

Bilateral or Multilateral?

International Financial Flows and the Dirty-Work Hypothesis

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Abstract: How do governments choose between bilateral and multilateral foreign policy? We argue that powerful governments can exploit their influence over multilateral organizations to hide contentious foreign policies from domestic audiences. Applying this argument to international financial flows, we formulate hypotheses on the choice between bilateral and multilateral financing for political purposes. We test them by examining how the United States incentivizes support for decisions on United Nations Security Council resolutions. Introducing a new dataset on 2,530 Security Council decisions between 1946 and 2015, the results show that temporary Security Council members receive more bilateral and multilateral financing only when they support the positions of the United States. The United States uses bilateral aid to incentivize the support of allies and uses its power over the World Bank and the International Monetary Fund to channel multilateral finance to countries that its domestic audience views more negatively.

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How do governments choose between bilateral and multilateral foreign policy? While governments use bilateral financial flows to exert influence over other states (Werker 2012; Reinsberg 2019), powerful governments also influence multilateral finance for the same purpose (Schneider and Tobin 2013; Kersting and Kilby 2016). Extant scholarship finds that political interests are far less pervasive in multilateral settings (Milner and Tingley 2013; Schneider and Tobin 2016; Reinsberg, Michaelowa, and Knack 2017), but offers little explanation for the simultaneous use of bilateral and multilateral financial flows for political purposes and does not explain how states choose between bilateral and multilateral channels.

We contend that, to induce cooperation, governments choose to rely more on bilateral channels, which are easily observed by the public, when the domestic audience views the target country favorably. When the domestic audience is more skeptical of cooperation with a recipient, the risk increases that domestic opponents may politicize the executive's foreign policy, mobilizing negative public opinion. To avoid these domestic audience costs, the government is less likely to use a bilateral policy, and more likely to rely instead on multilateral channels. Decision-making in multilateral organizations is less legible and more difficult to trace for domestic audiences than is national decision-making and domestic opponents are less able to attribute a specific multilateral policy to the political intervention of its government. By relying on multilateral channels, the government can implement its preferred foreign policy while reducing the risk of domestic political costs.

We thus argue that multilateral organizations can effectively do the "dirty work" of their most powerful members (Vaubel 1986, 48) and help "launder" unpopular policies (Abbott and Snidal 1998, 18). Governments that have influence over multilateral organizations can exploit it to pursue policies vis-à-vis other states without drawing on bilateral channels (Schneider and Tobin 2013; Vreeland and Dreher 2014; Kersting and Kilby 2018). As long as governments use such informal influence only in exceptional cases, the institutions can maintain their reputation as being more neutral than bilateral agencies (Stone 2011).

We test this theory in a novel empirical setting. With a new, large dataset that we assembled for this project, we examine how voting behavior in the United Nations Security Council (UNSC) is linked to the

allocation of bilateral aid flows and financing from multilateral institutions. Going beyond the well-established finding that temporary UNSC members receive more such financial flows (Kuziemko and Werker 2006; Vreeland and Dreher 2014), we test whether our theory can explain links between voting behavior in the Security Council and the allocation of bilateral and multilateral financial flows.

The new dataset – collected at the UN Library in Geneva, from UN webpages, and from verbatim minutes of UNSC meetings – covers the universe of votes in the Security Council cast by all member states in the 1946-2015 period. We record a total of 36,550 individual votes on 2,530 proposed resolutions. The data include all available Security Council proposals – those that have passed (resolutions) and those that have failed (vetoed resolutions and failed majorities). Along with each member state’s vote, we code resolution-specific information, such as the policy area and the amount of media attention the resolution generated.

Our analysis yields support for the “dirty-work” hypothesis. First, we find that temporary members of the UN Security Council that vote with the United States receive both more bilateral aid from the United States and larger loans from the IMF and the World Bank than other countries. Member countries that vote against the United States in the Security Council do not receive such perks. Second, we find that the United States uses bilateral aid to influence the Security Council votes of its allies, where aid-giving is unlikely to produce domestic political costs. Conversely, it uses multilateral flows to influence the votes of countries that are politically distant and viewed negatively by the domestic audience.

Bilateral and Multilateral Aid

Scholars have long argued that bilateral foreign aid is not only used for promoting development in recipient countries, but also serves the foreign policy goals of donor governments. Donors give more aid to countries that are politically closer or geopolitically more important to them (Alesina and Dollar 2000). For instance, the US gives more aid to countries when they serve as temporary members on the UN Security Council (Kuziemko and Werker 2006; Reynolds and Winters 2016).

Powerful governments also use their influence over multilateral organizations like the IMF and the World Bank to favor countries they consider strategically important (Copelovitch 2010; Stone 2011; Kilby 2013b; Vreeland and Dreher 2014). Such countries receive more financing at better terms and other favorable treatments (Stone 2008). Similar patterns are observable in the European Union (Schneider and Tobin 2013; Asatryan and Havlik 2020) and in regional development banks (Kilby 2011; Lim and Vreeland 2013).

If governments use both bilateral and multilateral aid for political purposes, what determines the choice between them? Multilateral lending increases efficiency and shares the burden of financing development and global public goods, at the cost of losing control over how exactly the aid is spent (Milner and Tingley 2013; Reinsberg, Michaelowa, and Eichenauer 2015; Schneider and Tobin 2016; Reinsberg, Michaelowa, and Knack 2017). Bilateral aid, in contrast, gives donors more control and is perhaps better suited as a tool of strategic foreign policy. Why then governments would ever prefer multilateral over bilateral aid for achieving political goals remains an open question. Our theory offers an answer to this question and reconciles the view that multilateral aid is less political than bilateral aid with the observation that some multilateral aid is, indeed, highly political.

The Dirty-Work Hypothesis

We expect governments to cooperate and exchange favors with other governments when the expected benefits exceed the expected costs. Expected benefits can include, but are not limited to, improved national security, economic gains, legitimacy, or political support resulting from cooperative behavior of the targeted government. Expected costs include, of course, the price paid in terms of financial transfers, but also possible domestic audience costs for granting such favors.

If the government follows a questionable foreign policy, rival political elites (e.g., opposition parties, opposition movements, or competitors inside the ruling party) can offer cues to the domestic audience that produce audience costs for the government (Aldrich et al. 2006; Berinsky 2007). Accordingly, a growing

empirical literature on foreign aid policy finds that public opinion affects aid policy decisions of democratic donors, particularly when public attention is high (Eisensee and Strömberg 2007; Abbott and Jones 2021).

Rival domestic elites may have more success in politicizing financial favors if the recipient is a politically distant country. Both audience cost theory and experimental evidence suggest that domestic audiences punish their governments for both inconsistency in foreign policy and for a lack of responsiveness to their preferred foreign policies (Fearon 1994; Tomz 2007; Trager and Vavreck 2011; Chaudoin 2014; Reinsberg 2015). The strategic allocation of bilateral aid to politically distant countries is, thus, doubly dangerous for the government. First, it is not responsive to voter preferences (Milner 2006); a recent poll among US voters finds that “aid for strategic purposes is the type of assistance that Americans support the least” (Kull 2017, 5). Second, allocating aid to politically distant countries is inconsistent with standard aid policy. Substantial evidence shows that aid allocation is closely linked to political proximity and deviations from this pattern indicate policy inconsistency to domestic audiences (Alesina and Dollar 2000; Nielsen 2013).

Why may the executive be interested in disbursements to non-allies that its domestic public would not approve of? Milner and Tingley (2013) show that the politics of aid is largely a matter of ideology: conservatives “are more opposed to delegation to an international institution like the World Bank and much more concerned with the loss of control in aid policy than liberals” (p. 332). Divergent preferences across groups lead to concerns about domestic political responses to aid policy. Alternatively, the public may broadly agree with the foreign policy that the leader seeks to pursue, but not approve of the means by which the leader garners international support for it: the incentivization of political support from an otherwise unfriendly country. Obfuscating the deal with the unfriendly country enables the leader to achieve the foreign policy goal while ducking the domestic costs of appearing to pay favor to a potential enemy government.

We argue that multilateral organizations provide a convenient means of obfuscation. Rather than abandoning the effort to grant a favor to a politically distant country, we argue that powerful donor governments can turn to multilateral agencies, exerting hidden, informal influence. This expectation is in line

with an account by George Ingram, a former senior staff member of the US House Committee on Foreign Affairs: “Typically, when the U.S. wants to support a country that is ruled by a corrupt, uncooperative, or autocratic government, U.S. assistance goes through private channels [...] or multilateral organizations” (Ingram 2019). The key benefit of using multilateral agencies in this context is that their decision-making is difficult to observe and trace for the domestic audience. Partly because of nontransparent governance (Stasavage 2004) and a “culture of secrecy” (Grigorescu 2013) and partly due to voters’ “rational ignorance” (Vaubel 1986), voters know little about the functioning of multilateral organizations. Internal decision-making processes are less observable from the outside. If political opponents were to attack the government for its influencing of the multilateral organization, the leader could easily hide her own role in the decision and blame the organization’s administration or other members. However, the targeted government, which directly observes the decision-making of the multilateral organization as a participant in the negotiations, can easily attribute the financial flow to the intervention of the donor government.

Still, there are good reasons to avoid overreliance on the multilateral channel. First, as previous literature has observed, the United States shares power with other states over multilateral organizations (Copelovitch 2010), so principal-agent costs are higher than with the more direct bilateral channels (Milner and Tingley 2013; Schneider and Tobin 2016; Reinsberg, Michaelowa, and Knack 2017). Second, overuse damages the organization’s reputation for independence and neutrality, obviating its ability to obfuscate in the first place (Stone 2008). These potential costs mean that the expected utility of using the multilateral organization exceeds the expected utility of bilateral aid only when the latter is sufficiently costly, such as when the target of assistance is a politically distant country.

While we focus on the donor’s perspective, the logic of our argument also applies to recipient governments. A government that routinely supports the donor’s foreign policy in other settings and also receives its aid need not fear domestic political backlash for additional favors. But a government known to oppose the donor would look suspicious for suddenly receiving bilateral aid while supporting the donor’s

preferred policies. Both donor and recipient have reason to hide the trade of finance for political support. The circuitous path through a multilateral forum, typically viewed as more insulated from international politics, offers both parties a convenient way to launder the deal.

Application: US aid, Bretton Woods, and the Security Council

Our theory applies whenever states aim to cooperate and exchange favors with other states and face the choice between bilateral and multilateral channels. This includes but is not limited to foreign policies related to trade, finance, development, and security. Our empirical test focuses on financial favors – more specifically official financial flows – because these are most easily observable, measurable, and comparable across time and space.

We focus on the United States. Since the end of World War II, the US has been the state with the largest budget of official development assistance and covers the largest number of recipient countries in most years. This scale and coverage allow us to observe a large number of bilateral favors to many target states over an extended period. Furthermore, the United States has the most direct influence on the multilateral organizations with the largest budgets.¹

For the multilateral channels, we focus on the financial flows provided by the two largest international financial institutions, the IMF and the World Bank. Like US bilateral flows, IMF and World Bank money has been flowing in large quantities to a large number of countries since the end of World War II. The US government enjoys a privileged position in both of these institutions: it has the largest vote share on their executive boards and is the only government that can veto decisions that require super-majorities. Beyond this formal power, the US government also has a degree of informal influence (Stone 2008; Kilby 2013a). The boards typically operate according to a consensus rule, and management has agenda-setting power. Management, in turn, is subject to pressure from the US government, both because proposals are pre-

¹ Of course, other countries also wield influence on multilateral organizations (Copelovitch 2010).

emptively shaped to avoid US opposition and because representatives of the US government are actively involved in important IMF and World Bank discussions, not least since the institutions' headquarters are located in the US capital (Stone 2008; Clark and Dolan 2020).

In our empirical analysis, we focus on how the United States channels these financial flows to governments in exchange for support in key foreign policy decisions. Specifically, we examine US efforts to influence decisions of the UN Security Council. Several anecdotes suggest that the US government uses bilateral and multilateral financial flows (along with other foreign policy tools) to incentivize the voting behavior of other Security Council members (see, e.g., Newnham 2008). Vreeland and Dreher (2014, chapter 3) offer examples from the history of the United Nations, including the Cold War, the run up to the 2003 invasion of Iraq, and the no-fly-zone resolution regarding Libya. Prior to the Gulf War, the US used the World Bank to incentivize China's support of the legal authorization for the use of force against Iraq in Kuwait (resolution 678). According to House Representative Henry B. Gonzalez, "[i]mmediately after the November 29 [1990] vote in the UN authorising force, the administration unblocked a \$140 million loan for the World Bank to China" (Congressional Record, January 16, 1991: H520 cited in Khan, 1994). More recently, President Donald Trump publicly threatened to cut aid to countries that vote against the United States after UNSC members voted in favor of a resolution that criticized his government for its recognition of Jerusalem as the capital of Israel (Beaumont 2017). Previous research has found increases in financial flows to countries that become members of the UNSC; but it has not examined voting behavior there (Kuziemko and Werker 2006; Bueno de Mesquita and Smith 2010; Hug and Lukács 2014; Vreeland and Dreher 2014; Reynolds and Winters 2016).

The United States has good reason to care about voting behavior in the UN Security Council. The UNSC makes binding resolutions to investigate international disputes, impose sanctions and embargoes, and authorize the use of armed force. The United States is one of five permanent members with veto power and has more influence than the ten temporary members that are elected for two-year terms to represent the

various regions of the world. For a resolution to pass, however, nine affirmative votes are required – so the votes of the elected members do matter. As votes on UNSC resolutions matter for international legitimacy, the US government has an interest in acting in concert with Security Council decisions (Voeten 2005; Vreeland and Dreher 2014). UNSC resolutions have characteristics of an “elite pact [...] that provides a green light for states to cooperate” (Voeten 2005, 529) and the temporary members give voice to the “rest of the world” on matters of international security (Hurd 2007). The legitimizing effect of the UNSC extends beyond the international level and into domestic politics. Governments face incentives to acquire approval from the UN Security Council for domestic electoral concerns (Fang 2008), irrespective of their motivations. Under certain conditions the US executive faces incentives for “adventurist” foreign policies (Downs and Rocke 1994; see also Tarar 2006), even if the public is more prudent (Jentleson 1992). Empirically, US Presidents enjoy substantially more public support for actions endorsed by the UNSC (Chapman and Reiter 2004; Chapman 2012). In the absence of UNSC legitimacy, domestic public support for foreign policies is more difficult to achieve and US Congress is more recalcitrant (Voeten 2001; Hurd 2007). Importantly, UNSC resolutions are most valuable for the US government when they pass unanimously. Such resolutions increase US public support for the use of force by 6-10 percentage points (Mikulaschek 2019). There is thus a premium for getting unanimous votes, and every vote matters.

We hypothesize, therefore, that the United States channels both bilateral and multilateral finance to governments in exchange for their support of the US position in decisions on UN Security Council resolutions. Our “dirty-work” hypothesis predicts that the United States uses bilateral aid to states viewed as friendly and engineers multilateral aid to states viewed less so.

A New Dataset on Voting in the UN Security Council

To test our theoretical argument, we require comprehensive data on the votes in the UN Security Council at the resolution-level. We collect these data from multiple sources. Data on successful resolutions are available from the *UN Bibliographic Information System*. We coded these and added data on vetoed resolutions from the official *UN Veto List* (UN A/58/47 Annex III, 1946-2004 period), from the online archive of the *Dag Hammarskjöld Library*, and from archival research in the *UN Library* in Geneva. Most difficult to obtain are data on the rarely occurring failed majorities. We obtained these data from archival research in the *UN Library* and from searching for keywords in web-scraped UNSC meeting minutes. Appendix A describes the data collection process in more detail.

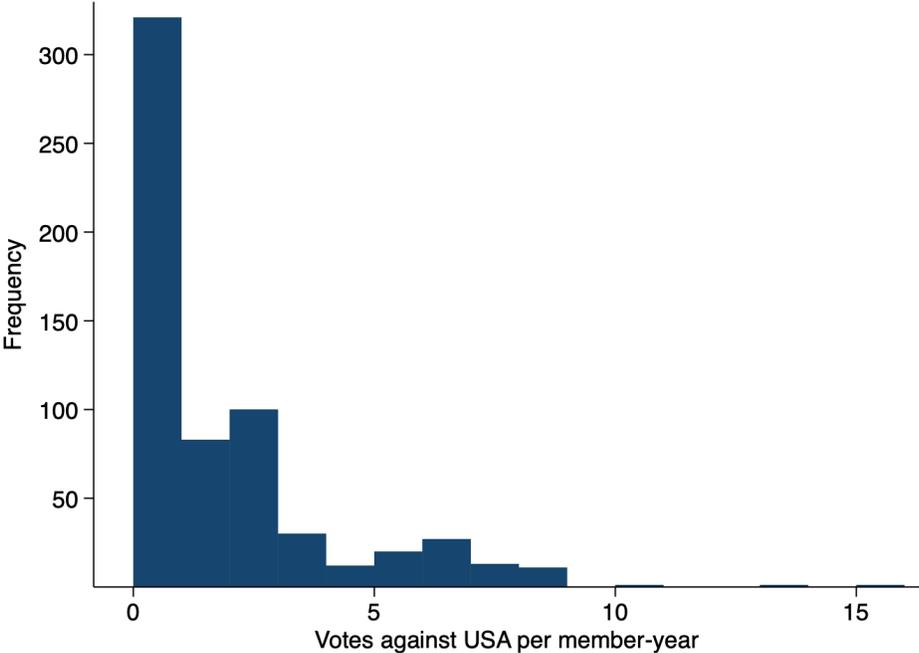
In total, we obtained data on the votes of all Security Council members on 2,530 decisions (2,259 resolutions, 230 vetoes, 41 failed majorities) over the 1946-2015 period. This translates into 36,550 individual votes. We also code the title of the proposed resolution, its number, the date of the decision, and further resolution-specific information to measure its importance and to categorize the resolution's policy area. Our main measure classifies resolutions as 'important' if the number of *Google hits* that appear when 'googling' a given resolution is larger than the respective yearly median. The recorded policy area is based on a coding scheme that leverages the resolution title. Appendix B describes these data – including features for future research that we do not exploit in this paper – in more detail.

Based on these resolution-level data, we calculate a dyad-year specific count of how often member countries voted with and against other members in the UNSC in a given year. Figure 1 shows the distribution of this variable for dyads involving the United States. As is visible, many UNSC resolutions are unanimously adopted, so this variable is positively skewed and often (~50%) equals zero.

In light of this distribution and the theoretical considerations above, we code two binary variables *UNSCall* and *UNSCnotall* that indicate whether a UNSC member i voted in line with the United States on all votes in year t . Given the large number of unanimous decisions, one disagreement per year indicates a notable

deviation in articulated preferences over foreign policy. Furthermore, domestic audiences value unanimity in the UNSC, so that the United States has an interest in temporary members always agreeing (Mikulaschek 2019; Häge and Hug 2016).

Figure 1 – Voting in the UN Security Council



Note: The figure shows the histogram of a variable that counts the number of votes in the UNSC that are cast against the United States per UNSC member and year.

Empirical Analysis

In our empirical analysis, we proceed in two steps. First, we examine whether there is a link between voting behavior in the UN Security Council and the allocation of bilateral and multilateral financial favors. Our theory predicts an association between cooperative behavior in the Security Council and an increase in flows of both bilateral and multilateral aid. Second, we test whether our dirty-work hypothesis can explain the choice of bilateral versus multilateral channels. We predict an increase in *bilateral* aid for cooperative allies but not for cooperative adversaries. Instead, for cooperative adversaries we predict an increase in *multilateral* aid.

Empirical Analysis I: Trading Favors for Security Council Votes

We analyze our data at the recipient-year level with empirical models that build on previous work (e.g., Kuziemko and Werker 2006, Vreeland and Dreher 2014). Our baseline regressions take this form:

$$y_{it} = \beta_1 UNSCall_{it} + \beta_2 UNSCnotall_{it} + \mathbf{X}'_{it-1} \boldsymbol{\beta}_3 + \lambda_i + \tau_t + \varepsilon_{it}. \quad (1)$$

As the two explanatory variables of interest, *UNSCall* and *UNSCnotall*, are binary and mutually exclusive, they assign the observations (N = 6,141) to three categories: UNSC members that always vote with the United States in a given year, UNSC members that disagree at least once, and non-member countries. The latter is the omitted category against which we compare the others.

In the baseline, we consider three outcome variables, y_{it} : (1) US bilateral official development assistance, (2) multilateral IMF loans, (3) multilateral World Bank loans. We measure US aid as logged disbursements of official development assistance (ODA) in constant 2015 million USD. The data come from the OECD and cover the years 1960-2015. A total of 150 countries received ODA from the United States, and the average country received 4.6 billion USD over the entire period. We use disbursements rather than commitments a) because the US executive branch was found to make use of its discretion to deviate from previously committed aid levels to use aid for political purposes (Carter and Stone 2015) and b) to follow the related literature (Vreeland and Dreher 2014).²

IMF loans are measured in logged millions of current SDR (Special Drawing Rights, the IMF's unit of account). 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

² In Appendix I, we show that the results are robust when controlling for commitments, suggesting that deviations from previously committed aid drive the effect.

size in our sample is 422 million SDR (roughly 600 million USD in 2015).³ In our largest sample, data cover the years 1960 to 2015. 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 depend on borrowers' compliance with IMF conditions (Rickard and Caraway 2019). The size of the IMF loan commitment, on the contrary, is determined before the program starts, when we expect the strongest political influence (Rickard and Caraway 2014).⁴

When focusing on financing provided by the World Bank, we start from the project-level data that the Bank provides for more than 19,000 projects. For the analysis we calculate the sum of World Bank loan commitments across all projects for recipient i in year t . In our sample, 170 different countries received loans from the World Bank and we record positive amounts for a total of 3,897 country-year observations. For observations with at least one active World Bank project, the mean aggregated loan size in our sample is 240 million USD. In additional regressions (Appendix I) we separately look at World Bank grants, which are less frequent (nonzero amounts for 1,090 country-years) and smaller in size (18 million USD on average).

To ensure comparability, the sample is restricted to countries that are eligible to receive ODA in year t , following the OECD definition. We estimate the regressions by OLS. We include country fixed effects γ_i to absorb all time-invariant country characteristics, and year fixed effects τ_t to absorb global trends that affect

³ We add one before taking the natural logarithm to avoid losing zero-observations. As all our regressions include fixed effects for years, which capture changes in the overall price level (inflation), we do not deflate the original IMF data or convert them to USD.

⁴ The IMF usually does not disburse more than what was originally agreed upon, so political pressure matters when loan size is decided. Additional regressions (Appendix I) substitute the IMF loan variable with a binary variable indicating the start of an IMF program.

all countries equally. Two important control variables are included. Previous research has argued that, once time-invariant country characteristics are absorbed, the timing of being elected to the Security Council 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 Security Council, Dreher et al. (2014, 80) 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.” We thus include the natural logarithm of *Population* and lagged *GDP per capita*. In the regressions of IMF loans, we also add an indicator of whether a country ever participated in an IMF program (*pastIMF*) as this variable is a strong predictor of IMF programs (Moser and Sturm 2011), enhancing the precision of estimates without reducing the sample size. In our most conservative specifications, we additionally control for political proximity to the United States as measured by lagged voting similarity in the UN General Assembly (*Political proximity to US*), ensuring that the UNSC voting variables do not pick up overall political alignment. In the robustness section, we show that results are robust to alternative sets of control variables. Appendices C and D report descriptive statistics, sources, and definition of all variables.

Our empirical model allows us to make the identifying assumption that the timing of temporary UNSC membership is conditionally exogenous to aid allocation:

$$E(\varepsilon_{it} \text{ UNSC}_{it} | \text{GDPpc}_{it-1}, \text{Population}_{it}, \lambda_i, \tau_t) = 0.$$

For voting behavior within the set of UNSC members, we obviously cannot assume exogeneity, but controlling for voting similarity in the UN General Assembly ensures that the analysis compares countries with the same level of political alignment to the United States. In concert with the conditional exogeneity of temporary membership, the analysis of voting behavior allows us to infer whether there is a causal effect of membership on aid allocation that is driven by members with a specific voting behavior in the Security Council.

Results I: Trading Favors for Security Council Votes

Table 1 reports the results of the first step of the analysis, focusing on the link between voting in the UNSC and the allocation of bilateral and multilateral aid. Columns 1-3 show results for three regressions of US aid, columns 4-6 report these same regression results for IMF loans, columns 7-9 for World Bank loans.

The first of each set of these regressions (respectively, columns 1, 4, & 7) replicate previous research and include a binary indicator for temporary membership on the UNSC, along with controls and fixed effects. Coefficients are positive for all outcome variables, but reach the 1 percent level of statistical significance only for World Bank loans and the 10 percent level for US aid.

The results become considerably more distinct when we introduce our new data on voting behavior in the Security Council in the second specification (respectively, columns 2, 5, & 8). These regressions use the binary measures for voting with the United States *UNSCall* and *UNSCnotall*. We find a substantively strong and statistically significant increase in all three official financial flows when countries join the Security Council and vote with the United States on all proposed resolutions. Conversely, for countries that join the Security Council and disagree with the United States on at least one proposed resolution we find no such increase and even a negative coefficient for IMF loans.

Specifically, US aid increases by approximately 42 percent ($e^{0.348} - 1 \approx 0.42$) for members that voted with the United States on all votes ($p = 0.003$), but not for members that defected at least once in a given year (column 2). Results for IMF loans are similar, both in terms of statistical significance and magnitude. Countries receive an increase in IMF loans by 51 percent ($p = 0.017$) when always voting in line with the United States, and see no significant change when defecting at least once ($\beta = -0.218, p = 0.202$, column 5). The same pattern emerges for loans from the World Bank, with a very similar magnitude of the increase (51 percent, column 8). When testing whether there is a statistical difference between members that always vote in line and those who defect at least once (see the second to last row in Table 1), we find statistically significant differences for US aid ($p = 0.037$) and IMF loans ($p = 0.008$), but not for World Bank loans ($p = 0.132$).

Table 1 – Trading Favors for Security Council Votes

Dependent Variable:	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
	US aid			IMF loans			WB loans		
UNSC member	0.168*			0.071			0.261***		
	[0.099]			[0.123]			[0.099]		
UNSC member, voted all with US		0.348***	0.288***		0.410**	0.445**		0.414***	0.415***
		[0.115]	[0.107]		[0.169]	[0.174]		[0.150]	[0.147]
UNSC member, voted not all with US		0.009	-0.019		-0.218	-0.205		0.145	0.158
		[0.139]	[0.127]		[0.170]	[0.172]		[0.119]	[0.119]
Political proximity to US (UNGA, t-1)			1.564**			0.236			1.298**
			[0.708]			[0.302]			[0.586]
GDP per capita (ln, t-1)	-0.953***	-0.954***	-0.748***	-0.337***	-0.339***	-0.397***	-0.491**	-0.492**	-0.279
	[0.281]	[0.281]	[0.202]	[0.127]	[0.128]	[0.134]	[0.234]	[0.234]	[0.217]
Population (ln)	1.242*	1.233*	1.917***	0.009	-0.007	0.006	-0.556	-0.563	-0.122
	[0.674]	[0.673]	[0.509]	[0.393]	[0.394]	[0.418]	[0.572]	[0.572]	[0.527]
Past IMF program				1.535***	1.527***	1.524***			
				[0.159]	[0.158]	[0.165]			
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	6141	6141	5632	5825	5825	5501	5648	5648	5297
R-squared	0.137	0.137	0.154	0.122	0.124	0.122	0.094	0.094	0.089
p-value (all with vs. not all with)		0.037	0.075		0.008	0.009		0.132	0.286

Notes: OLS regressions. Standard errors clustered at the country level in brackets. Significance levels: * $p < .01$; ** $p < 0.05$; *** $p < 0.01$. There are three specifications each for US bilateral aid (1-3), IMF loans (4-6), and World Bank loans (7-9).

We examine alternative measures of UNSC voting behavior in Appendix H. There, we find that votes on ‘important’ resolutions drive the effect and apply various definitions of importance for individual votes on resolutions: the number of *New York Times* articles on the UNSC in a given year, the number of *Google* hits of a given resolution, resolutions that concern the Israeli-Palestinian conflict. We also go beyond binary measures and show that the results hold for a continuous and more fine-grained measure of voting in the UNSC.

In the third specification (respectively, columns 3, 6, & 9), we add political proximity to the United States as measured by voting similarity in the UNGA as an additional control variable. For all three outcomes, the variable enters with a positive sign, but the coefficient of interest, *UNSCall*, remains positive and statistically significant. This suggests that the *association* between voting alignment in the UNSC and increases in bilateral and multilateral aid are not due to overall political alignment. Under the assumption that UNSC membership is conditionally exogenous (Dreher et al. 2014; Bueno de Mesquita and Smith 2010), we can infer that the causal effect of membership on increases in financial flows is driven by those Security Council members that always vote in line with the United States.

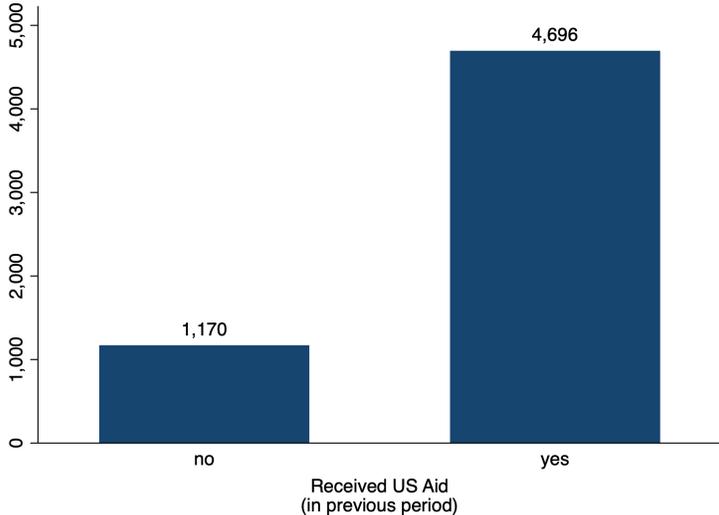
Empirical Analysis II: The Dirty Work Hypothesis

In the second step of our analysis, we modify the model above to test the “dirty-work” hypothesis. We predict that the United States grants different favors to different countries to incentivize their cooperative behavior. Bilateral channels are used to target allied countries, while multilateral channels are used to target non-allied countries. To test this, we introduce a proxy for how strongly the United States is *Allied* with recipient countries and interact it with *UNSCall* and *UNSCnotall*. These regressions allow us to determine which flows are used as political favors for which type of recipient.

$$\begin{aligned}
 y_{it} = & \beta_1 UNSC_{it} + \beta_2 UNSC_{it} * Allied_{it} \\
 & + \beta_3 UNSCnotall_{it} + \beta_4 UNSCnotall_{it} * Allied_{it} \\
 & + \beta_5 Allied_{it} + \mathbf{X}'_{it-1} \boldsymbol{\beta}_6 + \gamma_i + \tau_t + \varepsilon_{it}. \quad (2)
 \end{aligned}$$

For *Allied* we require a measure of the expected audience costs incurred by the US government for granting favors to recipient i in year t .⁵ As a first barefoot empirical approach, we measure *Allied* – labelled *US aid recipient* – as a binary variable indicating whether an eligible country received any US aid in the period before it entered the UN Security Council (years $t-5$ to $t-2$).

Figure 2 – US aid recipients



Note: The figure shows the number of recipient-year observations in the sample with and without positive inflows of US aid in the period between $t-5$ and $t-2$.

The United States gives aid to the vast majority of countries that are eligible to receive official development assistance – but not all of them. As Figure 2 shows, for 80 percent of the eligible country-year observations we record positive inflows of US aid. Governments of developing countries that do not receive

⁵ Although our measures of *Allied* are correlated with US aid, IMF loans, and WB loans, this correlation does not bias our coefficients of interest. We are interested in how the amount of these flows *change* for a government with a given level of *Allied* as soon as the government begins voting on the Security Council.

any US aid stand out to the world as notable exceptions, usually for political reasons – Cuba being the canonical example. A decision to use bilateral aid to buy favors from a country that has not received aid previously would mean a substantial deviation from a pre-existing policy and signals policy inconsistency, which, as discussed above, often incurs audience costs. Providing aid to long-time recipients, by contrast, is not politically costly.

Our second measure of *Allied* is more fine-grained. We make use of alignment in the UN General Assembly as a well-established measure of a country’s bilateral relationship with the United States that is particularly relevant for US political elites. Every year, the US Department of State submits a report to the US Congress that informs its members about each country’s voting practices in the UN General Assembly. These reports note 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). The US Congress is well-known to track the UNGA voting behavior of governments in tandem with the amount of US aid that they receive. In some years, these reports include “a table listing the amount of U.S. assistance provided to each country alongside its voting coincidence” (Schaefer and Kim 2011, 16). A 1983 law explicitly “restricted aid to countries that demonstrated a consistent pattern of opposition to the US position” (Rose 2018, 6). This legal constraint was removed in 1990, freeing the president to provide aid to countries regardless of their UNGA voting behavior – but doing so is risky. Congress has held the president in check by threatening to re-introduce the legal restriction (Schaefer and Kim 2011), and scholarly studies show that voting against the United States in the UNGA is indeed associated with less aid, suggesting that the link continues to exist, at least implicitly (see results above as well as Dreher, Nunnenkamp, and Thiele 2008; Carter and Stone 2015).

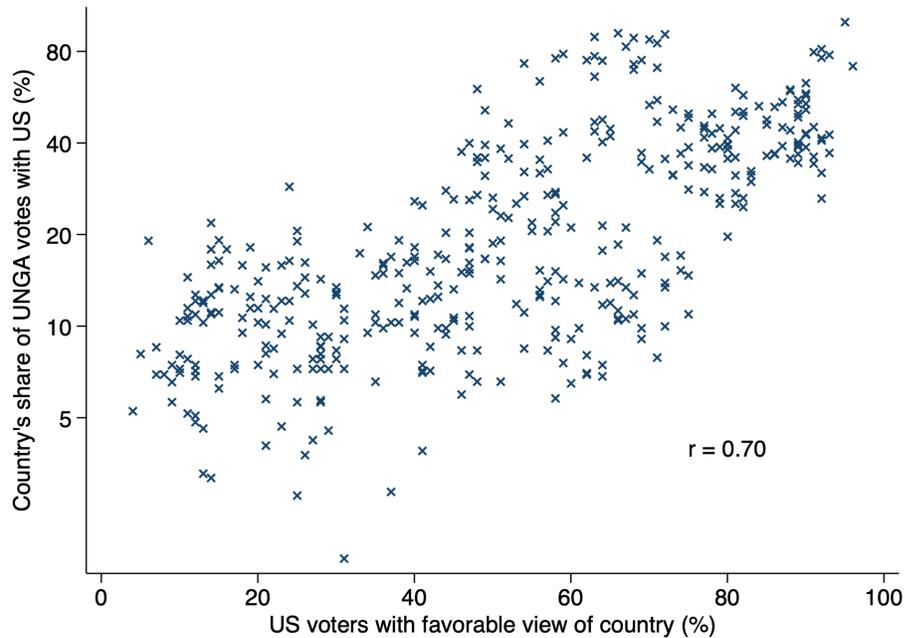
UNGA voting is thus a good proxy for how closely aligned a country is with US foreign policy preferences – particularly because it is a measure that the delegates of the US public in Congress explicitly monitor when scrutinizing which countries receive foreign aid. Elites in Congress can easily create audience

costs for the president if strategic aid were channeled to countries with a low voting similarity in UN General Assembly votes. In this context, it is a key advantage of this measure of *Allied* that it is highly correlated with the views that US voters have of other countries. This relationship increases the chance that politicization efforts of US political elites will resonate with voters. To demonstrate this link, we collect data from *Gallup* surveys that asked US voters about their views of other countries. As Figure 3 shows, the share of US voters surveyed who have a “favorable” or “very favorable view” of a given country is positively correlated ($r = 0.70$) with this definition of the *Allied* variable. We repeated this analysis for similar surveys from both *Pew* and the *BBC* and obtained similar results. More generally, a recent paper by Plouffe and Slingsby (2019) explicitly studies the link between public views of other countries and UNGA voting similarity in a large panel of country-pairs and finds strong positive associations. Unfortunately, the Gallup polls of public opinion on developing countries around the world cover too few countries and years ($N = 188$) to be suitable for our regression analyses.⁶ For the regressions below, we use the share of votes that the respective country cast in line with the US government in the UNGA for this second definition of the *Allied* variable. To mirror the first definition (*US aid recipient*) and to capture the period before the country entered the Security Council, we use the average between $t-5$ to $t-2$.⁷

⁶ The exact question asked by Gallup is: “Next, I’d like your overall opinion of some foreign countries. What is your overall opinion of [country i]. Is it very favorable, mostly favorable, mostly unfavorable, or very unfavorable?”

⁷ In section 6, we also show that results are robust to using “ideal point distances” as a third measure of *Allied*. While also based on UNGA voting, they take account of differences in topics of the decisions over time (Bailey, Strezhnev, and Voeten 2017).

Figure 3 – Country perceptions among US voters and UNGA voting coincidence



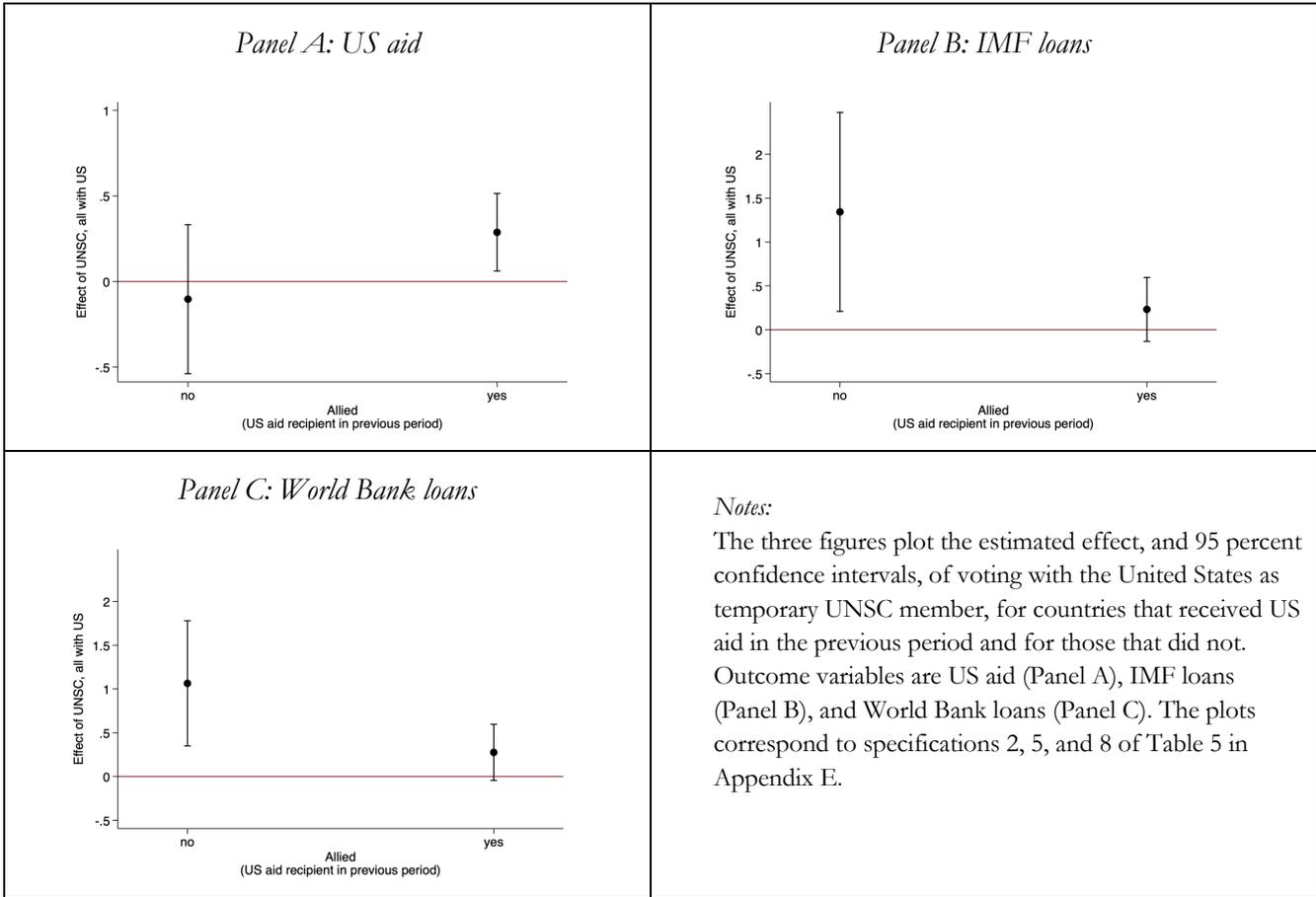
Note: The figure plots a country's share of UN General Assembly votes cast in line with the United States against the share of US voters who have a favorable view of the country. The y-axis is in log scale.

Results II: The Dirty-Work Hypothesis

The results of our tests of the dirty-work hypothesis are best presented graphically. Figures 4 and 5 below both show, rather strikingly, opposite patterns of receiving US aid versus money from the IMF and World Bank: Allies receive more bilateral aid – but not more multilateral aid – when voting with the United States on the UNSC; unfavorable countries, by contrast, receive more multilateral finance – but not more bilateral aid – when voting with the United States on the UNSC.

In Figure 4, we present results using our first measure of *Allied*, the indicator for whether or not the recipient had received any US aid in the previous period (*US aid recipient*). Congruent UNSC votes of regular US aid recipients are rewarded with a significant increase in US aid (Panel A in Figure 4). For these countries, it is politically unproblematic for the US government to increase their access to US aid. For countries that are not *Allied* however there is no significant increase in US aid.

Figure 4 – Voting with the United States in the UNSC, US Aid Recipients

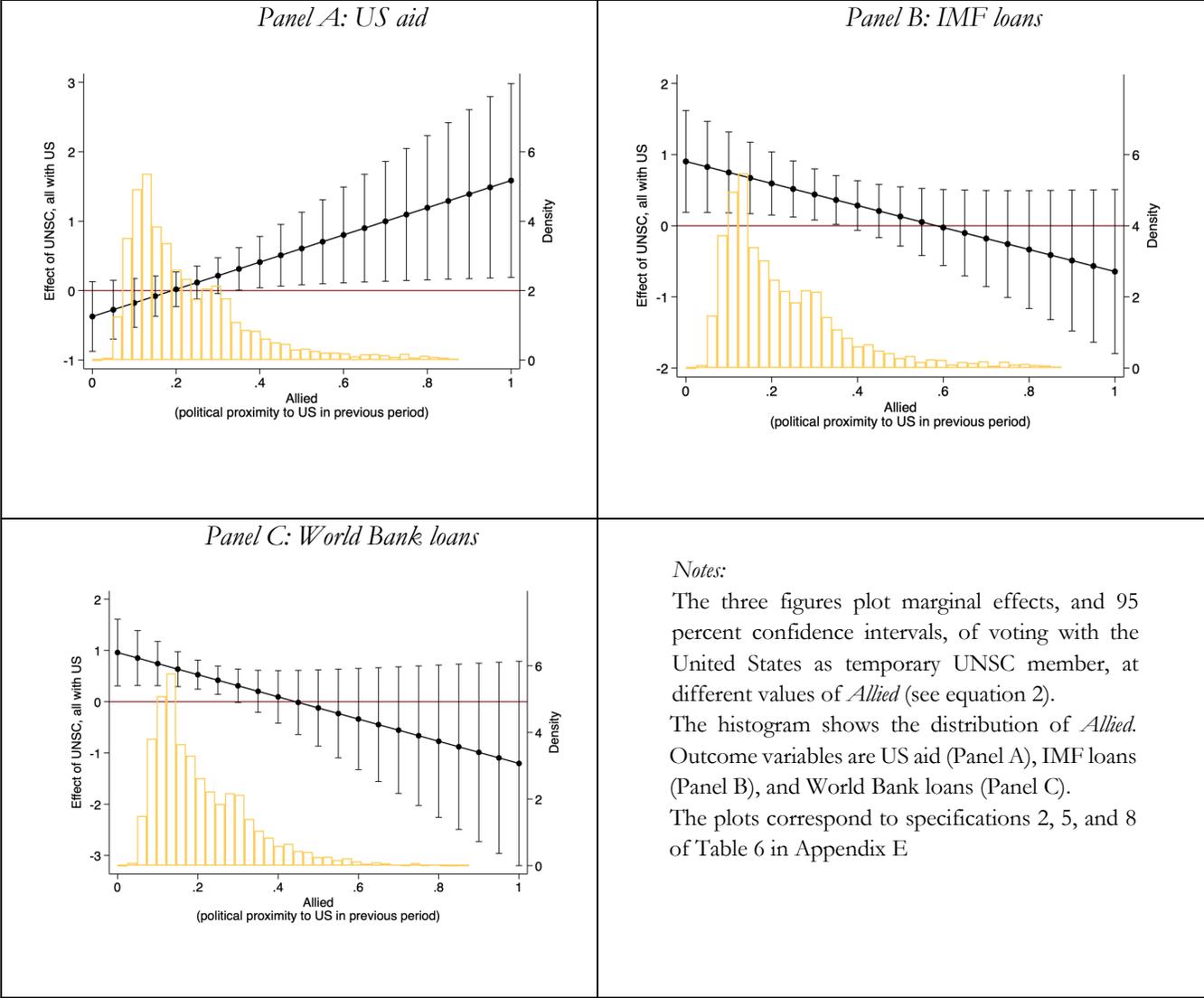


When turning to multilateral finance, we find the exact opposite pattern: Congruent votes from non-*Allied* countries are associated with an increase in loans from both the IMF and the World Bank (Panels B and C in Figure 4). The point estimates suggest a loan size increase of more than 200 percent for the IMF and more than 150 percent for the World Bank. As the dirty-work hypothesis suggests, we estimate no such increase for regular recipients of US aid.

Figure 5 presents a visualization of the main result based on the second, more fine-grained measure: *political proximity to the US* in the previous period. It plots the marginal effect of serving on the UNSC and always voting with the United States (*UNSCall*) on the three dependent variables for different values of this measure of *Allied* (following equation 2). Panel A of this figure plots the results for US bilateral aid. It shows that UNSC members that always vote in line with the United States receive more US aid only when they are

politically allied with the United States. Countries that are politically more distant do not receive more US aid when they serve on the UNSC and always vote in line. Accordingly, the interaction of *UNSCall* and *Allied* enters with a positive sign in the regressions of US aid.

Figure 5 – Voting with the United States in the UNSC, Political Proximity



As predicted, we find the opposite pattern for IMF loans and World Bank loans. Panel B of Figure 5 plots the results for IMF loans. The effect of receiving larger IMF loans when serving on the UNSC and consistently voting with the United States *decreases* with the degree of alliance with the United States. The graph

shows that only countries that are politically distant from 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 on that body. The point estimates suggest increases of about 100 percent for the countries with the lowest scores of Allied. Panel C focuses on World Bank loans and shows results that are similar to those for the IMF. Only countries that are not allied with the United States receive more World Bank aid, and only if they always vote in line with the United States on the UNSC.

In addition to the main specifications that are plotted (from columns 2, 5, & 8), Table 6 in Appendix E shows the results for specifications that ignore Security Council voting behavior and consider membership only (columns 1, 4, & 7). Also presented are specifications that only look at “important” Security Council votes (columns 3, 6, & 9). The next section and Appendices F-K describe additional robustness tests.

In summary, the channel used for incentivizing support in the UN Security Council depends on the political proximity of the US government to the recipient country. The United States uses a bilateral channel to incentivize cooperative votes of its allies and a multilateral channel when it comes to other countries. Friends can be paid off openly, as reputational costs for giving aid to allied countries are low. For more adversarial countries, however, reputational costs are higher, and multilateral channels are used to launder the government’s “dirty work.”

Additional Results and Robustness

We conduct several additional tests that further increase the plausibility of the theoretical argument and the robustness of the empirical results. This section summarizes their results. Appendices F-K (pp. SI-10 – SI-22) explain these analyses in more detail.

Placebo tests: First, we consider multilateral organizations where the United States has no dominant influence on loan allocations and use these for placebo tests. We investigate the effect of voting in line with

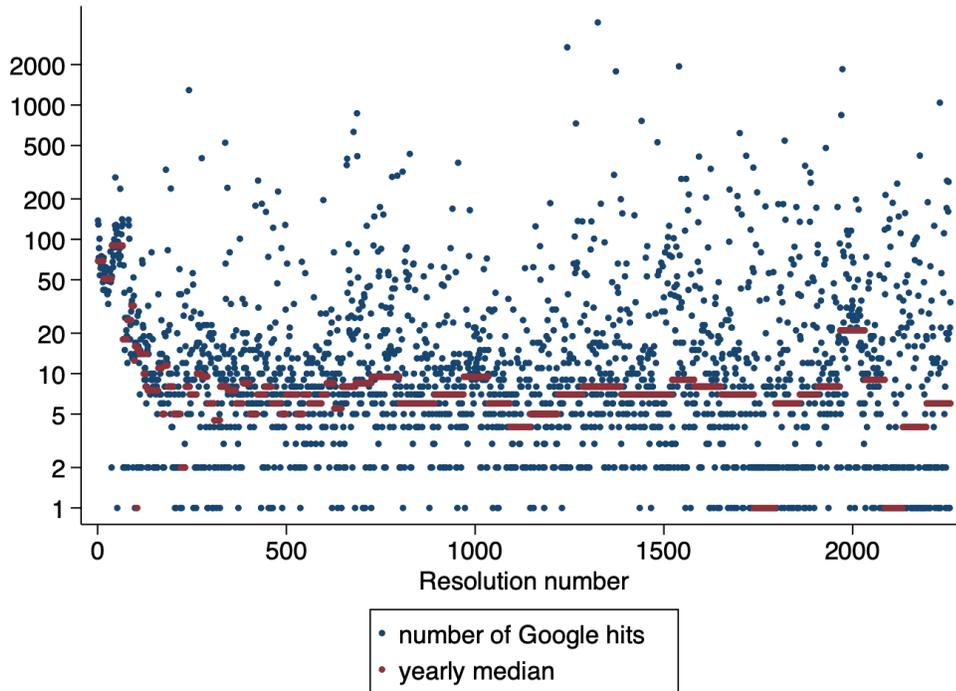
the United States on aid from the European Bank for Reconstruction and Development (EBRD) and the Islamic Development Bank (IsDB). While these organizations are not independent of political influence (Hernandez and Vadlamannati 2017), and the United States usually nominates the EBRD vice-president (Babb 2009), US influence is considerably weaker there compared to the IMF and World Bank. We do not expect the United States to be able to use these organizations for “dirty work.” In line with this expectation, the analyses show that agreement with the United States in the Security Council is not associated with loans from the EBRD and IsDB, regardless of a recipient’s political proximity to the United States (Appendix F).

Testing for nonlinear interactions: Next, we examine whether the interaction effect in our main regressions is linear by employing a semi-parametric estimation strategy that allows for nonlinear interaction effects. This test 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” adversaries (whose votes cannot be bought or are too expensive to buy, Vreeland and Dreher 2014, 175-181). To challenge the linearity assumption we apply the kernel smoothing estimator of the marginal effect by Hainmueller, Mummolo, and Xu (2019), which estimates multiple local effects across the values of the moderator variable (in our case *political proximity to the US*) based on a Gaussian kernel reweighting scheme. We plot these results in Appendix G and find similar effects.

Alternative measures of Security Council voting: In Appendix H, we provide empirical tests based on alternative measures of voting alignment in the Security Council. First, we define importance as Kuziemko and Werker (2006), who argue that UNSC membership is more valuable in years in which the institution is of major geopolitical importance. We count the number of articles that include the words “United Nations” and “Security Council” in the *New York Times* online archive and separate the years into different categories of importance. Second, we make use of our resolution-level data to code a resolution-specific measure of voting

alignment. To do so, we count the number of hits the *Google* search engine produces when searching for a given UNSC resolution. We then code resolutions as important if this number is above the respective yearly median and only examine votes on these resolutions in the empirical analysis. Figure 6 depicts this measure and Appendix B describes the coding procedure in more detail.

Figure 6 – Google Hits of UNSC Resolutions



Note: The figure plots (in blue) the number of hits the Google search engine produces when searching for “United Nations Security Council Resolution [number].” We code resolutions as “important” when this number is above the respective yearly median (in red). This procedure ensures that there is no time trend in the measure. The y-axis is in log scale.

Third, we use information contained in resolution titles. (Appendix B reports the most frequent words found in resolution titles.) Resolutions related to Israel stand out as an important topic in the UNSC: 140 out of the proposed 2,530 resolutions included in our sample refer to this key US ally and typically there are large majorities against the United States. In a robustness test, we only include votes on topics related to Israel and find similar effects as in the baseline when applying this restriction. Last, we go beyond binary measures and calculate the *share* of a member’s votes that it casts against the US government in a given year and test how it

moderates the effect of UNSC membership. The results of these analyses (Appendix H) yield the same pattern as the baseline, irrespective of how we define importance and how we measure voting behavior.

Alternative dependent variables: In Appendix I we consider alternative dependent variables. For US aid, we find the effect to be driven, as expected, by aid disbursements rather than commitments. The effect on disbursements holds when controlling for commitments, suggesting that aid disbursements for political purposes deviate from previous commitments. For IMF loans, we find the effect to hold for a variable indicating the start of a new IMF program: a country's likelihood of starting a new IMF program increases by seven percentage points when serving on the UNSC and voting always with the US government. This supports the expectation that political influence on the IMF is strongest when programs are designed. For the World Bank, the baseline results are also supported for resources disbursed as grants rather than loans.

Ideal point distance: An alternative measure of *Allied* is the distance between the “ideal points” of the United States and the respective recipient, which Bailey, Strezhnev, and Voeten (2017) calculate based on UNGA voting behavior. When using this measure, which adjusts for changes in the UNGA agenda, rather than the raw share of coincident votes in the UNGA, we find very similar results (Appendix J).

Additional controls: As we argue above, temporary membership in the Security Council can be assumed to be exogenous to other determinants of aid allocation when conditioning on country fixed effects, GDP, and population size. Hence the parsimonious empirical model in the baseline. The results are robust when we add several control variables that proxy for a recipient's “demand” for external financing (shown in Appendix K): Trade (% GDP), FDI (% GDP), total ODA (% GDP), private sector credit (% GDP) and an indicator for major conflicts.

Conclusion

This study introduces novel theory and an original dataset to understand how governments choose between bilateral and multilateral foreign policy when aiming to induce cooperation of other states. We argue that governments can exploit multilateral foreign policy to do their “dirty work.” The empirical results suggest that the United States channels bilateral development aid as well as World Bank and IMF financing to governments in exchange for support in key foreign policy decisions. Bilateral aid is used to ensure the support of regular allies. In cases where domestic audience costs would make such aid difficult to give, the United States relies more on multilateral channels to obfuscate this “dirty work.”

These results bring together streams of research that previously seemed at odds with each other. Separate literatures on aid allocation and on multilateral organizations have shown that states use both official development assistance and multilateral financial flows as foreign policy tools to ensure cooperative behavior of other states (Werker 2012; Kilby 2013b; Reinsberg 2019). Yet the literature that compares bilateral and multilateral flows concludes that multilateral aid is less political than bilateral aid (Milner and Tingley 2013; Reinsberg, Michaelowa, and Eichenauer 2015; Schneider and Tobin 2016). Our conclusions offer a resolution to this apparent contradiction. First, as we contend, states use both channels because they are needed for different target-states. Second, the choice between bilateral and multilateral channels finds an explanation in the government’s effort to minimize audience costs. Third, multilateral channels are, on average, less political because they are used selectively, so that the typical allocation decision is not affected by politics. Like “informal governance” (Stone 2011), “dirty work” depends on selective interference in multilateral organizations that does not undermine their overall reputation as politically neutral.

Future work may shed light on remaining puzzles in the literature. For example, Milner (2006) finds right-wing governments give more multilateral aid than do left ones. She concludes that “it is hard to understand this result” (2006, 132). Following the logic presented here, if right-wing governments typically

pursue more aggressive foreign aid policy than left ones, we might expect right-wing governments to have greater incentives to obscure their aid practices, and hence clandestinely rely more on multilaterals.

Our results also speak to governments' interest in founding new international organizations, in making them seem more legitimate, and in resisting the abolishment of existing ones (Johnson 2014; Gray 2018; Rocabert et al. 2019). The leverage that national governments gain from international organizations can be valuable in a wide variety of contexts. In many recent international crises – the refugee crisis, the European debt crisis, or the COVID-19 pandemic – governments had good reasons to channel finance to other countries, but faced domestic opposition. The possibility of circumventing such opposition by making use of multilateral institutions make them attractive tools for governments.

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SUPPORTING INFORMATION

– Online Appendix, not for print –

Appendix A: Data on UN Security Council Resolutions	2
Appendix B: Measures of UNSC Importance	3
Appendix C: Descriptive Statistics	6
Appendix D: Data Sources and Definitions	7
Appendix E: Full Regression Output of Empirical Analysis II	9
Appendix F: Placebo Tests	11
Appendix G: Nonlinear Interactions	13
Appendix H: Alternative Measures of UNSC Voting	15
Appendix I: Alternative Dependent Variables	17
Appendix J: Alternative Moderator Variable: Ideal Point Distance	18
Appendix K: Additional Control Variables	20

Appendix A: Data on UN Security Council Resolutions

We collected data on voting behavior in the Security Council from multiple sources. Voting behavior for successful resolutions is available from the United Nations Bibliographic Information System. As resolutions are numbered, we can be sure that our data cover all decisions on proposed resolutions that were successful.

As a next step, we turned to vetoed resolutions. For the 1946-2004 period, there is an official United Nations veto list (UN document A/58/47, Annex III). For the more recent period, an official veto list is maintained online by the Dag Hammarskjöld Library. Based on these veto lists we went through the respective minutes of UNSC meetings and coded the votes of all UNSC members. Because the coding is based on these official lists, we are confident that our data cover all votes on resolutions that were vetoed.

Most difficult to obtain are data on failed majorities. First, we coded voting behavior on these failed majorities obtained from archival research in the UN Library. Second, we looked for mentions of failed majorities in UNSC meeting minutes. For this we first identified the way in which failed majorities were mentioned in the minutes of UNSC meetings that we had found in the UN Library archive. (One of two wordings were always used: “(failed to obtain the) required majority” or “(failed to obtain the) affirmative votes of nine members”). We then web-scraped all UNSC meeting minutes, searched for these keywords in these documents, and coded the voting behavior of all members. (As a double-check, we repeated the keyword search for vetoes, and found one veto that was cast in a secret vote and did not appear on the official veto lists. As voting behavior for this decision was made public later, we added it to our dataset.) For the post-1966 period we are confident that we cover voting behavior on all failed majorities. Unfortunately, the minutes prior to 1966 are not machine-readable in a reliable way, so we cannot guarantee that the data on failed majorities are complete before 1966. As failed majorities are rare – there are 19 failed majorities in the 1966-2015 period – it is unlikely that many votes are missing in our dataset.

Appendix B: Measures of UNSC Importance

As described in section 6 in the main text, we use four different ways to classify decisions on UN Security Council resolutions as “important.”

a. *Google*

First, for all resolutions we code the number of *Google hits* that appear when searching for “United Nations Security Council Resolution [number]” via the *Google* search engine. We do this for all resolutions from 1 to 2,259 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*. Based on these data we consider a resolution as important if its number of *Google hits* is above the median of a given year. This removes any potential time trend in this measure (see Figure 6 in the main text). 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 at the country-year level we then only consider the “important” votes when aggregating to our voting alignment measure.

b. *New York Times*

As described in the main text, we also 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. To follow this approach, we collect these data for the 1946-2015 period 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. The results are similar when we use three categories. Our threshold for important years is the median number of *New York Times* articles in a year that include the words “United Nations” and “Security Council.”

c. Resolution title: topics related to Israel

Third, 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 2 shows the 100 most frequent keywords. For this study, we use this information to restrict the sample of resolutions to those that concern Israel. 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. To determine which resolutions concern Israel, we code the title of each resolution and search for the keywords "Israel," "Palestine," "Jerusalem," and "Golan." (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 as we provide the full resolution title in our dataset on UNSC voting.)

Table 2 – Frequency of Words in UNSC Resolution Titles (100 most frequent)

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

Appendix C: Descriptive Statistics

Table 3 – Descriptive Statistics

	N	mean	sd	min	max
UNSC	6142	0.06	0.23	0.00	1.00
UNSC, votes against US	6142	0.09	0.60	0.00	8.00
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
GDP per capita (ln)	6138	7.57	1.11	4.75	10.04
Population (ln)	6141	15.39	2.02	9.11	20.99
Past IMF program	5826	0.72	0.45	0.00	1.00
Past US aid recipient	5867	0.80	0.40	0.00	1.00
Political proximity to US	5114	0.22	0.14	0.00	0.88
US aid disbursements (million USD, ln)	6142	2.54	2.07	0.00	9.51
IMF loans (million SDR, ln)	6142	1.09	1.95	0.00	10.36
WB loans (million USD, ln)	5649	2.66	2.41	0.00	8.76
ODA eligible	6142	1.00	0.00	1.00	1.00
IsDB aid disbursements (million USD, ln)	6142	0.20	0.67	0.00	6.46
EBRD aid disbursements (million USD, ln)	6142	0.13	0.72	0.00	7.29
Number of NYTimes articles on UNSC	6142	491.06	196.21	205.00	1098.00
UNSC, voted not all with US (only Israel-related)	4457	0.02	0.15	0.00	1.00
UNSC, voted all with US (only Israel-related)	4457	0.02	0.15	0.00	1.00
UNSC, voted all with US (excl. extensions)	6142	0.03	0.16	0.00	1.00
UNSC, voted not all with US (excl. extensions)	6142	0.03	0.17	0.00	1.00
UNSC, share of votes against US	6142	0.00	0.03	0.00	0.42
US aid commitments (million USD, ln)	5798	2.70	2.07	0.00	9.92
Start of IMF program	5826	0.06	0.24	0.00	1.00
IMF purchases (million SDR, ln)	5494	1.12	1.88	0.00	9.78
WB grants (million USD, ln)	5649	0.35	0.90	0.00	6.09
WB loans and grants (million USD, ln)	5649	2.73	2.39	0.00	8.78
Ideal point distance to US (t-5 to t-2)	5116	2.85	0.86	-0.74	4.81
War	6142	0.06	0.23	0.00	1.00
Total ODA received (% GDP)	6142	6.70	10.69	-2.63	242.29
Trade (% GDP)	5699	73.08	40.80	0.02	531.74
Incoming FDI (% GDP)	6142	2.77	7.07	-82.89	217.92
Domestic private sector credit (% GDP)	5457	26.96	22.75	0.00	166.50

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

Appendix D: Data Sources and Definitions

Table 4 – Data Sources and Definitions

Variable	Source	Description
UNSC, votes against US	multiple sources (own coding, see main text)	The number of UNSC votes country i cast against the United States in year t .
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	Vreeland and Dreher (2014), own update	Binary, indicating observations in which country i was temporary UNSC member in year t .
GDP per capita (ln)	World Bank (2018)	Gross Domestic Product per capita, constant 2010 USD.
Population (ln)	World Bank (2018)	Population size.
Past IMF program	Vreeland and Dreher (2014), 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 .
Past US aid recipient	OECD (2018)	Binary, indicating country-years with positive US aid disbursements in years between $t-5$ and $t-2$.
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. Abstention coded as half-agreement with yes or no vote.
US aid disbursements (million USD, ln)	OECD (2018)	US bilateral net disbursements of Official Development Assistance.
IMF loans (million SDR, ln)	Vreeland and Dreher (2014), own update with data from 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.
WB loans (million USD, ln)	World Bank (2020)	Total amount of World Bank loans agreed for recipient for year t . In the case of multiple projects per year, loan sizes are added up.
ODA eligible	OECD. 2018. "DAC List of ODA Recipients." 2018. http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm . and own coding	As the OECD does not provide the list of ODA-eligible countries for the early years of our sample, we code it by applying the OECD definition, denoting a country i in year t as ODA-eligible if it has not "exceeded the high-income threshold for three consecutive years" following the World Bank definition and is neither a member of the European Union nor the G8.
IsDB aid disbursements (million USD, ln)	OECD (2018b)	Islamic Development Bank disbursements of Official Development Assistance.
EBRD aid disbursements (million USD, ln)	OECD (2018b)	European Bank for Reconstruction and Development disbursements of Official Development Assistance.
Number of NYTimes articles on UNSC	Own coding based on nytimes.org	Number of articles in the New York Times in a given year that include the words "United Nations" and "Security Council."
UNSC, share of votes against US	multiple sources (own coding, see main text)	The number of UNSC votes country i cast against the United States in year t divided by the number of UNSC votes in year t .
US aid commitments (million USD, ln)	OECD (2018)	US bilateral commitments of Official Development Assistance.
Start of IMF program	Vreeland and Dreher (2014), updated with data from Kentikelenis et al. (2016)	Indicates whether an IMF program started in year t in country i .

World Bank grants (million USD, ln)	World Bank (2020)	Total amount of World Bank grants agreed for recipient for year t . In the case of multiple projects per year, loan sizes are added up.
World Bank loans and grants (million USD, ln)	World Bank (2020)	Total amount of World Bank loans and grants agreed for recipient for year t . In the case of multiple projects per year, loan sizes are added up.
Ideal point distance to US ($t-5$ to $t-2$)	Bailey, Strezhnev, and Voeten (2017)	Distance of ideal point to the United States, based on voting in the United Nations General Assembly, moving average from $t-5$ to $t-2$.
War	Uppsala Conflict Data Program (2015)	Binary, indicating years with more than 1000 battle-related deaths in year t in country i .
Total ODA received (% GDP)	World Bank (2018)	Total amount of ODA received by all donors (% GDP).
Trade (% GDP)	World Bank (2018)	Imports plus exports over GDP.
Incoming FDI (% GDP)	UNCTAD	Incoming Foreign Direct Investment over GDP.
Domestic private sector credit (% GDP)	World Bank (2018)	Domestic credit provided by the private sector over GDP.

Appendix E: Full Regression Output of Empirical Analysis II

Table 5 – Voting with the United States in the UNSC, US Aid Recipients

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
Dependent Variable	US aid			IMF loans			WB loans		
UNSC member	-0.219			0.331			0.803***		
	[0.157]			[0.423]			[0.258]		
UNSC member x Allied (= US aid recipient)	0.422**			-0.327			-0.669**		
	[0.202]			[0.455]			[0.305]		
UNSC, voted all with US		-0.103	-0.174		1.343**	1.181**		1.065***	1.069***
		[0.222]	[0.219]		[0.578]	[0.591]		[0.365]	[0.351]
UNSC, voted all with US x Allied (= US aid recipient)		0.391	0.461*		-1.111*	-0.950		-0.789*	-0.793**
		[0.270]	[0.264]		[0.623]	[0.638]		[0.406]	[0.393]
UNSC, voted not all with US		-0.291	-0.248		-0.313	-0.247		0.638*	0.624*
		[0.192]	[0.196]		[0.408]	[0.403]		[0.337]	[0.345]
UNSC, voted not all with US x Allied (= US aid recipient)		0.416	0.372		0.117	0.051		-0.617	-0.603
		[0.257]	[0.260]		[0.452]	[0.447]		[0.378]	[0.385]
Allied (= US aid recipient)	1.702***	1.702***	1.702***	0.079	0.074	0.076	0.478***	0.477***	0.478***
	[0.157]	[0.157]	[0.157]	[0.133]	[0.132]	[0.132]	[0.139]	[0.139]	[0.139]
Country FE and Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Control Variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	6073	6073	6073	5774	5774	5774	5648	5648	5648
R-squared	0.272	0.272	0.272	0.121	0.124	0.123	0.101	0.101	0.101
Votes	-	all	important	-	all	important	-	all	important

Notes: OLS regressions. Standard errors clustered at the country level in brackets. Significance levels: * $p < .01$; ** $p < 0.05$; *** $p < 0.01$.

Table 6 – Voting with the United States in the UNSC, Political Proximity

Dependent Variable:	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
	US aid			IMF loans			WB loans		
UNSC	-0.404**			0.326			0.485**		
	[0.196]			[0.248]			[0.224]		
UNSC x Allied (= political proximity to US)	2.010***			-1.119			-0.840		
	[0.711]			[0.738]			[0.896]		
UNSC voted all with US		-0.373	-0.398		0.904**	0.879**		0.961***	0.961***
		[0.256]	[0.258]		[0.364]	[0.362]		[0.332]	[0.332]
UNSC voted all with US x Allied (= political proximity to US)		1.959**	1.953**		-1.548*	-1.550*		-2.165	-2.160
		[0.928]	[0.931]		[0.881]	[0.883]		[1.309]	[1.307]
UNSC voted not all with US		-0.436	-0.441		0.104	0.100		-0.002	-0.001
		[0.323]	[0.321]		[0.302]	[0.302]		[0.368]	[0.368]
UNSC voted not all with US x Allied (= political proximity to US)		2.097	2.221*		-1.754	-1.669		0.804	0.790
		[1.300]	[1.266]		[1.253]	[1.248]		[1.506]	[1.508]
Allied (= political proximity to US)	3.170***	3.170***	3.175***	-0.025	-0.069	-0.069	2.872***	2.881***	2.880***
	[1.023]	[1.028]	[1.027]	[0.533]	[0.538]	[0.538]	[0.871]	[0.874]	[0.874]
Country FE and Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Control variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	5113	5113	5113	4982	4982	4982	4926	4926	4926
R-squared	0.176	0.176	0.176	0.112	0.115	0.114	0.073	0.074	0.074
Votes	-	all	important	-	all	important	-	all	important

Notes: OLS regressions. Standard errors clustered at the country level in brackets. Significance levels: * $p < .01$; ** $p < 0.05$; *** $p < 0.01$.

Appendix F: Placebo Tests

As placebo tests, 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 (EBRD), and the Islamic Development Bank (IsDB). While political influences in these organizations are certainly important (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 affect the allocation of their loans in line with our theory. These regressions thus offer an important placebo test. Results presented in Table 7, Figure 7, and Figure 8 show that UNSC voting behavior is not associated with loans from EBRD and IsDB, regardless of a recipient country's proximity to the United States. Given that the United States neither has sufficient influence nor interest in these international organizations to shape their allocation of loans, this placebo result is in line with expectations.

Table 7 – Placebo Tests

	[1]	[2]	[3]	[4]
UNSC, voted all with US	0.001	0.022	0.059	-0.046
	[0.097]	[0.260]	[0.133]	[0.259]
UNSC, voted not all with US	0.024	0.154	0.054	-0.117
	[0.061]	[0.183]	[0.120]	[0.257]
UNSC, voted all with US x Political proximity to US		-0.180		0.492
		[0.940]		[0.947]
UNSC, voted not all with US x Political proximity to US		-0.683		1.041
		[0.848]		[2.095]
Political proximity to US		0.364		1.238
		[0.757]		[0.897]
Country FE, Year FE, Controls	Yes	Yes	Yes	Yes
Observations	4914	4433	3178	2921
R-squared	0.170	0.175	0.042	0.045
Dependent Variable	IsDB loans	IsDB loans	EBRD loans	EBRD loans

Notes: OLS regressions. Standard errors clustered at the country level in brackets.

Significance levels: * $p < .01$; ** $p < 0.05$; *** $p < 0.01$.

Figure 7 – Placebo Test: IsDB (Column 2)

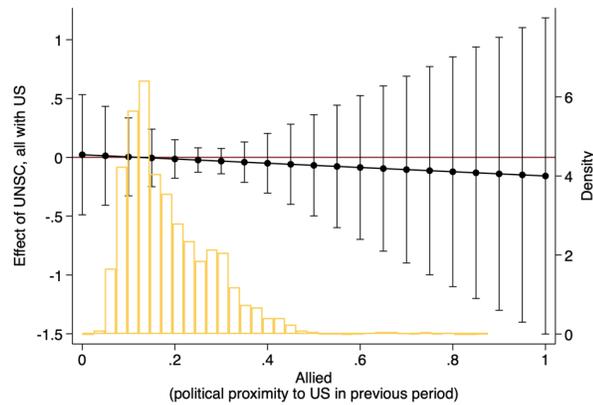
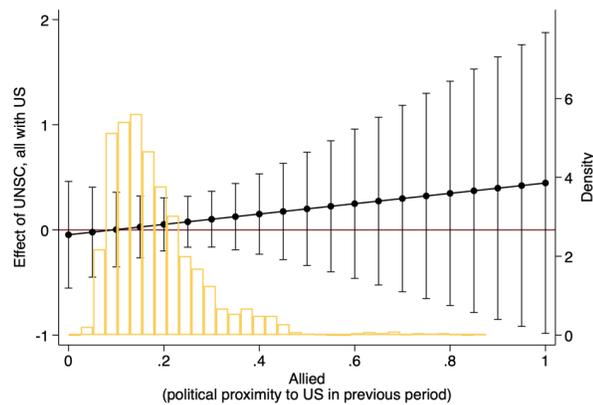


Figure 8 – Placebo Test: EBRD (Column 4)



Appendix G: Nonlinear Interactions

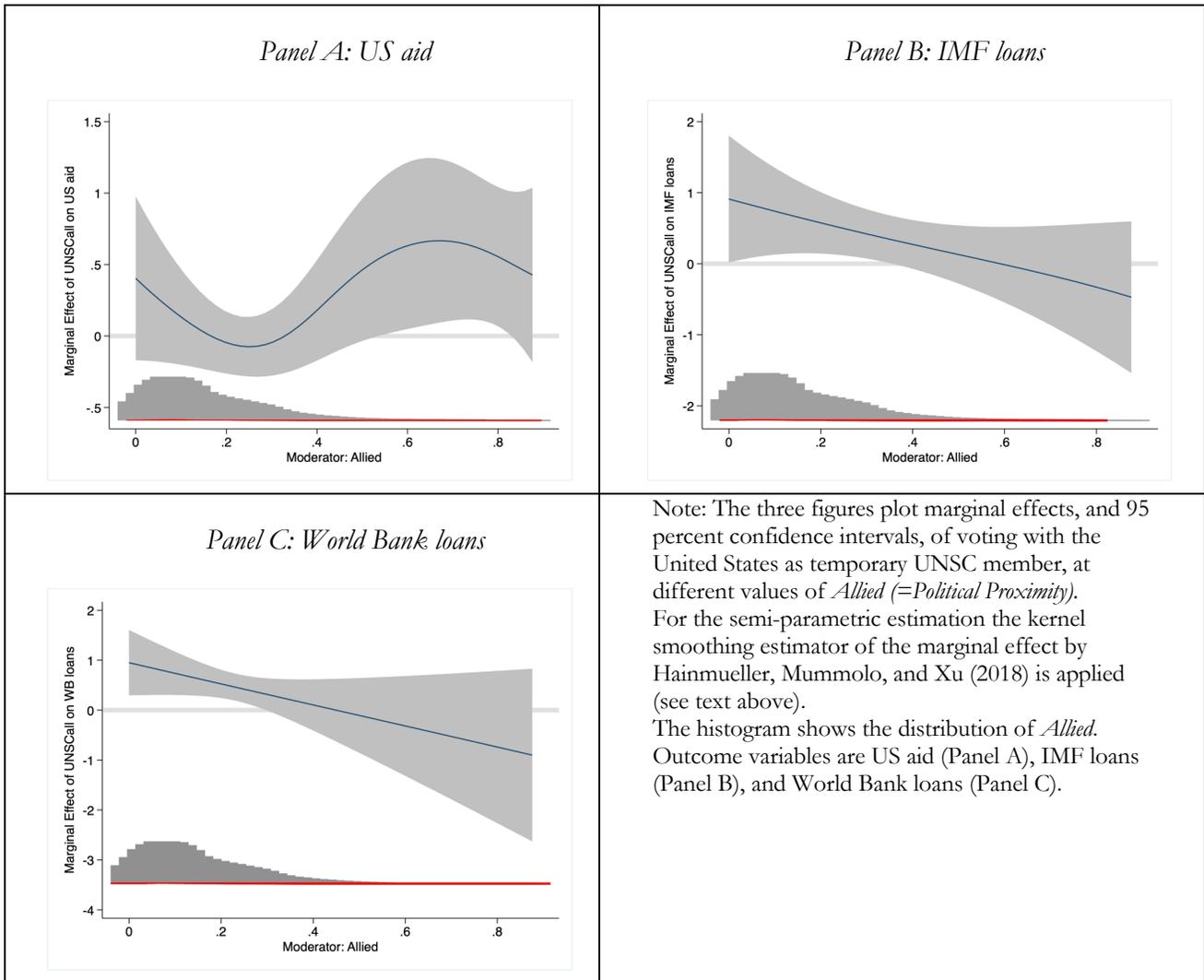
As a subsequent robustness test, we examine whether the interaction effect in our main regressions is linear. Hainmueller, Mummolo, and Xu (2019) propose a semi-parametric estimation strategy that allows for nonlinear interaction effects. This is relevant for our setting because political proximity might 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; see Vreeland and Dreher 2014).

To test the linearity assumption we apply the kernel smoothing estimator of the marginal effect by Hainmueller, Mummolo, and Xu (2019), which estimates multiple local effects across the values of the moderator variable (in our case *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).

We plot the results in Figure 9. We find that for US aid, the marginal effect of voting with the United States at the UNSC is approximated by an S-shape. However, as in the linear model, the association is positive and statistically significant for high values of political proximity to the United States ($\sim 0.5-0.8$ on a 0-1 scale). Only at the very highest values of proximity (>0.8) do we see a drop in precision, suggesting that perhaps some countries are so close in preference to the United States that it need not buy their votes. Our main inferences are, however, not affected by imposing linearity. The semi-parametric model yields a more fine-grained functional form; the linear model appears to be a good approximation of the underlying relationship.

In Panels B and C of Figure 9 we repeat the same analysis with IMF loans and WB loans as the dependent variable. 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 presented above.

Figure 9 – Nonlinear Interaction Effects



Appendix H: Alternative Measures of UNSC Voting

In Table 8, we repeat the baseline analysis with alternative measures of voting behavior in the UN Security Council. First, we add information on the year-specific political importance of the UNSC as measured by mentions in the *New York Times* (see Appendix B). The results (columns 1, 5, 9) show that the link between international financial flows and UNSC voting behavior is mostly driven by the years in which the UNSC is more important. Second, we apply our *Google*-based definition of importance and calculate voting alignment in the UNSC while only considering resolutions that this definition classifies as important. The results (columns 2, 6, 10) show very similar estimates as in the baseline, suggesting that votes on ‘important’ resolutions drive the main effect. Third, we use information contained in draft resolution titles to focus only on UNSC decisions that concern the key US ally Israel (see Appendix B). The results (columns 3, 7, 11) show that the link between US bilateral aid and UNSC voting behavior can also be identified when focusing on this subset of UNSC decisions.⁸ Fourth, we go beyond the approach to differentiate between UNSC members that always agree and those that disagree at least once and instead use a variable that measures the share of votes against the United States ($ShareAgainst_{it}$). 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 are less precisely estimated but for all three financial flows show consistently positive signs for UNSC membership and negative signs for the share of UNSC votes against the United States (columns 4, 8, 12).

⁸ Note that resolutions concerning Israel are not proposed in all years. This is why the number of observations is smaller in these specifications.

Table 8 – Alternative Measures of UNSC Voting

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
UNSC, voted all with US (important year NYT)	0.478*** [0.128]				0.578** [0.242]				0.372* [0.217]			
UNSC, voted all with US (unimportant year NYT)	0.141 [0.205]				0.111 [0.318]				0.477* [0.244]			
UNSC, voted not all with US (important year NYT)	0.254 [0.208]				-0.267 [0.262]				0.091 [0.219]			
UNSC, voted not all with US (unimportant year NYT)	-0.125 [0.163]				-0.193 [0.202]				0.174 [0.147]			
UNSC, voted all with US (only Israel-related)		0.322*** [0.113]				0.389** [0.172]				0.416*** [0.149]		
UNSC, voted not all with US (only Israel-related)		0.030 [0.138]				-0.204 [0.169]				0.142 [0.120]		
UNSC, voted all with US (important Google)			0.583*** [0.182]				0.116 [0.203]				0.228 [0.236]	
UNSC, voted not all with US (important Google)			-0.003 [0.134]				-0.142 [0.222]				0.053 [0.181]	
UNSC x share of votes against US				0.256** [0.113]				0.155 [0.153]				0.270** [0.127]
				-1.393* [0.804]				-1.315 [1.335]				-0.142 [1.002]
Country FE, Year FE, Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	6141	6141	4457	6141	5825	5825	4284	5825	5648	5648	4035	5648
R-squared	0.138	0.137	0.120	0.137	0.125	0.124	0.141	0.123	0.094	0.094	0.100	0.094
UNSC Votes	all	Google important	related to Israel	all	all	Google important	related to Israel	all	all	important	related to Israel	all
Dependent Variable	US aid	US aid	US aid	US aid	IMF loans	IMF loans	IMF loans	IMF loans	WB loans	WB loans	WB loans	WB loans

Notes: OLS regressions. Standard errors clustered at the country level in brackets. Significance levels: * p < .01; ** p < 0.05; *** p < 0.01.

Appendix I: Alternative Dependent Variables

In this appendix, we modify the dependent variables.

United States

In the main text, we followed the related literature (Carter and Stone 2015; Kersting and Kilby 2018) and argued that the US government can deviate from previously committed aid amounts to use aid disbursements for political purposes. The results in Table 9 are consistent with this argument: Column 1 shows that US aid commitments are not significantly affected by UNSC voting. In column 2 we go back to using aid disbursements as the outcome variable but control for aid commitments. The positive coefficient on our variable of interest suggests that the US government indeed goes beyond aid commitments to use aid disbursements for political purposes.

IMF

In the main text, we argued that political influence on IMF decisions is most likely when the program is set up. Column 3 thus uses a binary dependent variable that indicates the start of an IMF loan program. The result shows that the probability to start an IMF program increases by about seven percentage points for countries that serve on the UNSC and vote with the United States in all cases.

World Bank

As an alternative to loans from the World Bank we can also focus on its grants. Although less frequently used and substantially smaller in size, they are particularly attractive as they do not have to be repaid. Columns 4 and 5 show that we find very similar results for World Bank grants as we do for loans.

Table 9 – *Alternative Dependent Variables*

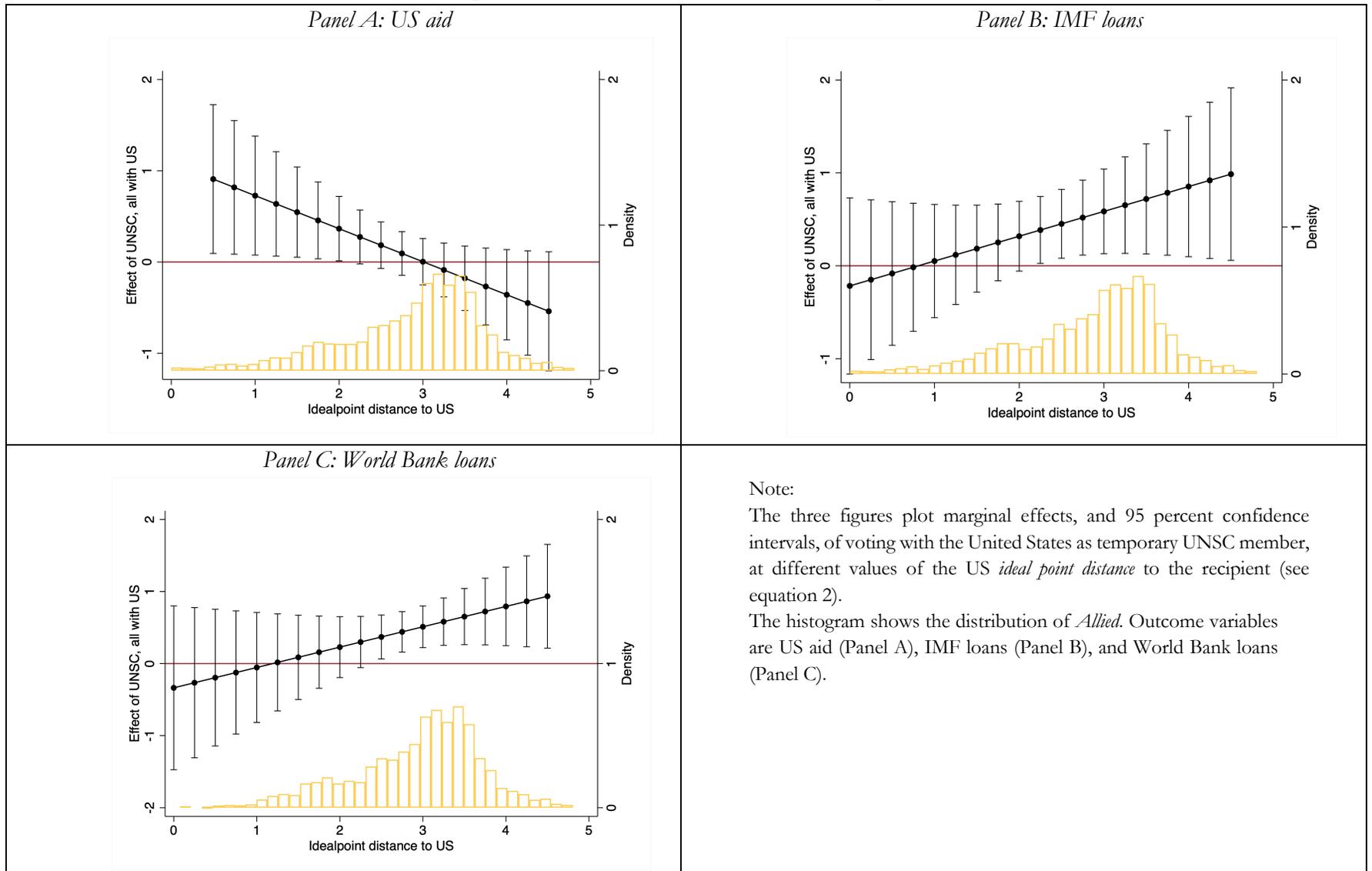
	[1]	[2]	[3]	[4]	[5]
Dependent Variable	US aid commitments	US aid disbursements	IMF program starts	WB grants	WB loans+grants
UNSC, voted all with US	0.056 [0.103]	0.160* [0.089]	0.074*** [0.027]	0.175* [0.093]	0.406*** [0.147]
UNSC, voted not all with US	-0.053 [0.129]	0.077 [0.078]	-0.020 [0.015]	-0.032 [0.054]	0.175 [0.118]
US aid commitments (ln)		0.845*** [0.025]			
Country FE, Year FE, Controls	Yes	Yes	Yes	Yes	Yes
Observations	5797	5797	5825	5648	5648
R-squared	0.210	0.660	0.050	0.266	0.117

Notes: OLS regressions. Standard errors clustered at the country level in brackets.
Significance levels: * $p < .01$; ** $p < 0.05$; *** $p < 0.01$.

Appendix J: Alternative Moderator Variable: Ideal Point Distance

Next, we modify the way in which we measure the recipient’s political proximity to the United States. Rather than using the share of votes in the UNGA that the recipient cast in line with the United States, Figure 10 substitutes this variable with the dyadic ideal point distance developed by Bailey et al. (2017). This measure has the advantage that it distinguishes between agenda changes and changes in preferences. While for our particular setting we consider actual voting behavior to be the more valid proxy, it would be reassuring if ideal point distances produced the same results. As is visible in Figure 10, the results for all outcome variables are virtually unaffected.

Figure 10 – Alternative Moderator Variable: ideal point distance



Appendix K: Additional Control Variables

In the main text, we argued that UNSC membership can be considered quasi-exogenous to aid when country fixed effects, GDP per capita, and population are controlled for (Bueno de Mesquita and Smith 2010; Dreher et al. 2014). In Table 10, we provide further evidence for this argument by adding additional control variables to our baseline specifications. We choose five control variables that a) proxy need for external financing and b) do not substantially reduce the sample size. The point estimates are barely affected and our hypotheses continue to be supported.

Table 10 – Additional Control Variables

	[1]	[2]	[3]
UNSC, voted all with US	0.285*** [0.106]	0.382** [0.174]	0.350** [0.149]
UNSC, voted not all with US	-0.047 [0.142]	-0.186 [0.185]	0.129 [0.114]
GDP/capita (ln, t-1)	-0.554* [0.315]	-0.062 [0.171]	-0.125 [0.223]
Population (ln)	2.090*** [0.463]	-0.053 [0.422]	0.147 [0.507]
War	0.099 [0.246]	-0.327 [0.207]	-0.656*** [0.197]
Total ODA received (% GDP)	0.038*** [0.013]	0.027*** [0.006]	0.022*** [0.007]
Trade (% GDP)	-0.000 [0.002]	0.000 [0.002]	-0.001 [0.003]
FDI (% GDP)	0.001 [0.006]	-0.003 [0.005]	0.011 [0.007]
Domestic private credit (% GDP)	-0.004 [0.007]	-0.008** [0.003]	-0.006 [0.004]
Past IMF participation		1.372*** [0.169]	
Country FE, Year FE, Controls	Yes	Yes	Yes
Observations	5189	5058	4837
R-squared	0.193	0.131	0.104
Dependent Variable	US aid	IMF loans	WB loans

Notes: OLS regressions. Standard errors clustered at the country level in brackets. Significance levels: * $p < .01$; ** $p < 0.05$; *** $p < 0.01$.