



CURRENT ISSUES IN DEVELOPMENT

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Fordham University's graduate program in International Political Economy and Development trains graduate students in the advanced interdisciplinary analysis of global economic relations and international development issues. Graduates frequently pursue professional careers in global finance and banking, international economic policy, and international relief and development.

Current Issues in Development is a student-run newsletter of Fordham's IPED program. It shares IPED's analysis and experience in economic and humanitarian development with prospective students and friends in the academic, non-profit, government, and corporate community.

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Matthew Gembecki Works to Grow Global Philanthropy

For Matthew Gembecki (Class of 2008), IPED was the perfect stepping stone to his career. After graduation he entered the philanthropic world by working at Changing Our World for 10 years, a for-profit consultancy that provides tailored fundraising solutions to non-profit organizations around the world, before moving over to Global Impact, where he works now.

During Gembecki's last two years at Changing Our World he helped co-found a consortia of best-in-class agencies focused on providing comprehensive services to non-profit organizations. "It was a master class in messaging, branding and other vital skills that non-profit organizations need in order to be successful in an increasingly competitive environment. I was able to bring this strategic fundraising acumen and comprehensive knowledge of the sector over to Global Impact to help our clients and partners achieve their goals."

Global Impact is an international non-profit whose mission is to, "build partnerships and resources for the world's most vulnerable people." To Gembecki, who now works as a Senior Director for the organization, their mission-driven focus was a huge draw. "Since my time at IPED I knew that my role in international development was in resource mobilization, as opposed to programmatic work. At Global Impact, we are driven by a vision to grow global giving, not to increase our bottom line. This allows us to provide best-in-class services to organizations that are bringing about real change."

In his current role, Gembecki is responsible for leading all fundraising and partnerships, client work, and



business development. "About 60% of my time is devoted to providing oversight and strategy to our fundraising and partnership clients. As a manager, I also prioritize mentoring my colleagues that are starting out in their careers in order to help them grow as individuals, and at the same time further enhance services we provide our partners."

Gembecki is still able to draw on his IPED experience for his current work., from the emphasis on hard analytical skills. "Although fundraising and development is distinct from International Development, IPED offers excellent training for those interested in the fundraising field. The ability to raise funds and develop partnerships is extremely valuable to NGOs both internationally and domestically. A talented fundraiser can make an impact in their local community and in communities around the world. For IPED grads pursuing fundraising and development careers the program provides a valuable perspective, both in terms of analytical skills, as well as, being a subject matter expert on international development."

Political Affiliation and Disbursement of Foreign Aid

BY NGAN TRAN

Different political parties pursue different agendas regarding foreign policies, so the recipients and the categories of foreign aid are altered accordingly. Republican's disbursement of foreign aid is more linked to commercial interests while Democratic administrations are more likely to give aid for humanitarian purposes.

Changing administrations not only affects the allocation of aid, but also the volume of aid disbursed to foreign countries. More foreign aid may lead to higher collection of tax to maintain a government budget, which is contested by Republicans on an ideological basis. Also, foreign aid can crowd out investment opportunities that would otherwise go to private businesses which is arguably an obstacle to efficient markets. Ideologically, Republicans are more likely to object to government interventions, hence they are less in favor of aid disbursement to foreign countries.

This paper attempts to examine whether the political affiliation of the administration in power affects the total amount of Official Development Assistant (ODA) disbursement as a percentage of government spending. From surveying the literature that has been written on the topic, I posit that there are four categories of factors that affect the disbursement of ODA.

The first group of determinants is economic health of the donor country. When domestic economic circumstances are unfavorable, donor countries might be less likely



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to continue the same percentage of GDP given to foreign aid. The second group of variables that are hypothesized to influence the disbursement of foreign aid are significant political events. Several studies have been done to assess the impact of the Cold War and the War on Terror on foreign aid policies. The third factor that is likely to affect the disbursement of foreign aid is trade openness. Even though humanitarian or altruistic purposes play an important role in the disbursement of foreign aid, foreign aid is also interest-based besides being need-driven. Aid is often given to strengthen diplomatic ties, gain commercial access and provide infrastructure needed for business to be done in the recipient country. Last but not least, as a determinant of interest of this paper, the political party of the administration in power might influence disbursement

of foreign aid.

A regression analysis after adjusting for autocorrelation $\text{nlag}=2$ shows that only GDP per capita and the War on Terror have a statistically significant impact on the percentage of government spending dedicated to ODA. The Cold War as well as trade openness seem to affect ODA disbursement, though the evidence is limited. The Unemployment rate as well as political affiliation of the administration in power seem to have no impact on the percentage of government spending decided to ODA.

Contrary to common belief, a higher GDP per capita results in lower percentage of government budget dedicated to ODA. For every one percent increase in real GDP per capita, ODA as a percentage of government spending is expected to increase by 0.0073 in nominal terms. This can be potentially explained by the expansion of the government budget as the country becomes wealthier. Also, my finding that the War on Terror has a statistically significant impact on foreign aid disbursement corroborates the consensus that War on Terror has changed foreign policies dramatically, especially policies regarding aid. After the attacks of September 11, aid reemerged as an important geopolitical tool. Aid flows to Afghanistan, Iraq, and Pakistan skyrocketed as policymakers saw the linkage between economic stability in strategic countries and U.S. national security.

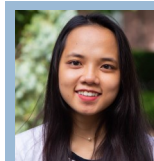
THE MODEL

$$ODA = 0.0737 - 0.007278(IGDPpc)** - 0.000015(unemp) + 0.008469(tradeO) - 0.000771(coldw) + 0.002016(wot)** - 0.000152(pres) - 0.000037(sen) + 0.000025(hou) + 0.000105(con) + 0.000172(gov) + \epsilon_i$$

ODA is the total amount of ODA disbursed as a percentage of government spending. **IGDPpc** is logged value of GDP per capita adjusted for inflation using Consumer Price Index with 1970 as the base year. **TradeO** is trade openness measured as the sum of imports and exports as a share of GDP. **Coldw** and **wot** are Cold War and War on Terror, coded 0 for years prior to the events, 1 otherwise. **Pres**, **sen**, **hou** are the political affiliation of the president, the majority of the senate, and the majority of the house respectively, coded 0 for Republican, 1 for Democrat. **Con** denotes whether the Congress is split i.e. the majority of the upper and lower house do not have the same political affiliation (coded 0) or united (coded 1). **Gov** denotes whether the government is divided, i.e. the president and congress have the same political affiliation (coded 0) or unified (coded 1)

Notes:

1. R^2 is 77.23%
2. ** = Statistically significant at 95%
3. Data sources: OECD/DAC database, Federal Reserve Bank of St. Louis, World Bank



Ngan Tran is a Presidential Scholar pursuing her master's degree in Fordham University's IPED Program.

Technology and Intra-Regional Trade Flows in Southern Africa

BY BASISIPHO JACK

The relationship between technology and trade is not a new discussion. Academic and industry experts have conducted many studies on the relationship between technology and trade as well as the implication on trade policies between countries. The resurgence of this topic is owed to the inevitable Fourth Industrial Revolution, as the technologies which will be available to more industries and individuals will affect not only the quality but quantity of net exports or trade flows between countries. Developing countries who have limited access to advanced technologies will be affected by the Industrial Revolution because they are part of the global community, but the gravity of the impact is yet to be studied.

The purpose of this study is to first find and understand the factors that influence intra-regional trade and then to analyze the relationship between technology and bilateral trade flows in developing nations. It asks the question “Is technology a significant determinant of bilateral trade flows in countries in the Southern African Development Community (SADC)?” Answering this question will help us draw a conclusion on the impact of the industrial revolution on trade flows in developing countries. The hypothesis presented by this paper is that technology has a significant impact on intra-



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regional trade in SADC countries.

This paper will study the existing literature on the relationship between technology and trade flows. Subsequently, it sets out to use the Gravity Model to find and understand the factors that influence intra-regional trade.

Through the critical analysis of literature on the relationship between bilateral trade flows or intra-regional trade and technology and the results from the regression models, it proves the hypothesis that technology has a significant impact on intra-regional trade in SADC countries. The analysis conducted

in the study focus primarily on the relationship between trade volume, GDP, population, distance between capitals, levels of technology (infrastructure variable) and cost of trade (landlocked and adjacency dummy variables). Additionally, this study found that the variables which are proxies for the size and capacity of trading nations, distance or costs of trade and level of development (technology) had significant impacts on the bilateral trade flows.

Limitations of the study include the availability and reliability of data. Some member countries were excluded from the model because there was no trade data available for them. The consequence of this was that the model did not cover the entire SADC community.

Regardless of this limitation, the study contributes to the growing body of literature on the relationship between technology and bilateral trade flows or intra-regional trade in Southern Africa. The inclusion of the African Infrastructure Development Index tells a story of the varying levels of national capacity and is a sophisticated proxy for infrastructure that could improve the quality of infrastructure data captured in future studies.

THE MODELS

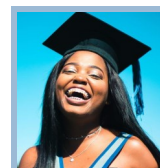
$$\ln Trade = 2.618 + 1.435 \ln GDP_i^{***} + 1.593 \ln GDP_j^{**} - 0.523 \ln POP_1^{**} - 0.697 \ln POP_j^{**} - 2.031 \ln DIST^{***} + 0.799 Adj^{**} - 0.171 Land_i - 0.496_j + \varepsilon_i$$

$$\ln Trade = 3.927 + 0.531 \ln GDP_i + 0.318 \ln GDP_j + 0.119 \ln POP_i + 0.216 \ln POP_j - 1.866 \ln DIST^{***} + 0.017 INF_i + 0.024 INF_j^{**} + 1.009 Adj^{***} - 0.115 Land_i - 0.398 Land_j$$

The subscripts *i* and *j* represent the exporting and importing country respectively. *lnTrade* denotes the absolute value of trade flows between country *i* and *j*. *GDP* and *POP* are a proxies for size and capacity of the trading nations. *Dist* is the straight-line distance between capitals of trading countries a proxy for cost of trade. *INF* is a proxy for the level of technology in the trading nations and denotes the Africa Infrastructure Development Index (AIDI). The Index's main components are transport, electricity, ICT (phone subscription, broadband internet subscribers), water and sanitation. The variables *Adj* (countries who share a common border) and *Land* (landlocked countries) are dummy variables. The value of the dummy is 1 if country *i* and *j* share a common border or are landlocked and 0 if not.

Notes:

1. R^2 is 66.1% in the first model and 70.1% in the second
2. ** = Statistically significant at 95%; *** = Statistically significant at 99%
3. *Data sources:* World Integrated Trade Solutions, United Nations Conference on Trade And Development, Letsana & Lekpa, Mayer & Zignago, and Rosenberg



Basisipho Jack is a Fordham South African Exchange Scholar pursuing her master's degree in Fordham University's IPED Program.

Faculty Feature: Dr. Darryl McLeod



Dr. McLeod's interest in development began while working for the agriculture extension at the University of California Berkely's Giannini Foundation during the 1970s. Fear that rapid population growth would outstrip the green revolution led to a PhD in Agricultural and Resource Economics and a Post-Doctoral position at the Wassily Leontief New York University Institute, checking the similarly pessimistic Club of Rome report.

After leaving New York he followed classmates to Mexico to work with the Organization of American States to evaluate *Sistema Alimentario Mexicano's* food subsidies, and with the Inter-American Development Bank in Venezuela. During the 1990s Dr. McLeod co-founded the Latin American and Caribbean Economic Association, a new regional economics

association (meeting in Puebla, Mexico this year), and worked at Wharton Economic Forecasting Associates and Lehman Brothers, once again focusing on Mexico and Venezuela.

Dr. McLeod's recent research focuses on how and why Mexican migration slowed after 2008 and how the crisis in Central America has affected immigration from that region. Mexico and 171 other countries just signed the Global Compact for Migration (GCM) in Morocco, and Dr. McLeod is helping to organize a fall conference in Puebla, Mexico, focusing on how the GCM shapes immigration policy in the region.

Dr. McLeod also served on an expert panel reviewing the United Nations Department of Economic and Social Affairs' (UN DESA) 2016 World Economic and Social Survey report on climate change and inequality. Similar work includes looking

at exchange rate policy, remittances, and foreign aid, which were a part of a United Nations Development Programme-Bureau for Crisis Prevention and Recovery (UNDP-BCPR) report on post-conflict recovery in Africa and Latin America as well as a World Bank project focusing on the Sahel and CFA Franc zone.

He feels privileged to work with IPED students working at the United Nations Children's Fund (UNICEF) and the UNDP Equator Initiative; he recommends internships, alumni networks, regional meetings, and courses as the best introduction to the development field. For example, Dr. McLeod is currently looking for a student to assist him in organizing a migration conference in Puebla, Mexico in the fall semester.

Arrupe Fellowship

Designed to attract highly qualified full-time students who have a strong interest in pursuing a career with an international development and relief organization, the Arrupe Fellowship consists of a tuition scholarship, a generous living stipend, and an additional stipend for an overseas summer field placement either in Latin America, Africa, or Asia. Eligibility criteria are: relevant work experience in a developing country; professional proficiency in a language widely used in international development, preferably French; intention to apply for an International Development Fellowship with Catholic Relief Services; and willingness to complete the Project Management course sequence. The application deadline is early January for the following fall semester.

For further information, go to iped.fordham.edu and follow the link to "Financial Aid."



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THE GRADUATE PROGRAM IN
INTERNATIONAL POLITICAL ECONOMY AND DEVELOPMENT

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