

## Buying Votes and International Organizations

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February 2018

preliminary draft, please do not cite and circulate

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**Abstract:** We test whether development aid is used for vote buying in the United Nations Security Council (UNSC). First, we develop a game theoretical model of trading votes for aid. Second, we introduce a new dataset covering the universe of UNSC votes cast by all member states between 1946 and 2015 along with resolution-specific information. Third, we test the model's predictions and examine whether the United States use bilateral aid and its influence over multilateral aid to gain leverage over the UN's most powerful body. Investigating voting behavior in the UNSC jointly with both the allocation of bilateral US aid and the lending activities of the International Monetary Fund (IMF), we find evidence of vote buying. Our results suggest that previous findings on the financial benefits of temporary UNSC membership for developing countries are conditional on their voting behavior. Only those countries that vote with the United States receive more bilateral and multilateral aid while they are temporary members. We also find that the US government targets swing voters and particularly punishes those countries that vote against it on resolutions that concern Israel. Vote buying became less frequent after the Cold War ended.

**Keywords:** United Nations Security Council, Voting, Aid, IMF

**JEL-Codes:** O19, O11, F35

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## 1. Introduction

On December 18, 2017 the United States vetoed a United Nations Security Council (UNSC) resolution, which called for the withdrawal of US President Donald Trump's recognition of Jerusalem as the capital of Israel's capital. 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."<sup>1</sup>

In this study, we test whether these remarks are reflective of a general pattern. Do the United States punish (and reward) members of the UNSC with (cuts of) foreign aid depending on how they vote? In other words, are votes in the world's most powerful international institution bought? To answer this question, we proceed in three steps.

First, we develop a game theoretical model of trading UNSC votes for foreign aid. The model is based on a basic concept of political economy: Trading money for political influence. Some developing countries that are elected as temporary members of the UNSC may value foreign aid more than their votes on the Security Council. Aid-giving permanent UNSC members,<sup>2</sup> on the other hand, may value these countries' Security Council votes more than they value their aid. In such cases, trades are possible. What is more, for the United States, which has considerable influence over the lending activities of the International Monetary Fund (IMF), it is particularly attractive to use IMF loans for such trades: When IMF loans rather than bilateral aid are disbursed the United States pays only a fraction of the cost rather than the total and vote-aid-trades are obfuscated. In addition to modelling these trades, the game we set up also yields specific predictions as to which countries are targeted and how.

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<sup>1</sup> 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>

<sup>2</sup> Although our empirical analysis focuses on the United States as the world's largest aid donor, the theoretical model also applies to the other permanent UNSC members (France, United Kingdom, Russia, China), who are all aid donors.

Second, to test these predictions, we compile a new dataset that covers the universe of UNSC votes that were cast by all member states between 1946 and 2015. 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, like the policy area concerned and the amount of media attention the resolution generated.

Third, we merge this dataset with various measures of aid flows to examine whether there is evidence of vote buying in the UNSC. In addition to bilateral aid flows from the United States, France, and the United Kingdom we also consider IMF loans and multilateral aid from other international organizations. Our evidence is consistent with the conjecture that the United States, the largest donor of bilateral aid (in absolute terms) and largest shareholder at the IMF, buys the votes of temporary UNSC members: Elected members of the UNSC that vote with the United States are more likely to receive bilateral aid and loans from the IMF. Conversely, elected UNSC members that vote against the United States do not receive such perks.

More specifically, we find that vote buying was particularly strong in the Cold War period. While our evidence suggests that it also occurred in the Post-Cold War period, our study supports and adds to research on “changing aid regimes” suggesting that the role of geopolitical motivations declined after the collapse of the Soviet Union (Bermeo 2016, Fleck and Kilby 2010). Nevertheless, countries that disproportionately often vote in line with Russia do not receive more US aid while serving on the UNSC and this effect persists after the Cold War ended. The same is true for the finding that the United States punishes countries that vote against it on issues that concern its ally Israel. In line with our game theoretical model, we also find that swing voters are particularly often targeted by US attempts to buy votes. We find no evidence of vote buying when considering the aid allocation of France and the United Kingdom.

These results augment the extensive literature on the perks that come with temporary UNSC membership. Previous research suggests that governments elected to the

UNSC receive more foreign aid from the United States, more projects from the World Bank, more money from the United Nations Development Program (UNDP), and more loans from the IMF with less stringent conditionality (Kuziemko and Werker 2006; Dreher, Sturm, and Vreeland 2009a, 2009b, 2015, Kilby 2013, Vreeland and Dreher 2014, Michulaschek 2017). So far, however, it is unclear whether these benefits affect actual voting behavior. To be sure, existing research is consistent with donors *trying* to buy votes. If there really are foreign aid pay-offs for UNSC members, governments presumably trade the money for votes. Our results suggest that (at least for the flows that we consider) UNSC membership alone does not suffice. Only if the member votes in line with the United States UNSC membership matters.

The paper proceeds as follows. After providing brief backgrounds on the IMF and the UNSC, we present our theory, a game theoretical model, in detail. Subsequently, we introduce the original dataset on the universe of UNSC votes in the 1946-2015 period that forms the basis of our empirical analysis. We then present the results of this analysis. We conclude by speculating about the implications for the global aid regime, the design of multilateral organizations, and global governance more broadly.

## **2. The IMF and the UNSC**

One can think of the IMF as a credit union (Fischer 1999). Member-countries hold reserves on deposit at the institution, which the IMF can then loan to countries in need. The prospect of borrowing from the IMF during economic downturns may generate moral hazard, and so the IMF attaches policy conditions in return for continued disbursements of its loans. It is through these “IMF programs” that the organization most prominently interacts with governments – mostly developing countries. Programs are developed by the IMF staff along with the recipient government, and the Executive Board of the IMF has the final say over the size of loans and the degree of policy conditionality that is attached.

Power on the IMF Executive Board is explicitly linked to economic size. Members have votes according to the financial contributions that they provide to the organization, and the financial contributions, in turn, are determined by economic weight. 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 the US Congress, which must periodically approve increases in US contributions to the IMF (Broz and Hawes 2006; Broz 2008, 2011). As the United States is the largest contributor and influences other contributors on whether to approve increases, the IMF Management and Staff pay due attention to the preferences of US policy-makers.

There is a good deal of evidence that the United States uses its influence at the IMF to favor the governments of developing countries it considers strategically important. Anecdotal evidence abounds (e.g., Andersen, Hansen and Markussen 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 (UNGA). Dreher and Sturm (2012) show that the correlation holds across the G7 countries. The UNGA findings are further corroborated by Barro and Lee (2005) and Dreher and Jensen (2007). Research also shows that developing countries that are heavily indebted to US banks receive larger loans (Oatley and Yackee 2004; Broz and Hawes 2006). Stone (2002, 2004) shows that governments favored by the United States in terms of bilateral aid, which is well-known to be influenced by international politics, receive lighter punishments for noncompliance with IMF conditionality. He concludes, “Although the United States holds a minority of votes, it does indeed call the shots at the IMF, as critics allege” (2002: 62). Woods (2003) documents that the United States virtually controls major decisions at the IMF; Fratianni and Pattison (2003) 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. Copelovitch (2010) shows that political influence is strongest when the major shareholders agree on the importance of a country. Faini and Grilli

(2004) report that IMF lending is influenced by the United States and the European Union. In the words of Rieffel (2003: 28-29), “The IMF is an instrument of the G-7 countries. There is no example that comes easily to mind of a position taken by the IMF on any systematic issue without the tacit, if not explicit, support of the United States and the other G-7 countries.”

Of central importance to this study, Dreher et al. (2009a, 2010) 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 do not find any effect on loan size – a matter to which we return below. Still, we take the other findings as evidence of IMF favoritism for UNSC members. As the argument goes, the major shareholders of the IMF – the United States, Japan, Germany, France, and the United Kingdom – desire influence on the UNSC. The governments of some developing countries may care more about the foreign exchange that the IMF can provide than they care about the global security issues considered important by the IMF’s major shareholders. Trades of UNSC votes for IMF loans are thus possible. The same is also true for bilateral aid. If major donors like the United States value the voting behavior of developing countries more than their aid, votes-for-aid trades are possible.

This raises some questions: why do the major shareholders care about UNSC votes? Why should they use the IMF to obtain leverage over UNSC members? And are bilateral aid and IMF loans in fact correlated with voting behavior at the UNSC?

With respect to the first question, the UNSC is the primary organ of the United Nations with responsibility for the maintenance of international peace and security. The Security Council has the power to make binding resolutions and 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 in military actions.

Historically, when the United States acts in concert with the UNSC, it bears a smaller share of the burden of international campaigns (Sandler and Hartley 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 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 frequently abstain, upwards of four out of the ten elected members must vote in favor.

A more likely reason to care about the votes of elected UNSC members, beyond their formal voting power, is legitimacy (Voeten 2005; Hurd 2007; Caron 1993; Claude 1966). 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 may extend beyond the international level and into domestic politics. For example, 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.<sup>3</sup> In the absence of UNSC legitimacy, domestic public support might be more difficult to achieve and the US Congress might be recalcitrant (Voeten 2001; Hurd 2007; Hurd and Cronin 2008). Voeten (2001) provides examples. He cites the memoirs of James 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.<sup>4</sup> There is thus a premium for getting (nearly) unanimous votes (see, e.g., Doyle 2001: 223), and every single vote matters.

Although no one has systematically studied UNSC voting behavior to see if it is influenced by the IMF, there is a growing body of circumstantial evidence that the United States regularly engages in vote-buying at the Security Council. Eldar (2008: 17-18) 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 again helped China obtain World Bank loans (and provided security guarantees

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<sup>3</sup> For a broader analysis of this question, see Chapman (2011).

<sup>4</sup> The legitimacy may derive from the idea that the 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).

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.

As an older example, consider the experience of Tanzania.<sup>5</sup> Following independence in 1961, the government did not enter into an IMF arrangement for a decade and a half. Then Tanzania ran for election to the UNSC in the fall of 1974. That year it received 6.3 million SDR from the Oil Fund Facility, a special facility that involved no conditionality (IMF Survey 1974: 86). The government received a second Oil Facility loan for 3.15 million SDR in 1975 (IMF Survey 1975: 77). Tanzania finally entered into a one year stand-by arrangement for 10.5 million SDR on 21 August 1975 (IMF Survey 1975: 254). Stein (1992) reports that the policy conditions associated with this arrangement were weak. Tanzanian President Julius Nyerere used his high international profile to negotiate for soft conditionality.

Beyond these anecdotes, there is a growing body of evidence of systematic favoritism, as documented above: More bilateral aid from the United States, a small boost in funding from the United Nations Development Program (particularly through UNICEF, where the United States provides the most contributions), more projects from the World Bank, and more loans from the IMF with less stringent conditionality.<sup>6</sup>

Even supposing that the United States government cares about votes on the UNSC, why should it go through the IMF to exert influence? The more obvious instrument is bilateral aid and test this, too. As regards IMF lending as an instrument, however, Dreher et al. (2009b) present three arguments relating to political cover, leverage, and cost. Regarding political cover, using the IMF obfuscates the process of vote-buying, laundering the dirty work of the governments (see Vaubel 1986, 1996, 2006; Abbott and Snidal 1998). In terms of leverage, recall

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<sup>5</sup> See Vreeland (2003: chapter 2).

<sup>6</sup> Lim and Vreeland (2011) show that UNSC members also receive a greater share of Asian Development Bank loans, though they argue that here the influence is more Japanese than American.

that the IMF does not provide the entire loan upfront, and continued disbursements are conditioned – in principle – on economic policy changes. The IMF Executive Board, however, has the final word on all disbursements and has discretion in deeming countries compliant (Stone 2002, 2004; Harrigan et al. 2006). While the Board certainly must contend with the Fund’s internal rules, and all studies of the determinants of IMF lending show that economic variables guide IMF lending, a growing body of literature indicates that international politics matter as well.<sup>7</sup> Finally, and perhaps most obviously, when they provide foreign aid through the IMF, the major shareholders pay a fraction of the cost rather than the total (Eldar 2008).

### **3. A Theory of Trading Security Council Votes for Aid**

#### 3.1 Introducing a logic of trading favors on the international stage

What is the logic of trading money for political influence on the UN Security Council? This seemingly innocuous question contains a number of analytical puzzles. Note that numerous studies have established that the United States uses foreign aid for certain political purposes. It is not obvious, however, that targeting members of the UNSC represents a good choice. Some governments have strong views on foreign policy and adamantly oppose the United States and its allies. These governments – Cuba under Castro comes to mind – may prove unwilling to sell their votes. Other governments tend to agree with Western Powers, and may freely offer their political support with no strings attached. Under what conditions, therefore, are UNSC votes for sale and when are they worth buying?

Swing voters may constitute a likely target. Note that when we say “swing,” we mean that the voter may change his vote.<sup>8</sup> Imagine, for example, a country with a weak preference – in the absence of any enticements – of voting against a resolution supported by the United States. If the United States has previously established a strong working relationship with such a

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<sup>7</sup> See Sturm, Berger and de Haan (2005), Steinwand and Stone (2008) and Moser and Sturm (2011) for reviews. For in depth consideration of international political factors, see Thacker (1999), Stone (2002, 2004), Dreher and Jensen (2007), Oatley and Yackee (2004), Barro and Lee (2005).

<sup>8</sup> This concept of “swing voter” is distinct from a pivotal vote, where a change in the vote actually changes the overall outcome on a potential resolution.

country – advocating on its behalf at the IMF – the track record of goodwill might influence the country’s voting behavior on the Security Council.

Will issues arise during an elected UNSC member’s tenure where such swing voting might occur? The relevant actors may not know a priori. Some years, the Security Council holds few important votes. Moreover, even if important issues do come up, the alignment of votes may remain unknown for months in advance. An ostensibly friendly government – consider Yemen before the Gulf War – could find itself at odds with the US if its domestic or regional politics do not line up with its foreign policy objectives. Because aid packages require some lead time to develop, the US might need to put together favorable packages for UNSC members early in their term – just in case an important issue arises down the road. The “gifts” imply, of course, the open possibility of a return favor.

Thus, without knowing what kinds of issues might arise and the local political constraints the various UNSC members will face, the US must decide whether to offer favors, to whom, and of what size. Some countries are too rich or too big to be influenced by foreign aid. As for the smaller, poorer members of the UNSC, if an IMF program costs the US little and matters a good deal to these UNSC members, the US may want to target all of them. On the other hand, governments may guess which countries will oppose them regardless of receiving IMF support, which countries will support them regardless of receiving support, and which countries might cast “swing-able” votes. The US may target only these members of the UNSC. Of course, the elected UNSC members also face a dilemma. They must decide whether to seek out IMF support and submit to the implicit terms of the arrangement without knowing what issues might arise during their tenure. If they accept gifts, they may find themselves caught between a rock and a hard place – having to choose between international pressure and domestic or regional preferences. This possibility further complicates trading finance for political support.

What is the value of a UNSC vote? We argue that UNSC votes provide both symbolic and informational content. Following on the work of Barnett (1995), Finnemore (1996), Wendt (1999), and, especially, Voeten (2005), Hurd (2007) argues that UNSC resolutions provide a legal framework important to legitimize forceful foreign politics. Chapman (2011) argues that UNSC

votes are valuable for the information they provide because they represent an independent third party, which can send a credible signal about the appropriateness of a specific foreign policy. Either way, the bold-faced buying of votes may undermine the value of the vote. Vote-buying may appear illegitimate, and it certainly draws into question the credibility of UNSC members as independent third parties. One way to deal with this problem is to obfuscate the trade by going through opaque channels like using IMF programs rather than own aid.

Even when a case can be made to trade finance for political support, the actors involved may face a time-consistency problem. The US may work on putting together a series of favors for a poor country on the UNSC only to have the UNSC member then renege on the implicit deal, voting against an important resolution. Again, the case of Yemen comes to mind. Alternatively, if the UNSC member does deliver the vote, why should the US actually follow through with pressing the IMF to deliver the program? Since either party might defect on the deal at distinct points on the timeline, both parties might prefer to avoid the deal in the first place. On the other hand, they may be able to structure the deal in such a way that addresses these concerns of credibility. In particular, the deal may gain credibility if the United States – who play the trade game repeatedly over a long time-horizon with multiple members of the UNSC – move last. If the US has a valuable reputation as reliable negotiator, it has an incentive to keep its promises.<sup>9</sup>

The reputation of the US, however, has two effects in our context. If people can observe that the US sticks to the deals it makes, it gains credibility for future trades of money for political influence. But recall that these deals undermine legitimacy – the very political commodity that the US is trying to buy. It thus has cross-cutting incentives: a more visible reputation increases the credibility of an exceptionally large aid package and simultaneously lowers the very legitimacy being purchased. In the next section, we present a simple game-theoretic model that helps us gain analytical traction. Following the formal presentation of the game, we address these questions, analyzing archetypical cases in the concluding paragraphs.

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<sup>9</sup> Here we draw on the logic of Tomz's (2007) work on sovereign debt, who argues that reputation guides inter-temporal trades of international finance. Just as a sovereign borrower would suffer a reputational cost by defaulting for no good reason (a "fair weather" default), so would a powerful country if it "defaulted" on its implicit promise to do favors for friendly UNSC voting behavior. The logic of inter-temporal trades of favors very much resembles Tomz's reputational argument about debt repayment.

Figure 1: The vote-aid trade game

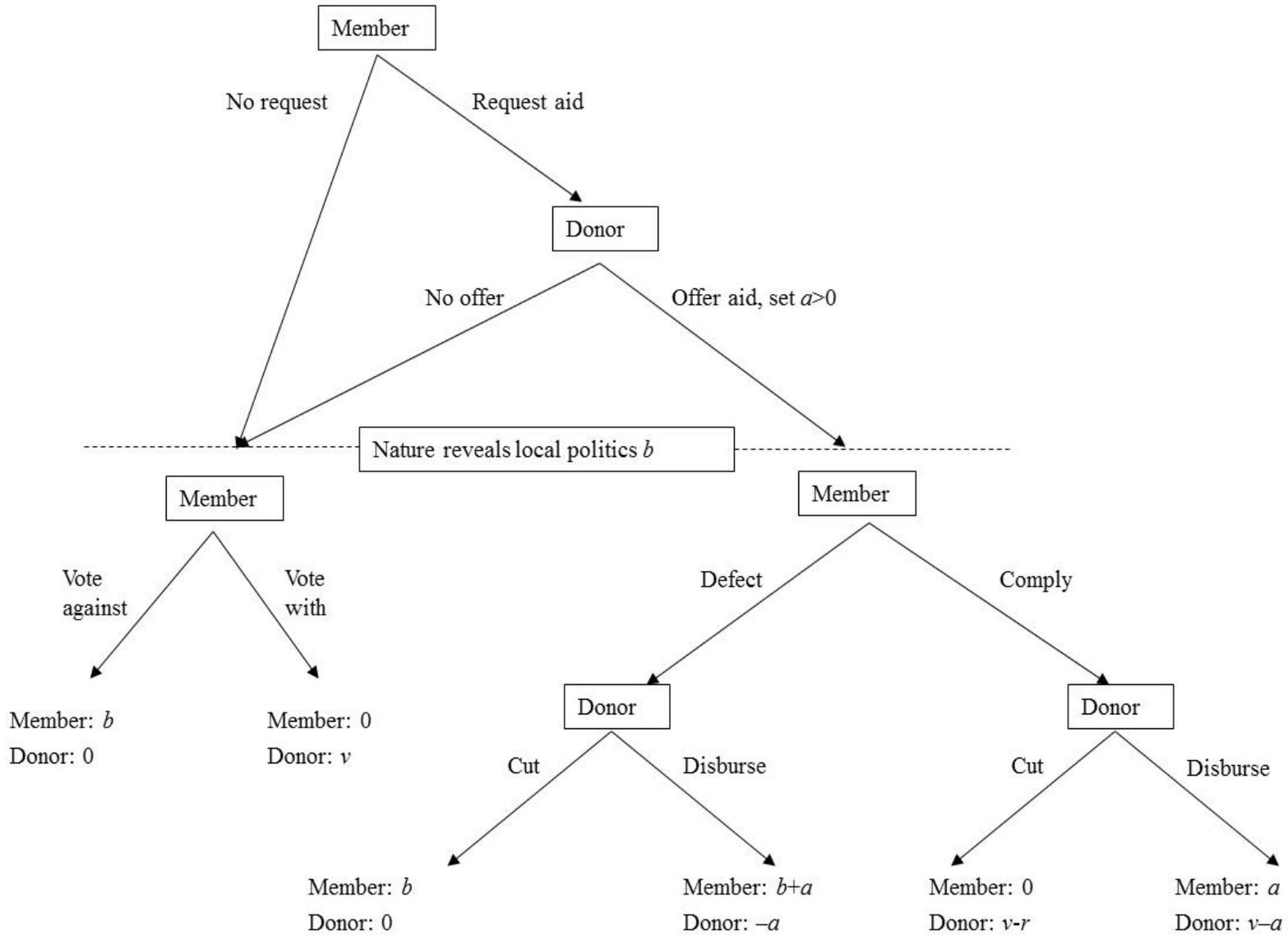
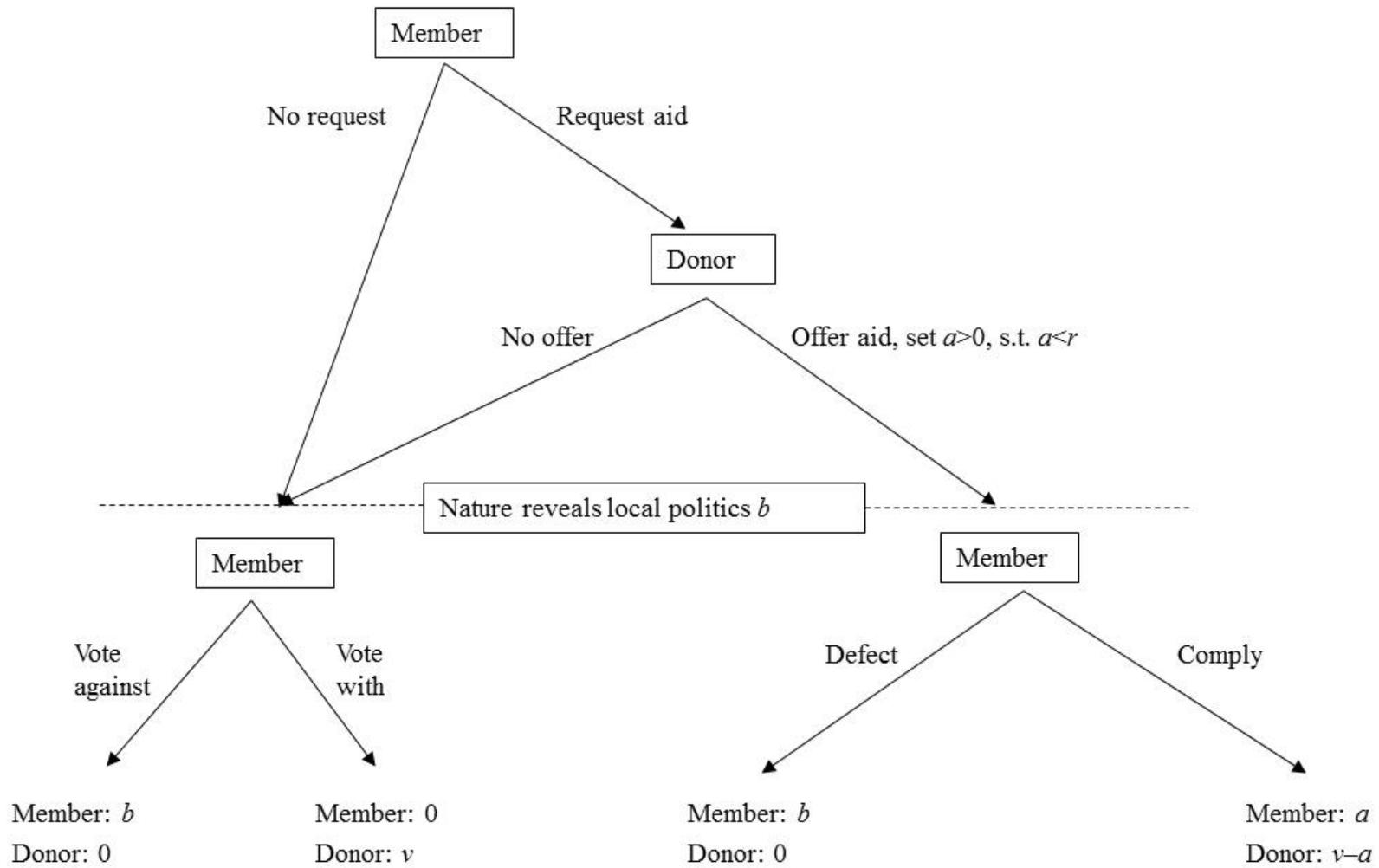


Figure 2: The reduced-form game



### 3.2 The vote-aid trade game

We present the extended form of the game in figure 1. Note that in the main text we discursively present the game and its solution for a broad audience. Appendix C presents a briefer solution to the game with less prose and more mathematics.

To simplify the political transactions that take place through the thousands of meetings of bureaucrats, our game includes just two players: “the Member” (the UNSC member, to whom we refer as “he”) and “the donor” (which is the United States to whom we refer as “she,” and where we for simplicity assume it can directly control the IMF). We assume that the game is played over just one vote on the UNSC, although one could think of this as a portfolio of voting behavior. The donor supports the resolution and may seek the support of the Member.<sup>10</sup>

The following payoffs are at stake:

- The benefit of local (domestic/regional) politics for the Member:  
 $b \sim F(\bar{b}, \sigma^2)$ , where  $F(\cdot)$  is an unspecified distribution. (We specify distributions in examples below.)
- The value of the vote for the Donor:  $v, v > 0$
- The size of the aid package:  $a, a > 0$
- The reputational cost to the Donor for renegeing on a deal:  $r, r > 0$

Throughout the game, we assume that if the Member is indifferent between voting with or against the US, he chooses to vote with her. In the next sub-section, we walk through the details of the game presented in figure 1, explaining each step.

### 3.3 The extended form game and payoffs

The game begins when the Member is elected and may choose “Request aid” or “No request.” If the Member makes the request, the Donor must then choose between “No offer” and “Offer aid,” setting  $a = \check{a}$ . Then Nature reveals the value of  $b$ , which is drawn from some distribution  $F(\cdot)$  with mean  $\bar{b}$  and variance  $\sigma^2$ . Neither the Member nor the Donor know the value of  $b$  at

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<sup>10</sup> In cases where the US might lobby against a resolution she could just exercise her veto power. She would therefore not usually require no-votes from temporary members. That said, the United States might lobby for no-votes on procedural votes, where veto power does not apply, and no-votes might lend legitimacy to a US veto. Donors without veto power, like Japan and Germany, might also play this game. In these cases, one would need to reverse the language (lobbying for opposition, not support), but not the logic of our game.

the beginning of the game, but the distribution from which  $b$  is drawn is common knowledge. For now, assume any generic distribution over any range of numbers. (Below, we provide specific examples, assigning different distributions to different types of countries.)

We define  $b$  as the “benefit” from local politics (mainly domestic but also regional) to the Member for defying the Donor, and thus voting *against* her. If  $b \leq 0$ , then the Member and the Donor agree on the issue – or the issue is just not salient to one or both of them. Think of  $b > 0$ , however, as any situation where a vote arises on the Security Council that matters, jointly, to the Member and to the Donor, and their preferences diverge. Such cases do not always arise for all UNSC members. There are many votes on the UNSC that have no influence over domestic politics for the temporary members of the UNSC, and many that the great power donors do not care about. Furthermore, just because both parties care about a vote does not mean that their preferences diverge.

In our model, then,  $b$  takes on a non-positive value when (1) the Member does not care about the vote, (2) the Donor does not care, (3) neither cares, or (4) their preferences converge. The value of  $b$  is positive if none of those conditions hold, or, in other words, they both care about the vote, and they disagree about it. The probability of such a disagreement depends on the underlying distribution of  $b$ , which we will model, below, as a function of the specific UNSC member in question.

### *3.3.1 No request or no offer*

Moving down the game-tree in figure 1, if there is no request – or no offer – of aid, the Member must decide whether to “Vote with” or “Vote against” the Donor, after having observed  $b$ . If he votes with the Donor, he receives a payoff of 0, and the Donor receives  $v$ , her valuation of the affirmative vote. If he votes against the Donor, he receives the payoff of  $b$  and the Donor receives 0.

### *3.3.2 The vote-aid trade sub-game*

If an aid package is requested and offered, the Member and the Donor enter into the right-hand sub-game in figure 1, after having observed  $b$ . If the game reaches this juncture, there is now an

implicit arrangement in place where foreign aid should be supplied if the Member votes with the Donor. But the Member must still decide whether to “Comply” with the deal – voting with the Donor – or “Defect” – voting against the Donor. Finally, the Donor must decide whether to “Disburse” the aid package or “Cut” it.

### 3.3.3 *The vote-aid trade payoffs*

The right-hand sub-game in figure 1 has four potential outcomes: (1) If the Member chooses “Defect,” and the Donor chooses “Cut,” he receives  $b$ , and she receives 0. (2) If the Member chooses “Defect,” and the Donor chooses “Disburse,” he receives  $b + a$ , and she receives  $-a$ . (3) If the Member chooses “Comply” and the Donor chooses “Disburse,” he receives  $a$ , and the Donor receives  $v - a$ .<sup>11</sup> (4) If the Member chooses “Comply,” and the Donor chooses “Cut,” he receives 0, and the Donor receives  $v - r$ .

Note that if the Member and the Donor make a deal, and the Member complies, but the Donor reneges by cutting the aid, she faces penalty  $-r$ ,  $r > 0$ . We think of  $r$  as the value of having a good reputation as a credible negotiation partner. One can thus think of  $r$  as the future stream of the value being able to play this game repeatedly with many countries in many different situations. Note that some aid packages are too big to be credible. If  $a > r$ , the Donor will renege because the size of the aid package is so big that it is actually more valuable to the donor than is her reputation. This feature of the game places a constraint on what the Donor is willing to offer to the Member. As long as her reputation is more valuable to the Donor than is the cost of providing aid (that is,  $r > a$ ), then the Donor’s offer of aid is credible. We can assume that  $r$  is valuable to some extent (that is,  $r > 0$ ) because great powers play the role of the Donor over and over again with many different countries – those elected to the Security Council and many others that are important in various political arenas.<sup>12</sup>

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<sup>11</sup> We could complicate the game, making the utility of  $a$  a function of each country’s level of economic development. Doing so would reinforce the qualitative conclusions we draw from the game. We address this issue below.

<sup>12</sup> Interestingly, the way we have structured the payoffs, it is important that the Donor moves last in order for vote-aid trades to be possible. Most developing countries rarely win election to the UNSC, so they do not play this game often – for them, the game represents a one-shot opportunity. If the governments of such countries could cast their UNSC vote after having already secured the aid package, they might have an incentive to renege on this essentially one-shot deal. Allowing the Donor to move last allows for credibility because, while the game may be one-shot for a

### 3.4 Solving the game

We now turn to solving the game in figure 1 by using the method of backwards induction. We begin by analyzing the final decisions made at the end of the sub-game on the right-hand side of the figure, and then we move backwards up the game-tree.

#### 3.4.1 To cut or to disburse

Down at the bottom of the game, the Donor will surely choose to “Cut” the aid package if the Member chooses “Defect” because  $0 > -a$ . So, it is easy to see that the payoffs for choosing “Defect” become  $b$  for the Member and  $0$  for the Donor in this situation.

Will the Donor choose “Disburse” or “Cut” on the other side of the sub-game, where the Member has chosen “Comply”? The answer to this question depends on the values of  $r$  and  $\check{a}$ . The Donor will disburse the aid package if the reputational costs are high enough:  $r \geq \check{a}$ . If so, the payoffs for complying are  $\check{a}$  for the Member and  $v - \check{a}$  for the Donor. If the Member chooses “Comply” and the reputational costs are not high enough – or to put it the other way – the Donor has offered an aid package that is too big to be credible ( $a > r$ ), then the Donor will choose “Cut,” thereby renegeing on the deal and incurring reputational costs. The payoffs are thus  $0$  for the Member and  $(v - r)$  for the Donor.

It is straightforward to show, however, that the Donor never has an incentive to offer  $\check{a} > r$  because he can anticipate the incentives this choice will create for both players further down the game-tree. The Member must choose between “Comply” and “Defect” after having observed  $\check{a}$  and  $b$ . If the Donor has foolishly set  $\check{a} > r$ , the Member will choose “Comply” only if  $b \leq 0$ . So, by offering  $\check{a} \geq r$ , the Donor guarantees herself payoffs of  $0$  if  $b > 0$ , and  $v - r$  if  $b \leq 0$ . Yet the Donor can do better than this pair of outcomes simply by choosing “No offer,” which will guarantee payoffs of  $0$  if  $b > 0$ , and  $v$  if  $b \leq 0$ . So, even before observing  $b$ , the Donor can anticipate that for any value of  $b$  that is revealed, she will be at least as well off – and sometimes better off – by setting  $\check{a} \leq r$  (a weakly dominant strategy). The Donor only makes credible offers of aid.

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particular UNSC member, the Donor plays the game again and again with other countries. We are grateful to Kevin Morrison for raising this point.

We have therefore learned that the Donor will always “Cut” if the Member “Defects,” and will always “Disburse” if the Member “Complies.” The Member can reliably predict the consequences of his vote. If we now eliminate the weakly dominated moves in figure 1, we can recast the game into the simpler form depicted in figure 2. We can then proceed to solve this reduced-form game.

### 3.4.2 *To comply or to defect*

If the Donor offers an aid package, will the Member comply or defect? The answer to this question depends on domestic politics (the realized value of  $b$ ) and the size of the aid package (the value the Donor has set for  $a$ , which is sure to be credible,  $\check{a} \leq r$ , as shown above).

Solving this part of the game now becomes straightforward: The payoff for the Member if he defects is  $b$ ; his payoff for compliance is  $\check{a}$ . So, if  $b \leq \check{a}$ , the Member chooses “Comply,” otherwise, the value of domestic politics is too high and he chooses “Defect.”<sup>13</sup>

### 3.4.3 *To offer or not*

The crucial question in this game is whether the Donor will offer an aid package and of what size, subject to the constraint  $\check{a} \leq r$ . The answer depends on the probability distribution of  $b$ . At the beginning of the game, no one knows what issues will arise. They may hold salience for the local political situation of the Member (high  $b$ ) or they may prove completely inconsequential (low  $b$ ). Without a crystal ball, no one can know for sure what value  $b$  will take during the Member’s term. The relevant actors may, however, have a sense of the likelihood that  $b$  will be high or low. The common-knowledge probability distribution of  $b$  captures this sense.<sup>14</sup> Recall that if  $b \leq a$ , the Member will comply, giving the Donor a payoff of  $(v - a)$ . If  $b > a$ , then the Member will defect, giving the Donor a payoff of 0. The probability of the former is denoted by

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<sup>13</sup> Also note that we could model the game allowing the Donor to further punish the Member for voting against her – for example, by pushing for harsh terms for an IMF loan. We choose this simpler game, where compliance is less likely, thereby making a harder case for our story.

<sup>14</sup> Middle East countries may have a greater chance of high salience (high  $b$ ) than have East Asian countries during certain periods of history, as many UNSC resolutions pertain to the Middle East. As an alternative example, a government that faces similar domestic political pressures as the Donor and is a close ally has an expected value of  $b$  that is low. See section 3 below.

$F(a)$ , while the probability of the latter is denoted by the complimentary probability,  $[1 - F(a)]$ .

So, we can calculate the expected value of choosing “Offer aid” as:

$$\begin{aligned} E^D(a) &= F(a)(v - a) + [1 - F(a)]0 \\ &= F(a)(v - a) \end{aligned}$$

Let us maximize the above function with respect to the offer,  $a$ , so that we can calculate the highest possible offer that the Donor will be willing to make (absent the reputational costs):

$$\frac{\partial E^D(a)}{\partial a} = F'(a)v - F'(a)a - F(a) = 0$$

which in turn yields:

$$v = a^* + \frac{F(a^*)}{F'(a^*)}$$

which represents the “offer constraint” for the Donor. This “offer constraint” captures the notion that the Donor will only offer aid if there is a reasonable chance that the offer will entice the member to vote with her. The above equation indicates that the value of the vote must be worth at least as much as the value of the aid – plus – a function of the probability that the Member will vote with the Donor if aid is offered (the ratio of the cumulative probability to the marginal probability). Otherwise, the Donor makes no offer.

Beyond this constraint, the Donor must ask herself, “is it worth it?” How much, in terms of foreign aid and other favors, is enticing the political support of the Member worth, given what will transpire in the absence of such enticement? Recall that if the value of  $b$  is negative, the Member will vote with the Donor even in the absence of any aid package. The Donor must, therefore, compare the expected value of offering aid to the expected value of choosing “No offer.” We calculate the expected value of “No offer” as:

$$\begin{aligned} E^D(\emptyset) &= F(0)v + [1 - F(0)]0 \\ &= F(0)v, \end{aligned}$$

where  $F(0)$  is the probability that  $b \leq 0$ , and  $1 - F(0)$  is the probability that  $b > 0$ .

The Donor will choose “Offer aid” if and only if  $E^D(a) \geq EU^D(\emptyset)$ :

$$\begin{aligned} F(a)(v - a) &\geq F(0)(v) \\ [F(a) - F(0)]v &\geq F(a)a \end{aligned}$$

Note that the probability in the equation above,  $[F(a) - F(0)]$ , has substantive implications. For,  $[F(a) - F(0)]$  is the probability that  $0 < b \leq a$ , which is the crucial range where offering aid really makes a difference. If  $b \leq 0$ , the Member will vote with the Donor whether aid is offered or not, and if  $b > a$ , the Member will vote against the Donor whether aid is offered or not. However, if the value of domestic politics is somewhere in between (that is,  $b \in (0, a]$ ), then offering a credible aid package will cause the Member to vote with the Donor, and failing to offer will lead the Member to vote against the Donor. If the probability  $[F(a) - F(0)]$  is sufficiently small, either because the domestic politics of the Member are expected to be very friendly or they are expected to be very unfriendly, the Donor will not bother offering an aid package. Aid is offered to the countries in between: the swing voters.

#### 3.4.4 *To request or not*

Moving a step back on the game-tree, the Member must decide whether to request aid before the Donor offers  $a^*$  or observing  $b$ . It is an easy decision: He should always request. He can anticipate only three possible situations emerging, and, for each of them, he is either indifferent or better off requesting aid:

(1)  $b > a^* > 0$ : Regardless of requesting the aid package, the Member will vote against the Donor, receiving  $b$ . He is thus indifferent between “No request” and “Request.”

(2)  $b \leq 0$ : The member will vote with the Donor for sure. If he does so without requesting aid, he gets 0 for certain. But if he requests aid, he gets 0 if the Donor chooses “No offer” and  $a > 0$  if the Donor chooses “Offer aid.” So, he might be better off, and cannot be worse off, by requesting aid in this situation.

(3)  $a^* \geq b > 0$ : Without requesting aid, the member is certain to get  $b$ . If he requests aid and the Donor chooses “No offer,” he is also sure to get  $b$ . If he requests and the Donor chooses “Offer aid,” then he will get to make another decision: He will get  $b$  or  $a$ , choosing whichever is greater of the two. He cannot do worse than  $b$ , and might do better by choosing “Request aid.”

Choosing “Request aid” is, therefore, a weakly dominant strategy for the Member.

### 3.5 Summarizing equilibrium strategies

We can therefore summarize the set of choices each actor should make, that is, their equilibrium strategies:

Member: Always chooses “Request aid”; if “No offer,” choose “Vote against” if  $b < 0$ , otherwise choose “Vote with”; if “Offer aid,” choose “Defect” if  $b < a$ , otherwise choose “Comply.”

Donor: Choose “Offer aid,” setting  $a^* = v - \frac{F(a^*)}{F'(a^*)}$ , provided that three constraints hold:

- (1)  $a^* > 0$ ,
- (2)  $a^* \leq r$  and
- (3)  $[F(a^*) - F(0)]v \geq F(a^*)a^*$  – otherwise choose “No offer”; if “Defect,” choose “Cut”; if “Comply,” choose “Disburse.”

### 3.6 Archetypes: Too close, too far, and just right

Having solved the game, we now illustrate how it plays out for specific types of cases, each with a different probability distribution of  $b$ . We begin with a Member who is “too close” to the Donor. It is not worth offering aid in this situation because the Member will vote with the Donor even in the absence of a side-payment of size  $a$ . Then we turn to an example where the Member is “too far.” Offering aid does not matter in this situation because the Member will never vote with the Donor even with a side-payment. Finally, we present a case that is “just right”: A case where the Member might vote with or against the Donor, depending on the aid package – a potential “swing” vote. For all of these examples, let  $v = 1$  and  $r = 1$ , unless otherwise noted.

#### 3.6.1 Too close

Consider a case where the Member is sure to vote with the Donor even in the absence of a vote-aid trade. In other words, the preferences of the Member and the Donor align. In terms of our game, this scenario implies that the value of voting against the Donor in terms of domestic politics is actually negative. To make the case concrete, assume that  $b$  is uniformly distributed over the  $[-1,0]$  interval, and define  $F(\cdot)$  (the probability distribution of  $b$ ) as:  $F \equiv U(-1,0)$ . So, if

$b \leq -1$ ,  $U(b) = 0$ ; if  $b \in [-1,0]$ ,  $U(b) = 1 + \frac{b}{1}$ ; and if  $b \geq 0$ ,  $U(b) = 1$ ; while  $U'(b) = 1$  for  $b \in [-1,0]$  and 0 otherwise.

Following from the equilibrium strategies presented in sub-section 2.3 above, for there to be an offer of aid in this specific example, the following four conditions must hold:

1.  $a^* > 0$

2.  $a^* \leq 1$

3.  $[F(a^*) - F(0)] \geq F(a^*)a^*$

$$\Rightarrow [1 - 1] \geq (1)a^*$$

$\Rightarrow a^* \leq 0$ , which contradicts the first condition above.

4.  $a^* = 1 - \frac{F(a^*)}{F'(a^*)}$

$$\Rightarrow a^* = 1 - \frac{1}{0}$$

$\Rightarrow a^*$  undefined.

In this case, the conditions cannot all hold. So, the Member may request aid, but the Donor will never offer. The expected value of not offering aid is certain because the probability of  $\Pr(b < 0) = 1 \Rightarrow E^D(\emptyset) = v$ . The payoff to the Member is sure to be 0. The Donor makes no offer because she knows the Member will vote with her no matter what.

### 3.6.2 Or too far

Consider a case where the Member is sure to vote against the Donor even in the presence of a vote-aid trade. In other words, the value of domestic politics is so high it is sure to be greater than the value of the Donor's reputation. Suppose, for example, that  $b$  is uniformly distributed over the  $[1,2]$  interval:  $F \equiv U(1,2)$ . So, if  $b \leq 1$ ,  $U(b) = 0$ ; if  $b \in [1,2]$ ,  $U(b) = b - 1$ ; and if  $b \geq 2$ ,  $U(b) = 1$ ; while  $U'(b) = \frac{1}{2}$  for  $b \in [1,2]$  and 0 otherwise.

Again, for there to be an offer of aid in this specific example, the same four conditions must hold. However:

1.  $a^* > 0$

2.  $a^* \leq 1$

$$3. [F(a^*) - F(0)] \geq F(a^*)a^*$$

$$\Rightarrow a^*(2 - a^*) \geq 1, \text{ which holds only for } a^* = 1$$

$$4. a^* = 1 - \frac{F(a^*)}{F'(a^*)}$$

$$\Rightarrow a^* = 1 - \frac{a^*-1}{1/2}$$

$$\Rightarrow a^* = 1.$$

In this case, the Member can request aid, and the Donor can offer the upper bound,  $a^* = 1$ , but doing so will make no difference in the voting behavior of the Member. The expected value of not offering aid is  $E^D(\emptyset) = 0$ , and by offering  $a^* = 1$ , the Donor's expected value is also:  $E^D(a) = 0$ .

So, if we break indifference one way, the Member requests aid, and the Donor offers, but the Member complies with probability 0. No aid is disbursed. If we break indifference the other way, there is no offer and no request. Either way, this type of Member never votes with the Donor.

### 3.6.3 Just right

Now consider a case where the Member is sure to vote against the Donor in the absence of a vote-aid trade, but could be swayed to vote differently by an enticement. Suppose, for example, that  $b$  is uniformly distributed over the  $[0,1]$  interval:  $F \equiv U(0,1)$ . So, if  $b \leq 0$ ,  $U(b) = 0$ ; if  $b \in [0,1]$ ,  $U(b) = b$ ; and if  $b \geq 1$ ,  $U(b) = 1$ ; while  $U'(b) = 1$  for  $b \in [0,1]$  and 0 otherwise.

Once again, for there to be an offer of aid in this specific example, our four conditions must hold:

$$1. a^* > 0$$

$$2. a^* \leq 1$$

$$3. [F(a^*) - F(0)] \geq F(a^*)a^*$$

$$\Rightarrow [a^* - 0] \geq a^* \times a^*$$

$$\Rightarrow a^* \leq 1$$

$$4. a^* = 1 - \frac{F(a^*)}{F'(a^*)}$$

$$\Rightarrow a^* = 1 - \frac{a^*}{1}$$

$$\Rightarrow a^* = \frac{1}{2}.$$

In this case, the Member requests aid, and the Donor offers  $a^* = \frac{1}{2}$ . The expected value of not offering aid is  $E^D(\emptyset) = 0$ , and by offering  $a^* = \frac{1}{2}$ , the Donor's expected value improves:

$$E^D(a) = \frac{1}{2} \left( 1 - \frac{1}{2} \right) = \frac{1}{4}.$$

So, the Member requests aid, the Donor offers, and the Member complies with probability 0.5. The vote-aid trade swings the vote about half the time.

### 3.7 Raising the reputation cost

Suppose there are some years when the Donor really cares about UNSC votes, and other years where they are comparatively unimportant. In the model, this possibility can be captured by the value of the vote,  $v$ , which (above) we set to 1. Suppose, however, that we drop the value of  $v$  to 0.1 and apply this new value to the "just right" case above, where  $F \equiv U(0,1)$ . To make later examples more interesting, we also drop the value of the Donor's reputation to  $r = 0.5$ .

Now for there to be an offer of aid in this specific example, the following four conditions must hold:

$$1. a^* > 0$$

$$2. a^* \leq 0.5$$

$$3. [F(a^*) - F(0)]v \geq F(a^*)a^*$$

$$\Rightarrow a^* \leq 0.1$$

$$4. a^* = v - \frac{F(a^*)}{F'(a^*)}$$

$$\Rightarrow a^* = 0.05.$$

The Member still requests aid, but here the Donor offers  $a^* = 0.05$ . The expected value of not offering aid is still  $E^D(\emptyset) = 0$ , and by offering  $a^* = 0.05$ , the Donor's expected value improves:  $E^D(a) = 0.05(1 - 0.05) = 0.0475$ . The Member complies with probability 0.05. In this situation, we still observe offers of finance for political favors, but they rarely achieve the outcome intended by the Donor.

Suppose we instead raise the value of the vote to  $v = 10$ , however, while keeping the value of the reputation low,  $r = 0.5$ . For there to be an offer of aid in this specific example, the following four conditions must again hold:

1.  $a^* > 0$

2.  $a^* \leq 0.5$

3.  $[F(a^*) - F(0)]v \geq F(a^*)a^*$

$$\Rightarrow a^* \leq 10$$

4.  $a^* = v - \frac{F(a^*)}{F'(a^*)}$

$$\Rightarrow a^* \text{ is undefined.}$$

But from condition (2) directly above, the maximum value can be  $a^* = 0.5$ . The expected value of not offering aid is still  $E^D(\emptyset) = 0$ . By offering  $a^* = 0.5$ , the Donor's expected value improves to:  $E^D(a) = 0.5(10 - 0.5) = 4.75$ . The Member complies with probability 0.5. In this situation, the low reputation value constrains the Donor, who would like to offer more aid to entice the Member to vote favorably on this important issue, but aid packages beyond 0.5 lack credibility.

What if, however, the Donor could raise the value of  $r$  by offering a more public form of aid – say, by offering obvious bilateral aid packages instead of more obfuscated multilateral aid packages? For the example where the Donor does not care much about the issue ( $v = 0.1$ ), raising  $r$  makes no difference. If there is any advantage at all from hiding vote-aid trades (not modeled), the Donor could break indifference by choosing the aid with lower  $r$ . In the example where the Donor cares a great deal about the issue ( $v = 10$ ), however, the Donor could benefit from a higher value of  $r$ .

If we alter the last example slightly, setting  $r = 1$ , so that condition (2) becomes  $a^* \leq 1$ , this allows the Donor to credibly offer a bigger aid package,  $a^* = 1$ . Now, the Donor's expected value improves to:  $E^D(a) = 1(10 - 1) = 9$  as the Member is completely enticed and complies with probability 1.0.

### 3.8 Legitimizing forceful foreign policy

Before concluding this section, we need to address a logical tension: The purpose of buying UNSC votes, an ostensibly illegitimate activity, is to gain legitimacy for forceful foreign policies. The legitimacy may be symbolic, in that the government demonstrates to the world that it has followed certain global norms in going through the proper channels of the UNSC (Hurd 2007). Or it may be informational, in that the UNSC resolution represents the credible endorsement of a foreign policy by an independent third party (Chapman 2011). Buying votes does not seem to fit with either rationale. From a symbolic point of view, buying votes appears to violate the norms of the proper channels of the UNSC. From an informational point of view, buying votes calls into question the independence of the UNSC as a credible third party. How can temporary UNSC members serve as the symbolic representative for their region or convey credible information if their votes can be bought?

We have two answers. The first assumes the open buying of votes, observable by the public, and the second acknowledges that governments actually obfuscate vote-aid trades. The latter possibility – that governments can launder their seemingly dirty politics, for example, through international organizations – raises an interesting paradox with respect to the reputational costs described in the game. If payoffs are visible, they undermine the legitimacy of the UNSC, which is the very political commodity sought.<sup>15</sup> But if payoffs are completely invisible, there can be no reputational costs ( $r = 0$ ), and aid packages are never credible in the game above.<sup>16</sup>

We therefore elaborate on three issues in this section (1) the value of UNSC votes under open vote-aid trades, (2) obfuscating or laundering dirty politics, and (3) the reputational paradox.

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<sup>15</sup> One way to incorporate this idea into our model would be to make the value of the vote,  $v$ , a function of the public observability of the vote-aid trade (if any).

<sup>16</sup> More precisely in this case, there will be no reputational costs vis-à-vis other countries. The UNSC Member himself will know, of course, but since most developing countries win election to the UNSC rarely, the same government is unlikely to play the game again, and the damage to the Donor's reputation will not matter.

### 3.8.1 Openly paying off UNSC members

If everyone knows that votes can be bought, does this undermine the legitimacy that the UNSC might provide?

Our theory shows that only under certain circumstances can donors buy votes. *Not all votes can be bought.* In the swing voter example above, there is some probability that local politics will lead a UNSC member to vote against donors, even if this means that the government must renege on a deal. So, even in the presence of vote-aid trades, elected UNSC members still represent their sincere local preferences to a certain extent. An affirmative vote thus conveys some information – even if the public observes the vote-aid trade.

To put this argument in the formal terms of our model, suppose the public never observes the value of local politics ( $b$ ), and is thus unsure if the elected UNSC member should support a particular resolution. The public can still imagine three partitions over the distribution of  $b$ : (1) values where local politics are so powerfully strong that the UNSC member votes against the resolution even if aid is offered ( $b > \check{a}$ ), (2) values where local politics would lead the UNSC member to vote against the resolution in the absence of aid, but aid could swing the vote ( $0 \leq b \leq \check{a}$ ), and (3) values where local politics would lead the UNSC member to vote for the resolution even in the absence of aid ( $b < 0$ ). The public may not be able to distinguish between situations (2) and (3), but it can identify situation (1). Put differently, if the UNSC member votes for a resolution, the public knows that the realized value is below a certain threshold:  $b \leq \check{a}$ . Information is thus conveyed, even if the public knows that a donor bribed the UNSC member.

From a symbolic point of view (Hurd 2007), the public knows that if a powerful country gains authorization for a forceful foreign policy through the UNSC, the favorable votes from UNSC members indicate that they were – at least – not strongly opposed. The process thus still has value because extreme situations will not enjoy the support of some elected UNSC members, even in the presence of potential payoffs from donors to elected members of the UNSC.

From an informational point of view (Chapman 2011), the domestic public in a donor-country (like the United States) would like to ascertain whether their government is pursuing a

recklessly aggressive foreign policy or whether the foreign policy is the right one. Following Chapman's (2010) model, the public and the members of the UNSC share conservative preferences on the use of aggressive policies. The US President is more willing to use aggressive foreign policies. When UNSC members vote against a resolution supported by the United States, the US public knows that the situation is extreme:  $b > \check{a}$ . An affirmative vote fails to convey the sincere preference of the UNSC member (that is, whether  $b$  is greater or less than 0), but it does convey that the UNSC member, privy to classified and/or detailed information, is not extremely opposed to the policy (that is, the public knows that  $b \leq \check{a}$ ). Once again, even in the presence of bribes, UNSC votes are valuable.<sup>17</sup>

In plainer terms, many observers may agree foreign aid is a tool of foreign policy, as explained by Secretary Albright.<sup>18</sup> The public understands that deals of money for support are part of politics and learns to read the signals with an appropriate filter. Importantly, the public also understands that the power of financial perks faces real constraints, which leaves ample and decipherable room for the sincere domestic preferences of UNSC member countries to play a role. In other words, there are limits on influencing other governments because they have their own national interests.

### *3.8.2 Obfuscation: Laundering dirty politics*

Still, as Ambassador Bolton explains, explicit public deals are extraordinarily rare, and, in reality, the public tends to be unaware of specific vote-aid trades.<sup>19</sup> Only one instance has received considerable attention by the media: Secretary of State James Baker published in his memoirs 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). Otherwise, however, public policy insiders with whom we have discussed our research have expressed surprise.

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<sup>17</sup> Following the logic of Crawford and Sobel (1982), the degree of information transmission will be a function of how far the preferences of the public and the UNSC member diverge. On the value of biased information, see Chapman (2011: 38), Johns (2007), Kydd (2003), Lupia and McCubbins (1998), Bawn (1995). Also see Boehmer, Gartzke, and Nordstrom (2004).

<sup>18</sup> Interview with Madeleine Albright, 29 August 2012, Albright Stonebridge Group, Washington, DC.

<sup>19</sup> Interview with John Bolton, 31 March 2011, American Enterprise Institute, Washington, DC.

Some forms of foreign aid are more visible than others, and herein lies the key to the second possibility: obfuscation. In the case of Yemen, the cutting of US bilateral aid was widely discussed, but the fact that the country received no money from the IMF for over five years has gone largely unmentioned.

There are three arguments of why powerful countries may employ the IMF to further foreign policy goals. First, these little-understood international organizations can help to obfuscate political transactions, laundering “dirty” politics (Vaubel 1986, 1996, 2006; Abbott and Snidal 1998).

Second, the IMF also provides political leverage through conditionality. Many argue that the major shareholders exercise their political power over international financial institutions to pursue international political goals.<sup>20</sup>

Third, using the IMF allows for the sharing of costs. When they provide foreign aid through the Fund, the major donors not only share the financial burden, they can also make available tremendous technical expertise to recipient countries. The technical expertise of development banks can prove especially valuable.<sup>21</sup>

Still, governments face a trade-off between employing bilateral aid and using a multilateral channel. Transaction costs increase with a multilateral solution: In addition to negotiating with the (potential) recipients of the funds, the United States, for example, must leverage its influence over the international organization and convince other major shareholders to agree. Thus, the IMF and World Bank may be less effective tools when the major shareholders disagree on a specific resolution (Copelovitch 2010a,b).<sup>22</sup> The relative efficiency of using international organizations therefore depends on the perceived costs of achieving consensus among the major shareholders and the reduced costs of not needing one’s own

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<sup>20</sup> Frey and Schneider (1986), Thacker (1999), Stone (2002, 2004), Oatley and Yackee (2004), Barro and Lee (2005), Sturm, Berger and de Haan (2005), Andersen, Hansen, and Markussen (2006), Fleck and Kilby (2006), Dreher and Jensen (2007), Steinwand and Stone (2008), Kilby (2009a, 2013), Kaja and Werker (2010), Moser and Sturm (2011), Dreher and Sturm (2012), Morrison (2013).

<sup>21</sup> For these reasons, the value of  $a$  to the Member may be higher when provided through the IMF, while the cost of  $a$  to the Donor may be lower.

<sup>22</sup> Also see Hawkins et al. (2006), Breßlein and Schmaljohann (2013) and Hernandez (2013). McKeown’s (2009) work suggests, however, that US policymakers can influence international organizations almost as readily as they can use their own resources.

funds. The major shareholders may usually agree, however, that temporary members of the UNSC are potentially important. Should a significant issue come up during the tenure of such a temporary UNSC member, it behooves the major shareholders to have the country in their debt, and loans from various multilateral financial organizations represent a low-cost way to achieve this goal.

Thus, we suspect that the governments of major shareholder countries subtly highlight the importance of developing countries on the UNSC to their representatives on the Executive Boards of multilateral financial institutions – even if the precise reason for their importance is left unsaid.

### *3.8.3 Reputational paradox*

With all of the benefits of using international organizations to launder their dirty politics, why would governments ever rely on the more visible bilateral aid channels? We can think of a number of reasons. Governments may rely on multiple channels because of resistance they may encounter in the form of bureaucratic inertia. Governments are not monoliths, and not all bureaucratic agents are willing to sacrifice their stated missions to offer payoffs to UNSC members for political support. Some bureaucratic channels may be closed, while others may be open to just a trickle of aid. If swaying a particular member of the UNSC requires a major aid package (large  $\check{a}$ ), multiple channels – both bilateral and multilateral – may be necessary. Moreover, different developing countries may seek out different kinds of financial support during their UNSC terms, depending on their specific needs – some countries may disdain the IMF and prefer bilateral assistance, while other countries may prefer to work with their regional development bank.

The game presented above offers an additional rationale for employing different channels for favors to UNSC members. As we saw before, when it comes to offering visible or hidden aid, governments face a trade-off. Hidden aid has the advantage of maintaining the appearance of legitimacy. Yet, hidden aid poses a credibility problem. Suppose, in the game above, that there are no reputational costs for the Donor to renege on a deal:  $r = 0$ . The equilibrium falls apart because the Donor moves last. Once she has secured the vote of the

Member (on the right side of the game in Figure 1), the Donor can choose “Cut,” walking away with the value of the affirmative vote,  $v$ , without paying  $a$  or  $r$ . Anticipating this, the Member should never choose “Comply,” and the Donor should therefore never offer aid in the first place. Hence, in order for vote-aid trades to take place, there must be reputational consequences for the donors if they defect. At least some actors, if not the general public, must be able to observe the vote-aid trade in order to generate reputational costs. Larger aid packages require higher reputational costs in order to be credible.

### 3.9 Testable hypotheses

The model illustrates the logic of trading votes for aid and produces a number of testable implications. The most obvious implication is that governments serving on the UNSC should be more likely to receive IMF programs (and larger loans) than countries not serving. More specifically, swing voter governments should be targeted:

H1: On average, elected UNSC members receive more IMF programs than non-members.

H2: More specifically, swing voter governments receive more IMF programs than other UNSC members and more than non-members.

H2a: Non-swing voter countries receive no more IMF programs than non-member countries.

We test these hypotheses in the next section.

## 4. Data and Method

### 4.1 Data on UNSC voting

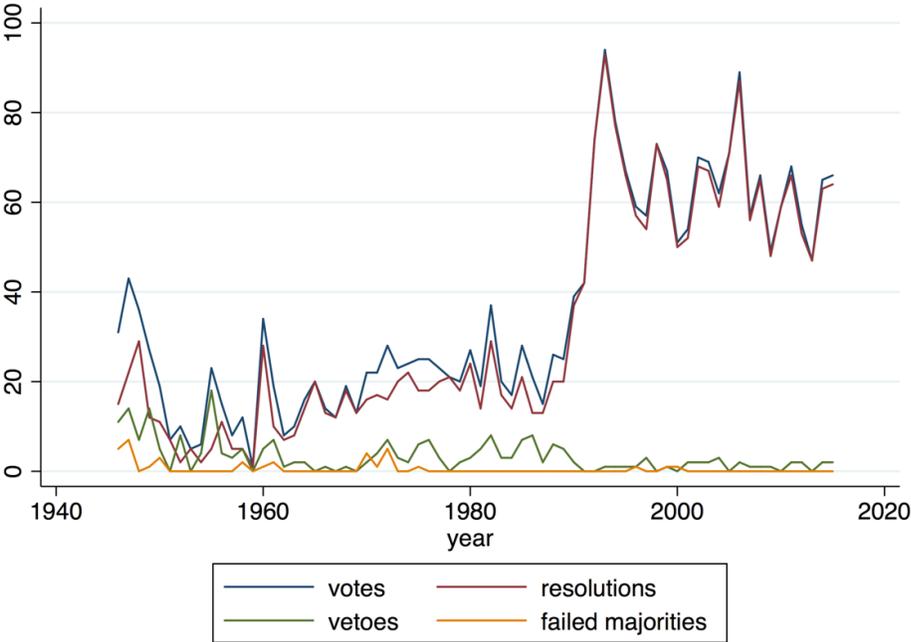
One of this paper’s main empirical contributions is to introduce a new dataset on voting behavior in the United Nations Security Council. These data have been collected from various sources. Voting behavior on successful resolutions is available from the United Nations Bibliographic Information System (UNBISNET).<sup>23</sup> We added information on vetoed resolutions (in the 1946-2004 period) from the official United Nations veto list (UN document A/58/47, Annex III), archival research in the UN Library in Geneva, and from the Dag Hammarskjöld

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<sup>23</sup> <http://unbisnet.un.org/>

Library.<sup>24</sup> Most difficult to obtain are data on failed majorities. We include voting behavior on these failed majorities obtained from our research in the UN library (these data, however, may be incomplete) and from an automated text analysis of UNSC meeting minutes. 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 in the 1946-2015 period. This translates into 36,460 individual votes.<sup>25</sup> In addition to the individual votes, we code the title of the proposed resolution, its number (if it passed) and the date of the decision. This is the most extensive dataset on UNSC voting of which we are aware. To give a first overview of the data, in Figure 1 we plot the number of UNSC decisions over time and also show how many involved vetoes and failed majorities and how many ultimately led to UNSC resolutions.

Figure 3: UNSC decisions over time



As we are interested in voting alignment we initially code a variable ( $vote_{with_{ij}}$ ) indicating whether two governments ( $i, j \in I$ , with  $j \neq i$  and  $I$  indicating the set of countries) cast the same

<sup>24</sup> The online archive of the Dag Hammarskjöld library is available online: [Hhttp://research.un.org/en/docs/sc/quick/](http://research.un.org/en/docs/sc/quick/). In addition we identified one veto that was cast in a secret vote via an automated text analysis of all UNSC meeting minutes.

<sup>25</sup> In the 1946-1965 period, for which we record 350 decisions, the UNSC consisted of 11 members. In the 1966-2015 period, for which we record 2174 decisions it had 15 members.

vote in a given decision ( $d \in D$ ). 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.<sup>26</sup>

For the analysis on the country-year level we aggregate the *vote* variable to the dyad-year level (i.e. *vote*<sub>with<sub>ijt</sub>) in three different ways. First, we follow the literature on UNGA voting and divide the number of votes in line by total votes per year. As in the UNSC – in contrast to the UNGA – the vast majority of resolutions are unanimously adopted, this variable exhibits relatively little variation. We visualize the distribution of the variable for all temporary members when voting with the United States is considered in Figure 4.<sup>27</sup> We therefore code two additional variables: One variable equals a count of all votes cast against a given member by another given member in a given year (*vote*<sub>against<sub>totalijt</sub>).<sup>28</sup> Another variable is binary and indicates country-years, for which we record at least one disagreement in UNSC votes in a given year (*vote*<sub>notallwithijt</sub>).<sup>29</sup> Note that for observations of countries not on the UNSC, these variables are coded 0. As we can only observe UNSC voting when a country is a UNSC member the voting variables have to be interpreted together with a variable indicating UNSC membership (*UNSC*<sub>member<sub>it</sub>). The indicator for temporary UNSC membership is coded 1 for 620 observations.<sup>30</sup> This reflects the fact that the UNSC had 6 temporary members between 1946 and 1965 and 10 temporary members between 1966 and 2015.</sub></sub></sub>

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<sup>26</sup> Our results are robust to employing the approach used by Wittkopf (1973), Sexton and Decker (1992) and Barro and Lee (2005), who include abstentions and absences and also code agreements for both countries abstaining and both being absent. An alternative has been proposed by Thacker (1999), who codes votes in agreement with the United States as 1, votes in disagreement as 0, and abstentions or absences as 0.5.

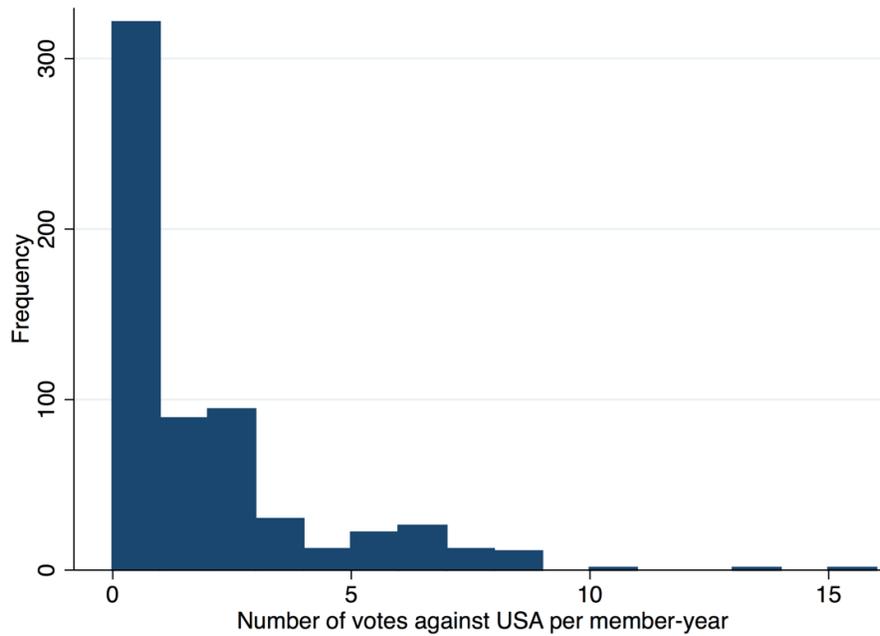
<sup>27</sup> For temporary members, the mean of *vote*<sub>with</sub> (relative to the United States) is 0.94 (SD = 0.10); the median is 1.

<sup>28</sup> For temporary members, the mean of *vote*<sub>against<sub>total</sub></sub> for the United States is 1.42 (SD = 2.19). Its correlation with *vote*<sub>with</sub> is -0.93.

<sup>29</sup> Of 620 temporary-member-year observations this variable equals 1 in 289 cases when the United States is considered.

<sup>30</sup> Note that the permanent five are not considered in the main analysis.

Figure 4: Number of votes with the United States in the UNSC

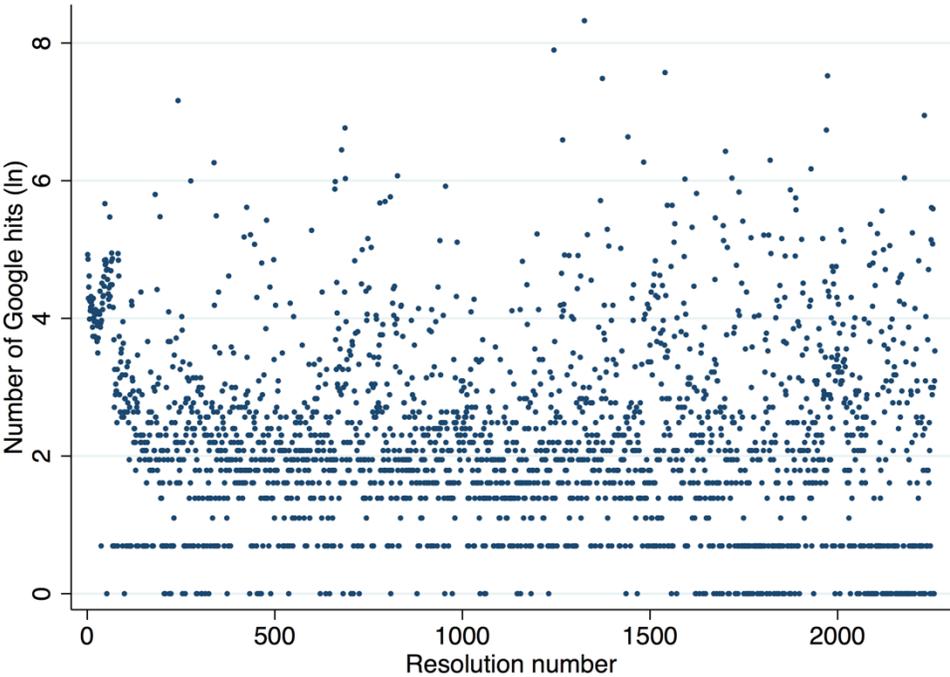


The previous literature on both UNSC membership and UNGA voting suggests that not all decisions these bodies make are equally important for their members. Kuziemko and Werker (2006) argue that UNSC membership is more valuable in years in which the institution is of major geopolitical importance. They proxy “importance” with the number of New York Times articles that include the words “United Nations” and “Security Council” and separate the years into the categories low, medium, and high importance. We follow this approach and code the same variable for our sample until 2015 based on the New York Times online archive. In our baseline regressions we only two categories to reduce complexity when the voting variables are added to the regressions, but the results are qualitatively similar when three categories of importance are used.

Studies focusing on the effects of UNGA voting sometimes restrict the analysis to votes that the United States Department of State considers “important.” As for the UNSC there is no such categorization, we propose an alternative way of measuring the importance of individual votes: For all resolutions we code the number of Google hits that appear when searching for “United

Nations Security Council Resolution [number]"<sup>31</sup> via the Google search engine. Figure 5 illustrates these data and shows that there is no time trend in this variable.

Figure 5: Google Hits of UNSC Resolutions



We then calculate the yearly median of Google hits and only consider those votes as important votes that are above this yearly median. 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.” For the analysis on the country-year level we then only consider the important votes when aggregating.

A second way of identifying important votes we propose exploits information contained in the resolution’s title. Many draft resolutions are extensions of mandates that the UNSC awarded previously. We therefore code a binary variable indicating such extensions and renewals of

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<sup>31</sup> 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*.

existing resolutions<sup>32</sup> and exclude these votes in the aggregation to the country-year level when applying this proxy for the importance of a UNSC vote.

## 4.2 Dependent Variables

We consider various dependent variables. For the analysis of bilateral aid allocation, we use the United States' annual net disbursements of official development assistance (ODA) in year  $t$  to recipient  $i$  ( $aid_{it}$ ).<sup>33</sup> Rather than scaling the aid variable by GDP or population size, we use the logs of GDP per capita and population as control variables. Our aid disbursement data 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. For the case of multilateral financing we consider a dichotomous indicator of participation in IMF programs.<sup>34</sup> In our largest sample, the data cover 1951 to 2015. During this time 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 coded as being under an IMF program.

For the analysis of US aid disbursement, we run OLS regressions with country fixed effects and year fixed effects. For the analysis of IMF participation, we employ a dichotomous indicator in a logit model conditioned on countries to control for fixed effects. We follow Cameron et al. (2006) and Thompson (2006b), clustering the covariance matrix in the country and year dimensions simultaneously.<sup>35</sup> This provides cluster-robust inference allowing for both serial and spatial correlation.

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<sup>32</sup> We code this with *STATA* and let the program indicate all draft resolutions, in whose title one of the following search terms appear: “extension”, “extention”, “extending”, “renewal”, “renewing”, “continu”

<sup>33</sup> We follow the standard approach in the aid allocation literature and take the natural logarithm of this variable after adding 1. The latter avoids losing observations without aid disbursements. For subsequent regressions that test whether the effect operates via the extensive or the intensive margin, we first restrict the sample to country-year observations with positive disbursements and, second, use a binary dependent variable indicating whether any aid was disbursed. The data come from the OECD (2017).

<sup>34</sup> Data on IMF participation come from Dreher, Sturm, and Vreeland (2009) and are updated for more recent years with data from Kentikelenis, Stubbs, and King (2016). The indicator equals one if an IMF loan program was active in the country at any point in the given year.

<sup>35</sup> As Dreher et al. (2009) explain, Cameron et al. (2006) and Thompson (2006b) show that a multi-way clustered covariance matrix can be constructed by adding the two non-nested clustered covariance matrices together, then subtracting the relevant White matrix to avoid double counting. This approach also works for nonlinear estimators

## 5. Results

### 5.1 Bilateral US aid

In Table 1 we initially replicate the finding by Kuziemko and Werker (2006), who use data until 2001, in our more comprehensive dataset. While in our full sample the (positive) coefficient on the simple membership indicator is not statistically significant, we find temporary UNSC membership in important years to be associated with substantial increases in disbursements of US aid. Our results also suggest that the effect is driven by the Cold War period and that there is no evidence for an effect in the post-Cold War period.

*Table 1: Temporary UNSC membership and U.S. aid allocation 1960-2015*

	(1)	(2)	(3)	(4)	(5)	(6)
UNSC	0.559 [0.363]	0.860* [0.477]	0.158 [0.448]			
UNSC x important year				1.325*** [0.492]	2.293*** [0.715]	0.595 [0.609]
UNSC x unimportant year				-0.125 [0.519]	0.053 [0.561]	-0.451 [0.657]
GDP/capita (ln, t-1)	-3.037*** [1.059]	-1.498 [1.891]	0.669 [0.863]	-3.037*** [1.059]	-1.500 [1.884]	0.663 [0.865]
Population (ln, t-1)	-0.954 [2.091]	9.064 [5.903]	-5.442*** [2.026]	-0.970 [2.090]	9.043 [5.862]	-5.416*** [2.022]
Country FE and Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Sample	Full	Cold War	Post Cold War	Full	Cold War	Post Cold War
Observations	6313	2777	3536	6313	2777	3536
R-squared	0.087	0.052	0.101	0.089	0.058	0.102

Notes: The dependent variable is logged net U.S. ODA disbursements; standard errors clustered on the country-level in brackets.

Having confirmed the general robustness of the statistical association between UNSC membership and US aid in our sample, we turn to our new data on UNSC voting behavior in Table 2. In columns 1-3, we separate the UNSC membership indicator into a variable indicating

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such as logit and probit. The variance estimator extends the standard cluster-robust variance estimator or sandwich estimator for one-way clustering and relies on similar, relatively-weak distributional assumptions.

UNSC members who always voted in line with the United States in a given year and members who did not. The results are unambiguous: the positive association between UNSC membership and US aid receipts is driven by those temporary members who always voted in line with the United States. Again, the effect is highly significant in the Cold War sample and fails to reach conventional levels of statistical significance in the Post-Cold War period. In columns 4-6, we combine our measure of voting behavior with the variable indicating geopolitical importance of the UNSC in a given year.<sup>36</sup> We find that in the full sample, the positive effect of UNSC membership is entirely driven by temporary members who always vote with the United States in important years. In the Cold War sample, the effect for those always voting with the United States also holds for the unimportant years, suggesting that the interaction effect that Kuziemko and Werker (2006) pick up is actually driven by voting behavior in the UNSC.

*Table 2: Voting behavior in the UNSC and U.S. aid allocation 1960-2015*

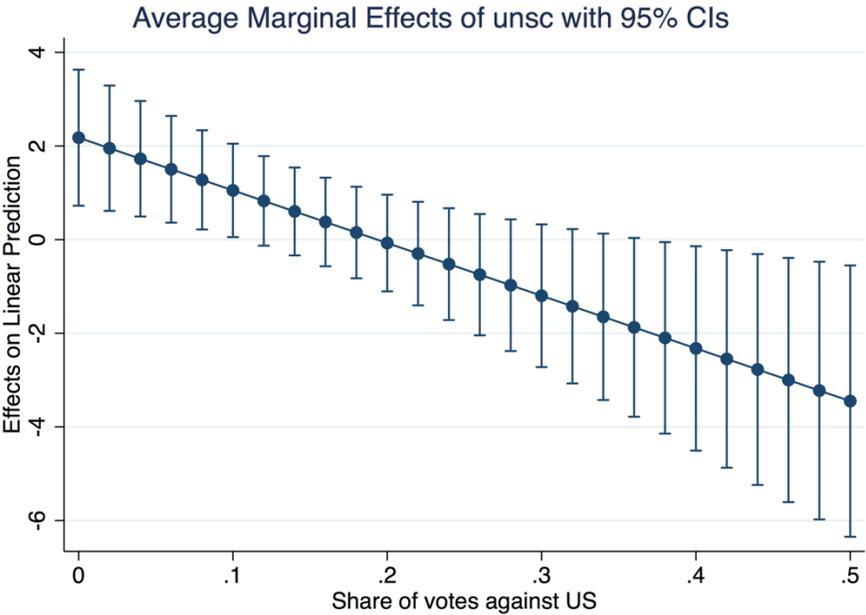
	(1)	(2)	(3)	(4)	(5)	(6)
UNSC, voted not all with US	0.182	-0.403	-0.188			
	[0.709]	[0.504]	[0.730]			
UNSC, voted all with US	0.965*	3.088***	0.388			
	[0.056]	[0.001]	[0.558]			
UNSC in unimportant year, voted all with US				0.207	2.696**	-0.587
				[0.774]	[0.038]	[0.358]
UNSC in important year, voted all with US				1.522**	3.379***	1.081
				[0.019]	[0.000]	[0.261]
UNSC in unimportant year, voted not all with US				-0.333	-0.795	-0.252
				[0.596]	[0.229]	[0.804]
UNSC in important year, voted not all with US				1.044	0.844	-0.146
				[0.121]	[0.370]	[0.783]
Country FE, Year FE, Controls	Yes	Yes	Yes	Yes	Yes	Yes
Sample	Full	Cold War	Post Cold War	Full	Cold War	Post Cold War
Observations	6313	2777	3536	6313	2777	3536
R-squared	0.087	0.057	0.101	0.088	0.058	0.102

Note: dependent variable is logged net US ODA disbursements; standard errors clustered on the country-level in brackets

<sup>36</sup> When we interact these variables with the importance variables, we use only two importance categories to avoid ending up with groups that are too small and too different in size.

To investigate this further, in Table 3 we use alternative measures of voting similarity. In the first two columns, the UNSC membership dummy is interacted with the share of votes cast against the United States in a given year. As expected, voting against the United States significantly reduces the size of the positive effect of UNSC membership on aid receipts. As the marginal effects plot in Figure 6 shows, the effect stop being statistically significant at the five percent level when the country votes against the United States in more than 10 percent of cases. When a country votes against the United States in more than 40 percent of the cases it receives significantly less aid than non-members.

Figure 6



In columns 3-8 we use alternative measure that place an emphasis on different aspects. First, we exclude all votes that were decided unanimously. As the UNSC has to decides on many procedural issues, many votes are decided unanimously and thus of limited informational value for the research question at hand. Arguably the measure used in column 3 and 4 is thus a more precise measure of what we want to measure. It is therefore interesting to see that the effect is stronger in this specification an now also statistically significant in the full sample. In columns 5-8 we employ our measure of importance (Google hits) of a given resolution and find, as could be expected, that the effect is only visible when important resolutions are considered.

Table 3

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
UNSC	0.727*	2.177***	1.184**	2.398***	0.904*	2.802***	0.582	0.829*
	[0.430]	[0.741]	[0.460]	[0.765]	[0.526]	[0.893]	[0.360]	[0.478]
UNSC x Share of votes against US	-2.644	-11.252***						
	[3.185]	[3.929]						
UNSC x Share of votes against US (w/o unanimous votes)			-2.666***	-4.788***				
			[0.994]	[1.384]				
UNSC x Share of votes against US (only important votes)					-1.118	-4.391***		
					[0.975]	[1.346]		
UNSC x Share of votes against US (w/o important votes)							-13.706	3.731
							[29.258]	[14.428]
Country FE, Year FE, Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sample	Full	Cold War	Full	Cold War	Full	Cold War	Full	Cold War
Observations	6313	2777	6236	2700	6295	2768	6313	2776
R-squared	0.087	0.055	0.087	0.052	0.087	0.057	0.087	0.052

Notes: The dependent variable is logged net U.S. ODA disbursements; standard errors clustered on the country-level are in brackets.

Table 4

	[1]	[2]	[3]	[4]	[5]	[6]
UNSC	2.227*** [0.590]	2.061*** [0.640]	0.718* [0.414]	2.243*** [0.727]	-0.004 [0.420]	0.098 [0.485]
UNSC x share of votes against US (only votes on Israel)	-2.979*** [1.005]	-2.291** [1.137]				
UNSC x share of votes against US (w/o votes on Israel)			-3.053 [3.640]	-13.851*** [4.661]		
UNSC x share of votes against RUS					20.496*** [5.698]	16.074*** [4.649]
Country FE, Year FE, Controls	Yes	Yes	Yes	Yes	Yes	Yes
Sample	Full	Cold War	Full	Cold War	Full	Cold War
Observations	4315	2365	6313	2777	6313	2777
R-squared	0.084	0.055	0.087	0.056	0.089	0.055

Notes: The dependent variable is logged net U.S. ODA disbursements; standard errors clustered on the country-level are in brackets.

Table 5

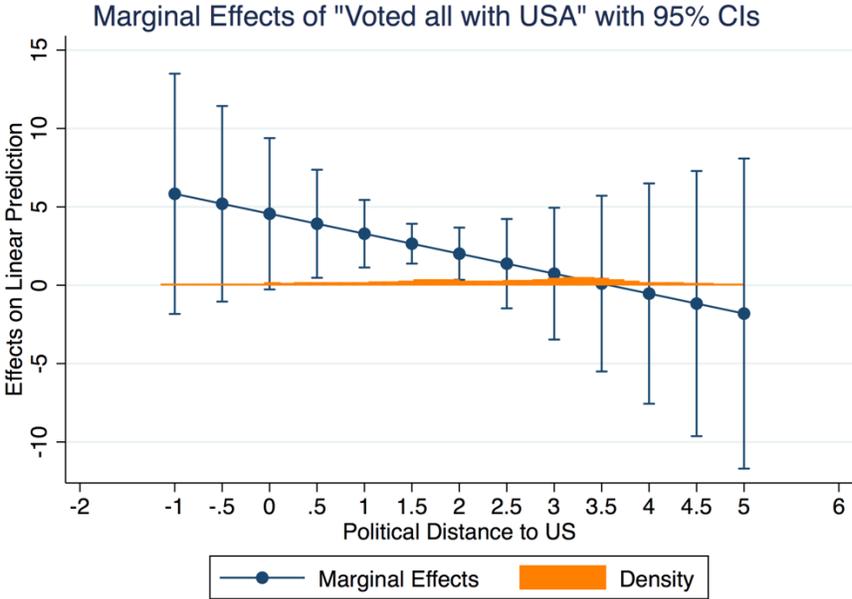
	[1]	[2]	[3]	[4]
UNSC	3.987***	4.403***		
	[1.261]	[1.174]		
Political Distance to USA	-1.035	-2.260**		
	[0.936]	[0.880]		
UNSC x	-1.256***	-1.449***		
Political Distance to USA	[0.458]	[0.476]		
UNSC,			2.097	2.003
voted not all with US			[3.091]	[2.378]
UNSC, voted not all with US x			-0.685	-0.725
Political Distance to USA			[1.001]	[0.802]
UNSC,			4.704***	4.559*
voted all with US			[1.547]	[2.463]
UNSC, voted all with US x			-1.476**	-1.273
Political Distance to USA			[0.622]	[1.478]
Country FE, Year FE, Controls	Yes	Yes	Yes	Yes
Sample	Full	Cold War	Full	Cold War
Observations	5838	2403	5838	2403
R-squared	0.079	0.099	0.079	0.099

Notes: The dependent variable is logged net U.S. ODA disbursements; standard errors clustered on the country-level are in brackets.

In Table 4 we first consider only those votes that concerned Israel. We find a particularly strong effect for these cases that is also highly significant in the full sample. This suggests that vote buying in support of the US alliance with Israel is not only visible during the Cold War but also afterwards. When we exclude proposed resolutions on Israel we find a similar effect as when using the baseline measure (column 3-4). In columns 5 and 6 we construct a measure of voting alignment with Russia. Interestingly, we find that countries that often vote against Russia receive more US aid when they are members of the UNSC, supporting the interpretation that aid is used for buying geopolitical favors.

In Table 5 we examine which countries are targeted by US efforts to buy votes in the UNSC. To test this we run regressions in which the UNSC variables are interacted with a measure of political proximity to the United States. Our theoretical model suggested that the US is likely to particularly target swing voters; that is those countries that are politically neither very close nor very distant to the United States. In the Cold War period (column 4) this is exactly what we find (see Figure 7). The effect is only statistically significant for those countries with a medium political proximity to the United States. In the full sample, the likelihood to see a vote buying effect decreases with increasing political distance to the United States.

Figure 7



## 5.2 IMF programs

In Table 6 we turn to conditional logistic panel regressions with a variable indicating participation in an IMF program on the left-hand side. Column 1 confirms the main result in Dreher et al. (2009a), showing that countries on the UNSC are more likely to participate in IMF programs than other countries. The coefficient on the UNSC membership dummy is significant in the full sample and in the Cold War sample. However, the difference between the two periods is not as strong as when bilateral US aid is considered. The size of the coefficient in the Post-Cold War period is similar and statistical significance on the 10 percent level is missed only marginally. When adding the interaction with the importance variable in column 4, the results show that the effect is again driven by the years in which the UNSC is geopolitically important. In columns 5, we test the effect of UNSC voting behavior on the allocation of IMF programs. The results show that those UNSC members that always vote with the United are more likely to receive IMF programs. The group of those temporary members who disagree with the United States at least once is on average not more likely to receive an IMF program than the average non-member. When considering geopolitical importance and voting behavior simultaneously the regressions yields the expected result: The positive effect of UNSC membership is driven by countries that vote with the United States in geopolitically important years.

One question we left open is about the direction of causality. As we currently model it, voting on the UNSC causes IMF loans. But it is also plausible that IMF loans cause UNSC voting. A formal test for causality using instrumental variables is beyond the scope of this paper. Here, we are mainly interested in whether IMF lending is influenced by its major shareholders for geo-political considerations. Whether IMF loans are used to change the voting behavior of countries in the UNSC or countries are rewarded for their voting is of secondary importance. Also, we are not aware of an instrument that could be used to disentangle these two effects. Even if we find (by means of Granger causality tests, e.g.) that IMF loans precede a change in 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. We thus leave this question for future research. Note however that some

anecdotes indicate that the direction of causality is as we have it: Voting causes loans (as in the example of Yemen mentioned above).

Table 6

	(1)	(2)	(3)	(4)	(5)	(6)
UNSC member	0.248*	0.333*	0.306			
	[0.050]	[0.084]	[0.121]			
UNSC in important year				0.350**		
				[0.047]		
UNSC in unimportant year				0.151		
				[0.377]		
UNSC, voted all with US					0.346**	
					[0.047]	
UNSC, voted not all with US					0.152	
					[0.379]	
UNSC in important year, voted all with US						0.470**
						[0.034]
UNSC in unimportant year, voted all with US						0.154
						[0.574]
UNSC in important year, voted not all with US						0.164
						[0.549]
UNSC in unimportant year, voted not all with US						0.142
						[0.507]
Country FE, Year FE, Controls	Yes	Yes	Yes	Yes	Yes	Yes
Sample	Full	Cold War	Post Cold War	Full	Full	Full
Observations	5717	2325	2803	5717	5717	5717

Notes: Conditional logistic regressions; dependent variable indicates the presence of an IMF program; p-values associated to standard errors clustered on the country-level in brackets

**5. Conclusion**

While recent research has shown that UNSC membership is associated with receiving more bilateral and multilateral aid, our study is the first to consider actual voting behavior in the UNSC. We show that it matters and that voting with the United States is rewarded. The analysis of our original dataset leads to a straightforward conclusion: The United States uses its bilateral aid and its influence at the IMF to buy votes on the UN Security Council. Governments serving

on the Security Council who publicly disagree with the United States on matters of international security do not receive more than countries that do not serve on the UNSC.

In addition to these empirical findings, we hope that both our theoretical model of the aid-for-votes game as well as the new dataset on UNSC voting behavior will be useful for related future research of international politics and global governance from a political economy perspective. We believe that further scholarly work on these issues is in order, not least since the effectiveness and legitimacy of multilateral organizations, as well as the current global governance regime more broadly, are increasingly questioned by governments and the public alike.

Take the recent IMF reform as an example. The aftermath of the Global Financial Crisis led to adjustments of the IMF's governance structure. Changes were made in the name of legitimacy: If the IMF is to remain relevant, its governance structure must represent realities about the relative economic strength of its members. Emerging market countries saw their vote shares (and contributions) increase, while the relative power of Western countries was reduced. Notably, China moved from the sixth largest vote holder to the third. But the most powerful member will remain the United States, retaining not only its top position, but also its veto power over key decisions at the IMF. One reason these governance reforms are important – and proved controversial – is that the most powerful members of the IMF do employ the institution to pursue their self-interest. Ironically, the powerful members of the IMF have, apparently, used their influence to buy legitimacy from another international organization. Power at the IMF translates into additional power at the UNSC.

We are left with an intriguing conclusion. The United States may seek to legitimate its foreign policy objectives with approval from the UNSC, but that approval may, in part, be bought by trading votes for aid, and activity that is inconsistent with the stated objectives of both the UNSC and the IMF, and thus may be viewed as less than legitimate. To the extent that a trade like this is possible, we believe that it can only be so because international organizations are not completely transparent and not well-understood by the general public. International organizations can thus be used to do the “dirty work” of governments (Abbot and Snidal 1998).

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## Appendix 1: A more elegant solution

### 1. Definitions

Define, implicitly,  $a^*$  as the  $a$  that solves:

$$(2.1) \quad v = a^* - \frac{F(a^*)}{F'(a^*)}$$

Define:

$$(2.2) \quad \check{a} = \begin{cases} a^* & \text{if } a^* \leq r \\ r & \text{otherwise} \end{cases}$$

Define Condition I as:

$$(2.3) \quad (v - \check{a})F(\check{a}) \geq vF(0)$$

Define Condition II as:

$$(2.4) \quad L(a) = \check{a}F(\check{a}) - \int_0^{\check{a}} b F'(b)db \geq 0$$

### 2. Propositions

Lemma 1: *Condition II holds for all offers ( $a \geq 0$ ).*

*Proof:* Note that  $L(0) = 0 - 0$ , so Condition II holds at  $a = 0$ . Further note that  $L'(a) = F(a) + aF'(a) - aF'(a) = F(a)$  (by Leibniz's integral rule). Now,  $L'(a) = F(a) > 0, \forall a \geq 0$ . Thus,  $L(a) > 0, \forall a \geq 0$ .

Proposition 1: *If Condition I holds, then the equilibrium strategies are:*

- Member: Chooses "Request aid." Chooses "Comply" if  $a \geq b$ , and chooses "Defect" otherwise.
- Donor: Offers  $\check{a}$ . Chooses "Cut" if Member chooses "Defect," and chooses "Disburse" if Member chooses "Comply."

*Proof* (by backwards induction): After "Comply," Donor chooses "Disburse" because  $\check{a} \leq r$ , and Member receives  $\check{a}$ . After "Defect," Donor chooses "Cut" because  $\check{a} > 0$ , and Member receives  $b$ . Hence Member chooses "Comply" if  $\check{a} \geq b$ .

Donor sets  $a$  before  $b$  is revealed. The ex-ante probability that  $a \geq b$  is  $F(a)$ . Hence, Donor's expected utility of offering  $a$  is:

$$(2.5) \quad E^D(a) = F(a)(v - a) + [1 - F(a)]0 \\ = F(a)(v - a)$$

Maximizing this with respect to  $a$  yields:

$$(2.6) \quad \frac{\partial E^D(a)}{\partial a} = F'(a)v - F'(a)a - F(a) = 0$$

which yields equation (2.1) from above:  $v = a^* - \frac{F(a^*)}{F'(a^*)}$ .

Alternatively, Donor can choose "No offer" ( $\emptyset$ ) before  $b$  is revealed. The expected utility of this alternative is:

$$(2.7) \quad E^D(\emptyset) = F(0)v + [1 - F(0)]0 \\ = F(0)v$$

Donor chooses "Offer" iff  $E^D(\check{a}) \geq E^D(\emptyset)$ , which is Condition I above.

Proposition 2: Since Condition II always holds, it is weakly dominant for the Member to always make a request.

*Proof* (by backwards induction): Member's expected utility of choosing "Request" is:

$$(2.8) \quad E^M(\text{Request}) = \int_{-\infty}^{\check{a}} \check{a}F'(b)db + \int_{\check{a}}^{\infty} bF'(b)db \\ = \check{a}F(\check{a}) + \int_{\check{a}}^{\infty} bF'(b)db$$

Member's expected utility of choosing "No request" ( $\emptyset$ ) is:

$$(2.9) \quad E^M(\emptyset) = \int_{-\infty}^0 0F'(b)db + \int_0^{\infty} bF'(b)db \\ = \int_0^{\infty} bF'(b)db$$

Member chooses "Request" iff  $E^M(\text{Request}) \geq E^M(\emptyset)$ :

$$(2.10) \quad \check{a}F(\check{a}) + \int_{\check{a}}^{\infty} bF'(b)db \geq \int_0^{\infty} bF'(b)db \\ \check{a}F(\check{a}) - \int_0^{\check{a}} bF'(b)db \geq 0$$

This reduces to Condition II, above, which always holds in this situation. Choosing "Request" is thus a weakly dominant strategy for Member.

Proposition 3: If Condition I does not hold, Donor makes no offer in any sub-game perfect equilibrium.

*Proof* (by backwards induction): From above, when Condition I fails to hold, the expected value of "No offer" exceeds the expected utility of "Offer":  $E^D(\check{a}) < E^D(\emptyset)$ . Donor thus chooses "No offer."

## Appendix 2: Frequency of Words in Resolution Titles (100 most frequent)

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