

Buying Votes and International Organizations: The Dirty Work-Hypothesis

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Abstract

We show how major shareholders can exploit their power over international organizations to hide their foreign-policy interventions from domestic audiences. We argue that major powers exert influence bilaterally when domestic audiences view the intervention favorably. When domestic audiences are more skeptical of a target country, favors are granted via international organizations. We test this theory empirically by examining how the United States uses bilateral aid and IMF loans to buy other countries' votes in the United Nations Security Council (UNSC). Introducing new data on voting behavior in the UNSC over the 1960-2015 period, our results show that states allied with the US receive more bilateral aid when voting in line with the United States in the UNSC, while concurring votes of states less allied with the US are rewarded with loans from the IMF. Temporary UNSC members that vote against the United States do not receive such perks.

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1 Introduction

After the collapse of the Soviet Union, one of the United States' key geostrategic goals was to manage the threat posed by an emergent Russia. In the early years of the 1990s, bilateral aid was one of the main policy instruments: US disbursements of bilateral aid to Russia amounted to one billion US dollars (USD) in 1993 and 2.5 billion USD in 1994.¹ In 1994, these aid packages came under pressure at home. According to a Congressional Research Service report, "concerns regarding the US budget deficit [and] the unpromising outcome of the December 1993 Russian parliamentary elections," amongst others, led to substantial reductions in US aid. Between 1996 and 1998 annual disbursements of US aid to Russia were reduced to about half a billion USD.

At about the same time, the International Monetary Fund (IMF) became heavily involved in Russia. In 1995, it approved a 6 billion USD loan program, increased it to more than 10 billion the next year and to an extraordinarily large 18 billion USD loan in 1998. The United States strongly supported these loans. US President Clinton stated: "I believe the loan will go through, and I believe that it should. I do support it strongly."² And Russian President Yeltsin said that to get the IMF to commit to these loans "[w]e had to involve [Bill] Clinton, Jacques Chirac, Helmut Kohl, and [John] Major."³ Further anecdotal evidence that the United States put pressure on the IMF abounds (Congressional Research Service 2002; Goldgeier and McFaul 2005; Stone 2002). As Goldgeier and McFaul (2005, 152) put it: "[t]he Clinton administration wanted to use the IMF to support Yeltsin in his time of need; the IMF obliged." And more generally: "[i]n essence, the Clinton administration transferred the responsibility for assisting Russia's economic transformation from the United States to the IMF" (p. 100).

This episode seems to suggest that the United States initially used bilateral aid to pursue a key geopolitical goal. When directly giving its own aid became increasingly difficult to justify

¹ Some US politicians justified these large aid disbursements by arguing "that the U.S. defense budget would be \$100 billion greater in the next year if the Soviet Union still existed as a military threat" (Congressional Research Service 2002, referring to a speech on March 4, 1993, by US Senator Patrick Leahy, Chairman of the Senate Foreign Operations Subcommittee, in which he called for a one-billion-dollar aid package).

² Quoted in Goldgeier and McFaul (2005, 152).

³ <https://www.nytimes.com/1996/02/23/world/russia-and-imf-agree-on-a-loan-for-10.2-billion.html> (accessed May 20, 2018).

domestically, it switched to the IMF and used the international organization to support Russia with multilateral aid.⁴

Scholarly literature that compares bilateral and multilateral aid argues that political interests are less prevalent for multilateral aid, and takes the relative absence of political motives as a reason why multilateral aid is more effective for promoting development (Derek 2008; Milner and Tingley 2013).⁵ Much of the recent literature therefore concludes that donors use multilateral aid to promote development and other international public goods, while they use bilateral aid to promote their own political agenda (Schneider and Tobin 2016).⁶

The focus of this recent literature on multilateral aid as a largely apolitical instrument of burden-sharing for promoting development goals stands in contrast to the literature on the political economy of international organizations. Woods (2003) and McKeown (2009) document that the United States significantly influences most major decisions at the IMF and the World Bank. Quantitative evidence supports the view that multilateral lending reflects the interests of international organizations' major shareholders (Dreher, Sturm, and Vreeland 2009a; 2009b; Kilby 2013a; 2013b; Kuziemko and Werker 2006; Vreeland and Dreher 2014).⁷

Even though a large number of papers have investigated the importance of political motives for multilateral and bilateral aid giving, little empirical work exists that reconciles these strands of the literature. Taken at face value, these two literatures suggest that donor countries use multilateral aid for pursuing their own political agendas while, at the same time, bilateral channels seem more politicized than multilateral channels. How, then, do states decide between bilateral and multilateral channels for exerting political influence? And why is multilateral aid often perceived as less political than bilateral aid?

We argue that donor governments use multilateral channels for exerting political influence when the domestic public is relatively more hostile towards supporting the recipient.⁸ They use bilateral

⁴ We use the term "aid" for all forms of official support channeled to recipient countries, including Official Development Assistance (ODA), Other Official Flows (OOF), and multilateral loans and credits.

⁵ For the importance of geo-strategic motives for the effectiveness of aid see Dreher, Eichenauer, and Gehring (2018).

⁶ Also see Dietrich (2013). According to Dietrich, governments use multilateral (and other non-state) aid when they want it to promote development in recipient countries with low governmental quality.

⁷ For a broad overview of this literature see Dreher and Lang(2018).

⁸ What we have in mind here is a situation where the government's preferred policy deviates from that of the median voter. This might be for ideological reasons, or because politicians trade away some domestic voter support for some

channels, on the other hand, for countries that the domestic audiences view more favorably. Our argument is based on the idea that multilateral organizations can be used to do their major shareholders' "dirty work" (Vaubel 1986, 48). Some governments have substantial influence over multilateral organizations, which they can exploit to pursue policies vis-à-vis other states without drawing on bilateral channels. Multilateral organizations can thus help to "launder" governments' political activities that are unpopular with domestic audiences when conducted bilaterally (Abbott and Snidal 1998, 18). As politics inside multilateral organizations are difficult to observe for the public, governments can implement their preferred policies with a lower risk of adverse electoral consequences. Conversely, when they aim to give aid to friendly countries they can use the more visible bilateral channel.

For such "laundering," major shareholders exploit multilateral organizations' reputation as a politically neutral donor to hide unpopular policies from their voters. To keep this reputation alive, governments thus do not always interfere in their decision-making, and the organizations grant loans according to need, *in most cases*. Politics thus seem to be less prevalent in the allocation of multilateral aid compared to bilateral aid. But rather than being free of political motives, multilateral aid is also political – governments just use it for political purposes in selected salient cases when it would be politically costly to draw on bilateral resources. This is also why political motives in the lending of these organizations are more difficult to detect empirically – for voters and scholars alike. The *usual* multilateral loan is more likely to be given for non-political reasons, compared to bilateral aid. And the fact that politically motivated loans are given to 'strange bedfellows' (i.e., recipients that are not among the donors' traditional allies) makes it even harder to detect the underlying political motives.

This is why testing this theory requires a new empirical setting.⁹ After all, we aim to detect patterns that are deliberately hidden. We look for evidence of vote buying in the United Nations' most powerful organ, the United Nations Security Council (UNSC). Specifically, we examine how

other gain – like financial/campaign contributions from special interest groups, or long-run benefit like improved national security – that follows from the cooperation of the target state at the UNSC. Losses in voter support for pursuing such policies will be smaller if the voters are uncertain of how to attribute the foreign aid.

⁹ The "dirty-work" hypothesis goes back to Vaubel (1986) but has, to our knowledge, never been tested in a large-n setting. His own work uses "the methodology of example giving" (Vaubel 1986, 45).

voting behavior in the UNSC is linked to the allocation of bilateral aid flows and loans from multilateral financial institutions. Dissenting votes in the UNSC are rare and major powers use incentives and disincentives for other members to avoid them. We expect governments to use increases in aid as reward for loans and reductions in aid as punishment. Countries that vote against powerful governments in the UNSC are predicted to receive less bilateral and multilateral support. However, patterns of bilateral aid are easily observable by domestic audiences. Those of multilateral aid are not. As we discuss in more detail below, publics tend to perceive international organizations as independent actors and do not necessarily attribute their lending to the influence of their own government. We thus expect donors to use bilateral aid to buy favors from more friendly governments. In cases where domestic audiences are likely hostile towards the recipient government, we expect major shareholders to use their power over international organizations to extend support. They increase multilateral aid rather than bilateral aid.

To test our theory, we compile a new dataset that covers the universe of UNSC votes that were cast by all member states in the seven decades over the 1946-2015 period. We record a total of 36,460 individual votes on 2,524 proposed resolutions. We consider all available UNSC proposals – those that have passed (resolutions) and those that have failed (vetoed resolutions and failed majorities). To our knowledge, this is the first such dataset, which we collected from the United Nations (UN) Library in Geneva, as well as from UN web pages. Along with each member state's decision, we code resolution-specific information, such as the policy area concerned and the amount of media attention the resolution generated.

Armed with the new data on UNSC voting we test our theoretical argument and find considerable support for it. First, the evidence is consistent with the view that votes in the world's most important international institution are for sale. We find that temporary members of the UNSC that vote in line with the United States receive both more bilateral aid from the United States and larger IMF loans than other countries. Countries that vote against the United States in the UNSC do not receive such perks during their time as temporary members. We then turn to testing our argument on the choice of bilateral versus multilateral channels. We find that the United States uses bilateral aid to buy the votes of UNSC members it is politically close to and multilateral loans to buy the votes of members to which it is politically more distant (as measured

by voting coincidence in the UN General Assembly prior to entering the UNSC). While our main analyses focus on the trade-off between bilateral US aid and IMF loans, we show that the multilateral results also hold for World Bank loans.

This study introduces novel theory and an original dataset to understand how governments choose between bilateral and multilateral support. Rather than adjudicating whether multilateral aid is more or less politically motivated than bilateral aid, we suggest that donors use the two channels for distinct recipients. Recognizing that donors have domestic constituents with favorable views of only certain countries, we suggest that multilateral channels obfuscate the repayment of favors to foreign countries that are unpopular domestically. Rather than being less political than bilateral aid, donors benefit politically from not influencing multilateral aid *in most cases*, so that multilateral organizations maintain their reputation as (relatively) politically neutral. They can then use them to perform their dirty work in strategically important cases.¹⁰

In addition to adding important insights to the literature on donors' choice among bilateral and multilateral aid, our results speak to several other literatures: First, our paper links to the literature on associations between aid flows and voting in the UN, which has so far focused on the United Nations General Assembly (UNGA) (Thacker 1999; Stone 2008; Dreher, Nunnenkamp, and Thiele 2008; Kilby 2013; Carter and Stone 2015). Our results suggest that vote buying extends beyond the UNGA and also relates to the UN's most powerful organ, the UNSC.

Second, we qualify the 'UNSC effect.' Multiple recent studies have shown a relationship between temporary UNSC membership and favorable treatment from aid donors and multilateral organizations (Dreher, Sturm, and Vreeland 2009a; 2009b; 2015; Kilby 2013b; Kuziemko and Werker 2006; Mikulaschek 2017b; Reynolds and Winters 2016; Vreeland and Dreher 2014). For the case of US aid and IMF loans we show that those temporary members of the UNSC that vote in line with the United States rather than membership itself drive this effect. When examining the remaining four of the permanent five UNSC members we find similar results for France and the

¹⁰ We see this theory as complementing rather than contradicting previous work and, interestingly, results obtained in previous research support our argument. For example, Strand and Zappile (2015) proxy donor interest in a country with its economic aid, following Fleck and Kilby (2006). They expect countries that receive more economic aid from a member of a multilateral development bank to also receive more aid from the bank itself but find the opposite. This result is contrary to the authors' expectations but is exactly what we would expect to find when multilateral aid is used in countries where bilateral aid is difficult to give.

United Kingdom but no such evidence for China and Russia. Our results thus add more direct evidence for the conjecture that the larger aid flows to UNSC members are used for vote buying. The remainder of this paper proceeds as follows. We develop our theoretical argument in section 2. Section 3 provides some background on the IMF and the UNSC. In section 4, we present the new dataset on UNSC voting behavior along with the other data used for the empirical analysis as well as our method of estimation. The results of this analysis are presented in section 5. Section 6 concludes.

2 The Argument

2.1 Bilateral and Multilateral Aid

Some recent papers have investigated the conditions under which donors prefer bilateral over multilateral aid. According to the standard view, multilateral aid allows different donors to share the burden of aid-giving, at the cost of losing control over how exactly the aid is spent (Milner and Tingley 2013; Reinsberg, Michaelowa, and Knack 2017).¹¹ To the extent that their preferences align, donors prefer multilateral aid over bilateral aid, as it is cheaper and more cost efficient compared to fragmented aid from different donors (Carcelli 2018; Milner and Tingley 2013). As holds true for multilateral cooperation at large, multilateral aid can realize efficiency gains, pool risks, materialize economies of scale, and encourage wide cost sharing (Abbott and Snidal 1998). Over bilateral aid, on the other hand, donors have more direct control and can, thus, use it as a tool to promote their own political interests in other countries. Evidence on political motivations behind bilateral aid abounds (for a survey of this literature see, e.g., Hoeffler and Outram 2011; Fuchs, Dreher, and Nunnenkamp 2014).

Overall, the literature sees multilateral aid as less politicized than bilateral aid and as more effective (Derek 2008; Milner 2006; Schneider and Tobin 2016). Governments use the two types of aid as substitutes to achieve the same foreign policy goals, on average (McKeown 2009; Milner

¹¹ These costs can be minimized by delegating to an international organization with an aid portfolio that closely matches the donor's preferences (Schneider and Tobin 2016). Of course, the costs of delegation also depend on whether the donor can decide on how and where the international organization allocates the aid (Eichenauer and Reinsberg 2017) and the decision rules applied in these organizations (Dreher, Simon, and Valasek 2018).

and Tingley 2013; Schneider and Tobin 2016). The results of this literature, however, stand in contrast to the literature that focusses on aid from multilateral organizations.

There is a good deal of evidence that the United States uses its influence at multilateral organizations like the IMF and the World Bank to favor governments of developing countries it considers strategically important. Anecdotal evidence abounds (e.g., Andersen, Harr, and Tarp 2006; McKeown 2009). The first scholar to provide systematic quantitative evidence is Thacker (1999), who shows that IMF programs are more likely to go to governments that move towards the United States in terms of their voting at the United Nations General Assembly. Dreher and Sturm (2012) show that the correlation holds across the G7 countries, while Copelovitch (2010) stresses the importance of the G5 as a group. Stone (2002; 2004) shows that governments favored by the United States receive lighter punishments for noncompliance with IMF conditionality. Fratianni and Pattison (2005) summarize evidence showing that the G7 are in control of the IMF on the most important issues and that staff autonomy is restricted to areas that are of marginal interest to its shareholders. This conclusion is consistent with Stone's (2008; 2011) 'informal governance' model, according to which powerful shareholders use their informal power to intervene in IMF decision-making in cases that are of strategic interest to them and in normal times leave the organization governed by its formal rules (see also Lang and Presbitero 2018).¹²

The two strands of literature combine to suggest an interesting puzzle. The literature on donors' choice of multilateral versus bilateral support sees multilateral aid mainly as an apolitical way to share the burden of aid-giving and realize efficiency gains, while the literature on the IMF and the World Bank characterizes the organizations as political tools of their major shareholders, and in particular of the United States. How can multilateral aid be perceived as non-political and highly politicized at the same time? If both bilateral and multilateral channels are used to shape political developments in other countries, how do governments decide between them?

¹² In addition to the IMF, there is also substantial evidence that the major shareholders' political interests are also reflected in World Bank decisions (e.g., Kersting and Kilby 2016b; Kilby 2009; 2013).

2.2 The Dirty-Work Hypothesis

We expect governments to prefer multilateral aid over bilateral aid when the benefits of doing so exceed the costs. As politicians are interested in winning elections and gaining popularity, a key benefit we see in supporting recipients via multilateral organizations is the ability to obscure one's support for an unpopular recipient (Vaubel 1986). We thus expect aid to be channeled via an international organization when it is more unpopular at home. The main costs of channeling the aid to multilateral organizations is the damage this imposes on the reputation of the organization as politically independent and neutral actor. Only when the issue at stake is sufficiently salient to the donor, and bilateral action would be sufficiently costly, do the benefits of using the organization exceed the costs. We thus expect multilateral aid to prevail when donor governments want to channel resources to countries that its own public would be less likely to support. We expect governments to use international organizations to obscure their actions from the views of their domestic audiences.

Our argument rests on two main pillars which we briefly discuss in turn. First, we argue that domestic audiences in donor countries have sufficiently strong preferences against supporting certain types of regimes with aid for their governments to take note. Second, we argue that domestic audiences know little about the decision-making processes of multilateral organizations. Not least because these processes are often non-transparent for the public, they perceive these organizations as largely independent so that the role of their own government in granting aid to a specific country is largely discounted.

We expect governments to be sensitive to the foreign policy preferences of their domestic audience (Moravcsik 1997). Recent evidence suggests that the public has an aversion to providing bilateral aid to hostile countries (Heinrich and Kobayashi 2018). As they point out, "voters abhor giving aid to such regimes" (2018, 3). What is more, publics prefer humanitarian aid over political aid (Milner 2006). While much of the public support for aid is based on the view that it is used for humanitarian purposes (McDonnell et al. 2003), Milner and Tingley (2015) argue that the US public often opposes the use of aid for positive political inducements. Overall, domestic audiences care about the type and recipients of aid, so that it becomes difficult to channel political aid to hostile recipients.

Domestic audiences in donor countries know little about the IMF. As one example, consider IMF Managing Director Christine Lagarde's threat to pull out of Greece ahead of a 2016 meeting of Eurozone finance ministers. Her threat was taken at face value in newspapers discussing the bail-out.¹⁴ The fact that Christine Lagarde could hardly take such decision against the will of the major IMF shareholders has largely gone unnoticed. According to Vaubel (1986) voters are to some extent rationally ignorant, so that governments can use international organizations to increase voters' information costs. Gerster (1993, 107) concludes that "there is an institutionalized bias against public accountability of executive directors." In addition, Grigorescu (2013) finds that a certain 'culture of secrecy' is visible in many international organizations. Stasavage (2004) suggests that such secrecy allows member states to blame the international organization for unpopular decisions.

We expect governments to make use of voters' lack of knowledge about international organizations and use them to hide unpopular policies. Governments collude with pressure groups at the expense of their voters. They hide the costs of concessions to interest groups (such as domestic banks) and shirk domestic responsibilities for unpopular policies (such as a bail-out).¹⁵ International organizations raise the costs of information for voters, but not for well-organized interest groups. As a consequence, "[t]o the extent that foreign aid is unpopular in the donor countries, the multilateral aid institutions help the national politicians to collude against their voters and to avoid responsibility for specific grants and the inevitable scandals" (Vaubel 1986, 50). The longer chain of control along the principal-agent relationship from donor populations to recipient populations weakens citizens' ability to achieve their will (Nielson and Tierney 2003; Vaubel 2006; Lang 2016).

¹⁴ One representative example is a May 6, 2016 article in The Guardian, <https://www.theguardian.com/world/2016/may/06/imf-threatens-greece-eurozone-christine-lagarde> (accessed May 10, 2018).

¹⁵ For instance, Germany's insistence on involving the IMF in the highly unpopular bail-out for Greece during the European debt crisis can be considered from this perspective.

2.3 Contributions to Previous Literature

Our argument is closely related to recent literature on the allocation of aid. As Heinrich and Kobayashi (2018) point out, “by simply giving less aid, the donor can *distance* itself from the nasty policies of the recipient.” According to our argument, while the donor will indeed give less *bilateral* aid to unpopular regimes, we expect the donor will use *multilateral* aid instead. Governments give “aid to nasty regimes because they tend to be the optimal target to bribe for concessions” (Heinrich and Kobayashi 2018, 3; also see Bueno de Mesquita and Smith 2010). Given this, it would be surprising if donor governments would not try to find alternative channels of influence in cases in which bilateral aid is unpopular to use. Indeed, Heinrich and Kobayashi (2018, 5) posit that “donor governments could attempt to *divert* the public’s attention from the recipients’ nasty policies and thus not have to give up the policy concessions” that it can buy with its aid. We argue that multilateral aid achieves exactly this.

The importance of international organizations’ “laundering function” has been discussed before (e.g., Vaubel 1986, Voigt and Salzberger 2002, and Abbot and Snidal 1998). However, we introduce important innovations. According to Abbott and Snidal (1998), states structure international organizations so that they further their powerful members’ interests but also incentivize weaker states to participate. They designed the IMF so that, on average, neutral economics guide its policies, but in a way that they can use it for their own geostrategic interests in cases that are important to them. In line with what we argue here, Abbott and Snidal (1998, 19) observe that “[p]owerful states face a tension between the immediate advantages of dirty laundering versus the long-run costs of jeopardizing IO independence.” According to them, however, this function mainly serves as a tool to implement policies in recipient countries without being blamed by *recipient* audiences. They expect multilateral action to reduce the impact of domestic lobby groups, leading to *less* politicized actions. We expect the opposite. The fact that governments can hide unpopular policies from *domestic* audiences should strengthen the role of domestic lobbies and lead to *more* politicized actions.

Our characterization of the donor-recipient relationship in a principal-agent framework echoes the seminal study by Milner (2006), where a donor government uses multilateral aid to signal to its own voters its commitment to non-political and non-commercial goals. She points out that

“[g]iving (more) aid to a multilateral forum ties the leader’s hands relative to that aid but also makes the voters more likely to approve of greater aid overall” (Milner 2006, 119). We contend, however, that rather than tying donors’ hands to humanitarian goals, multilateral aid enables donors to exert political influence in cases where doing so openly using bilateral aid would be too costly.

Hicks, Parks, Roberts, and Tierney (2010) focus on the principal-agent relationship as well. They argue that donors use multilateral aid to tie their hands *ex ante* to be able to provide public goods. They argue that the threat to withhold bilateral aid from strategic allies in terms of non-compliance with developmental policies would not be credible, so that donors use multilateral aid in case they aim to link their aid to developmental goals.¹⁶ Again, this runs contrary to our expectation. Donors do not always use multilateral aid for political purposes, but when they do, they prefer credibility – withholding aid unless the recipient delivers the desired political support.

We emphasize that our theory does not contradict but rather reconciles previous contributions. In order to exploit an international organization’s reputation as an independent actor, major shareholders must invest in such reputation and refrain from interfering with its policies too frequently. According to Milner (2006), governments channel resources through multilateral organizations to assure voters the aid is beneficial, *on average*. She shows that donors give aid via non-state actors when recipient country government quality is low, so as to maximize the impact of aid. We argue that these same governments can use multilateral organizations for their geostrategic purposes *in specific cases* of importance to them. They thus create multilateral organizations that give their publics the impression of impartiality and benevolence *on average* but use these organizations for their “dirty work” when needed. The importance of political donor motives in the allocation of average multilateral aid will be less easy to detect compared to bilateral aid. We need to focus on specific cases to do so. These cases are situations where donors have a strong interest to give aid to countries which they would not want to be seen giving to.

¹⁶ The Samaritan’s Dilemma is also analyzed in Hagen (2006). In Hagen’s model the donor is highly interested in providing a collective good, so that it is not credible to withdraw aid in case of non-compliance. Also see Dreher, Simon, and Valasek (2018).

Finally, it is important to compare our theory to the insights of the burgeoning literature on informal governance (Stone 2008; 2011; 2013). As we do, this literature sees an important role for international organizations in being useful in particular cases, while being sufficiently technocratic to incentivize minor powers to participate in them. As Stone (2008, 590) explains, “[i]nformal influence must be exercised with discretion, however, in order to avoid undermining the legitimacy of the organization.” Stone’s argument sounds familiar but is different from what we argue here. According to Stone, powerful shareholders cannot intervene in international organizations too often, as otherwise the other member states would no longer “tolerate these practices” (Stone 2008, 590). The costs resulting from intervention in international organizations’ policies that we emphasize in this paper do not result from reducing countries’ willingness to engage in these organizations, but from tainting the organizations’ legitimacy in the eyes of *domestic* audiences and thereby making them less useful tools of foreign intervention.

Finally, Schneider and Tobin (2016) find that donors chose among a number of different multilateral organizations, so that the preferences of the organization about how to allocate aid match those of the donor. Schneider and Tobin (2016, 658) conclude with a puzzle: “If [...] governments pursue goals with bilateral and multilateral aid that are largely similar, why do they use both venues instead of either going fully bilateral or fully multilateral? The similarity of bilateral and multilateral aid portfolios provides an important puzzle that needs to be addressed in future research.” In this paper, we provide a simple answer. International organizations provide cover for unpopular policies. While governments can obtain the same allocation of their aid via multilateral and bilateral aid alike, their support is obscured when using the former, but highly visible when using the latter. Governments use bilateral aid to signal their support of a recipient to their domestic audiences and use multilateral aid to obscure such support. Even when the preferred allocation of aid is exactly the same, both types of aid continue to serve their purpose.

3 The IMF and the UNSC

In order to test our theory, we look at two international organizations: the IMF and the UNSC. We focus on the IMF rather than all multilateral aid because the United States has substantial

influence over IMF loans and these loans are sufficiently large to be considered as substitutes for US bilateral support – both from the donor and the recipient perspective.¹⁷ We discuss them in turn and begin with how the United States can go through the IMF to exert political influence. First, power on the IMF Executive Board is explicitly linked to the financial contributions that they provide to the organization. With nearly 17 percent of the total votes, the United States has veto power over certain decisions that require an 85 percent majority. Beyond this formal power, the United States also has a degree of informal influence over the institution (Stone 2008; 2011; Lang and Presbitero 2018). The IMF Executive Board typically operates according to a consensus rule, which gives the management agenda-setting power. The management, in turn, is subject to pressure from the United States, both because proposals are shaped to avoid US opposition and because – as the IMF headquarters are located in Washington – representatives of the US Federal Government are actively involved in important IMF meetings. A further channel of US influence is through US Congress, which must periodically approve increases in US contributions to the IMF (Broz 2008; 2011; Broz and Hawes 2006). As the United States is the largest contributor and influences other contributors on whether to approve increases, IMF management and staff pay due attention to the preferences of US policy-makers.

While the IMF can be used for exerting influence in many regards, we focus on buying favors in one of the world’s most powerful international institutions, the United Nations Security Council. The UNSC is the primary organ of the United Nations with responsibility for the maintenance of international peace and security. The Security Council is the only UN body with the power to make binding resolutions. It may adopt legally binding measures in order to maintain or restore international peace – including the investigation of international disputes, the imposition of economic sanctions, and the use of armed forces.

Historically, when the United States acts in concert with the UNSC, it bears a smaller share of the burden of international campaigns (Hartley and Sandler 1999). So it stands to reason that the United States should care about UNSC resolutions. Yet, the elected members of the UNSC have a limited impact on passing them. Veto power on the Security Council belongs to each of the five

¹⁷ We test robustness focusing on the World Bank rather than the IMF. In the empirical section we also turn our attention to organizations where the United States is less powerful and use them as placebo tests.

permanent members (the victors of World War II: China, France, Russia, the United Kingdom, and the United States). The ten elected members, which represent various regions of the world, are rarely pivotal (O'Neill 1996). Still, nine total votes are required for a resolution to pass, and since permanent members sometimes abstain, upwards of four out of the ten elected members must vote in favor.

A likely reason to care about the votes of elected UNSC members, beyond their formal voting power, is legitimacy (Hurd 2007; Voeten 2005; Vreeland and Dreher 2014). As Hurd (2007) explains, the elected members serve the purpose of giving voice to the “rest of the world” on the Security Council. And the legitimizing effect of the Security Council extends beyond the international level and into domestic politics: Chapman and Reiter (2004) find that US Presidents enjoy higher levels of public support for actions endorsed by the UNSC, an effect not found for any other international organization they test. In the absence of UNSC legitimacy, domestic public support might be more difficult to achieve and US Congress might be more recalcitrant (Hurd 2007; Hurd and Cronin 2008; Voeten 2001). Voeten (2001) provides examples. He cites the memoirs of James Baker (Baker 1995, 278), emphasizing domestic support to be the main reason for the US government to seek a multilateral solution to the Gulf War. He also cites Malone (1998, ix), arguing that it was easier for the Clinton administration to secure the support of the UNSC as compared to that of the US Congress. Mikulaschek (2017b) shows that the signal incorporated in UNSC resolutions is most valuable in terms of popular support when it is unanimous, as it signals consensus among foreign elites. There is thus a premium for getting unanimous votes, and every single vote matters.¹⁸

Although no one has systematically studied UNSC voting behavior to see if it is related to aid, Kuziemko and Werker (2006) show that temporary members on the UNSC receive substantial increases in US aid. As their argument goes, the United States desires influence on the UNSC. The governments of some developing countries may care more about the aid than they care about the global security issues considered important by the US government. If major donors like the

¹⁸ The legitimacy may derive from the idea that UNSC members have been elected to represent their respective regions and also from the idea that UNSC votes represent informed decisions. Members of the UNSC have access to sensitive documents and private discussions regarding the importance of taking international action. For more on these informational theories, see Fang (2008), Chapman (2007), and Thompson (2006a).

United States value the voting behavior of developing countries more than their aid, votes-for-aid trades are possible. Like all subsequent studies on the benefits that come with temporary UNSC membership, Kuziemko and Werker test their vote-buying argument without data on actual voting behavior.¹⁹ Among these studies, the ones that are most closely related to our empirical analysis are Dreher, Sturm, and Vreeland (2009b; 2015), who show that elected members of the UNSC are more likely to participate in IMF programs and the conditions attached are fewer in number and narrower in scope than for other countries. They take this as evidence of IMF favoritism for UNSC members.

In addition, there is a substantial body of circumstantial evidence that the United States regularly engages in vote-buying at the Security Council. Eldar (2008) provides examples. For one, the United States promised to support a World Bank loan for China in return for support on the Security Council for the first Gulf War in 1991. As another example, the United States helped China obtain World Bank loans (and provided security guarantees regarding Taiwan) in return for allowing a UNSC resolution to restore democracy in Haiti in 1994. More generally, Eldar (2008, 17) argues that in order to get UNSC support for the Gulf War, the United States made “a promise of financial help to Columbia, Côte d’Ivoire, Ethiopia and Zaire; a promise to the USSR to keep Estonia, Latvia and Lithuania out of the November 1990 Paris Summit conference and to persuade Kuwait and Saudi Arabia to provide it with hard currency.” He further argues that before the second Gulf war, the United States again attempted to buy votes of temporary UNSC members. Another example was published in the memoirs of US Secretary of State James Baker. Baker points out that the United States cut all foreign aid to Yemen when their government failed to support the UNSC resolution that authorized the use of force in Iraq in 1990 (Baker 1995, 278). Baker was quoted saying “[t]hat is the most expensive vote you have ever cast” and the United States subsequently cut all of its USD 70 million in aid (Bandow 1992).

The most recent ‘smoking gun’ is from late 2017: On December 18, the United States vetoed a Security Council resolution that called for the withdrawal of US President Donald Trump’s

¹⁹ These studies include Dreher, Sturm, and Vreeland (2009a; 2009b; 2015); Kilby (2013); Mikulaschek (2017b); and Reynolds and Winters (2016). Vreeland and Dreher (2014) use a preliminary version of the dataset that we introduce in this paper in some regressions.

recognition of Jerusalem as the capital of Israel. The resolution was supported by all remaining 14 UNSC members. Two days later, Donald Trump threatened to cut foreign aid to countries that vote against the United States at the United Nations. He stated: “these nations that take our money and then they vote against us at the Security Council [...]. We’re watching those votes. Let them vote against us, we’ll save a lot.”²⁰

In this study, we shed light on the general patterns behind such remarks by means of the following data and method.

4 Data and Method

4.1 A New Dataset on UNSC Voting Behavior

The previous literature on vote buying in the UNSC primarily built on a binary variable indicating UNSC membership for a given country i in a year t (Kuziemko and Werker 2006; Dreher, Sturm, and Vreeland 2009a, b). Testing our theory however requires data on how countries *voted* during their time as temporary members. One of this paper’s contributions to the literature is to introduce new data that allow such tests.

We have collected data on voting behavior in the United Nations Security Council from various sources. Voting behavior on successful resolutions is available from the United Nations Bibliographic Information System (UNBISNET).²¹ We added information on vetoed resolutions from the official United Nations veto list (UN document A/58/47, Annex III, for the 1946-2004 period), from archival research in the UN Library in Geneva, and from the online archive of the Dag Hammarskjöld Library.²² Most difficult to obtain are data on failed majorities. We include

²⁰ The full passage of the statement reads: “For all of these nations that take our money and then they vote against us at the Security Council or they vote against us potentially at the [General] Assembly. They take hundreds of millions of dollars and even billions of dollars and then they vote against us. Well, we’re watching those votes. Let them vote against us, we’ll save a lot. We don’t care.” <https://www.theguardian.com/us-news/2017/dec/20/donald-trump-threat-cut-aid-un-jerusalem-vote> (accessed: 28 April 2018).

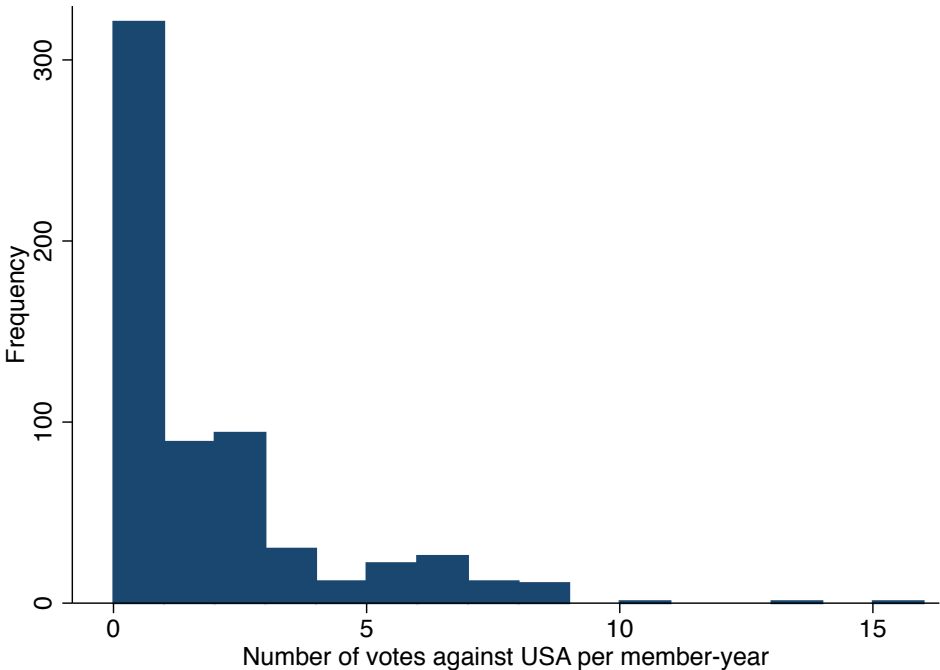
²¹ See <http://unbisnet.un.org/> (accessed May 3, 2018).

²² The archive of the Dag Hammarskjöld library is available online: <http://research.un.org/en/docs/sc/quick/> (accessed May 3, 2018). We also identified one veto that was cast in a secret vote via searching for keywords in UNSC meeting minutes. We thank Simon Hug for help with the analysis of UNSC meeting minutes.

voting behavior on these failed majorities obtained from our archival research in the UN library and from searching for keywords in UNSC meeting minutes.²³

Overall, we obtained data on the votes of all UNSC members in 2,524 decisions (2,259 resolutions, 230 vetoes, and 35 failed majorities) over the seven decades of the 1946-2015 period.²⁴ This translates into 36,460 individual votes. We also record the title of the proposed resolution, its number (if it passed), and the date of the decision. In addition, we collected and coded additional resolution-specific information to categorize the proposed resolution’s policy area and to proxy its political importance. We describe these data in more detail in Appendix A.

Figure 1 – Voting against the United States in the UNSC



Notes: The figure shows the histogram of the number of votes per temporary-UNSC-member-year where a country’s votes differ from those of the United States.

²³ Unfortunately, we cannot guarantee that the data on failed majorities are complete.

²⁴ In our dataset the indicator for temporary UNSC membership is coded one for 620 observations. This reflects the fact that the UNSC had six temporary members between 1946 and 1965 and ten such members between 1966 and 2015.

First, we use these data to calculate a member-year specific count of how often member countries voted against the United States in the UNSC in a given year. Figure 1 shows a histogram of the distribution of this count variable. As in the UNSC (in contrast to the UNGA) the vast majority of resolutions are unanimously adopted, this variable is positively skewed and often equals zero. In light of this distribution, we code two variables *UNSCall_{it}* and *UNSCnotall_{it}* that indicate whether or not a specific recipient country that served on the UNSC has voted in line with the United States on all votes in a year.²⁵ Given the large number of unanimous decisions, one disagreement per year indicates a notable deviation in articulated preferences over foreign policy. Furthermore, Mikulaschek (2017a) shows that domestic audiences value unanimity in the UNSC,²⁶ so that the United States is likely to have an interest in temporary members *always* agreeing. Thus, we expect this binary variable of voting alignment to capture much of the variation in voting behavior that we are interested in.

To exploit more information compared to what is contained in this binary indicator, in alternative regressions we additionally code continuous measures of country-specific UNSC voting alignment variables, following the literature on voting behavior in the UNGA. We calculate the number of votes in which a member disagrees with the United States relative to the total number of votes that were cast in a given year (*ShareAgainst_{it}*). In the construction of this variable we follow the approach proposed by Kegley and Hook (1991) for measuring voting alignment in the UN General Assembly and discard abstentions or absences.²⁷ We exclude unanimous votes when we construct the share of votes against the United States. As the UNSC often decides unanimously, this ensures that we exclude decisions on relatively uncontroversial matters and thereby significantly reduce the noise in this measure of voting alignment. When running regressions with this variable, we include a binary variable indicating UNSC membership

²⁵ For temporary members, the mean of *UNSCall_{it}* is 1.42 (the standard deviation is 2.19). Of 620 member-year observations this variable equals one in 321 cases.

²⁶ Mikulaschek (2017: 25) finds that “the unanimous endorsement of a U.S. military intervention by the UN Security Council increases popular support for the use of force by six to ten percentage points, in comparison to the Council’s approval of the same action despite dissent.”

²⁷ Our results are robust to employing the approach proposed by Wittkopf (1973), who includes abstentions and absences and codes agreements for both countries abstaining and both being absent.

($UNSC_{it}$) and its interaction with the share of votes against the United States ($UNSC_{it} * ShareAgainst_{it}$).²⁸

4.2 Empirical Model and Additional Data

Armed with these key explanatory variables, we turn to the first set of regressions we estimate. They are at the recipient-year-level and take the following form:

$$y_{it} = \beta_1 UNSC_{it} + \beta_2 UNSC_{it} * ShareAgainst_{it} + \beta_3 GDPpc_{it-1} + \beta_4 Population_{it} + \beta_5 War_{it} (+\beta_6 pastIMF_{it}) + \gamma_i + \tau_t + \varepsilon_{it}, \quad (1)$$

$$y_{it} = \beta_1 UNSC_{all_{it}} + \beta_2 UNSC_{notall_{it}} + \beta_3 GDPpc_{it-1} + \beta_4 Population_{it} + \beta_5 War_{it} (+\beta_6 pastIMF_{it}) + \gamma_i + \tau_t + \varepsilon_{it}, \quad (2)$$

In these regressions, we initially consider two different outcome variables, y_{it} , that are both aid amounts to recipient country i in year t : US bilateral aid on the one hand, and multilateral IMF loans, on the other.²⁹

We build our regressions on those in Vreeland and Dreher (2014). IMF loans are therefore logged commitments in millions of current SDR (Special Drawing Rights, the IMF's unit of account).³⁰ IMF loan commitments are better suited to test the influence of major donors on IMF loans compared to disbursements, as disbursements are typically made in equal tranches and mainly depend on borrowers' compliance with IMF conditions. While US influence could also be important to receive loans in spite of non-compliance, compliance is likely endogenous and can depend on the borrowers' standing with major powers, their economic development, as well as

²⁸ In our full dataset the indicator for temporary UNSC membership is coded 1 for 620 observations. This reflects the fact that the UNSC had six temporary members between 1946 and 1965 and ten such members between 1966 and 2015.

²⁹ To make the sample of the two sets of regressions with the two different outcome variables comparable we restrict the sample to countries that according to the OECD are eligible to receive Official Development Assistance (ODA) in year t . As the OECD does not provide the list of ODA eligible countries for the early years of our sample, we follow the OECD definition and denote a country i in year t as ODA eligible if it has not "exceeded the high-income threshold for three consecutive years" according to the World Bank's definition and is neither a member of the European Union nor of the G8 (OECD 2018a).

³⁰ We add one before we take the natural logarithm to avoid losing zero observations. Note that our regressions include fixed effects for years, which capture changes in the overall level of prices (inflation). We therefore prefer to not deflate the original IMF data or convert them to USD.

on their political willingness to implement IMF-mandated policy reforms. The loan size the IMF commits to, however, is determined before the program starts. It is here that we expect US influence to be most visible.³¹ In our largest sample, the data cover the years 1960 to 2015. During this period, 143 different countries participated in IMF programs. In these countries, a total of 2,536 out of 7,352 possible country-year observations – and thus roughly a third of the years in these countries – are under an IMF program. For observations with an active loan program, the mean IMF loan size in our sample is 422 million SDR (roughly 600 million USD in 2015).

When turning to regressions of US bilateral aid, we again follow Vreeland and Dreher (2014), and measure US aid as logged disbursements (in constant 2015 million USD) rather than commitments.³² Unlike loans from the IMF, disbursements of US aid follow no clear pattern relative to commitments, do typically not depend on compliance with specific ex post policy conditions, and are often substantially delayed, so that we assume favoritism to shorten these delays and thus to materialize at the disbursement rather than the commitment level. As Carter and Stone (2015) show, the US executive branch makes use of its discretion to deviate from previously committed aid levels to use aid for political purposes. Net US aid disbursement data come from the OECD and cover the 1960-2015 period. In this period, a total of 150 countries have received ODA from the United States. Of these countries, the average country has received a total of 4.6 billion USD (in constant 2015 dollars) over the entire period.³³

We include a number of important control variables. Previous research has argued that the timing of being elected to the UNSC is “not random [but] largely unrelated to aid and political and economic development” (Bueno de Mesquita and Smith 2010, 72). In their analysis of the determinants of election to the UNSC, Dreher et al. (2014) find that “turn-taking is likely an exogenous source of variation” while noting that for such settings their results also “suggest the importance of controlling for population and income” (p. 80). We follow this advice and add the

³¹ The IMF usually does not disburse more than what was originally agreed upon, so political pressure is likely to be exerted when the loan size is decided. Additional regressions show that our results hold when we substitute the IMF loan variable with a binary variable indicating the start of an IMF program. This supports the expectation that political interests are exerted at the design stage of a program.

³² Again, we add one before taking the natural logarithm to avoid losing zero observations.

³³ We test robustness to using various alternative measures, including binary indicators for IMF programs, IMF purchases, and US aid commitments.

natural logarithm of $Population_{it}$ size and per capita GDP ($GDPpc_{it-1}$) as control variables to all regressions.³⁴

Dreher et al. (2014) and Vreeland and Dreher (2014) also find the involvement in warfare to reduce the likelihood of being elected to the UNSC. We therefore also add a country-year specific War_{it} indicator.³⁵ Furthermore, as previous participation in IMF programs is one of the strongest predictors of receiving IMF loans (Sturm, Berger, and de Haan 2005; Dreher, Sturm, and Vreeland 2009b; Moser and Sturm 2011) and increases the precision of the estimation without reducing the size of our sample, we add a variable indicating previous IMF participation in the regressions focusing on IMF loans ($pastIMF_{it}$). We include country fixed effects γ_i and year fixed effects τ_t in all regressions to rule out that time-invariant country characteristics and global trends that affect all countries equally drive the results. Estimation is by ordinary least squares (OLS); ε_{it} represents the error term.³⁶

Both sets of models arguably allow us to make the identifying assumption that temporary UNSC membership is conditionally exogenous. The coefficients on the membership indicator $UNSC_{it}$ will thus not be biased by endogeneity. As regards the possibility to interpret our results as causal there are nevertheless two important caveats.

First, while membership itself can be considered exogenous, UNSC voting behavior cannot. It is likely to be correlated with potential determinants of receiving aid (like a country's general political orientation, its economic conditions, etc.). Therefore, our estimates do not allow to infer whether the links between voting behavior and aid allocation are also causal. What we can test, however, is whether or not any causal effect of UNSC membership on aid allocation is driven by countries that exhibit a certain kind of voting behavior. Some countries' votes might be easier to buy, some might vote with the United States in any case for reasons we do not capture in our models. Essentially, the UNSC voting variable is an interaction between membership and voting given that it is not observed for non-members. It thus indicates whether the causal effect of UNSC

³⁴ We lag $GDPpc$ by one year to avoid that any economic effects resulting from UNSC membership introduce endogeneity bias (Bueno de Mesquita and Smith 2010; Dreher, Eichenauer, and Gehring 2018).

³⁵ The variable is set to one for country-years with more than 1000 battle-related deaths. Removing the variable does not affect the results.

³⁶ Appendix B reports descriptive statistics of all variables. Appendix C contains sources and definitions.

membership differs for countries with different kinds of voting behavior (and potentially unobserved variables correlated with it).

The second caveat concerns the order of events. We do not observe the exact order of votes and commitments or disbursements of aid, and thus cannot test whether decisions at the level of the UNSC precede decisions at the level of the IMF and the donor government. Even if we find that IMF loans or aid disbursements precede a change in UNSC membership and voting behavior we could not know whether the loan is paid as a reward or rather as a bribe. Even if the loan precedes the vote, it could well be paid in anticipation of a positive vote rather than a bribe. For testing our argument, we are interested in whether bilateral and multilateral aid allocation is influenced by geopolitical considerations. Whether aid is used to change the voting behavior of countries in the UNSC or countries are rewarded for their voting behavior is of secondary importance.

To test our core hypothesis, we modify the above model:

$$y_{it} = \beta_1 UNSCall_{it} + \beta_2 UNSCall_{it} * Proximity_{it} + \beta_3 UNSCnotall_{it} + \beta_4 UNSCnotall_{it} * Proximity_{it} + \beta_5 Proximity_{it} + \beta_j CONTROL_{it} + \gamma_i + \tau_t + \varepsilon_{it}. \quad (3)$$

This model differs from our baseline model (1) in that we introduce a proxy for each recipient country's political proximity to the United States – *Proximity_{it}* – that we interact with our indicators *UNSCall_{it}* and *UNSCnotall_{it}*. We code *Proximity_{it}* as a moving average of the share of votes that a country casts in line with the United States in the UNGA over the period from *t-5* to *t-2*. We do not include the years of UNSC membership (*t* and, potentially, *t-1*), so that potential changes in UNGA voting behavior that may result from UNSC membership do not bias the estimates.³⁷

We use this measure because voting positions in the UNGA have clear relevance for whether or not a country is perceived as an ally of the United States. According to the US Department of State (1985), examining UN votes makes it possible “to make judgments about whose values and views

³⁷ We prefer voting coincidence – which measures actual voting behavior on the specific topics up for voting in each year – over countries' ideal point distance, which takes account of differences among topics over time (Bailey, Strezhnev, and Voeten 2017). This is because we are interested in actual voting behavior – independent of year-to-year changes in topics – rather than a measure of preferences on policies more broadly. Our results are however robust to using either of them.

are harmonious with our own, whose policies are consistently opposed to ours, and whose practices fall in between.” A report from the same department in 2000 states that “a country’s behavior at the United Nations is always relevant to its bilateral relationship with the United States, a point the Secretary of State regularly makes in letters of instruction to new U.S. ambassadors” (US Department of State 2000). A skeptical reader might object that domestic audiences hardly know or care about voting in the General Assembly. As Dreher and Yu (2016) point out, there is however plenty of evidence to the contrary. Using response rates to a World Value Survey question about confidence in the United Nations, they show that respondents trust the United Nations to about the same degree as they trust their parliament or government. United Nations General Assembly meetings (where the votes are taken) do not pass unnoticed, but are accompanied by regular protests. These protests are widely reported about in national newspapers, informing voters about the content of UN sessions, as well as their governments’ stance on them. Furthermore, for UNGA voting to serve as a proxy detailed knowledge about specific votes is not required to the extent that voting broadly reflects relations between states as previous research suggests it does (Bailey, Strezhnev, and Voeten 2017; Potrafke 2009). When we compare US survey data from Gallup (2018) with UNGA voting we find that the share of respondents who have a “favorable” or “very favorable view” of country i is strongly correlated ($r = 0.7$) with the share of coincident UNGA votes of the US government with country i . This suggests that UNGA voting is a valid proxy for what we want to measure.³⁸

In the regressions of US bilateral aid our theory predicts a positive coefficient for the interaction of $UNSCall_{it}$ and $Proximity_{it}$ – countries that are close to the United States should be rewarded with more bilateral aid when they vote in line with the United States in the UNSC. Conversely, we expect a negative coefficient for the same interaction in the regressions of IMF loans. This reflects our expectation that the United States will buy or reward the Security Council votes of countries that are politically distant to the United States by means of IMF loans. Finally, we do not expect temporary members that vote against the United States in the UNSC to receive more aid or loans than non-members.

³⁸ We cannot use these survey data directly because the coverage is too small.

5 Results

5.1 UNSC Voting and Aid Allocation

Table 1 sets the stage. Columns 1 to 6 investigate determinants of US aid, columns 7 to 12 report the results of the analogous regressions of IMF loans. Across all regressions, richer countries receive less aid and smaller loans, at the one percent level of significance. At the ten percent level, larger countries receive more aid from the United States (while population size is not associated with the size of IMF loans). The coefficient of *War* is insignificant; and countries that had IMF programs in the past on average tend to receive significantly larger IMF loans in the present.

Turning to our variables of interest, we start with including a binary indicator for temporary membership in the UNSC ($UNSC_{it}$), along with our control variables, country-, and year fixed effects. While US aid (column 1) increases with UNSC membership (significant at the 10 percent level), IMF loans (column 7) do not.³⁹

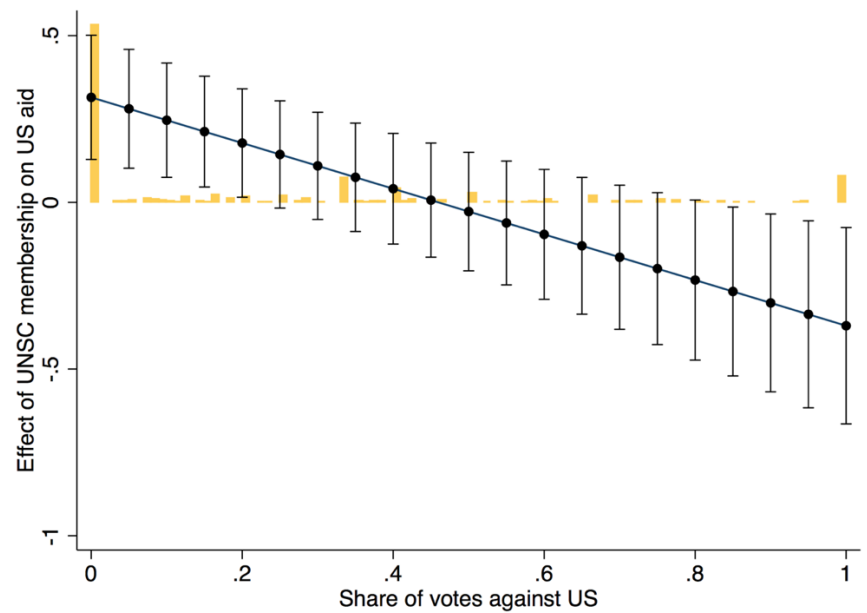
Column 2 shows results for equation 1 above. The regression includes both the UNSC membership indicator and our first measure of UNSC voting similarity ($ShareAgainst_{it}$). As voting behavior is only observed for members, voting similarity is implicitly an interaction with the UNSC variable. Accordingly, the two variables must be interpreted jointly: The coefficient on $UNSC_{it}$ provides the estimate for the effect of UNSC membership on aid when $ShareAgainst_{it}$ equals zero. The coefficient on $ShareAgainst_{it}$ then estimates the extent to which voting against the United States changes the size of the UNSC effect. The results show that both UNSC membership and its interaction with the share of votes a country casts against the United States are statistically significant at the one percent level. Figure 2 illustrates the marginal effect of UNSC membership on US aid along the range of $ShareAgainst_{it}$. As can be seen, the effect of UNSC membership on aid is positive for members that regularly vote in line with the United States and turns insignificant (at the 10 percent level) for members that vote against them in more than 20 percent of controversial UNSC decisions. The marginal effect is negative for countries that vote

³⁹ Note that the latter result does not contradict previous research. Dreher et al. (2009b) find that temporary membership in the UNSC affects the probability to be under an IMF program, but not the amount of loan commitments. We turn to IMF programs below.

against the United States in at least forty percent of the votes. A significantly negative effect is visible for the very small set of observations for which we record a share of voting against the United States in controversial decisions that is larger than 80 percent.

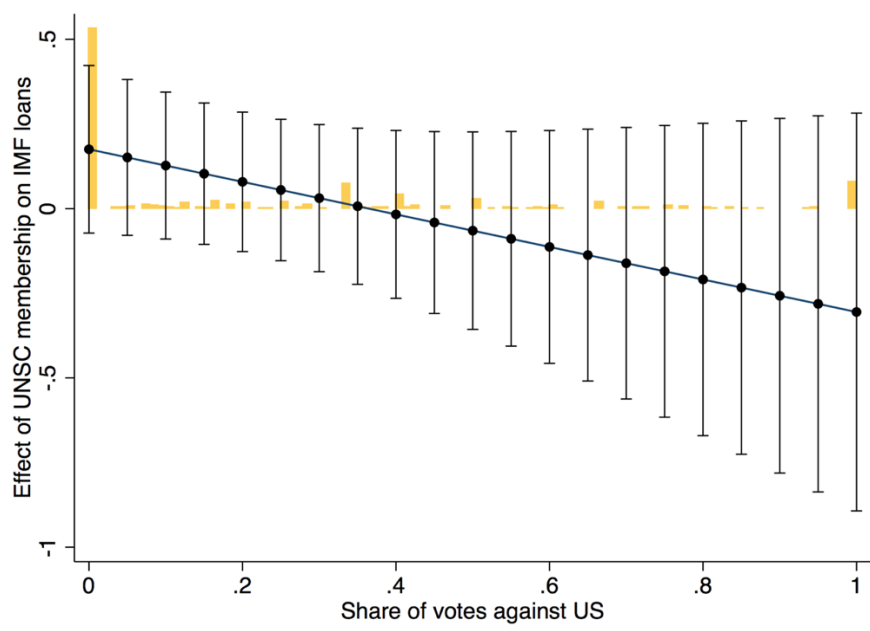
Column 8 reports the analogous regression for IMF loans. Neither the coefficient of UNSC membership nor its interaction with the vote share are statistically significant. Figure 3 shows that the marginal effect of UNSC membership on the size of IMF loans decreases with the share a country votes against the United States in the UNSC; it is however not significant at conventional levels. Columns 3-6 and 9-12 turn to our binary measures for voting with the United States – $UNSCall_{it}$ and $UNSCnotall_{it}$ (equation 1 above).

Figure 2 – Effect of UNSC Membership on US aid for Varying UNSC voting



Notes: The figure shows the marginal effect of UNSC membership on US aid for different levels of political proximity, based on the regression in Table 2, column 1, in concert with the 90 percent confidence interval. The histogram shows the distribution of political proximity to the United States.

Figure 3 – Effect of UNSC Membership on IMF loans for Varying UNSC voting



Notes: The figure shows the marginal effect of UNSC membership on IMF loans for different levels of political proximity, based on the regression in Table 2, column 5, in concert with the 90 percent confidence interval. The histogram shows the distribution of political proximity to the United States.

Columns 3 and 9 focus on all votes, while the remaining columns report regressions for which we differentiate between votes according to their importance. We define importance in three different ways. First, we code the number of *Google hits* that appear when searching for “United Nations Security Council Resolution [number]” via the *Google* search engine.⁴⁰ We consider a resolution to be important if its number of *Google hits* is above the median of all resolutions of a given year. In addition, all votes that did not produce a resolution because of a veto or a failure to reach the required majority are also coded as important.

Our second definition of importance includes votes on topics related to Israel exclusively.⁴¹ Resolutions related to Israel stand out as the single most important topic in the UNSC. 140 out of the 2524 resolutions included in our sample refer to this key US ally. Resolutions against Israel are particularly vigorously debated, typically with large majorities voting against the United States (as in the aforementioned example regarding Donald Trump’s recognition of Jerusalem as the country’s capital). The US government and public clearly care about these votes (Becker et al. 2014; Hillman and Potrafke 2015).

Our third definition of importance follows Kuziemko and Werker (2006), who argue that UNSC membership is more valuable in years in which the institution is of major geopolitical importance. They proxy importance with the number of New York Times (NYT) articles that include the words “United Nations” and “Security Council” and separate the years into different categories of importance. We do the same for our sample period based on the NYT online archive.⁴²

⁴⁰ We do this for all resolutions from 1 to 2259 and enter the search term in quotes, thereby ensuring that the words appear in this exact order on the webpages that *Google* lists. For this we use the *Google Custom Search Engine* and run it via a program written in *Python*. See Appendix A for details.

⁴¹ To determine which resolutions concern Israel, we code the title of each resolution and search for the keywords “Israel,” “Palestine,” “Jerusalem,” and “Golan.” See Appendix A for details. For future research, our data also include variables indicating resolutions that concern Lebanon, Cyprus, humanitarian issues, tribunals, sanctions, the admission of new members, and those that extend an existing resolution. This set of variables could easily be expanded.

⁴² Contrary to Kuziemko and Werker (2006), who do not differentiate between members with different kinds of voting behavior, we only use two instead of three categories of importance to reduce the number of categories when the voting variables are added to the regressions, but the results are qualitatively similar with three categories. Our cutoff value that defines the two categories is the median.

Table 1 – UNSC Voting and Aid, OLS, 1960-2015

	USA	USA	USA	USA	USA	USA	IMF	IMF	IMF	IMF	IMF	IMF
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
UNSC member	0.169*	0.315***					0.063	0.175				
	[0.097]	[0.113]					[0.123]	[0.150]				
UNSC member * Share of votes against US		-0.685***						-0.481				
		[0.207]						[0.418]				
UNSC, voted all with US			0.350***	0.324***	0.607***				0.403**	0.382**	0.099	
			[0.115]	[0.113]	[0.190]				[0.169]	[0.171]	[0.178]	
UNSC, voted not all with US			0.009	0.030	0.008				-0.229	-0.214	-0.168	
			[0.137]	[0.135]	[0.131]				[0.171]	[0.169]	[0.228]	
UNSC, voted all with US, important years (NYT)						0.480***						0.576**
						[0.128]						[0.242]
UNSC, voted all with US, unimportant years (NYT)						0.143						0.096
						[0.205]						[0.317]
UNSC, voted not all with US, important years (NYT)						0.253						-0.281
						[0.206]						[0.263]
UNSC, voted not all with US, unimportant years (NYT)						-0.125						-0.202
						[0.161]						[0.201]
GDP/capita (ln, t-1)	-0.95***	-0.96***	-0.95***	-0.95***	-1.11***	-0.952***	-0.34***	-0.35***	-0.34***	-0.34***	-0.42***	-0.34***
	[0.280]	[0.278]	[0.280]	[0.280]	[0.309]	[0.279]	[0.127]	[0.128]	[0.127]	[0.127]	[0.147]	[0.127]
Population (ln, t-1)	1.264*	1.217*	1.254*	1.256*	1.287*	1.253*	-0.002	-0.014	-0.018	-0.016	0.010	-0.023
	[0.671]	[0.661]	[0.670]	[0.670]	[0.717]	[0.670]	[0.394]	[0.395]	[0.395]	[0.395]	[0.453]	[0.394]
War	0.022	0.039	0.021	0.021	-0.136	0.020	-0.311	-0.311	-0.313	-0.313	-0.403*	-0.316
	[0.249]	[0.243]	[0.249]	[0.249]	[0.266]	[0.249]	[0.206]	[0.206]	[0.206]	[0.206]	[0.209]	[0.205]
Past IMF program							1.525***	1.532***	1.516***	1.517***	1.507***	1.517***
							[0.159]	[0.160]	[0.159]	[0.159]	[0.167]	[0.159]
p-value (all with vs. not all with)			0.036	0.059	0.008	0.316			0.008	0.012	0.331	0.008
R-squared	0.136	0.137	0.137	0.137	0.124	0.138	0.124	0.123	0.125	0.125	0.144	0.126
Observations	6142	6066	6142	6142	4222	6142	5826	5757	5826	5826	4051	5826

Notes: OLS regressions with country- and year fixed effects. Standard errors clustered at the country-level in brackets. Significance levels * p < 0.1; ** p < 0.05; *** p < 0.01

The results of Table 1 paint a clear picture. Countries voting exclusively in line with the United States in the UNSC receive more aid and larger IMF loans than non-members. Specifically, US aid increases by approximately 42 percent ($e^{0.350} - 1 \approx 0.42$) for members that voted with the United States on all votes (at the one percent level of significance), but not for members that did defect at least once (column 3). Investigating the difference between the two coefficients shows that members that always vote in line with the United States receive more aid than members that do not, at the five percent level of statistical significance.⁴³

The coefficient of voting exclusively with the United States for the definition of importance based on Google hits (column 4) is similar in magnitude, with the coefficient indicating that voting exclusively with the United States increases aid by 38 percent. As expected, the effect on US aid is starkest when it comes to votes on Israel (column 5). Voting exclusively in line with the United States increases aid by more than 83 percent, at the one percent level of significance. The New York Times-based definition of importance shows that voting exclusively in line with the United States increases aid by 62 percent, while there is no significant increase in unimportant years or for countries that do not always vote in line with the United States (column 6).

Results for IMF loans are similar, both in terms of statistical significance and magnitude. Countries voting always in line with the United States on all votes receive an increase in IMF loans by 50 percent, at the five percent level of significance (column 9).⁴⁴ The corresponding increases are 46 percent for voting on important votes according to the Google-based definition (column 10), and almost 78 percent according to the definition based on the New York Times (column 12). Only the coefficient for resolutions on Israel fails to be significant at conventional

⁴³ We replicated these regressions for the United Kingdom, France, Russia, and China (the other permanent five UNSC members). For France and the United Kingdom, results for bilateral aid are similar: Countries always voting in line with these countries receive significantly more bilateral aid from them than non-members. We do not find comparable results for China (using data from the CIA, various years, and Dreher et al. 2017) and Russia (using data from the CIA (various years) and the OECD).

⁴⁴ We also replicated these regressions of IMF loans for the other permanent members and find that this pattern only holds for the case of the United States: Members that always vote in line with any of the other permanent five do not receive significantly more IMF loans than non-members. For France and the United Kingdom, however, we find that these members receive significantly larger IMF loans compared to members that vote against them at least once. For China and Russia, we find no significant differences. We consider these regressions to be important placebo tests: Given that China and Russia do not have power over the IMF, significant coefficients would cast doubt on our interpretation for results regarding the United States as well.

levels (column 11). Overall, our results clearly show that membership on the UNSC is associated with more aid from the United States and larger loans from the IMF – but only for countries that permanently vote with the United States.

5.2 Main Results

Table 2 turns to our core regressions (equation 3 above). Columns 1-4 investigate US bilateral aid; column 5-8 focus on IMF loans. Before introducing the measures of UNSC voting behavior, we interact *Proximity* with the simple UNSC membership indicator.

For US aid we find a positive and statistically significant coefficient on the interaction (column 1). Jointly interpreted with its constituent terms it suggests that only UNSC members that are politically close to the United States benefit from more US aid. The marginal effect of UNSC membership on US aid is positive only for countries that vote with the United States in the UNGA in more than 20 percent of the votes. When it comes to IMF loans (column 5), the coefficient is negative, as expected, but fails to be significant at the ten percent level (p -value= 0.133).

The remaining columns of Table 2 again separate UNSC members that exclusively voted with the United States from those that did not and test our core hypotheses. The results paint a clear picture that is in line with these hypotheses. Column 2 shows that countries that are politically close to the United States and vote exclusively in line with it in the UNSC receive more aid. This result holds when we focus on important votes in column 3 (Google definition) and column 4 (Israel definition).⁴⁵ The results of these regressions are best illustrated graphically. Panels A and B of Figure 4 thus visualize the result for the specification including all votes, in concert with the 90 percent confidence interval (column 2). The plots show that UNSC members that always vote in line with the United States receive more US aid when political proximity to the United States is high. Countries that are politically more distant to the United States do not receive more US aid when they serve on the UNSC and always vote in line. Panel B shows a similar picture for UNSC members that do not always vote in line with the United States. While the confidence

⁴⁵ We do not include the New York Times-based definition of importance which would result in a triple interaction with eight interaction coefficients to estimate and would thus be difficult to interpret.

interval is wider, it seems that sufficiently close friends of the United States can benefit from US aid also when they vote against the United States in the UNSC at least once.

Columns 5-8 replicate the analysis for IMF loans. In line with our theory, we find the opposite pattern as compared to bilateral aid. The effect of receiving larger IMF loans when serving on the UNSC and consistently voting with the United States *increases* with political distance to the United States. Panel A of Figure 5 visualizes these results for all votes (column 6). Only countries that are politically distant to the United States receive larger IMF loans when they serve on the UNSC and – in spite of their political distance – consistently vote with the United States. Countries that do not always vote with the United States do not receive larger IMF loans. On the contrary, for close allies of the United States that vote against them, the ‘UNSC effect’ turns negative (Panel B of Figure 5).

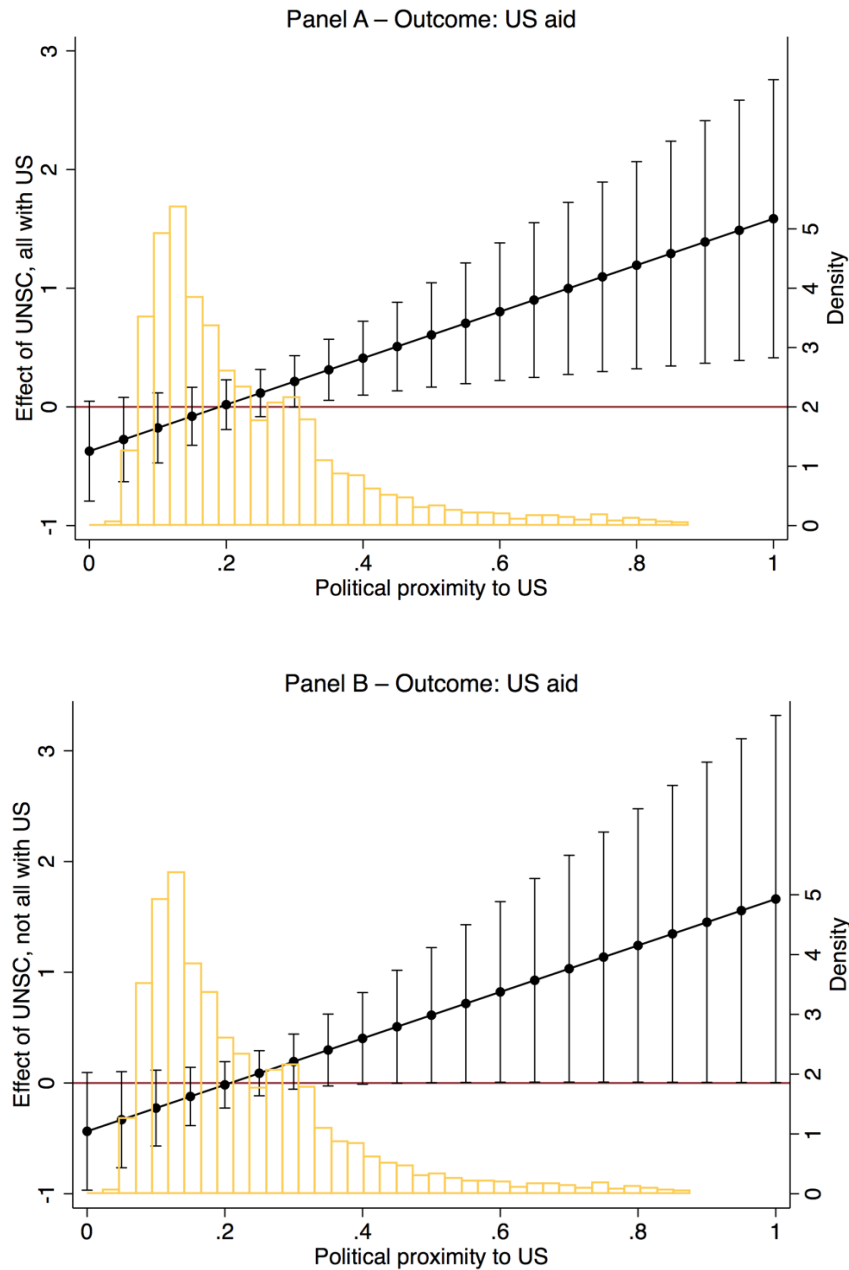
We consider these results as strong evidence for the hypothesis that the channel used for buying UNSC votes depends on the donor’s political proximity to the ‘trading partner.’ In short, the United States uses bilateral aid to buy or reward the votes of its friends and multilateral aid when it comes to its enemies. Friends can be paid off openly, as reputational costs for giving aid to allied countries are low. For enemies, however, reputational costs will be high. For these countries the IMF is used for obfuscation and laundering ‘dirty work.’

Table 2 – UNSC Voting and Aid to US Friends and Enemies, OLS, 1960-2015

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	USA	USA	USA	USA	IMF	IMF	IMF	IMF
UNSC	-0.404**				0.314			
	[0.196]				[0.247]			
UNSC * Political proximity to US	2.010***				-1.107			
	[0.710]				[0.733]			
UNSC, voted all with US		-0.373	-0.398	-0.511		0.897**	0.872**	0.911*
		[0.256]	[0.258]	[0.359]		[0.364]	[0.361]	[0.469]
UNSC, voted all with US * Political proximity to US		1.959**	1.953**	2.426**		-1.541*	-1.543*	-2.361**
		[0.928]	[0.931]	[1.039]		[0.879]	[0.881]	[1.131]
UNSC, voted not all with US		-0.436	-0.441	-0.321		0.089	0.085	-0.574
		[0.323]	[0.321]	[0.314]		[0.300]	[0.299]	[0.472]
UNSC, voted not all with US * Political proximity to US		2.098	2.221*	2.213*		-1.740	-1.653	1.953
		[1.300]	[1.266]	[1.276]		[1.225]	[1.220]	[1.826]
Political proximity to US	3.172***	3.172***	3.176***	2.918***	0.027	-0.017	-0.016	0.221
	[1.024]	[1.029]	[1.029]	[1.091]	[0.526]	[0.531]	[0.531]	[0.570]
Votes	all	all	important	Israel	all	all	important	Israel
Observations	5113	5113	5113	3344	4982	4982	4982	3341
R-squared	0.176	0.176	0.176	0.157	0.113	0.116	0.116	0.132

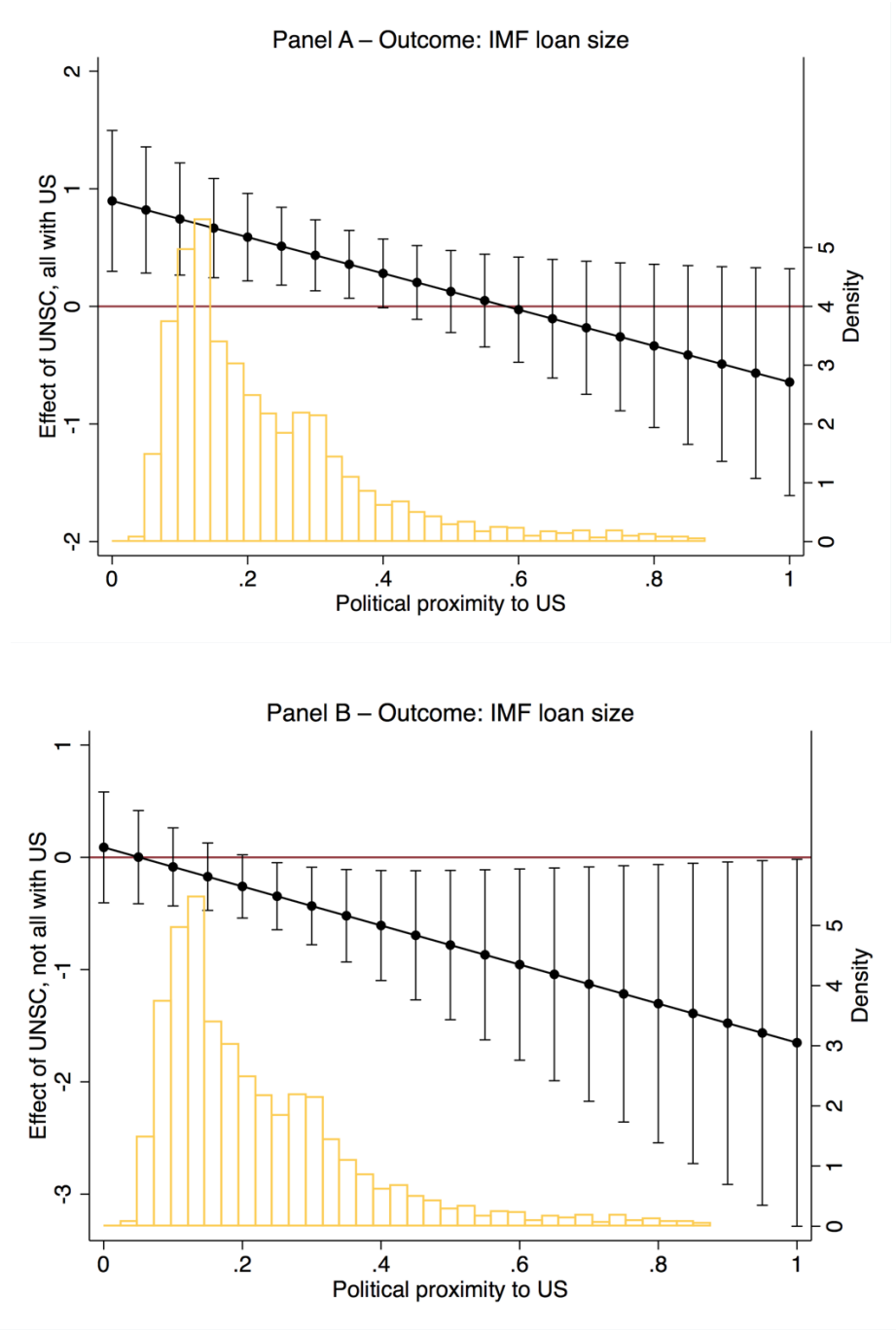
Notes: OLS regressions with country- and year fixed effects. Includes GDP per capita, Population, and War. IMF regressions also include Past IMF program. Standard errors clustered at the country-level in brackets. Significance levels * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

Figure 4 – Effect of UNSC Membership on US Aid for Varying Political Proximity



Notes: The figure shows the marginal effect of UNSC membership on US aid for different levels of political proximity, based on the regression in Table 2, column 2, in concert with the 90 percent confidence interval. Panel A focuses on the marginal effect of UNSC membership for countries that always voted with the United States in a year; panel B shows those for countries that voted against the United States at least once. The histogram shows the distribution of political proximity to the United States.

Figure 5 – Effect of UNSC Membership on IMF Loans for Varying Political Proximity



Notes: The figure shows the marginal effect of UNSC membership on IMF loans for different levels of political proximity, based on the regression in Table 2, column 6, in concert with the 90 percent confidence interval. Panel A focuses on the marginal effect of UNSC membership for countries that always voted with the United States in a year; panel B shows those for countries that voted against the United States at least once. The histogram shows the distribution of political proximity to the United States.

6 Robustness Tests

We test robustness in a number of ways. First, previous results have shown that temporary membership in the UNSC increases the probability to be under an IMF program, but not the size of IMF loan commitments. Our regressions offer an explanation for this puzzle. Given that some temporary members of the UNSC vote against the United States, average commitments for members do not necessarily increase. The frequently cited example of Yemen introduced above comes to mind. Yemen was a temporary member in 1990 and failed to support the UNSC resolution that authorized the use of force in Iraq in 1990 (Baker 1995). Though being a member of the UNSC, Yemen received less rather than more aid from the United States and the IMF. With our new data on *voting* in the UNSC, we find results for commitments that previous work was unable to detect (Dreher, Sturm, and Vreeland 2009b). Still, we think it is interesting to replicate the analysis focusing on IMF *programs* rather than loan size. These additional regressions also allow interesting insights as to whether countries with existing IMF programs receive larger loans when voting with the United States in the UNSC (intensive margin) or whether countries receive additional programs (extensive margin).

More importantly, we investigate commitments and disbursements in more detail. Remember that the above regressions focus on US aid disbursements and on IMF commitments, in line with previous work (Carter and Stone 2015; Vreeland and Dreher 2014). In this section we test whether and to what extent our theory holds for commitments of US aid and IMF “purchases” (i.e., the amount of loans that the program countries draw on). For completeness, we also investigate whether the results discussed for US aid above are driven by the intensive or extensive margin.

Third, we investigate the allocation of World Bank aid. While this paper has focused on the IMF, the United States has substantial power over the World Bank as well (e.g., Kilby 2013b), so that our theory should hold for the Bank. The dependent variables for these two regressions are a) the World Bank’s commitment of ODA and b) the number of new World Bank projects agreed upon (Dreher, Sturm, and Vreeland 2009a) for country i in year t .

Furthermore, we show regressions that focus on international organizations where the United States cannot plausibly be expected to exert dominant influence on loan allocation. We investigate the effect of voting in line with the United States on aid from the European Bank for

Reconstruction and Development, and the Islamic Development Bank. While political influences in these organizations are certainly important (Ben-Artzi 2005; Hernandez and Vadlamannati 2017), and the United States usually nominates the vice-president of the European Bank for Reconstruction and Development (Babb 2009), this influence is arguably not sufficiently large to influence the allocation of their loans in line with our theory. These regressions thus offer an important placebo test. Given that the United States is unlikely to have sufficient influence over the lending patterns of these organizations, significant interactions with voting in line with the United States would cast doubt on our interpretation of results.

Table 3 shows the results of this set of additional regressions. As can be seen, our results hold for the presence of an IMF program, but neither for IMF purchases nor commitments for programs that already exist.⁴⁶ UNSC voting thus seems to affect the extensive but not the intensive margin. As we argued above, we expect US influence to be more visible in IMF commitments compared to disbursements, given that disbursements of IMF loans are typically made in equal tranches and mainly depend on borrowers' compliance with IMF conditions. What is more, unlike for bilateral aid, loan commitments typically determine the maximal size of the loan, which only in exceptional cases exceeds initial commitments. For the average loan, where recipients comply with conditions and agreed upon tranches are disbursed absent any US influence, there might just not be sufficient leeway in IMF decisions for US influence to be measurable.

Table 3 also shows that none of the interactions is significant at conventional levels when we focus on a binary indicator for US aid recipients, additional commitments for previous US aid recipients, nor overall US aid commitments. The interaction of voting exclusively with the United States and political proximity comes closest to statistical significance for loans to preexisting recipient countries (column 5, p -value = 0.126). As argued above, disbursements of US aid, unlike IMF loans, follow no clear pattern relative to commitments, do typically not depend on compliance with specific ex post policy conditions, are often substantially delayed, and can easily

⁴⁶ In additional regressions, we find that the results for IMF programs hold if we only consider the start of such programs. (This alternative indicator variable is set to one only for program starts rather than for the whole period in which the IMF program is active.) This supports the view that political influence is particularly important when IMF programs are prepared and decided upon. See also Kilby (2013b) for related evidence linking shorter preparation periods of World Bank projects to US political interests.

exceed initial commitments of aid. This is in line with arguments in Carter and Stone (2015, 15) who explicitly design their variables so that they “can be interpreted as discretionary deviations by the executive branch from appropriated aid levels.”

The further results summarized in Table 3 show that our results for the IMF hold for the World Bank. Countries that vote always with the United States in the UNSC receive more World Bank aid if they voted less than about a quarter of the times with the United States in the UNGA before entering the UNSC. The same pattern emerges if we examine the number of new World Bank projects.

The results also show that UNSC voting behavior is not associated with loans from the EBRD and IsDB, regardless of a recipient country’s proximity to the United States. Given that the United States does neither have sufficient influence nor interest in these international organizations to shape their allocation of loans, this result is in line with expectations.

In a final robustness test, we examine whether the interaction effect in our main regressions is indeed linear. In a recent methodological paper, Hainmueller, Mummolo, and Xu (2018) propose a new semi-parametric estimation strategy that allows for nonlinear interaction effects. This is relevant for our setting because political proximity might influence the association between aid flows and UNSC voting in a nonlinear way. Beyond a linear association it is, for instance, also conceivable that vote buying activities target swing voters (characterized by medium political proximity to the donor), while ignoring very “close” friends (whose votes do not have to be bought) and very “distant” foes (whose votes cannot be bought or are too expensive to buy).

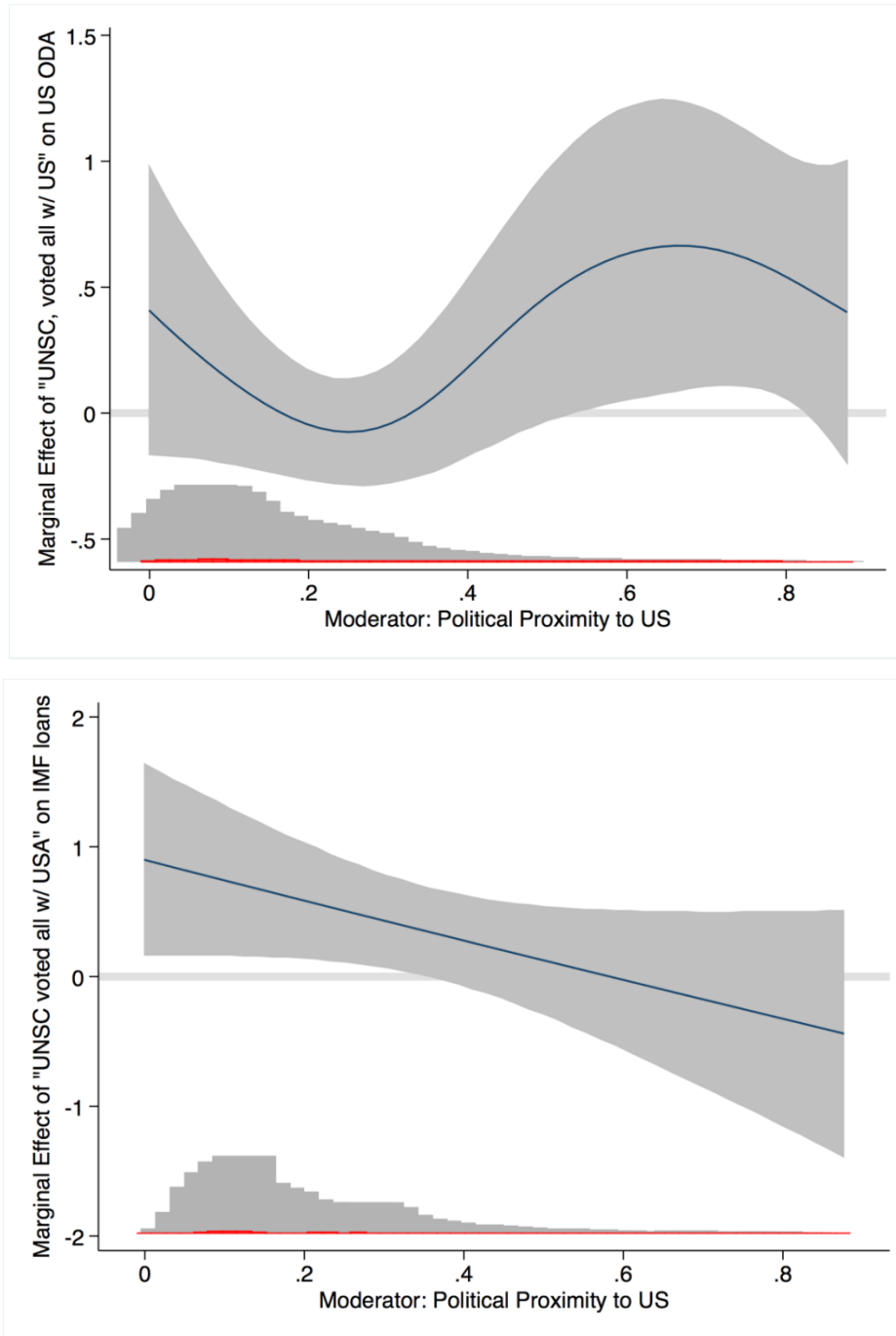
Hence, to test the linearity assumption we apply the kernel smoothing estimator of the marginal effect by Hainmueller, Mummolo, and Xu (2018), which estimates multiple local effects across the values of the moderator variable (in our case political proximity) based on a (Gaussian) kernel reweighting scheme. This allows us to flexibly estimate the functional form of the marginal effect without imposing the linearity assumption and without having to select bins of the moderator variable (the kernel estimator automatically selects bandwidths based on a 5-fold cross-validation procedure).

Table 3 – Extensions and Tests for Robustness

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
UNSC, voted all with US	1.032*** [0.372]	0.557 [0.456]	-0.366 [0.372]	-0.721 [0.598]	-0.160 [0.170]	-0.048 [0.167]	0.574** [0.278]	0.796** [0.343]	0.051 [0.177]	0.001 [0.163]
UNSC, voted all with US * Political proximity to US	-2.739** [1.179]	-0.313 [1.169]	1.653 [1.635]	2.296 [2.039]	0.923 [0.600]	-0.145 [0.733]	-2.225** [0.984]	-1.934* [1.075]	-0.092 [0.470]	-0.021 [0.335]
UNSC, voted not all with US	0.383 [0.485]	-0.073 [0.593]	0.015 [0.313]	-0.683 [0.603]	-0.359 [0.234]	-0.405 [0.248]	-0.077 [0.265]	0.291 [0.463]	0.026 [0.034]	0.109 [0.144]
UNSC, voted not all with US * Political proximity to US	-0.143 [2.053]	-2.948 [2.402]	-0.719 [1.299]	3.209 [2.707]	1.373 [0.937]	1.482 [1.050]	0.768 [1.196]	0.886 [1.677]	0.145 [0.363]	-0.472 [0.571]
Political proximity to US	1.510* [0.896]	-0.412 [0.859]	0.821 [0.605]	5.727*** [0.942]	1.496** [0.684]	3.137*** [1.157]	2.178** [0.839]	2.585** [1.007]	1.185** [0.560]	0.811** [0.380]
Country FE, Year FE, Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	4295	1993	4795	3493	3993	4926	4926	3810	4926	5113
R-squared		0.135	0.088		0.230	0.163	0.074	0.121	0.049	0.194
Sample	full	IMF prog. active	full	full	US aid recipient	full	full	full	full	full
Dependent Variable	IMF program	IMF loan size	IMF purchases	US aid indicator	US aid disburs.	US aid commit.	World Bank aid	new World Bank projects	EBRD loans	IsDB aid

Notes: OLS regressions with country- and year fixed effects. Conditional logistic regressions (conditioned on country fixed effects) if the outcome variable is binary (columns 1 and 4). Includes GDP per capita, Population, and War. IMF regressions also include Past IMF program. Standard errors clustered at the country-level in brackets. Significance levels * p < 0.1; ** p < 0.05; *** p < 0.01

Figure 6 – Nonlinear Interaction Effects?



We plot the results of this exercise in Figure 6. In the upper panel, where the dependent variable is US aid (model based on Table 2, column 2), it becomes visible that the marginal effect can be approximated by an S-shape. However, as in the linear model, the association is positive and

statistically significant only for high values of political proximity. Our inferences are, thus, not affected by imposing linearity. While the semi-parametric model yields a slightly more fine-grained functional form, the linear model appears to be a good approximation of the underlying relationship. In the bottom panel, we repeat the same analysis with IMF loans as the dependent variable (model based on Table 2, column 6). Here, we see that the semi-parametric estimation yields a linear interaction effect. The marginal effect is very similar to the effect estimated by the linear model. Again, our inferences are not affected: The marginal effect of “UNSC, all with US” on IMF loans decreases linearly with increasing political proximity to the US and is positive and statistically significant only for countries with low levels of political proximity to the US.

7 Conclusion

This paper investigates how major shareholders can exploit international organizations to obscure their policies from domestic audiences (“dirty work”). The argument that international organizations can be used in this way goes back to Vaubel (1986). The theory explains how multilateral organizations can be used to hide governments’ costs of concessions to interest groups when such concessions are unpopular with domestic audiences. However, the theory has never been confronted with data. When “national politicians [...] try to get rid of their ‘unpleasant’ activities, their ‘dirty work’” (Vaubel 1986, 48), then the allocation of multilateral aid should be in line with the political interests of their major shareholders. Previous empirical analyses confirm that IMF and World Bank lending indeed follows the interests of their major shareholders (Dreher et al. 2009a; 2009b; Vreeland and Dreher 2014).

The recent literature investigating the allocation of bilateral and multilateral aid, however, comes to the opposite conclusion. It shows that multilateral aid is less political and more effective compared to bilateral aid (Milner 2006; Schneider and Tobin 2016). The results of these literatures stand in some contrast to each other and thus offer an interesting puzzle.

Our theory addresses this puzzle and reconciles the two strands of literature. We argue that major powers exert influence bilaterally when domestic audiences view the intervention favorably. When domestic audiences are more skeptical of a recipient, favors are granted via international

organizations. They will use their power over international organizations selectively, so that the average loan is not affected by donors' political considerations in an obvious way. The previous literature indeed investigated the *overall* allocation of multilateral aid versus bilateral aid. It is thus unsurprising that politics turned out as less important in the allocation of multilateral aid. We are instead not interested in overall aid portfolios, but in whether international organizations can be used in particular cases that are of importance to the donor to pursue their geostrategic interests, even though they are designed not to, on average.

We test our theory focusing on US aid and IMF loans. Using new data on UNSC voting over the 1960-2015 period, our results show that US "friends" receive larger bilateral aid when voting in line with the United States in the UNSC, while positive votes of "enemies" are rewarded with loans from the IMF. Multilateral aid is thus highly political in important cases where the preferences of politicians differ from those of their domestic audiences.

Our results have important implications for the nature of multilateral interventions. Milner (2006, 110), argues "[d]onor governments desire to use foreign aid for political and economic purposes that are related to donor interests. Publics, however are more interested in addressing the needs of the recipient countries." Publics are more confident that multilateral aid is developmental compared to bilateral aid, so that governments give more aid when making use of multilaterals in the presence of skeptical publics. According to Milner (2006, 111), "[m]ultilateral aid thus helps solve a domestic principal-agent problem. Domestic politics may be a reason that governments chose to use multilateral international institutions."

In contrast, we argue that multilateral aid makes domestic principal-agent problems worse. Multilateral aid is given via international organizations when publics dislike aid, not to make it more developmental, but rather because it is easier to hide from the donor's domestic audience. Furthermore, our results can explain why governments have an interest in founding new international organizations and make them seem legitimate (see also Rocabert et al. 2017). Schneider and Tobin (2016) argue that governments prefer large numbers of international organizations so that they can delegate to those organizations with an aid portfolio that most closely matches the government's preferences. Our results show that multilateral aid allows donors to obfuscate payments to a country that the donors' voters do not want to support.

Our approach may shed some light on some remaining puzzles in the literature. For example, Milner (2006) finds that right-wing governments give more multilateral aid than left ones. She concludes that “it is hard to understand this result” which is “robust and puzzling” (2006, 132). Following the logic presented here, if right-wing governments typically pursue more aggressive foreign aid policy than left governments (e.g., Milner and Tingley 2010), then we might expect that right wing governments to have greater incentives to obscure their aid practices, and hence make use of multilaterals more frequently.

Our results may suggest an outline for the future development of the international aid architecture. A May 2018 poll by the institute Infratest Dimap shows that 59 percent of the (German) respondents are in favor of reducing foreign aid to countries that do not cooperate sufficiently in taking back refugees – a position that German Minister of Development Gerd Müller is clearly opposed to.⁴⁷ Similarly, substantial shares of the populations in major countries of the European Union are opposed to a Greek bail-out, while leading academics and politicians see such support as a necessary condition to maintain the Euro and potentially the European Union.⁴⁸ We expect this difference in views to make multilateral aid more attractive from a politician’s perspective. This can explain the insistence of German politicians to keep on involving the IMF in the Greek bail-out, which large parts of the German electorate are not in favor of (see a 2010 Poll cited in Schneider and Slantchev 2018, 21).⁴⁹

In the same vein, we thus predict that major European donors will react to the recent refugee crisis by channeling larger shares of foreign aid through the budget of the European Union. The degrees of freedom that politicians gain from the existence of an international organization also explain political support for the creation of new organizations, and their resistance towards

⁴⁷ See <https://www.welt.de/politik/deutschland/article176217850/Migration-Mehrheit-will-unkooperativen-Staaten-Entwicklungshilfe-kuerzen.html> (in German, accessed May 10, 2018).

⁴⁸ See for example a 2015 YouGov survey “Greece: Germans and Finns back a hard line, but support for Grexit wanes,” <https://yougov.co.uk/news/2015/07/10/germans-and-finns-public-prefer-hard-line-support-/> and a May 29, 2017 article in the Journal of International Affairs “Germany’s Domestic Politics Complicate the Greek Debt Crisis,” <https://jia.sipa.columbia.edu/online-articles/germanys-domestic-politics-complicate-greek-debt-crisis> (accessed May 23, 2018).

⁴⁹ See also again the May 29, 2017 article in the Journal of International Affairs, <https://jia.sipa.columbia.edu/online-articles/germanys-domestic-politics-complicate-greek-debt-crisis> (accessed May 23, 2018).

abolishing existing ones.⁵⁰ The recent creation of the Asian Infrastructure Investment Bank and the New Development Bank are cases in point. We also expect a 'European Monetary Fund' to be called in existence in due course, and additional European organizations in charge of foreign aid and loans to follow later. The potential benefits of international organizations in pursuing policies that domestic audiences dislike seem too strong for national governments to resist.

⁵⁰ According to Haberler (1974, 156) "international institutions may change their names or lose their function but they never die" (cited in Vaubel 2006, 127). Also see Gray (2018).

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Appendices

Appendix A: Coding of Resolution-specific UNSC Voting Data

As described in the main text, we initially measure the importance of a vote following Kuziemko and Werker (2006), who argue that UNSC membership is more valuable in years in which the institution is of major geopolitical importance. They proxy “importance” with the number of New York Times articles that include the words “United Nations” and “Security Council” and separate the years into different categories of importance. We code the same variable for our sample updating it until 2015 based on the New York Times online archive. Unlike Kuziemko and Werker (2006) we focus on two rather than three categories of importance, to reduce the number of categories when the voting variables are added to the regressions.⁵¹ Our threshold for important years is the median number of New York Times articles.

In addition to that, we propose other ways of identifying relevant votes for measuring voting alignment in the UNSC. The fact that we use data on the resolution-level allows us to additionally exploit resolution-specific rather than only year-specific information.

First, we exploit information contained in the resolution’s title. To this end, we identified key words that frequently appear in resolution titles, using word counting software. This allows coding variables that indicate the policy area the resolutions address. Table 5 shows the 100 most frequent keywords. For this study we only show regressions that restrict the sample of resolutions to those that concern Israel.⁵² A relatively large number of UNSC decisions focus on this key US ally (140 out of 2524), and our expectation is that the United States will consider these decisions as particularly important.

Second, for all resolutions we code the number of *Google hits* that appear when searching for “United Nations Security Council Resolution [number]”⁵³ via the *Google* search engine. Figure 1.6 illustrates these data and shows that there is no visible time trend in this variable. We then

⁵¹ Our results are qualitatively similar when we use three categories of importance.

⁵² To determine which resolutions concern Israel, we code the title of each resolution and search for the keywords “Israel,” “Palestine,” “Jerusalem,” and “Golan.”

⁵³ We do this for all resolutions from 1 to 2259 and enter the search term in quotes, thereby ensuring that the words appear in this exact order on the webpages that *Google* lists. For this we use the *Google Custom Search Engine* and run it via a program written in *Python*.

consider a resolution as important if its number of *Google hits* is above the median of a given year. In addition, all votes that did not produce a resolution because of a veto or a failure to reach the required majority are also coded as important. When using this information for the analysis on the country-year level we then only consider the “important” votes when aggregating.

Figure 6 – Google Hits of UNSC Resolutions

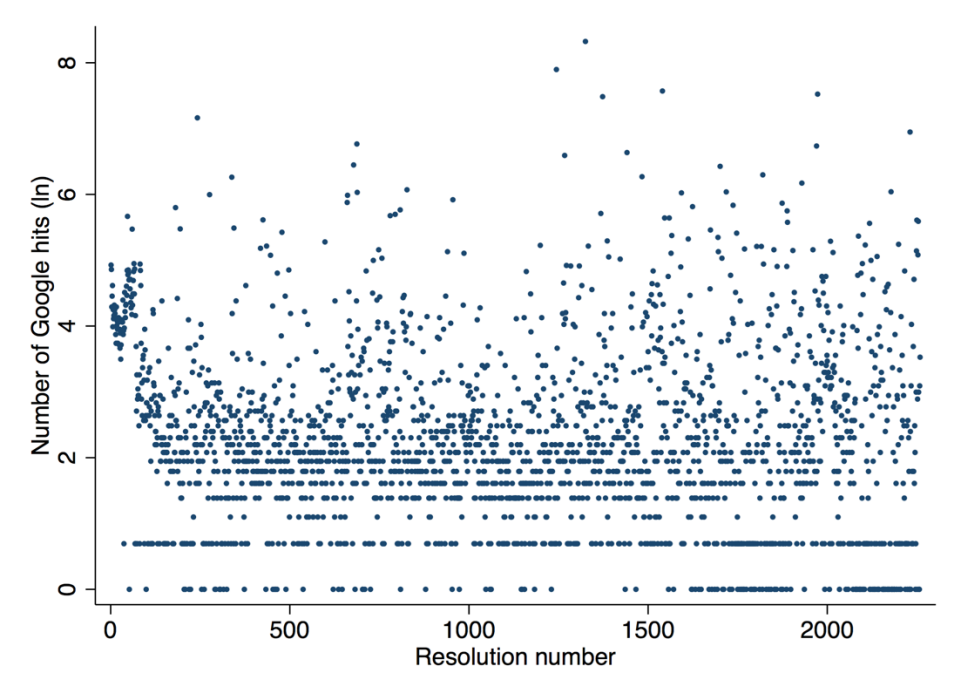


Table 4 – Frequency of Words in UNSC Resolution Titles (100 most frequent)

744 (6%): un	78 (1%): western	42 (0%): afghanistan
651 (6%): mandate	77 (1%): somalia	42 (0%): settlement
475 (4%): extension	76 (1%): measures	41 (0%): court
415 (4%): mission	75 (1%): disengagement	41 (0%): fire
342 (3%): situation	75 (1%): liberia	41 (0%): observers
342 (3%): force	74 (1%): application	41 (0%): stationing
190 (2%): membership	74 (1%): sudan	41 (0%): deployment
187 (2%): peace	71 (1%): sahara	40 (0%): complaint
177 (2%): against	68 (1%): assistance	40 (0%): all
171 (1%): observer	67 (1%): middle	40 (0%): armed
167 (1%): republic	67 (1%): rwanda	39 (0%): commission
150 (1%): Cyprus	65 (1%): bosnia	39 (0%): concerning
137 (1%): security	64 (1%): africa	39 (0%): forces
129 (1%): admission	64 (1%): operation	38 (0%): calling
127 (1%): establishment	64 (1%): herzegovina	38 (0%): minurso
125 (1%): extends	63 (1%): former	37 (0%): states
121 (1%): lebanon	62 (1%): secretary	37 (0%): territories
111 (1%): south	61 (1%): between	37 (0%): southern
108 (1%): question	60 (1%): referendum	36 (0%): central
105 (1%): resolution	59 (1%): humanitarian	36 (0%): israeli
103 (1%): military	56 (0%): arms	36 (0%): imposed
95 (1%): general	50 (0%): d'ivoire	35 (0%): group
91 (1%): east	50 (0%): côte	35 (0%): rhodesia
89 (1%): congo	48 (0%): agreement	35 (0%): authorization
88 (1%): council	48 (0%): cease	34 (0%): justice
86 (1%): keeping	48 (0%): african	34 (0%): peacekeeping
86 (1%): tribunal	48 (0%): monitoring	33 (0%): under
84 (1%): angola	48 (0%): haiti	33 (0%): palestinian
84 (1%): renewal	46 (0%): embargo	33 (0%): process
83 (1%): democratic	45 (0%): conflict	32 (0%): office
83 (1%): sanctions	44 (0%): israel	
81 (1%): implementation	44 (0%): leone	
80 (1%): iraq	44 (0%): protection	
79 (1%): yugoslavia	44 (0%): criminal	
79 (1%): interim	43 (0%): sierra	

Appendix B: Descriptive Statistics

Table 5 – Descriptive Statistics

Variable	Obs.	Mean	S.D.	Min	Max
UNSC member	6142	0.06	0.23	0.00	1.00
Share of votes against US	6066	0.01	0.09	0.00	1.00
UNSC, voted all with US	6142	0.03	0.16	0.00	1.00
UNSC, voted not all with US	6142	0.03	0.17	0.00	1.00
UNSC, voted all with US (important Google)	6142	0.03	0.16	0.00	1.00
UNSC, voted not all with US (important Google)	6142	0.03	0.17	0.00	1.00
UNSC, voted all with US (important Israel)	4222	0.02	0.15	0.00	1.00
UNSC, voted not all with US (important Israel)	4222	0.02	0.14	0.00	1.00
UNSC, voted all with US (important year NYT)	6142	0.02	0.13	0.00	1.00
UNSC, voted not all with US (unimportant year NYT)	6142	0.01	0.10	0.00	1.00
UNSC, voted all with US (important year NYT)	6142	0.01	0.10	0.00	1.00
UNSC, voted not all with US (unimportant year NYT)	6142	0.02	0.14	0.00	1.00
Political proximity to US	5114	0.22	0.14	0.00	0.88
IMF loan size (million SDR, ln)	6142	1.09	1.95	0.00	10.36
US aid disbursement (million USD, ln)	6142	2.54	2.07	0.00	9.51
IMF program	5826	0.38	0.49	0.00	1.00
IMF purchases (million SDR, ln)	5494	5.43	8.08	0.00	23.60
US aid indicator	6142	0.75	0.43	0.00	1.00
US aid commitments (million USD, ln)	5798	2.70	2.07	0.00	9.92
World Bank aid commitments (million USD, ln)	5798	1.56	2.22	0.00	8.36
New World Bank projects	4807	1.59	2.11	0.00	17.00
IsDB aid commitments (million USD, ln)	6142	0.20	0.67	0.00	6.46
EBRD aid commitments (million USD, ln)	6142	0.13	0.72	0.00	7.29
GDP per capita (ln)	6138	7.57	1.11	4.75	10.04
Population (ln)	6141	15.39	2.02	9.11	20.99
War	6142	0.06	0.23	0.00	1.00
Past IMF program	5826	0.72	0.45	0.00	1.00

Note: The sample used for calculating these statistics is the sample of column 1 of Table 1.1.

Appendix C: Data Sources and Definitions

Table 6 – Data Sources and Definitions

Variable	Source	Description
US aid disbursements (million USD, ln)	OECD (2018)	US bilateral net disbursements of Official Development Assistance.
IMF loan size (million SDR, ln)	Dreher et al. (2009a), own update with data from IMF (IMF 2018)	Total amount agreed of IMF loan. IMF (2018) provides the total amount of the agreed upon loan. We divide this number by the years of subsequent program duration, assuming equal phasing of the loan over the program period.
UNSC member	Dreher et al. (2009b), own update	Binary, indicating observations in which country i was a temporary UNSC member in year t .
Share of votes against US	multiple sources (own coding, see main text)	The number of UNSC votes country i cast in line with the United States in year t divided by the number of UNSC votes in year t . Unanimous votes are excluded.
UNSC, voted all with US	multiple sources (own coding, see main text)	Binary, indicating observations in which country i was a UNSC member in year t , and voted in line with the United States in all votes of year t .
UNSC, voted not all with US	multiple sources (own coding, see main text)	Binary, indicating observations in which country i was a UNSC member in year t , and voted against the United States in at least one vote of year t .
UNSC, voted all with US (important Google)	multiple sources (own coding, see main text)	As above, but only considering UNSC votes on resolutions whose number of hits on the Google search engine surpasses the yearly median and UNSC votes that did not produce a resolution (see Appendix A for details).
UNSC, voted not all with US (important Google)	multiple sources (own coding, see main text)	As above, but only considering UNSC votes on resolutions whose number of hits on the Google search engine surpasses the yearly median and UNSC votes that did not produce a resolution (see Appendix A for details).
UNSC, voted all with US (important Israel)	multiple sources (own coding, see main text)	As above, but only considering UNSC votes on resolutions whose title is related to Israel (see Appendix A for details).
UNSC, voted not all with US (important Israel)	multiple sources (own coding, see main text)	As above, but only considering UNSC votes on resolutions whose title is related to Israel (see Appendix A for details).

UNSC, voted all with US (important year NYT)	multiple sources (own coding, see main text)	As above, but the indicator is set to zero if the year's number of New York Times articles that include the words "United Nations" and "Security Council" is below the median of the observation period (see Appendix A for details).
UNSC, voted all with US (unimportant year NYT)	multiple sources (own coding, see main text)	As above, but the indicator is set to zero if the year's number of New York Times articles that include the words "United Nations" and "Security Council" is above the median of the observation period (see Appendix A for details).
UNSC, voted not all with US (important year NYT)	multiple sources (own coding, see main text)	As above, but the indicator is set to zero if the year's number of New York Times articles that include the words "United Nations" and "Security Council" is below the median of the observation period (see Appendix A for details).
UNSC, voted not all with US (unimportant year NYT)	multiple sources (own coding, see main text)	As above, but the indicator is set to zero if the year's number of New York Times articles that include the words "United Nations" and "Security Council" is above the median of the observation period (see Appendix A for details).
Political proximity to US	Bailey, Strezhnev, and Voeten (2017)	A country's share of votes in line cast with the United States in the United Nations General Assembly, moving average from $t-5$ to $t-2$. Abstention coded as half-agreement with yes or no vote.
IMF program	Dreher et al. (2009a), updated with data from Kentikelenis et al. (2016)	IMF program active at any point in year t .
IMF purchases (million SDR, ln)	World Bank (2018)	Amount of the IMF loan "purchased" by the IMF program country.
US aid indicator	OECD (2018b)	Binary, indicating country-years with positive US aid disbursements.
US aid commitments (million USD, ln)	OECD (2018b)	US bilateral commitments of Official Development Assistance.
World Bank aid commitments (million USD, ln)	OECD (2018b)	World Bank commitments of Official Development Assistance.
World Bank projects	Dreher et al. (2009b)	Number of new World Bank projects for country i agreed on in year t .
AsDB aid commitments (million USD, ln)	OECD (2018b)	Asian Development Bank commitments of Official Development Assistance.

EBRD aid commitments (million USD, ln)	OECD (2018b)	European Bank for Reconstruction and Development commitments of Official Development Assistance.
GDP per capita (ln)	World Bank (2018)	Gross Domestic Product per capita, constant 2010 USD.
Population (ln)	World Bank (2018)	Population size.
War	Uppsala Conflict Data Program (2015)	Binary, indicating years with more than 1000 battle-related deaths in year t in country i .
Past IMF program	Dreher et al. (2009a), updated with data from Kentikelenis et al. (2016)	Binary, indicating countries that had an IMF program in any of the years prior to year t .
