I. Abstract

This paper studies the factors affecting a country’s propensity to provide humanitarian aid. Using data for 136 countries over the period 2001-2013, we estimate a linear regression model in which humanitarian aid is a function of GDP per capita, trade openness, economic freedoms, political freedoms, and civil liberties. The results indicate that a one percent increase in GDP per capita will induce a nearly three percent increase in humanitarian aid per capita, implying that wealthier countries generally are capable of donating more humanitarian aid. In a surprising turn however, the higher a country scores on its civil liberties rating, the less it donates.

II. Model and Variables

\[
\ln(AID) = \beta_0 + \beta_1 \ln(GDP) + \beta_2 \ln(OPEN) + \beta_3 \ln(ECON) + \beta_4 \ln(POLS) + \beta_5 \ln(CIV) + \epsilon
\]

\(AID\) Amount of humanitarian aid per capita donated during a given year by a given country measured in US millions in Constant 2013 prices

\(GDP\) GDP per capita measured in US millions in constant 2013 prices

\(OPEN\) Sum of imports and exports divided by the country’s GDP

\(ECON\) An index of various measures of economic freedom which is defined as the ability for individuals to work, produce, consume, and invest in any way they choose to

\(CIV\) An index measuring an individual’s ability to maintain basic liberties and independent rights protected by the legal system

\(POL\) An index measuring an individual’s ability to take part in politics and have representation within one’s government

Data is provided by globalhumanitarianassistance.org which calculated the amount of humanitarian aid donated using the Organization for Economic Co-operation Development-Assistance Committee data and the United Nation’s Office for the Coordination of Humanitarian Affairs Financial Tracking Service data.

III. Theory and Hypothesis

- GDP: As GDP per capita increases, humanitarian aid should rise. We theorize that wealthier nations are more able to afford donations per capita.
- OPEN: As dependence on international trade increases, humanitarian aid should rise. We theorize that countries dependent on international trade will donate more aid to better stabilize potential trade partners and protect their local economy.
- ECON: As economic freedoms increase, humanitarian aid should rise. We theorize that greater economic freedom would create a social desire to invest in the welfare of other countries.
- POL: As political freedoms increase, humanitarian aid should rise. We theorize that greater political freedom would create a social desire to invest in the welfare of other countries.
- CIV: As civil liberties increase, humanitarian aid should rise. We theorize that greater civil liberties would create a social desire to invest in the welfare of other countries.

IV. Data

- Data is provided by globalhumanitarianassistance.org which calculated the amount of humanitarian aid donated using the Organization for Economic Co-operation Development-Assistance Committee data and the United Nation’s Office for the Coordination of Humanitarian Affairs Financial Tracking Service data.
- Includes data for 136 different countries, with complete data for all variables over a thirteen year period from 2001-2013.

V. Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>(\beta_1)</th>
<th>(\beta_2)</th>
<th>(\beta_3)</th>
<th>(\beta_4)</th>
<th>(\beta_5)</th>
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</thead>
<tbody>
<tr>
<td>GDP</td>
<td>2.782</td>
<td>0.073</td>
<td>-0.749</td>
<td>-0.454</td>
<td>0.295</td>
</tr>
<tr>
<td>OPEN</td>
<td>0.023</td>
<td>0.485</td>
<td>0.023</td>
<td>-0.749</td>
<td>0.036</td>
</tr>
<tr>
<td>ECON</td>
<td>2.782</td>
<td>0.073</td>
<td>-0.749</td>
<td>-0.454</td>
<td>0.295</td>
</tr>
<tr>
<td>POLS</td>
<td>0.023</td>
<td>0.485</td>
<td>0.023</td>
<td>-0.749</td>
<td>0.036</td>
</tr>
<tr>
<td>CIV</td>
<td>-0.778</td>
<td>-0.22</td>
<td>-0.749</td>
<td>-0.454</td>
<td>0.295</td>
</tr>
<tr>
<td>OPEN(2)</td>
<td>0.013</td>
<td>0.295</td>
<td>0.013</td>
<td>-0.749</td>
<td>0.036</td>
</tr>
<tr>
<td>CIV(2)</td>
<td>-0.778</td>
<td>-0.22</td>
<td>-0.749</td>
<td>-0.454</td>
<td>0.295</td>
</tr>
<tr>
<td>Adj. R²</td>
<td>0.45</td>
<td>0.45</td>
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<tr>
<td>Macro</td>
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<td>1.29</td>
<td>1.29</td>
<td>1.29</td>
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<tr>
<td>Micro</td>
<td>0.21</td>
<td>0.21</td>
<td>0.21</td>
<td>0.21</td>
<td>0.21</td>
</tr>
</tbody>
</table>

* denotes significance at a 5% level

VI. Conclusion

- GDP: For every 1% increase in GDP per capita, there is a 2.8% rise in humanitarian aid per capita.
- OPEN: Significant in both specifications
- ECON: For every point increase in the economic freedom index, there is a 0.7% increase in humanitarian aid per capita.
- POLS: For every point increase in the political freedom index, there is a 0.5% increase in humanitarian aid per capita.
- CIV: For every point increase in the civil liberty index, there is a 0.7% increase in humanitarian aid per capita.

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