1

Money and Politics on the International Stage

1.1 Trading Favors

Trading money for political influence takes place at every level of government. We may tip the mailman in hope of better service. Lobbyists shower government officials with lavish trips in an effort to convince them to support their cause. A presidential administration may deliver cash to legislators for their support.[1] Some cases are innocent, some questionable, and others illegal, but the fact remains that these kinds of exchanges are commonplace. So it should not be surprising to learn that governments themselves trade money for political influence on the international stage.

Strange, however, is the tale we tell. In our study, the central political commodity that is bought and sold is *legitimacy*. We investigate how governments trade money for political influence – a practice commonly considered illegitimate – to obtain a shroud of legitimacy for their foreign policies.

The story begins in New York City, home of the United Nations, where the Security Council regularly meets to pass resolutions concerning the world's most vital security issues. Uniquely powerful, the Security Council serves as the most important organ of the UN. Its highly visible actions often receive considerable press, in no small part because its powers include imposing economic sanctions on sovereign nations and providing legal authority for military action against them. Famous cases include the authorizing of military force in the Korean Peninsula in 1950, the invasion of Iraq in 1990, and the bombing of Libya in 2011.[2]

[1] As in the famous case of the Fujimori government in Peru (see Saiegh 2011: 127–132).
[2] Korean War: Resolution 84 (July 7, 1950), Gulf War in Iraq: Resolution 678 (November 29, 1990), Bombing of Libya: Resolution 1973 (March 17, 2011).

By what authority does the United Nations Security Council (UNSC) take these actions? The UNSC has no military of its own, nor does it have any major financial resources with which to punish or reward. But the UNSC has a certain moral force codified in international law, and it also serves as an informational focal point for the citizens of the world. The power of the UNSC is thus to *legitimate* hostile actions that states may take against each other. Scholars have suggested two types of legitimacy with respect to the UNSC: symbolic and informational. The UNSC has the power to persuade some people because of its moral force and also the power to credibly signal information about the severity of global security threats. For the purposes of our study, we thus define legitimacy broadly as a coordinating mechanism, signaling to the world whether a foreign policy should be supported, tolerated, resisted, or opposed. UNSC resolutions may convey both symbolic and informative legitimacy, as global citizens view the policies approved by the UNSC as normatively and strategically appropriate courses of action.[3] Hence, when the U.S. government, for example, enjoys the backing of the UNSC for its foreign policy actions, it can expect more support from other governments around the world and from its own citizens at home. Some may offer support because of the symbolic value of following international legal procedures, whereas others take UNSC resolutions as a credible signal of the value of the foreign policy in question.

From where does the UNSC derive its authority?[4] The answer to this question is grounded in representation. The UN Charter, which came into force in the aftermath of World War II, grants permanent status on the Security Council to that conflict's victors: China, France, the Soviet Union (now Russia), the United Kingdom, and the United States. Each of these permanent members of the Security Council also has veto power to block any resolution that it strongly opposes.[5]

[3] On the symbolic role of the UNSC, see Hurd (2007). Also see Franck (1990), Wendt (1992), Ruggie (1992: 564), and Johnston (2001). On the broader role of ideas in international relations, see Risse-Kappen (1994), McNamara (1998, 1999), and Tannenwald (2005). On the informational role of the UNSC, see Chapman (2009, 2011). Also see Garrett and Weingast (1993), Goldstein and Keohane (1993), Milner (1997), and Fearon and Laitin (2004). For research arguing that the UNSC can promote international norms by devoting attention to an issue, see True-Frost (2007), Hudson (2009), and Carpenter (2012). For legalistic perspectives, see Glennon (2001, 2003), Tharoor (2003) and Slaughter (2003).

[4] Hurd (2007) has greatly influenced our views on this question.

[5] This is also called "Great Power unanimity" (see http://www.un.org/sc/members.asp, accessed June 16, 2011). Because they may abstain rather than oppose a resolution,

Endowing these Great Powers with a privileged position in the organization incentivized them to participate. This was important; without the support of the most powerful countries in the world, a council for global security would not have much strength. Still, such a council would also need support from the rest of the world in order to be viewed as legitimate. The world has become, after all, a place where representation matters. Other, less-powerful countries would also need to have a voice. So, beside the permanent members, the membership of the UNSC would also include countries elected to represent specifically designated regions of the world: Africa, Asia, Eastern Europe, Latin America and the Caribbean, and Western Europe along with its descendent countries.[6]

Beyond the symbolic importance of gathering representatives from the various regions of the world, the breadth of representation has helped ensure a diversity of preferences with respect to the use of forceful foreign policies, such as the imposition of economic sanctions and the use of military force. UNSC resolutions can therefore convey credible signals – of the necessity and appropriateness of such policies – to domestic and international publics that do not enjoy the same privileged access to information about security threats as do the members of the UNSC.

Who are these elected members of the Security Council? We delve into the details later, but for now, consider a country that is poor and small. This minor country may never before have entered into the minds of most citizens of rich and powerful countries – like those of the United States, Japan, and Europe. But during the country's two-year term serving on the UNSC, the entire world may hear about its voting behavior on the nightly news. The government of such a country suddenly has a powerful voice on the international stage. Its opinions over issues of international security are subject to unprecedented levels of scrutiny. Does the North Korean attack on South Korea constitute a breach of the peace, calling for military intervention? Should the UN establish a peacekeeping force in Cyprus? Should the world impose sanctions against the policies of apartheid practiced by the government of South Africa? Can the

however, affirmative unanimity is not required. The Great Powers need only be unanimous in their non-opposition.

[6] Before 1966, the elected members included two elected seats for Latin America, one for the Middle East, one for Eastern Europe, one for Western Europe, and one British Commonwealth country. The number of elected members expanded from six to ten in the aftermath of decolonization to afford better representation for the expanded UN membership. For more, see Russett (1997), Russett, O'Neill, and Sutterlin (1997), Hurd and Cronin (2008), Voeten (2008), Hovet (1960: 2), Bailey and Daws (1998: 168–173), Daws (1997), and Kahler (2011: 21–22).

world tolerate Iraq's invasion of Kuwait? Should outside forces restore the rule of democracy in Haiti? Should we intervene in the Rwandan genocide? Should the world permit North Korea and Iran to develop nuclear weapons? Should the Libyan and Syrian governments be stopped from killing their own citizens? Not only do citizens of the United States and other rich countries learn about how this small country votes on these and similar issues; research even suggests that they may also judge their own government's performance based on whether its security policies have the approval of the UNSC. During this small country's two-year term on the UNSC, the governments of the United States, Japan, and European countries have a vested political interest in its public declarations and voting behavior.

But what does the government of a small country care if the United States takes action somewhere way off in another region? Take Zimbabwe, for example. Issues at home are far more pressing on its government than are the events unfolding around the globe. Its economy is languishing. Its citizens, suffering from poverty and hunger, might turn violent if the economy takes another turn for the worse. Rather than worry about issues of international security, this government cares more about domestic political issues. It does not value a powerful voice on issues of global security – this government would prefer foreign aid from the global community.

Herein lies the crux of this book: Trades are possible, and they happen. The governments of rich and powerful countries such as the United States and Japan care more about votes and discussions at the UNSC than they do about foreign aid, which amounts to a paltry sum in their overall budgets. Developing countries, by contrast, may care more about foreign aid than about the global security issues considered by the UNSC. Typically, governments of developing countries stay out of foreign policy matters – they may not even have well-developed policy positions. Exceptions arise, of course, and the governments of some developing countries have strong and sincere preferences concerning certain issues of global security. Yet, when weighing the salience of most foreign policy concerns against the prospect of foreign aid, the latter often trumps.

This study thus addresses the political economy of the UNSC. Focusing on the elected members, we consider whether governments trade money for political influence on the international stage of the UNSC. In the pages that follow, we present evidence that when governments serve on the UNSC, they receive more bilateral aid from the United States, Japan, and Germany. During their UNSC service, they also receive better

treatment from multilateral organizations where the United States, Japan, and Germany, as well as France and the United Kingdom, have historically exerted political control. The International Monetary Fund (IMF) provides UNSC members more loans and attaches softer conditionality to these loans. UNSC elected members also receive more project loans from the World Bank.[7]

The core evidence that we present is statistical in nature and robust. Our quantitative approach allows us to summarize multiple observations of countries both on and off the UNSC, showing that there are real perks to membership in terms of bilateral and multilateral aid from the global community. The statistical significance of the evidence indicates only a small chance of observing these patterns if there really were no relationship between increased aid and UNSC membership. And the results generally hold, whether we present a simple depiction of the descriptive data or subject the data to complex statistical models that account for a myriad of factors specific to country and year. Beyond the quantitative evidence, we also corroborate our argument with references to specific cases.

Certain audiences to whom we have presented these findings do not find them surprising. Like Captain Renault of *Casablanca*, who feigns being "shocked to find that gambling is going on" in Rick's nightclub, many people simply expect that foreign aid follows political motives. Such a relationship certainly fits the assertion of Hans Morgenthau (1962: 302), scholar and statesman, who claimed that "the transfer of money and services from one government to another performs here the function of a price paid for political services rendered or to be rendered." Yet, some of the policy practitioners actually involved with the activities of the UN, as well as those who work with foreign aid and multilateral organizations, find our results hard to believe. They contend that these trades of money for influence over the UNSC do not happen – or happen rarely. So, it turns out that our robust empirical findings raise a number of challenging questions.

[7] Kuziemko and Werker (2006) authored the seminal study in this line of research, examining U.S. bilateral aid. Also see Tamura and Kunieda (2005). Regarding Germany, see Dreher, Nunnenkamp, and Schmaljohann (2013). For the effect of UNSC membership on IMF programs, see Dreher, Sturm, and Vreeland (2009b, 2013). For the World Bank, see Dreher, Sturm, and Vreeland (2009a). For UNICEF, see Kuziemko and Werker (2006). For the AsDB, see Lim and Vreeland (2013). Our work thus contributes to a growing literature examining the informal relationships across international organizations. For work on the interconnectedness of trade organizations, see Ingram et al. (2005) and Alter and Meunier (2009).

Is the political support of the elected members of the UNSC really so important that favors must be rendered in return? Do the ambassadors in New York, who do care about the votes, have the political leverage to mobilize aid bureaucracies? If so, why complicate transactions by tapping into so many aid bureaucracies – the IMF, the World Bank, the Asian Development Bank, the United Nations Children's Fund (UNICEF) – when bilateral aid is available? Can money really buy legitimacy? And finally, what are the consequences for the governments that trade away their political influence in return for money? We consider each of these questions in turn.

1.2 Do UNSC Votes Matter?

The governments of developing countries serving on the UNSC occupy a unique perch. The international press covers their public statements with much greater scrutiny than those of most other developing countries. UNSC members also take turns to occupy the UNSC presidency, which rotates monthly (according to English alphabetic order). The president meets with each of the UNSC members individually to set an agenda for the month. He or she then approves the agenda and presides over UNSC meetings. The president also has the formal authority to call special meetings (or fail to do so, as in a notable case that we address in Chapter 3).[8] Many governments have historically used their turn as president to bring attention to a particular issue important to them. Ultimately, however, UNSC members are important because they vote on matters concerning forceful foreign policies.

UNSC votes go on the public record – members do not enjoy the protection of a secret ballot. Passing a resolution requires nine out of fifteen votes – and no vetoes from the permanent members. Given these voting rules, how powerful is an elected member?

In terms of formal voting power, we have a short answer: not very. The long answer? It's complicated. One way social scientists typically measure formal voting power is to consider how likely a voter is to be pivotal in *making* or *breaking* a resolution.[9] When it comes to *breaking*

[8] See Rules 1, 7, 18, 19, and 20 of the *Provisional Rules of Procedure of the Security Council*, available at http://www.un.org/Docs/sc/scrules.htm (accessed June 17, 2011).

[9] O'Neill (1996) relies mainly on the approach of Shapley and Shubik (1954). Another widely used approach is that of Banzhaf (1965). Also see Strand and Rapkin (2011) and Winter (1996). For an application to another international institution, the IMF, see Dreyer and Schotter (1980).

a resolution, the permanent members always have the option of blocking with their individual veto power. So they are always pivotal. Elected members can only "break" a resolution if the coalition supporting the resolution includes exactly nine members. In this situation, if any one of them defects, the resolution fails – so all voters are pivotal. If a coalition supporting a resolution includes more than nine countries, none of the elected members – alone – has the ability to block it. A vote is pivotal in *making* a UNSC resolution if the coalition supporting it includes exactly eight members without it. One additional vote pivots the resolution from failing to passing. For a coalition of any other size, however, no particular voter is pivotal in passing a resolution. That is, if there are more than nine supporters, no single addition or subtraction makes a difference – the resolution will pass. If there are seven or fewer supporters, the resolution fails, regardless of whether an additional member joins or leaves the coalition. To summarize this formal approach to voting power, permanent members can always make a resolution fail, whereas elected members are only pivotal in *breaking* when there are nine supporters and in *making* when there are eight supporters. So, according to this formal idea of pivotal votes, the single vote of an elected UNSC member should rarely matter.

Using this basic concept of voting power, O'Neill (1996) analyzes all possible combinations of hypothetical coalitions and finds that more than 98 percent of voting power belongs to the permanent members.[10] Turning to voting data, we observe 1,517 resolutions that have passed the UNSC from 1966 to 2006. The average size of the winning coalition – 14.3 – far exceeds the minimum winning coalition of nine votes. Only in three cases are there exactly nine supporters.[11] For most

[10] Thus there is good reason that many studies of the UNSC focus on the permanent five (P5) as opposed to the elected ten (E10). See, for example, Luck (2006).

[11] These three resolutions were numbered 275 (passed in 1969), 312 (passed in 1972), and 387 (passed in 1976). Resolution 275 deplored Portugal's shelling of villages in Guinea from Portuguese territory in Guinea-Bissau. China, Colombia, France, Spain, the United Kingdom, and the United States all abstained, while voting in favor were Algeria, Senegal, Zambia, Pakistan, Nepal, Paraguay, Finland, Hungary, and – importantly – the Soviet Union. Resolution 312 called on Portugal to end colonization. Argentina, Belgium, France, Italy, the United Kingdom, and the United States abstained, while Guinea, Sudan, Somalia, India, Japan, Panama, and Yugoslavia voted in favor, along with China and the Soviet Union. Resolution 387 condemned South African incursions into Angola. France, Italy, Japan, the United Kingdom, and the United States abstained while China chose not to participate. Voting in favor were Benin, Libya, Tanzania, Pakistan, Panama, Guyana, Sweden, Romania, and the Soviet Union. It seems that the Soviet Union was more likely to put together minimum winning coalitions than the

resolutions that pass, there are more than enough votes. As for failed proposals, data are not readily available, and severe selection bias would plague any analysis: Most votes that would fail are never proposed. For what it is worth, we have collected the data on the failed proposals available at the UN archives in Geneva (from 1966 to 2006, with potentially missing observations prior to 1999). Out of the total 34 failed proposals that we observe, the average supporting coalition is 4.4.

The bottom line is that elected members rarely decide the formal passage of a UNSC resolution. So why would rich and powerful countries want to buy the political support of elected members of the UNSC?

Powerful countries may have an interest in buying insurance votes, especially if they can buy such votes at low cost. General studies of vote-buying suggest that oversized coalitions tend to be established to ensure success (see, for example, Volden and Carrubba 2004). Thus coalitions with exactly nine affirmative votes have rarely appeared in history perhaps because invested governments have pressured extra governments to join coalitions precisely to avoid such close calls. In an exhaustive study of different national legislatures from around the world, however, Saiegh (2011) shows that political actors only purchase pivotal votes. Perhaps, then, one must look beyond the formal voting rules to understand the importance of elected members of the Security Council. Their votes may be pivotal in other ways.

Consider the battle for votes for the Iraq war in 2003. On one side were the United States and the United Kingdom, who sought UNSC approval for the military venture. On the other side were France, Russia, and China, who could veto any such resolution. Yet, the Associated Press reported, "Promises of rich rewards and hints of bruising punishment are flying as diplomats seek the support of Angola, Cameroon, Chile, Guinea, Mexico and Pakistan over a second United Nations resolution that would authorize military action against Saddam Hussein" (Renfrew 2003). The Bush administration lobbied some of the nonpermanent members of the UNSC with aid packages in an attempt to win their votes, while officials from France pushed in the opposite direction (Eldar 2008: 18; Anderson, Bennis, and Cavanagh 2003; Renfrew 2003; Martin 2003).[12] Attempting to establish a favorable majority of UNSC votes in the face of a veto makes no sense in terms of the institution's formal rules. A single veto from one

United States was. Future research could investigate whether the Soviet Union pressured any of the supporting countries, as each of them cast a pivotal vote.

[12] Also see Chapman (2011: 13).

of the permanent members who opposed a military strike against Iraq – France, Russia, or China – would have prevented a UNSC resolution. But even a simple majority of the votes supporting a vetoed proposal may have provided some legitimacy for the war. Affirmative votes from the elected members would have symbolized support from their region and conveyed information as to the appropriateness of a U.S. invasion.

In this case, of course, the United States did not have the support, and a vote was never taken. Instead, the United States built an ad hoc "Coalition of the Willing," which included nearly fifty countries.[13] Interestingly, according to the analysis by Chapman and Reiter (2004), the number of allied countries involved in a military strike does little to sway public opinion, whereas UNSC resolutions have a statistically significant impact.

This story suggests that every UNSC vote may count. The vote of an elected UNSC member matters not only because of the formal rules but also because every member of the UNSC has a global voice intended to represent an entire region. This view is consistent with the observation that there is a premium for getting (nearly) unanimous votes (see, for example, Doyle 2001: 223). The United States and other important countries may seek the support of the UNSC for reasons of legitimacy (Hurd 2007; Voeten 2005; Caron 1993; Claude 1966).[14]

The story of Yemen and the Gulf War perhaps best illustrates the importance of a single vote. When Yemen threatened to vote against the use of armed forces against Iraq in 1990 – for reasons of domestic and regional politics discussed in Chapter 3 – Secretary of State James Baker III declared "this will be the most expensive no vote they have ever cast" (Baker 1995: 325).[15] When Yemen did vote no, the United States cut all of its $70 million in aid. Yet the famous Resolution 678 enjoyed the support of twelve other members of the UNSC and easily

[13] See http://georgewbush-whitehouse.archives.gov/infocus/iraq/news/20030327%13;10.html (accessed June 17, 2011). For a critical analysis of the coalition and how it was formed, see Anderson et al. (2003).

[14] The legitimacy of the UNSC has, of course, long been questioned. For a detailed examination of its place in international law, see Arend and Beck (1993). Lieber (2005: 4) acknowledges that the UNSC can contribute to the "perceived legitimacy of collective action," but argues that the institution pales in importance to the real strength behind most UN action, the sovereign power of the United States. Edelstein (2008: 149) contends that the legitimating approval of the United Nations may fail to placate an occupied population.

[15] As a fledgling Arab country, located on the Arabian peninsula, siding with the West against another Arab country would have raised the dangerous ire of its own citizens, not to mention many Arabs throughout the region as well as, of course, Iraq.

passed without Yemen's support.[16] So the pressure on and punishment of Yemen makes no sense in terms of the rules governing the UNSC. The formal rules require nine affirmative votes for a resolution to pass, so a favorable vote from Yemen should have served as but a mere luxury. Yet the formal rules of the UNSC did not encompass the entirety of U.S. policy objectives. Voeten (2001) cites the memoirs of Secretary Baker (1995: 278), which emphasize U.S. *domestic* support as the main reason that the government sought a multilateral solution to the Gulf War. To the extent that Yemen represented Arab states on the global stage, their vote would have conveyed information about the support for the Gulf War in the Arab world, as well as carried symbolic importance. So, while not pivotal in a formal sense, the United States viewed Yemen's vote as crucial in a political sense. For both informational and symbolic reasons, UNSC votes send a coordinating signal to less-informed governments and citizens around the world to support – or at least not resist – forceful foreign policy actions.

Hence, the legitimacy that the vote of a UNSC member brings may be both symbolic and informational (see Voeten 2005; Thompson 2006; Chapman 2007; Hurd 2007; Fang 2008; Kahler 2011). From a symbolic point of view, the vote of an elected member of the UNSC indicates that a resolution has the support of the duly appointed regional representative.

From an informational point of view, members of the UNSC have access to sensitive documents and private discussions regarding the importance of taking international action. Countries that are not current members of the UNSC, especially if they are small and do not have a strong presence at the UN headquarters in New York, may take cues from their representatives on the UNSC. Indeed, citizens of countries all over the world may take cues from the elected representatives. As Chapman (2011) explains, voters may question if an apparently aggressive foreign policy pursued by their government is overzealously hawkish, but they do not have enough information. A favorable vote from a UNSC member who has access to better information and is known as dovish on matters of international security conveys a credible signal to citizens all over the world that the policy is appropriate.

The legitimacy conferred by UNSC votes can generate greater international support for a forceful foreign policy. Even powerful countries can garner obvious benefits from such support. Economic sanctions, for example, cannot be effective if the targeted country can trade with other

[16] Cuba voted against, along with Yemen; China abstained. See Weston (1991: 516, fn2).