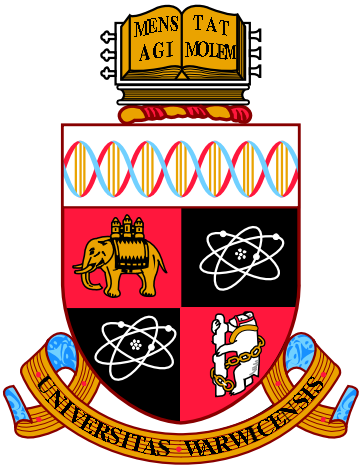

Aid, Votes and Conspiracies in the United Nations General Assembly

Research in Applied Economics

University of Warwick

Bachelor of Science

Department of Economics

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Acknowledgements

This paper has greatly benefited from the unwavering support of Dr. Christian Soegaard, who assisted with selecting the line of research, collecting and analysing the data, interpreting the results and providing feedback. Thank you for your time and effort. The profound insights from Dr. Peter Buisseret on the initial stages of this project were greatly beneficial in pursuing this line of research.

Abstract

This paper studies how voting coincidence with the United States (US) in the United Nations General Assembly (UNGA) is influenced by foreign aid. Previous studies in this area find there is a positive relationship between voting coincidence and foreign aid, especially for particular forms of aid where the recipient has more discretion in allocation and procurement (Dreher et al., 2008; Keohane, 1967). The results suggest that the positive relationship was a product of the bipolarity in the UNGA during the years of the Cold War, which has largely become irrelevant in recent times. Therefore, conducting the analysis over selected time-periods reveals that aid was more effective in securing votes prior to the collapse of the Soviet Union than it is now. The results also suggest that the general shift away from loans and tied aid, along with an increase in transparency and accountability, has reduced the effectiveness of aid in securing votes. Moreover, there has been an aversion towards US positions since the beginning of the War on Terror in 2002, and aid has not been able to bridge the gap. These findings provide an eminent justification to modernise the aid architecture, to reinstate its developmental focus and eliminate the consideration of vested donor interests.

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Introduction

The United Nations (UN) is one of the most important institutions of the world's current international economic and political order. Founded in 1945, its unique international character and the powers vested in its founding Charter allow the UN to take decisive action affecting national and international interests (United Nations, 2014). The UN General Assembly (UNGA) plays a central role in the UN system as the main deliberative, policymaking and representative organ where all 193 member states are represented and involved in global decision making on the full spectrum of international issues covered by the Charter (United Nations GA, 2014).

This paper attempts to answer some key questions on the mechanisms the US uses to exercise its economic and political influence through international organisations. Firstly, does foreign aid from the US influence voting behaviour? If it does, then which forms of aid are most effective in buying votes? Furthermore, how have these relationships changed since the end of the Cold War and the beginning of the international military campaign (the 'War on Terror') following the 2001 terrorist attacks?

The study of the UNGA sheds vital insights into political economy discourses. Firstly, as an international assembly, the analysis is relevant to the other assemblies and quasi-legislatures (Keohane, 1967) including the IMF and the WTO which yield significant influence on the economic conditions in individual states. Furthermore, behaviour in the UNGA has a significant impact on bilateral relationships. For example, it is a legal requirement to report voting practices to Congress, and the US pays keen attention to the "responsiveness of those governments to US policy on issues of special importance to the US" (Department of State, 2013). The 'one country, one vote' policy implies that the US only has one of 193 votes on the matter, justifying why it would want to buy majority support to favour its policy interests (Bennis, 1997).

This analysis sheds light into US hegemonic relationships, the motives of international aid and the interactions between national interests (Alker and Russett, 1967). Development economists would find such relationships vital in explaining the weak relation between aid and poverty alleviation by showing the dominance of political and strategic interests over development and humanitarian concerns (Kuziemko and Werker, 2006).

In recent years, the assembly's decisions have received more support as states have moved towards achieving consensus on issues, rather than using a formal vote. 70% of UNGA resolutions in 2010 were adopted by consensus and since these do not address substantive or divisive issues, they provide little insight into whether countries support US positions (Schaefer and Kim, 2008). Historically, the US has voted in the minority, with support for US positions at 50% in 1995, averaging 30% in the 2000s and at 42% in 2010.

Literature Review

Alesina and Dollar (2000), Weder and Alesina (2002), Collier and Dollar (2002) have found that aid may not only serve the economic interests of donors, but may also be used to influence political support from the recipients. Specific issues including the post 9/11 foreign policy concerns may have strengthened the use of aid as a strategic tool (Harrigan et al., 2006). This vindicates the claim that the US State Department highly regards foreign aid to "swing critical votes in international bodies" (Black, 1968, p. 19).

Keohane (1967) suggested that foreign aid may be used to secure votes in the GA, where states can use positive inducements (promises) or negative inducements (pressure or threats) as bargaining tools. Building on this finding, a panel data analysis by Wang (1999) shows that the US has successfully utilised foreign aid between 1984 and 1993 to purchase political support in the UN for resolutions that the US considers vital to its strategic interests. Figure 1 illustrates the outcome of this research.

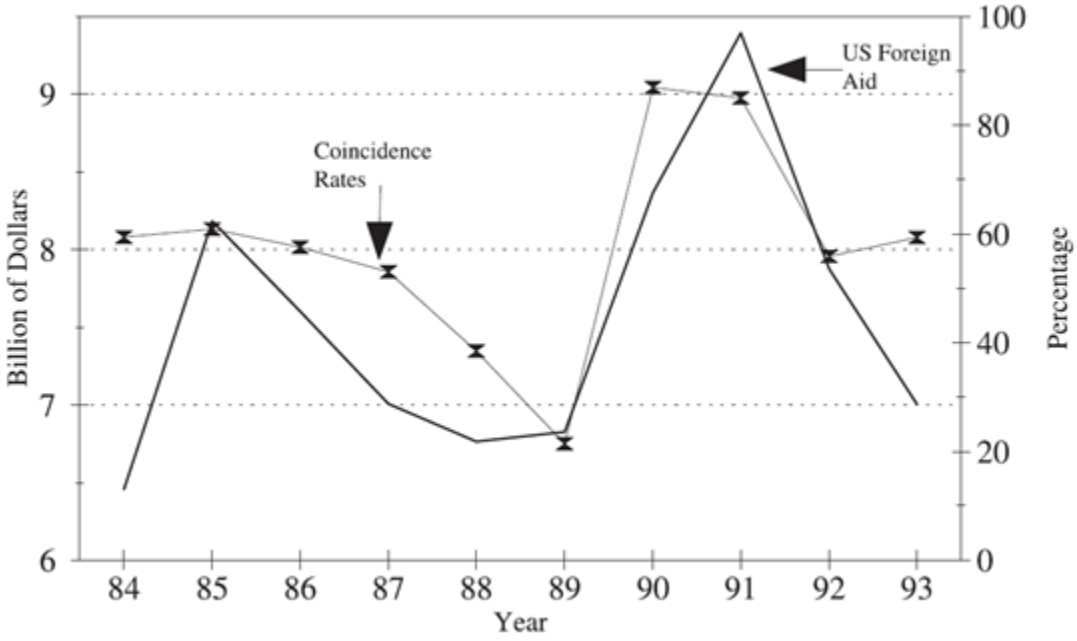

Figure 1: US Foreign Aid and UN voting Coincidence rates (Wang, 1999, p. 204)

Crucially, the paper relates voting coincidence to *changes*, rather than *levels* of foreign aid. This supports the hypothesis that states change their behaviour when "Washington convincingly alters the level of aid as a reward or a punishment" (Wang, 1999, p. 207). However, Wang (1999) fails to address the endogeneity between the two variables. Voting behaviour can influence foreign aid decisions (aid acts as a reward or punishment) just as foreign aid can be used to influence voting behaviour (aid acts as an inducement) (Wittkopf, 1973). Rai (1980) suggests that correlating aid and voting data for the same year would test the hypothesis of foreign aid as an inducement while a two-year lag would test for foreign aid as a reward or a punishment.

If aid serves as a reward or punishment, it would be allocated *ex post* to reward voting coincidence with the US. Rational choice theory would suggest that the US has no incentive to increase its aid allocation after the voting has already taken place, making the reward mechanism unlikely. It is more plausible that aid serves as an inducement to encourage voting behaviour, and is therefore allocated *ex ante*. This makes the endogeneity issue less problematic.

While Wang (1999), Wittkopf (1973) and Rai (1980) make some important methodological and conceptual contributions, they all use aggregated aid to drive their results. Dreher et al. (2008) makes the most interesting contribution by using disaggregated aid data to account for the fact that various forms of aid may differ in their ability to influence political support. The study finds strong evidence that US aid buys voting compliance in the GA, specifically when in the form of general budget support and untied grants (Dreher et al., 2008).

This paper explores the validity of an inducement mechanism to explain changes in voting behaviour. It attempts to improve and extend the work of Dreher in some fundamental ways. The dependent variable in Dreher (voting coincidence from 1973 to

2002) is based on Barro and Lee (2005) which measures the fraction of times a country votes in the same direction as the US. Voeten (2013) argues that the use of dyadic indicators cannot capture the complexity of UN voting because the decisions are not on how much a state likes another, but on whether a state approves a resolution. Most importantly, they fail to capture the dynamics of changes on state preferences. Alongside using dyadic measures to test for robustness, this paper explores the relationship using 'ideal points', interpreted as a state's positions towards the US-led liberal order. Using ideal points allow inter-temporal comparisons by identifying meaningful shifts in foreign policy orientations and assessing which state was responsible for the change in point estimates (Voeten, 2013). Furthermore, extending the period of investigation allows deeper analysis of the effects of the end of the Cold War and the beginning of the War on Terror. These are arguably the two most significant political events in the twentieth century, but are largely ignored by the literature.

Hypothesis

Analysing aid in its aggregate form ignores the heterogeneity among the different dimensions of foreign aid which provide strategic reasons for donors to allocate their resources. The main reason for disaggregating aid is that different forms of aid will have differential effects on voting behaviour based on either their developmental effectiveness, or the ease with which they can be embezzled by government officials. This implies that some forms of aid will be more effective at garnering political support than others.

Hypothesis 1: Program aid is more effective than project aid in securing political support
Singer (1965) addresses the distinction between project and program aid with an implied recipient welfare function. Leaving aside the question of whether it is possible to determine the 'best' allocation, decisions on the amount and form of aid are made exclusively by the donor. Project aid is defined as assistance whose disbursement is tied to a project in a separable productive activity while program aid is tied to the recipient's expenditures on a variety of items in terms of the total needs and development plans of a country, rather than a particular project. Crucially, recipient governments would be more responsive to program aid because they have more discretion on its allocation. Program aid also restricts donor intervention in domestic policies and may sustain corrupt practices.

Hypothesis 2: Grants are more effective than concessional loans in securing political support
Grants do not have a requirement for the recipient to pay back the donor, unlike concessional loans that require repayment at a low interest rate. Although most loans are characterised by a high grant element and are rarely repaid in entirety (Nunnenkamp et al., 2005), recipients would consider grants more generous than loans.

Hypothesis 3: Untied aid is more effective than tied aid in securing political support

Consistent with the other hypotheses, tied aid is less politically valuable to the recipients because they lose the discretion to allocate the aid as they see fit. Tied aid describes official grants or loans that limit procurement to companies in the donor country or in a small group of countries while untying aid removes the legal and regulatory barriers to open competition for aid funded procurement and thus reduces transaction costs and improves the ability of recipient countries to set their own course (OECD, 2014). Tying reduces the value of aid by 13 to 23% (Roodman, 2006), rendering untied aid more effective in securing votes.

Data

Data from individual sources has been collated to form a cross-sectional time-series dataset of voting behaviour, aid patterns and controls for 129 countries that have been classified by the World Bank as developing countries (2012 GNI per capita below $12,615) based on the World Bank Atlas Method (World Bank, 2013).

The dependent variable under investigation is intended to represent a measure of voting coincidence between a country and the United States in the UNGA (Strezhnev and Voeten, 2013). Since states vote on resolutions, rather than their approval or disapproval of other states, there is a conceptual gap between state relations and their preference for a resolution. Ideal points address this by using identical resolutions as 'bridge observations' in order to make the preference estimates dynamically comparable (Bailey et al., 2013). The greater the distance in ideal points, the more dissimilar the voting patterns are.

On average, countries have become less aligned with the US over time. Figure 2 captures this as the average absolute distance increases from 1946 till the late 1980s, after which the distance peaks at the collapse of the Soviet Union. The average distance in the 1950s was 1.5, after which it peaked to 3.2 in the late 1980s. This average distance in voting position has remained at 3.0 since the 2000s, but increased since the beginning of the War on Terror.

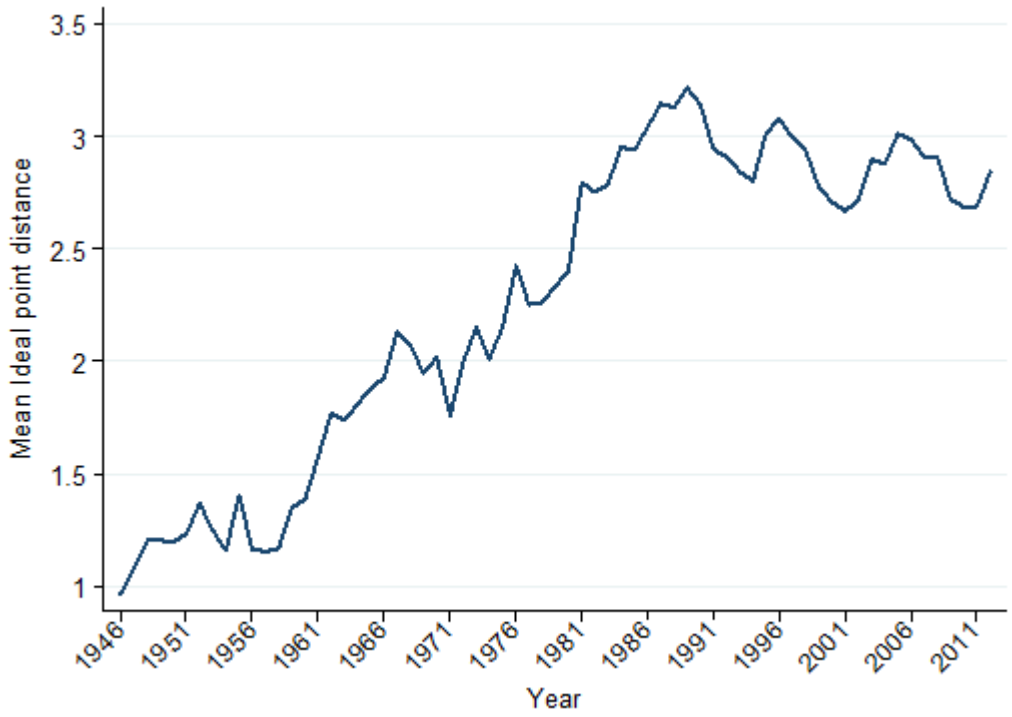

Figure 2: Evolution in Mean Ideal Point Distance

In addition to the extension proposed through using ideal point estimates, it is important to test the robustness of the results when alternative measures of voting coincidence are used. One such measure is the Lijphart (1963) index of agreement (IA) designed on the basis of the Rice-Beyle technique (Rai, 1974). The IA varies between 0 and 1 and is calculated as follows:

$$IA = \frac{f + \frac{1}{2}g}{t}$$

where $f =$ no. of votes with full agreement

$g =$ no. of votes with partial agreement

$t =$ total no. of votes

Similarly, the Signorino and Ritter (1999) Affinity Index also serves as an additional robustness test where two states would have an S-score of 1 if they agreed on every vote and an S-score of -1 if they disagreed on every vote.

$$S_{ab} = -1 \times \frac{\sum |y_a v - y_b v|}{v} + 1$$

where $a, b =$ state indices

$v =$ vote index

$y = 1$ when voting in favour

$y = 2$ when abstaining

$y = 3$ when voting against

The Voting Similarity Index (Voeten, 2013) ranges from 0 to 1 and is measured as follows:

$$Index = \frac{\text{Total no. of votes where both states agree}}{\text{Total no. of joint votes}}$$

Aid data

Aid data is maintained by the Creditor Reporting System of the OECD where countries report annual detailed data on individual aid activities, including the tying status of commitments since 1973 (OECD, 2013). Due to a discrepancy between aid disbursements and commitments, this paper uses the latter because it is more comprehensive and vote-buying is more likely to occur through commitments. The time lags between actual disbursements may not be important when the commitment is already made.

On average, the US has contributed 0.57% of the recipient's GDP in project aid and 0.27% in program aid over the period of study. While the average project and program aid contributions have been below 1.5% of the recipient's GDP, there has been a steady increase in both forms of aid over time, although project aid has been more popular in recent years, as shown in Figure 3.

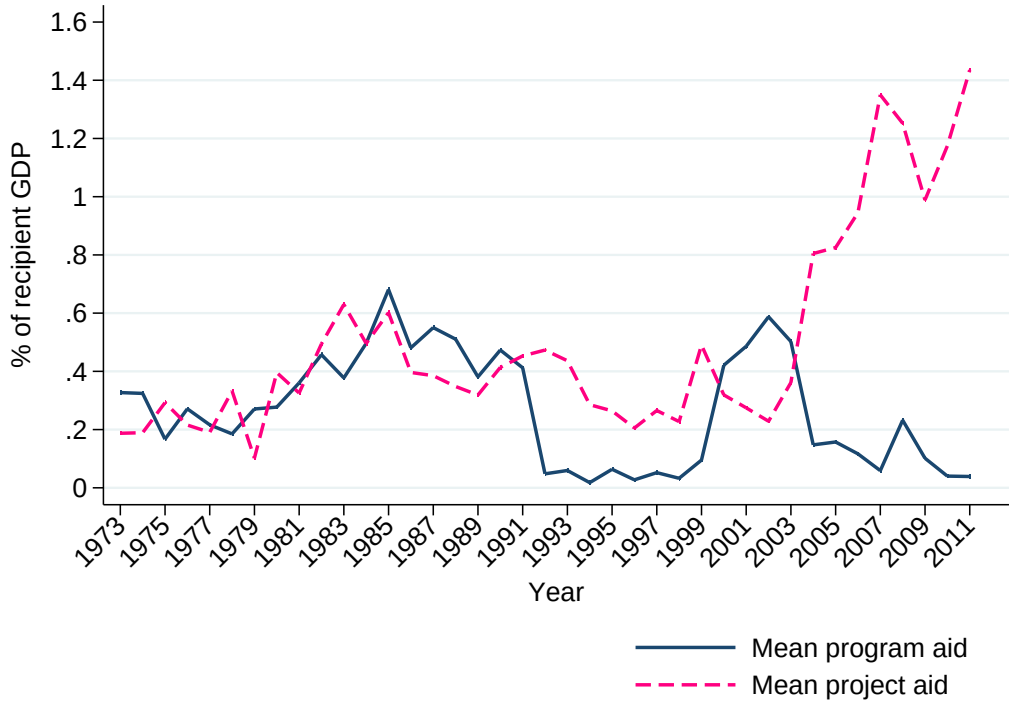

Figure 3: Evolution in Mean Program and Project Aid

Figure 4 shows that since the mid 1990s, more aid is being channelled through grants than loans. In our data, grants have contributed to 0.87% of the recipient's GDP on average, while loans make up for 0.37%.

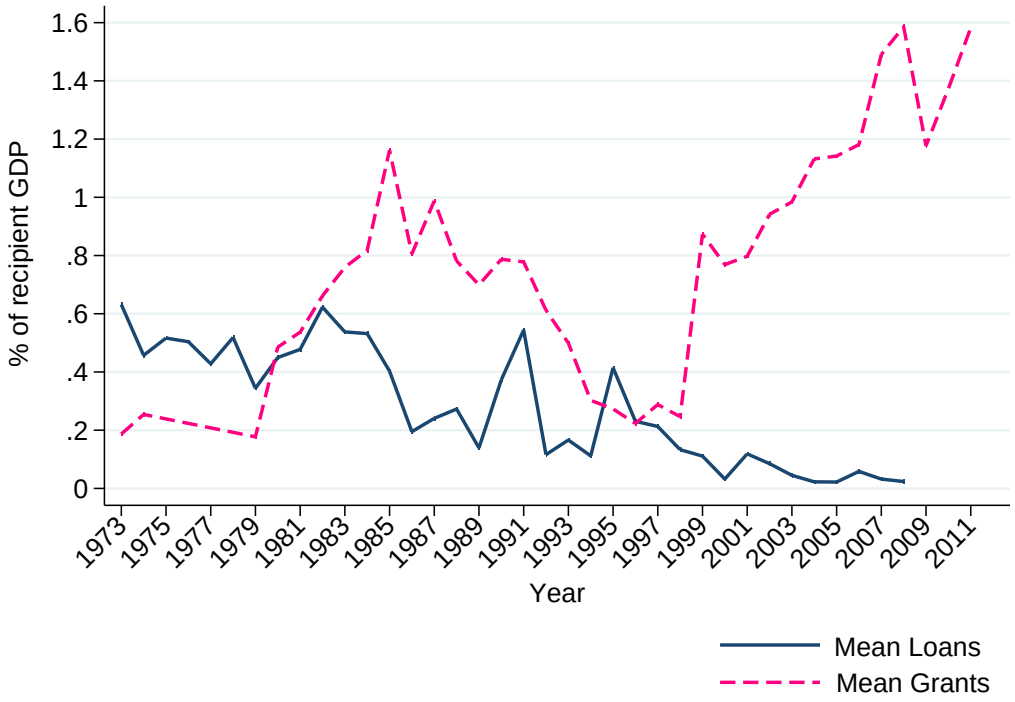

Figure 4: Evolution in Mean Grants and Loans

On average, Figure 5 illustrates that untied grants constitute the 0.34% of the recipient's GDP while tied grants constitute 0.53% since all aid was classified as tied prior to 1983. Similarly, Figure 6 illustrates that untied loans constitute 0.01% of the recipient's GDP while tied loans constitute 0.3%. Crucially, grants constitute a greater proportion of foreign aid and the disparity between tied and untied grants is much larger than that between tied and untied loans.

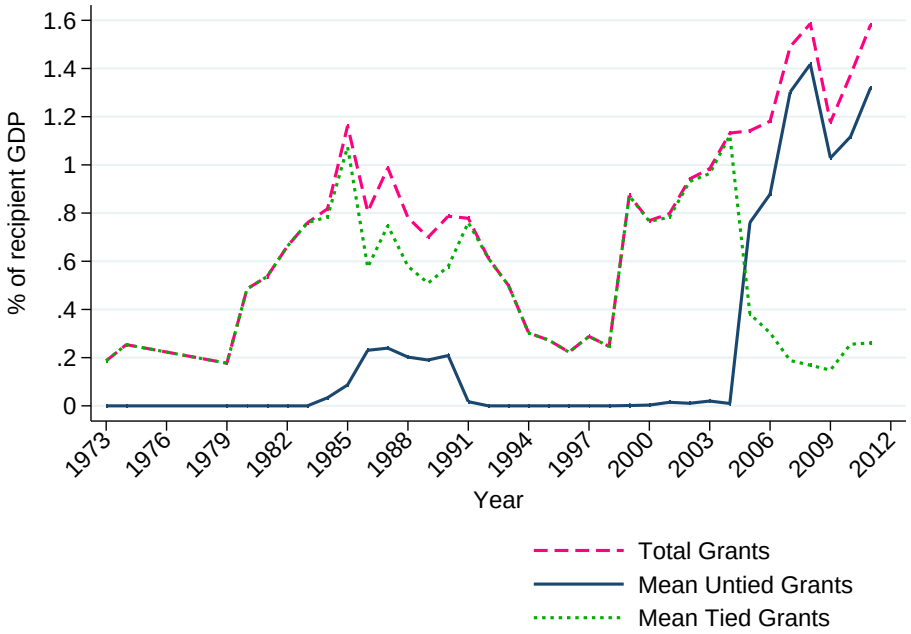

Figure 5: Evolution in Tied and Untied Grants

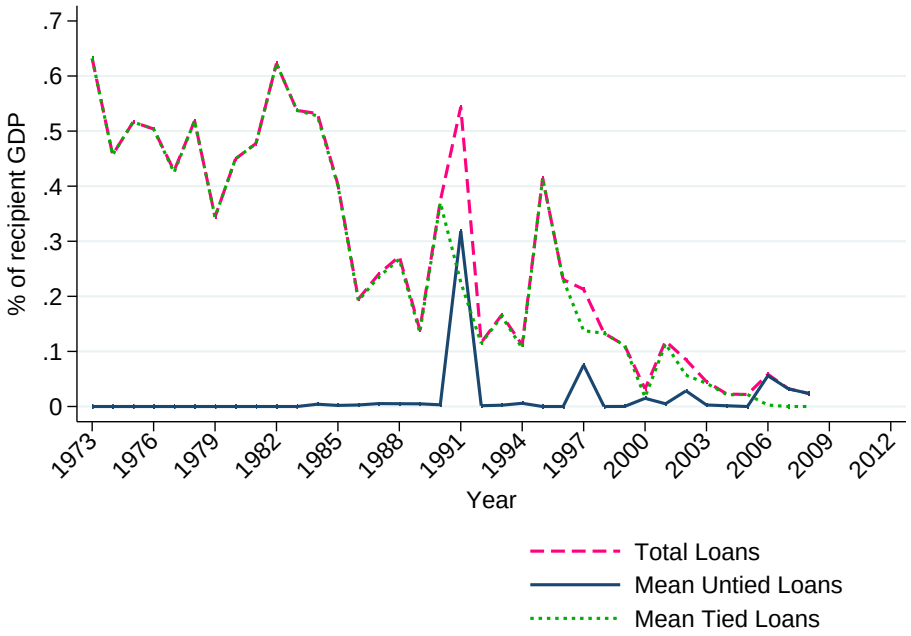

Figure 6: Evolution in Tied and Untied Loans

Earlier research has failed to adequately control for the political ideology of the recipients. The *Polity2* score measures how democratic a regime is, on a scale from -10 (full autocracy) to +10 (full democracy). The average score of -1.63 suggests that developing countries are more likely to be autocratic. Since the 1990s, several states have democratised, and this may explain the plateau in ideal point distances as democratic countries would be more likely to align their policy with US ideological positions.

Methodology

A fixed effects estimation method accounts for factors within a state that may impact or bias the coefficients on the explanatory variables. The fixed effects are contained in the error term in equation (1) which consists of the unobserved country-specific effects and observation-specific effects. These include unobserved country-specific, and time-invariant characteristics like the country's religious ideology (e.g. proportion of Muslim population), trade relations and geographical proximity.

$$Voting_{it} = \alpha + \beta_1 Project_{it} + \beta_2 Program_{it} + \gamma Democracy_{it} + \epsilon_{it} \qquad (1)$$

This paper is based on the use of foreign aid as an inducement mechanism to influence voting behaviour in the UNGA. However, voting behaviour may cause aid flows to adjust in order to reward or punish countries for their political stance. Flaws with the relevance of the instruments proposed by the scholarship on this topic (e.g. Kilby (2006)) render two-stage-least-squares (2SLS) estimation methods as an unsuitable solution. Furthermore, fixed effects estimation fails to account for the dynamic nature of the investigation.

In addition to dealing with unobservable country-specific factors and the reverse causality between voting coincidence and US foreign aid, the use of the General Methods of Moments (GMM) estimator proposed by Arellano and Bond (1991) addresses the presence of autocorrelation from the lagged dependent variable, and accounts for a shorter time dimension (38 years) and larger country dimension (129 countries).

Lagged levels of the endogenous regressors are used are instruments to perform a 2SLS estimation. This makes the endogenous foreign aid variables pre-determined and, therefore, uncorrelated with the error term. To cope with country-specific fixed effects, the GMM uses first-differences to transform the estimating equation. This isolates the effects of time-invariant fixed country-specific effects. In addition to this, the first-differenced lagged dependent variable is also instrumented with its past levels (Mileva, 2007). Results are presented from the Arellano-Bond one-step estimator, which uses the identity matrix as the weighing matrix.

$$\begin{aligned} Voting_{it} = \alpha &+ \beta_1 Project_{it} + \beta_2 Program_{it} \\ &+ \beta_3 Project_{i,t-1} + \beta_4 Program_{i,t-1} + \delta Voting_{i,t-1} \\ &+ \gamma Democracy_{it} + \epsilon_{it} \end{aligned} \tag{2}$$

Results

Program and Project aid

Across the dataset, the results seem to contradict the hypothesis that program aid is more effective than buying votes in the UNGA than project aid. Table 1 displays that the long-run effect of a 1% increase in project aid is a 0.14 unit reduction in the distance between the recipient and the US ideal point score. Across all periods prior to 2002, project aid has a negative and statistically significant effect on voting distance.

The effectiveness of aid in securing votes is most significant during the Cold War, where both program and project aid are more effective in reducing the voting distance. A 1% increase in project aid as a percentage of the recipient's GDP was associated with a 0.45 unit decline in voting distance in the long-run, and 0.28 units for program aid.

This result is both important and consistent with the literature that the functioning of the UNGA during the Cold War was substantially different. There was an impenetrable divide and deep polarisation between the US and the Soviet Union (Holloway and Tomlinson, 1995). During these years, US aid may have been crucial, not only to secure votes on particular positions, but also to maintain the political support of recipient countries against the Soviet Union's communist ideology. Since the end of the Cold War, bipolarity was replaced by US hegemony as former Soviet allies democratized, initiated economic reforms, and became closer political allies with the US (Dreher and Jensen, 2009). As countries developed economically and moved ideologically closer since then, the need for aid to maintain political support became less clear.

Interestingly, since the beginning of the War on Terror in 2002, an increase in project and program aid is associated with a statistically significant *increase* in voting distance

between the recipients and the US. This is contrary to the hypothesis proposed, suggesting either a general aversion to US-supported motions, or a shift in the political nature of foreign aid through a disengagement of voting behaviour from aid allocation decisions. The latter of these reasons is supported by calls for greater transparency, forcing donors to align foreign aid decisions with effectiveness and developmental considerations. The Accra Agenda (2008, p.20) emphasised detailed public disclosure of aid, making it more difficult to trade aid with votes because donor transparency, when matched by transparency in spending, implies that recipient governments are limited in their ability to pursue their private interests effectively .

Table 1: US Project and Program Aid, Long Run Effects

	Dependent variable: Ideal Point Distance		
	Overall	Cold War	War on Terror
Project Aid	-0.136	-0.454	1.193
	(0.06)**	(0.18)***	(0.69)*
Program Aid	-0.036	-0.284	0.883
	(0.04)	(0.14)**	(0.34)**
Polity2	0.000	-0.012	0.009
	(0.01)	(0.02)	(0.02)
N	1655	837	244

* Significant at 10%, ** Significant at 5%, *** Significant at 1%, Standard errors in parentheses

Grants and Loans

Consistent with the hypothesis that grants are more effective than loans in securing votes, Table 2 indicates that a 1% increase in grants reduces voting distance by 0.08 units in the long-run. However, these effects are not significant, and since the War

on Terror, an increase in grants is ineffective in reducing voting distance. Supporting this position, Cohen et al. (2007) argue that the grants-versus-loans debate has been misleading and largely irrelevant in the post Cold War context where most aid is already delivered as outright grants. Before 2007, the US gave a very small proportion of its aid in the form of loans, but it has since given aid only in the form of grants. This supports the assertion that *changes* are more important than levels as the global donor transition from loans to grants in these years reduced their effectiveness in securing votes.

Crucially, an increase in aid since 2002 has been associated with a 10.2 unit increase in voting distance. This relationship may be the result of a sample bias since a selected few countries receiving foreign aid tend to disfavour the US position for historical or other factors. An example of such a state may be Iraq, whose position is likely to be at odds with the US position on most substantive issues, but still continues to receive developmental assistance to support the reconstruction efforts.

It also seems that in this particular period, the democratic nature of the recipient's regime is more influential in determining the voting coincidence with a unit increase in Polity2 score associated with a 1.0 unit reduction in voting distance. This finding seems to be consistent with the recent democratisation of countries in the Global South, therefore enhancing support for more liberal propositions that the US would favour.

Table 2: US Grants and Loans, Long Run Effects

	Dependent variable: Ideal Point Distance		
	Overall	Cold War	War on Terror
Loans	-0.057	-0.142	3.854
	(0.11)	(0.16)	(7.22)
Grants	-0.081	-0.114	10.242
	(0.05)	(0.07)	(2.16)***
Polity2	0.047	0.050	-1.019
	(0.02)**	(0.03)*	(0.19)***
N	324	272	9

* Significant at 10%, ** Significant at 5%, *** Significant at 1%, Standard errors in parentheses

Tied and Untied Aid

Contrary to the hypothesis, a preliminary analysis of the results in Table 3 indicates that untied grants or loans are no more effective than tied grants or loans in reducing voting distance. Increases in tied grants seem to be effective in reducing voting distance, however this may be because all aid was reported as tied prior to 1983. This skews the relationship such that untied aid is incorrectly seen to be less effective than it really is.

In the post Cold War years, recipient countries are averse to tied aid because it is not only ineffective, but detrimental to their economies and industries. It is also likely that an increase in tied aid is allocated at the expense of untied aid, and hence the coefficient on tied aid also captures the backlash to vote in line with the US following a reduction in untied aid. For this reason, a unit increase in tied loans increases voting distance by 0.54 units.

However, there are reasons to doubt the accuracy of these results. Donors have an incentive to report more aid as untied in order to appear more altruistic, especially since the recent attention on the detrimental effects of tied aid to the recipient economy. There was a clear commitment by donors in the 2005 Paris Declaration to reduce the amount of untied aid, and since 2001, the OECD recommended that aid to least developed countries should be untied (Action Aid). Despite these commitments, Ellmers (2011) estimates that at least 20% of all bilateral aid remains formally tied and over 60% of contracts in EU-funded development projects are still awarded to European businesses and consultants implying that US$3 is informally tied to the use of donor firms for every US$1 of officially reported tied aid.

Donors can also use a variety of methods to tilt procurement decisions in favour of their own firms and organisations, such as using restrictive conditions and eligibility criteria for preselecting bidders or advertising tenders in a language different from the local one (Coppard et al., 2013). For the reason that donor countries report misleading information by passing off state aid to donor country firms, it seems that no reliable conclusion can be inferred from these results.

Table 3: US Tied and Untied Aid, Long Run Effects

	Dependent variable: Ideal Point Distance		
	Overall	Cold War	Post Cold War
Tied Loans	0.002	0.022	0.541
	(0.10)	(0.09)	(0.31)*
Untied Loans	-0.002	10.464	-0.024
	(0.03)	(3.46)***	(0.02)
Tied Grants	-0.033	-0.031	-0.111
	(0.01)**	(0.01)**	(0.09)
Untied Grants	0.009	0.015	-0.118
	(0.05)	(0.04)	(0.23)
Polity2	0.026	0.030	0.031
	(0.02)	(0.02)	(0.01)**
N	324	272	52

* Significant at 10%, ** Significant at 5%, *** Significant at 1%, Standard errors in parentheses

Robustness

To test the robustness of the result, we compare the effect of different forms of aid using dyadic measures of voting coincidence. These measures of voting coincidence support the result that program aid is not a better guarantor of votes in the UNGA and there has been a reduction in the efficiency of grants as recipients become accustomed to aid in this form. This offers a strong basis to question the validity of Dreher where program aid was found to be more effective. The alternative measures of voting coincidence are more supportive of the hypothesis that grants and more effective than loans, and untied

aid is more effective than tied aid. However, they remain equally questionable due to the limited amount of information available as a result of donors seeking to underreport these practices.

Evaluation

There are several reasons to be cautious about these results, which previous studies in this area have failed to consider. Firstly, the true mode of delivery is difficult to infer since the US classifies a large proportion of its bilateral assistance as mixed project aid. Figure 7 shows this aggregation in US aid reporting procedures (Coppard et al., 2013, p. 218).

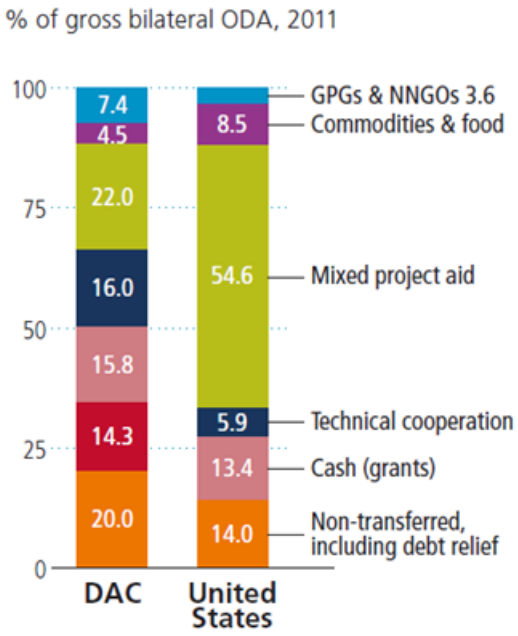

Figure 7: Delivery of US Bilateral Aid, 2011

It is also important to note that in 2011, over 14% of aid was termed as 'non-transferred', a situation where there has not been a new transfer of resources to developing countries

(e.g. debt relief, administrative costs and subsidies paid to donor-country banks). Non-transfers would mask the effectiveness of aid in securing votes.

Furthermore, there is a further time inconsistency problem that lagging variables does not accommodate. Figure 8 compares commitments recorded in 2007 and additional commitments made between 2008 and 2011, against the total disbursements made to these projects over the period. Based on this, only 55% of US funding commitments from 2007 had been realised by 2011 (Coppard et al., 2013, p. 218). Since recipient governments are aware that aid commitments will materialise only after a long period of time (usually after their term in government), they may not respond to aid incentives to vote. This will reduce the effectiveness of aid in securing votes.

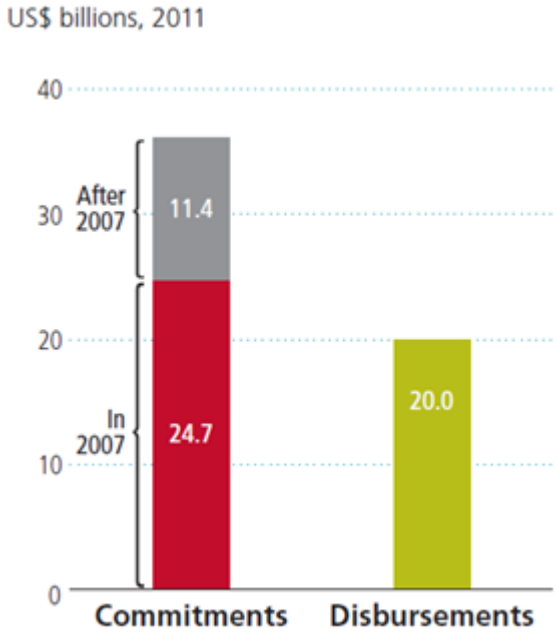

Figure 8: US Commitments and Disbursements

Another important issue that potentially influences the effectiveness of aid in securing votes in the UNGA is the channel of delivery that the US utilises. Using 2011 as an example, only 50% of aid was delivered through governments. Channelling aid through

multilaterals, NGOs and other channels is incompatible with incentivising voting behaviour in the UNGA as they are shielded from governmental influence. This makes it less likely to see significant coefficients, even when they exist. Nonetheless, Figure 9 illustrates that direct bilateral flows through governments are still the single largest delivery channel (Coppard et al., 2013, p. 219).

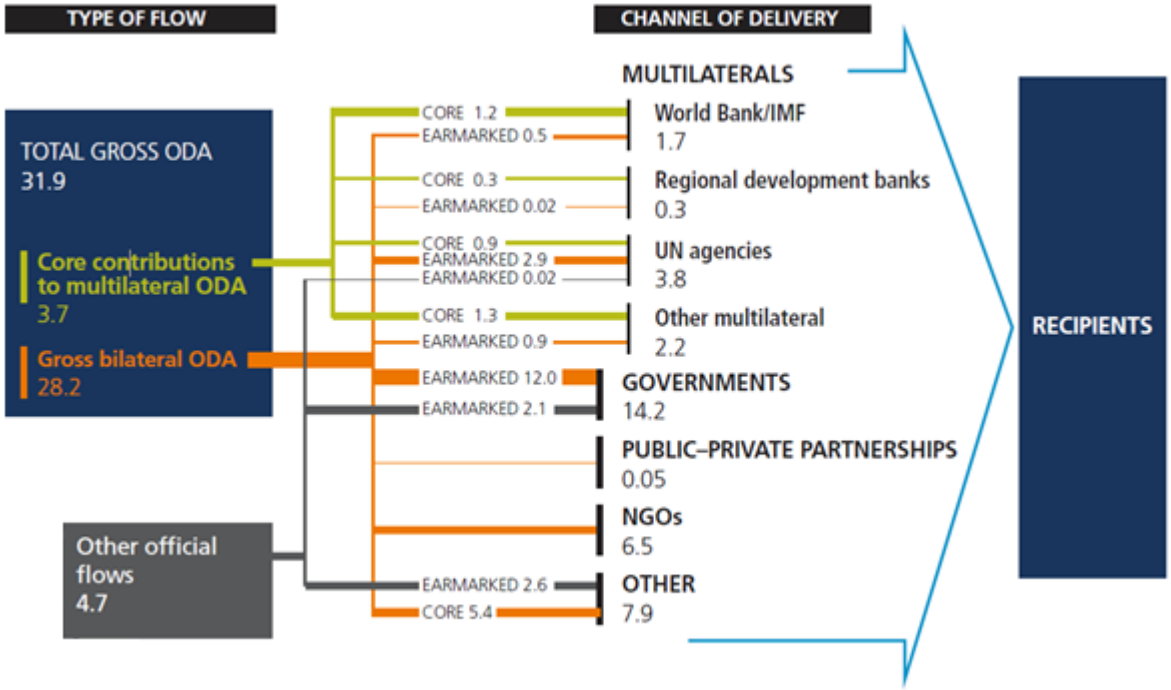

Figure 9: US Aid Channels of Delivery

Extensions

With the recent improvement in aid data along with the development of various indices to measure important ideological changes that can suitably be controlled for. According to Schaefer and Kim (2008), "a country's level of political and economic freedom is a strong indicator of the likelihood that it will vote with the US on GA resolutions". Just as with aid, the components of economic freedom can be disaggregated into ten distinct

measures covering the rule of law, government intervention, regulatory efficiency and openness. A line of research that may be pursued in this context would be to determine the interaction of corruption with different forms of aid in influencing voting behaviour. Are more corrupt countries more likely than less corrupt countries to vote in favour of the US for a given increase in aid flows? If recipient governments were explicitly 'bribed' with foreign aid, we would expect this to relation to hold.

Concluding Remarks

This paper collates several important findings that seem to suggest that foreign aid has been largely ineffective in securing votes since the War on Terror began in 2001. Firstly, program aid is no more effective in securing UNGA votes than project aid across the sample, though both forms of aid are more effective during Cold War when there was greater polarity. Since the War on Terror, a general aversion to US motions has eroded effectiveness of aid in securing votes. Secondly, grants are more effective than loans, especially during the Cold War. However, this debate has lost its relevance as US delivers aid solely through grants since 2007. Instead, the democratic nature of the regime is a better predictor of voting behaviour since the War on Terror. Finally, an increase in tied aid is generally associated with an increase in voting distance. However, the results on the effect of tying status of aid on voting behaviour are inconclusive because all aid was reported as tied prior to 1983 and donors misreport the tying status of aid.

Policy Implications

Since foreign aid is largely shown to be equally ineffective in securing votes, using it as an inducement mechanism would be wasteful and inappropriate. As with other global public goods, there seems to be a collective action problem with foreign aid as the donor's national interests may be individually rational but lead to worse outcomes for both the donor and the recipients. The architecture and institutions of aid shape how it is used and the role that it plays (Lumsdaine, 1993). This research shows that the aid architecture needs to be modernised and practices need to become more inclusive and transparent, especially with respect to the tying status of aid. As there appears to be a more significant relationship between voting and democratisation, using scarce

resources to build democratic institutions and coalitions with countries sharing similar economic and political ideologies is more beneficial to the US in securing UNGA votes.

Kofi Annan (2005, p. 41) called for a reversal of the declining prestige and contribution of the assembly by insisting that "representatives engage in its debates with a view to achieving real and positive results". It is therefore essential that adverse effects from factors that are not legitimate considerations for a country's political position are mitigated. If UN reform was to make resolutions binding, it would be in the interests of the global community that these decisions are not the product of high-level inducements using foreign aid and illegitimate considerations do not inform voting.

Appendix

Data and Statistics

The dataset used for this paper is a combination of several independent sources of data. Voting data has been taken from Bailey et al. (2013). Nominal aid data was obtained from OECD (2013), and this has been combined with economic data from World Bank (2013) to obtain foreign aid data as a percentage of the recipient's GDP. Additionally, data from the Polity IV Project has been appended to control for political factors.

Table 4: Summary statistics

Variable	**Mean**	**Std. Dev.**	**Min.**	**Max.**	**N**
Ideal Point distance	2.737	0.976	0.002	4.96	6133
Project Aid	0.568	2.752	0	69.648	3050
Program Aid	0.266	1.53	0	43.447	3050
Loans	0.373	0.883	0	8.340	842
Grants	0.865	3.545	0	69.794	2837
Untied Loans	0.011	0.198	0	5.7	842
Tied Loans	0.362	0.863	0	8.340	842
Untied Grants	0.34	2.675	0	69.724	2837
Tied Grants	0.525	2.198	0	43.896	2837
Polity2	-1.629	6.595	-10	10	4437

All aid variables are reported as a percentage of the recipient's GDP

Table 5: Sources and Definition

Variable	**Description**	**Source**
Ideal Point distance	Dissimilarity in voting behaviour estimated using a dynamic ordinal spatial model on votes in the UNGA as described in Bailey et al. (2013).	Bailey et al. (2013)
Project Aid	Sum of DAC Sector codes 100, 200, 300, 400 and 920	CRS
Program Aid	Sum of DAC Sector codes 500, 510, 520, 530 and 600	CRS
Grants	Bilateral Grants	CRS
Loans	Bilateral Loans	CRS
Untied Grants	Total United Aid - Total Loans Untied	CRS
Tied Grants	Total Bilateral Aid - Total United Aid - Total Loans Tied	CRS
Untied Loans	Bilateral Loans United	CRS
Tied Loans	Bilateral Loans Tied	CRS
Polity2	The Polity conceptual scheme examines concomitant qualities of democratic and autocratic authority in governing institutions on a 21-point scale ranging from -10 (hereditary monarchy) to +10 (consolidated democracy)	Polity IV Project

Intermediate Results

Table 6: US Program and Project Aid, Intermediate Analysis

	Dependent variable: Ideal Point Distance			
	Fixed Effects	Overall	Cold War	War on Terror
Project Aid$_t$	0.000	-0.036	-0.104	0.347
	(0.02)	(0.01)***	(0.03)***	(0.14)**
Program Aid$_t$	-0.030	0.010	0.024	0.227
	(0.01)**	(0.01)	(0.02)	(0.07)***
Polity2$_t$	0.040	0.000	-0.002	0.004
	(0.00)***	(0.00)	(0.00)	(0.01)
Ideal Point Distance$_{t-1}$		0.791	0.828	0.517
		(0.02)***	(0.02)***	(0.10)***
Project Aid$_{t-1}$		0.007	0.026	0.229
		(0.01)	(0.02)	(0.20)
Program Aid$_{t-1}$		-0.018	-0.073	0.200
		(0.01)*	(0.02)***	(0.14)
N	2062	1655	837	244

* Significant at 10%, ** Significant at 5%, *** Significant at 1%, Standard errors in parentheses

Table 7: US Grants and Loans, Intermediate Analysis

	Dependent variable: Ideal Point Distance			
	Fixed Effects	Overall	Cold War	War on Terror
Loans_t	-0.107	0.015	0.018	4.754
	(0.03)***	(0.02)	(0.02)	(2.78)*
Grants_t	0.012	-0.012	-0.013	2.838
	(0.01)	(0.01)*	(0.01)*	(0.92)***
Polity2_t	0.046	0.010	0.010	-0.590
	(0.01)***	(0.01)*	(0.01)	(0.20)***
$\text{Ideal Point Distance}_{t-1}$		0.779	0.804	0.421
		(0.04)***	(0.04)***	(0.13)***
Loans_{t-1}		-0.027	-0.046	-2.521
		(0.01)**	(0.02)***	(2.56)
Grants_{t-1}		-0.006	-0.010	3.097
		(0.01)	(0.01)	(1.26)**
N	590	324	272	9

* Significant at 10%, ** Significant at 5%, *** Significant at 1%, Standard errors in parentheses

Table 8: US Tied and Untied Aid, Intermediate Analysis

	Dependent variable: Ideal Point Distance			
	Fixed Effects	Overall	Cold War	Post Cold War
Tied Loans$_t$	-0.137	0.017	0.020	0.150
	(0.03)***	(0.02)	(0.02)	(0.18)
United Loans$_t$	0.066	-0.007	-0.002	-0.016
	(0.08)	(0.00)***	(0.00)	(0.01)*
Tied Grants$_t$	0.027	-0.007	-0.006	-0.068
	(0.01)*	(0.00)***	(0.00)***	(0.02)***
United Grants$_t$	-0.016	-0.025	-0.024	-0.114
	(0.02)	(0.01)***	(0.01)***	(0.08)
Polity2$_t$	0.045	0.005	0.006	0.021
	(0.01)***	(0.00)	(0.00)	(0.01)***
Ideal Point Distance$_{t-1}$		0.819	0.811	0.338
		(0.03)***	(0.03)***	(0.10)***
Tied Loans$_{t-1}$		-0.017	-0.016	0.208
		(0.01)**	(0.01)*	(0.08)***
Untied Loans$_{t-1}$		0.006	1.982	0.000
		(0.00)**	(0.75)***	(0.00)
Tied Grants$_{t-1}$		0.001	0.000	-0.006
		(0.00)	(0.00)	(0.05)
United Grants$_{t-1}$		0.027	0.027	0.035
		(0.01)***	(0.01)***	(0.08)
N	590	324	272	52

* Significant at 10%, ** Significant at 5%, *** Significant at 1%, Standard errors in parentheses

Robustness

Table 9: US Project and Program Aid, Alternate Measures

	Ideal Point	Lijphart	Affinity	Voting Sim	Dreher
Ideal Point$_{t-1}$	0.791***				
Project Aid$_t$	-0.036***	-0.002	-0.003	-0.003	-0.005*
Project Aid$_{t-1}$	0.007	0.005**	0.010**	0.004**	0.002
Program Aid$_t$	0.010	-0.004***	-0.014*	-0.008*	-0.004**
Program Aid$_{t-1}$	-0.018*	0.000	0.002	0.001	-0.005*
Polity2$_t$	0.000	-0.000	0.002	0.001	0.001
Lijphart$_{t-1}$		0.599***			
Affinity$_{t-1}$			0.613***		
Voting Sim$_{t-1}$				0.713***	
Dreher$_{t-1}$					0.495***
N	1655	1653	1653	1653	1443

* Significant at 10%, ** Significant at 5%, *** Significant at 1%, Standard errors in parentheses

Table 10: US Grants and Loans, Alternate Measures

	Ideal Point	Lijphart	Affinity	Voting Similarity	Dreher
Ideal Point$_{t-1}$	0.779***				
Loans$_t$	0.015	-0.010*	-0.024**	-0.011**	0.000
Loans$_{t-1}$	-0.027**	0.002	0.006*	0.004*	-0.004
Grants$_t$	-0.012*	0.000	0.001	0.001	0.001
Grants$_{t-1}$	-0.006	-0.004*	-0.005	-0.002	-0.002
Polity2$_t$	0.010*	0.000	0.002	0.001	0.000
Lijphart$_{t-1}$		0.449***			
Affinity$_{t-1}$			0.565***		
Voting Sim$_{t-1}$				0.603***	
Dreher$_{t-1}$					0.392***
N	324	323	323	323	306

* Significant at 10%, ** Significant at 5%, *** Significant at 1%, Standard errors in parentheses

Table 11: US Tied and Untied Aid, Alternate Measures

	Ideal Point	Lijphart	Affinity	Voting Similarity	Dreher
Ideal Point$_{t-1}$	0.819***				
Tied Loans$_t$	0.017	-0.004*	-0.025**	-0.012**	-0.005
Tied Loans$_{t-1}$	-0.017**	0.003	-0.004	-0.001	-0.014***
Untied Loans$_t$	-0.007***	0.000	-0.010*	-0.004**	-2.457**
Untied Loans$_{t-1}$	0.006**	0.006***	0.010**	0.006**	-0.533
Tied Grants$_t$	-0.007***	0.001***	-0.001	-0.000	-0.000
Tied Grants$_{t-1}$	0.001	-0.001*	-0.008*	-0.004	-0.002
United Grants$_t$	-0.025***	0.002	0.012***	0.006***	0.001
Untied Grants$_{t-1}$	0.027***	-0.004***	-0.028***	-0.013***	-0.013***
Polity2$_t$	0.005	0.001	0.003*	0.001	0.000
Lijphart$_{t-1}$		0.477***			
Affinity$_{t-1}$			0.539***		
Voting Sim$_{t-1}$				0.585***	
Dreher$_{t-1}$					0.305***
N	324	323	323	323	306

* Significant at 10%, ** Significant at 5%, *** Significant at 1%, Standard errors in parentheses

Table 12: US Project and Program Aid, Long Run Effects using Alternate Measures

	Ideal Point	Lijphart	Affinity	Voting Sim	Dreher
Project Aid	-0.136**	0.008**	0.016	0.005	-0.008
Program Aid	-0.036	-0.010**	-0.030	-0.022	-0.018**
Polity2	0.000	-0.000	0.006	0.004	0.002
N	1655	1653	1653	1653	1443

* Significant at 10%, ** Significant at 5%, *** Significant at 1%, Standard errors in parentheses

Table 13: US Grants and Loans, Long Run Effects using Alternate Measures

	Ideal Point	Lijphart	Affinity	Voting Similarity	Dreher
Loans	-0.057	-0.015	-0.041	-0.019	-0.006
Grants	-0.081	-0.006	-0.008	-0.003	-0.002
Polity2	0.047**	0.001	0.004	0.002	0.000
N	324	323	323	323	306

* Significant at 10%, ** Significant at 5%, *** Significant at 1%, Standard errors in parentheses

Table 14: US Tied and Untied Aid, Long Run Effects using Alternate Measures

	Ideal Point	Lijphart	Affinity	Voting Similarity	Dreher
Tied Loans	0.002	-0.001	-0.062**	-0.031**	-0.026**
Untied Loans	-0.002	0.012***	-0.000	0.004	-4.300***
Tied Grants	-0.033**	-0.000	-0.019	-0.009	-0.004
United Grants	0.009	-0.005**	-0.034*	-0.016*	-0.018***
Polity2	0.026	0.001	0.007*	0.003	0.000
N	324	323	323	323	306

* Significant at 10%, ** Significant at 5%, *** Significant at 1%, Standard errors in parentheses

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