

*“Comparing European Foreign Cultural Policies:
The Geographical Allocation of Cultural Institutes”*

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For my parents

*Das Fräulein stand am Meere und seufzte lang und bang,
es rührte sie so sehre der Sonnenuntergang.*

*Mein Fräulein sein sie munter das ist ein altes Stück,
da vorne geht sie unter und kehrt von hinten zurück.*

(Heinrich Heine)

Abstract

This paper analyses the differences in the geographical allocation of the three largest and traditional European cultural institutes: the British Council, the Goethe Institut Inter Nationes and the Institut Français. Within a common principal-agent framework, a theoretical model is developed comprising the cultural institutes' and the governments' allocation incentives. On the assumption, that the cultural agents differ from the respective governmental principals in their allocation priorities one can derive a comparatively testable hypothesis about the apparent variations in the three cultural institutes' networks. Since the British Council enjoys a greater degree of autonomy from the foreign office than the Goethe Institut and especially the Institut Français, the British allocation of cultural institutes should reflect cultural considerations more than the German and the French one. The results of the quantitative empirical investigation approve the findings of the according literature on foreign aid allocation. Large and economically important countries with former colonial ties to the respective home countries generally get more and bigger cultural institutes. Further empirical analysis has to be undertaken to allow a final judgment on the main hypothesis with respect to the relative differences in the British, German and French allocation criteria. Interestingly, all institutes equally seem to "follow the sunshine" in their geographical allocation policies.

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Abbreviations

AA	Auswärtiges Amt
BC	British Council
BMF	Bundesministerium der Finanzen
BM	Bundesminister
CCCL	Centre de Coopération Culturelle et Linguistique
DGCID	Direction générale de la Coopération internationale et du Développement
FCO	Foreign and Commonwealth Office
GI	Goethe Institut Inter Nationes
IF	Institut Français
IMF	International Monetary Fund
MEEC	Middle and Eastern European Countries
ODA	Official Development Aid
WDI	World Development Indicators

1. Introduction

It was after World War II that European states discovered foreign cultural policy as an important area of foreign policy and started to build cultural institutes in their neighbouring countries. In the case of Germany and France enormous resources have been provided for the promotion of a deeper German-French understanding and friendship especially with regard to EU integration. The large numbers of French (16) and German (9) cultural institutes in their respective neighbour country undermine these foreign policy efforts. All three cultural institutes under investigation thus have a long tradition as instruments of foreign cultural policy. The Goethe Institut Inter Nationes¹ currently celebrates its 50th anniversary. The British Council was founded in 1934 and appointed its first overseas representatives (in Egypt, Poland and Portugal) in 1938. France even declares itself to be the first state practicing a foreign cultural policy. Ever since the era of the French cultural and linguistic hegemony lasting until the end of the 19th century, the French government has actively tried to preserve its hegemony by exporting the French language and culture abroad. The Institut Français in Madrid already was established in 1909. Until 1933, 28 other French institutes followed in all important cities of Europe such as Florence and London. Meanwhile, great networks of the Goethe Institut Inter Nationes (GI), the Institut Français² (IF) and The British Council (BC) have been built around the world. Currently, one counts 141 Goethe Institutes in 77 countries³, 151 Instituts Français in 92 countries⁴ and the 226 British Councils in 109 countries⁵.

Regarding their official missions, all three cultural institutes aim to spread the national culture and language. 'Culture' thereby is defined in a wide sense and not only comprises fine arts but also fundamental human rights, traditions, political

¹ After its amalgamation with Inter Nationes in 2001 the former Goethe Institut is now called Goethe Institut Inter Nationes.

² The French cultural institutes have diverse names such as Institut Français, Centre Culturel Français or, since the 1990s, also Centre de Coopération Culturelle et Linguistique (CCCL). According to Zined-Brand (1999:129f) there exists no mentionable formal difference and they all pursue the same mission. Therefore, they are all summarized under "Institut Français" for this analysis.

³ Goethe Institut Inter Nationes (2003)

⁴ Ministère des Affaires étrangères (2002:55)

⁵ The British Council (2002). The slight differences compared to the descriptive statistics in 6.1. in the appendix are due to the exclusion of the national institutes.

and social values and the day-to-day way of life⁶. Based on the principle of co-operation with the host countries' cultural institutions the GI, IF and BC as well as numerous non-governmental organisations⁷ intend to promote understanding and peaceful relations among nations. Considering the common goals of the main European foreign cultural policy instruments makes co-operation among them seem a promising way to supplement the European economic and political integration with a cultural component. Projects heading in that direction are for instance the German-French cultural institute in Santa Cruz or the planned tri-national cultural institute of Germany, France and Luxembourg in the latter country.

Besides their common incentives and efforts to co-operate, however, cultural institutes are not all alike. They differ because they are instruments of a nation's foreign policy. This means that a political goal and a political decision precede every public cultural action abroad⁸.

This study tries to explain the apparent differences between the three traditional cultural institutes' geographical networks within a standard principal-agent framework. Starting from the assumption that governments and cultural institutes differ in their priorities of the countries in which they choose to establish foreign cultural institutions. While governments seek to maximize economic and foreign security interests, cultural institutes strive for the maximization of the impact of their cultural work by optimising the respective infrastructure and audience. Thus, the higher the cultural institute's degree of autonomy from the respective government, the more the geographical allocation of the institutes is determined by the geographical priorities of the foreign cultural institutes. Since the degree of autonomy of the three analysed cultural institutes varies widely, it is not only possible to test the mentioned hypothesis but to reveal the governments' and the cultural institutes' preferences by a comparative analysis.

⁶ Unesco (1982): Declaration of Mondiacult.

⁷ E. g. political foundations in Germany or the Cités Unies France which mainly aim to enhance the overall socio-political situation in underdeveloped countries but also get involved into cultural projects.

⁸ Definition of foreign cultural policy according to Heinrichs (1997:41).

This paper is divided into the following sections:

The second part of the introduction presents a brief overview about related evaluation studies in the field of foreign aid and foreign cultural policy. Section two sketches the theoretical argument using a common principal-agent approach to assess the relationship between the respective governments and the cultural institutes. Based on the assumption of varying degrees of autonomy and differing utility functions of the governmental principals and the cultural agents with regard to their geographical priorities, testable hypotheses are derived explaining the differences of the GI's, the IF's and the BC's geographical allocation. A formal model applies usual Cobb-Douglas production functions to sketch the institutes' and the governments' allocation incentives and accordingly formalizes the overall probability function for a cultural institute to be established in any country. The third section contains the empirical analysis to test the mentioned hypotheses. It comprises the case selection and the operationalisation of the main independent and dependent variables in its first part. Descriptive statistics show the differences in the institutes' geographical priorities. Following this, the third part of the empirical analysis tests the stated hypotheses by different multivariate regression models. The quantitative empirical investigation thereby pursues two goals. The first goal is to evaluate whether the geographical allocation of cultural institutes overall reflects more the government's or the cultural agent's priorities. The second goal aims at comparing the relative importance of the cultural and political variables for the geographical allocation of the IF, the GI and the BC in order to test the main hypothesis, given their different degrees of autonomy from the French, the German and the British foreign office. The conclusion finally summarizes the empirical results which mainly correspond to the ones of the foreign aid literature. Large and economically important countries host more and bigger cultural institutes. Cultural considerations play a minor role. Although significant differences exist between the three cultural institutes geographical priorities, the variations between the comparative models on the governmental and cultural variables do not allow a final judgement on the plausibility of the main hypothesis. Interestingly, all three institutes prefer touristy exclusive host countries.

1. 1. State of the Art

Until now, foreign cultural policy has been neglected in comparative and evaluative studies. However, lately researchers have discovered this gap and started to investigate this field of foreign policy more intensively. Besides mainly qualitative and historical case studies about a single cultural institution, comparative studies offering a more general theoretical framework are still lacking. This paragraph gives an overview of the latest research on foreign cultural policy. As to the question of evaluating the criteria for the allocation of foreign cultural resources I briefly outline the related works on Official Development Assistance (ODA) in the second part of this section.

The literature on foreign cultural policy encompasses mainly qualitative historical research on the effects of single foreign cultural organisations⁹. Flecks (1992) and Trommer (1984), for example, shed light on the effects and the general infrastructure of German foreign cultural agents. Regarding the Goethe Institut, Kramer (1997) and Ulrich (1987) analyse the experiences of the GI in their dialog with non-European cultures and the broad performance of the GI as special German foreign cultural instrument. Lippert (1996) elucidates the role of foreign cultural policy for the German "Ostpolitik" referring to the negotiations in Moscow from 1969 – 1990.

One has to look carefully for scientific works about the British Council. Donaldson (1984) presents an historical overview for the 50th anniversary of the British cultural institute. More up to date, Lee (1995) examines the re-organisation of the British Council management. The re-structuring of the BC in the 1980s is marked by the traditional distinction between short-term cultural diplomacy practiced by the Foreign and Commonwealth Office (FCO) and the long-term cultural relations of the BC. Stemming from this distinction, the FCO's and the Council's foreign cultural policy interests differ to some degree. Lee further emphasises how organisational changes touching the Council's dependency on the FCO will affect its geographical strategy.

⁹ See Schuster (1995)

For the Institut Français, Meunier (2000) and Ingram (1998) make out a nationalist turn in the French cultural policy. On the other hand, Popaczy (1999) refers to the Instituts Français in Vienna and Innsbruck to describe the development from understanding foreign cultural work as pure cultural export to practicing real cultural exchange. Diverse case studies analyse specific locations of the French institutes as for example Lachner (1999) for Innsbruck or Wichmann (1997) for Berlin.

Comparative studies in the field of foreign cultural policy are very rare. Schuster (1995) and Znined-Brand (1999) offer two approaches comparing the Goethe Institut and the Institut Français. In her dissertation Znined-Brand (1999) closely evaluates the differences between the goals, the formal and the financial organisation of the two neighboured cultural institutes. With respect to the interests behind foreign cultural policy she argues that the German foreign cultural policy is mainly oriented to keep contact to Germans in foreign countries, to foster the “Deutschtum”, economical ties and political issues. France’s foreign cultural policy on the other hand is driven mainly by ideological but also economic incentives reflecting the deeply rooted will to spread its language and culture around the world. In France, culture is very prestigious steaming from the history of the French language as former worldwide diplomatic language. Peisert (1978) comparatively analyses the foreign cultural policies of Germany, France, the United Kingdom, Italy and the US. His book, however, is rather dated and does not account for the recent changes in foreign cultural policy. More lately, only Brodersen (1993) has compared the works of the French, the Italian, the Austrian and the German foreign cultural agents in a descriptive manner. He thereby focuses on language teaching and cultural exchange projects. Moreover, he shows the effects of the different European cultural institutes on the Polish city Krakow looking at the level of co-operation among the four cultural agents.

Having cited more general literature on foreign cultural policy and some of the scarce comparative analysis in this field, I now turn to the aspect of geographical allocation. Since this aspect has only been treated by Schneider/Schiller (2000) for the allocation policy of the Goethe Institut, I refer to the domain of foreign aid where the question of official and actual lending criteria has puzzled

numerous researchers in recent years. Stokke (1995) gives an overview of the concept of aid conditionality which is based on the perception of aid as an instrument for the donor to pursue certain domestic or national interests. He identifies two eras of aid conditionality. Economic aid conditionality was employed in the 1980s whereas political aid conditionality prevailed from the 1990s on. However, some authors (Raffer and Singer (1996), Engels (2000)) argue that economic reasons still dominate the development co-operation of the World Bank and the IMF leaving good governance criteria aside. On a bilateral level, Zanger (2000) comparatively evaluates the actual allocation criteria behind foreign assistance in Germany, France, the United Kingdom and the European Union. She concludes that the EU and the member states under investigation lack coherence in official development assistance. Oda is not seen as a public good but rather marked by competition among the member states. One reason for this probably is the dominance of a nation's strategic interests in allocating foreign aid. Good governance stays an illusion. Schraeder, Hook and Taylor (1998) try to bridge the gap between quantitative and qualitative research by their cross-national evaluation of the foreign aid puzzle. They not only compare the determinants of American, Japanese, French and Swedish foreign aid programmes, but also offer a theoretical explanation for the differences among their foreign aid flows. Accordingly, besides shared democratic values and a common industrial base of development, notable differences as concerns of historical backgrounds (e. g. colonial ties) and positions within the international system (e. g. the US as hegemonic and Sweden as middle power) lead to foreign aid policies which reflect different combinations of foreign policy interests. Overall, they come to the same conclusion as Alesina and Dollar (2000) who comparatively and quantitatively examine the relative importance of the proven economic, political, strategic and historical variables for the aid allocation of the OECD member states. Foreign aid is dictated by political and economic strategic incentives. Ideological reasons and humanitarian needs stay in the background. Democratisation is rewarded by more aid, but not trade liberalisation.

Back to foreign cultural policy, Schneider/ Schiller (2000) assess the question of geographical allocation criteria for the major German cultural institute. Based on the classic political theories (e. g. realism, liberalism and idealism) they

derive empirically testable hypotheses and find the German foreign cultural policy mainly stimulated by the host countries' population size and domestic strategic and economic interests. Apparently, these first conclusions on the geographical allocation of foreign cultural policy correspond to the results on bilateral foreign aid. However, what lacks so far is theoretically-founded comparative analysis in the field of foreign cultural policy.

This study tempts to fill this gap by investigating the overall criteria behind the geographical allocation of the three largest and traditional European foreign cultural agents: the Institut Français, the Goethe Institut Inter Nationes and the British Council. Furthermore, a causal model based on principal-agent theory is developed in the next section of this study. Starting with the assumption of differing preferences between the cultural and political actors, this model allows to derive an empirically testable hypothesis about the expected differences between the French, the German and the British cultural allocation policies when accounting for the varying degrees of autonomy between the respective governmental principals and cultural agents. Following the theoretical argument, the quantitative-comparative analysis finally not only displays the relative differences between the French, the German and the British prevailing criteria of the geographical allocation of their cultural institutes. But in a separate regression model also examines the criteria for different amounts of resources spent in the selected host countries. The total numbers of staff per host country serve as proxy for this second aspect of the institutes' geographical allocation.

2. *Theoretical Argument*

2. 1. **The Framework: Principal-Agent Theory**

To assess the relation between the relevant actors for the choice about the geographical allocation of foreign cultural policy I use a common principal-agent approach. It follows the principal assumptions of rational choice theory, that policy outcomes reflect the decisions of self-interested, rational and utility-maximizing actors with a fixed set of preferences.¹⁰ More specifically, principal-agent theory describes a situation where one party (the principal) hires a second party (the agent) to take action on his/ her behalf. The problem that often arises with that kind of delegation is that the principal lacks the means of control to ensure that the agent performs the tasks exactly the way the principal would like. This problem of oversight becomes decisive for policy outcomes as one assumes that the political principal and the usually administrative agent differ in their preferences. The key issue then is how well the principal is able to mitigate conflicts of interests through the careful design of incentive contracts or by strict monitoring mechanisms. However, both instruments of oversight are costly and time-consuming and thus would oppose some of the reasons for delegation at the first place. As Moe (1989:271) argues:

“Experts have their own interests – in career, in autonomy – that may conflict with those of the group [holding political power]. And, due largely to experts’ specialized knowledge and the often intangible nature of their outputs, the group cannot know exactly what its expert agents are doing and why. These are problems of conflict of interest and asymmetric information, and they are unavoidable. Because of them, control will be imperfect.”

After hard fought debates about the principal’s degree of control on the one hand and the agent’s degree of autonomy on the other hand, consensus in the congressional-bureaucratic relations literature¹¹ finally has been reached. According to Epstein/ O’Halloran (1999) theorists converge on political principals having more effective means of constraints than was previously recognized. Although administrations still hold significant amounts of “discretionary power” in setting the final policy outcomes according to their preferences. Being aware of

¹⁰ Riker (1982) and Aspinwall/ Schneider (2000) for an overview.

¹¹ See e. g. Banks and Weingast (1992) and Lupia and McCubbins (1994), which continue on formalizing some of the previous theoretical approaches of e. g. Banks (1989), McCubbins (1985), Weingast and Moran (1983) and Miller and Moe (1983).

this problem of oversight, the question arises why governmental principals would still delegate decision making power or specific executive tasks to bureaucratic agents. Several answers can be found in the principal-agent literature which is based on the pioneering work of Niskanen (1971) who argued that agencies inflate their budgets above the efficient level formalizing his theory at a time when equations in political treatises were still very rare. More recently, Epstein/O'Halloran's work presents a detailed overview about the question of delegation ¹².

For my theoretical argument I briefly summarize their findings with regard to the field of foreign affairs. Epstein/ O'Halloran (1999) find principals (the legislators in their argument) willing and even keen on ceding discretionary authority to agents (the executive branches) if they cannot target the benefits and the risks of ill-informed policy directly. This is especially the case in defence and foreign policy issues. Since the benefits generated from these fields of policy are widely dispersed, political principals are hardly able to point to specific provisions in favour of their constituencies. Furthermore, the principal's readiness to give away authority and increase the agent's "discretionary power" could also be a question of the political importance appointed to a certain policy area. The more important a policy area and the more saliency, the less the principal delegates (if benefits are distributed to special groups) because he/ she does not want to take the blame for the agent's discretion opposite to his/ her incentives. France's historically high stake on "la culture française" and its declared interest in spreading it throughout the world according to the "rayonnement français" might explain why the government opted for an institutionally closer connection to its foreign cultural institutes resulting in less authority for the Institut Français. Thirdly, the principal might wish to pass on certain tasks to his/ her agent in order to free up time to spend on services for his/her constituents and simultaneously take advantage of the agent's expertise.

Besides the question of the principal's reasons for delegation the aspect of how much autonomy the principal is willing to grant seems relevant for explaining different degrees of agent autonomy. The official way for the principal to define the

¹² Epstein/ O'Halloran (1999:27-29)

level of the agent's "discretionary power" is by strategic institutional design¹³. Kafka (1996), for example, points out that legislators control independent commissions while presidents influence executive bureaus. Thus, policies with traceable, particularized benefits will be delegated to independent agencies whereas policies with diffuse benefits will be administered by agencies of the more traditional executive department. For the field of foreign cultural policy this would explain its settlement within the rather traditional governmental departments in all three countries under investigation. Moreover, there might exist a causal link between presidential and parliamentary systems on the one hand and the specific forms and levels of delegation on the other hand. The diverse governmental systems of France and the United Kingdom might thus explain the different institutional status of the French and the British cultural institute on a systemic level. On a micro-level, what lies behind the reasons for delegation and its institutionally selected degrees is the rational calculation of the governmental principals. As politicians they depend on the favour of their constituencies. Therefore, they always seek to outweigh the costs of ending up with a policy outcome far away from what they intended with the benefits of having an agent to blame for or to save time and resources to spend for their constituencies. In the field of cultural policy the benefits for delegation generally prevail since effects are rather unclear to define for the citizens. Understanding the general reasoning behind principal-agent relations should help to better analyse and predict the policy outcomes in a specific policy area since the institutional structures matter for them. However, I do not go into more detail here since the institutional choice itself is not the question of this work.

Summing up before applying the main assumptions of principal-agent theory to foreign cultural policy, one can generally suppose the governmental principal and the administrative agents somehow to differ in their incentives. Referring to the connection between the institutional setting and policy outcomes one can thus generally hypothesise: The greater the agent's degree of autonomy from the principal, the greater his/ her discretionary power, the more will the policy outcome be away from the principal's preferences and the more the resulting policy will reflect the agent's policy interests.

¹³ See Lupia and McCubbins (1994) for the description of more informal ways of restraining the agent's discretionary power by so-called fire-alarm and police-patrol mechanisms.

2. 2. Applying Principal-Agent Theory on the Field of Foreign Cultural Policy: Principal Assumptions and Main Hypotheses

Keeping the theoretical argumentation on principal-agent relations in mind suppose now, that the government is the principal who officially instructs the cultural institute to represent and promote the national culture and language abroad. Likewise, the cultural institute is the government's agent in the field of foreign cultural policy. Let us suppose further that the foreign cultural policy goals of the government – especially with respect to the geographical allocation of the cultural institutes – differ from the preferences of the agent and that the degrees of autonomy from the respective governments vary. Since the agent tries to maximize the policy outcome according to its preferences by using its discretionary power, the main hypothesis can be stated as follows:

H1: *The looser (tighter) the institutional connection between the governmental ministry to the corresponding cultural institute, the more (less) does the allocation of the institutes reflect the cultural agent's geographical priorities.*

In the next paragraph I justify the two major assumptions of differing policy preferences and varying degrees of autonomy for the field of foreign cultural policy. This allows to reformulate the main hypothesis for comparing the German, British and French allocation of cultural institutes.

2. 2. 1. The Assumption of Differing Geographical Priorities Between the Cultural Agent and the Governmental Principal

Overall, the geographical allocation is assumed to be a question of varying utility calculations of the governmental principal and the cultural agents. Both parties agree on the basic goals of foreign cultural work but differ in their priorities with regard to their strategic interests in the possible host countries. Corresponding to realist and neo-liberal theory I suppose that politicians strive for economic growth

and political stability. In order to be re-elected the government prefers a cultural network along its economic and security incentives. The cultural decision boards on the other hand try to fulfil the institutes' official missions and to maximize the impact of their institutes in order to justify their work and increase their budgets. They thus prefer to direct their global network more along human and socio-political characteristics of the respective host countries¹⁴. In the following paragraph I explain the government's and the institute's rationales behind their geographical preferences in detail. I thereby assume the three institutes to share the same preferences with regard to their official missions and understanding of cultural work.

Whereas the governments direct the cultural institutes along secondary political-economic strategic goals, the cultural institutions themselves follow rather practical goals for their long-term cultural work. For an enduring cultural work and to guarantee the safety of the employees they prefer countries with a minimum degree of political stability and a democratic infrastructure. With respect to its contents, sincere cultural work aiming to achieve real impact in a society sometimes challenges societal and political norms and therefore can only be realized if a minimum of freedom and human rights are guaranteed in the respective foreign country. Cultural institutes thus prefer countries with a certain level of democracy. The focus on a democratic infrastructure on behalf of the cultural agents does not exclude democracy as allocation criteria for the government. According to the concept of political conditionality, the government might want to reward countries for the respect of democratic values. Moreover, the guarantee of property rights and political stability by democratic states builds the basis for intensive economic relations. However, compared to security and economic interests, the level of democracy plays a rather secondary role in the rationale of the government.¹⁵ Besides their preference for democratic infrastructures, cultural institutes are assumed to strive for a maximum potential audience for their cultural programs, language courses and exams in order to increase their impact according to their official mission. A large number of language course participants and a big demand for their cultural activities

¹⁴ See Lee (1995:346) on the rationale of the British Council.

¹⁵ See the stated literature on foreign aid e. g. Alesina/Dollar (2000) or Zanger (2000) and Schneider/ Schiller (2000).

strengthen their justification and thus their position in budgetary or general negotiations with their governmental principal. Therefore, cultural institutes should preferably settle in countries with a certain basis of literate, highly educated and the respective foreign language speaking population.¹⁶To sum up the differences between the government's and the institute's incentives, I refer to Lee (1995:346) who analyses the British institute's re-organisation:

“The Council had always found it difficult to reconcile ‘country objectives’ with the cross-cutting issues that arose from general foreign policy questions. The distinction between cultural relations and cultural diplomacy was interpreted as one between long-term objectives of mutual understanding between peoples and short-term interests of commercial or political advantage.”

Having explained the different rationales behind the governments' and the cultural institutes' allocation strategies I now turn to the second major assumption of varying degrees of autonomy and derive the comparatively testable hypothesis about the three institutes' geographical allocation.

2. 2. 2. The Assumption of Varying Degrees of Autonomy

The degree of autonomy the cultural institute enjoys in the different principal-agent relations varies widely across the three investigated countries. *Table 1* on the last page of this section presents an overview of the underlying criteria for this assumption. In the following I highlight the three institutes' different institutional settings with respect to their organisational status, high-level decision-making procedures and institutional connections to the respective foreign office. Since they rather equally depend on governmental subventions I only briefly turn to the matter of financing in a summarizing paragraph for all three institutes under investigation. Having justified the two major assumptions underlying my theoretical argument I finally reformulate the main hypothesis comparing the French, the German and British allocation policies.

¹⁶ See appendix 1. Interview with Mr. Patrick Spaven on the British Council's geographical strategy.

Corresponding to the centralistic organisation of France, the Institut Français is directly and tightly bound to the French foreign affairs ministry. Zined-Brand (1999:30f) declares France as a perfect example for a centralistic organised foreign cultural policy, which is generally conceptualised by the *Direction générale de la Coopération internationale et du Développement* (DGCID) as governmental department of the French Ministry of Foreign Affairs. The subdivision *Direction de la coopération culturelle et du français* and its *Bureau des établissements culturels et des alliances françaises* are in charge of the Instituts Français. Hierarchically, the IF directly depend on the ambassador of the respective host countries, which in turn are directly responsible to the French foreign office. Ministerial *circulaires* of the foreign office define the overall orientations and instructions for the whole network of the French cultural institutes. Within this framework, the respective ambassadors precise the role of the cultural establishments in a certain host country. It is the director of the specific institute who then presents the contract containing the specific cultural project of his institute to the *conseil d'orientation* chaired by the respective ambassador. After this first examination, the *projet d'établissement* finally has to be approved by the *Bureau des établissements culturels et des alliances françaises* of the DGCID. The French cultural institutes thus are direct antennas of the French foreign ministry and hierarchically dependent on the embassies. The foreign office directly gets involved in foreign countries through the Institut Français as Zined-Brand (1999:127-130) puts it. The decision of the geographical allocation is determined by the French government.¹⁷

Contrarily, the British Council is incorporated by *Royal Charter*. It is registered as a charity (not-for-profit organisation) and operates as an executive non-departmental public body. As such it is administratively independent from the government. However, ministers are ultimately responsible for a national public body. In the case of the British Council the *Foreign and Commonwealth Office* (FCO) is the sponsoring government organisation behind it. High-level strategic decision making takes place in the Council's *Board of Trustees*, which holds the strategic responsibility for the direction and management of the British Council. The board consists of 21 members who must be British citizens and occupy

¹⁷ See Ministère des Affaires étrangères (2002) and appendix 2. Email of Mr. Jacky Cuzzi on the question of the strategic decision-making procedure of the IF.

positions of recognised eminence in British academic, professional and cultural life. The rules governing membership of the British Council's board are set out in its *Royal Charter*. Members are determined by the decision of the board and have to declare any interest that may conflict with their responsibilities as board members. Only one of them, the *Permanent Under Secretary*, is appointed by the FCO. Appointment to the offices of *Chair*, *Deputy Chair* and not more than two *Vice-Chairs* requires prior approval of the *Foreign Secretary*. When it comes to decision making, the *Permanent Under Secretary* is one amongst equals with the *Chair* having a casting vote if there really is a split. However, it is the role of the *Chair* to make sure that if 'individual' votes are called for there will be a clear and well established majority arrived at through discussion. Compared to the Goethe Institute or the Institut Français, the FCO has no final word on the Council's geographical allocation. The principal-agent relation of the British Council and the FCO becomes clear looking at the re-organisation of the BC during the 1980s, which is described in detail by Lee (1995). As he points out (1995:340):

"The recent major reorganization of the British Council illustrates how senior managers in non-departmental public bodies learn to develop their own sense of contingency in the absence of any firm policy direction from their sponsoring departments."

Lee (1995:345) also indicates that a small reduction of the vital "arm's length" independence was noticed by outside commentators. Corresponding to the theoretical framework of this study, he addresses the link between structural changes and policy outcomes. Turning to the meaning of the re-organisation Lee argues that changes affecting the connection between the FCO and the Council point to the problem of determining priorities for the Council's geographical presence. To sum up, the connection at "arm's length" between the British government and the British cultural institute show the persisting principals of economic liberalism in the field of cultural policy¹⁸. On the other hand, the tight connection between the French foreign office and its cultural agent reflects the centralistic organisation of the French state.¹⁹

¹⁸ Heinrichs (1997:123-126)

¹⁹ See The British Council 2000:42f and appendix 1. Interview with Mr. Patrick Spaven and 3. Email of Ms. Lesley Hayman.

The German Goethe Institut enjoys a medium level of autonomy compared to the French and the British cultural institute.

Institut Français	Goethe Institut	British Council
Low Autonomy		High Autonomy

As the British Council, the Goethe Institut Inter Nationes e. V. is registered as non-governmental charity association. The co-operation between the German Ministry of Foreign Affairs, the *Auswärtige Amt* (AA), and the Goethe Institut Inter Nationes is confirmed in the general agreement of 1976²⁰. According to this official contract, the GI is delegated authority to carry out its official missions (§1, 1; §1, 3). The head of the cultural institute abroad is responsible for the cultural and language programme. However, the GI and the AA agree to co-operate loyally to fulfil the official policy goals (§ 2; § 4, 4). Overall strategic decisions are made by the institute's steering committee, which consists of the GI president, six members elected by the GI general assembly, three persons elected by the GI employees and only one member of the foreign office and the Ministry of Finance. Compared to the British government, however, the AA has the right to finally approve or disapprove the committee's plans for the Goethe Institute's geographical allocation. This governmental veto is manifested in § 4 of the *Rahmenvertrag*. Summing up, the GI fulfils an intermediating role between the respective host countries and the German government to enhance the mutual cultural understanding supplementing the politico-economic ties. Compared to private foundations or the German embassies, the advantage of the Goethe Institut lies in its ability to act more freely and to neglect the diplomatic situation to a certain degree. Referring to Znined-Brand (1999), the intermediary position of the GI also counts as main difference to the Institut Français, which directly depends on the French Ministry of Foreign Affairs and therefore is more affected by foreign policy interests of the French government. Overall, culture is seen to be the third dimension of German foreign policy along with political relations and foreign trade. This fact makes the Goethe Institut more independent as the Institut Français but less autonomous from the government than the British Council.

²⁰ Meanwhile the *Rahmenvertrag* has been renewed in its latest version of 01/17/2001 Goethe Institut Inter Nationes (2001a).

Having elucidated the differences between the three principal-agent relationships with respect to the institutes' organisational status, institutional ties and their high-level decision-making procedures I briefly turn to the issue of financing. Besides their varying degrees of organisational and institutional autonomy, all three cultural institutes largely depend on the respective governmental department to sponsor their locations and activities. Especially in the case of the British Council the financial dependency seems to be the remaining key factor of influence for the governmental principal. Recently, a trend towards third-party fund raising and revenue earning through the provision of different kinds of services has set in among all three cultural agents. The GI, for instance, has gained 1/3 of its 2001 budget mainly through language course and examination fees or private sponsoring. The BC also has gathered more than 50 % of its financial means through providing services to private people, the government or international organisations. Along this line the IF is granted a certain share of the DGCID's budget but supplements its finances by language course revenues and admission fees. Besides differences in the absolute value granted by the government, all three institutes financially depend on their federal budget share especially in times of economic crisis and rising competition with private cultural services.²¹

Referring to *Table 1*, I summarize the principal-agent relations between the French, the German and the British foreign office and the respective cultural institutes. Looking at the institutes' organisational forms and the respective governments' involvement in high-level decision-making has made clear that culture is tied much closer to the state in the centralistic system of France as in other European countries²². Whereas the Institut Français is a direct antenna of the French Ministry of Foreign Affairs and hierarchically dependent on the respective embassy, the British Council operates at "arm's length" and enjoys the independency of a non-departmental public body. The Goethe Institut takes on a mediating role between the German government and the respective host country. Foreign cultural policy is declared the third dimension besides security and economic issues. Its organisational status as non-governmental charity association makes the German institute more autonomous than the French one. However, the government's high level of involvement in the Goethe Institut's

²¹ See Lee (1995:345) and Znined-Brand (1999:132-135).

²² Znined-Brand (1999: Chapter 1)

strategic decisions lets it appear less independent than the British Council. Under the earlier justified assumption of the government's and the cultural agent's differing geographical priorities this allows to reformulate hypothesis H1a in the following way:

H1a: The German allocation of cultural institutes reflects cultural considerations more than France's but less than the UK's allocation of cultural institutes.

Accounting for the differences in their degrees of autonomy and geographical preferences according to principal-agent theory not only allows to evaluate the overall expected allocation criteria but to comparatively test for the hypothesised relative differences in the French, the German and the British allocation strategies. In the following section, I develop a formal model assessing the overall probability of any country to receive a cultural institute. I thereby comprise the theoretical argument and offer a framework for further generalisation.

Table 1: The Organisation of the Respective Cultural Agents and their Varying Degrees of Autonomy From the Governmental Principals

	Institut Français (IF)	Goethe Institut Inter Nationes e. V. (GI)	British Council (BC)
Responsible Governmental Ministry	The French Foreign Office : <i>Ministère des Affaires Étrangères, Direction Générale de la Coopération Internationale et du Développement</i> (DGCID).	The German Foreign Office : <i>Auswärtiges Amt</i> (AA).	The British Foreign Office: <i>Foreign and Commonwealth Office</i> (FCO).
Organisational Status	Direct governmental outpost.	Registered charity association.	Registered charity organisation.
Institutional Relation between Government and Cultural Institute	IF hierarchically dependent on the <i>conseillers culturels</i> of the respective French embassy underlying the authority of the DGCID.	GI enjoys contractually delegated authority according to the <i>Rahmenvertrag</i> of 01/17/ 2001 with the German Foreign Office.	As an executive non-departmental public body, BC operates independently of the government but ministers are ultimately responsible for it.
High-level strategic decision-making	General strategic orientation by foreign affairs ministry. DGCID as central planning and coordination section of France's foreign cultural activities. <i>The projet d'établissement</i> is decided by the <i>conseil d'orientation</i> and approved by the <i>Sous-direction de la coopération culturelle et artistique bureau des établissements culturels et des alliances françaises</i> .	General strategic decisions by the steering committee consisting of the GI president, six members elected by the general assembly, one member of the AA and the Ministry of Finance, and three members elected by the employees of the GI on a four year term. The geographical allocation of cultural institutes is decided by the steering committee with the final approval of the AA (§ 4).	Decisions on general strategy for the direction and the management of the BC and on geographical allocation by <i>Board of Trustees</i> of BC appointing its own members for five years. Only one of 21 is nominated by the <i>Secretary of State for Foreign and Commonwealth Affairs</i> .
Financing	Mainly by budget share of the DGCID.	Main budgetary share by the AA and the Federal Press Office, which on its behalf has to be approved by the German <i>Bundestag</i> . Alternative financial means e. g. through sponsoring and the provision of GI services make up almost 1/3 of the 2001 budget.	FCO gives an annual grant-in-aid of about 40 % of the BC's overall budget; more than half of the budget is earned by the BC itself through the provision of diverse services to private people, the government, or international organisations.
Overall degree of Autonomy of Government	Low	Middle	High

Sources: Ministère des Affaires étrangères (2002); Zined-Brand (1999:124-130) ; Goethe Institut Inter Nationes Jahrbuch 2000/2001; Goethe Institut Inter Nationes Satzung und Rahmenvertrag 01/17/2001 ; Goethe Institut Inter Nationes (2003): Über uns, Internet: <http://www.goethe.de/uun/deindex.htm>, 03/04/2003; The British Council Annual report 1999-2000 ; Appendix 1. Interview with Patrick Spaven, Research, British Council headquarters, London; The British Council (2002): Who we are, Internet: <http://www.britishcouncil.org/english/howweare.htm>, 09/15/2002; Lee (1995).

3. The Model

The formal model sketches the theoretical argument from which I have derived the testable hypothesis. In a first step, utility functions for the governments and the cultural institutes are formulated. I thereby assume that these functions are the same for all three governments and cultural agents. All political and cultural actors are restrained by the respective public budget. However, I neglect the budget constraint for this model. In a second step, an overall utility function for the cultural institute is developed allowing to compare the allocation policies of the three institutes under investigation according to the main hypothesis. The leading questions behind the formalisation are which geographical priorities have the governments and the institutes and do the criteria of the French, German and British allocation reflect the relative differences according to the theoretical argument?

Cobb-Douglas utility functions allow to mirror the governments' and the cultural institutes' priorities. Multiplicative production functions seem appropriate because both factors need to be satisfied to some degree by the respective foreign country in order to be of any utility for the actor. In short, I suppose the factors not to be fully substitutable. This corresponds to the case of cultural allocation policy. All factors are assumed to play a role but to differ in their relative importance according to the degree of autonomy the cultural agent enjoys. If one factor is not minimally satisfied, the probability for a cultural institute diminishes to zero. The exponents describe the estimated weights appointed to the different factors. As to the functional form, the marginal utility is decreasing with rising values of the independent variables.

I assume that the government is primarily interested in economical and security issues. Its utility therefore is defined by:

$$u_g(t, s) = t^\alpha s^\beta$$

for $\alpha, \beta \in [0;1]$, where t = trade and s = security issues.

The cultural institute's priorities, if it was completely independent, lie with democracy and human capital. This leads to the following utility function:

$$u_c(d, h) = d^\gamma h^\delta$$

for $\gamma, \delta \in [0;1]$, where d = democracy and h = human capital.

Corresponding to principal-agent theory, the probability of a country to host a cultural institute is assessed by the sum of the institute's and the government's preferences. Whether the cultural or the governmental factors prevail is determined by the degree of autonomy the cultural agent enjoys. The final estimation equation for this analysis can be derived from the actual utility function for a cultural institute, given it is not fully independent:

$$U_c(d, h, t, s) = (1 - \lambda) t^\alpha s^\beta + \lambda d^\gamma h^\delta$$

λ describes the exogenous control factor for the degree of independence from the respective government. The greater λ , the more autonomous the cultural institute and the more weight lies on cultural considerations relative to the governmental ones.

Having explained the theoretical argument and having developed a more generalising formal model, I now get to the empirical analysis in order to test the derived main hypotheses. Firstly, I describe the case selection and operationalisation of the empirical indicators. Secondly, some descriptive statistics will demonstrate the apparent differences in the actual institute networks and the allocation of staff. Finally, quantitative regression models test whether the relative influences of the cultural and governmental criteria on the geographical allocation show the expected relative differences between the three cultural institutes of question.

4. *Empirical Analysis*

This section describes the empirical analysis for testing the hypothesised causal relationship between the cultural institutes' degrees of autonomy and their geographical allocation. According to the main hypothesis, the size of the regression coefficients for the governmental and the cultural allocation criteria should vary relatively to the degree of autonomy the respective cultural institute enjoys. The main hypothesis would have to be nullified, if the main independent variables had no impact on the geographical allocation of the respective cultural institutions. Also, if the British and the French allocation policies reflected the same criteria besides the different degrees of autonomy between the respective cultural agent and the governmental principal the main hypothesis would be proved wrong. At this point, I highlight once more that the expected differences concern the *relative* importance of the French and the British allocation criteria. For the probability of any host country to become subject of foreign cultural policy all mentioned governmental and cultural interests should matter. However, when accounting for the varying degrees of autonomy I expect the three cultural institutes to differ in their geographical priorities along the stated governmental and cultural incentives.

In the first paragraph of this section I validate my case and time period selection. Following this, I turn to the operationalisation of the variables used in my quantitative analysis. I then describe the differences in the actual networks of the three institutes of question. Finally, the results of the overall and the comparative regression models are presented at the end of this section.

4. 1. Selection of Cases and Time Period

The British Council, the Institut Français and the Goethe Institut Inter Nationes have been chosen for the analysis of foreign cultural allocation policies for the following reasons:

They have the longest traditions among the European foreign cultural institutes and respective numbers of establishments for a quantitative analysis. Concerning the dependent variable the institutional networks vary remarkably²³. In correspondence to the theoretical argument they all depend on a principal government but to different degrees. On the aspect of European Integration I focus on the foreign cultural policies of the three traditional European institutes²⁴.

The case selection follows the World Bank's listing²⁵ of all internationally important sovereign states and their respective populations. In order to keep missing data manageable I will leave some of the 210 nations aside since they do not comprise a certain minimum size of population²⁶. Despite the fact that they do not fulfil this selection criterion I also include Cyprus, Luxembourg and Malta acknowledging their strategic importance for the European Union. With a benchmark of one million people, 153 states thus remain for the empirical analysis. Considering three different cultural institutes the total number of cases amounts to 459 (3*153). For 260 total counts of institutes on the dependent variable²⁷ this leaves enough variation for the multivariate analysis.

In terms of time horizon, I admit that this study does not consider any dynamic effects regarding the foreign cultural allocation policies. Clearly, the investigation of a time period reaching from the end of the Second World War until the present would improve the exactness of the quantitative results if one controlled for autocorrelation. Due to the lack of data and the restrained time

²³ See appendix 6. 1. Descriptive Statistics.

²⁴ Other traditional institutes as the ones of e. g. the Austria, Italy, Spain, US, Canada or Japan remain for further research.

²⁵ World Bank (2000): The World Development Indicators and appendix: 5. Country List

²⁶ Singer and Small (1982:40)

²⁷ See appendix 6. 1. the British Council currently counts 103, the Institut Français 81 and the Goethe Institut Inter Nationes 76 establishments.

horizon, I analyse the allocation of the respective cultural institutes only for the year of 2000 in the case of the Goethe Institut and the year 2002 for the British Council and the Institut Français. To control for time bias I have averaged the independent variables over three to five available years within the period of 1990-2000 as far as possible. By using data averages over of a three to five year period within 1990-2000 I also account for the strategic planning horizon of the institutes, which usually takes a minimum of two years²⁸.

In the following part I illustrate the operationalisation of the dependent and independent variables before getting to some descriptive statistics about the institutes' networks and allocation of staff.

²⁸ See appendix: 1. Interview with Mr. Patrick Spaven British Council Headquarters and 4. Email of Mr. Werr Evaluations- und Strategieabteilung, Goethe Institut.

4. 2. Operationalisation

4. 2. 1. The Dependent Variable: The Geographical Allocation of Cultural Institutes

According to the main hypothesis, the allocation of the respective cultural institutes is the dependent variable for this study. The number of British, French and German institutes per country worldwide serves as indicator for the dependent variable *cult2*²⁹. A more exact measure to assess the strategic importance of a host country would be the respective country budgets of the three cultural institutes. However, this is a problem of data availability³⁰. To take into consideration the amount spent on a certain country I have gathered the staff numbers per host country for all three institutes under investigation. For my empirical investigation, I take the total numbers of employees including local staff *staff2*³¹ of 2000 for the GI and 2002 for the IF³². Since the BC does not have summary statistics on the geographical allocation of its workforce, I had to utilise staff numbers of different years between 1998-2002 instead in order to reduce missing data on the dependent variable. I apply the total number of BC staff of the most recent year. However, for a few host countries I had to deal with staff data differing drastically between 1998 and 2002³³. Since my analysis does not account for dynamic effects, I use averages in these few cases. In short, two different indicators for the geographical allocation of cultural institutes serve as dependent variables in the estimated regression models described in the last part of the empirical analysis. The application of staff numbers allows considering the size of the institutes and thus the total amount of resources spent in a specific host country. Before getting to the descriptive and quantitative investigation, I turn to the operationalisation of the explanatory variables, which is summarised in *Table 2*.

²⁹ Goethe Institut Inter Nationes (2001a), The British Council (2002a), Ministère des Affaires étrangères (2002a): As mentioned earlier, data has been gathered for different years – 2000 for the GI and 2002 for the BC and the IF. Correspondingly, *cult4cat* is the transformed binary variable indicating if a country hosts a cultural institute or not.

³⁰ On my request of their budget per country or institute the British Council and the DGCID made me understand that they do not have the detailed budgets in a collective form.

³¹ *staff2cult* thereby only includes the countries hosting a cultural institute.

³² Goethe Institut Inter Nationes (2001a); thankful regards to Mr. Jason Michej who provided me with the British Council staff numbers 1998-2002 via Email; the Excel sheets are available upon request to the author as well as the ones for the Institut Français which were kindly received from Mr. Jacky Cuzzi of the *Bureau des établissements culturels et des alliances françaises* of the *Ministère des Affaires étrangères*.

³³ So have the staff numbers of the BC in some African countries (e. g. Kenya and Cameroon) been drastically reduced in the last years.

4. 2. 2. The Main Independent Variables

Considering the previously described overall utility function for a cultural institute, the main independent variables are: trade, international security, democracy and human capital.

Trade is measured straightforward by the total amount of bilateral exports and imports between the home and the possible host countries. For my analysis I have averaged the IMF statistics over the years 1994, 1996, 1998 and 2000. The greater the amount of foreign trade, the more likely a cultural institute will be established. Comparing the three institutes in accordance to the theoretical argument, trade should have a relatively greater influence on the number of institutes of the Institut Français than on the German and British allocation. The expected relationship between the independent and the dependent variable as well as the hypothesised relative differences in the estimated effect sizes of the French, the British and the German allocation criteria are also indicated in *Table 2*.

In terms of security, the operationalisation is more difficult. In the literature, one finds estimates regarding the political-strategic importance of foreign countries³⁴. The recent *Affinity of Nations Index 1946-1996* of Gartzke and Jo (2002) serves as empirical indicator for the geopolitical importance of a certain country to France, Germany and the United Kingdom. I have taken Gartzke and Jo's *sun3cat* as measure of *affinity* in my empirical analysis. In general, Gartzke and Jo's data set attempts to quantify state preferences, or more precisely, the interest similarity among pairs of states (dyads). Commonly, alliance measures are used to gauge states' bilateral security interests. However, alliances are pricey acts. Nations hesitate to ally in part because alliances involve commitments and costs which preclude the pursuit of other objectives. Thus, a distorting feature of alliances as indicators of interest is that states lacking strong motives or threats mind them. The advantage of the Affinity index is that it relies on the votes in the United Nations General Assembly, which are often thought to be largely only of symbolic value. If this is true alliances will rarely form and states' preferences will

³⁴ See e. g. Kim/ Russett (1996) on state clusters according to their UN voting alignments.

be less distorted by the mentioned calculations. A second advantage of the Affinity index is the fact that it contains more information and is more sensitive to changes in state interests than alliance portfolios. After this reference to the various measures for states security interests, I will briefly explain the creation of the Affinity index and the applied variable. Gartzke and Jo's index constitutes values on a two-unit-interval scale from -1 (least similar) to 1 (most similar) for all countries that are members of the United Nations for the period 1946 to 1996³⁵. The raw vote scores covering eight categories are divided into three outcomes (1 = yes, 2 = abstain and 3 = no). The index of the similarity of state voting by year was constructed applying the "S" statistic of Signorino and Ritter (1999)³⁶. For my analysis I use the average dyadic voting similarity of France, Germany and the UK with all UN members between 1991-1995 as indicator for their affinity to each other. The greater the interest similarity the greater their affinity and the better their relationship with regard to a nation's security concern. Therefore, I anticipate a positive effect of *affinity* on the geographical allocation of cultural institutes. Accounting for their degrees of autonomy I await a relatively greater influence of *affinity* on the allocation of the Institut Français compared to the Goethe Institut and the British Council.

The universally accepted data set for deriving indicators of regime type is the polity data set of Jagers and Gurr (1996). I employ the 1996 Polity98d version of PolityIII, which contains the three indicators: DEMOC, AUTOC and POLITY. DEMOC and AUTOC can take on values from 0 to 10 (0 = least democratic/autocratic). The POLITY score ranges from -10 (strong autocracy) to +10 (strong democracy) and is obtained by subtracting the AUTOC score (-10 to 0) of the DEMOC score (0 to 10). For this analysis I use POLITY to indicate a country's degree of democracy. I thereby apply the values of 1995 or the average over a four year period surrounding it if a major regime change is indicated³⁷. The more democratic the greater the chance for and the number of cultural institute establishments in a foreign country. Assuming that cultural institutes prefer a democratic infrastructure for safe and effective working conditions, the allocation

³⁵ Since Switzerland became a member of the UN only in 2002 I coded it the same as Austria corresponding to its geographical location and size.

³⁶ $S = 1 - (2d/d_{max})$ where d = sum of metric distances between votes by dyad members in a given year and d_{max} is the largest possible metric distance for those votes.

³⁷ E. g. if the signs and values change dramatically or if data is coded -66 (Interruption), -77 (Interregnum) or -88 (Transition) within 1994-1996.

of the British Council should be relatively more affected by the regime type variables due to its greater degree of autonomy compared to the GI and the IF.

The percentage of third level school enrolment serves as indicator for a country's highly educated human capital. I choose the gross percentage of tertiary school enrolment *teren* averaged for 1994-1997 over illiteracy rates because less data is missing in the *World Development Indicators*³⁸ and to account for the fact that the cultural institutes try to reach the educational elites. As far as possible, I have filled in missing data in *teren* with the percentages given in the *CIA World Fact Book 2002*. The greater the average attended school years of the potential host country's population, the greater the amount of potential clients as well as the expected impact of a cultural institute. Thus, an institute is more likely to be built in countries with a higher level of education. Regarding the three institutes under investigation, the human capital variable should have a relatively greater impact on the allocation of the British Council than of the Goethe Institut and the Institut Français. With respect to the cultural institutes' interest on a considerable number of clients for their cultural and language programmes, another indicator for human capital could be the number of English, German and French speakers in the potential host country. However, getting comparable data for the world-wide allocation of English, German and French speakers has been accompanied with great difficulties. Firstly, different data sources³⁹ use different definitions of foreign language speakers. For instance, official language speakers, native speakers, first or second language speakers, or home speakers are counted making them hardly comparable. As Garry/ Rubino (2001:xii) put it in their encyclopaedia on the world's languages:

"Numbers of Speakers. This is a very difficult figure to establish, and should be taken as an estimate at best. [...] The number of speakers of a given language is constantly changing [...]. Another complicating factor when estimating speakers of a language is multilingualism; people who claim to speak multiple languages may in fact only be competent in one, but if they have rudimentary knowledge of another language they may want to be counted (or their government may want them to be counted) as speakers for ethnic, religious or political reasons."

Secondly, numbers of language speakers are published only for geographical regions but not per country as it would be needed for this analysis.

³⁸ World Bank (2000)

³⁹ As e. g. the Ministère des Affaires étrangères (2000) or Graddol (1997).

For these reasons, I take a dummy variable *langoff* to account for a country with English, French or German as an official language. If the respective language has official status in a potential host country, a respective cultural institute is more likely to be established. With regard to foreign aid literature and Schneider/Schiller (2000) I further control for a country's size, its status of development and special historical ties to the UK, France or Germany as indicated on *Table 2* and briefly described in the next paragraph.

4. 2. 3. Control Variables

In realist theory, the size of a nation counts as indicator for the relative importance of a state. The total population sizes *pop*, according to the World Development Indicators, averaged over 1994-1998 control for the hypothesis that the greater a state is the greater the possibility for a cultural institute.

Moreover, GDP per capita *gdppc* is added to the estimation accounting for the economic resources within a society. It serves as common measure for the degree of a country's development. A respectively high GDP per capita demonstrates that a nation's economy is able to assert a particular influence on the world market and that people enjoy a relatively high standard of living. In accordance with Schneider/ Schiller (2000), a positive effect on the geographical allocation of cultural institutes could be assumed. However, another important aspect for the size of a cultural institute could be the costs of establishment, housing and local wages. One could therefore hypothesise "cheap" countries to host more institutes and more staff. Accordingly, a negative sign of the estimated effect of *gdppc* could be explained.

In addition, I add a dummy variable for former British, German and French colonies, *colony*, to control for the special historical ties between the former colonial powers and their colonies. A positive relation is expected with regard to the allocation of cultural institutes in former colonies.

Certainly, other omitted variables might affect the geographical allocation of the BC, the GI and the IF. Schneider/ Schiller (2000) for instance test for the exchange of persons between the respective home and host countries to assess their intercultural relations and the demand for a cultural institute in the host country. Due to the lack of bilateral comparable immigration and emigration data and to prevent over-specification of the regression model, I remain with these fundamental control variables. However, I test an alternative hypothesis often stated by critical tongues claiming the institutes to “follow the sunshine” when choosing their geographical locations. I get to this point in the following paragraph before I demonstrate the differences in the geographical priorities of the British Council’s, the Institut Français’, and the Goethe Institut’s actual network in a descriptive overview.

4. 2. 4. Alternative Explanation

In order to control for the alternative explanation of the geographical interests of cultural institutes to be guided by the individual preferences of the heads and employees of the respective institutes I add an independent variable assessing the ‘exclusiveness’ of a potential host country. ‘Exclusive’ countries attract people because of their climate, extraordinary nature, cultural traditions, high living standard, or the specific lifestyle of their global or main cities. Alternatively to the stated strategic calculations, one could therefore hypothesise that the more exclusive a country is the more are the cultural institutes attracted to it. This should especially count for the British Council since its geographical allocation is relatively more lead by the cultural institute itself than by its governmental principal. As a proxy for the exclusiveness of a country I apply the total number of European tourist arrivals *touri* per year averaged over 1994, 1996 and 1998 from the data presented by the *World Tourism Organization*. Supposing that tourists prefer countries with a pleasant climate, natural attractions, unknown cultures and metropolitan areas, tourist arrivals seem a reasonable estimator for a country’s exclusiveness. Other indicators assessing the living standards or life quality measures have been left aside for this analysis but might be worth testing in further research.

Having illustrated an alternative rationale behind the cultural institutes' geographical allocation, I turn to the description of the actual institute's networks in the third part of the empirical analysis. As mentioned earlier, *Table 2* presents an overview of the operationalisation, data sources and expected influence on the dependent variable of all independent variables used in my quantitative analysis.

Table 2: The Operationalisation of the Main Independent and Control Variables

Independent Variable	Hypothesised Relationship and Influence	Operationalisation of Independent Variable	Data Source
Trade TRADE	+ CI ⁴⁰ F>G>UK	Bilateral imports + bilateral exports in mio. \$ averaged over 1994/1996/1998/2000	IMF (2001): Direction of Trade Statistics Yearbook
Security AFFINITY	+ CI F>G>UK	Interest Similarity of dyads in UN voting Sun3cat = 3 category United Nations voting data (1 = yes, 2 = abstain, 3 = no) averaged over 1991-1995	Version 3.0 of Gartzke E./ Jo D.-J. (14 January 2002): The Affinity of Nations Index, 1946-1996
Human Capital TEREN	+ CI UK > G > F	Tertiary school enrolment % gross averaged 1994-1997	World Bank (2000): The World Development Indicators (WDI 2000), CIA (2000): The World Factbook
Democracy POLITY	+ CI UK > G > F	Democracy scores (0-10) DEMOC Autocracy scores (-10-0) AUTOC Polity = DEMOC - AUTOC of 1995 or averaged 1993-1998 if major cut or regime change during that time period	Polity98d version of Jaggers, K./ Gurr, T. (1996): POLITY III: Regime Type and Political Authority 1800-1994
Control Variables			
Status of Development GDPPC	+/- CI	GDP per capita purchasing power parities in current international US \$ averaged 1994-1998	WDI 2000
Country Size POP	+ CI	Total number of population averaged 1994-1998	WDI 2000
Colonial Ties COLONY	+ CI	Dummy Variable 1 = former French, German or British Colony and 0 = none	Der Fischer Weltalmanach (2001)
Official Language LANGOFF	+ CI	Dummy Variable 1 = the respective home countries official language (English, French, German) has official status, 0 = no official status	Gunnemark, E. V. (1991): The Geolinguistic Handbook
Alternative Explanation			
Country Exclusiveness TOURI	+ CI UK > G > F	Tourist arrivals by region of origin (Europe) averaged over 1994, 1996, 1998	The World Tourist Organisation (2000)

⁴⁰ CI stands for the respective dependent variable: *cult2/ cult4cat* for the number of cultural institutes, *staff2/ staff2cult* for the number of staff as explained earlier.

4. 3. Descriptive Statistics

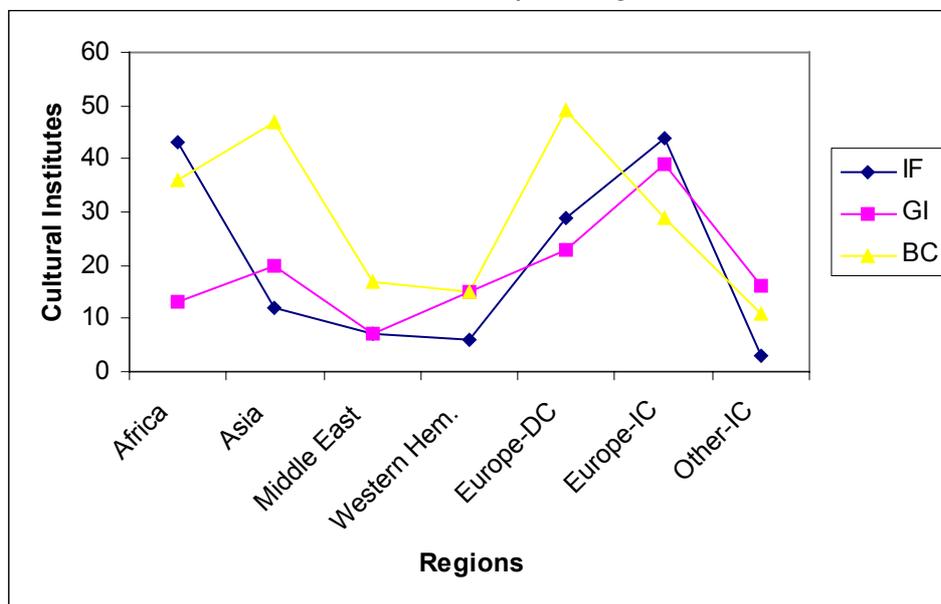
In this section, I briefly show the assumed differences between the French, the German and the British cultural institute's geographical allocation. Comparing the actual numbers of institutes and staff per region clearly demonstrates the different geographical priorities of the three foreign cultural policy instruments under investigation. After the graphical presentation of the different institutes' networks, the quantitative analysis will finally display the empirical results on the hypothesised underlying theory.

4. 3. 1. The Actual Networks of the Institut Français, Goethe Institut Inter Nationes, and British Council

Figure 1 provides an overview of the BC's the GI's and the IF's numerical presence in different regions around the world. Looking at *Figure 1*, the overall foci and relative differences in the three institute's geographical allocation become apparent. The categorisation of the included countries into regions follows the *IMF Direction of Trade Statistics* (2001) which is directed along geographical as well as status of development criteria. *Europe-DC* thereby comprises the former USSR and Middle- and Eastern European Countries (MEEC). *Europe-IC* includes the industrial European countries representing the member states of the European Union plus Switzerland and Norway. *Other-IC* encloses the remaining industrial countries: the US, Canada, Japan, Australia, and New Zealand. Countries of the *Western Hemisphere* will be the South American states plus some of the islands surrounding it if they reach the earlier mentioned barrier of a one million population. Interpreting *Figure 1* and referring to the histograms presented by geographical region in 6.2.1. in the appendix, the relative differences between all three institutes' geographical priorities become evident. The GI, for instance, holds remarkably less institutes in Africa than the BC and the IF. This might be due to the former colonial ties of the UK and France with several African countries. The numerical differences between the BC's and the IF's presence in Asia, the former Soviet Union and MEEC are especially catching. Regarding the overall counts of

institutes, the BC has put its emphasis on Africa, Asia and the former Soviet Union and Middle- and Eastern European countries. Although relatively smaller in absolute size, the IF and the GI also established a remarkable number of institutes in the MEEC⁴¹. The geographical focus of the Institut Français obviously lies on the African continent as well as on the Western European countries. The GI also focuses on the European Union's member states. Otherwise, it allocates its institutes rather equally among Africa, Asia, South America, and the other industrial countries. As hypothesised, the relative differences between the BC's and the IF's geographical allocation policies are especially striking.

Figure 1: Total Number of Cultural Institutes per Region⁴²



Western Hem. = Western Hemisphere; Europe-DC = European Developing Countries; Other-IC = Other Industrial Countries

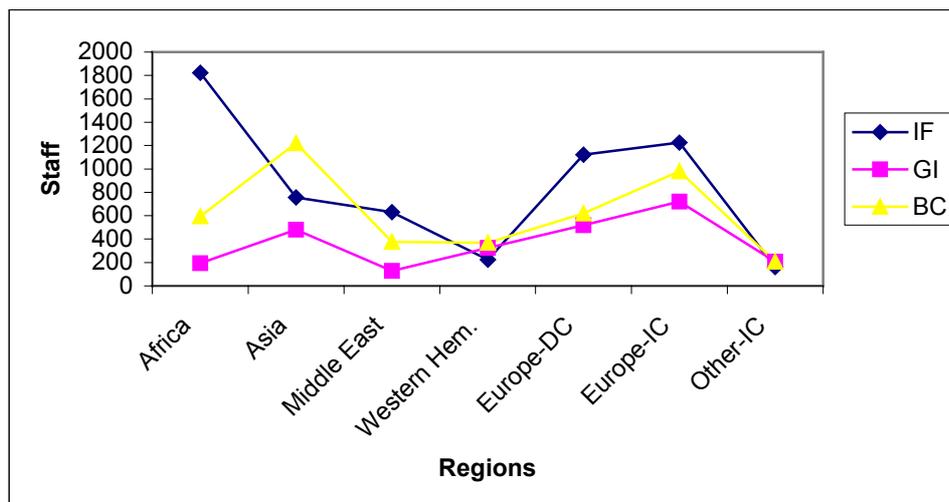
Sources: Goethe Institut Inter Nationes (2001a), Ministère des Affaires étrangères : Bureau des établissements culturels et des alliances françaises, British Council headquarters : Planning, Research and Evaluation Section

⁴¹ The descriptive results are the same for using relative counts.

⁴² I include the respective regional dummy variables in the data set I am using for my empirical analysis, which is available on request to the author.

4. 3. 2. The Allocation of the Cultural Institutes' Staff

This paragraph descriptively investigates the second indicator for the geographical allocation of the three foreign cultural policy instruments. *Figure 2* and the respective histograms in 6.2.2. in the appendix display the total numbers of employees for the same regions described for the number of institutes in the last passage. In correspondence with the relatively high numbers of institutes, the allocation of its staff undermines the British Council's high stake on Asia followed by the former USSR, MEEC, and Africa. Moreover, the BC allocates a noticeable number of staff in the EU member states, though to a lesser degree than the IF. The French cultural institute's priority for Africa appears even more drastically compared to its great number of establishments. The striking difference to the BC and the GI is partly due to the extremely high number of French staff in Morocco where a total number of 921 employees are allocated. However, accounting for this outlier the BC's and IF's number of employees working in Africa still vary remarkably and stand in contrast to the relatively small divergence of their number of establishments. Interestingly, the IF's staff counts in Middle- and Eastern Europe outreach the BC by far, although the British Council holds a respectively larger number of branches in this region. Moreover, the IF employs relatively more people in the Middle East than the BC and the GI, which also stands in contrast to the findings regarding the number of institutes in this region. The Goethe Institut's allocation of staffs almost exactly follows the preferences reflected by its number of establishments. The GI's geographical emphasis obviously lies on Western Europe, the MEEC, former Soviet republics and Asia. However, the GI's allocation is in general on a lower level than the allocation of the IF and the BC.

Figure 2: Total Number of Staff per Region

Western Hem. = Western Hemisphere; Europe-DC = European Developing Countries;
Other-IC = Other Industrial Countries

Sources: Goethe Institut Inter Nationes (2001a), Ministère des Affaires étrangères :
Bureau des établissements culturels et des alliances françaises, British Council
headquarters : Planning, Research and Evaluation Section

Summing up their allocation of institutes and staff, the relative differences between the BC's, the GI's and the IF's geographical priorities have constituted the underlying theoretical assumption for both indicators. Whereas the BC seems to prefer building a greater number of institutes with generally fewer staff, the IF allocates rather 'big' but fewer institutes. Regarding its overall allocation of branches and employees, the GI apparently pursues the same geographical interests. Compared to the BC and the IF, the German foreign cultural policy follows a rather equal distribution among the different regions. Besides the relative differences the BC's focus on Asia is most striking whereas the Institut Français still accentuates the African continent. All three cultural agents allocate a considerable amount of their resources in the former Soviet republics and MEEC. However, whereas the BC holds more but smaller establishments the IF counts fewer but larger branches in this region. The same strategic differences, although on a generally lower level, apply for the Middle East. Finally, all institutes put a great emphasis on the Western European countries.

The figures shown in this section of the empirical investigation have clearly demonstrated the differences among the geographical allocation strategies of the three traditional European cultural institutes. Following these first descriptive statistical overviews on the matter of varying geographical priorities, the next section presents the results of the quantitative empirical analysis. Multivariate

regression models test the theoretically derived hypotheses. Overall and comparative models will thereby investigate if the underlying governmental and cultural allocation criteria reflect the relative differences among the three cultural agents according to their varying degrees of autonomy from the respective foreign office.

4. 4. Multivariate Regression Analysis

In order to empirically test my theoretical argument and to evaluate the general criteria for the allocation of European foreign cultural institutes, I apply four different multivariate regression models. First, I use a negative binomial estimator to investigate the overall effect of the main explanatory variables on the number of institutes established in a possible host country. I repeat this regression with ‘free slopes’ allowing to compare the conditional effects of the theoretically important independent variables for the allocation of the British Council, the Goethe Institut and the Institut Français. Accounting for the amount of resources spent in a certain host country, I analyse the influence of the hypothesised governmental and cultural variables on the allocation of staff by estimating a Heckman selection model. Again, the overall criteria for the number of employees are evaluated first. The conditional effects model reveals the theoretically expected relative differences between the BC’s, the IF’s and the GI’s coefficients.

4. 4. 1. The Negative Binomial Results for the Number of Cultural Institutes as the Dependent Variable

Referring back to the theoretical model I assume the probability for a cultural institute to rise with decreasing marginal effects the greater the host country’s degree of democracy, human capital, bilateral trade and affinity to the respective home country. The theoretically assumed exponential functional form requires a non-linear model to regress the main independent variables on the number of cultural institutes per country. Due to truncated data and a count dependent variable a non-linear negative binomial regression seems an adequate estimation for the expected number of cultural institutes per country⁴³.

⁴³ Cameron/ Trivedi (1998) and Long (1998).

Generalizing the Poisson, which requires the conditional mean to equal the conditional variance, the negative binomial accounts for over-dispersion introducing an individual unobserved effect ε into the conditional mean. The negative binomial regression model is thus defined by the following estimation equation:

$$E(y_i | x_i) = \exp(x_{1i}\beta_1) * \exp(x_{2i}\beta_2) * \dots * \exp(x_{ni}\beta_n) + \exp(\varepsilon_i)$$

While $E(y_i | x_i)$ resembles the conditional mean or the expected number of cultural institutes, x represent the independent variables with the respective β -coefficients in the exponential. The negative binomial is estimated by maximum-likelihood without much difficulty.⁴⁴

The overall estimated effects of the independent variables on the probability of a count (a cultural institute respectively) are presented in *Table 3*⁴⁵. Thereby model 1 estimates the total effects for the main independent and the stated control variables. I added the tourism variable in Model 2 to test the alternative hypothesis claiming a high country exclusiveness to increase the probability of a cultural institute⁴⁶. A comparison of the coefficients of the two models lets the overall results seem quite robust. Only the influence of democracy changes turning it insignificant when adding *touri*. The explained variance of the model accounting for the amount of tourists travelling into a respective host country is slightly higher. According to Model 2, the effect of *touri* is positive and statistically significant on a 1% level. This would approve the alternative explanation of a greater probability for a cultural institute with increasing exclusiveness of a host country. However, the overall model fit, the likelihood of the model Log L, is relatively small for both models. The quantitative results thus have to be interpreted in a tentative way when comparing the empirically calculated results to the theoretically expected outcome. I briefly turn to the estimated effects of the other independent variables before getting to the comparative model, which tests the relative differences between the effect sizes of the main independent variables on the probability of the establishment of a British Council, Goethe Institut or Institut Français.

⁴⁴ Greene (2003:744). The underlying distribution of $\exp(\varepsilon_i)$ is a gamma distribution.

⁴⁵ The dependent variable *cult2* is skewed as shown in the appendix in 7. 3. 1.. However, the underlying Poisson distribution accounts for this fact since it is heteroskedastic by definition.

⁴⁶ Some data missings on the tourism variable reduce the number of observations to a relatively small amount. Although one would have to check for this more closely, the estimated effects should not be biased to an unacceptable degree.

Except for affinity, all the main independent variables show the expected positive effect on the likelihood of a cultural institute in a host country. However, only trade, polity and tertiary education appear to raise the probability for a cultural institute to a statistically significant level. Affinity, measuring the similarity of UN voting between a host and the respective home country, shows a negative sign, but is statistically insignificant. Thus, the theoretical assumption of friendlier relationships between nations leading to a greater probability of a cultural institute has to be thought over again. A possible explanation would be, that home countries seek to intensify the cultural connections with states they do not yet enjoy a friendly relation with in order to foster mutual understanding. Furthermore, the negative effect of a nation's status of development on the probability of a cultural institute contradicts the causal relation predicted by Schneider/Schiller (2000). Poorer countries apparently have a greater chance of hosting an institute than richer ones. Population size has a relatively high and positive impact on the geographical allocation of cultural institutes in both models. Taking the size of a nation as an indicator for its geopolitical importance is in accordance with the theoretical argument that strategically important states should be hosting a cultural institute with a greater probability. Overall, large and exclusive countries with a great percentage of highly educated human capital and strong trade connections to the respective home countries have the greatest probability of receiving a cultural institute. Former colonial ties also significantly increase the probability for a cultural institute of being established.

Table 3: Negative Binomial Results of the Overall Model

Cult2	Model1	z-values	Model2	z-values
	<i>Estimated Effects⁴⁷</i>		<i>Estimated Effects</i>	
Pop ⁴⁸	1.91e-09	5.60***	1.90e-09	5.79***
Gdppc	-0.0000159	-1.24	-0.0000193	-1.50
Trade	0.0000207	5.42***	0.0000166	4.32***
Affinity	-0.4295481	-1.58	-0.4756198	-1.70
Polity	0.0178921	1.70*	0.0071704	0.65
Teren	0.0173918	3.43***	0.0180803	3.52***
Langoff	0.1697294	0.92	0.1836217	1.00
Colony	0.5298787	2.18**	0.4993226	2.06**
Touri			1.58e-08	3.79***
_cons	-0.3791511	-2.38	-0.3164663	-1.98
Obs	438		407	
Log L	-569.40		-539.75	
Pseudo R ²	0.0999		0.1051	
alpha ⁴⁹	0.3570		0.3156	
LR test of alpha = 0				
Chibar2(01)	42.74		35.42	

***p>|z| < 0.001, **p>|z| < 0.05, *p >|z| < 0.10

To test the main hypothesis on the relative differences in the criteria defining the British, German and French cultural institutes' allocation one has to make the β -coefficients of the main independent variables vary for the three analysed countries. One method to do this is to 'set the slopes free' for those independent variables for which a difference in the conditional effect sizes is expected for the three countries of question⁵⁰. In other words, to calculate the isolated conditional effects for all three institutes one has to introduce interaction effects of the respective independent variables with the country dummies for Germany, France and the UK⁵¹. In order to compare the conditional effects separately for the three countries one can alternatively build interaction effects for only two countries. The estimated conditional effects for the two interactions then can be interpreted as deviations from the slope of the base country variable. In my estimation, the UK is defined as base country. The significance of the deviations can be directly derived from the respective z-statistics. To gain the total isolated conditional effects of

⁴⁷ These refer to the beta coefficients.

⁴⁸ See appendix 7. for the summary statistics of the independent variables

⁴⁹ Alpha is the test for over-dispersion; according to Cameron/Trivedi (1998:82) $0 < \alpha < 1$ indicates a modest over-dispersion, if $\alpha = 0$ the negative binomial comes down to a Poisson regression.

⁵⁰ I refer to Thomas Plümper, Faculty of Public Policy and Management at the University of Constance on this method for comparative quantitative analysis.

⁵¹ For a better understanding of this method refer to the regression results presented in 8. in the appendix. They show the total conditional effects for all three countries. Here, the relative differences in the effects can be derived by comparing the estimated effect sizes, but the significance of the deviation has to be tested separately.

France and Germany, one has to add the estimated effects of the base country variable to the conditional effects of the respective interaction effects⁵². For example, a positive significant base effect and a positive significant coefficient for Germany's interaction would imply the effect of the respective independent variable to be greater for Germany varying to a significant degree compared to the base country. Using a 'free slope model' with isolated country dummy interactions for each independent variable is superior to an ordinary fixed effects model applying country dummies for all independent variables at once⁵³. Applying a fixed effects model one alternatively could split up the sample in order to comparatively investigate the conditional effects. However, in a multivariate regression model the conditional effects of the different independent variables affect each other. Thus, measuring the conditional effects isolated for each independent variable is a more efficient method to investigate the relative differences in the influence of a certain independent variable in comparative analysis⁵⁴.

Having shortly explained the method of 'free slopes' let us look at the relative differences between the British, German and French allocation criteria. *Table 4* summarizes the comparative estimation results for the influence of the explanatory variables. Again, I regress two models: Model 1 includes the tourism variable and Model 2 comprises only the main independent variables. Both models appear quite robust referring to the significant base and deviation effects of the theoretically assumed allocation criteria. Accounting for the alternative hypothesis enhances the overall likelihood of the regression model to a respectable degree. Looking at the results, the significant differences between the allocation priorities of the British, the German and the French cultural institute become apparent on first sight. According to the main hypothesis, I anticipate the governmental variables, trade and affinity to play a greater role for France's and Germany's allocation policy than for the UK (F>G>UK). For trade, the deviations in the slopes of Germany and France are most striking and support the theoretical argument. Greater import and export values raise the probability for a Goethe Institut and even more for an Institut Français. On the other hand, the probability for a British

⁵² The estimated effects of the France and Germany dummies in the model in section 8. of the appendix equal the sum of the respective conditional effects of the deviations and the base country.

⁵³ For the problem of internally dependent observations I have regressed a fixed effects model but the country dummies turned out insignificant and extremely small. However, the inherent data problem of dependent observations remains to be improved for further research.

⁵⁴ See appendix 7. 2. 2. for the correlation matrix of the free slope model controlling for multi-collinearity.

Council seems to decrease. However, since the base effect is insignificant one cannot exclude the possibility for trade being irrelevant for the British Council's allocation. Considering the security aspect indicated by affinity, France seems to have a slightly greater emphasis on countries with a higher UN voting similarity than the UK. Interestingly, adding *touri* in Model 1 turns the conditional effect of affinity for the UK insignificant. Thus, affinity seems to play a rather minor role for the UK and France. Although for Germany the 'friendship' variable inserts a significant but negative impact on the probability for a cultural institute. The German government might want to improve the mutual understanding directing its foreign cultural policy to rather "unfriendly" nations. According to the regression results, cultural considerations vary only slightly in their effects on the geographical allocation of cultural institutes. Regime type has a slight positive impact on the probability of a German and a British institute, whereas it has a negative significant effect for the French allocation policy. Though, the conditional effect sizes of the British base and Germany's deviation are statistically insignificant. Therefore, one has to reconsider the theoretical assumption of a greater democratic infrastructure leading to a greater probability for a cultural institute. Maybe the underlying functional form is rather hyperbolic than exponential making countries with a medium level of democracy especially attractive for cultural institutes. They might expect their impact to be the greatest in so-called transition countries. A great percentage of tertiary educated people only slightly influences the British Council's rationale behind its geographical allocation. Although, the conditional effect of tertiary education, *teren*, is relatively higher for the UK while it appears insignificant for France. Germany, on the other hand, asserts a greater importance to the level of education for its host countries. Overall, the theoretically derived hypothesis on the British Council asserting a relatively higher priority to countries with a higher level of a democratic infrastructure and human capital would have to be neglected at least for the regime type variable's estimated effect sizes. For tertiary education, the relative differences between the base variable's coefficients and the conditional effect on France approve of the theoretically assumed relation but do not reach a significant level. Besides this, the differences for the size of a country's population should be mentioned. On the one hand, the British Council and the Goethe Institute head for large countries while the probability of an Institut Français is seemingly not

affected by this variable on the other hand. Referring to GDP per capita as indicator for a country's status of development, the conditional effects undermine the relative differences according to the trade variable. However, they remain insignificantly small. Interestingly, a host country's exclusiveness measured by the number of European tourists has the same positive and significant impact on the probability of a British Council, a Goethe Institute or an Institut Français.

Subsequently, I briefly sum up the results of the comparative negative binomial regression model before getting to the allocation of staff applying a Heckman selection model. With respect to the assumed governmental priorities, the relative differences in the allocation criteria of the British Council, the Goethe Institute and the Institut Français are most striking and significant for the trade variable. This finding supports the theoretical argument. The cultural considerations seem to play a statistically unimportant role for the foundation probability of a cultural institute. In accordance with the main hypothesis, the British Council finds it relatively more important than France to gather a respectable number of highly educated people in their host countries. However, the possibility of tertiary education to have no effect on the British and French allocation policy cannot be rejected since the conditional effect of the base variable is statistically insignificant. Interestingly, the alternative explanation arguing that cultural institutes direct their institutes along the touristy exclusiveness of a host country appears equally significant for the geographical allocation of all three cultural institutes.

Table 4: Negative Binomial Results of the Comparative Model

Cult2	Model1	z-values	Model2	z-values
	<i>Estimated (Conditional) Effects</i>		<i>Estimated (Conditional) Effects</i>	
Pop ⁵⁵	2.59e-09	6.11***	2.67e-09	5.70***
Popg	-2.27e-10	-0.36	-3.21e-10	-0.48
Popf	-1.97e-09	-2.52**	-2.06e-09	-2.53**
Gdppc	-3.78e-06	-0.20	2.96e-06	0.15
Gdppcg	-3.08e-05	-1.05	-4.1e-05	-1.37
Gdppcf	-2.58e-05	-0.84	-1.92e-05	-0.63
Trade	-0.0000113	-1.24	-9.0e-06	-0.96
Tradeg	0.0000249	2.31**	2.9e-05	2.75**
Tradef	0.0000438	4.16***	4.26e-05	3.89***
Affinity	0.6968775	1.42	0.8099168	1.81*
Affinityg	-1.431411	-2.97**	-1.447978	-3.29***
Affinityf	0.494855	0.09	-0.0584713	-0.11
Polity	0.0122477	0.76	0.0224895	1.46
Polityg	0.0129511	0.50	0.0111708	0.44
Polityf	-0.0416883	-1.75*	-0.0359401	-1.56
Teren	0.0173918	1.45	0.0090019	1.20
Tereng	0.0182265	1.66*	0.0195949	1.76**
Terenf	-0.0081626	-0.67	-0.0091685	-0.76
Langoff	0.0889413	0.52	0.0558346	0.32
Colony	0.437166	1.88*	0.489223	2.08**
Touri	1.24e-08	2.14**		
Tourig	1.58e-09	0.14		
Tourif	3.09e-09	0.36		
_cons	-0.4742167	-2.38	0.1644455	-3.41
Obs	407		438	
Log L	-515.59		-546.74	
Pseudo R ²	0.1452		0.1358	
alpha	0.1353		0.1941	
LR test of alpha = 0 Chibar2(01)	5.85		12.10	

***p>|z| < 0.001, **p>|z| < 0.05, *p >|z| < 0.10

⁵⁵ f indicates a dummy for France and g a dummy for Germany; e. g. popg is the described isolated conditional effect for population size on the probability of a Goethe Institut.

4. 4. 2. The Heckman Selection Results for the Number of Employees as the Dependent Variable

Accounting for the amount of resources spent in a specific host country, I analyse the impact of the main independent variables on a second alternative indicator for the geographical allocation priorities of the three cultural institutes under investigation. Countries on average⁵⁶ host no more than one or two cultural institutes. The negative binomial regression model evaluated the preferred characteristics of a country urging the respective government and cultural agents to establish a cultural institute in this specific country in the first place. However, different countries gather foreign cultural institutes with rather different sizes. I thus apply a second model to empirically investigate the geographical priorities considering the variance in the amount of resources spent for a specific host country. For the statistical estimation, one again has to deal with zero-truncated data for a limited dependent variable only entailing staff numbers for those countries hosting a cultural institute. A two-step sample selection model seems an appropriate solution and theoretically reasonable. Using an ordinary two-step Heckman estimation⁵⁷, I assume the number of allocated employees to depend on the probability of a cultural institute in the first step. Furthermore, I imply that the two steps of the allocation decision underlie different criteria and are theoretically independent of each other. In short, the governments dominate the likelihood of a cultural institute to be built whereas the institutes' interests are mainly responsible for the number of staff allocated in the respective host country. As for the negative binomial regression, I first calculate the overall influence of the main independent variables on the geographical allocation of staff. Second, I chose the previously explained 'free slope' method to empirically test the main hypothesis regarding the relative differences in the conditional effects of the British, the German and the French allocation criteria.

⁵⁶ See appendix 6. Descriptive Statistics.

⁵⁷ Greene (2003:780-789)

The Heckman selection model thereby follows the general estimation equation

$$E(y_i | z_i = 1, x_i, w_i) = x_i' \beta + \rho \sigma_e \lambda(w_i' \gamma).$$

E is the conditional mean, which will only be observed if the first-step dependent variable z is positive (meaning 1 for a binary first-step dependent variable)⁵⁸ and depends on the parameters $(\beta, \lambda, \rho, \sigma_e)$ for the first-step and second-step independent variables (w_i) and (x_i) ⁵⁹. σ_e indicates if a selection of y_i on z_i takes place⁶⁰.

After this brief and general description of the regression model used for my empirical analysis of the geographical allocation policies of the three countries of question let us now look at the estimated overall effects of the main independent variables on the number of employees. *Table 5* presents the estimated effects for the allocation criteria behind the number of employees for those countries hosting a cultural institute. The overall model fit expressed through the likelihood of the whole model Log L seems rather low. Furthermore, the Wald test cannot deny the null hypothesis of the estimated effects by the Heckman model to be superior to a random estimation. This fact might be due to data inherent problems. Also, the dependent variable is skewed as shown in the appendix in 7. 3. 2.. However, for the convenience of a better interpretation of the regression results and to not transform the theoretically assumed exponential function into the opposite, a logarithmic one, I leave it this way⁶¹. Moreover, since on first sight the regression results stay in line across different regression models one can assert a reasonable degree of confidence to the quantitative estimations. Just like I did for the two negative binomial models, I calculate one including the tourism variable and one without the latter. The results are relatively robust. Corresponding to a negative value for ρ , the selection of a cultural institute has the awaited positive effect on the staff number of a respective host country. However, only for the second model the hypothesis of no sample selection can be neglected. Turning to the effects of the main independent variables, none of the theoretically assumed allocation

⁵⁸ Accordingly, I generated a dummy variable *cult4cat* for 1 = hosting a cultural institute and 0 = no cultural institute.

⁵⁹ The first-step estimation is a maximum likelihood due to the binary dependent variable *cult4cat*. The second-step estimation, calculating the effects on the conditional mean of the number of employees for those countries holding a cultural institute, is a common OLS estimation.

⁶⁰ Since σ_e is a measure for the inverse Mill's ratio it has to be negative for a positive effect of the sample selection by z_i on the second-step dependent variable (Greene 2003:784f).

⁶¹ Because heteroscedasticity does not bias the beta coefficients, the effects can still be tentatively interpreted (Kohler/ Kreuter 2001:216).

criteria exerts a significant effect neither on the probability of a cultural institute nor on its number of employees. Thus, the hypothesis of neither one having any impact at all on the geographical allocation of cultural institutes cannot fully be rejected. Regime type seems to have a negative but relatively small effect on the number of staff for a cultural institute. As for the negative binomial, the sign of the polity variable changes when I include *touri* into the Heckman estimation. One explanation for this could be that tourists prefer travelling in more democratic, secure, and stable countries. Accounting for this, the negative sign of polity would confirm the tendency of the cultural institutes to seek maximizing their impact in less democratic countries. Tertiary education has the expected positive influence on the size of a cultural institute. An increase by one standard deviation, meaning 18 % of the third level educated population, would lead to 5 more employees. For an average host country, this result implies that it needs to double the percentage of its highly educated population in order to receive 1/10th more staff. The net effect of tertiary education on the number of employees therefore is seemingly rather small. For the dummy variable indicating whether the respective language has official status in the host country the effect size on the number of employees is most striking but with an unexpected negative sign. The number of staff would thereupon be reduced by approximately ten if a country has either English, French or German as official language. The negative relation might be due to the fact that German only enjoys official status in few small, mainly European countries. However, *langoff* is statistically insignificant and thus might not play a role for the amount of resources spent in a home country. With respect to the governmental variables and compared to the negative binomial regression, the insignificant effect of trade on the probability of a cultural institute and the number of staff respectively seems surprising. Alternatively, the highly significant GDP per capita indicating a country's level of development could account for the amount of trade increasing the probability of a cultural institute. Richer countries could be assumed to withhold greater import and export connections with France, Germany and the UK. In the second step, GDP per capita has a negative effect on the staff number of the cultural institutes. Although this time it is statistically insignificant. The changing sign of GDP per capita undermines the stated differing expectations with regard to its influence on the geographical allocation. For the probability of a cultural institute, the assumption of Schneider/Schiller (2000) of GDP per capita to

measure the economic attraction of a respective host country is constituted. In terms of the allocation of staff, a negative effect approves the expectation of cheaper countries hosting greater institutes. Affinity as an indicator for the strategic relationship between the host and the respective home country increases the probability of a cultural institute in the Heckman model compared to the negative binomial. Although statistically insignificant, the direction of the effects of the governmental variables on the geographical allocation of the institutes and their staff stands in accordance with the theoretical argument. The alternative hypothesis on greater exclusiveness leading to more staff is renewably supported by the Heckman estimation results. For the average country attracting 3.4 million tourists, an increase in European visitors of one standard deviation of $1/3^{\text{rd}}$ respectively raises the allocated staff by 9. All in all, population size and the amount of tourists travelling into a specific host country show a significant and positive effect on the total number of employees appointed to a cultural institute. GDP per capita, population size, and former colonial ties appear to positively and significantly affect the probability of a cultural institute to be established in the first step.

Table 5: Heckman Selection Results of the Overall Model

Staff2Cult ⁶² Second Step	Model1	z-values	Model2	z-values
	<i>Estimated Effects</i> ⁶³		<i>Estimated Effects</i>	
Pop	8.01e-08	2.45**	8.38e-08	2.54**
Gdppc	-0.005315	-0.53	-0.0009887	-0.95
Langoff	-11.7773	-0.89	-8.960486	-0.66
Teren	0.1293157	0.31	0.3097141	0.70
Polity	0.2539336	0.28	-0.4424958	-0.45
Touri			7.86e-07	2.16**
_cons	57.77586	4.53	55.95086	4.24
Cult4Cat				
First Step				
Trade	7.23e-06	0.77	6.39e-06	0.69
Affinity	0.31632	1.14	0.2866215	1.01
Colony	1.10898	4.00***	1.123202	4.01***
Gdppc	0.0000455	3.80***	0.0000495	4.11***
Pop	1.03e-08	4.55***	1.03e-08	4.59***
_cons	-0.6082883	-3.48	-0.6480505	-3.66
roh	-0.1952743		-0.1830091	
sigma	79.22141		79.53585	
lambda	-15.46991		-14.55578	
Obs	440		431	
Censored	187		187	
Uncensored	253		253	
Log L	-1718.678		-1661.022	
Wald chi ² (df)	7.52		12.28	
Prob > chi ²	0.1846		0.0560	
LR test of roh = 0				
Chi ² (01)	1.76		1.53	

***p>|z| < 0.001, **p>|z| < 0.05, *p >|z| < 0.10

In order to compare the relative influence of the main governmental and cultural variables on the British, the German and the French cultural allocation policies I will now refer to the results of the comparative Heckman model presented in *Table 6*. Considering the different degrees of autonomy the three cultural agents enjoy from the respective governmental ministry, the geographical allocation of the British Council should reflect cultural considerations more than the Institut Français. I expect a medium conditional effect for the German cultural variables. Vice versa, the assumed governmental priorities should appear with greater conditional effects for the French and German dummy interactions than for the British base variable. The estimation results have to be treated tentatively since the overall model fit is rather low referring to the overall likelihood Log L. However,

⁶² I generated *staff2cult* as dependent variable for the second-step including only those observations having one count on *cult4cat*.

⁶³ Refers to the beta coefficients estimated by OLS for the second-step and maximum likelihood (logit) for the first-step independent variables.

Wald's test is significantly high for both comparative models so that the null hypothesis of randomly calculated effects to better predict the actual influences can be rejected. As for the other models, the inclusion of the tourism variable slightly increases the overall fit of the Heckman estimation. However, this time tourism does not exert a significant impact on the allocation of staff for all three institutes under investigation. Thus, the alternative hypothesis of the institutes to preferably assign their staff to touristy attractive countries could be rejected according to this model. Before turning to the main explanatory variables, I shall briefly refer to the selection indicator ρ . Again a positive effect of the establishment of a cultural institute on the number of employees is indicated by a negative sign of the selection parameter. I cannot nullify the hypothesis of no selection taking place for the comparative Heckman models referring to the likelihood test of independent equations. However, since the theoretical assumption of the foundation of a cultural institute to be selective for the number of employees is straightforward this result should not be over-interpreted. Several significant deviations between the conditional effects of the three countries of question are obvious. Compared to the overall model trade enters highly significant. The three countries vary to a remarkable degree. In contrast to the main hypothesis, greater bilateral trade has a relatively higher impact on the probability for a British Council, followed by the German and the French cultural institutes. A greater UN voting similarity apparently asserts a positive and significant effect on the British Council's geographical allocation. The deviation for France indicates the theoretically proposed greater conditional effect. However, the difference between the UK's and France's stake on geopolitical considerations remains insignificantly small. Germany, on the other hand, significantly differs from the UK avowing a smaller importance to the affinity measure for the probability of a Goethe Institute in the first step. Moreover, the relative differences in the isolated effects of GDP per capita on the probability of a cultural institute call to one's attention. A higher GDP per capita reduces the probability of a cultural institute to a significant degree for the British and a relatively small amount for the French institutes. Notwithstanding, for the German allocation policy GDP per capita has a significantly positive effect on the foundation of a cultural institute. One reason for this might be found in the British and French affection to their former African colonies. Looking at the cultural variables, which influence the number of

employees working in the respective host country, the differences between the three countries are most striking for the UK and France. The regime type variable apparently has a much greater but negative effect on the number of French employees than for the British allocation of staff. For France, the number of employees is reduced by 30 if the average country raises its democracy level by one standard deviation (6.8 on a 20-unit-scale). The British Council increases its number of employees by ten whereas five people are added to the staff of the Goethe Institute for the respective change in the democratic level of the host country. However, since the effect of the regime type variable turns out to be statistically insignificant the null hypothesis of democracy having no impact on the geographical allocation of the British Council and the Goethe Institute cannot be denied. The second cultural variable *teren* also seems to have an insignificantly small effect on the size of a British and a German cultural institute. In contrast to the theoretical argument, an augmentation in the number of third level educated people seems to reduce the number of staff for the British and the German cultural institutes. The actual conditional effects are yet insignificantly small for both countries. In contrast to the main hypothesis, tertiary education plays a significant role only for the French staff numbers. An increase of 18% in the actual percentage of the educational elite raises the total number of French employees by 32. All in all, there exist remarkable differences in the conditional effects of the cultural variables on the allocation of staff. Contradicting the theoretical argument, cultural considerations only appear to play a role in the rationale of the French allocation policy. Summing up, the differences in the conditional effects of the governmental and the cultural variables are striking. However, the Heckman estimation results for the comparative analysis cannot approve the theoretically hypothesised relations for the conditional effect sizes of the three countries under investigation. On the contrary, only the French institutes seem to take the proposed cultural considerations into account for the geographical allocation of their employees. The governmental variables seem to play an important role in the rationales of all three cultural institutes. Against the theoretical predictions, greater amounts of exports and imports as well as a greater UN voting similarity seem to comparatively increase the probability of a British Council more than a Goethe Institute and Institut Français.

Before I will further discuss and compare the empirical results in the conclusion of this work, I shortly summarize the findings for the Heckman selection models. In accordance with the theoretical assumption, the selection parameter ρ indicates the number of employees to be positively affected by the probability of a cultural institute in the first place. In a broad view, the findings undermine the ones of the negative binomial. Countries with a greater population and former colonial ties not even enjoy a greater probability for a cultural institute, but also receive bigger ones. GDP per capita exerts a positive effect on the overall probability of a cultural institute. While it reduces the probability for a British Council and an Institut Français a greater GDP seems to increase the chance for a Goethe Institut in the comparative models. With respect to the main independent variables, the comparative Heckman models show significant differences in the conditional effects between the British, the German, and the French allocation priorities. In contrast to the theoretical argument, France puts a relatively greater emphasis on a high percentage of tertiary educated people. In the case of regime type, France seemingly prefers to allocate more staff in less democratic regimes whereas Germany and the UK show a positive yet insignificant effect of the regime type variable. Great amounts of bilateral trade and a high UN voting similarity appear to enhance the chance of all three cultural institutes. The conditional effect sizes of the three countries of question only support the hypothesised relation with respect to the affinity measure. France has a relatively higher stake for countries with which it enjoys friendlier relations. For the comparative Heckman selection model, tourism does not significantly affect the number of employees assigned to a host country.

Table 6: Heckman Selection Results of the Comparative Model

Staff2Cult Second step	Model1	z-values	Model2	z-values
	<i>Estimated Conditional Effects⁶⁴</i>		<i>Estimated Conditional Effects</i>	
Pop	9.04e-08**	2.85**	8.72e-08**	2.76**
Gdppc	-0.000853	-0.85	-0.0004412	-0.45
Langoff	-7.423594	-0.56	-10.22068	-0.79
Teren	-0.0235036	-0.05	-0.1984027	-0.40
Tereng	-0.1054451	-0.19	-0.0639873	-0.13
Terenf	1.805711**	3.12**	1.740253***	3.24***
Polity	1.47057	1.03	1.732556	1.30
Polityg	-0.7631661	-0.33	-0.5742909	-0.27
Polityf	-5.821514	-2.64**	-4.504444	-2.21**
Touri	3.16e-07	0.54		
Tourig	3.65e-07	0.44		
Tourif	1.12e-06	1.29		
_cons	46.79379	3.94	48.86512	4.19
Cult4Cat First step				
Trade	0.0053526	4.30***	0.0053539	4.26***
Tradeg	-0.005347	-4.29***	-0.0053478	-4.25***
Tradef	-0.0053481	-4.29***	-0.0053486	-4.25***
Affinity	1.989056	2.63**	2.252192	3.11**
Affinityg	-1.231042	-1.88*	-1.464306	-2.34*
Affinityf	0.351687	0.51	0.1398423	0.21
Colony	1.118013	3.62***	1.122695	3.68***
Gdppc	-0.0001196	-2.15**	-0.0001304	-2.31**
Gdppcg	0.0001851	3.09**	0.0001928	3.17**
Gdppcf	0.0001037	1.74*	0.0001109	1.83*
Pop	1.08e-08	4.20***	-1.275304	-5.67***
_cons	-1.29509	-5.67	0.0053539	4.26
Roh	-0.1361115		-0.1405286	
Sigma	76.66847		76.78447	
Lambda	-10.43546		-10.79042	
Obs	431		440	
Censored	187		187	
Uncensored	244		253	
Log L	-1615.812		-1674.15	
Wald chi(df) ²	30.87		22.95	
Prob > chi ²	0.0021		0.0063	
LR test of roh = 0				
Chi ² (01)	1.14		1.20	

***p>|z| < 0.001, **p>|z| < 0.05, *p >|z| < 0.10

⁶⁴ Refers to the beta coefficients estimated by OLS for the second-step and maximum likelihood (logit) for the first-step independent variables.

5. Conclusion

This study aimed to explain the apparent differences in the geographical allocation of the three largest and most traditional European cultural institutes.

On the basis of the principal-agent theory, I developed a theoretical and formal model in order to derive a comparatively testable hypothesis. Accordingly, the geographical allocation of the British Council should reflect cultural considerations more than the Institut Français when accounting for the level of autonomy the institutes enjoy from the respective foreign office. Thereby, I made two underlying assumptions. First, I supposed the cultural agent and the governmental principal to differ in their allocation priorities. Second, I illustrated that the three cultural agents vary in the degrees of autonomy they have been delegated from the respective governmental principal. Considering its non-governmental status but relatively close institutional connection to the foreign ministry, the Goethe Institut Inter Nationes was expected to take an intermediary position with respect to the influence of the cultural variables on its geographical allocation. Vice versa, since the Institut Français is a direct antenna of the French foreign affairs ministry, the governments' economical and security interests should play a relatively greater role for the French cultural allocation policy than for the German and the British one.

In my quantitative empirical analysis I have applied four different regression models. In a first step, I have evaluated the overall allocation criteria across all three countries in order to test my theoretical assumptions on the cultural and the governmental allocation criteria. In a second step, the isolated conditional effects have been estimated allowing to compare the relative differences between the allocation priorities of the three countries under investigation. Both methods, the overall and comparative one, have been estimated for two different indicators of the geographical allocation of cultural institutes. For estimating the effects of the cultural and governmental variables on the number of cultural institutes per host country I have used a negative binomial regression. To empirically analyse the effects of the main independent variables on the number of employees assigned to a chosen host country I further regressed the overall and comparative variants

with two-step Heckman selection models. The staff numbers per country provide a more efficient measure for the different amounts of resources spent on a certain host country. The results have been quite robust across the different quantitative estimation models and thus allow to formulate some general tendencies of the main criteria underlying the geographical allocation of the British, German and French cultural institutes.

In sum, a large population and former colonial ties seem to enhance the probability and the size of a cultural institute best throughout all models applied. According to the theoretical assumption a high percentage of tertiary education and strong economical connections seem to further increase the probability for the establishment of a cultural institute. The estimated effects of both variables turn out positive and significant in the negative binomial model. These results for the overall regression models correspond with the literature on the allocation of foreign aid and the evaluation of the Goethe Institut's allocation policy by Schneider/Schiller (2000).

Referring to the comparative models significant differences in the relative importance assigned to the cultural and governmental allocation criteria exist between the three cultural institutes. However, the comparative findings vary between the Heckman and the negative binomial regression models. On the one hand, the isolated conditional effects of the negative binomial regression show the hypothesised greater influence of trade on the probability of a French cultural institute than on a German and a British one for the negative binomial ($F > G > UK$). On the other hand, the Heckman finds the opposite relation to be significant ($UK > G > F$). With regard to the governments' security interests indicated by a high UN voting similarity, the assumed differences between the French and the British conditional effect sizes have been approved in the comparative Heckman model. For the geographical allocation of the French cultural institutes greater UN voting similarity plays a relatively higher role than for the British Council and Germany ($F > UK > G$). Cultural considerations seem to insert only a minor effect on the establishment of a British and a German cultural institute. In contrast to the main hypothesis, a greater educational elite significantly increases the staff numbers of the Instituts Français in the Heckman and the probability for a Goethe Institut in

the negative binomial comparative model. Apparently, the human capital indicator does not play a remarkable role in the British Council's allocation rationale. However, the percentage of tertiary educated people and trade seem to correlate highly. The result would thus fit with the proposition of higher trade values supporting the probability and size for the French and German institutes. One would have to think of an alternative indicator for the cultural institutes interest in human capital in order to draw a final conclusion about the plausibility of the main hypothesis. Objecting the theoretical assumption, the conditional effect of the regime type variable is greatest for the French allocation policy but with a negative sign. France seemingly has greater and more cultural institutes in less democratic countries.

Interestingly, the touristy attractiveness of a host country has a positive and equally strong effect on the probability of a German, British and French institute to be established. In the comparative Heckman model, though, the alternative hypothesis of the cultural agents to "follow the sunshine" can be rejected.

Since the overall model fit is rather small for all applied models the empirical results have to be interpreted cautiously with respect to the main hypothesis. All applied models suffer from great data problems making further empirical investigations necessary to comparatively test the hypothesised differences between the French, the German and the British allocation criteria before finally judging the plausibility of the theoretical argument. Further research on the geographical allocation of cultural institutes should aim to gather the cultural budgets per country as dependent variable in order to reduce the data inherent dependency of events. Especially for the measurement of the cultural institutes' preferences further efforts must be undertaken to reduce missings and gather more valid indicators. With respect to a country's human capital, comparable numbers of foreign language learners and speakers should account for the institutes' teaching efforts. Turning to the security variable one should check the results for the alternative alliance measures against the Affinity Index. With regard to regime type it might be interesting for future research to investigate whether a change from an autocratic to a more democratic regime influences the amount of

resources spent in a country. As mentioned earlier, a time-series analysis accounting for dynamic effects would improve the efficiency of the results.

Moreover, the alternative hypothesis about the allocation of the investigated cultural institutes to be directed along each others' locations might be worth testing. This could shed light on the question whether European cultural institutes rather compete or cooperate with each other. Especially with regard to European integration this would be an interesting puzzle for further analysis: Do the national and cultural agents lobbies prevail over the establishment of a Common European Foreign Cultural Policy? However, in order to do so, one would have to control for the cities the institutes are founded in and observe the number of events jointly organised by the different cultural agents.

Concluding, it remains to summarize my work in short. Comparing the three largest and traditional European cultural institutes' allocations, I have tried to fill in the gap of lacking comparative studies in the field of foreign cultural policy. Within the framework of rational choice theory I developed a theoretical model allowing to comparatively analyse the geographical allocation criteria in the field of foreign cultural policy. Connecting the institutional setting of a principal-agent relation to the resulting allocation policies might also be a promising approach to removing the theory deficit inherent to the literature on foreign aid allocation. The overall result of the 'classical' economical and historical ties to predominate the allocation of the cultural institutes is rather disillusioning when looking at the well-formulated official missions of all three European cultural institutes. However, further empirical investigations of the derived hypothesis might show whether an extension of the "arm's length" would result in a more efficient allocation according to the cultural institutes' primary goal of fostering the mutual understanding between different countries and cultures.

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Attached:

CD-Rom including data set and do-file for quantitative empirical analysis

1. **Interview with Mr. Patrick Spaven; Planning, Research and Evaluation; British Council Headquarters, London, 11/12/2002, 12.00 am**

Daniela Treutlein (Q): *What interests me first is the relation in general, the British Council has to the respective governmental ministry – the Foreign and Commonwealth Office? Especially with regard to the degree of autonomy it [the British Council] enjoys?*

Mr. Patrick Spaven (A): The British Council has a governing board which is composed of around 15 people and they come from all [...] of life in Britain and only one of them is from the Foreign Office. **So when the Board meets to make high level decisions about the British Council, the Foreign Office is only one of 15. That is our level of independence.**

But having said that, we get a big load of our money from the Foreign Office every year. [...] Now, it's less than half the money that we have to use, because we earn more than half of our money from services we provide not to the Foreign Office but to other organisations and for people. So it's, although it's obviously a very large sum of money, and it's very important, because we can continue to rely on it more or less, so it provides the basis for our buildings and staffing and programmes. It's not the only money. We have more than half of our money coming from services we provide, teaching services, teaching English and exams but also projects that we run on behalf on other government departments in Britain, but also foreign organisations, like the World Bank or the European Union. We do a lot of, lot of things.

So our relationship with the Foreign Office is very important. They are our main single source of money. We don't get more money from anywhere else. So they have a lot of influence on us for that reason, but they can't tell us – in theory – where to be. That's probably one thing you need to know. If we feel that we can have a very important role to play in a e. g. one of the Ex-Soviet, Central Asian republics, if we want to open in Tajikistan we will open in Tajikistan unless the Foreign Office were very, very clear that we shouldn't be there perhaps for security reasons or some other political reason. But we always clear things with the Foreign Office and very rarely do we disagree. But in theory if we decided that we wanted to stay in a country, open in a new country or close down in a country we could decide to do that. But it hardly ever comes to this kind of disagreement. So it's a sort of relationship with arm's length and decide overall what the British Council should do and give us large tons of money to do it, but they don't interfere in the detail. A lot of the detail is discussed by the governing board, and there is someone from the Foreign Office there but he is only one out of 15. Does that give you a general picture?

Q: *Yes. And what more specifically are your goals or your strategy behind the geographical allocation? What specific preferences do you have regarding the countries you like to go to?*

A: Beyond the geographical decision we have our overall purpose and strategic objectives – I don't know if you have seen those in the internet. They don't say anything about geography, where we should be. So geography is a shorter term thing. Our purpose on the strategic objectives really is indefinitely. But geography usually is decided on a five year basis. At the moment we're in the middle of our five year strategy 2000-2005. We're starting to think about the next five years. This five year strategy that determines in quite a lot of detail in which countries we should be in and we don't usually change that during our five year strategy. I say usually. But, of course, things come up suddenly. Next year North Korea may turn out to be a much freer place to be, I mean we might have to go to North Korea, we might want to put a couple of teachers there. So sometimes short term political opportunities open up or other long-term political opportunities open up as new things in a very short contact. But broadly speaking we set our trend where we want to be and how much money we want to spend on a five year basis. So, for example, this current five year strategy, a very important decision we made for this strategy is, that we should reduce our infrastructure spending on boarding in particular in Western Europe and to move and to release money to spend in what we call transitional countries which are not the least developed, but coming out from the less developed and moving towards the developed countries.

Q: *These are the Middle and Eastern European Countries (MEEC)?*

A: Yes, these are typical examples because they're moving fast towards developing a very important area of influence potential for Great Britain.

So, this is certain what's going to happen. For example in Germany we closed all our offices except in Berlin, Berlin is now much bigger, but in total we reduced our spending in Germany by approximately 15%. But most of our reduction has been from the buildings. So we're maintaining high level activity in Germany in terms of our programme, conferences, seminars, information, flows etc. without real expenditures in buildings and to some extent staff we have few staff. We're doing something similar in Greece, in Spain, to a lesser extent in France. Some of the smaller European countries we're actually not reducing – Scandinavia e. g. we're actually spending more money and they're very small. The big winners I suppose are a) new countries: we've opened in most of the Central Asian countries. We're increasing our programmes in Russia. We have a lot of new centres in Russia. We're spending more money in Ukraine, Romania. So this is certainly an obvious flow from West Europe to Eastern Europe. And in other parts of the world it's certainly a bit more complicated. [...]

So yes, what else is really in our strategy in terms of geography.

We've reduced our operations in Sub-Saharan-Africa particularly in the smaller countries. So we're trying to do what we call "hub-and-spoke-model": e. g. South Africa, Kenya, Zimbabwe except things have gone wrong there would be the hubs and the small countries around them like Botswana, Bolivia, Zambia, Malawi, Uganda [...] so we concentrate the resources in one country where we think that we can have a connected effect not just in that one country but in the ones surrounding it. But that's a bit of an experiment. [...] But that's part of the strategy.

In other parts of the world we've simply closed down in one or two countries where we were having, we felt only a marginal effect, but there have been very

few closures. Ecuador very isolated. Belarus for political reasons and security reasons.

Q: What are the reasons that you choose a country and that make you think that you will have an impact in that specific country?

A: Just one more aspect, we're tending to call back from regional cities to the capitals. So that's sort of a hub-and-spoke, e. g. Berlin.

Yes, so how do we assess that we should spend more money in Romania and Russia and less in Germany? There isn't a simple formula, but there are really two factors in the decision:

One is to decide on the strategic importance of a country to Britain. Now we used to have a complicated formula for that. Which was based on a number of different factors such as the amount of trade of this country, something to do with historical relations and one or two other things. But we found that this didn't work very well. So, what we decided, we decided to take an easy road, which is simple to say to ask the Foreign Office for that kind of categorisation. So we start with that. Not because they told us to do so, but because we have chosen to do that. [...]

Alongside that, we then look at the potential for impact that we can have. The extent to which we can make a difference and somehow weigh the two off. Germany is a very important country to Britain, huge trade flows. **America as well. It is probably the most important country to us strategically.**

But, what impact can we have in America? Most Americans if they're interested in Britain, they find out about Britain anyway. If they want to come here, they come here. If they are interested in the arts they can either find out where they are or come to Britain. So, what can we do? Very little. Very little. We can provide basic services, like helping students to get in touch with British universities without too much effort. Providing a base in the internet. [...] So, don't need to be there. We just kind of look for little niches. For the conference which isn't going to happen, but we know there's a demand for it. The presentation of a new line in the arts as another example. So we have to do our search and look for niches, but the impact is obviously very difficult to make.

To a lesser extent in Germany. I mean there's obviously a language barrier, but it isn't a huge barrier particularly for younger people. So it is sometimes difficult to identify specific areas of impacts where only the British Council can make a difference. So that dilutes the strategic importance effect.

Those countries in Central Asia it's difficult to say that they have huge strategic importance to us. **I mean obviously we've been interested in the stability of the region and so on but they're not high up on our list of strategic importance. On the other hand we know that the English language market is very undeveloped in these countries. The free market isn't working very well to meet the demand for English.** So the Council steps in. We may not need to be there for long, perhaps only for two or three years to generate the kind of infrastructure for teaching English, train some people and to encourage the private sector to move in. But we have to be there to begin with. And we know from our search that we can make a huge difference in those countries in one or two areas

like teaching English, introducing the exams, perhaps bringing a few key thinkers in terms of the good governance issue, democracy or media.

The key to it obviously is research. I'm not pretending that we do it very, very comprehensively, but we do research before we go into a country. In various ways: we talk to people, we look what is available in terms of knowledge about the English supply market, that sort of things. It's very important to do. That kind of thing – it's a dynamic thing. So we have to reassess this every few years really. The impact we're having and whether there are other places where we could make more impact at least on a short-term basis. Well, so it's always a balance, you know, there are always people asking does it really matter if we are in Turkmenistan? I mean really – does it matter? Germany has always been an important country to us. And ought to be. So there isn't always a total agreement about what our strategy is but there's pretty much a consensus around this kind of strategy.

Q: *Ok. So there is a mechanism behind the geographical allocation?*

A: Yes, the choice is systematic. Well, it's all subjective in the end, all top people in this organisation might get a bit carried away by the exotic places they might be in a sense won over by some very strong statement of the Prime Minister of Kazakhstan that it would be wonderful to have a big British Council, it would be a wonderful thing and we would hang out the culture of Britain etc. And they [the British Council] may come back with that impression which colours their judgement. It's possible.

But it's certainly not a question where an individual would like to work. No, no question of that.

Q: *So, to sum up, it's basically the impact that you are expecting to have with regard to the audience that would like to speak English or learn English and with regard to the fine arts infrastructure in a country or in a city?*

A: When we go into a new country English language teaching tends to be the first thing we do on a big scale. But that's not the most important thing to do generally. It's only one thing of many. But it's certainly the first thing that we can make the most impact early on. We get good relations with the education ministry that way and other key players and so on.

But we do our mission in two ways. We help a country to build its infrastructure to teach English, we help to develop the capacity of a country to teach English. We work with the education sector but also teach directly ourselves. We set up an institute to teach English. To provide examples to encourage the private sector. [...]We're carrying on doing it to get in touch with professionals and interesting groups of the private sector which we don't so easily access in other ways. They are just kind of our first vehicle. But we do all sorts of other things. Like arts. In a lot of countries we do no arts at all. The arts are not usually very often our way in to create the creative people. We don't this by bringing the British art and say it is wonderful work. We try to work with artists and artistic communities to create their own cultural identity. It's now well known in the development community interested in aid. One of the most important factors of in country, a nation is their culture. If

you can give them a strong cultural identity it often makes them more interested in economic development as well, political factors.

But there's certain other things. Increasingly we're trying to provide not just information but services online through creating virtual communities with professional interest and access to online knowledge learning. In earlier days we haven't but certainly over the next five years there'll be a big a push. India, for example, we are hoping to have 300,000 subscribers to our online learning centres – not English, but the profession, background and stuff.

We do a lot of work in governance, in good governance, democracy, ideas, media, using the media [...].

Q: So is that also a reason why you chose to go into transition countries because there you can have an impact and further democratic values?

A: Yes, these are always issues, in developing countries, too, the least developed. In the least developed countries, largely in Sub-Saharan Africa, certainly things have been tried but haven't worked. So we've been scratching our heads looking for new things that can make a difference. Whereas in transitional countries things have already started to work and so it's easier to define the paths where you can make a difference. I generalize, of course. So yes, we're probably more active in transitional countries' good governance using the arts for governmental awareness and things like that.

Science. We think that science is a very important – yeah - getting people interested in new applications of technologies and science not just pure science for a science audience but in general is a very good way to creating dialogue between cultures. This is an area which is growing again we've used to do a lot of that and now we're doing more of it. So we look to that sort of impact as well. We think that very young, especially 15 to 25 year-olds in a way, that English is a technical language, I mean the language of communication, the ideas language is very much in technology in the future I think.

I mean young people exchange ideas through technology not just through using technology – even about technology, new technology which affects their lives. I think this could be a new kind of channel of dialogue between young people. We're looking at that. What else would you like to ask me?

Q: I think I got all the information needed. What my theory is behind, is that I assume that the government, the respective ministry, that they would prefer to choose countries with respect to security issues and foreign trade – economic issues. And that the respective cultural institutes, that they rather look for the democratic infrastructure. [...] My argument is, that there needs to be a certain level of democracy to have an impact at all, because you cannot really go into autocratic countries, because there's no freedom of press and you can't really work culturally there.

A: Yes, obviously we prefer – we know that we're going to have more impact if we're able to talk to wide audiences, to use the internet freely. For people to be able to exchange ideas in our forums either in the internet or in our physical buildings.

But even where those conditions don't apply that rarely deters us from going in. Very rarely, occasions force us out of a country. Countries we've drawn from in the last three

years - it has been for security reasons or because the countries themselves really have become less and less significant. So we'd rather be somewhere else.

It was a hard decision closing down in Ecuador. Ecuadorians we worked with for years were terribly upset about that. We just had to be high-headed and say really we can use that money someplace else. It really is a difficult decision.

Q: If you want to go into a new region, then you have to close some place else – or can you really spread?

A: We say in theory we should close, but it's difficult to close. And so in practice we tended to spread out, only thinner. But we're hopeful to, technically we draw from buildings as we did in Germany and increasingly we use the internet. We increase our impact globally. We have been in more countries and that won't mean less impact. But we still are working towards the tools with which we are actually able to measure that. [...] We're starting to get there, but we haven't got that information yet. So a lot of the decisions we made are still kind of hopes on the internet which goes beyond just providing information. But we may find that this [virtualisation] doesn't work and we've got to get back to the ground, I'm not certain predicting that, but it's possible.

So yes, it's an interesting thing, I mean you're right on the foreign ministries looking for trade.

Q: *What's lying behind all this, is that the different cultural institutes are different in their degrees of autonomy to the respective governments. Comparing the British Council with the Institut Français: the Institut Français is really very close with the Foreign Ministry and so the Instituts Français are definitely much more influenced by those trade and security issues than the democratic governance and human capital ones – the preferences of the cultural institutes themselves.*

A: **Well you see, the biggest difference is not so much where we are but the volume of activity.** We've got hundreds of British diplomats in Washington and there's only three staff in the British Council in Washington. On the other hand in Barcelona, where I used to work, we have a hundred staff. Because there's a huge demand for exams and teaching English. We do other things there as well to sort of make sure it's not unbalanced instead of only teaching. Whereas the British government representative is a Council General. So this is the opposite. We go where our demand is where we know we can make a difference. But probably there are countries where we would like to be but where we can't be because the Foreign Office is saying it's too dangerous or saying we don't really want you there in North Korea at the moment. But Burma, we've been in Burma all the time throughout all the regimes. We're still there. We do things there.

Q: *Thank you very much.*

2. Email of Mr. Jacky Cuzzi ; Bureau des établissements culturels et des alliances françaises ; Ministère des Affaires étrangères, Paris, 03/ 04/ 2003

Questions : (Daniela Treutlein)

Comment faites-vous des décisions stratégiques et spécialement géographiques pour tous les Instituts Français et Centres Culturels?

La décision de l'allocation géographique - est-ce que c'est une chose du Service de la coordination géographique (CG)?

Answer : (Mr. Jacky Cuzzi)

Chère Madame,

Les orientations et les instructions sont donnée à l'ensemble du réseau des établissements culturels par des circulaires signées du Ministre. Ces circulaires donnent des orientations assez générales. Ce sont ensuite les Ambassadeurs qui dans le cadre de leur plan d'action précise le rôle du centre culturel dans un pays donné. Ensuite le directeur de l'établissement rédige son projet d'établissement qui doit être le reflet des orientations et des instructions de l'Ambassadeur. Ce projet d'établissement est présenté et examiné devant une instance dénommée "conseil d'orientation" présidé par l'Ambassadeur. Le projet d'établissement est ensuite validé par mon service.

Les subventions sont décidées aussi par mon service et non par la coordination géographique (CG).
Je reste bien entendu à votre disposition pour tout complément d'information que vous jugeriez utile.

Cordialement
J Cuzzi

3. Email of Ms. Lesley Hayman; Planning, Research and Evaluation; British Council Headquarters, London, 03/ 04/ 2003

Question (Daniela Treutlein):

What exactly is the decision making procedure of the board of trustees – is it just simple majority voting or does one of the members appointed by the Secretary of State for Foreign and Commonwealth Affairs have a veto or double counted voice?

Answer (Ms. Lesley Hayman):

Daniela,

only one member is appointed by the Secretary of State. The Permanent Under Secretary, FCO. He is one amongst equals with the Chair, as in all Boards, having a casting vote if there really is a split. The executive has no vote. But it is the role of the Chair and the executive to make sure that issues do not split board, and to ensure that if 'individual' votes are called for there is a clear and well established majority arrived at through discussion. A real split is a real disaster!

Lesley Hayman
Planning Research and Evaluation

**4. Email of Mr. Christof Werr; Evaluations- und Strategieabteilung;
Zentrale des Goethe Institut Inter Nationes e. V., Munich,
01/08/03**

Question (Daniela Treutlein):

*Was ist der übliche Planungshorizont des Goethe Institut Inter Nationes?
Wie lautet der Entscheidungsweg (Beteiligte und deren Verhandlungsmacht/
Stimme) im Bezug auf die **Standortverteilung** des GI Inter Nationes (v. a. die
Beziehung des Auswärtigen Amtes und des GI Inter Nationes betreffend)?
Hat das GI Inter Nationes alleine die Entscheidungsmacht in diesem Gebiet oder
das AA ein Vetorecht, gibt es ein bestimmtes Gremium das entscheidet?*

Nachtrag:

*Soeben habe ich bzgl. meiner vorherigen Frage im Rahmenvertrag vom 17.
Januar 2001 unter § 4, I gelesen, dass das AA wohl eine Art Veto gegenüber dem
GI in Standortfragen besitzt und Vorschlägen des AA seitens des GI auch
entsprochen werden muss.*

*Ist die Standortverteilung tatsächlich so stark durch das AA geprägt oder hat das
GI in der Praxis eher gleichberechtigten Anteil an der Standortbestimmung?
Gibt es eventuell, wenn auch geringe Interessensunterschiede?*

Answer (Mr. Christof Werr):

Die Schließungen in den letzten Jahren hatten einen Planungsvorlauf von 1-2 Jahren. Die Neugründungen Havanna, Teheran, Shanghai (läuft offiziell nicht als Goethe-Institut sondern als Teil der Botschaft), Algier (Wiedereröffnung) haben und hatten einen Vorlauf von etwa 2 Jahren. Dabei brauchen wir etwa ein Jahr, um die Grundsatzentscheidung vorzubereiten (Standortanalyse und Entscheidung des Präsidiums, in dem auch das AA vertreten ist) und weitere 6-10 Monate, um ein "Vorauskommando" zu entsenden. Die eigentliche Eröffnung eines Instituts kann dann jeweils noch dauern, insbesondere wenn nicht gleich geeignete Räume gefunden werden.

Sie haben das ja schon selber herausgefunden.[siehe Nachtrag]

Es ist so, dass offiziell der Außenminister entscheidet. Das GI hat natürlich ein Vorschlagsrecht, welches wir auch nutzen. Es ist oft schwer zu sagen, wer den ersten Anstoß zu einer Neugründung oder zu einer Schließung oder auch Teilschließung gegeben hat. Das erfolgt in enger Abstimmung. Wenn die grundsätzliche Bereitschaft des AA gegeben ist, bereiten wir eine Vorlage für das Präsidium des GI (Aufsichtsgremium) vor. In diesem Gremium ist das AA und das BMF vertreten. Wenn das Präsidium zugestimmt hat, geht der Vorgang nochmals offiziell an den BM des AA mit der Bitte um Zustimmung. Erst danach wird umgesetzt.

Christof Werr

5. Country List

Afghanistan	Greece	Nigeria
Albania	Guatemala	Norway
Algeria	Guinea	Oman
Angola	Guinea-Bissau	Pakistan
Argentina	Haiti	Panama
Armenia	Honduras	Papua New Guinea
Australia	Hungary	Paraguay
Austria	India	Peru
Azerbaijan	Indonesia	Philippines
Bangladesh	Iran, Islamic Rep.	Poland
Belarus	Iraq	Portugal
Belgium	Ireland	Puerto Rico
Benin	Israel	Romania
Bolivia	Italy	Russian Federation
Bosnia and Herzegovina	Jamaica	Rwanda
Botswana	Japan	Saudi Arabia
Brazil	Jordan	Senegal
Bulgaria	Kazakhstan	Sierra Leone
Burkina Faso	Kenya	Singapore
Burundi	Korea, Dem. Rep., North	Slovak Republic
Cambodia	Korea, Rep., South	Slovenia
Cameroon	Kuwait	Somalia
Canada	Kyrgyz Republic	South Africa
Central African Republic	Lao PDR	Spain
Chad	Latvia	Sri Lanka
Chile	Lebanon	Sudan
China & Hong Kong	Lesotho	Swaziland
Colombia	Liberia	Sweden
Congo, Dem. Rep., (Zaire)	Libya	Switzerland
Congo, Rep.	Lithuania	Syrian Arab Republic
Costa Rica	Luxembourg	Tajikistan
Cote d'Ivoire	Macedonia, FYR	Tanzania
Croatia	Madagascar	Thailand
Cuba	Malawi	Togo
Cyprus	Malaysia	Trinidad and Tobago
Czech Republic	Mali	Tunisia
Denmark	Malta	Turkey
Dominican Republic	Mauritania	Turkmenistan
Ecuador	Mauritius	Uganda
Egypt, Arab Rep.	Mexico	Ukraine
El Salvador	Moldova	United Arab Emirates
Eritrea	Mongolia	United Kingdom
Estonia	Morocco	United States
Ethiopia	Mozambique	Uruguay
Finland	Myanmar	Uzbekistan
France	Namibia	Venezuela, RB
Gabon	Nepal	Vietnam
Gambia, The	Netherlands	Yemen, Rep.
Georgia	New Zealand	Yugoslavia, Fed. Rep.
Germany	Nicaragua	Zambia
Ghana	Niger	Zimbabwe

6. Descriptive Statistics

6. 1. Total Numbers and Frequencies of Cultural Institutes⁶⁵

6. 1. 1. British Council

Variable	Obs	Mean	Std. Dev.	Min	Max
cult2uk ⁶⁶	456	.4473684	1.166131	0	11

British Council	Freq.
0	353
1	62
2	18
3	9
4	4
5	5
6	2
7	1
8	1
11	1

Total number of British Councils : $456 - 353 = 103$ countries and 204 institutes

⁶⁵ all statistical estimations using thesis5bc.dta and do-file thesis4.do in Stata 7.0 available upon request on CD-Rom

⁶⁶ cult2 = number of respective cultural institute per country; for definition and operationalisation of variables see *Table 2* of the study

6. 1. 2. Institut Français

Variable	Obs	Mean	Std. Dev.	Min	Max
cult2f	456	.3157895	1.115846	0	16

Institut Francais	Freq.
0	375
1	59
2	11
3	4
4	2
6	2
7	1
8	1
16	1

Total number of Institut Français : $456 - 375 = 81$ and 144 institutes

6. 1. 3. Goethe Institut Inter Nationes

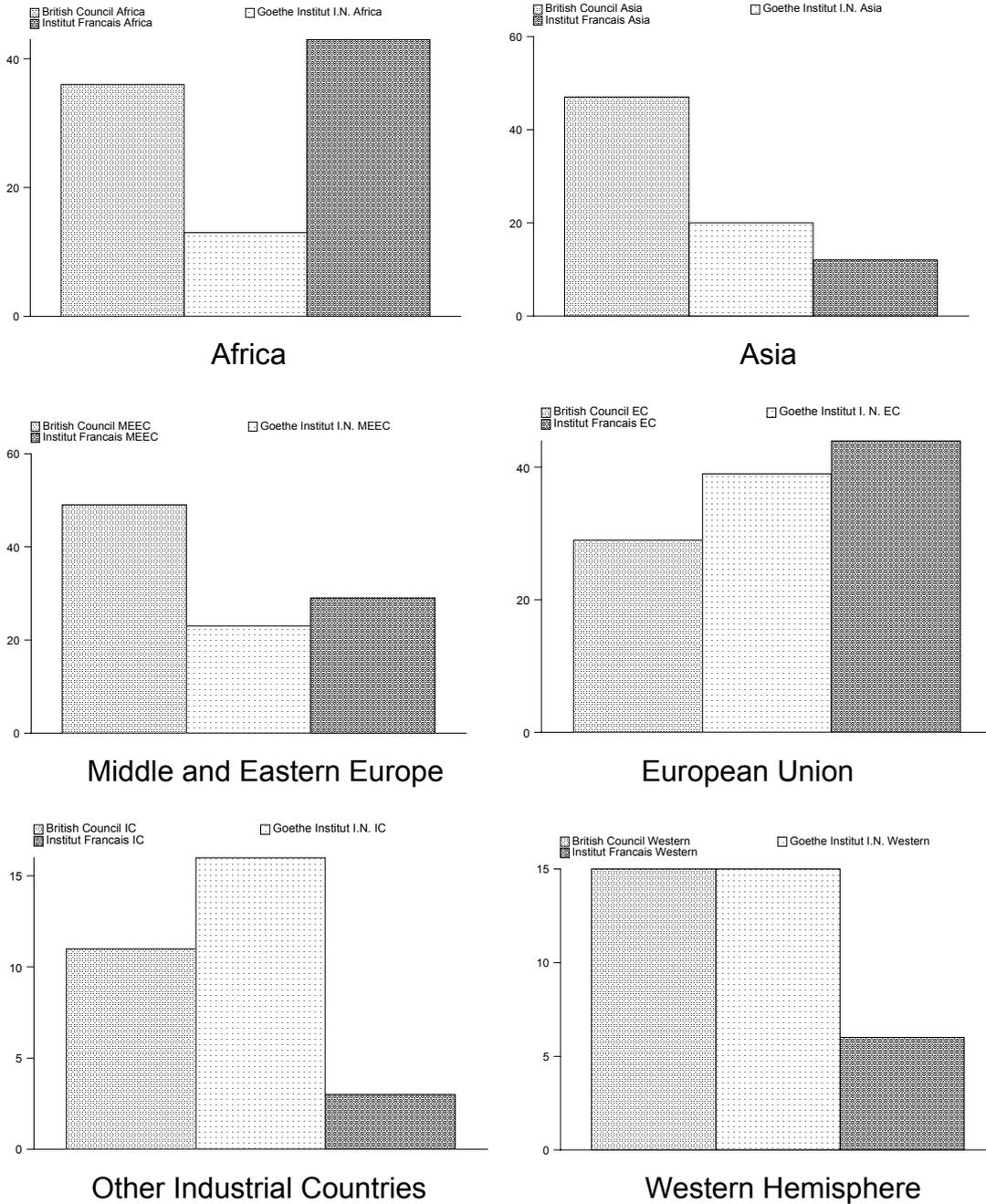
Variable	Obs	Mean	Std. Dev.	Min	Max
cult2g	456	.2916667	.914124	0	9

Goethe Institut Inter Nationes	Freq.
0	380
1	51
2	15
3	3
4	1
5	2
6	1
7	2
9	1

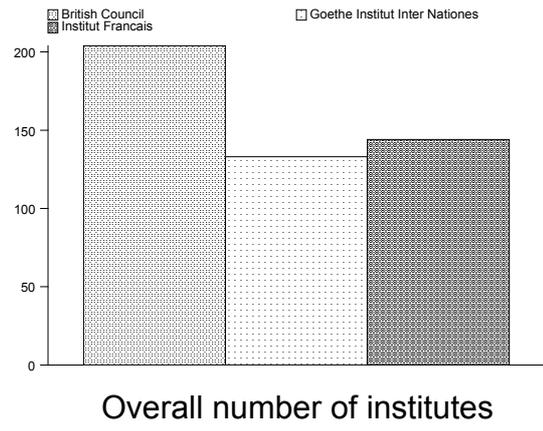
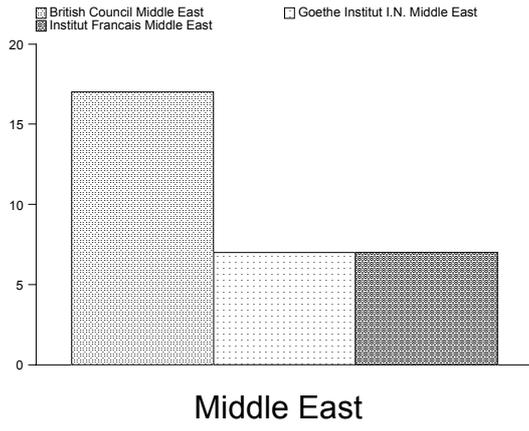
Total number of Goethe Institut Inter Nationes: $456 - 380 = 76$ and 133 institutes

6. 2. The Geographical Allocation of Cultural Institutes per Region⁶⁷

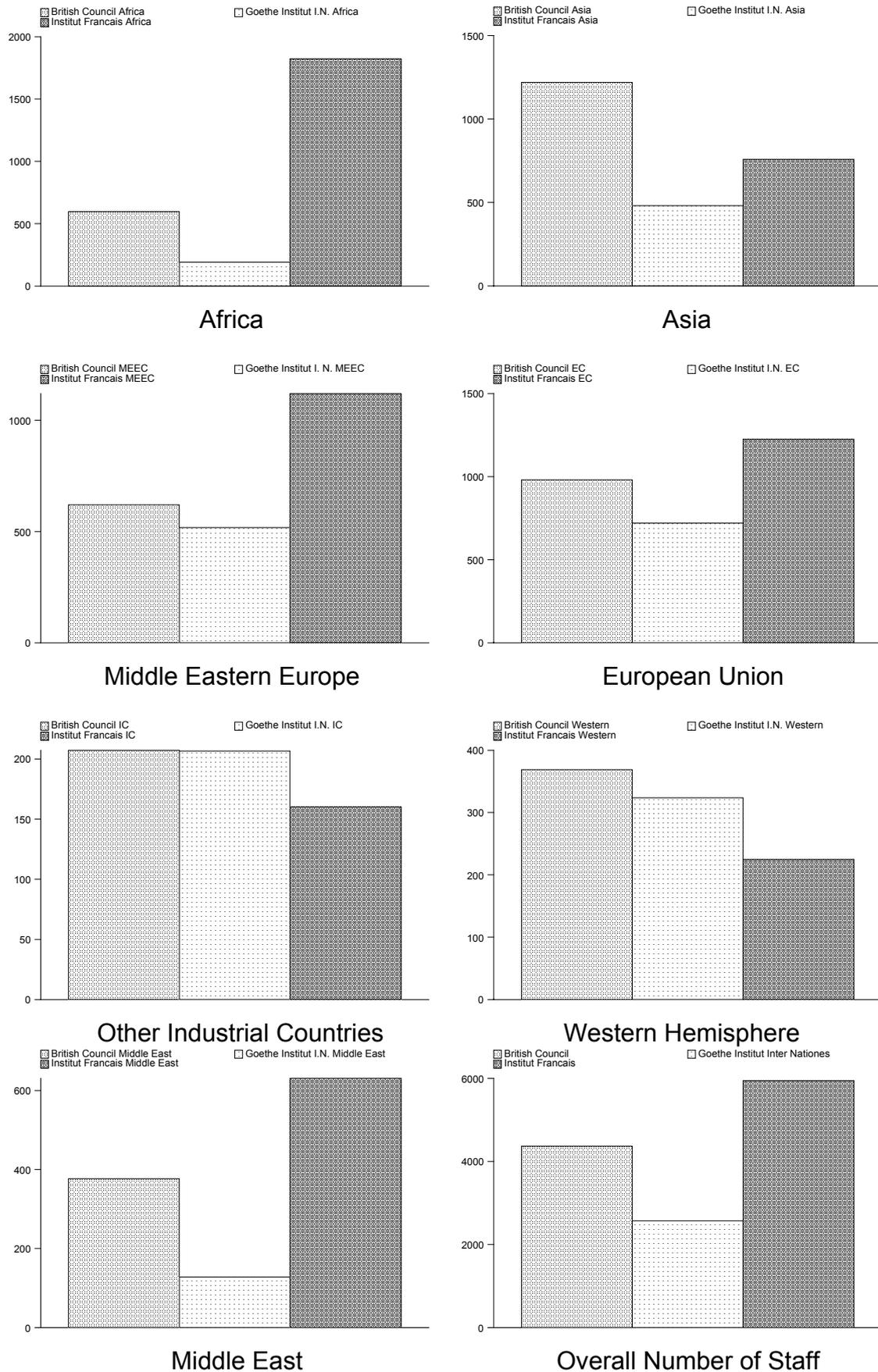
6. 2. 1. Cult2 (Number of Cultural Institutes): Absolute Counts



⁶⁷ The categorisation of the countries listed under 5. into regions follows the IMF Direction of Trade Statistics (2001). Accordingly, for the statistical investigation I included regional dummy variables in my dataset as indicated on the attached CD-Rom and available upon request.



6. 2. 2. Staff2 (Total Number of Employees): Absolute Counts



7. Summary Statistics for Multivariate Regression Analysis

7. 1. Means and Standard Deviations for the Main Independent Variables

Variable	Obs	Mean	Std. Dev.	Min	Max
pop	459	3.73e+07	1.27e+08	373958	1.22e+09
gdppc	459	6908.784	7485.763	471	32255
trade	445	4524.186	13149.18	2.666667	104131
affinity	453	.541285	.2645168	.0552632	.991342
polity	456	2.707237	6.80589	-10	10
teren	453	19.64177	18.55947	.43	89.03
langoff	458	.1419214	.3493511	0	1
colony	459	.0718954	.2585965	0	1
touri	420	3423408	1.18e+07	3054	8.30e+07

7. 2. Correlation Matrices

7. 2. 1. For Overall Regression Models

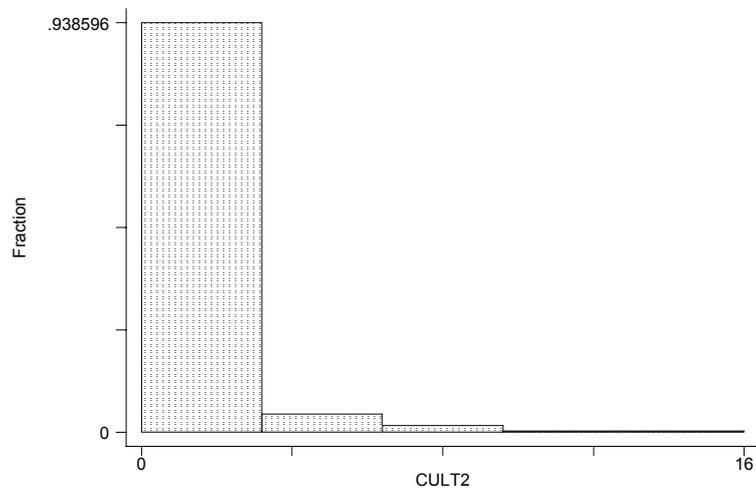
	pop	gdppc	trade	affinity	polity	teren	colony
pop	1.0000						
gdppc	0.1564	1.0000					
trade	0.1707	0.5861	1.0000				
affinity	-0.0920	0.3714	0.3107	1.0000			
polity	-0.0272	0.4554	0.2857	0.3382	1.0000		
teren	-0.0240	0.7276	0.4827	0.4423	0.5075	1.0000	
colony	-0.0479	-0.1171	-0.0820	-0.2456	-0.0415	-0.2068	1.0000
langoff	-0.0033	0.1011	0.0897	-0.1782	0.0453	-0.0275	0.5400
touri	0.0155	0.2653	0.3916	0.2767	0.2398	0.2440	-0.0783
langoff							
touri							
langoff	1.0000						
touri	-0.0060	1.0000					

7. 2. 2. For Comparative Regression Models

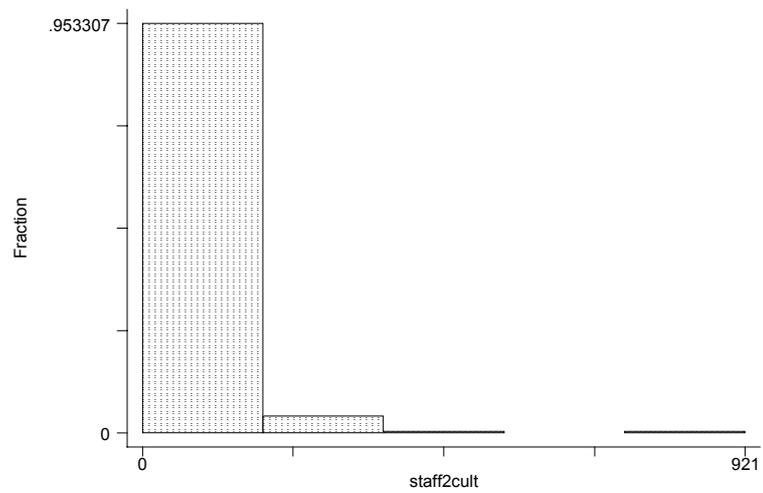
	pop	popg	popf	gdppc	gdppcg	gdppcf	langoff
pop	1.0000						
popg	0.5615	1.0000					
popf	0.5615	-0.0270	1.0000				
gdppc	0.1564	0.0878	0.0878	1.0000			
gdppcg	0.0721	0.2614	-0.0700	0.4609	1.0000		
gdppcf	0.0721	-0.0700	0.2614	0.4609	-0.1813	1.0000	
langoff	-0.0033	-0.0528	-0.0434	0.1011	0.0208	-0.0002	1.0000
langoffg	-0.0127	0.0195	-0.0205	0.2891	0.4993	-0.0531	0.3063
langofff	-0.0471	-0.0387	-0.0019	-0.0194	-0.1003	0.1710	0.5782
teren	-0.0240	-0.0135	-0.0135	0.7276	0.3344	0.3344	-0.0275
tereng	-0.0105	0.1348	-0.0762	0.3177	0.8340	-0.1980	-0.0656
terenf	-0.0104	-0.0762	0.1348	0.3178	-0.1979	0.8340	-0.0614
polity	-0.0272	-0.0152	-0.0152	0.4554	0.2104	0.2104	0.0453
polityg	-0.0149	0.0470	-0.0360	0.2501	0.5320	-0.0927	0.0185
polityf	-0.0149	-0.0360	0.0470	0.2501	-0.0927	0.5320	-0.0572
trade	0.1707	0.1457	0.0575	0.5861	0.4199	0.2012	0.0897
tradeg	0.0969	0.2336	-0.0351	0.3531	0.6615	-0.0910	0.0701
tradef	0.0747	-0.0291	0.1841	0.2951	-0.0756	0.5740	0.0067
affinity	-0.0920	0.1255	-0.1171	0.3714	0.4696	0.0656	-0.1782
affinityg	-0.0107	0.2085	-0.1132	0.0399	0.6411	-0.2923	-0.1749
affinityf	-0.0406	-0.1007	0.1334	0.1565	-0.2611	0.7393	0.0047
colony	-0.0479	-0.0422	-0.0194	-0.1171	-0.1096	-0.0790	0.5400
colonyg	-0.0110	0.0032	-0.0109	-0.0358	0.0068	-0.0282	-0.0269
colonyf	-0.0311	-0.0302	0.0080	-0.1283	-0.0783	-0.0209	0.3822
touri	0.0155	0.0087	0.0087	0.2653	0.1199	0.1199	-0.0060
tourig	0.0087	0.0695	-0.0274	0.1490	0.3460	-0.0720	0.0194
tourif	0.0087	-0.0274	0.0695	0.1490	-0.0720	0.3460	-0.0006
langoffg		langofff	teren	tereng	terenf	polity	polityg
langoffg	1.0000						
langofff	-0.0293	1.0000					
teren	0.1367	-0.0976	1.0000				
tereng	0.2950	-0.1097	0.4366	1.0000			
terenf	-0.0581	0.0913	0.4367	-0.2139	1.0000		
polity	0.1344	-0.0638	0.5075	0.2222	0.2224	1.0000	
polityg	0.2752	-0.0517	0.2776	0.5729	-0.1041	0.5491	1.0000
polityf	-0.0274	-0.0029	0.2778	-0.1041	0.5732	0.5491	-0.0478
trade	0.3039	-0.0138	0.4827	0.3474	0.1437	0.2857	0.2497
tradeg	0.4320	-0.0486	0.2886	0.5750	-0.0990	0.1785	0.3848
tradef	-0.0208	0.0805	0.2434	-0.0828	0.4843	0.1457	-0.0387
affinity	0.1842	-0.1132	0.4423	0.5250	0.0752	0.3382	0.3073
affinityg	0.2141	-0.1604	0.0553	0.7072	-0.3178	0.0460	0.3740
affinityf	-0.0717	0.2438	0.1813	-0.2840	0.8078	0.1378	-0.1329
colony	-0.0347	0.4271	-0.2068	-0.1245	-0.0968	-0.0415	-0.0498
colonyg	-0.0083	-0.0156	-0.0552	-0.0106	-0.0308	0.0004	0.0297
colonyf	-0.0229	0.6724	-0.1596	-0.0856	-0.0379	-0.0671	-0.0403
touri	0.1061	-0.0047	0.2440	0.1055	0.1055	0.2398	0.1280
tourig	0.2215	-0.0386	0.1371	0.3311	-0.0766	0.1347	0.3039
tourif	-0.0213	0.0691	0.1371	-0.0766	0.3311	0.1347	-0.0441
polityf		trade	tradeg	tradef	affinity	affini~g	affini~f
polityf	1.0000						
trade	0.1187	1.0000					
tradeg	-0.0449	0.7144	1.0000				
tradef	0.3194	0.4921	-0.0377	1.0000			
affinity	0.1408	0.3107	0.2811	0.1170	1.0000		
affinityg	-0.1491	0.1386	0.3535	-0.1229	0.6987	1.0000	
affinityf	0.4925	0.0649	-0.1313	0.4081	0.0212	-0.4270	1.0000
colony	-0.0539	-0.0820	-0.0600	-0.0366	-0.2456	-0.1656	-0.0029
colonyg	-0.0145	-0.0227	-0.0137	-0.0119	0.0221	0.0647	-0.0411
colonyf	-0.0299	-0.0538	-0.0397	-0.0134	-0.1489	-0.1280	0.1329
touri	0.1280	0.3916	0.3007	0.1511	0.2767	0.0462	0.0935
tourig	-0.0441	0.3938	0.5623	-0.0300	0.2382	0.2864	-0.0992
tourif	0.3039	0.1381	-0.0352	0.3334	0.1221	-0.1087	0.3801
colony		colonyg	colonyf	touri	tourig	tourif	
colony	1.0000						
colonyg	0.2377	1.0000					
colonyf	0.6604	-0.0122	1.0000				
touri	-0.0783	-0.0195	-0.0532	1.0000			
tourig	-0.0467	-0.0102	-0.0304	0.5617	1.0000		
tourif	-0.0459	-0.0113	-0.0288	0.5617	-0.0268	1.0000	

7. 3. Distribution of Dependent Variables

7. 3. 1. Number of Cultural Institutes Cult2



7. 3. 2. Number of Employees Staff2cult



8. Regressions for Comparative Models with Free Slopes for UK, Germany and France

8. 1. Results for the Comparative Negative Binomial Regression Models with Total Conditional Effects for Isolated Country Dummies

Model 1:

```
Negative binomial regression          Number of obs   =      407
                                      LR chi2(23)      =     175.10
                                      Prob > chi2      =      0.0000
Log likelihood = -515.59304           Pseudo R2       =     0.1452
```

cult2	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
popuk	2.59e-09	4.24e-10	6.11	0.000	1.76e-09 3.42e-09
popg	2.36e-09	4.63e-10	5.10	0.000	1.45e-09 3.27e-09
popf	6.17e-10	6.80e-10	0.91	0.364	-7.15e-10 1.95e-09
gdppcuk	-3.78e-06	.0000187	-0.20	0.840	-.0000405 .0000329
gdppcg	-.0000346	.0000223	-1.55	0.121	-.0000784 9.18e-06
gdppcf	-.0000296	.0000244	-1.21	0.225	-.0000774 .0000183
tradeuk	-.0000113	9.16e-06	-1.24	0.217	-.0000293 6.64e-06
tradeq	.0000136	5.75e-06	2.36	0.018	2.32e-06 .0000249
tradeq	.0000325	5.54e-06	5.87	0.000	.0000217 .0000434
polityuk	.0122477	.0160168	0.76	0.444	-.0191446 .0436399
polityg	.0251987	.0208001	1.21	0.226	-.0155687 .0659662
polityf	-.0294407	.0179546	-1.64	0.101	-.0646311 .0057497
affinityuk	.6968775	.4915433	1.42	0.156	-.2665297 1.660285
affinityg	-.7345339	.3210616	-2.29	0.022	-1.363803 -.1052647
affinityf	.746363	.5079395	1.47	0.142	-.2491801 1.741906
terenuk	.0108474	.0074898	1.45	0.148	-.0038323 .0255272
tereng	.0290739	.007978	3.64	0.000	.0134374 .0447104
terenf	.0026848	.009779	0.27	0.784	-.0164816 .0218512
langoff	.0889413	.172682	0.52	0.607	-.2495092 .4273919
colony	.437166	.2319464	1.88	0.059	-.0174407 .8917726
touriuk	1.24e-08	5.78e-09	2.14	0.032	1.03e-09 2.37e-08
tourig	1.39e-08	6.85e-09	2.03	0.042	5.10e-10 2.74e-08
tourif	1.54e-08	6.40e-09	2.41	0.016	2.91e-09 2.80e-08
_cons	-.4742167	.1646223	-2.88	0.004	-.7968704 -.151563
/lnalpha	-1.99966	.4868136			-2.953798 -1.045523
alpha	.1353813	.0659054			.0521413 .3515079

Likelihood ratio test of alpha=0: $\chi^2(01) = 5.85$ Prob>= $\chi^2 = 0.008$

8. 2. Results for the Comparative Heckman Selection Models with Total Conditional Effects for Isolated Country Dummies

Model 1:

```

Heckman selection model          Number of obs   =      431
(regression model with sample selection)  Censored obs   =      187
                                          Uncensored obs =      244

Log likelihood = -1615.812          Wald chi2(12)   =      30.87
                                          Prob > chi2     =      0.0021

```

	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
-----+-----						
staff2cult						
pop	9.04e-08	3.17e-08	2.85	0.004	2.83e-08	1.52e-07
gdppc	-.000853	.0010034	-0.85	0.395	-.0028196	.0011136
langoff	-7.423594	13.34799	-0.56	0.578	-33.58518	18.73799
terenuk	-.0235036	.5182336	-0.05	0.964	-1.039223	.9922156
tereng	-.1289487	.5179925	-0.25	0.803	-1.144195	.8862979
terenf	1.782207	.5941597	3.00	0.003	.6176754	2.946739
polityuk	1.47057	1.434018	1.03	0.305	-1.340055	4.281194
polityg	.7074035	1.86722	0.38	0.705	-2.952281	4.367088
polityf	-4.350944	1.690672	-2.57	0.010	-7.664601	-1.037287
touriuk	3.16e-07	5.90e-07	0.54	0.592	-8.40e-07	1.47e-06
tourig	6.82e-07	5.88e-07	1.16	0.246	-4.71e-07	1.83e-06
tourif	1.43e-06	6.41e-07	2.24	0.025	1.78e-07	2.69e-06
_cons	46.79379	11.88355	3.94	0.000	23.50246	70.08513
-----+-----						
cult4cat						
tradeuk	.0053526	.0012449	4.30	0.000	.0029126	.0077926
tradeg	5.59e-06	.0000132	0.42	0.671	-.0000202	.0000314
tradef	4.52e-06	.0000148	0.31	0.760	-.0000245	.0000336
affinityuk	1.989056	.7553438	2.63	0.008	.5086091	3.469502
affinityg	.7580135	.3438203	2.20	0.027	.0841381	1.431889
affinityf	2.340743	.5471746	4.28	0.000	1.2683	3.413185
colony	1.118013	.3087963	3.62	0.000	.5127832	1.723242
gdppcuk	-.0001196	.0000555	-2.15	0.031	-.0002284	-.0000108
gdppcg	.0000655	.0000228	2.87	0.004	.0000207	.0001102
gdppcf	-.0000159	.0000213	-0.75	0.453	-.0000576	.0000257
pop	1.08e-08	2.59e-09	4.20	0.000	5.78e-09	1.59e-08
_cons	-1.29509	.2285119	-5.67	0.000	-1.742965	-.8472144
-----+-----						
/athrho	-.1369615	.1218787	-1.12	0.261	-.3758394	.1019163
/lnsigma	4.33949	.0457907	94.77	0.000	4.249742	4.429239
-----+-----						
rho	-.1361115	.1196207			-.3590888	.1015649
sigma	76.66847	3.510701			70.08736	83.86753
lambda	-10.43546	9.258954			-28.58268	7.711754
-----+-----						
LR test of indep. eqns. (rho = 0):	chi2(1) =	1.14	Prob > chi2 =	0.2866		
-----+-----						

Model 2:

```

Heckman selection model          Number of obs   =      440
(regression model with sample selection)  Censored obs   =      187
                                          Uncensored obs =      253

```

```

Log likelihood = -1674.215          Wald chi2(9)    =      22.95
                                          Prob > chi2     =      0.0063

```

	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
-----+-----						
staff2cult						
pop	8.72e-08	3.16e-08	2.76	0.006	2.52e-08	1.49e-07
gdppc	-.0004412	.0009802	-0.45	0.653	-.0023624	.00148
langoff	-10.22068	13.01589	-0.79	0.432	-35.73136	15.29
terenuk	-.1984027	.4922541	-0.40	0.687	-1.163203	.7663976
tereng	-.26239	.4867251	-0.54	0.590	-1.216354	.6915736
terenf	1.54185	.5623413	2.74	0.006	.4396816	2.644019
polityuk	1.732556	1.337503	1.30	0.195	-.8889009	4.354014
polityg	1.158265	1.708738	0.68	0.498	-2.190799	4.50733
polityf	-2.771888	1.561609	-1.78	0.076	-5.832586	.2888103
_cons	48.86512	11.65113	4.19	0.000	26.02932	71.70092
-----+-----						
cult4cat						
tradeuk	.0053539	.0012566	4.26	0.000	.0028909	.0078169
tradeg	6.10e-06	.0000132	0.46	0.643	-.0000197	.0000319
tredef	5.31e-06	.000015	0.35	0.723	-.0000241	.0000347
affinityuk	2.252192	.7241256	3.11	0.002	.8329321	3.671452
affinityg	.7878858	.336885	2.34	0.019	.1276034	1.448168
affinityf	2.392034	.5381083	4.45	0.000	1.337362	3.446707
colony	1.122695	.3052248	3.68	0.000	.5244652	1.720924
gdppcuk	-.0001304	.0000565	-2.31	0.021	-.000241	-.0000198
gdppcg	.0000624	.0000227	2.75	0.006	.0000179	.0001069
gdppcf	-.0000195	.0000212	-0.92	0.359	-.0000611	.0000221
pop	1.09e-08	2.59e-09	4.19	0.000	5.78e-09	1.59e-08
_cons	-1.275304	.2248746	-5.67	0.000	-1.71605	-.8345576
-----+-----						
/athrho	-.1414648	.1222637	-1.16	0.247	-.3810972	.0981676
/lnsigma	4.341002	.0450233	96.42	0.000	4.252758	4.429247
-----+-----						
rho	-.1405286	.1198492			-.36366	.0978535
sigma	76.78447	3.457092			70.29906	83.8682
lambda	-10.79042	9.295564			-29.00939	7.428552

```

LR test of indep. eqns. (rho = 0):   chi2(1) =      1.20   Prob > chi2 = 0.2739

```