID1* is significant, from 253 to 297 data points. Second, we wish to ascertain to what degree previous results hinge on the Chang, et.al. (1999) dataset. Third, we wish to present as clear a picture as possible of the relationships among foreign aid, prices and growth.

The econometric techniques employed are relatively straightforward. We begin with simple multivariate ordinary least squares estimations of *GR_Y*, *PG_USA* and *PI_USA*. We then estimate each of the three variables using two stage least squares. Finally, we estimate the three variables as a system of equations using three stage least squares.

In light of the controversy over the correct specification of growth models that contain foreign aid as a variable, every attempt was made to avoid unique specifications and selective reporting. It would appear that just about any result might ultimately be

⁶ *Geographical Distribution of Financial Flows to Aid Recipients, 1969-2002*, OECD, Paris, France..

attained if enough variable permutations are considered. Furthermore, by selectively reporting certain results and strategically omitting others, it is possible to make a false case for most any hypothesis. In particular, we found that selective inclusion of regional dummy variables has a very large impact on the results.

We attempt to find the “best” specification, which may consequently also be interpreted as the least controversial, for the three dependent variables, *GR_Y*, *PG_USA* and *PI_USA*. We first consider the fixed effects that will necessarily impact the model. Obviously, international business cycles will likely impact results; thus time dummies are included in all of the specifications. There are also likely to be regional characteristics that may play a part. Using the divisions found in the Global Development Network Growth Database, the data are divided into 6 regions, East Asia and Pacific, *REG_EAP*, East Europe and Central Asia, *REG_ECA*, Middle East and North Africa, *REG_MENA*, South Asia, *REG_SA*, Sub Saharan Africa, *REG_SSA*, and Latin America and Caribbean, *REG_LAC*. Although possibly correlated with region, the countries may also be divided according to their export base. According to the 1995 World development Report,⁷ the data are divided into 5 categories, exporters of manufactures, *EXP_MAN*, exporters of nonfuel primaries, *EXP_PRIM*, exporters of fuels, *EXP_FUEL*, exporters of services, *EXP_SERV*, and diversified exporters, *EXP_DIV*. Using a series of simple Wald Tests,⁸ we find that time and region probably belong in all three equations, while export base likely only belongs in the price of investment equation. The results of this statistical exercise are reported in Appendix 2.⁹

⁷ Major export category: Major exports are those that account for 50 percent or more of total exports of goods and services from one category, in the period 1988-92. The categories are: nonfuel primary (SITC 0,1,2,4, plus 68), fuels (SITC 3), manufactures (SITC 5 to 9, less 68), and services (factor and nonfactor service receipts plus workers' remittances). If no single category accounts for 50 percent or more of total exports, the economy is classified as diversified.

⁸ See appendix 2 for details of test results.

⁹ All of the econometric exercises describe in the body of this paper pertaining to *GR_Y* and *PG_USA* contain time and regional fixed effects while results pertaining to *PI_USA* contain time, region and export base fixed effects.

Table 1 presents the abbreviated OLS results for the three dependent variables, *GR_Y*, *PG_USA* and *PI_USA*, using the base model specifications combined with the three alternative foreign aid data series. We include two interaction terms per aid series, *ICRG_AID* and *ICRG_AIDSQ*. Note that the institutional quality term is inversed such that higher numbers represent worse institutions. The first interaction considers how greater aid reacts with deteriorating institutions. The second interaction considers if this relationship is nonlinear. The results from Table 1A suggest, albeit weakly, that increased aid can have a positive impact on growth as well as the possibility that aid interacts with worsening institutions nonlinearly to inhibit growth. The most robust results suggest that increased government shares inhibit growth while increased investment shares assist growth. Furthermore, foreign direct investment appears to be a very effective growth stimulus. Additionally, the results confirm the existence of conditional convergence. Prices do not appear to play a significant part. Institutions, on the other hand, seem to play a direct role. In particular, institutional quality correlates directly with growth rates.

Table 1B shows, in addition to the inverse relationship between government price and government share, a direct correlation between price of government and investment share. In other words, countries with relatively greater capital also tend to have pay more for their governments. Greater creditors' rights and less labour market rigidity are associated with higher government prices. We interpret this to suggest that better public services, in the form of rights enforcement for creditors, and more efficient labour allocation both come at a price. Outside these two, it would appear that the price of government is by and large independent of institutional quality. Results from the financial variables suggest greater inflation and greater money supply increase the price of government. There is a fare bit of action with the SPGD variables.¹⁰ Taken together, we

¹⁰ See appendix X for the more detailed reporting of our estimation results.

interpret the result as evidence of a sort of third world effect that drives up the price of government.

Table 1C suggests that greater openness and improved terms of trade are associated with higher investment prices while foreign direct investment has a substitution effect with investment share to lower the price of investment. Government finances have little bearing on the investment price while institutions, both generally and specifically, seem to play a large part. The story that unfolds here suggests that the price of investment is particularly sensitive to the institutional environment. For example, higher costs of contract enforcement and of legitimate business start up both lead to higher investment costs, while greater resource expenditure in insolvency resolution leads to lower investment prices. Furthermore, flexible labour markets are associated with lower investment prices. Somewhat surprisingly, worsening institutions are associated with lower investment costs. We interpret this to suggest the possibility of efficiency enhancing corruption that acts as speed money. The SPGD variables again suggest there might exist a somewhat inescapable third world premium.

Table 2 describes the 2SLS as well as the 3SLS specifications. Note that in the tests that follow, the three foreign aid data sources are considered. Although, in essence, the results do not change, which is reassuring, the details do show some variation in response to data quality. Nonetheless, the results clearly suggest the importance of variable endogeneity.

Tables 3A, 3B and 3C detail the estimation results using 2SLS. Comparing these results to those from the OLS regressions, the importance of variable endogeneity becomes apparent. In particular, in Table 3A, where relative government size, *KG_USA*, and relative investment, *KI_USA*, are assumed to be endogenous in the growth equation, they lose significance. When we consider the price of government in Table 3B, we again see the impact of assumed endogeneity, this time on capital, *KI_USA*, which loses all

significance. Although evidently weak, there is some suggestion that foreign aid interacts with worsening institutions in a nonlinear manner to positively impact the price of government. This is contrary to the OLS results. The 2SLS estimations of price of investment in Table 3C suggest a greatly weakened impact of institutions. On the other hand, the results also suggest that aid's interaction with worsening institutions has a negative impact on the price of investment. We interpret this to mean that the complimentary relationship between aid and worsening institutions has a sort of substitution effect on the price of investment. Since lower investment prices are necessarily a good thing, increased foreign aid might draw attention away from local sources of graft and toward the exploitation of foreign capital inflows thereby having an overall positive effect. As in the OLS experiments, there appears a "third world effect" on the price of investment.

We have suggested that there exist interrelationships among prices and growth. This system can be readily tested using three stage least squares. Tables 4A, 4B and 4C present the results of this experiment. Note that due to the multivariate nature of the estimation technique, the manner of reporting is different from the previous tables. Tables 4A and 4B, which use the WDI and OECD data series, describe results consistent with the intuition and are supportive of the contention that foreign aid affects growth indirectly through prices. Both table 4A and 4B are also supportive of our intuition to indicate that lower prices, whether paid by the government or for investment, are better for growth. Improvements in the terms of trade and greater openness, both have positive direct growth impacts, which is to be expected. Unfortunately, the benefits are not without cost. Greater openness and improved terms of trade apparently also raise prices. The same sort of trade off exists with money supply. Although easy money is good for growth, it is bad for prices. Similarly improved creditors' right are good for growth but also raise prices. Institutional improvements, as expected, aid growth as well as lower prices.

It is apparent from these three tables that the results change depending on which foreign aid data series is used. In particular, the Chang, et.al. (1999) data series used in Table 4C yields the best set of results. Table 4C suggests that foreign aid does not directly impact growth. Aid does however raise the price of government, both directly and indirectly. Foreign aid apparently interacts with deteriorating institutions nonlinearly to further raise the price of G. In addition, foreign also interacts with poor institutions to lower the price of investment. Loosely speaking, greater corruption and foreign aid work together by focusing attention away from domestic graft and thereby lowering the investment price. It appears that foreign direct investment has a significantly positive impact on growth as well as a significantly negative impact on the price of investment. It appears that the more fiscally conservative is the government, the better the growth prospects and the lower the government price. Lastly, third worldliness has the most impact on the investment price.

The final exercise, reported in Table 5, considers the effects of foreign aid given the joint endogeneity of government, price of government, investment, price of investment and growth. As in the previous tests, the choice of datasets is important. We find in Table 5C that aid has direct positive impact on prices, the size of government and the size of investment. That is to say, aid is harmful to growth in so far as it raises both the prices of investment and government but is beneficial in so far as it raises relative investment. Foreign aid is also associated with larger governments, which is itself associated with lower growth rates in Tables 5A and 5B. The WDI and OECD aid series for foreign aid yield results that suggest that prices are inversely related to growth. The Chang, et.al. (1999) aid series yields results that suggest that both government and investment prices are inversely related to the size of government while only investment prices affect the relative size of investment.

Conclusion

Does foreign aid directly stimulate growth? The evidence herein suggests that it does not. Then what exactly does foreign aid do? We find evidence to suggest that foreign aid does indeed affect price directly. Aid, in general, is positively related to both the price of government and the price of investment. Prices in turn, are inversely related to growth rates. But aid in the presence of deteriorating institutions, has a significant negative impact on the investment price. Thus the greater the country's need, as defined by her poor institutions, the more effective is aid at lowering investment prices which in turn stimulate growth. Considering the extraordinary observed variation of foreign aid's effectiveness among countries throughout recent history, this result is particularly telling.

Investment prices are inversely related to growth rates. Unfortunately, there does not seem to be a clear policy prescription to lower investment prices. Foreign direct investment certainly plays a part. But given the substitutability between foreign and domestic investment, to stimulate one will likely stimulate the other and vice versa. Although there does seem to exist a third world effect, which is inescapable, it would appear ethnic diversity lowers the price of investment. This is evidence of the benefits of south-south labour mobility. That leaves only two avenues for policy to have influence, institutions and the government. Smaller, more fiscally conservative governments lower the price of I. But institutional improvement is negatively related to investment prices.

The results herein suggest that speed money may actually work. That is not to say that corruption is necessarily good. But the evidence nonetheless suggests that bad institutions, broadly defined, are more likely associated with lower investment prices. In addition, foreign aid interacts with those same bad institutions to further lower the price of I. We therefore suggest that corruption, or speed money, is efficiency enhancing only

when it surmounts some other pre-existing institutional hurdle such as a ponderous bureaucracy.¹¹

This paper also finds that foreign aid inhibits growth by increasing the price of G. The evidence suggests that deteriorating institutions exasperates this relationship. The most effective ways to mitigate the phenomenon is simply to decrease the size and, probably, the scope of government. Only marginally less important is to implement fiscal austerity, which will also likely further decrease the government's size and scope. Interestingly, institutions by their own accord do not appear to affect the government price while decreasing the rights of creditors improves matters significantly.

The policy implications of this study as a whole are clear, albeit perhaps distasteful. Corruption is not the defining characteristic that determines whether aid is effective or not. On the contrary, a certain degree of corruption works with aid to make it more effective. We say a certain degree because common logic suggests that if ninety-nine cents of every dollar given to a needy country lines the pocket of corrupt official, there is little likelihood of aid being of every effect. On the other hand, if one takes a less extreme view of institutional corruption, the story might go as follows. Assuming that a recipient country's leadership is ultimately beholden to the population that it represents, that leadership can only steal so much of a well-publicised aid package without suffering popular umbrage.

Corruption, where it is endemic, did not appear over night. In such places, public graft has a long and rich history. It is well ingrained into the public psyche such that there exist a real expectation of corruption from public officials. In some places, even the idea of an honest agent of government is considered naïve. Thus if corruption is institutionally

¹¹ Leff (1964) suggests the efficiency enhancing possibilities of speed money. Barreto (2000) explicitly defines a theoretical framework for efficiency enhancing corruption.

ingrained, it must also be subject to institutional development,¹² and therefore cannot be cured in one, two or even ten years. Corruption in this framework must be addressed as a long run problem that may take one or more generations to cure. In the meantime, policy must accept the existence of corruption and be tailored given the realities associated with such social phenomena.

¹² See, amongst others, North (1990) and North and Weingast (1989) for discussions pertaining to the nature of institutional development.

Diagram 1

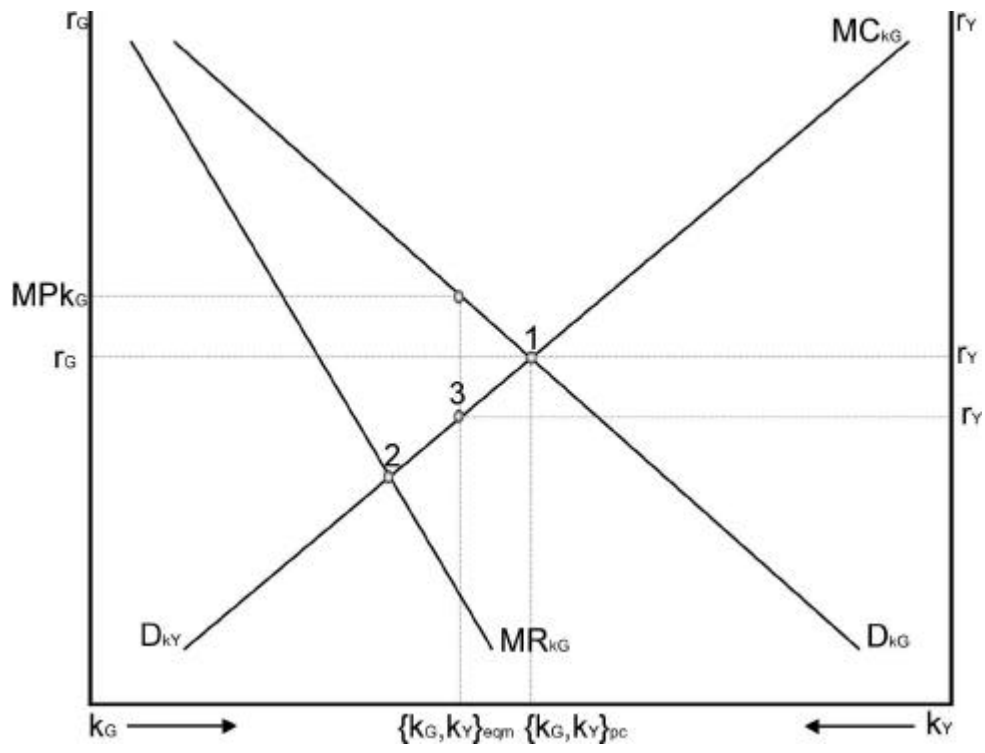


Table 1A: OLS regressions – Growth on Foreign Aid

gr_y	[A] Coef. (Robust Std.Err.)	[B] Coef. (Robust Std.Err.)	[C] Coef. (Robust Std.Err.)	[D] Coef. (Robust Std.Err.)	[E] Coef. (Robust Std.Err.)	[F] Coef. (Robust Std.Err.)	[G] Coef. (Robust Std.Err.)	[H] Coef. (Robust Std.Err.)	[I] Coef. (Robust Std.Err.)
aid data so.	WDI			OECD Financial Flows			Chang, et.al. (1998)		
aid	52.119 ** (24.052)	33.564 (62.276)	-26.497 (61.633)	39.553 ** (13.206)	29.974 (43.014)	-24.721 (55.177)	7.273 (6.694)	5.178 (20.341)	3.763 (20.239)
icrg_aid		-3.981 (11.811)	1.014 (11.915)		-2.237 (9.298)	-7.400 (9.637)		-0.443 (3.988)	-2.740 (4.565)
icrg_aidsq			-2.008 * (1.121)			-0.389 (0.266)			0.067 (0.068)
kg_usa	-2.265 ** (0.688)	-2.265 ** (0.687)	-2.241 ** (0.676)	-1.927 ** (0.601)	-1.938 ** (0.606)	-1.867 ** (0.612)	-1.485 ** (0.611)	-1.490 ** (0.615)	-1.456 ** (0.620)
ki_usa	2.376 ** (1.093)	2.402 ** (1.090)	2.334 ** (1.095)	1.950 ** (0.937)	1.967 ** (0.941)	1.936 ** (0.949)	2.445 ** (0.922)	2.453 ** (0.930)	2.446 ** (0.927)
pg_usa	-0.611 (1.426)	-0.571 (1.427)	-0.302 (1.447)	-0.954 (1.165)	-0.948 (1.170)	-0.861 (1.192)	-0.885 (1.246)	-0.885 (1.249)	-0.777 (1.257)
pi_usa	0.226 (0.533)	0.233 (0.534)	0.271 (0.544)	0.070 (0.467)	0.080 (0.470)	0.084 (0.472)	0.127 (0.492)	0.131 (0.499)	0.160 (0.491)
fdi	0.195 ** (0.082)	0.197 ** (0.082)	0.171 ** (0.083)	0.142 ** (0.066)	0.145 ** (0.069)	0.138 ** (0.068)	0.131 ** (0.063)	0.132 ** (0.064)	0.141 ** (0.065)
icrg_inv	-0.455 ** (0.221)	-0.396 (0.263)	-0.340 (0.263)	-0.487 ** (0.203)	-0.451 * (0.255)	-0.356 (0.269)	-0.475 ** (0.214)	-0.459 * (0.259)	-0.428 * (0.258)
y0_usa	-10.075 ** (4.186)	-10.214 ** (4.273)	-12.045 ** (4.437)	-5.722 ** (2.373)	-5.701 ** (2.374)	-6.165 ** (2.365)	-6.656 ** (2.312)	-6.635 ** (2.318)	-6.236 ** (2.366)
obs.	297	297	297	287	287	287	253	253	253
R Squared	0.3714	0.3714	0.3739	0.3979	0.3980	0.4043	0.4089	0.4092	0.4222
Root MSE	0.0344	0.0344	0.0345	0.03303	0.0331	0.0330	0.0338	0.0339	0.0336

** Significance of 5% or lower, * Significance of 10% or lower

Table 1B: OLS regressions – Price of Government on Foreign Aid

pg_usa	[A] Coef. (Robust Std.Err.)	[B] Coef. (Robust Std.Err.)	[C] Coef. (Robust Std.Err.)	[D] Coef. (Robust Std.Err.)	[E] Coef. (Robust Std.Err.)	[F] Coef. (Robust Std.Err.)	[G] Coef. (Robust Std.Err.)	[H] Coef. (Robust Std.Err.)	[I] Coef. (Robust Std.Err.)
aid data so.	WDI			OECD Financial Flows			Chang, et.al. (1998)		
aid3	2.400 ** (1.022)	4.611 (4.506)	6.534 (5.273)	0.218 (0.415)	0.887 (2.150)	0.012 (0.003)	0.386 (0.302)	0.237 (1.242)	0.387 (1.248)
icrg_aid3		0.483 (0.886)	0.214 (0.800)		0.157 (0.513)	0.210 (0.576)		-0.032 (0.249)	0.163 (0.277)
icrg_aid3sq			0.074 (0.048)			0.005 (0.013)			-0.005 ** (0.003)
kg_usa	-0.296 ** (0.034)	-0.294 ** (0.031)	-0.294 ** (0.031)	-0.273 ** (0.026)	-0.271 ** (0.025)	-0.272 ** (0.026)	-0.277 ** (0.025)	-0.277 ** (0.024)	-0.276 ** (0.024)
ki_usa	0.164 ** (0.059)	0.157 ** (0.057)	0.162 ** (0.058)	0.132 ** (0.046)	0.130 ** (0.046)	0.130 ** (0.046)	0.128 ** (0.047)	0.129 ** (0.046)	0.129 ** (0.045)
pi_usa	0.051 (0.035)	0.049 (0.035)	0.047 (0.035)	0.024 (0.034)	0.023 (0.035)	0.023 (0.035)	0.026 (0.034)	0.027 (0.034)	0.025 (0.034)
infl_usa	0.027 ** (0.013)	0.027 ** (0.013)	0.025 ** (0.012)	0.032 ** (0.013)	0.032 ** (0.013)	0.032 ** (0.013)	0.031 ** (0.013)	0.032 ** (0.013)	0.034 ** (0.013)
m2gdp_usa	0.230 ** (0.078)	0.213 ** (0.066)	0.198 ** (0.064)	0.264 ** (0.067)	0.259 ** (0.064)	0.256 ** (0.063)	0.255 ** (0.061)	0.258 ** (0.056)	0.266 ** (0.058)
cred_rts	0.034 ** (0.015)	0.035 ** (0.014)	0.040 ** (0.013)	0.030 ** (0.013)	0.030 ** (0.012)	0.014 ** (0.011)	0.029 ** (0.011)	0.029 ** (0.011)	0.025 ** (0.011)
empl_indx	-0.026 ** (0.012)	-0.026 ** (0.011)	-0.025 ** (0.011)	-0.024 ** (0.012)	-0.024 ** (0.012)	0.031 ** (0.012)	-0.028 ** (0.011)	-0.029 ** (0.011)	-0.029 ** (0.011)
icrg_inv	0.010 (0.017)	0.003 (0.013)	0.001 (0.013)	0.018 (0.014)	0.016 (0.014)	0.015 (0.014)	0.017 (0.014)	0.018 (0.013)	0.015 (0.012)
obs.	297	297	297	287	287	287	253	253	253
R Squared	0.7355	0.7356	0.7381	0.7403	0.7404	0.7405	0.7328	0.7336	0.7367
Root MSE	0.0017	0.0017	0.0017	0.0017	0.0016	0.0017	0.0016	0.0017	0.0016

** Significance of 5% or lower, * Significance of 10% or lower

Table 1C: OLS regressions – Price of Investment on Foreign Aid

pi_usa	[A] Coef. (Robust Std.Err.)	[B] Coef. (Robust Std.Err.)	[C] Coef. (Robust Std.Err.)	[D] Coef. (Robust Std.Err.)	[E] Coef. (Robust Std.Err.)	[F] Coef. (Robust Std.Err.)	[G] Coef. (Robust Std.Err.)	[H] Coef. (Robust Std.Err.)	[I] Coef. (Robust Std.Err.)
aid data so.	WDI			OECD Financial Flows			Chang, et.al. (1998)		
aid	0.178 (0.621)	2.959 (2.361)	3.039 (2.368)	-0.523 (1.207)	5.518 (4.710)	9.180 (6.218)	0.884 (2.298)	8.603 (6.489)	9.686 (7.040)
icrg_aid		0.590 (0.465)	0.705 (0.586)		1.420 (1.098)	1.725 (1.152)		1.698 (1.400)	1.533 (1.484)
icrg_aidsq			-0.003 (0.008)			0.027 (0.024)			0.043 (0.101)
kg_usa	-0.054 (0.071)	-0.044 (0.072)	-0.045 (0.072)	-0.047 (0.075)	-0.037 (0.075)	-0.042 (0.075)	0.008 (0.077)	0.014 (0.077)	0.011 (0.076)
ki_usa	-0.834** (0.081)	-0.842** (0.081)	-0.843** (0.081)	-0.849** (0.084)	-0.859** (0.085)	-0.855** (0.085)	-1.021** (0.084)	-1.038** (0.087)	-1.032** (0.090)
pg_usa	0.213 (0.186)	0.212 (0.186)	0.206 (0.193)	0.210 (0.191)	0.203 (0.193)	0.200 (0.191)	0.336* (0.189)	0.319 (0.193)	0.314 (0.191)
open_usa	3.990** (1.577)	4.072** (1.584)	4.081** (1.586)	4.450** (1.903)	4.560** (1.908)	4.574** (1.901)	7.148** (2.030)	7.735** (2.093)	7.690** (2.105)
tot	0.582** (0.208)	0.600** (0.212)	-0.021 (0.592)	0.501** (0.244)	0.502** (0.245)	-0.021 (0.526)	0.634* (0.329)	0.601* (0.328)	0.597* (0.330)
fdi	-0.034** (0.007)	-0.035 (-0.022)	-0.036 (0.088)	-0.035** (0.007)	-0.036 (-0.020)	-0.036 (0.091)	-0.038** (0.007)	-0.039** (0.007)	-0.040 (-0.039)
cred_rts	0.042 (0.033)	0.049 (0.034)	0.046 (0.036)	0.047 (0.035)	0.049 (0.035)	0.055 (0.037)**	0.008 (0.034)	0.017 (0.037)	0.019 (0.039)
empl_indx	0.085** (0.030)	0.087** (0.030)	0.088** (0.030)	0.090** (0.030)	0.091** (0.031)	0.091 (0.030)	0.054 (0.033)	0.058* (0.033)	0.058* (0.033)
indx_ec	0.151** (0.050)	0.157** (0.051)	0.157** (0.051)	0.155** (0.050)	0.165** (0.052)	0.165** (0.052)	0.180** (0.054)	0.187** (0.055)	0.186** (0.054)
indx_ri	-0.146* (0.078)	-0.153* (0.079)	-0.150* (0.081)	-0.159** (0.080)	-0.158** (0.080)	-0.161** (0.081)	0.001 (0.083)	-0.020 (0.087)	-0.025 (0.091)
indx_sb	0.047* (0.025)	0.042* (0.025)	0.041 (0.025)	0.050* (0.027)	0.044* (0.027)	0.045* (0.027)	0.045* (0.025)	0.036 (0.026)	0.037 (0.027)
icrg_inv	-0.068** (0.031)	-0.090** (0.032)	-0.091** (0.032)	-0.068** (0.032)	-0.091** (0.033)	-0.097** (0.034)	-0.050 (0.033)	-0.074** (0.035)	-0.075** (0.035)
y0_usa	0.851** (0.399)	0.927** (0.404)	0.928** (0.405)	0.852* (0.433)	0.943** (0.440)	1.011** (0.443)	1.526** (0.496)	1.735** (0.523)	1.733** (0.523)
obs.	297	297	297	287	287	287	253	253	253
R Squared	0.7328	0.7345	0.7347	0.7290	0.7309	0.7314	0.7597	0.7615	0.7616
Root MSE	0.0040	0.0040	0.0040	0.0040	0.0040	0.0040	0.0038	0.0038	0.0038

** Significance of 5% or lower, * Significance of 10% or lower

Table 2: Specifications and Identification of 2SLS and 3SLS Regressions

	Aid Specification [1]	Aid Specification [2]	Aid Specification [3]
	<u>2SLS, 3SLS</u>	<u>2SLS, 3SLS</u>	<u>2SLS, 3SLS</u>
	3SLS	3SLS	3SLS
Endogenous Variables			
gr_y	LHS	LHS	LHS
pg_usa	RHS LHS RHS RHS RHS	RHS LHS RHS RHS RHS	RHS LHS RHS RHS RHS
pi_usa	RHS RHS LHS RHS RHS	RHS RHS LHS RHS RHS	RHS RHS LHS RHS RHS
kg_usa	RHS RHS RHS LHS RHS	RHS RHS RHS LHS RHS	RHS RHS RHS LHS RHS
ki_usa	RHS RHS RHS RHS LHS	RHS RHS RHS RHS LHS	RHS RHS RHS RHS LHS
aid*	RHS RHS RHS RHS RHS	RHS RHS RHS RHS RHS	RHS RHS RHS RHS RHS
icrg_aid		RHS RHS RHS RHS RHS	RHS RHS RHS RHS RHS
icrg_aidsq			RHS RHS RHS RHS RHS
Exogenous Variables			
Openness			
open_usa	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
tot	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
fdi	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
Government Finance			
bb_usa	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
m2gdp_usa	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
infl_usa	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
Institutions			
cred_rts	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
empl_indx	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
indx_ec	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
indx_ri	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
indx_sb	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
icrg_inv	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
Socio-Political-Geographic-Demographic (SPGD)			
y0_usa	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
assas	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
ethfrac	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
assas_ethfrac	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
latitude	incl. incl. incl. incl.	incl. incl. incl. incl.	incl. incl. incl. incl.
urb_pop	incl. incl. incl. incl.	incl. incl. incl. incl.	incl. incl. incl. incl.
lpop	incl. incl. incl. incl.	incl. incl. incl. incl.	incl. incl. incl. incl.
frz			
age_dep			
guerilla			
landlock			
radio_pc_usa			
tv_pc_usa			
strikes			
tropical			
pop_area			
leg_british			
inc_low			
inc_lower_middle			
inc_upper_middle			
Fixed Effects			
exp_man	incl. incl.	incl. incl.	incl. incl.
exp_prim	incl. incl.	incl. incl.	incl. incl.
exp_fuel	incl. incl.	incl. incl.	incl. incl.
exp_serv	incl. incl.	incl. incl.	incl. incl.
reg_eca	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
reg_lac	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
reg_mena	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
reg_sa	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
reg_ssa	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
yr1973**	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
yr1977	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
yr1981	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
yr1985	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
yr1989	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.
yr1993	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.	incl. incl. incl. incl. incl.

* We test three data sources of foreign aid, The World Bank World Development Indicators, OECD Financial Flows and Chang (1998)

** 1973 dummy is dropped from specifications that use Chang, et.al. (1998) foreign aid data

Table 3A: 2SLS regressions – Growth on Foreign Aid

gr_y	[A] Coef. (Robust Std.Err.)	[B] Coef. (Robust Std.Err.)	[C] Coef. (Robust Std.Err.)	[D] Coef. (Robust Std.Err.)	[E] Coef. (Robust Std.Err.)	[F] Coef. (Robust Std.Err.)	[G] Coef. (Robust Std.Err.)	[H] Coef. (Robust Std.Err.)	[I] Coef. (Robust Std.Err.)
aid data so.	WDI			OECD Financial Flows			Chang, et.al. (1998)		
aid	4.312 (13.073)	125.548 ** (60.667)	115.185 * (59.520)	11.148 (29.467)	115.971 (126.549)	212.010 (171.575)	10.933 (39.397)	117.829 (153.016)	96.050 (181.145)
icrg_aid		25.033 ** (12.163)	13.896 (12.917)		22.463 (26.528)	33.431 (31.585)		21.318 (30.028)	20.792 (29.648)
icrg_aidsq			0.439 (0.446)			0.746 (0.752)			-0.526 (2.798)
kg_usa	-2.698 (1.830)	-3.333 (2.164)	-1.480 (2.305)	-2.922 * (1.731)	-3.206 * (1.818)	-3.719* (1.935)	-1.400 (1.385)	-1.506 (1.433)	-1.526 (1.450)
ki_usa	2.456 (1.934)	2.623 (2.323)	0.946 (2.332)	1.521 (2.044)	2.041 (2.144)	1.744 (2.270)	1.603 (1.880)	2.081 (2.049)	2.129 (2.058)
pg_usa	-5.825 (4.260)	-8.134 (4.935)	-6.082 (4.929)	-3.956 (3.922)	-4.616 (4.116)	-6.422 (4.487)	-0.324 (3.382)	-1.016 (3.702)	-0.644 (3.883)
pi_usa	-0.401 (0.941)	-0.808 (1.162)	-0.713 (1.100)	-0.703 (0.951)	-0.664 (0.985)	-0.901 (1.055)	0.102 (0.952)	0.301 (1.000)	0.338 (1.008)
fdi	0.126 * (0.070)	0.083 (0.076)	0.122 (0.084)	0.110 (0.071)	0.083 (0.075)	0.086 (0.077)	0.179 ** (0.090)	0.174 * (0.090)	0.169 * (0.093)
icrg_inv	-0.402 (0.267)	-1.254 ** (0.465)	-1.187 ** (0.478)	-0.465 * (0.249)	-0.793 * (0.460)	-0.986* (0.541)	-0.416 (0.257)	-0.703 (0.459)	-0.669 (0.488)
y0_usa	-7.263 ** (3.137)	-8.881 ** (3.531)	-6.935 * (3.818)	-6.780 ** (3.068)	-7.262 ** (3.120)	-6.422* (3.274)	-10.363 ** (4.788)	-9.710 * (4.923)	-10.361 * (6.001)
obs.	297	297	297	287	287	287	253	253	253
R Squared	0.3286	0.1783	0.0470	0.3553	0.3403	0.2466	0.3930	0.3843	0.3945
Root MSE	0.0356	0.0399	0.0426	0.0342	0.0346	0.0371	0.0342	0.0346	0.0344

** Significance of 5% or lower, * Significance of 10% or lower

Table 3B: 2SLS regressions – Price of Government on Foreign Aid

pg_usa	[A] Coef. (Robust Std.Err.)	[B] Coef. (Robust Std.Err.)	[C] Coef. (Robust Std.Err.)	[D] Coef. (Robust Std.Err.)	[E] Coef. (Robust Std.Err.)	[F] Coef. (Robust Std.Err.)	[G] Coef. (Robust Std.Err.)	[H] Coef. (Robust Std.Err.)	[I] Coef. (Robust Std.Err.)
aid data so.	WDI			OECD Financial Flows			Chang, et.al. (1998)		
aid	0.920 (0.800)	3.213 (5.174)	3.598 (5.214)	-0.837 (1.629)	4.351 (10.723)	9.314 (13.445)	3.279 (2.662)	12.025 (12.979)	22.565 (14.919)
icrg_aid		0.486 (0.995)	1.105 (1.209)		1.117 (2.214)	1.407 (2.335)		1.879 (2.402)	0.504 (2.442)
icrg_aidsq			-0.020 (0.016)			0.049 (0.047)			0.452** (0.171)
kg_usa	-0.363** (0.065)	-0.351** (0.055)	-0.380** (0.062)	-0.349** (0.064)	-0.344** (0.059)	-0.348** (0.060)	-0.319** (0.065)	-0.299** (0.050)	-0.214** (0.056)
ki_usa	0.068 (0.123)	0.045 (0.116)	0.168 (0.171)	0.187 (0.133)	0.189 (0.136)	0.118 (0.133)	0.138 (0.125)	0.163 (0.120)	0.073 (0.145)
pi_usa	-0.073 (0.053)	-0.085 (0.053)	-0.058 (0.061)	-0.044 (0.056)	-0.045 (0.057)	-0.069 (0.056)	-0.015 (0.055)	0.001 (0.055)	-0.052 (0.067)
infl_usa	0.048** (0.016)	0.045** (0.015)	0.058** (0.021)	0.047** (0.016)	0.047** (0.017)	0.047** (0.016)	0.034** (0.014)	0.030** (0.013)	0.009 (0.013)
m2gdp_usa	0.340** (0.075)	0.301** (0.085)	0.354** (0.102)	0.402** (0.094)	0.352** (0.108)	0.341** (0.116)	0.260** (0.085)	0.171 (0.118)	0.063 (0.154)
cred_rts	0.030** (0.014)	0.034** (0.013)	0.014 (0.020)	0.026 (0.016)	0.027* (0.016)	0.035** (0.016)	0.034** (0.015)	0.039** (0.013)	0.072** (0.021)
empl_indx	-0.030* (0.016)	-0.027** (0.014)	-0.036** (0.016)	-0.022 (0.016)	-0.022 (0.016)	-0.020 (0.015)	-0.026* (0.014)	-0.024* (0.013)	-0.012 (0.014)
icrg_inv	0.010 (0.014)	-0.008 (0.032)	-0.011 (0.032)	0.020 (0.015)	0.002 (0.031)	-0.008 (0.035)	0.008 (0.014)	-0.017 (0.029)	-0.025 (0.033)
obs.	297	297	297	287	287	287	253	253	253
R Squared	0.7045	0.6967	0.6654	0.7025	0.7011	0.6893	0.7236	0.7186	0.6232
Root MSE	0.0018	0.0018	0.0019	0.0018	0.0018	0.0018	0.0017	0.0017	0.0020

** Significance of 5% or lower, * Significance of 10% or lower

Table 3C: 2SLS regressions – Price of Investment on Foreign Aid

pi_usa	[A] Coef. (Robust Std.Err.)	[B] Coef. (Robust Std.Err.)	[C] Coef. (Robust Std.Err.)	[D] Coef. (Robust Std.Err.)	[E] Coef. (Robust Std.Err.)	[F] Coef. (Robust Std.Err.)	[G] Coef. (Robust Std.Err.)	[H] Coef. (Robust Std.Err.)	[I] Coef. (Robust Std.Err.)
aid data so.	WDI			OECD Financial Flows			Chang, et.al. (1998)		
aid	2.133 (2.311)	11.426 (7.950)	4.669 (7.152)	-0.964 (6.368)	-9.740 (16.354)	9.418 (23.169)	9.194 (7.094)	-41.232 (29.675)	-40.987 (36.839)
icrg_aid		1.993 (1.480)	-0.217 (2.182)		-1.867 (3.281)	-0.373 (4.156)		-10.209* (5.898)	-10.205* (5.914)
icrg_aidsq			0.045 (0.061)			0.215 (0.151)			0.006 (0.601)
kg_usa	-0.474 ** (0.207)	-0.441 ** (0.195)	-0.211 (0.224)	-0.376 * (0.205)	-0.373 * (0.209)	-0.479 ** (0.230)	-0.154 (0.175)	-0.175 (0.215)	-0.175 (0.211)
ki_usa	-1.492 ** (0.302)	-1.465 ** (0.300)	-1.600 ** (0.318)	-1.434 ** (0.337)	-1.441 ** (0.341)	-1.320 ** (0.361)	-1.706 ** (0.284)	-1.720 ** (0.327)	-1.719 ** (0.364)
pg_usa	-0.691 (0.564)	-0.831 (0.572)	-0.337 (0.620)	-0.544 (0.553)	-0.498 (0.566)	-0.965 (0.638)	-0.021 (0.490)	0.503 (0.659)	0.497 (0.795)
open_usa	9.169 ** (2.971)	8.942 ** (2.866)	9.145 ** (2.949)	7.641 ** (3.050)	7.526 ** (3.112)	6.473 ** (3.273)	12.144 ** (3.245)	9.870 ** (4.257)	9.856 ** (4.532)
tot	1.102 ** (0.428)	1.146 ** (0.430)	1.014 ** (0.383)	0.900 * (0.532)	0.870 (0.533)	0.865 (0.533)	1.238 ** (0.534)	1.378 ** (0.631)	1.376 * (0.703)
fdi	-0.032 ** (0.009)	-0.035 ** (0.009)	-0.032 ** (0.010)	-0.033 ** (0.008)	-0.031 ** (0.009)	-0.030 ** (0.009)	-0.031 ** (0.009)	-0.025 ** (0.011)	-0.025 ** (0.011)
cred_rts	0.046 (0.053)	0.076 (0.055)	0.100 (0.068)	0.065 (0.052)	0.059 (0.052)	0.109 * (0.062)	0.018 (0.047)	-0.057 (0.066)	-0.057 (0.093)
empl_indx	0.041 (0.047)	0.048 (0.046)	0.085 * (0.048)	0.069 (0.049)	0.071 (0.049)	0.078 (0.051)	0.006 (0.048)	0.001 (0.053)	0.001 (0.057)
indx_ec	0.042 (0.077)	0.064 (0.080)	0.038 (0.079)	0.051 (0.071)	0.035 (0.073)	0.008 (0.076)	0.136 * (0.074)	0.056 (0.090)	0.055 (0.090)
indx_ri	-0.027 (0.118)	-0.073 (0.114)	-0.192 (0.162)	-0.109 (0.107)	-0.113 (0.111)	-0.157 (0.129)	0.022 (0.098)	0.153 (0.129)	0.152 (0.184)
indx_sb	0.036 (0.041)	0.014 (0.043)	0.027 (0.041)	0.045 (0.043)	0.056 (0.047)	0.076 (0.054)	0.014 (0.039)	0.103 (0.065)	0.103 (0.065)
icrg_inv	-0.120 ** (0.044)	-0.184 ** (0.071)	-0.141 ** (0.065)	-0.108 ** (0.043)	-0.081 (0.066)	-0.104 (0.081)	-0.078 * (0.043)	0.040 (0.081)	0.040 (0.089)
y0_usa	2.156 ** (0.721)	2.367 ** (0.743)	2.178 ** (0.687)	1.812 * (0.941)	1.665 * (0.974)	1.709 * (0.952)	3.548 ** (0.993)	1.981 (1.436)	1.984 (1.428)
obs.	297	297	297	287	287	287	253	253	253
R Squared	0.5846	0.5808	0.5698	0.6213	0.6110	0.4939	0.6791	0.5800	0.5808
Root MSE	0.0049	0.0050	0.0051	0.0047	0.0048	0.0055	0.0044	0.0050	0.0050

** Significance of 5% or lower, * Significance of 10% or lower

Table 4A: 3SLS regressions – Foreign Aid Data So. = WDI

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
Dep.Var.	gr_y	pg_usa	pi_usa	gr_y	pg_usa	pi_usa	gr_y	pg_usa	pi_usa
	Coef.	Coef.	Coef.	Coef.	Coef.	Coef.	Coef.	Coef.	Coef.
	(Robust Std.Err.)	(Robust Std.Err.)	(Robust Std.Err.)	(Robust Std.Err.)	(Robust Std.Err.)	(Robust Std.Err.)	(Robust Std.Err.)	(Robust Std.Err.)	(Robust Std.Err.)
aid1	8.840 (11.556)	1.407 ** (0.668)	3.406 (2.138)	155.806 ** (49.431)	4.852 ** (2.443)	14.987 ** (7.119)	133.602 ** (53.776)	3.947 (2.647)	10.078 (8.293)
icrg_aid1				29.683 ** (9.885)	0.725 (0.500)	2.443 * (1.460)	17.725 (12.390)	1.147 * (0.678)	0.715 (2.485)
icrg_aid1sq						-0.173 (0.060)	0.400 (0.249)	-0.020 (0.014)	0.040 (0.051)
kg_usa	-4.279 ** (1.633)	-0.379 ** (0.050)	-0.847 ** (0.221)	-6.151 ** (1.775)	-0.369 ** (0.052)	-1.251 ** (0.255)	-3.053 (2.242)	-0.381 ** (0.058)	-0.436 (0.294)
ki_usa	2.035 (1.824)	-0.142 (0.111)	-1.305 ** (0.258)	1.737 (2.010)	-0.170 (0.110)	-1.009 ** (0.518)	-0.221 (2.362)	0.120 (0.151)	-1.454 ** (0.341)
pg_usa	-9.944 ** (3.629)		-1.817 ** (0.478)	-15.523 ** (3.949)		0.002 ** (0.003)	-9.622 ** (4.649)		-0.919 (0.666)
pi_usa	-1.050 (0.862)	-0.190 ** (0.047)		-2.121 ** (0.954)	-0.209 ** (0.047)		-1.955 * (1.026)	-0.085 (0.059)	
tot	5.092 ** (2.395)	0.388 ** (0.112)	1.331 ** (0.304)	8.378 ** (2.715)	0.428 ** (0.114)	-0.989 ** (0.444)	7.753 ** (2.939)	0.244 * (0.132)	1.220 ** (0.347)
fdi	0.124 * (0.072)	-0.003 (0.004)	-0.028 ** (0.011)	0.070 (0.081)	-0.005 (0.004)	-0.031 ** (0.011)	0.100 (0.090)	-0.002 (0.004)	-0.030 ** (0.013)
infl_usa	0.156 (0.283)	0.054 ** (0.011)	0.143 ** (0.037)	0.322 (0.309)	0.051 ** (0.012)	-0.853 ** (0.218)	-0.250 (0.420)	0.058 ** (0.015)	0.066 (0.060)
m2gdp_usa	3.792 ** (1.905)	0.360 ** (0.072)	0.824 ** (0.263)	3.802 * (2.114)	0.309 ** (0.083)	8.080 ** (2.321)	0.687 (2.618)	0.353 ** (0.095)	0.284 (0.365)
cred_rts	0.639 ** (0.256)	0.035 ** (0.012)	0.081 ** (0.041)	1.143 ** (0.311)	0.043 ** (0.013)	0.118 ** (0.045)	1.363 ** (0.397)	0.017 (0.019)	0.128 ** (0.064)
icrg_inv	-0.418 * (0.244)	-0.004 (0.013)	-0.096 ** (0.037)	-1.453 ** (0.431)	-0.032 (0.022)	0.053 ** (0.058)	-1.365 ** (0.466)	-0.016 (0.025)	-0.161 ** (0.070)
obs.	297	297	297	297	297	297	297	297	297
Chi Squared	156.58	605.79	513.66	142.89	594.88	513.46	119.51	527.71	418.76
R Squared	0.2297	0.6287	0.4266	-0.1509	0.6042	0.3814	-0.0650	0.6611	0.5374
Root MSE	0.0359	0.0018	0.0054	0.0439	0.0019	0.0056	0.0422	0.0018	0.0049

** Significance of 5% or lower, * Significance of 10% or lower

Table 4B: 3SLS regressions – Foreign Aid Data So. = OECD Financial Flows

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
Dep.Var.	gr_y	pg_usa	pi_usa	gr_y	pg_usa	pi_usa	gr_y	pg_usa	pi_usa
	Coef.	Coef.	Coef.	Coef.	Coef.	Coef.	Coef.	Coef.	Coef.
	(Robust Std.Err.)	(Robust Std.Err.)	(Robust Std.Err.)	(Robust Std.Err.)	(Robust Std.Err.)	(Robust Std.Err.)	(Robust Std.Err.)	(Robust Std.Err.)	(Robust Std.Err.)
aid2	10.542 (24.316)	-0.460 (1.622)	-1.774 (5.104)	134.075 (103.576)	4.696 (6.618)	-6.223 (19.182)	288.250 ** (133.688)	11.081 (7.301)	23.698 (23.282)
icrg_aid2				26.252 (21.566)	1.126 (1.382)	-0.982 (3.929)	44.419 * (24.548)	1.588 (1.403)	2.218 (4.432)
icrg_aid2sq							1.176 ** (0.591)	0.059 ** (0.029)	0.253 ** (0.103)
kg_usa	-4.275 ** (1.554)	-0.360 ** (0.054)	-0.630 ** (0.219)	-4.767 ** (1.587)	-0.354 ** (0.054)	-0.594 ** (0.224)	-6.249 ** (1.703)	-0.360 ** (0.055)	-0.918 ** (0.243)
ki_usa	0.884 (1.862)	0.044 (0.121)	-1.222 ** (0.277)	1.738 (1.950)	0.074 (0.122)	-1.258 ** (0.283)	0.698 (2.080)	-0.059 (0.123)	-1.029 ** (0.313)
pg_usa	-7.475 ** (3.288)		-1.316 ** (0.484)	-8.728 ** (3.356)		-1.167 ** (0.507)	-13.267 ** (3.713)		-2.287 ** (0.553)
pi_usa	-1.512 * (0.873)	-0.123 ** (0.050)		-1.353 (0.886)	-0.109 ** (0.051)		-2.305 ** (0.944)	-0.166 ** (0.049)	
fdi	0.097 (0.068)	-0.002 (0.004)	-0.031 ** (0.010)	0.068 (0.074)	-0.002 (0.004)	-0.030 ** (0.011)	0.061 (0.079)	-0.004 (0.004)	-0.027 ** (0.012)
tot	5.939 ** (2.613)	0.188 (0.143)	0.935 ** (0.363)	6.141 ** (2.654)	0.182 (0.144)	0.914 ** (0.374)	7.702 ** (2.857)	0.271 * (0.146)	1.025 ** (0.420)
infl_usa	0.199 (0.273)	0.052 ** (0.012)	0.119 ** (0.036)	0.277 (0.279)	0.051 ** (0.012)	0.113 ** (0.037)	0.463 (0.297)	0.052 ** (0.012)	0.149 ** (0.041)
m2gdp_usa	3.706 * (1.958)	0.414 ** (0.083)	0.749 ** (0.292)	3.090 (2.066)	0.364 ** (0.103)	0.744 ** (0.337)	4.533 ** (2.202)	0.357 ** (0.104)	1.033 ** (0.371)
cred_rts	0.604 ** (0.258)	0.031 ** (0.013)	0.087 ** (0.040)	0.683 ** (0.268)	0.032 ** (0.013)	0.079 * (0.043)	0.983 ** (0.305)	0.042 ** (0.014)	0.150 ** (0.052)
icrg_inv	-0.483 ** (0.238)	0.012 (0.013)	-0.086 ** (0.037)	-0.851 ** (0.397)	-0.005 (0.026)	-0.077 (0.068)	-1.191 ** (0.450)	-0.022 (0.026)	-0.109 (0.078)
y0_usa	-6.582 * (3.370)	-0.139 (0.333)	1.455 * (0.875)	-7.157 ** (3.441)	-0.118 (0.346)	1.401 (0.944)	-5.725 (3.736)	0.117 (0.350)	1.316 (1.038)
obs.	287	287	287	287	287	287	287	287	287
Chi Squared	158.77	592.36	538.60	157.07	589.04	523.52	146.31	575.58	413.83
R Squared	0.2707	0.6837	0.5487	0.2377	0.6886	0.5603	-0.0785	0.6408	0.2631
Root MSE	0.0342	0.0017	0.0048	0.0350	0.0017	0.0047	0.0416	0.0018	0.0061

** Significance of 5% or lower, * Significance of 10% or lower

Table 4C: 3SLS regressions – Foreign Aid Data So. = Chang, et.al. (1998)

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
Dep.Var.	gr_y	pg_usa	pi_usa	gr_y	pg_usa	pi_usa	gr_y	pg_usa	pi_usa
	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)
aid3	9.626 (33.547)	3.714 * (1.979)	10.339 (6.390)	137.886 (135.499)	12.526 * (6.913)	-44.125 (29.307)	129.065 (169.970)	22.483 ** (8.652)	-43.032 (37.992)
icrg_aid3				24.804 (26.169)	2.079 (1.422)	-10.626 * (5.750)	24.919 (26.069)	0.646 (1.699)	-10.007 * (5.795)
icrg_aid3sq							-0.278 (2.516)	0.440 ** (0.142)	-0.074 (0.606)
kg_usa	-1.262 (1.321)	-0.325 ** (0.044)	-0.264 (0.178)	-1.672 (1.336)	-0.291 ** (0.047)	-0.025 (0.203)	-1.761 (1.328)	-0.211 ** (0.060)	-0.133 (0.206)
ki_usa	1.623 (1.654)	0.069 (0.123)	-1.651 ** (0.220)	2.451 (1.765)	0.234 * (0.125)	-1.821 ** (0.251)	2.478 (1.765)	0.120 (0.148)	-1.772 ** (0.279)
pg_usa	0.096 (3.180)		-0.369 (0.455)	-1.628 (3.312)		0.949 (0.595)	-1.676 (3.727)		0.655 (0.821)
pi_usa	0.144 (0.829)	-0.055 (0.057)		0.535 (0.869)	0.042 (0.058)		0.537 (0.879)	-0.027 (0.070)	
tot	1.324 (3.220)	0.344 ** (0.161)	1.336 ** (0.400)	0.664 (3.319)	0.152 (0.170)	1.290 ** (0.464)	0.832 (3.387)	0.036 (0.203)	1.389 ** (0.512)
fdi	0.178 ** (0.076)	0.001 (0.004)	-0.030 ** (0.010)	0.178 ** (0.077)	0.003 (0.004)	-0.027 ** (0.012)	0.175 ** (0.080)	0.005 (0.005)	-0.026 ** (0.013)
infl_usa	-0.262 (0.229)	0.036 ** (0.010)	0.070 ** (0.028)	-0.250 (0.231)	0.028 ** (0.010)	0.047 (0.032)	-0.232 (0.245)	0.008 (0.014)	0.060 * (0.036)
m2gdp_usa	0.766 (1.790)	0.271 ** (0.076)	0.361 (0.226)	-0.061 (2.087)	0.150 (0.102)	0.620 * (0.365)	0.052 (2.132)	0.054 (0.123)	0.701 * (0.392)
cred_rts	0.250 (0.260)	0.035 ** (0.012)	0.030 (0.042)	0.379 (0.288)	0.039 ** (0.013)	-0.073 (0.064)	0.361 (0.372)	0.071 ** (0.018)	-0.068 (0.097)
icrg_inv	-0.416 * (0.245)	0.005 (0.013)	-0.075 ** (0.035)	-0.737 * (0.430)	-0.016 (0.023)	0.043 (0.078)	-0.724 (0.457)	-0.024 (0.026)	0.041 (0.085)
y0_usa	-10.464 ** (4.748)	0.126 (0.375)	3.529 ** (0.945)	-9.501 * (4.849)	-0.017 (0.391)	2.115 (1.389)	-9.777 * (5.727)	0.411 (0.469)	2.080 (1.442)
obs.	253	253	253	253	253	253	253	253	253
Chi Squared	146.42	549.25	562.41	145.46	540.93	433.08	147.98	413.66	432.66
R Squared	0.3924	0.7135	0.6648	0.3798	0.7156	0.5522	0.3851	0.6312	0.5695
Root MSE	0.0320	0.0016	0.0041	0.0323	0.0016	0.0048	0.0322	0.0018	0.0047

** Significance of 5% or lower, * Significance of 10% or lower

Table 5A: 3SLS regressions – Foreign Aid Data So. = WDI

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]
Dep.Var.	gr_y	pg_usa	kg_usa	pi_usa	ki_usa	gr_y	pg_usa	kg_usa	pi_usa	ki_usa	gr_y	pg_usa	kg_usa	pi_usa	ki_usa
	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)
aid1	9.248 (11.551)	1.549** (0.635)	3.717** (1.411)	4.234** (2.093)	1.184 (1.124)	152.409** (49.419)	3.843 (2.423)	8.522 (5.565)	13.535* (7.098)	4.741 (3.742)	127.966** (53.637)	3.558 (2.629)	7.075 (6.229)	9.123 (8.174)	1.336 (4.614)
icrge_aid1						28.797** (9.879)	0.468 (0.490)	1.008 (1.123)	1.954 (1.449)	0.746 (0.763)	0.436* (0.248)	-0.027** (0.013)	-0.060** (0.029)	0.055 (0.047)	0.051** (0.023)
icrge_aid1sq											16.128 (12.341)	1.207* (0.675)	2.526 (1.587)	0.057 (2.339)	-1.061 (1.251)
kg_usa	-4.360** (1.632)	-0.434** (0.031)		-0.778** (0.198)	-0.074 (0.118)	-6.311** (1.771)	-0.438** (0.033)		-0.802** (0.198)	-0.077 (0.118)	-2.341 (2.188)	-0.444** (0.036)		-0.320 (0.267)	0.241* (0.128)
ki_usa	2.304 (1.822)	-0.061 (0.107)	-0.185 (0.243)	-1.757** (0.185)		2.235 (2.004)	-0.087 (0.107)	-0.186 (0.246)	-1.713** (0.186)		-0.531 (2.350)	0.204 (0.127)	0.555** (0.280)	-1.659** (0.239)	
pg_usa	-9.678** (3.626)		-2.257** (0.158)	-1.530** (0.458)	-0.033 (0.264)	-14.995** (3.939)		-2.241** (0.171)	-1.723** (0.452)	-0.127 (0.270)	-8.195* (4.543)		-2.210** (0.179)	-0.643 (0.609)	0.574* (0.311)
pi_usa	-0.914 (0.860)	-0.157** (0.045)	-0.383** (0.099)		-0.441** (0.045)	-1.833* (0.949)	-0.172** (0.044)	-0.387** (0.102)		-0.444** (0.046)	-1.849* (1.023)	-0.068 (0.053)	-0.099 (0.124)		-0.424** (0.052)
tot	4.980** (2.393)	0.390** (0.107)	0.929** (0.235)	1.453** (0.298)	0.516** (0.164)	8.120** (2.710)	0.429** (0.110)	0.973** (0.242)	1.535** (0.301)	0.549** (0.165)	7.422** (2.927)	0.242** (0.122)	0.473* (0.281)	1.255** (0.344)	0.404** (0.191)
fdi	0.123* (0.072)	-0.003 (0.004)	-0.008 (0.009)	-0.029** (0.011)	-0.014** (0.006)	0.070 (0.081)	-0.004 (0.004)	-0.009 (0.009)	-0.031** (0.011)	-0.015** (0.006)	0.105 (0.090)	-0.002 (0.004)	-0.004 (0.010)	-0.028** (0.013)	-0.011 (0.007)
infl_usa	0.164 (0.283)	0.060** (0.010)	0.140** (0.020)	0.132** (0.034)	0.024 (0.020)	0.340 (0.308)	0.060** (0.010)	0.137** (0.020)	0.130** (0.035)	0.023 (0.020)	-0.360 (0.413)	0.070** (0.012)	0.156** (0.025)	0.044 (0.054)	-0.041 (0.027)
m2gdp_usa	3.791** (1.905)	0.391** (0.068)	0.896** (0.150)	0.680** (0.246)	0.051 (0.136)	3.842* (2.113)	0.363** (0.077)	0.829** (0.165)	0.568** (0.273)	0.001 (0.149)	0.039 (2.581)	0.416** (0.085)	0.937** (0.184)	0.165 (0.338)	-0.291* (0.171)
cred_rts	0.613** (0.256)	0.031** (0.012)	0.072** (0.027)	0.066* (0.040)	0.010 (0.022)	1.082** (0.310)	0.036** (0.013)	0.080** (0.030)	0.094** (0.044)	0.021 (0.024)	1.363** (0.397)	0.006 (0.018)	0.006 (0.041)	0.130** (0.063)	0.058* (0.034)
icrg_inv	-0.415* (0.244)	-0.003 (0.013)	-0.011 (0.029)	-0.133** (0.035)	-0.076** (0.017)	-1.419** (0.431)	-0.022 (0.022)	-0.048 (0.051)	-0.196** (0.059)	-0.100** (0.030)	-1.344** (0.466)	-0.012 (0.024)	-0.016 (0.056)	-0.162** (0.069)	-0.068* (0.039)
y0_usa	-6.756* (3.510)	0.239 (0.286)	0.609 (0.655)	2.949** (0.711)	1.567** (0.320)	-8.175** (3.935)	0.261 (0.288)	0.585 (0.664)	3.009** (0.722)	1.673** (0.332)	-6.314 (4.369)	-0.199 (0.319)	-0.559 (0.729)	2.485** (0.803)	1.408** (0.397)
obs.	297	297	297	297	297	297	297	297	297	297	297	297	297	297	297
Chi Squared	156.4	741.9	722.3	580.4	1073.8	141.8	713.5	688.5	575.9	1077.7	118.5	642.6	592.7	446.0	740.6
R Squared	0.240	0.625	0.623	0.346	0.761	-0.115	0.603	0.617	0.322	0.757	-0.050	0.595	0.617	0.502	0.687
Root MSE	0.036	0.002	0.004	0.006	0.002	0.043	0.002	0.004	0.006	0.002	0.042	0.002	0.004	0.005	0.003

** Significance of 5% or lower, * Significance of 10% or lower

Table 5B: 3SLS regressions – Foreign Aid Data So. = OECD Financial Flows

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]
Dep.Var.	gr_y	pg_usa	kg_usa	pi_usa	ki_usa	gr_y	pg_usa	kg_usa	pi_usa	ki_usa	gr_y	pg_usa	kg_usa	pi_usa	ki_usa
	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)
aid2	14.077 (24.275)	0.381 (1.482)	2.301 (3.249)	2.903 (4.860)	1.907 (2.556)	144.489 (103.522)	4.630 (6.615)	10.904 (14.723)	-2.817 (19.089)	-4.477 (10.204)	292.400 ** (133.680)	10.160 (7.287)	23.984 (16.277)	23.721 (23.248)	2.059 (11.186)
icrge_aid2						27.496 (21.561)	0.923 (1.378)	1.871 (3.079)	-1.242 (3.916)	-1.370 (2.092)	1.089 * (0.590)	0.050 * (0.029)	0.122 * (0.066)	0.221 ** (0.102)	0.058 (0.052)
icrge_aid2sq											44.685 * (24.548)	1.342 (1.399)	2.848 (3.135)	1.300 (4.422)	-0.848 (2.118)
kg_usa	-4.388 ** (1.552)	-0.442 ** (0.037)		-0.637 ** (0.203)	0.089 (0.116)	-5.041 ** (1.580)	-0.439 ** (0.036)		-0.602 ** (0.208)	0.099 (0.116)	-6.607 ** (1.689)	-0.441 ** (0.035)		-0.905 ** (0.224)	0.014 (0.124)
ki_usa	1.243 (1.857)	0.162 (0.108)	0.154 (0.258)	-1.586 ** (0.223)		2.250 (1.939)	0.188 * (0.109)	0.200 (0.260)	-1.619 ** (0.227)		1.472 (2.069)	0.075 (0.116)	0.005 (0.271)	-1.540 ** (0.270)	
pg_usa	-7.125 ** (3.286)		-2.153 ** (0.181)	-1.067 ** (0.456)	0.410 * (0.242)	-8.546 ** (3.355)		-2.170 ** (0.183)	-0.931 * (0.477)	0.452 * (0.245)	-12.789 ** (3.711)		-2.188 ** (0.179)	-1.800 ** (0.529)	0.201 (0.285)
pi_usa	-1.329 (0.870)	-0.087 * (0.046)	-0.270 ** (0.103)		-0.414 ** (0.052)	-1.166 (0.882)	-0.075 (0.047)	-0.253 ** (0.104)		-0.408 ** (0.052)	-1.918 ** (0.938)	-0.117 ** (0.046)	-0.312 ** (0.105)		-0.400 ** (0.061)
tot	5.953 ** (2.608)	0.214 * (0.130)	0.636 ** (0.279)	1.250 ** (0.349)	0.476 ** (0.183)	6.223 ** (2.645)	0.210 (0.132)	0.636 ** (0.284)	1.222 ** (0.361)	0.449 ** (0.187)	7.805 ** (2.840)	0.283 ** (0.135)	0.756 ** (0.290)	1.424 ** (0.405)	0.518 ** (0.188)
fdi	0.098 (0.068)	-0.002 (0.004)	-0.007 (0.009)	-0.032 ** (0.010)	-0.014 ** (0.006)	0.066 (0.074)	-0.002 (0.004)	-0.008 (0.009)	-0.031 ** (0.011)	-0.013 ** (0.006)	0.061 (0.079)	-0.003 (0.004)	-0.009 (0.009)	-0.029 ** (0.012)	-0.012 * (0.006)
infl_usa	0.209 (0.272)	0.062 ** (0.010)	0.142 ** (0.020)	0.117 ** (0.035)	0.001 (0.020)	0.310 (0.279)	0.062 ** (0.010)	0.143 ** (0.020)	0.112 ** (0.035)	-0.001 (0.020)	0.502 * (0.295)	0.061 ** (0.010)	0.140 ** (0.020)	0.144 ** (0.039)	0.007 (0.021)
m2gdp_usa	3.607 * (1.958)	0.447 ** (0.082)	0.959 ** (0.189)	0.562 ** (0.272)	-0.159 (0.145)	3.057 (2.065)	0.406 ** (0.102)	0.884 ** (0.228)	0.573 * (0.319)	-0.112 (0.170)	4.368 ** (2.200)	0.393 ** (0.103)	0.850 ** (0.231)	0.776 ** (0.357)	-0.070 (0.177)
cred_rts	0.576 ** (0.258)	0.026 ** (0.013)	0.064 ** (0.028)	0.085 ** (0.040)	0.017 (0.022)	0.655 ** (0.268)	0.027 ** (0.013)	0.067 ** (0.029)	0.076 * (0.042)	0.012 (0.023)	0.929 ** (0.305)	0.036 ** (0.014)	0.086 ** (0.031)	0.134 ** (0.051)	0.029 (0.027)
icrg_inv	-0.480 ** (0.238)	0.014 (0.013)	0.015 (0.029)	-0.115 ** (0.035)	-0.074 ** (0.017)	-0.863 ** (0.397)	0.000 (0.025)	-0.013 (0.057)	-0.101 (0.068)	-0.053 (0.036)	-1.187 ** (0.450)	-0.015 (0.026)	-0.043 (0.059)	-0.138 * (0.077)	-0.062 * (0.036)
y0_usa	-6.675 ** (3.369)	-0.311 (0.317)	-0.291 (0.731)	2.351 ** (0.798)	1.602 ** (0.347)	-7.366 ** (3.438)	-0.296 (0.332)	-0.250 (0.763)	2.271 ** (0.871)	1.499 ** (0.391)	-5.919 (3.734)	-0.084 (0.341)	0.150 (0.782)	2.463 ** (0.985)	1.639 ** (0.395)
obs.	287	287	287	287	287	287	287	287	287	287	287	287	287	287	287
Chi Squared	159.0	694.9	654.8	571.4	941.3	158.2	694.9	648.4	556.8	935.4	146.4	686.5	637.9	437.6	927.0
R Squared	0.284	0.647	0.659	0.503	0.772	0.238	0.645	0.654	0.509	0.765	-0.037	0.631	0.633	0.302	0.759
Root MSE	0.034	0.002	0.004	0.005	0.002	0.035	0.002	0.004	0.005	0.002	0.041	0.002	0.004	0.006	0.002

** Significance of 5% or lower, * Significance of 10% or lower

Table 5C: 3SLS regressions – Foreign Aid Data So. = Chang, et.al. (1998)

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]
Dep.Var.	gr_y	pg_usa	kg_usa	pi_usa	ki_usa	gr_y	pg_usa	kg_usa	pi_usa	ki_usa	gr_y	pg_usa	kg_usa	pi_usa	ki_usa
	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)
aid3	4.747 (33.510)	5.871 ** (1.822)	15.936** (3.830)	15.097** (6.041)	6.377** (3.116)	125.947 (135.442)	9.688 (6.869)	16.924 (15.696)	-31.513 (26.607)	-16.825 (13.294)	108.811 (169.895)	14.834* (8.485)	33.004* (19.513)	-33.758 (35.958)	-23.189 (18.451)
icrge_aid3						23.800 (26.165)	1.002 (1.388)	0.271 (3.146)	-9.238* (5.247)	-4.617* (2.623)	-0.507 (2.515)	0.255* (0.135)	0.642* (0.329)	-0.021 (0.559)	-0.137 (0.290)
icrge_aid3sq											23.585 (26.061)	-0.036 (1.683)	-1.771 (3.474)	-9.676* (5.569)	-4.623 (2.955)
kg_usa	-0.900 (1.316)	-0.420** (0.030)		-0.389** (0.166)	-0.094 (0.089)	-1.152 (1.329)	-0.400** (0.036)		-0.274 (0.185)	-0.059 (0.094)	-1.357 (1.324)	-0.375** (0.047)		-0.364* (0.195)	0.002 (0.109)
ki_usa	1.653 (1.654)	0.050 (0.120)	-0.203 (0.271)	-1.914** (0.129)		2.541 (1.763)	0.207* (0.120)	-0.103 (0.278)	-1.992** (0.130)		2.591 (1.760)	0.147 (0.128)	-0.150 (0.297)	-1.882** (0.180)	
pg_usa	0.704 (3.174)		-2.221** (0.164)	-0.486 (0.434)	0.006 (0.225)	-0.538 (3.297)		-2.180** (0.194)	0.359 (0.525)	0.355 (0.256)	-0.519 (3.718)		-2.398** (0.302)	0.147 (0.747)	0.554 (0.364)
pi_usa	0.181 (0.829)	-0.060 (0.055)	-0.281** (0.122)		-0.493** (0.031)	0.579 (0.868)	0.021 (0.057)	-0.224* (0.126)		-0.483** (0.031)	0.598 (0.878)	-0.018 (0.064)	-0.287** (0.137)		-0.477** (0.045)
tot	0.842 (3.217)	0.482** (0.151)	1.375** (0.322)	1.680** (0.384)	0.745** (0.200)	-0.011 (3.315)	0.330** (0.159)	1.302** (0.331)	1.738** (0.437)	0.778** (0.220)	0.376 (3.385)	0.293 (0.185)	1.194** (0.359)	1.749** (0.482)	0.726** (0.261)
fdi	0.177** (0.076)	0.000 (0.004)	-0.005 (0.009)	-0.028** (0.010)	-0.014** (0.005)	0.175** (0.077)	0.002 (0.004)	-0.003 (0.010)	-0.026** (0.012)	-0.013** (0.006)	0.170** (0.080)	0.003 (0.005)	0.001 (0.010)	-0.024* (0.013)	-0.013* (0.007)
infl_usa	-0.300 (0.228)	0.046** (0.009)	0.114** (0.020)	0.079** (0.027)	0.029** (0.015)	-0.303 (0.230)	0.040** (0.010)	0.112** (0.020)	0.070** (0.031)	0.026 (0.016)	-0.266 (0.244)	0.031** (0.013)	0.093** (0.023)	0.079** (0.035)	0.024 (0.020)
m2gdp_usa	0.518 (1.788)	0.307** (0.075)	0.731** (0.167)	0.384* (0.218)	0.116 (0.114)	-0.380 (2.085)	0.242** (0.099)	0.703** (0.211)	0.681** (0.336)	0.281* (0.171)	-0.158 (2.132)	0.204* (0.118)	0.629** (0.229)	0.793** (0.379)	0.284 (0.205)
cred_rts	0.235 (0.260)	0.033** (0.012)	0.076** (0.028)	0.033 (0.041)	0.008 (0.021)	0.342 (0.288)	0.034** (0.013)	0.074** (0.031)	-0.041 (0.057)	-0.026 (0.028)	0.303 (0.371)	0.052** (0.018)	0.126** (0.045)	-0.043 (0.089)	-0.046 (0.045)
icrg_inv	-0.404* (0.245)	-0.003 (0.012)	-0.025 (0.028)	-0.093** (0.033)	-0.047** (0.017)	-0.706* (0.430)	-0.010 (0.023)	-0.026 (0.051)	0.016 (0.074)	0.009 (0.037)	-0.682 (0.457)	-0.013 (0.026)	-0.036 (0.055)	0.026 (0.083)	0.018 (0.044)
y0_usa	-10.624** (4.748)	0.105 (0.371)	0.897 (0.836)	4.249** (0.804)	2.174** (0.377)	-9.988** (4.845)	-0.136 (0.385)	0.684 (0.871)	2.963** (1.159)	1.465** (0.559)	-10.541* (5.722)	0.063 (0.436)	1.077 (0.967)	2.641** (1.347)	1.303* (0.689)
obs.	253	253	253	253	253	253	253	253	253	253	253	253	253	253	253
Chi Squared	145.9	687.5	667.9	732.2	883.9	145.0	633.2	620.6	616.7	761.4	147.7	467.2	511.7	510.1	535.1
R Squared	0.387	0.683	0.643	0.578	0.709	0.377	0.703	0.665	0.509	0.653	0.389	0.700	0.598	0.518	0.640
Root MSE	0.032	0.002	0.004	0.005	0.002	0.032	0.002	0.004	0.005	0.002	0.032	0.002	0.004	0.005	0.002

** Significance of 5% or lower, * Significance of 10% or lower

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Appendix 1

Data descriptions

Appendix 2 - Table A1: Fixed affects on growth

gr_y	[A] Coef. (Robust Std.Err.)	[B] Coef. (Robust Std.Err.)	[C] Coef. (Robust Std.Err.)	[D] Coef. (Robust Std.Err.)
constant	0.0275 (0.0392)	0.0357 (0.0400)	0.0069 (0.0392)	-0.0071 (0.0429)
y0_usa	-3.3757 (2.0502)	-4.8542 (2.4352)	-2.3377 (2.2135)	-5.5705 (2.8423)
aid_wdi	-9.7979 (4.4650)	-8.1149 (5.3100)	-1.8012 (5.6184)	-2.1411 (5.9480)
gr_kg_usa	9.3967 (4.1048)	11.3119 (4.3006)	11.9619 (3.9181)	12.5323 (4.0930)
gr_ki_usa	7.7223 (1.9160)	7.7957 (1.8614)	8.4319 (1.7349)	8.3753 (1.7720)
gr_open_usa	10.5154 (3.8901)	8.6542 (4.0585)	6.5081 (4.1045)	5.6130 (4.2216)
pg_usa	-0.2549 (0.8444)	-0.4246 (0.8464)	1.5501 (1.1133)	1.5161 (1.1049)
pi_usa	-0.5797 (0.4077)	-0.2715 (0.4041)	-0.1872 (0.4317)	0.0236 (0.4410)
bb_usa	-0.2896 (0.1564)	-0.3578 (0.1593)	-0.2750 (0.1822)	-0.2861 (0.1840)
infl_usa	-0.3369 (0.2084)	-0.3020 (0.1990)	-0.3816 (0.2177)	-0.3882 (0.2140)
m2gdp_usa	2.7872 (1.1101)	1.9541 (1.1641)	0.2022 (1.3428)	0.4084 (1.4112)
assas	-0.1548 (0.3158)	-0.0040 (0.3158)	-0.0164 (0.2930)	0.1038 (0.2987)
ethfrac	-1.2114 (0.9862)	-1.0564 (1.1631)	-0.8974 (1.0511)	-0.1156 (1.1696)
assas_ethfrac	14.9918 (72.3209)	-8.2458 (72.0878)	-26.4741 (70.0219)	-48.4186 (70.3965)
cred_rts	0.2938 (0.1918)	0.1923 (0.2110)	0.2672 (0.2230)	0.0758 (0.2557)
empl_indx	-0.0577 (0.1829)	-0.0275 (0.1884)	-0.0830 (0.1984)	-0.1244 (0.2075)
indx_ec	-0.1616 (0.2978)	-0.2553 (0.3207)	-0.1012 (0.3453)	-0.3157 (0.3595)
indx_ri	-0.1662	0.2318	<i>0.0476</i>	0.5790

indx_sb	(0.4642) -0.0347 (0.2075)	(0.4966) -0.1425 (0.2056)	(0.5146) 0.0958 (0.1976)	(0.6090) 0.0742 (0.2030)
icrg_inv	-0.3907 (0.1931)	-0.1816 (0.2212)	-0.4665 (0.2009)	-0.4261 (0.2322)
yr1973	-0.0136 (0.0091)	-0.0147 (0.0093)	-0.0134 (0.0090)	-0.0137 (0.0090)
yr1977	-0.0006 (0.0087)	-0.0007 (0.0087)	0.0030 (0.0087)	0.0030 (0.0088)
yr1981	-0.0150 (0.0094)	-0.0157 (0.0094)	-0.0087 (0.0096)	-0.0094 (0.0098)
yr1985	-0.0207 (0.0085)	-0.0219 (0.0086)	<i>-0.0147</i> (0.0085)	<i>-0.0154</i> (0.0088)
yr1989	-0.0298 (0.0091)	-0.0313 (0.0090)	-0.0233 (0.0090)	-0.0243 (0.0092)
yr1993	-0.0192 (0.0096)	-0.0189 (0.0096)	-0.0116 (0.0097)	-0.0130 (0.0098)
reg_eca			-0.0287 (0.0110)	-0.0176 (0.0122)
reg_lac			-0.0214 (0.0081)	-0.0101 (0.0097)
reg_mena			-0.0159 (0.0120)	-0.0158 (0.0117)
reg_sa			-0.0075 (0.0090)	-0.0040 (0.0093)
reg_ssa			-0.0435 (0.0113)	-0.0402 (0.0113)
exp_fuel		-0.0079 (0.0103)		0.0053 (0.0109)
exp_man		0.0271 (0.0111)		0.0284 (0.0132)
exp_prim		-0.0111 (0.0068)		-0.0015 (0.0068)
exp_serv		-0.0046 (0.0092)		0.0015 (0.0096)
obs.	298	298	298	298
R Squared	0.3583	0.3850	0.4131	0.4220
Root MSE	0.0346	0.0341	0.0334	0.0334
yr: F(v1,v2)	(6,272)=2.82	(6,268)=3.34	(6,267)=2.48	(6,263)=2.55

Prob.>F	0.0111	0.0034	0.0238	0.0203
reg: F(v1,v2)			F(5,267)=3.69	F(5,263)=2.86
Prob.>F			0.0030	0.0156
exp: F(v1,v2)		F(4,268)=2.73		F(4,263)=1.27
Prob.>F		0.0297		0.2827

lpop	-9.3256	-10.1074	-1.4053	-1.7594
	(2.8084)	(2.8481)	(2.2321)	(2.3565)
urb_pop	-0.0488	-0.1418	0.0528	0.0637
	(0.1076)	(0.1098)	(0.0966)	(0.1035)
cred_rts	0.0138	0.0024	0.0258	0.0290
	(0.0117)	(0.0155)	(0.0115)	(0.0184)
empl_indx	-0.0382	-0.0393	-0.0257	-0.0253
	(0.0130)	(0.0135)	(0.0113)	(0.0123)
indx_ec	-0.0633	-0.0717	-0.0398	-0.0440
	(0.0178)	(0.0218)	(0.0172)	(0.0233)
indx_ri	0.0661	<i>0.0629</i>	0.0235	0.0182
	(0.0336)	(0.0362)	(0.0300)	(0.0410)
indx_sb	-0.0039	-0.0026	-0.0138	-0.0177
	(0.0111)	(0.0124)	(0.0110)	(0.0117)
icrg_inv	0.0138	0.0032	0.0197	<i>0.0248</i>
	(0.0128)	(0.0130)	(0.0137)	(0.0127)
yr1973	0.0004	0.0003	0.0001	0.0000
	(0.0006)	(0.0006)	(0.0005)	(0.0005)
yr1977	-0.0005	-0.0005	-0.0008	-0.0009
	(0.0005)	(0.0005)	(0.0004)	(0.0004)
yr1981	-0.0002	-0.0002	-0.0006	<i>-0.0007</i>
	(0.0005)	(0.0005)	(0.0004)	(0.0004)
yr1985	-0.0006	-0.0007	-0.0012	-0.0013
	(0.0005)	(0.0005)	(0.0004)	(0.0004)
yr1989	-0.0009	-0.0008	-0.0014	-0.0015
	(0.0006)	(0.0006)	(0.0005)	(0.0005)
yr1993	-0.0014	-0.0014	-0.0020	-0.0021
	(0.0006)	(0.0006)	(0.0005)	(0.0005)
reg_eca			0.0025	0.0022
			(0.0005)	(0.0007)
reg_lac			0.0014	0.0016
			(0.0004)	(0.0007)
reg_mena			0.0036	0.0035
			(0.0005)	(0.0005)
reg_sa			0.0008	0.0007
			(0.0005)	(0.0006)
reg_ssa			0.0046	0.0048
			(0.0005)	(0.0005)
exp_fuel		0.0016		-0.0005

Appendix 2 - Table A2: Fixed affects on price of government

pg_usa	[A]	[B]	[C]	[D]
	Coef.	Coef.	Coef.	Coef.
	(Robust Std.Err.)	(Robust Std.Err.)	(Robust Std.Err.)	(Robust Std.Err.)
constant	0.0149	0.0162	0.0107	0.0115
	(0.0028)	(0.0028)	(0.0026)	(0.0025)
y0_usa	0.2690	<i>0.3062</i>	0.0670	0.1027
	(0.1726)	(0.1570)	(0.1216)	(0.1252)
aid_wdi	0.8121	0.7941	0.2861	0.2920
	(0.2577)	(0.2477)	(0.3075)	(0.3251)
kg_usa	-0.2763	-0.2790	-0.2724	-0.2650
	(0.0257)	(0.0274)	(0.0247)	(0.0264)
ki_usa	0.0764	0.0741	<i>0.1272</i>	0.1313
	(0.0538)	(0.0583)	(0.0459)	(0.0467)
open_usa	<i>1.2110</i>	0.7280	-0.1600	-0.1397
	(0.6472)	(0.6704)	(0.6485)	(0.6397)
pi_usa	0.1000	0.0950	0.0248	0.0366
	(0.0305)	(0.0318)	(0.0310)	(0.0325)
bb_usa	0.0229	0.0260	0.0133	0.0114
	(0.0097)	(0.0096)	(0.0093)	(0.0093)
infl_usa	0.0240	0.0280	0.0328	0.0328
	(0.0166)	(0.0167)	(0.0128)	(0.0133)
m2gdp_usa	0.1112	<i>0.1040</i>	0.2666	0.2434
	(0.0461)	(0.0549)	(0.0637)	(0.0773)
assas	0.0477	0.0534	0.0308	0.0295
	(0.0175)	(0.0170)	(0.0119)	(0.0130)
ethfrac	0.2463	0.2649	0.0521	0.0809
	(0.0629)	(0.0755)	(0.0593)	(0.0727)
assas_ethfrac	-11.6570	-12.4630	-5.7244	-5.2278
	(3.4151)	(3.2545)	(2.2387)	(2.6736)
latitude	0.2559	0.2154	<i>-0.2276</i>	-0.1429
	(0.1275)	(0.1394)	(0.1191)	(0.1581)

exp_man	(0.0005)	(0.0005)	(0.0005)	(0.0005)
	0.0006	0.0000	0.0000	0.0000
exp_prim	(0.0009)	(0.0010)	(0.0010)	(0.0010)
	0.0001	-0.0005	-0.0005	-0.0005
exp_serv	(0.0004)	(0.0004)	(0.0004)	(0.0004)
	0.0007	0.0000	0.0000	0.0000
	(0.0006)	(0.0006)	(0.0006)	(0.0006)
obs.	298	298	298	298
R Squared	0.6033	0.6159	0.7333	0.7367
Root MSE	0.0020	0.0199	0.0017	0.0017
yr: F(v1,v2)	(6,270)=2.02	(6,266)=2.26	(6,265)=4.09	(6,261)=4.74
Prob.>F	0.0627	0.038	0.0006	0.0001
reg: F(v1,v2)			F(5,265)=33.62	F(5,261)=29.96
Prob.>F			0.0000	0.0000
exp: F(v1,v2)		F(4,266)=3.88		F(4,261)=0.93
Prob.>F		0.0044		0.4481

Appendix 2 - Table A3: Fixed affects on price of investment

pi_usa	{A}	[B]	[C]	[D]
	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)
constant	-0.0107 (0.0065)	-0.0191 (0.0069)	-0.0036 (0.0074)	-0.0112 (0.0075)
y0_usa	0.6954 (0.4639)	0.4097 (0.4182)	0.5681 (0.4575)	0.4174 (0.4011)
aid_wdi	1.2346 (0.7080)	0.7598 (0.6632)	0.6140 (0.6950)	0.1735 (0.6771)
kg_usa	0.0344 (0.0676)	-0.0139 (0.0659)	-0.0153 (0.0768)	-0.0306 (0.0736)
ki_usa	-0.9135 (0.0833)	-0.8839 (0.0849)	-0.8526 (0.0876)	-0.7952 (0.0886)
open_usa	6.8368 (1.3768)	6.2645 (1.3132)	5.2587 (1.4527)	4.8121 (1.5096)
pg_usa	0.4947 (0.1321)	0.4393 (0.1487)	0.1712 (0.1995)	0.2279 (0.1933)
bb_usa	-0.0015 (0.0186)	0.0104 (0.0182)	-0.0021 (0.0196)	-0.0025 (0.0189)
infl_usa	0.0366	0.0318	0.0478	0.0347

m2gdp_usa	(0.0390)	(0.0401)	(0.0399)	(0.0425)
	0.2684	0.5093	0.2859	0.2095
	(0.1457)	(0.1396)	(0.1676)	(0.1634)
assas	-0.0020	0.0047	0.0057	-0.0109
	(0.0414)	(0.0383)	(0.0405)	(0.0402)
ethfrac	-0.7675	-0.8601	-0.9109	-1.0289
	(0.1704)	(0.1777)	(0.1940)	(0.2036)
assas_ethfrac	1.0232	-1.5861	2.6417	3.9543
	(7.1596)	(6.9458)	(7.1643)	(7.4793)
latitude	0.1157	-0.2454	-0.3475	-1.2303
	(0.2658)	(0.2657)	(0.3609)	(0.4004)
lpop	27.5295	34.8357	27.3930	31.4321
	(5.7305)	(6.5333)	(6.8769)	(7.5012)
urb_pop	-1.1289	-1.1853	-0.9232	-0.6169
	(0.2794)	(0.2861)	(0.2754)	(0.3247)
cred_rts	-0.0209	-0.0523	0.0046	0.0205
	(0.0298)	(0.0341)	(0.0295)	(0.0351)
empl_indx	0.0255	0.0208	0.0472	0.0664
	(0.0282)	(0.0274)	(0.0307)	(0.0297)
indx_ec	0.1543	0.1321	0.1613	0.1862
	(0.0397)	(0.0452)	(0.0417)	(0.0481)
indx_ri	-0.1208	-0.0567	-0.1805	-0.1824
	(0.0806)	(0.0781)	(0.0773)	(0.0784)
indx_sb	0.0433	0.0593	0.0244	0.0431
	(0.0277)	(0.0276)	(0.0267)	(0.0267)
icrg_inv	-0.0361	-0.0573	-0.0227	-0.0581
	(0.0275)	(0.0295)	(0.0314)	(0.0338)
yr1973	<i>0.0020</i>	0.0021	0.0017	<i>0.0017</i>
	(0.0011)	(0.0010)	(0.0011)	(0.0010)
yr1977	0.0039	0.0039	0.0033	0.0032
	(0.0010)	(0.0010)	(0.0011)	(0.0010)
yr1981	0.0044	0.0044	0.0037	0.0038
	(0.0012)	(0.0011)	(0.0011)	(0.0011)
yr1985	0.0051	0.0052	0.0041	0.0042
	(0.0012)	(0.0011)	(0.0012)	(0.0011)
yr1989	0.0066	0.0066	0.0054	0.0055
	(0.0013)	(0.0013)	(0.0013)	(0.0013)
yr1993	0.0087	0.0083	0.0075	0.0073
	(0.0014)	(0.0013)	(0.0013)	(0.0013)

reg_eca			-0.0011 (0.0013)	0.0002 (0.0017)
reg_lac			-0.0015 (0.0012)	-0.0042 (0.0017)
reg_mena			0.0027 (0.0015)	0.0044 (0.0017)
reg_sa			-0.0010 (0.0011)	0.0000 (0.0011)
reg_ssa			0.0030 (0.0016)	0.0008 (0.0015)
exp_fuel		0.0024 (0.0011)		0.0004 (0.0011)
exp_man		0.0020 (0.0016)		-0.0022 (0.0021)
exp_prim		0.0038 (0.0009)		0.0043 (0.0009)
exp_serv		0.0007 (0.0012)		0.0013 (0.0012)
obs.	298	298	298	298
R Squared	0.6455	0.6790	0.6673	0.7038
Root MSE	0.0045	0.0043	0.0044	0.0042
yr: F(v1,v2)	(6,270)=8.71	(6,266)=8.82	(6,265)=6.40	(6,261)=6.62
Prob.>F	0.0000	0.0000	0.0000	0.0000
reg: F(v1,v2)			F(5,265)=2.74	F(5,261)=4.15
Prob.>F			0.0196	0.0012
exp: F(v1,v2)		F(4,266)=4.90	0	F(4,261)=7.66
Prob.>F		0.0008		0.0000

Appendix 3 - Table 1A: OLS regressions – Growth on Foreign Aid

gr_y	[A] Coef. (Robust Std.Err.)	[B] Coef. (Robust Std.Err.)	[C] Coef. (Robust Std.Err.)	[D] Coef. (Robust Std.Err.)	[E] Coef. (Robust Std.Err.)	[F] Coef. (Robust Std.Err.)	[G] Coef. (Robust Std.Err.)	[H] Coef. (Robust Std.Err.)	[I] Coef. (Robust Std.Err.)
aid data so.	WDI			OECD Financial Flows			Chang, et.al. (1998)		
aid	52.119 ** (24.052)	33.564 (62.276)	-26.497 (61.633)	39.553 ** (13.206)	29.974 (43.014)	-24.721 (55.177)	7.273 (6.694)	5.178 (20.341)	3.763 (20.239)
icrg_aid		-3.981 (11.811)	1.014 (11.915)		-2.237 (9.298)	-7.400 (9.637)		-0.443 (3.988)	-2.740 (4.565)
icrg_aidsq			-2.008 * (1.121)			-0.389 (0.266)			0.067 (0.068)
kg_usa	-2.265 ** (0.688)	-2.265 ** (0.687)	-2.241 ** (0.676)	-1.927 ** (0.601)	-1.938 ** (0.606)	-1.867 ** (0.612)	-1.485 ** (0.611)	-1.490 ** (0.615)	-1.456 ** (0.620)
ki_usa	2.376 ** (1.093)	2.402 ** (1.090)	2.334 ** (1.095)	1.950 ** (0.937)	1.967 ** (0.941)	1.936 ** (0.949)	2.445 ** (0.922)	2.453 ** (0.930)	2.446 ** (0.927)
pg_usa	-0.611 (1.426)	-0.571 (1.427)	-0.302 (1.447)	-0.954 (1.165)	-0.948 (1.170)	-0.861 (1.192)	-0.885 (1.246)	-0.885 (1.249)	-0.777 (1.257)
pi_usa	0.226 (0.533)	0.233 (0.534)	0.271 (0.544)	0.070 (0.467)	0.080 (0.470)	0.084 (0.472)	0.127 (0.492)	0.131 (0.499)	0.160 (0.491)
open_usa	12.977 (14.294)	11.704 (14.791)	12.372 (14.991)	-3.930 (10.068)	-4.153 (10.094)	-3.095 (10.239)	-4.525 (9.038)	-4.536 (9.054)	-4.954 (9.018)
tot	3.188 (3.471)	3.254 (3.493)	3.409 (3.370)	5.655 ** (2.263)	5.648 ** (2.270)	5.156 ** (2.329)	3.221 (2.334)	3.197 (2.333)	3.388 (2.359)
fdi	0.195 ** (0.082)	0.197 ** (0.082)	0.171 ** (0.083)	0.142 ** (0.066)	0.145 ** (0.069)	0.138 ** (0.068)	0.131 ** (0.063)	0.132 ** (0.064)	0.141 ** (0.065)
bb_usa	-0.683 ** (0.200)	-0.665 ** (0.215)	-0.660 ** (0.210)	-0.482 ** (0.177)	-0.477 ** (0.179)	-0.452 ** (0.179)	-0.303 (0.186)	-0.300 (0.189)	-0.294 (0.190)
infl_usa	-0.191 (0.290)	-0.190 (0.290)	-0.124 (0.295)	-0.196 (0.279)	-0.197 (0.279)	-0.188 (0.275)	-0.244 (0.274)	-0.242 (0.275)	-0.277 (0.279)
m2gdp_usa	0.683 (1.475)	0.824 (1.502)	1.220 (1.502)	-0.226 (1.329)	-0.158 (1.341)	0.123 (1.339)	0.608 (1.384)	0.640 (1.350)	0.458 (1.386)
cred_rts	0.253 (0.296)	0.234 (0.296)	0.124 (0.296)	0.437 (0.276)	0.429 (0.274)	0.377 (0.273)	0.348 (0.266)	0.343 (0.262)	0.382 (0.272)
empl_indx	-0.281 (0.218)	-0.286 (0.219)	-0.302 (0.220)	-0.384 * (0.215)	-0.386 * (0.215)	-0.391 * (0.214)	-0.356 (0.216)	-0.358 (0.217)	-0.344 (0.218)
indx_ec	-0.101 (0.410)	-0.129 (0.423)	-0.150 (0.423)	0.219 (0.324)	0.200 (0.342)	0.191 (0.342)	0.145 (0.331)	0.138 (0.339)	0.100 (0.342)
indx_ri	0.154 (0.804)	0.184 (0.808)	0.359 (0.806)	0.844 (0.658)	0.832 (0.666)	0.845 (0.660)	0.889 (0.647)	0.890 (0.647)	0.802 (0.655)
indx_sb	0.190 (0.207)	0.207 (0.212)	0.209 (0.210)	0.216 (0.195)	0.223 (0.195)	0.229 (0.193)	0.273 (0.198)	0.276 (0.196)	0.273 (0.196)
icrg_inv	-0.455 ** (0.221)	-0.396 (0.263)	-0.340 (0.263)	-0.487 ** (0.203)	-0.451 * (0.255)	-0.356 (0.269)	-0.475 ** (0.214)	-0.459 * (0.259)	-0.428 * (0.258)
y0_usa	-10.075 ** (4.186)	-10.214 ** (4.273)	-12.045 ** (4.437)	-5.722 ** (2.373)	-5.701 ** (2.374)	-6.165 ** (2.365)	-6.656 ** (2.312)	-6.635 ** (2.318)	-6.236 ** (2.366)
assas	0.284 (0.353)	0.294 (0.356)	0.269 (0.336)	0.267 (0.352)	0.269 (0.354)	0.281 (0.336)	0.266 (0.346)	0.268 (0.347)	0.270 (0.356)
ethfrac	0.186 (1.336)	0.158 (1.336)	-0.235 (1.362)	-0.338 (1.191)	-0.334 (1.195)	-0.532 (1.185)	-0.856 (1.171)	-0.859 (1.170)	-0.595 (1.169)
assas_ethfrac	-77.198 (76.564)	-80.615 (77.723)	-81.296 (74.475)	-81.260 (79.109)	-82.190 (79.578)	-89.298 (78.259)	-80.170 (79.287)	-80.809 (79.792)	-80.473 (80.982)
constant	-0.034 (0.063)	-0.032 (0.063)	-0.032 (0.062)	-0.098 ** (0.049)	-0.095 * (0.051)	-0.084 (0.051)	-0.082 * (0.049)	-0.081 (0.051)	-0.080 (0.051)
obs.	297	297	297	287	287	287	253	253	253
R Squared	0.3714	0.3714	0.3739	0.3979	0.3980	0.4043	0.4089	0.4092	0.4222
Root MSE	0.0344	0.0344	0.0345	0.3303	0.0331	0.0330	0.0338	0.0339	0.0336

** Significance of 5% or lower, * Significance of 10% or lower

Appendix 3 - Table 1B: OLS regressions – Price of Government on Foreign Aid

pg_usa	[A] Coef. (Robust Std.Err.)	[B] Coef. (Robust Std.Err.)	[C] Coef. (Robust Std.Err.)	[D] Coef. (Robust Std.Err.)	[E] Coef. (Robust Std.Err.)	[F] Coef. (Robust Std.Err.)	[G] Coef. (Robust Std.Err.)	[H] Coef. (Robust Std.Err.)	[I] Coef. (Robust Std.Err.)
aid_data so.	WDI			OECD Financial Flows			Chang, et.al. (1998)		
aid3	2.400 ** (1.022)	4.611 (4.506)	6.534 (5.273)	0.218 (0.415)	0.887 (2.150)	0.012 (0.003)	0.386 (0.302)	0.237 (1.242)	0.387 (1.248)
icrg_aid3		0.483 (0.886)	0.214 (0.800)		0.157 (0.513)	0.210 (0.576)		-0.032 (0.249)	0.163 (0.277)
icrg_aid3sq			0.074 (0.048)			0.005 (0.013)			-0.005 ** (0.003)
kg_usa	-0.296 ** (0.034)	-0.294 ** (0.031)	-0.294 ** (0.031)	-0.273 ** (0.026)	-0.271 ** (0.025)	-0.272 ** (0.026)	-0.277 ** (0.025)	-0.277 ** (0.024)	-0.276 ** (0.024)
ki_usa	0.164 ** (0.059)	0.157 ** (0.057)	0.162 ** (0.058)	0.132 ** (0.046)	0.130 ** (0.046)	0.130 ** (0.046)	0.128 ** (0.047)	0.129 ** (0.046)	0.129 ** (0.045)
pi_usa	0.051 (0.035)	0.049 (0.035)	0.047 (0.035)	0.024 (0.034)	0.023 (0.035)	0.023 (0.035)	0.026 (0.034)	0.027 (0.034)	0.025 (0.034)
open_usa	-1.017 (0.984)	-0.855 (0.881)	-0.813 (0.887)	-0.854 (0.845)	-0.840 (0.841)	-0.820 (0.830)	-0.668 (0.702)	-0.676 (0.686)	-0.699 (0.689)
tot	0.203 * (0.121)	0.196 (0.120)	0.183 (0.119)	0.080 (0.094)	0.080 (0.094)	0.084 (0.096)	0.123 (0.086)	0.122 (0.087)	0.109 (0.085)
fdi	0.005 (0.004)	0.005 (0.004)	0.005 (0.004)	0.004 (0.003)	0.004 (0.003)	5.524 (6.170)	0.004 (0.003)	0.004 (0.003)	0.004 (0.003)
bb_usa	0.023 (0.014)	0.021 (0.016)	0.020 (0.016)	0.015 (0.010)	0.015 (0.010)	-5.120 (2.237)	0.011 (0.010)	0.011 (0.010)	0.011 (0.010)
infl_usa	0.027 ** (0.013)	0.027 ** (0.013)	0.025 ** (0.012)	0.032 ** (0.013)	0.032 ** (0.013)	0.032 ** (0.013)	0.031 ** (0.013)	0.032 ** (0.013)	0.034 ** (0.013)
m2gdp_usa	0.230 ** (0.078)	0.213 ** (0.066)	0.198 ** (0.064)	0.264 ** (0.067)	0.259 ** (0.064)	0.256 ** (0.063)	0.255 ** (0.061)	0.258 ** (0.056)	0.266 ** (0.058)
cred_rts	0.034 ** (0.015)	0.035 ** (0.014)	0.040 ** (0.013)	0.030 ** (0.013)	0.030 ** (0.012)	0.014 ** (0.011)	0.029 ** (0.011)	0.029 ** (0.011)	0.025 ** (0.011)
empl_indx	-0.026 ** (0.012)	-0.026 ** (0.011)	-0.025 ** (0.011)	-0.024 ** (0.012)	-0.024 ** (0.012)	0.031 ** (0.012)	-0.028 ** (0.011)	-0.029 ** (0.011)	-0.029 ** (0.011)
indx_ec	-0.030 (0.028)	-0.027 (0.024)	-0.027 (0.024)	-0.031 * (0.018)	-0.030 (0.018)	-0.030 (0.019)	-0.034 * (0.017)	-0.034 ** (0.016)	-0.030 * (0.016)
indx_ri	0.005 (0.040)	0.001 (0.037)	-0.004 (0.036)	0.016 (0.030)	0.016 (0.030)	0.016 (0.030)	0.022 (0.030)	0.022 (0.029)	0.025 (0.030)
indx_sb	-0.017 (0.011)	-0.019 * (0.010)	-0.018 * (0.010)	-0.013 (0.011)	-0.014 (0.011)	-0.014 (0.011)	-0.015 (0.011)	-0.015 (0.011)	-0.015 (0.011)
icrg_inv	0.010 (0.017)	0.003 (0.013)	0.001 (0.013)	0.018 (0.014)	0.016 (0.014)	0.015 (0.014)	0.017 (0.014)	0.018 (0.013)	0.015 (0.012)
y0_usa	-0.037 (0.190)	0.015 (0.198)	0.033 (0.205)	-0.054 (0.149)	-0.044 (0.156)	-0.035 (0.163)	-0.043 (0.141)	-0.047 (0.145)	-0.053 (0.146)
assas	0.023 * (0.014)	0.022 (0.014)	0.022 (0.014)	0.030 ** (0.012)	0.030 ** (0.012)	1.502 ** (3.301)	0.033 ** (0.012)	0.033 ** (0.012)	0.033 ** (0.012)
ethfrac	0.140 ** (0.067)	0.142 ** (0.068)	0.149 ** (0.068)	0.054 (0.061)	0.055 (0.061)	-0.024 ** (0.012)	0.063 (0.061)	0.063 (0.061)	0.046 (0.062)
assas_ethfrac	-4.412 * (2.564)	-4.100 * (2.469)	-3.731 (2.574)	-5.259 ** (2.216)	-5.235 ** (2.213)	0.030 ** (0.012)	-5.787 ** (2.260)	-5.819 ** (2.251)	-5.973 ** (2.191)
latitude	-0.277 ** (0.127)	-0.265 ** (0.131)	-0.301 ** (0.131)	-0.265 ** (0.128)	-0.262 ** (0.128)	-0.262 ** (0.128)	-0.249 ** (0.125)	-0.250 ** (0.125)	-0.248 ** (0.125)
lpop	-6.051 * (3.329)	-6.092 * (3.355)	-5.046 (3.439)	-4.713 (2.864)	-4.824 * (2.906)	-4.541 (2.879)	-3.750 (2.573)	-3.754 (2.567)	-4.722 * (2.703)
urb_pop	0.302 ** (0.121)	0.268 * (0.147)	0.318 ** (0.140)	0.129 (0.105)	0.119 (0.111)	0.118 (0.111)	0.108 (0.105)	0.112 (0.106)	0.081 (0.105)
constant	0.011 ** (0.003)	0.011 ** (0.003)	0.010 ** (0.003)	0.013 ** (0.003)	0.013 ** (0.003)	0.000 ** (0.000)	0.011 ** (0.003)	0.011 ** (0.003)	0.012 ** (0.003)
obs.	297	297	297	287	287	287	253	253	253
R Squared	0.7355	0.7356	0.7381	0.7403	0.7404	0.7405	0.7328	0.7336	0.7367
Root MSE	0.0017	0.0017	0.0017	0.0017	0.0016	0.0017	0.0016	0.0017	0.0016

** Significance of 5% or lower, * Significance of 10% or lower

Appendix 3 - Table 1C: OLS regressions – Price of Investment on Foreign Aid

pi_usa	[A] Coef. (Robust Std.Err.)	[B] Coef. (Robust Std.Err.)	[C] Coef. (Robust Std.Err.)	[D] Coef. (Robust Std.Err.)	[E] Coef. (Robust Std.Err.)	[F] Coef. (Robust Std.Err.)	[G] Coef. (Robust Std.Err.)	[H] Coef. (Robust Std.Err.)	[I] Coef. (Robust Std.Err.)
aid data so.	WDI			OECD Financial Flows			Chang, et.al. (1998)		
aid	0.178 (0.621)	2.959 (2.361)	3.039 (2.368)	-0.523 (1.207)	5.518 (4.710)	9.180 (6.218)	0.884 (2.298)	8.603 (6.489)	9.686 (7.040)
icrg_aid		0.590 (0.465)	0.705 (0.586)		1.420 (1.098)	1.725 (1.152)		1.698 (1.400)	1.533 (1.484)
icrg_aidsq			-0.003 (0.008)			0.027 (0.024)			0.043 (0.101)
kg_usa	-0.054 (0.071)	-0.044 (0.072)	-0.045 (0.072)	-0.047 (0.075)	-0.037 (0.075)	-0.042 (0.075)	0.008 (0.077)	0.014 (0.077)	0.011 (0.076)
ki_usa	-0.834 ** (0.081)	-0.842 ** (0.081)	-0.843 ** (0.081)	-0.849 ** (0.084)	-0.859 ** (0.085)	-0.855 ** (0.085)	-1.021 ** (0.084)	-1.038 ** (0.087)	-1.032 ** (0.090)
pg_usa	0.213 (0.186)	0.212 (0.186)	0.206 (0.193)	0.210 (0.191)	0.203 (0.193)	0.200 (0.191)	0.336 * (0.189)	0.319 (0.193)	0.314 (0.191)
open_usa	3.990 ** (1.577)	4.072 ** (1.584)	4.081 ** (1.586)	4.450 ** (1.903)	4.560 ** (1.908)	4.574 ** (1.901)	7.148 ** (2.030)	7.735 ** (2.093)	7.690 ** (2.105)
tot	0.582 ** (0.208)	0.600 ** (0.212)	-0.021 (0.592)	0.501 ** (0.244)	0.502 ** (0.245)	-0.021 (0.526)	0.634 * (0.329)	0.601 * (0.328)	0.597 * (0.330)
fdi	-0.034 ** (0.007)	-0.035 (-0.022)	-0.036 (0.088)	-0.035 ** (0.007)	-0.036 (-0.020)	-0.036 (0.091)	-0.038 ** (0.007)	-0.039 ** (0.007)	-0.040 (-0.039)
bb_usa	-0.022 (0.020)	-0.026 (0.020)	-0.026 (0.021)	-0.028 (0.021)	-0.031 (0.021)	-0.032 (0.021)	-0.041 * (0.023)	-0.049 * (0.025)	-0.049 * (0.026)
infl_usa	0.047 (0.042)	0.044 (0.041)	0.046 (0.041)	0.048 (0.042)	0.048 (0.042)	0.048 (0.042)	0.050 (0.041)	0.050 (0.041)	0.048 (0.042)
m2gdp_usa	0.229 (0.166)	0.175 (0.167)	0.178 (0.167)	0.216 (0.179)	0.164 (0.181)	0.142 (0.183)	0.257 (0.169)	0.183 (0.175)	0.176 (0.177)
cred_rts	0.042 (0.033)	0.049 (0.034)	0.046 (0.036)	0.047 (0.035)	0.049 (0.035)	0.055 (0.037)	0.008 (0.034)	0.017 (0.037)	0.019 (0.039)
empl_indx	0.085 ** (0.030)	0.087 ** (0.030)	0.088 ** (0.030)	0.090 ** (0.030)	0.091 ** (0.031)	0.091 ** (0.030)	0.054 (0.033)	0.058 * (0.033)	0.058 * (0.033)
indx_ec	0.151 ** (0.050)	0.157 ** (0.051)	0.157 ** (0.051)	0.155 ** (0.050)	0.165 ** (0.052)	0.165 ** (0.052)	0.180 ** (0.054)	0.187 ** (0.055)	0.186 ** (0.054)
indx_ri	-0.146 * (0.078)	-0.153 * (0.079)	-0.150 * (0.081)	-0.159 ** (0.080)	-0.158 ** (0.080)	-0.161 ** (0.081)	0.001 (0.083)	-0.020 (0.087)	-0.025 (0.091)
indx_sb	0.047 * (0.025)	0.042 * (0.025)	0.041 (0.025)	0.050 * (0.027)	0.044 * (0.027)	0.045 * (0.027)	0.045 * (0.025)	0.036 (0.026)	0.037 (0.027)
icrg_inv	-0.068 ** (0.031)	-0.090 ** (0.032)	-0.091 ** (0.032)	-0.068 ** (0.032)	-0.091 ** (0.033)	-0.097 ** (0.034)	-0.050 (0.033)	-0.074 ** (0.035)	-0.075 ** (0.035)
y0_usa	0.851 ** (0.399)	0.927 ** (0.404)	0.928 ** (0.405)	0.852 * (0.433)	0.943 ** (0.440)	1.011 ** (0.443)	1.526 ** (0.496)	1.735 ** (0.523)	1.733 ** (0.523)
assas	-0.033 (0.037)	-0.034 (0.038)	-0.033 (0.038)	-0.031 (0.037)	-0.031 (0.038)	-0.034 (0.037)	-0.013 (0.035)	-0.018 (0.035)	-0.018 (0.035)
ethfrac	-1.046 ** (0.202)	-1.034 ** (0.200)	-1.037 ** (0.201)	-1.048 ** (0.206)	-1.033 ** (0.205)	-1.034 ** (0.204)	-1.176 ** (0.215)	-1.153 ** (0.211)	-1.150 ** (0.212)
assas_ethfrac	6.611 (7.075)	7.376 (7.125)	7.211 (7.190)	6.479 (7.150)	6.706 (7.145)	7.649 (7.176)	1.464 (6.841)	3.032 (6.956)	3.267 (6.997)
latitude	-1.569 ** (0.399)	-1.534 ** (0.399)	-1.536 ** (0.402)	-1.531 ** (0.396)	-1.501 ** (0.395)	-1.499 ** (0.395)	-1.275 ** (0.400)	-1.246 ** (0.403)	-1.258 ** (0.399)
lpop	36.001 ** (8.555)	35.758 ** (8.511)	35.393 ** (8.673)	35.547 ** (9.194)	34.498 ** (9.168)	35.543 ** (9.252)	53.827 ** (8.502)	53.819 ** (8.485)	54.171 ** (8.544)
urb_pop	-0.472 (0.322)	-0.539 (0.328)	-0.565 * (0.329)	-0.427 (0.349)	-0.516 (0.352)	-0.496 (0.352)	-1.234 ** (0.333)	-1.324 ** (0.334)	-1.289 ** (0.342)
constant	-0.021 ** (0.008)	-0.022 ** (0.008)	-0.021 ** (0.008)	-0.020 ** (0.008)	-0.020 ** (0.008)	-0.021 ** (0.008)	-0.040 ** (0.009)	-0.039 ** (0.009)	-0.040 ** (0.009)
obs.	297	297	297	287	287	287	253	253	253
R Squared	0.7328	0.7345	0.7347	0.7290	0.7309	0.7314	0.7597	0.7615	0.7616
Root MSE	0.0040	0.0040	0.0040	0.0040	0.0040	0.0040	0.0038	0.0038	0.0038

** Significance of 5% or lower, * Significance of 10% or lower

Appendix 3 - Table 3A: 2SLS regressions – Growth on Foreign Aid

gr_y	[A] Coef. (Robust Std.Err.)	[B] Coef. (Robust Std.Err.)	[C] Coef. (Robust Std.Err.)	[D] Coef. (Robust Std.Err.)	[E] Coef. (Robust Std.Err.)	[F] Coef. (Robust Std.Err.)	[G] Coef. (Robust Std.Err.)	[H] Coef. (Robust Std.Err.)	[I] Coef. (Robust Std.Err.)
aid data so.	WDI			OECD Financial Flows			Chang, et.al. (1998)		
aid	4.312 (13.073)	125.548 ** (60.667)	115.185 * (59.520)	11.148 (29.467)	115.971 (126.549)	212.010 (171.575)	10.933 (39.397)	117.829 (153.016)	96.050 (181.145)
icrg_aid		25.033 ** (12.163)	13.896 (12.917)		22.463 (26.528)	33.431 (31.585)		21.318 (30.028)	20.792 (29.648)
icrg_aidsq			0.439 (0.446)			0.746 (0.752)			-0.526 (2.798)
kg_usa	-2.698 (1.830)	-3.333 (2.164)	-1.480 (2.305)	-2.922 * (1.731)	-3.206 * (1.818)	-3.719 * (1.935)	-1.400 (1.385)	-1.506 (1.433)	-1.526 (1.450)
ki_usa	2.456 (1.934)	2.623 (2.323)	0.946 (2.332)	1.521 (2.044)	2.041 (2.144)	1.744 (2.270)	1.603 (1.880)	2.081 (2.049)	2.129 (2.058)
pg_usa	-5.825 (4.260)	-8.134 (4.935)	-6.082 (4.929)	-3.956 (3.922)	-4.616 (4.116)	-6.422 (4.487)	-0.324 (3.382)	-1.016 (3.702)	-0.644 (3.883)
pi_usa	-0.401 (0.941)	-0.808 (1.162)	-0.713 (1.100)	-0.703 (0.951)	-0.664 (0.985)	-0.901 (1.055)	0.102 (0.952)	0.301 (1.000)	0.338 (1.008)
open_usa	-2.856 (12.215)	-3.089 (13.525)	-1.519 (13.026)	2.676 (12.364)	2.619 (12.179)	4.227 (12.435)	13.537 (14.870)	18.164 (15.354)	18.043 (15.439)
fdi	0.126 * (0.070)	0.083 (0.076)	0.122 (0.084)	0.110 (0.071)	0.083 (0.075)	0.086 (0.077)	0.179 ** (0.090)	0.174 * (0.090)	0.169 * (0.093)
tot	3.624 (2.779)	5.378 * (3.032)	5.492 * (3.149)	4.906 (3.021)	5.154 * (3.044)	5.699 * (3.054)	1.496 (4.021)	0.918 (4.330)	1.085 (4.357)
bb_usa	-0.247 (0.192)	-0.395 * (0.212)	-0.420 * (0.223)	-0.358 * (0.195)	-0.403 ** (0.202)	-0.396 * (0.217)	-0.706 ** (0.214)	-0.789 ** (0.250)	-0.783 ** (0.245)
infl_usa	-0.064 (0.357)	-0.059 (0.424)	-0.498 (0.459)	-0.009 (0.341)	0.042 (0.356)	0.090 (0.377)	-0.245 (0.316)	-0.254 (0.322)	-0.236 (0.331)
m2gdp_usa	2.274 (2.023)	1.356 (2.339)	-0.800 (2.579)	2.115 (2.143)	1.499 (2.171)	1.888 (2.339)	0.898 (2.029)	0.040 (2.240)	0.147 (2.367)
cred_rts	0.505 * (0.301)	0.843 ** (0.366)	1.211 ** (0.421)	0.476 (0.302)	0.542 * (0.314)	0.684 ** (0.340)	0.263 (0.313)	0.362 (0.350)	0.312 (0.403)
empl_indx	-0.436 (0.292)	-0.430 (0.335)	-0.110 (0.351)	-0.373 (0.277)	-0.408 (0.288)	-0.397 (0.305)	-0.195 (0.245)	-0.199 (0.246)	-0.206 (0.246)
indx_ec	0.058 (0.383)	0.424 (0.458)	0.116 (0.478)	0.157 (0.373)	0.363 (0.464)	0.310 (0.492)	-0.175 (0.463)	-0.052 (0.494)	-0.064 (0.499)
indx_ri	0.823 (0.927)	0.981 (1.084)	-0.368 (1.261)	0.978 (0.865)	1.259 (0.954)	1.235 (1.028)	-0.079 (0.835)	-0.209 (0.854)	-0.120 (0.930)
indx_sb	0.220 (0.261)	0.075 (0.290)	-0.035 (0.306)	0.374 (0.233)	0.300 (0.244)	0.327 (0.264)	0.218 (0.240)	0.087 (0.297)	0.105 (0.303)
icrg_inv	-0.402 (0.267)	-1.254 ** (0.465)	-1.187 ** (0.478)	-0.465 * (0.249)	-0.793 * (0.460)	-0.986 * (0.541)	-0.416 (0.257)	-0.703 (0.459)	-0.669 (0.488)
y0_usa	-7.263 ** (3.137)	-8.881 ** (3.531)	-6.935 * (3.818)	-6.780 ** (3.068)	-7.262 ** (3.120)	-6.422 * (3.274)	-10.363 ** (4.788)	-9.710 * (4.923)	-10.361 * (6.001)
assas	0.436 (0.385)	0.481 (0.402)	0.342 (0.416)	0.413 (0.370)	0.432 (0.371)	0.462 (0.412)	0.217 (0.368)	0.179 (0.373)	0.178 (0.368)
ethfrac	-1.097 (1.423)	-0.982 (1.571)	0.343 (1.722)	-1.348 (1.475)	-1.209 (1.498)	-1.128 (1.548)	-0.443 (1.656)	0.002 (1.797)	-0.084 (1.811)
assas_ethfrac	-111.922 (86.660)	-96.339 (87.000)	-64.761 (94.943)	-107.658 (80.692)	-105.566 (79.172)	-101.764 (82.368)	-63.521 (80.881)	-48.976 (83.560)	-50.755 (81.968)
constant	-0.027 (0.079)	-0.086 (0.090)	-0.027 (0.097)	-0.067 (0.074)	-0.101 (0.082)	-0.101 (0.088)	0.000 (0.071)	-0.005 (0.073)	-0.011 (0.074)
obs.	297	297	297	287	287	287	253	253	253
R Squared	0.3286	0.1783	0.0470	0.3553	0.3403	0.2466	0.3930	0.3843	0.3945
Root MSE	0.0356	0.0399	0.0426	0.0342	0.0346	0.0371	0.0342	0.0346	0.0344

** Significance of 5% or lower, * Significance of 10% or lower

Appendix 3 - Table 3B: 2SLS regressions – Price of Government on Foreign Aid

pg_usa	[A] Coef. (Robust Std.Err.)	[B] Coef. (Robust Std.Err.)	[C] Coef. (Robust Std.Err.)	[D] Coef. (Robust Std.Err.)	[E] Coef. (Robust Std.Err.)	[F] Coef. (Robust Std.Err.)	[G] Coef. (Robust Std.Err.)	[H] Coef. (Robust Std.Err.)	[I] Coef. (Robust Std.Err.)
aid data so.	WDI			OECD Financial Flows			Chang, et.al. (1998)		
aid	0.920 (0.800)	3.213 (5.174)	3.598 (5.214)	-0.837 (1.629)	4.351 (10.723)	9.314 (13.445)	3.279 (2.662)	12.025 (12.979)	22.565 (14.919)
icrg_aid		0.486 (0.995)	1.105 (1.209)		1.117 (2.214)	1.407 (2.335)		1.879 (2.402)	0.504 (2.442)
icrg_aidsq			-0.020 (0.016)			0.049 (0.047)			0.452 ** (0.171)
kg_usa	-0.363 ** (0.065)	-0.351 ** (0.055)	-0.380 ** (0.062)	-0.349 ** (0.064)	-0.344 ** (0.059)	-0.348 ** (0.060)	-0.319 ** (0.065)	-0.299 ** (0.050)	-0.214 ** (0.056)
ki_usa	0.068 (0.123)	0.045 (0.116)	0.168 (0.171)	0.187 (0.133)	0.189 (0.136)	0.118 (0.133)	0.138 (0.125)	0.163 (0.120)	0.073 (0.145)
pi_usa	-0.073 (0.053)	-0.085 (0.053)	-0.058 (0.061)	-0.044 (0.056)	-0.045 (0.057)	-0.069 (0.056)	-0.015 (0.055)	0.001 (0.055)	-0.052 (0.067)
open_usa	-0.085 (0.880)	0.065 (0.783)	-0.583 (1.007)	-1.026 (0.999)	-0.965 (0.939)	-0.464 (0.830)	-0.803 (0.858)	-0.530 (0.945)	-0.341 (1.369)
fdi	0.000 (0.004)	-0.001 (0.004)	-0.001 (0.004)	0.001 (0.004)	0.000 (0.004)	-0.001 (0.004)	0.002 (0.004)	0.002 (0.004)	0.004 (0.004)
tot	0.255 ** (0.129)	0.274 * (0.143)	0.209 (0.151)	0.091 (0.147)	0.103 (0.154)	0.152 (0.172)	0.285 (0.204)	0.217 (0.179)	0.071 (0.200)
bb_usa	0.013 (0.011)	0.009 (0.014)	0.009 (0.014)	0.021 * (0.012)	0.018 (0.013)	0.016 (0.014)	0.021 (0.015)	0.012 (0.020)	0.006 (0.021)
infl_usa	0.048 ** (0.016)	0.045 ** (0.015)	0.058 ** (0.021)	0.047 ** (0.016)	0.047 ** (0.017)	0.047 ** (0.016)	0.034 ** (0.014)	0.030 ** (0.013)	0.009 (0.013)
m2gdp_usa	0.340 ** (0.075)	0.301 ** (0.085)	0.354 ** (0.102)	0.402 ** (0.094)	0.352 ** (0.108)	0.341 ** (0.116)	0.260 ** (0.085)	0.171 (0.118)	0.063 (0.154)
cred_rts	0.030 ** (0.014)	0.034 ** (0.013)	0.014 (0.020)	0.026 (0.016)	0.027 * (0.016)	0.035 ** (0.016)	0.034 ** (0.015)	0.039 ** (0.013)	0.072 ** (0.021)
empl_indx	-0.030 * (0.016)	-0.027 ** (0.014)	-0.036 ** (0.016)	-0.022 (0.016)	-0.022 (0.016)	-0.020 (0.015)	-0.026 * (0.014)	-0.024 * (0.013)	-0.012 (0.014)
indx_ec	-0.018 (0.018)	-0.011 (0.018)	0.006 (0.025)	-0.015 (0.020)	-0.005 (0.025)	-0.011 (0.025)	-0.017 (0.027)	-0.005 (0.023)	0.003 (0.029)
indx_ri	0.054 (0.052)	0.046 (0.044)	0.090 (0.060)	0.056 (0.050)	0.059 (0.055)	0.052 (0.052)	0.016 (0.044)	-0.001 (0.034)	-0.065 (0.044)
indx_sb	-0.002 (0.014)	-0.006 (0.014)	-0.003 (0.014)	0.007 (0.015)	0.002 (0.016)	0.004 (0.016)	-0.013 (0.011)	-0.024 (0.015)	-0.026 (0.017)
icrg_inv	0.010 (0.014)	-0.008 (0.032)	-0.011 (0.032)	0.020 (0.015)	0.002 (0.031)	-0.008 (0.035)	0.008 (0.014)	-0.017 (0.029)	-0.025 (0.033)
y0_usa	0.006 (0.242)	0.076 (0.271)	-0.112 (0.323)	-0.364 (0.291)	-0.283 (0.311)	-0.126 (0.356)	-0.020 (0.312)	0.113 (0.395)	0.509 (0.476)
assas	0.036 ** (0.015)	0.035 ** (0.014)	0.041 ** (0.017)	0.040 ** (0.014)	0.040 ** (0.014)	0.034 ** (0.016)	0.026 * (0.014)	0.022 (0.015)	0.013 (0.020)
ethfrac	-0.032 (0.062)	-0.034 (0.064)	-0.077 (0.073)	-0.054 (0.067)	-0.045 (0.072)	-0.050 (0.071)	0.064 (0.072)	0.095 (0.086)	0.079 (0.106)
assas_ethfrac	-6.212 ** (2.714)	-5.615 ** (2.659)	-6.930 ** (3.160)	-6.569 ** (2.689)	-6.348 ** (2.664)	-4.989 * (2.954)	-4.726 * (2.504)	-3.410 (2.667)	-0.191 (3.664)
latitude	-0.299 ** (0.140)	-0.285 ** (0.137)	-0.290 ** (0.147)	-0.357 ** (0.143)	-0.343 ** (0.141)	-0.332 ** (0.141)	-0.346 ** (0.133)	-0.323 ** (0.139)	-0.499 ** (0.157)
lpop	-0.099 (3.341)	0.217 (3.368)	-4.085 (4.951)	-5.353 (3.749)	-5.656 (3.931)	-2.428 (4.212)	-2.662 (5.150)	-3.915 (4.847)	1.860 (6.025)
urb_pop	0.087 (0.132)	0.009 (0.155)	-0.017 (0.173)	0.226 (0.147)	0.148 (0.180)	0.124 (0.180)	0.249 (0.181)	0.167 (0.242)	0.297 (0.252)
constant	0.005 (0.004)	0.005 (0.005)	0.005 (0.005)	0.010 ** (0.004)	0.009 * (0.005)	0.006 (0.005)	0.008 * (0.004)	0.008 ** (0.004)	0.007 (0.004)
obs.	297	297	297	287	287	287	253	253	253
R Squared	0.7045	0.6967	0.6654	0.7025	0.7011	0.6893	0.7236	0.7186	0.6232
Root MSE	0.0018	0.0018	0.0019	0.0018	0.0018	0.0018	0.0017	0.0017	0.0020

** Significance of 5% or lower, * Significance of 10% or lower

Appendix 3 - Table 3C: 2SLS regressions – Price of Investment on Foreign Aid

pi_usa	[A] Coef. (Robust Std.Err.)	[B] Coef. (Robust Std.Err.)	[C] Coef. (Robust Std.Err.)	[D] Coef. (Robust Std.Err.)	[E] Coef. (Robust Std.Err.)	[F] Coef. (Robust Std.Err.)	[G] Coef. (Robust Std.Err.)	[H] Coef. (Robust Std.Err.)	[I] Coef. (Robust Std.Err.)
aid data so.	WDI			OECD Financial Flows			Chang, et.al. (1998)		
aid	2.133 (2.311)	11.426 (7.950)	4.669 (7.152)	-0.964 (6.368)	-9.740 (16.354)	9.418 (23.169)	9.194 (7.094)	-41.232 (29.675)	-40.987 (36.839)
icrg_aid		1.993 (1.480)	-0.217 (2.182)		-1.867 (3.281)	-0.373 (4.156)		-10.209* (5.898)	-10.205* (5.914)
icrg_aidsq			0.045 (0.061)			0.215 (0.151)			0.006 (0.601)
kg_usa	-0.474** (0.207)	-0.441** (0.195)	-0.211 (0.224)	-0.376* (0.205)	-0.373* (0.209)	-0.479** (0.230)	-0.154 (0.175)	-0.175 (0.215)	-0.175 (0.211)
ki_usa	-1.492** (0.302)	-1.465** (0.300)	-1.600** (0.318)	-1.434** (0.337)	-1.441** (0.341)	-1.320** (0.361)	-1.706** (0.284)	-1.720** (0.327)	-1.719** (0.364)
pg_usa	-0.691 (0.564)	-0.831 (0.572)	-0.337 (0.620)	-0.544 (0.553)	-0.498 (0.566)	-0.965 (0.638)	-0.021 (0.490)	0.503 (0.659)	0.497 (0.795)
open_usa	9.169** (2.971)	8.942** (2.866)	9.145** (2.949)	7.641** (3.050)	7.526** (3.112)	6.473** (3.273)	12.144** (3.245)	9.870** (4.257)	9.856** (4.532)
tot	1.102** (0.428)	1.146** (0.430)	1.014** (0.383)	0.900* (0.532)	0.870 (0.533)	0.865 (0.533)	1.238** (0.534)	1.378** (0.631)	1.376* (0.703)
fdi	-0.032** (0.009)	-0.035** (0.009)	-0.032** (0.010)	-0.033** (0.008)	-0.031** (0.009)	-0.030** (0.009)	-0.031** (0.009)	-0.025** (0.011)	-0.025** (0.011)
bb_usa	0.004 (0.027)	-0.012 (0.030)	-0.005 (0.031)	-0.003 (0.032)	0.003 (0.033)	0.010 (0.037)	-0.027 (0.027)	0.026 (0.045)	0.026 (0.046)
infl_usa	0.096** (0.036)	0.088** (0.034)	0.040 (0.060)	0.086** (0.038)	0.084** (0.040)	0.092** (0.042)	0.059 (0.038)	0.062 (0.043)	0.062 (0.049)
m2gdp_usa	0.476* (0.247)	0.307 (0.261)	0.165 (0.280)	0.446 (0.302)	0.520 (0.343)	0.615 (0.405)	0.272 (0.202)	0.732* (0.402)	0.730* (0.429)
cred_rts	0.046 (0.053)	0.076 (0.055)	0.100 (0.068)	0.065 (0.052)	0.059 (0.052)	0.109* (0.062)	0.018 (0.047)	-0.057 (0.066)	-0.057 (0.093)
empl_indx	0.041 (0.047)	0.048 (0.046)	0.085* (0.048)	0.069 (0.049)	0.071 (0.049)	0.078 (0.051)	0.006 (0.048)	0.001 (0.053)	0.001 (0.057)
indx_ec	0.042 (0.077)	0.064 (0.080)	0.038 (0.079)	0.051 (0.071)	0.035 (0.073)	0.008 (0.076)	0.136* (0.074)	0.056 (0.090)	0.055 (0.090)
indx_ri	-0.027 (0.118)	-0.073 (0.114)	-0.192 (0.162)	-0.109 (0.107)	-0.113 (0.111)	-0.157 (0.129)	0.022 (0.098)	0.153 (0.129)	0.152 (0.184)
indx_sb	0.036 (0.041)	0.014 (0.043)	0.027 (0.041)	0.045 (0.043)	0.056 (0.047)	0.076 (0.054)	0.014 (0.039)	0.103 (0.065)	0.103 (0.065)
icrg_inv	-0.120** (0.044)	-0.184** (0.071)	-0.141** (0.065)	-0.108** (0.043)	-0.081 (0.066)	-0.104 (0.081)	-0.078* (0.043)	0.040 (0.081)	0.040 (0.089)
y0_usa	2.156** (0.721)	2.367** (0.743)	2.178** (0.687)	1.812* (0.941)	1.665* (0.974)	1.709* (0.952)	3.548** (0.993)	1.981 (1.436)	1.984 (1.428)
assas	-0.003 (0.040)	-0.006 (0.039)	-0.031 (0.050)	-0.011 (0.041)	-0.012 (0.041)	-0.017 (0.044)	-0.025 (0.035)	0.007 (0.046)	0.007 (0.046)
ethfrac	-0.721** (0.218)	-0.689** (0.224)	-0.679** (0.230)	-0.780** (0.220)	-0.798** (0.231)	-0.831** (0.240)	-0.924** (0.233)	-1.083** (0.271)	-1.082** (0.281)
assas_ethfrac	-1.516 (7.336)	1.009 (7.441)	5.069 (9.482)	0.536 (7.025)	0.242 (7.100)	4.494 (7.642)	0.659 (6.688)	-8.572 (9.220)	-8.523 (10.504)
latitude	-0.961* (0.507)	-0.931* (0.516)	-1.020** (0.503)	-1.183** (0.465)	-1.213** (0.478)	-1.411** (0.509)	-0.753 (0.464)	-0.686 (0.504)	-0.689 (0.535)
lpop	42.803** (11.317)	40.999** (11.232)	44.948** (12.597)	34.907** (13.809)	35.426** (14.125)	34.545** (14.909)	65.628** (11.523)	65.128** (14.358)	65.114** (14.498)
urb_pop	-1.004** (0.437)	-1.191** (0.466)	-0.899 (0.546)	-0.805 (0.535)	-0.679 (0.586)	-0.210 (0.671)	-1.969** (0.442)	-1.499** (0.599)	-1.495** (0.738)
constant	-0.022 (0.016)	-0.021 (0.016)	-0.020 (0.015)	-0.012 (0.016)	-0.011 (0.017)	-0.008 (0.018)	-0.044** (0.013)	-0.049** (0.016)	-0.048** (0.018)
obs.	297	297	297	287	287	287	253	253	253
R Squared	0.5846	0.5808	0.5698	0.6213	0.6110	0.4939	0.6791	0.5800	0.5808
Root MSE	0.0049	0.0050	0.0051	0.0047	0.0048	0.0055	0.0044	0.0050	0.0050

** Significance of 5% or lower, * Significance of 10% or lower

Appendix 3 - Table 4A: 3SLS regressions – Foreign Aid Data So. = WDI

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
Dep.Var.	gr_y	pg_usa	pi_usa	gr_y	pg_usa	pi_usa	gr_y	pg_usa	pi_usa
	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)
aid1	8.840 (11.556)	1.407** (0.668)	3.406 (2.138)	155.806** (49.431)	4.852** (2.443)	14.987** (7.119)	133.602** (53.776)	3.947 (2.647)	10.078 (8.293)
icrg_aid1				29.683** (9.885)	0.725 (0.500)	2.443* (1.460)	17.725 (12.390)	1.147* (0.678)	0.715 (2.485)
icrg_aid1sq							0.400 (0.249)	-0.020 (0.014)	0.040 (0.051)
kg_usa	-4.279** (1.633)	-0.379** (0.050)	-0.847** (0.221)	-6.151** (1.775)	-0.369** (0.052)	-0.853** (0.218)	-3.053 (2.242)	-0.381** (0.058)	-0.436 (0.294)
ki_usa	2.035 (1.824)	-0.142 (0.111)	-1.305** (0.258)	1.737 (2.010)	-0.170 (0.110)	-1.251** (0.255)	-0.221 (2.362)	0.120 (0.151)	-1.454** (0.341)
pg_usa	-9.944** (3.629)		-1.817** (0.478)	-15.523** (3.949)		-2.052** (0.468)	-9.622** (4.649)		-0.919 (0.666)
pi_usa	-1.050 (0.862)	-0.190** (0.047)		-2.121** (0.954)	-0.209** (0.047)		-1.955* (1.026)	-0.085 (0.059)	
open_usa	1.167 (11.704)	1.156 (0.891)	8.389** (2.340)	4.314 (12.922)	1.334 (0.882)	8.080** (2.321)	4.583 (13.951)	-0.342 (1.087)	8.492** (2.678)
tot	5.092** (2.395)	0.388** (0.112)	1.331** (0.304)	8.378** (2.715)	0.428** (0.114)	1.419** (0.304)	7.753** (2.939)	0.244* (0.132)	1.220** (0.347)
fdi	0.124* (0.072)	-0.003 (0.004)	-0.028** (0.011)	0.070 (0.081)	-0.005 (0.004)	-0.031** (0.011)	0.100 (0.090)	-0.002 (0.004)	-0.030** (0.013)
bb_usa	-0.186 (0.161)	0.012 (0.008)	0.018 (0.023)	-0.321* (0.187)	0.006 (0.009)	0.001 (0.026)	-0.392* (0.203)	0.008 (0.009)	-0.004 (0.029)
infl_usa	0.156 (0.283)	0.054** (0.011)	0.143** (0.037)	0.322 (0.309)	0.051** (0.012)	0.137** (0.037)	-0.250 (0.420)	0.058** (0.015)	0.066 (0.060)
m2gdp_usa	3.792** (1.905)	0.360** (0.072)	0.824** (0.263)	3.802* (2.114)	0.309** (0.083)	0.673** (0.287)	0.687 (2.618)	0.353** (0.095)	0.284 (0.365)
cred_rts	0.639** (0.256)	0.035** (0.012)	0.081** (0.041)	1.143** (0.311)	0.043** (0.013)	0.118** (0.045)	1.363** (0.397)	0.017 (0.019)	0.128** (0.064)
empl_indx	-0.538** (0.271)	-0.024** (0.012)	-0.001 (0.041)	-0.591** (0.298)	-0.021* (0.013)	0.003 (0.041)	-0.161 (0.372)	-0.033** (0.015)	0.060 (0.050)
indx_ec	0.038 (0.364)	-0.009 (0.018)	0.022 (0.056)	0.481 (0.427)	0.004 (0.019)	0.053 (0.058)	0.280 (0.492)	0.009 (0.023)	0.061 (0.070)
indx_ri	0.995 (0.786)	0.035 (0.040)	0.023 (0.124)	1.282 (0.869)	0.029 (0.041)	-0.009 (0.127)	-0.193 (1.211)	0.084 (0.053)	-0.154 (0.175)
indx_sb	0.216 (0.231)	-0.002 (0.012)	0.025 (0.035)	0.046 (0.261)	-0.006 (0.012)	0.001 (0.038)	-0.022 (0.289)	-0.003 (0.013)	0.017 (0.043)
icrg_inv	-0.418* (0.244)	-0.004 (0.013)	-0.096** (0.037)	-1.453** (0.431)	-0.032 (0.022)	-0.173** (0.060)	-1.365** (0.466)	-0.016 (0.025)	-0.161** (0.070)
y0_usa	-6.646* (3.510)	0.374 (0.289)	2.108** (0.780)	-8.078** (3.935)	0.404 (0.291)	2.193** (0.786)	-6.531 (4.381)	-0.046 (0.351)	2.177** (0.888)
assas	0.594 (0.459)	0.031 (0.022)	0.037 (0.064)	0.756 (0.506)	0.030 (0.022)	0.039 (0.064)	0.480 (0.553)	0.040* (0.024)	-0.011 (0.074)
ethfrac	-1.243 (1.267)	-0.109 (0.070)	-0.689** (0.196)	-1.296 (1.400)	-0.108 (0.070)	-0.643** (0.196)	-0.317 (1.684)	-0.092 (0.082)	-0.655** (0.237)
assas_ethfrac	-141.145 (86.283)	-5.475 (4.092)	-8.177 (12.014)	-142.695 (95.387)	-4.679 (4.184)	-6.168 (12.147)	-87.197 (104.712)	-6.714 (4.496)	2.638 (14.083)
latitude		-0.285* (0.155)	-1.098** (0.528)		-0.240 (0.151)	-1.009* (0.518)		-0.285* (0.169)	-1.008* (0.586)
lpop		4.949 (3.814)	38.585** (9.574)		5.095 (3.683)	35.534** (9.520)		-3.304 (5.140)	40.344** (12.552)
urb_pop		-0.073 (0.134)	-0.847** (0.428)		-0.135 (0.149)	-0.989** (0.444)		-0.047 (0.171)	-0.771 (0.554)
constant	-0.005 (0.063)	0.003 (0.004)	-0.012 (0.013)	-0.061 (0.073)	0.001 (0.004)	-0.012 (0.013)	-0.023 (0.086)	0.005 (0.005)	-0.018 (0.014)
obs.	297	297	297	297	297	297	297	297	297
Chi Squared	156.58	605.79	513.66	142.89	594.88	513.46	119.51	527.71	418.76
R Squared	0.2297	0.6287	0.4266	-0.1509	0.6042	0.3814	-0.0650	0.6611	0.5374
Root MSE	0.0359	0.0018	0.0054	0.0439	0.0019	0.0056	0.0422	0.0018	0.0049

** Significance of 5% or lower, * Significance of 10% or lower

Appendix 3 - Table 4B: 3SLS regressions – Foreign Aid Data So. = OECD Financial Flows

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
Dep.Var.	gr_y	pg_usa	pi_usa	gr_y	pg_usa	pi_usa	gr_y	pg_usa	pi_usa
	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)
aid2	10.542 (24.316)	-0.460 (1.622)	-1.774 (5.104)	134.075 (103.576)	4.696 (6.618)	-6.223 (19.182)	288.250** (133.688)	11.081 (7.301)	23.698 (23.282)
icrg_aid2				26.252 (21.566)	1.126 (1.382)	-0.982 (3.929)	44.419* (24.548)	1.588 (1.403)	2.218 (4.432)
icrg_aid2sq							1.176** (0.591)	0.059** (0.029)	0.253** (0.103)
kg_usa	-4.275** (1.554)	-0.360** (0.054)	-0.630** (0.219)	-4.767** (1.587)	-0.354** (0.054)	-0.594** (0.224)	-6.249** (1.703)	-0.360** (0.055)	-0.918** (0.243)
ki_usa	0.884 (1.862)	0.044 (0.121)	-1.222** (0.277)	1.738 (1.950)	0.074 (0.122)	-1.258** (0.283)	0.698 (2.080)	-0.059 (0.123)	-1.029** (0.313)
pg_usa	-7.475** (3.288)		-1.316** (0.484)	-8.728** (3.356)		-1.167** (0.507)	-13.267** (3.713)		-2.287** (0.553)
pi_usa	-1.512* (0.873)	-0.123** (0.050)		-1.353 (0.886)	-0.109** (0.051)		-2.305** (0.944)	-0.166** (0.049)	
open_usa	6.922 (11.516)	-0.315 (0.934)	6.359** (2.497)	6.428 (11.652)	-0.382 (0.936)	6.534** (2.559)	11.853 (12.475)	0.408 (0.955)	5.129* (2.837)
fdi	0.097 (0.068)	-0.002 (0.004)	-0.031** (0.010)	0.068 (0.074)	-0.002 (0.004)	-0.030** (0.011)	0.061 (0.079)	-0.004 (0.004)	-0.027** (0.012)
tot	5.939** (2.613)	0.188 (0.143)	0.935** (0.363)	6.141** (2.654)	0.182 (0.144)	0.914** (0.374)	7.702** (2.857)	0.271* (0.146)	1.025** (0.420)
bb_usa	-0.289* (0.166)	0.019** (0.008)	0.014 (0.025)	-0.331* (0.173)	0.016* (0.009)	0.015 (0.028)	-0.290 (0.184)	0.013 (0.009)	0.030 (0.031)
infl_usa	0.199 (0.273)	0.052** (0.012)	0.119** (0.036)	0.277 (0.279)	0.051** (0.012)	0.113** (0.037)	0.463 (0.297)	0.052** (0.012)	0.149** (0.041)
m2gdp_usa	3.706* (1.958)	0.414** (0.083)	0.749** (0.292)	3.090 (2.066)	0.364** (0.103)	0.744** (0.337)	4.533** (2.202)	0.357** (0.104)	1.033** (0.371)
cred_rts	0.604** (0.258)	0.031** (0.013)	0.087** (0.040)	0.683** (0.268)	0.032** (0.013)	0.079* (0.043)	0.983** (0.305)	0.042** (0.014)	0.150** (0.052)
empl_indx	-0.418 (0.255)	-0.017 (0.013)	0.051 (0.038)	-0.484* (0.260)	-0.019 (0.013)	0.054 (0.038)	-0.472* (0.277)	-0.013 (0.013)	0.041 (0.043)
indx_ec	0.169 (0.357)	-0.009 (0.018)	0.044 (0.055)	0.381 (0.412)	0.000 (0.022)	0.036 (0.065)	0.338 (0.441)	-0.002 (0.023)	0.010 (0.074)
indx_ri	1.053 (0.748)	0.039 (0.040)	-0.075 (0.118)	1.433* (0.802)	0.047 (0.041)	-0.075 (0.120)	1.406 (0.855)	0.030 (0.041)	-0.074 (0.135)
indx_sb	0.407* (0.226)	0.008 (0.012)	0.049 (0.035)	0.315 (0.239)	0.003 (0.014)	0.055 (0.042)	0.379 (0.256)	0.005 (0.014)	0.069 (0.047)
icrg_inv	-0.483** (0.238)	0.012 (0.013)	-0.086** (0.037)	-0.851** (0.397)	-0.005 (0.026)	-0.077 (0.068)	-1.191** (0.450)	-0.022 (0.026)	-0.109 (0.078)
y0_usa	-6.582* (3.370)	-0.139 (0.333)	1.455* (0.875)	-7.157** (3.441)	-0.118 (0.346)	1.401 (0.944)	-5.725 (3.736)	0.117 (0.350)	1.316 (1.038)
assas	0.545 (0.439)	0.037* (0.022)	0.020 (0.062)	0.584 (0.444)	0.037* (0.022)	0.015 (0.063)	0.695 (0.474)	0.031 (0.023)	0.037 (0.071)
ethfrac	-1.796 (1.299)	-0.109 (0.074)	-0.809** (0.191)	-1.534 (1.322)	-0.089 (0.075)	-0.812** (0.199)	-1.754 (1.409)	-0.111 (0.075)	-0.809** (0.221)
assas_ethfrac	-131.803 (82.464)	-6.158 (4.162)	-4.375 (11.569)	-132.892 (83.397)	-6.011 (4.180)	-3.901 (11.762)	-138.076 (89.031)	-4.408 (4.328)	-3.536 (13.419)
latitude		-0.365** (0.155)	-1.401** (0.504)		-0.345** (0.155)	-1.388** (0.519)		-0.308** (0.152)	-1.557** (0.567)
lpop		-2.711 (4.256)	27.640** (11.604)		-3.449 (4.249)	29.568** (11.907)		0.357 (4.464)	24.053* (12.980)
urb_pop		0.114 (0.158)	-0.564 (0.492)		0.070 (0.183)	-0.526 (0.569)		0.009 (0.178)	-0.038 (0.643)
constant	-0.041 (0.061)	0.009** (0.004)	-0.002 (0.014)	-0.079 (0.070)	0.008* (0.005)	-0.004 (0.014)	-0.066 (0.075)	0.005 (0.005)	0.003 (0.016)
obs.	287	287	287	287	287	287	287	287	287
Chi Squared	158.77	592.36	538.60	157.07	589.04	523.52	146.31	575.58	413.83
R Squared	0.2707	0.6837	0.5487	0.2377	0.6886	0.5603	-0.0785	0.6408	0.2631
Root MSE	0.0342	0.0017	0.0048	0.0350	0.0017	0.0047	0.0416	0.0018	0.0061

** Significance of 5% or lower, * Significance of 10% or lower

Appendix 3 - Table 4C: 3SLS regressions – Foreign Aid Data So. = Chang, et.al. (1998)

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
Dep.Var.	gr_y	pg_usa	pi_usa	gr_y	pg_usa	pi_usa	gr_y	pg_usa	pi_usa
	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)
aid3	9.626 (33.547)	3.714* (1.979)	10.339 (6.390)	137.886 (135.499)	12.526* (6.913)	-44.125 (29.307)	129.065 (169.970)	22.483** (8.652)	-43.032 (37.992)
icrg_aid3				24.804 (26.169)	2.079 (1.422)	-10.626* (5.750)	24.919 (26.069)	0.646 (1.699)	-10.007* (5.795)
icrg_aid3sq							-0.278 (2.516)	0.440** (0.142)	-0.074 (0.606)
kg_usa	-1.262 (1.321)	-0.325** (0.044)	-0.264 (0.178)	-1.672 (1.336)	-0.291** (0.047)	-0.025 (0.203)	-1.761 (1.328)	-0.211** (0.060)	-0.133 (0.206)
ki_usa	1.623 (1.654)	0.069 (0.123)	-1.651** (0.220)	2.451 (1.765)	0.234* (0.125)	-1.821** (0.251)	2.478 (1.765)	0.120 (0.148)	-1.772** (0.279)
pg_usa	0.096 (3.180)		-0.369 (0.455)	-1.628 (3.312)		0.949 (0.595)	-1.676 (3.727)		0.655 (0.821)
pi_usa	0.144 (0.829)	-0.055 (0.057)		0.535 (0.869)	0.042 (0.058)		0.537 (0.879)	-0.027 (0.070)	
open_usa	13.422 (14.455)	-0.389 (1.130)	11.787** (2.701)	18.779 (15.628)	-0.909 (1.159)	10.317** (3.339)	18.860 (15.508)	-0.616 (1.341)	10.226** (3.590)
tot	1.324 (3.220)	0.344** (0.161)	1.336** (0.400)	0.664 (3.319)	0.152 (0.170)	1.290** (0.464)	0.832 (3.387)	0.036 (0.203)	1.389** (0.512)
fdi	0.178** (0.076)	0.001 (0.004)	-0.030** (0.010)	0.178** (0.077)	0.003 (0.004)	-0.027** (0.012)	0.175** (0.080)	0.005 (0.005)	-0.026** (0.013)
bb_usa	-0.716** (0.183)	0.021** (0.008)	-0.020 (0.024)	-0.789** (0.211)	0.012 (0.011)	0.018 (0.041)	-0.782** (0.212)	0.006 (0.013)	0.023 (0.042)
infl_usa	-0.262 (0.229)	0.036** (0.010)	0.070** (0.028)	-0.250 (0.231)	0.028** (0.010)	0.047 (0.032)	-0.232 (0.245)	0.008 (0.014)	0.060* (0.036)
m2gdp_usa	0.766 (1.790)	0.271** (0.076)	0.361 (0.226)	-0.061 (2.087)	0.150 (0.102)	0.620* (0.365)	0.052 (2.132)	0.054 (0.123)	0.701* (0.392)
cred_rts	0.250 (0.260)	0.035** (0.012)	0.030 (0.042)	0.379 (0.288)	0.039** (0.013)	-0.073 (0.064)	0.361 (0.372)	0.071** (0.018)	-0.068 (0.097)
empl_indx	-0.184 (0.253)	-0.026** (0.012)	-0.004 (0.039)	-0.225 (0.255)	-0.023* (0.012)	0.010 (0.044)	-0.234 (0.254)	-0.012 (0.014)	0.001 (0.047)
indx_ec	-0.171 (0.434)	-0.014 (0.021)	0.129** (0.063)	-0.093 (0.462)	-0.007 (0.023)	0.059 (0.085)	-0.100 (0.462)	0.002 (0.027)	0.057 (0.087)
indx_ri	-0.088 (0.738)	0.016 (0.037)	0.027 (0.106)	-0.218 (0.760)	-0.002 (0.039)	0.150 (0.142)	-0.168 (0.866)	-0.064 (0.050)	0.163 (0.196)
indx_sb	0.222 (0.225)	-0.013 (0.011)	0.009 (0.037)	0.049 (0.278)	-0.026* (0.014)	0.107 (0.065)	0.054 (0.289)	-0.027* (0.016)	0.102 (0.068)
icrg_inv	-0.416* (0.245)	0.005 (0.013)	-0.075** (0.035)	-0.737* (0.430)	-0.016 (0.023)	0.043 (0.078)	-0.724 (0.457)	-0.024 (0.026)	0.041 (0.085)
y0_usa	-10.464** (4.748)	0.126 (0.375)	3.529** (0.945)	-9.501* (4.849)	-0.017 (0.391)	2.115 (1.389)	-9.777* (5.727)	0.411 (0.469)	2.080 (1.442)
assas	0.205 (0.444)	0.024 (0.022)	-0.016 (0.058)	0.181 (0.450)	0.023 (0.022)	-0.005 (0.069)	0.186 (0.446)	0.013 (0.026)	0.003 (0.069)
ethfrac	-0.454 (1.418)	0.026 (0.082)	-0.897** (0.181)	0.308 (1.528)	0.135 (0.086)	-1.107** (0.225)	0.279 (1.571)	0.103 (0.100)	-1.087** (0.249)
assas_ethfrac	-60.999 (83.363)	-4.597 (4.023)	-0.959 (10.932)	-48.851 (85.833)	-3.395 (4.181)	-6.436 (13.529)	-50.912 (85.545)	-0.280 (4.940)	-8.245 (14.352)
latitude		-0.343** (0.167)	-0.855* (0.515)		-0.323* (0.170)	-0.471 (0.586)		-0.501** (0.203)	-0.559 (0.649)
lpop		-0.213 (5.289)	64.368** (11.201)		-6.455 (5.411)	67.854** (12.773)		-0.028 (6.510)	66.329** (12.856)
urb_pop		0.166 (0.189)	-1.877** (0.466)		0.241 (0.200)	-1.660** (0.593)		0.344 (0.235)	-1.639** (0.723)
constant	-0.002 (0.062)	0.006 (0.005)	-0.041** (0.012)	-0.001 (0.063)	0.010** (0.005)	-0.053** (0.014)	-0.003 (0.067)	0.008 (0.005)	-0.050** (0.017)
obs.	253	253	253	253	253	253	253	253	253
Chi Squared	146.42	549.25	562.41	145.46	540.93	433.08	147.98	413.66	432.66
R Squared	0.3924	0.7135	0.6648	0.3798	0.7156	0.5522	0.3851	0.6312	0.5695
Root MSE	0.0320	0.0016	0.0041	0.0323	0.0016	0.0048	0.0322	0.0018	0.0047

** Significance of 5% or lower, * Significance of 10% or lower

Appendix 3 - Table 5A: 3SLS regressions – Foreign Aid Data So. = WDI

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]
Dep.Var.	gr_y	pg_usa	kg_usa	pi_usa	ki_usa	gr_y	pg_usa	kg_usa	pi_usa	ki_usa	gr_y	pg_usa	kg_usa	pi_usa	ki_usa
	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)
aid1	9.248 (11.551)	1.549 ** (0.635)	3.717 ** (1.411)	4.234 ** (2.093)	1.184 (1.124)	152.409 ** (49.419)	3.843 (2.423)	8.522 (5.565)	13.535 * (7.098)	4.741 (3.742)	127.966 ** (53.637)	3.558 (2.629)	7.075 (6.229)	9.123 (8.174)	1.336 (4.614)
icrge_aid1						28.797 ** (9.879)	0.468 (0.490)	1.008 (1.123)	1.954 (1.449)	0.746 (0.763)	0.436 * (0.248)	-0.027 ** (0.013)	-0.060 ** (0.029)	0.055 (0.047)	0.051 ** (0.023)
icrge_aid1sq											16.128 (12.341)	1.207 * (0.675)	2.526 (1.587)	0.057 (2.339)	-1.061 (1.251)
kg_usa	-4.360 ** (1.632)	-0.434 ** (0.031)		-0.778 ** (0.198)	-0.074 (0.118)	-6.311 ** (1.771)	-0.438 ** (0.033)		-0.802 ** (0.198)	-0.077 (0.118)	-2.341 (2.188)	-0.444 ** (0.036)		-0.320 (0.267)	0.241 * (0.128)
ki_usa	2.304 (1.822)	-0.061 (0.107)	-0.185 (0.243)	-1.757 ** (0.185)		2.235 (2.004)	-0.087 (0.107)	-0.186 (0.246)	-1.713 ** (0.186)		-0.531 (2.350)	0.204 (0.127)	0.555 ** (0.280)	-1.659 ** (0.239)	
pg_usa	-9.678 ** (3.626)		-2.257 ** (0.158)	-1.530 ** (0.458)	-0.033 (0.264)	-14.995 ** (3.939)		-2.241 ** (0.171)	-1.723 ** (0.452)	-0.127 (0.270)	-8.195 * (4.543)		-2.210 ** (0.179)	-0.643 (0.609)	0.574 * (0.311)
pi_usa	-0.914 (0.860)	-0.157 ** (0.045)	-0.383 ** (0.099)		-0.441 ** (0.045)	-1.833 * (0.949)	-0.172 ** (0.044)	-0.387 ** (0.102)		-0.444 ** (0.046)	-1.849 * (1.023)	-0.068 (0.053)	-0.099 (0.124)		-0.424 ** (0.052)
open_usa	0.797 (11.699)	0.967 (0.868)	2.517 (1.978)	11.508 ** (2.076)	6.043 ** (0.918)	3.756 (12.907)	1.167 (0.866)	2.644 (1.992)	11.339 ** (2.070)	6.043 ** (0.914)	4.240 (13.928)	-0.603 (0.976)	-1.695 (2.240)	9.508 ** (2.341)	5.206 ** (1.093)
tot	4.980 ** (2.393)	0.390 ** (0.107)	0.929 ** (0.235)	1.453 ** (0.298)	0.516 ** (0.164)	8.120 ** (2.710)	0.429 ** (0.110)	0.973 ** (0.242)	1.535 ** (0.301)	0.549 ** (0.165)	7.422 ** (2.927)	0.242 ** (0.122)	0.473 * (0.281)	1.255 ** (0.344)	0.404 ** (0.191)
fdi	0.123 * (0.072)	-0.003 (0.004)	-0.008 (0.009)	-0.029 ** (0.011)	-0.014 ** (0.006)	0.070 (0.081)	-0.004 (0.004)	-0.009 (0.009)	-0.031 ** (0.011)	-0.015 ** (0.006)	0.105 (0.090)	-0.002 (0.004)	-0.004 (0.010)	-0.028 ** (0.013)	-0.011 (0.007)
bb_usa	-0.178 (0.161)	0.015 ** (0.007)	0.035 ** (0.016)	0.017 (0.023)	-0.004 (0.012)	-0.298 (0.187)	0.012 (0.008)	0.029 (0.018)	0.005 (0.025)	-0.009 (0.013)	-0.414 ** (0.202)	0.012 (0.009)	0.029 (0.020)	-0.004 (0.029)	-0.012 (0.016)
infl_usa	0.164 (0.283)	0.060 ** (0.010)	0.140 ** (0.020)	0.132 ** (0.034)	0.024 (0.020)	0.340 (0.308)	0.060 ** (0.010)	0.137 ** (0.020)	0.130 ** (0.035)	0.023 (0.020)	-0.360 (0.413)	0.070 ** (0.012)	0.156 ** (0.025)	0.044 (0.054)	-0.041 (0.027)
m2gdp_usa	3.791 ** (1.905)	0.391 ** (0.068)	0.896 ** (0.150)	0.680 ** (0.246)	0.051 (0.136)	3.842 * (2.113)	0.363 ** (0.077)	0.829 ** (0.165)	0.568 ** (0.273)	0.001 (0.149)	0.039 (2.581)	0.416 ** (0.085)	0.937 ** (0.184)	0.165 (0.338)	-0.291 * (0.171)
cred_rts	0.613 ** (0.256)	0.031 ** (0.012)	0.072 ** (0.027)	0.066 * (0.040)	0.010 (0.022)	1.082 ** (0.310)	0.036 ** (0.013)	0.080 ** (0.030)	0.094 ** (0.044)	0.021 (0.024)	1.363 ** (0.397)	0.006 (0.018)	0.006 (0.041)	0.130 ** (0.063)	0.058 * (0.034)
empl_indx	-0.554 ** (0.271)	-0.031 ** (0.012)	-0.069 ** (0.027)	0.001 (0.040)	0.026 (0.021)	-0.625 ** (0.298)	-0.029 ** (0.012)	-0.067 ** (0.027)	0.003 (0.040)	0.027 (0.021)	-0.087 (0.369)	-0.041 ** (0.014)	-0.098 ** (0.031)	0.068 (0.048)	0.069 ** (0.025)
indx_ec	0.030 (0.364)	-0.010 (0.017)	-0.019 (0.040)	-0.012 (0.054)	-0.004 (0.029)	0.446 (0.427)	-0.001 (0.019)	-0.003 (0.043)	0.012 (0.057)	0.002 (0.030)	0.258 (0.492)	0.015 (0.023)	0.025 (0.054)	0.046 (0.066)	0.008 (0.037)
indx_ri	1.108	0.075 **	0.175 **	0.028	-0.049	1.500 *	0.076 **	0.181 **	0.012	-0.063	-0.437	0.131 **	0.317 **	-0.198	-0.214 **

	(0.783)	(0.034)	(0.071)	(0.117)	(0.063)	(0.863)	(0.035)	(0.072)	(0.121)	(0.065)	(1.200)	(0.043)	(0.087)	(0.165)	(0.081)
indx_sb	0.241	0.006	0.016	0.017	0.002	0.099	0.004	0.012	0.000	-0.007	-0.039	0.006	0.017	0.014	0.000
	(0.230)	(0.010)	(0.023)	(0.033)	(0.018)	(0.260)	(0.011)	(0.024)	(0.036)	(0.019)	(0.288)	(0.012)	(0.026)	(0.042)	(0.023)
icrg_inv	-0.415 *	-0.003	-0.011	-0.133 **	-0.076 **	-1.419 **	-0.022	-0.048	-0.196 **	-0.100 **	-1.344 **	-0.012	-0.016	-0.162 **	-0.068 *
	(0.244)	(0.013)	(0.029)	(0.035)	(0.017)	(0.431)	(0.022)	(0.051)	(0.059)	(0.030)	(0.466)	(0.024)	(0.056)	(0.069)	(0.039)
y0_usa	-6.756 *	0.239	0.609	2.949 **	1.567 **	-8.175 **	0.261	0.585	3.009 **	1.673 **	-6.314	-0.199	-0.559	2.485 **	1.408 **
	(3.510)	(0.286)	(0.655)	(0.711)	(0.320)	(3.935)	(0.288)	(0.664)	(0.722)	(0.332)	(4.369)	(0.319)	(0.729)	(0.803)	(0.397)
assas	0.598	0.036	0.079	0.020	-0.019	0.763	0.035	0.079	0.023	-0.018	0.411	0.047 **	0.105 *	-0.026	-0.054
	(0.459)	(0.022)	(0.049)	(0.063)	(0.032)	(0.506)	(0.022)	(0.050)	(0.063)	(0.032)	(0.551)	(0.023)	(0.054)	(0.072)	(0.039)
ethfrac	-1.198	-0.089	-0.220	-0.534 **	-0.212 **	-1.197	-0.087	-0.202	-0.495 **	-0.196 *	-0.201	-0.108	-0.215	-0.583 **	-0.179
	(1.267)	(0.069)	(0.157)	(0.186)	(0.107)	(1.398)	(0.069)	(0.157)	(0.188)	(0.107)	(1.680)	(0.081)	(0.188)	(0.221)	(0.129)
assas_ethfrac	-142.055 *	-6.380	-14.252	-6.717	1.469	-145.318	-5.918	-13.406	-5.357	2.111	-74.495	-7.958 *	-18.144 *	4.891	9.414
	(86.282)	(4.072)	(9.272)	(11.935)	(6.131)	(95.381)	(4.155)	(9.333)	(12.085)	(6.180)	(104.363)	(4.417)	(10.253)	(13.815)	(7.535)
latitude		-0.261 *	-0.591	-0.605	-0.086		-0.219	-0.512	-0.534	-0.070		-0.282 *	-0.632	-0.797	-0.111
		(0.154)	(0.361)	(0.499)	(0.266)		(0.151)	(0.358)	(0.494)	(0.267)		(0.168)	(0.397)	(0.547)	(0.301)
lpop		3.879	10.300	45.829 **	23.605 **		4.185	9.823	43.595 **	23.116 **		-4.889	-11.161	44.328 **	25.890 **
		(3.737)	(8.559)	(9.220)	(4.682)		(3.626)	(8.466)	(9.158)	(4.684)		(4.731)	(10.955)	(11.503)	(5.963)
urb_pop		0.003	-0.002	-1.244 **	-0.766 **		-0.026	-0.050	-1.348 **	-0.849 **		0.011	0.093	-0.847	-0.434
		(0.131)	(0.301)	(0.387)	(0.188)		(0.144)	(0.335)	(0.411)	(0.203)		(0.166)	(0.388)	(0.546)	(0.299)
constant	-0.016	0.001	-0.001	-0.019	-0.011 *	-0.079	-0.001	-0.004	-0.019	-0.011	-0.018	0.003	0.005	-0.020	-0.012
	(0.062)	(0.004)	(0.008)	(0.012)	(0.007)	(0.072)	(0.004)	(0.009)	(0.012)	(0.007)	(0.086)	(0.004)	(0.010)	(0.014)	(0.008)
obs.	297	297	297	297	297	297	297	297	297	297	297	297	297	297	297
Chi Squared	156.4	741.9	722.3	580.4	1073.8	141.8	713.5	688.5	575.9	1077.7	118.5	642.6	592.7	446.0	740.6
R Squared	0.240	0.625	0.623	0.346	0.761	-0.115	0.603	0.617	0.322	0.757	-0.050	0.595	0.617	0.502	0.687
Root MSE	0.036	0.002	0.004	0.006	0.002	0.043	0.002	0.004	0.006	0.002	0.042	0.002	0.004	0.005	0.003

** Significance of 5% or lower, * Significance of 10% or lower

Appendix 3 - Table 5B: 3SLS regressions – Foreign Aid Data So. = OECD Financial Flows

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]
Dep.Var.	<u>gr_y</u>	<u>pg_usa</u>	<u>kg_usa</u>	<u>pi_usa</u>	<u>ki_usa</u>	<u>gr_y</u>	<u>pg_usa</u>	<u>kg_usa</u>	<u>pi_usa</u>	<u>ki_usa</u>	<u>gr_y</u>	<u>pg_usa</u>	<u>kg_usa</u>	<u>pi_usa</u>	<u>ki_usa</u>
	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)
aid2	14.077 (24.275)	0.381 (1.482)	2.301 (3.249)	2.903 (4.860)	1.907 (2.556)	144.489 (103.522)	4.630 (6.615)	10.904 (14.723)	-2.817 (19.089)	-4.477 (10.204)	292.400 ** (133.680)	10.160 (7.287)	23.984 (16.277)	23.721 (23.248)	2.059 (11.186)
icrge_aid2						27.496 (21.561)	0.923 (1.378)	1.871 (3.079)	-1.242 (3.916)	-1.370 (2.092)	1.089 * (0.590)	0.050 * (0.029)	0.122 * (0.066)	0.221 ** (0.102)	0.058 (0.052)
icrge_aid2sq											44.685 * (24.548)	1.342 (1.399)	2.848 (3.135)	1.300 (4.422)	-0.848 (2.118)
kg_usa	-4.388 ** (1.552)	-0.442 ** (0.037)		-0.637 ** (0.203)	0.089 (0.116)	-5.041 ** (1.580)	-0.439 ** (0.036)		-0.602 ** (0.208)	0.099 (0.116)	-6.607 ** (1.689)	-0.441 ** (0.035)		-0.905 ** (0.224)	0.014 (0.124)
ki_usa	1.243 (1.857)	0.162 (0.108)	0.154 (0.258)	-1.586 ** (0.223)		2.250 (1.939)	0.188 * (0.109)	0.200 (0.260)	-1.619 ** (0.227)		1.472 (2.069)	0.075 (0.116)	0.005 (0.271)	-1.540 ** (0.270)	
pg_usa	-7.125 ** (3.286)		-2.153 ** (0.181)	-1.067 ** (0.456)	0.410 * (0.242)	-8.546 ** (3.355)		-2.170 ** (0.183)	-0.931 * (0.477)	0.452 * (0.245)	-12.789 ** (3.711)		-2.188 ** (0.179)	-1.800 ** (0.529)	0.201 (0.285)
pi_usa	-1.329 (0.870)	-0.087 * (0.046)	-0.270 ** (0.103)		-0.414 ** (0.052)	-1.166 (0.882)	-0.075 (0.047)	-0.253 ** (0.104)		-0.408 ** (0.052)	-1.918 ** (0.938)	-0.117 ** (0.046)	-0.312 ** (0.105)		-0.400 ** (0.061)
open_usa	5.983 (11.506)	-0.645 (0.880)	-0.209 (2.022)	8.811 ** (2.295)	5.386 ** (1.046)	5.344 (11.635)	-0.693 (0.884)	-0.294 (2.037)	8.929 ** (2.352)	5.269 ** (1.060)	10.123 (12.458)	-0.031 (0.917)	0.918 (2.100)	8.625 ** (2.671)	5.263 ** (1.066)
tot	5.953 ** (2.608)	0.214 * (0.130)	0.636 ** (0.279)	1.250 ** (0.349)	0.476 ** (0.183)	6.223 ** (2.645)	0.210 (0.132)	0.636 ** (0.284)	1.222 ** (0.361)	0.449 ** (0.187)	7.805 ** (2.840)	0.283 ** (0.135)	0.756 ** (0.290)	1.424 ** (0.405)	0.518 ** (0.188)
fdi	0.098 (0.068)	-0.002 (0.004)	-0.007 (0.009)	-0.032 ** (0.010)	-0.014 ** (0.006)	0.066 (0.074)	-0.002 (0.004)	-0.008 (0.009)	-0.031 ** (0.011)	-0.013 ** (0.006)	0.061 (0.079)	-0.003 (0.004)	-0.009 (0.009)	-0.029 ** (0.012)	-0.012 * (0.006)
bb_usa	-0.285 * (0.166)	0.023 ** (0.008)	0.048 ** (0.018)	0.005 (0.024)	-0.020 (0.013)	-0.323 * (0.173)	0.021 ** (0.009)	0.044 ** (0.020)	0.007 (0.027)	-0.017 (0.014)	-0.277 (0.184)	0.019 ** (0.009)	0.039 * (0.020)	0.019 (0.031)	-0.013 (0.014)
infl_usa	0.209 (0.272)	0.062 ** (0.010)	0.142 ** (0.020)	0.117 ** (0.035)	0.001 (0.020)	0.310 (0.279)	0.062 ** (0.010)	0.143 ** (0.020)	0.112 ** (0.035)	-0.001 (0.020)	0.502 * (0.295)	0.061 ** (0.010)	0.140 ** (0.020)	0.144 ** (0.039)	0.007 (0.021)
m2gdp_usa	3.607 * (1.958)	0.447 ** (0.082)	0.959 ** (0.189)	0.562 ** (0.272)	-0.159 (0.145)	3.057 (2.065)	0.406 ** (0.102)	0.884 ** (0.228)	0.573 * (0.319)	-0.112 (0.170)	4.368 ** (2.200)	0.393 ** (0.103)	0.850 ** (0.231)	0.776 ** (0.357)	-0.070 (0.177)
cred_rts	0.576 ** (0.258)	0.026 ** (0.013)	0.064 ** (0.028)	0.085 ** (0.040)	0.017 (0.022)	0.655 ** (0.268)	0.027 ** (0.013)	0.067 ** (0.029)	0.076 * (0.042)	0.012 (0.023)	0.929 ** (0.305)	0.036 ** (0.014)	0.086 ** (0.031)	0.134 ** (0.051)	0.029 (0.027)
empl_indx	-0.442 * (0.255)	-0.026 ** (0.012)	-0.055 ** (0.026)	0.041 (0.037)	0.041 ** (0.020)	-0.523 ** (0.260)	-0.027 ** (0.012)	-0.058 ** (0.027)	0.044 (0.038)	0.042 ** (0.021)	-0.538 * (0.276)	-0.023 * (0.013)	-0.050 * (0.027)	0.029 (0.042)	0.037 * (0.021)
indx_ec	0.165 (0.357)	-0.008 (0.018)	-0.013 (0.040)	0.024 (0.054)	0.013 (0.029)	0.391 (0.412)	0.000 (0.022)	0.002 (0.049)	0.014 (0.064)	0.001 (0.034)	0.338 (0.441)	-0.003 (0.023)	-0.011 (0.050)	-0.020 (0.073)	-0.015 (0.035)
indx_ri	1.189	0.092 **	0.191 **	-0.066	-0.115 *	1.647 **	0.099 **	0.205 **	-0.069	-0.120 **	1.729 **	0.085 **	0.178 **	-0.051	-0.120 *

	(0.746)	(0.036)	(0.075)	(0.114)	(0.061)	(0.799)	(0.036)	(0.076)	(0.116)	(0.061)	(0.848)	(0.037)	(0.078)	(0.130)	(0.063)
indx_sb	0.425 *	0.016	0.035	0.034	-0.003	0.340	0.012	0.027	0.040	0.004	0.406	0.014	0.030	0.052	0.005
	(0.226)	(0.012)	(0.026)	(0.034)	(0.018)	(0.239)	(0.013)	(0.029)	(0.041)	(0.022)	(0.255)	(0.013)	(0.030)	(0.046)	(0.023)
icrg_inv	-0.480 **	0.014	0.015	-0.115 **	-0.074 **	-0.863 **	0.000	-0.013	-0.101	-0.053	-1.187 **	-0.015	-0.043	-0.138 *	-0.062 *
	(0.238)	(0.013)	(0.029)	(0.035)	(0.017)	(0.397)	(0.025)	(0.057)	(0.068)	(0.036)	(0.450)	(0.026)	(0.059)	(0.077)	(0.036)
y0_usa	-6.675 **	-0.311	-0.291	2.351 **	1.602 **	-7.366 **	-0.296	-0.250	2.271 **	1.499 **	-5.919	-0.084	0.150	2.463 **	1.639 **
	(3.369)	(0.317)	(0.731)	(0.798)	(0.347)	(3.438)	(0.332)	(0.763)	(0.871)	(0.391)	(3.734)	(0.341)	(0.782)	(0.985)	(0.395)
assas	0.546	0.042 *	0.086 *	0.002	-0.040	0.598	0.043 *	0.087 *	-0.002	-0.041	0.707	0.037	0.075	0.011	-0.039
	(0.439)	(0.022)	(0.050)	(0.061)	(0.033)	(0.444)	(0.022)	(0.050)	(0.062)	(0.033)	(0.474)	(0.023)	(0.051)	(0.071)	(0.033)
ethfrac	-1.681	-0.088	-0.231	-0.673 **	-0.224 **	-1.418	-0.072	-0.203	-0.680 **	-0.232 **	-1.495	-0.081	-0.201	-0.628 **	-0.203 *
	(1.299)	(0.073)	(0.162)	(0.183)	(0.113)	(1.321)	(0.074)	(0.165)	(0.190)	(0.115)	(1.407)	(0.074)	(0.165)	(0.215)	(0.121)
assas_ethfrac	-132.511	-7.197 *	-14.826	-2.619	5.426	-135.898	-7.084 *	-14.705	-2.252	5.263	-142.306	-5.718	-11.592	-1.721	5.659
	(82.462)	(4.149)	(9.196)	(11.477)	(6.172)	(83.389)	(4.166)	(9.263)	(11.665)	(6.201)	(89.011)	(4.314)	(9.558)	(13.366)	(6.272)
latitude		-0.365 **	-0.769 **	-1.009 **	-0.091		-0.347 **	-0.741 **	-0.999 **	-0.097		-0.307 **	-0.659 *	-1.051 *	-0.113
		(0.155)	(0.352)	(0.478)	(0.264)		(0.155)	(0.353)	(0.491)	(0.266)		(0.152)	(0.351)	(0.549)	(0.284)
lpop		-3.357	-2.272	36.601 **	22.876 **		-3.896	-3.410	38.345 **	23.130 **		-0.884	2.698	37.318 **	23.381 **
		(4.061)	(9.296)	(11.026)	(5.577)		(4.054)	(9.343)	(11.299)	(5.595)		(4.297)	(9.882)	(12.490)	(5.650)
urb_pop		0.207	0.303	-0.991 **	-0.769 **		0.172	0.227	-0.932 *	-0.687 **		0.116	0.148	-0.640	-0.612 **
		(0.153)	(0.349)	(0.450)	(0.211)		(0.179)	(0.405)	(0.533)	(0.258)		(0.176)	(0.402)	(0.613)	(0.277)
constant	-0.055	0.005	0.007	-0.011	-0.011	-0.100	0.004	0.005	-0.012	-0.010	-0.096	0.002	0.001	-0.011	-0.010
	(0.061)	(0.004)	(0.009)	(0.013)	(0.007)	(0.070)	(0.004)	(0.009)	(0.014)	(0.007)	(0.074)	(0.004)	(0.010)	(0.015)	(0.007)
obs.	287	287	287	287	287	287	287	287	287	287	287	287	287	287	287
Chi Squared	159.0	694.9	654.8	571.4	941.3	158.2	694.9	648.4	556.8	935.4	146.4	686.5	637.9	437.6	927.0
R Squared	0.284	0.647	0.659	0.503	0.772	0.238	0.645	0.654	0.509	0.765	-0.037	0.631	0.633	0.302	0.759
Root MSE	0.034	0.002	0.004	0.005	0.002	0.035	0.002	0.004	0.005	0.002	0.041	0.002	0.004	0.006	0.002

** Significance of 5% or lower, * Significance of 10% or lower

Appendix 3 - Table 5C: 3SLS regressions – Foreign Aid Data So. = Chang, et.al. (1998)

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]
Dep.Var.	gr_y	pg_usa	kg_usa	pi_usa	ki_usa	gr_y	pg_usa	kg_usa	pi_usa	ki_usa	gr_y	pg_usa	kg_usa	pi_usa	ki_usa
	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)	Coef. (Robust Std.Err.)
aid3	4.747 (33.510)	5.871 ** (1.822)	15.936 ** (3.830)	15.097 ** (6.041)	6.377 ** (3.116)	125.947 (135.442)	9.688 (6.869)	16.924 (15.696)	-31.513 (26.607)	-16.825 (13.294)	108.811 (169.895)	14.834 * (8.485)	33.004 * (19.513)	-33.758 (35.958)	-23.189 (18.451)
icrge_aid3						23.800 (26.165)	1.002 (1.388)	0.271 (3.146)	-9.238 * (5.247)	-4.617 * (2.623)	-0.507 (2.515)	0.255 * (0.135)	0.642 * (0.329)	-0.021 (0.559)	-0.137 (0.290)
icrge_aid3sq											23.585 (26.061)	-0.036 (1.683)	-1.771 (3.474)	-9.676 * (5.569)	-4.623 (2.955)
kg_usa	-0.900 (1.316)	-0.420 ** (0.030)		-0.389 ** (0.166)	-0.094 (0.089)	-1.152 (1.329)	-0.400 ** (0.036)		-0.274 (0.185)	-0.059 (0.094)	-1.357 (1.324)	-0.375 ** (0.047)		-0.364 * (0.195)	0.002 (0.109)
ki_usa	1.653 (1.654)	0.050 (0.120)	-0.203 (0.271)	-1.914 ** (0.129)		2.541 (1.763)	0.207 * (0.120)	-0.103 (0.278)	-1.992 ** (0.130)		2.591 (1.760)	0.147 (0.128)	-0.150 (0.297)	-1.882 ** (0.180)	
pg_usa	0.704 (3.174)		-2.221 ** (0.164)	-0.486 (0.434)	0.006 (0.225)	-0.538 (3.297)		-2.180 ** (0.194)	0.359 (0.525)	0.355 (0.256)	-0.519 (3.718)		-2.398 ** (0.302)	0.147 (0.747)	0.554 (0.364)
pi_usa	0.181 (0.829)	-0.060 (0.055)	-0.281 ** (0.122)		-0.493 ** (0.031)	0.579 (0.868)	0.021 (0.057)	-0.224 * (0.126)		-0.483 ** (0.031)	0.598 (0.878)	-0.018 (0.064)	-0.287 ** (0.137)		-0.477 ** (0.045)
open_usa	12.188 (14.450)	0.564 (1.060)	3.572 (2.366)	14.018 ** (2.426)	7.085 ** (1.187)	16.778 (15.617)	-0.145 (1.112)	3.230 (2.477)	12.016 ** (2.956)	5.837 ** (1.422)	17.265 (15.500)	0.107 (1.251)	3.438 (2.667)	11.729 ** (3.210)	5.764 ** (1.620)
tot	0.842 (3.217)	0.482 ** (0.151)	1.375 ** (0.322)	1.680 ** (0.384)	0.745 ** (0.200)	-0.011 (3.315)	0.330 ** (0.159)	1.302 ** (0.331)	1.738 ** (0.437)	0.778 ** (0.220)	0.376 (3.385)	0.293 (0.185)	1.194 ** (0.359)	1.749 ** (0.482)	0.726 ** (0.261)
fdi	0.177 ** (0.076)	0.000 (0.004)	-0.005 (0.009)	-0.028 ** (0.010)	-0.014 ** (0.005)	0.175 ** (0.077)	0.002 (0.004)	-0.003 (0.010)	-0.026 ** (0.012)	-0.013 ** (0.006)	0.170 ** (0.080)	0.003 (0.005)	0.001 (0.010)	-0.024 * (0.013)	-0.013 * (0.007)
bb_usa	-0.736 ** (0.183)	0.024 ** (0.008)	0.052 ** (0.019)	-0.011 (0.024)	-0.011 (0.012)	-0.817 ** (0.211)	0.020 * (0.010)	0.052 ** (0.023)	0.028 (0.038)	0.010 (0.019)	-0.802 ** (0.211)	0.018 (0.012)	0.050 ** (0.024)	0.035 (0.040)	0.008 (0.021)
infl_usa	-0.300 (0.228)	0.046 ** (0.009)	0.114 ** (0.020)	0.079 ** (0.027)	0.029 ** (0.015)	-0.303 (0.230)	0.040 ** (0.010)	0.112 ** (0.020)	0.070 ** (0.031)	0.026 (0.016)	-0.266 (0.244)	0.031 ** (0.013)	0.093 ** (0.023)	0.079 ** (0.035)	0.024 (0.020)
m2gdp_usa	0.518 (1.788)	0.307 ** (0.075)	0.731 ** (0.167)	0.384 * (0.218)	0.116 (0.114)	-0.380 (2.085)	0.242 ** (0.099)	0.703 ** (0.211)	0.681 ** (0.336)	0.281 * (0.171)	-0.158 (2.132)	0.204 * (0.118)	0.629 ** (0.229)	0.793 ** (0.379)	0.284 (0.205)
cred_rts	0.235 (0.260)	0.033 ** (0.012)	0.076 ** (0.028)	0.033 (0.041)	0.008 (0.021)	0.342 (0.288)	0.034 ** (0.013)	0.074 ** (0.031)	-0.041 (0.057)	-0.026 (0.028)	0.303 (0.371)	0.052 ** (0.018)	0.126 ** (0.045)	-0.043 (0.089)	-0.046 (0.045)
empl_indx	-0.159 (0.253)	-0.031 ** (0.012)	-0.073 ** (0.026)	-0.025 (0.037)	-0.005 (0.019)	-0.185 (0.254)	-0.030 ** (0.012)	-0.073 ** (0.026)	-0.017 (0.041)	-0.003 (0.020)	-0.205 (0.254)	-0.024 * (0.014)	-0.065 ** (0.028)	-0.025 (0.045)	-0.001 (0.024)
indx_ec	-0.146 (0.434)	-0.021 (0.021)	-0.041 (0.047)	0.100 (0.061)	0.055 * (0.032)	-0.059 (0.462)	-0.021 (0.023)	-0.045 (0.051)	0.028 (0.078)	0.017 (0.039)	-0.081 (0.462)	-0.018 (0.027)	-0.042 (0.054)	0.037 (0.084)	0.026 (0.045)
indx_ri	-0.141	0.043	0.100	0.043	0.011	-0.262	0.037	0.106	0.135	0.058	-0.151	0.010	0.038	0.177	0.081

	(0.738)	(0.036)	(0.079)	(0.104)	(0.054)	(0.760)	(0.038)	(0.083)	(0.133)	(0.067)	(0.865)	(0.047)	(0.099)	(0.185)	(0.096)
indx_sb	0.214	-0.005	-0.007	0.004	0.003	0.055	-0.012	-0.007	0.087	0.043	0.074	-0.010	-0.008	0.089	0.047
	(0.225)	(0.011)	(0.024)	(0.035)	(0.018)	(0.278)	(0.013)	(0.030)	(0.058)	(0.029)	(0.289)	(0.015)	(0.033)	(0.065)	(0.033)
icrg_inv	-0.404 *	-0.003	-0.025	-0.093 **	-0.047 **	-0.706 *	-0.010	-0.026	0.016	0.009	-0.682	-0.013	-0.036	0.026	0.018
	(0.245)	(0.012)	(0.028)	(0.033)	(0.017)	(0.430)	(0.023)	(0.051)	(0.074)	(0.037)	(0.457)	(0.026)	(0.055)	(0.083)	(0.044)
y0_usa	-10.624 **	0.105	0.897	4.249 **	2.174 **	-9.988 **	-0.136	0.684	2.963 **	1.465 **	-10.541 *	0.063	1.077	2.641 **	1.303 *
	(4.748)	(0.371)	(0.836)	(0.804)	(0.377)	(4.845)	(0.385)	(0.871)	(1.159)	(0.559)	(5.722)	(0.436)	(0.967)	(1.347)	(0.689)
assas	0.180	0.028	0.055	-0.020	-0.018	0.150	0.029	0.057	-0.008	-0.009	0.162	0.025	0.053	0.009	-0.009
	(0.444)	(0.022)	(0.049)	(0.057)	(0.030)	(0.450)	(0.022)	(0.049)	(0.067)	(0.033)	(0.446)	(0.025)	(0.052)	(0.068)	(0.038)
ethfrac	-0.534	0.046	-0.016	-0.794 **	-0.410 **	0.150	0.129	0.043	-0.971 **	-0.486 **	0.111	0.112	0.057	-0.972 **	-0.522 **
	(1.417)	(0.082)	(0.183)	(0.174)	(0.098)	(1.527)	(0.086)	(0.192)	(0.209)	(0.112)	(1.570)	(0.098)	(0.205)	(0.242)	(0.138)
assas_ethfrac	-55.795	-5.248	-11.195	-1.168	0.762	-42.507	-4.878	-11.239	-6.196	-2.077	-46.824	-3.399	-8.333	-9.533	-2.867
	(83.345)	(4.019)	(9.086)	(10.851)	(5.610)	(85.808)	(4.162)	(9.259)	(13.091)	(6.562)	(85.536)	(4.890)	(9.994)	(14.072)	(7.708)
latitude		-0.311 *	-0.627	-0.555	-0.185		-0.316 *	-0.611	-0.222	-0.042		-0.422 **	-0.944 **	-0.490	-0.007
		(0.167)	(0.382)	(0.483)	(0.252)		(0.169)	(0.385)	(0.534)	(0.269)		(0.202)	(0.454)	(0.595)	(0.321)
lpop		2.655	17.132	69.981 **	35.173 **		-2.722	14.034	70.814 **	34.538 **		1.413	21.552 *	70.030 **	33.680 **
		(5.092)	(11.360)	(10.713)	(5.547)		(5.202)	(11.609)	(12.097)	(6.054)		(6.113)	(12.944)	(12.356)	(6.897)
urb_pop		0.186	0.069	-2.127 **	-1.145 **		0.312	0.175	-1.804 **	-0.930 **		0.398 *	0.498	-1.672 **	-1.026 **
		(0.187)	(0.423)	(0.406)	(0.194)		(0.198)	(0.445)	(0.516)	(0.248)		(0.225)	(0.491)	(0.628)	(0.309)
constant	-0.001	0.002	-0.004	-0.045 **	-0.023 **	-0.004	0.005	-0.004	-0.051 **	-0.025 **	-0.009	0.003	-0.006	-0.051 **	-0.026 **
	(0.062)	(0.004)	(0.010)	(0.012)	(0.006)	(0.063)	(0.004)	(0.010)	(0.013)	(0.007)	(0.067)	(0.005)	(0.011)	(0.016)	(0.008)
obs.	253	253	253	253	253	253	253	253	253	253	253	253	253	253	253
Chi Squared	145.9	687.5	667.9	732.2	883.9	145.0	633.2	620.6	616.7	761.4	147.7	467.2	511.7	510.1	535.1
R Squared	0.387	0.683	0.643	0.578	0.709	0.377	0.703	0.665	0.509	0.653	0.389	0.700	0.598	0.518	0.640
Root MSE	0.032	0.002	0.004	0.005	0.002	0.032	0.002	0.004	0.005	0.002	0.032	0.002	0.004	0.005	0.002

** Significance of 5% or lower, * Significance of 10% or lower