Always Vote for Principle, Though You May Vote Alone:
American Political Support for Multilateral Development Loans, 2004-2011

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Abstract What motivates the United States when it casts votes in international organizations? Answers to this question have long suffered from the opaque manner by which many international organizations operate and the recalcitrance of U.S. officials to publicly disclose U.S. voting behavior. In this paper, we test several hypotheses explaining how the United States takes a position on loan decisions in the multilateral development banks (MDBs). Our quantitative study uses U.S. Treasury data for U.S. positions on loan decisions from 2004-2011 in the World Bank Group (IBRD, IDA, IFC, and MIGA), the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, Global Environment Facility, the International Fund for Agricultural Development, and the European Bank for Reconstruction and Development. Our results indicate bilateral trade relations, recipient need, and regime type are robustly related to U.S. support for MDB loans. Other factors, such as whether a recipient is a U.S. coalition partner in Iraq or Afghanistan, were not found to be significant. We also find that in most lending windows a high percentage of projects not supported by the United States are still routinely approved.

Scholars examining the voting behavior of states within international organizations have largely concentrated on voting in the United Nations (UN) General Assembly and the United Nations Security Council. During the Cold War there were efforts to identify voting blocs in the UN. Other works assessed whether or not United States (U.S.) foreign aid was effective in earning support for American policies in the UN.[1] Since the end of the Cold War more attention has been made to the linkage of UN voting to multilateral and bilateral aid flows.[2] For example, studies have demonstrated that elected members on the UN Security Council on average receive more assistance from the World Bank and the International Monetary Fund (IMF) as well as more American bilateral aid.[3] While there has been recent attention to the relationship between Japan's bilateral aid and voting in the International Whaling Commission,[4] scholarly attention remains fixed on the UN system despite the hundreds of other international organizations from which to choose. Obviously the attention to the UN system largely reflects the almost axiomatic treatment of the UN as the most important international organization. A less obvious reason for the focus on the UN system is the frustrating fact many salient international organizations do not disclose votes taken by their members. Further complicating efforts to obtain voting records, some international organizations, such as the IMF, claim to determine the outcome of decisions by the "sense of the meeting" rather than a formal, and recorded, vote. Research identifying levels of American influence in the IMF has relied on indirect measures instead.[5]

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[1] See Wittkopf 1973; Rai 1980; Kegley and Hook 1991; and Dreher, Nunnenkamp, and Thiele 2008.

[2] Wang 1999.

[3] See Dreher and Sturm 2006; Kuziemko and Werker 2006; and Dreher, Sturm and Vreeland 2009.

[4] Miller and Dolšak 2007; and Strand and Tuman 2012.

[5] See Momani 2004; and Stone 2004, 2008.

The contribution of this research is to explain voting patterns, or formal influence, of a key member of many MDBs, the U.S. in the time period 2004-2011. While the U.S. has supported the vast majority of proposed projects in MDBs, its support has not been universal and there are some countries whose projects seem to face more scrutiny than others. Our primary research question, therefore, is what are the determinants of official U.S. support for proposed projects in the MDBs? In addition, we evaluate the degree to which the U.S. has formal influence over outcomes of the decision-making MDB process by identifying the frequency with which final decisions by MDB bodies align with the official U.S. vote. This allows us to address the question of whether formal U.S. influence through the vote of its Executive Directors in MDBs does influence outcomes. Our research also expands the literature on influence in MDBs by including the entire population of organizations affected by the recent U.S. transparency requirement, extending our analysis beyond the World Bank to include regional development banks as well. Our study includes the Asian Development Bank (ADB), African Development Bank (AFDB), European Bank for Reconstruction and Development (EBRD), Global Environment Facility (GEF), the Inter-American Development Bank (IDB), the International Fund for Agricultural Development (IFAD), and the four major organs of the World Bank: the International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), Multilateral Investment Guarantee Agency (MIGA), and International Finance Corporation (IFC).

The Multilateral Development Banks (MBDs) do not regularly publish voting tabulations making it difficult to systematically evaluate the voting behavior of member states. As a result, scholars have focused on identifying mechanisms of informal influence in MDBs. Many have

found evidence of American influence outside the formal vote.[6] However, to our knowledge there has not been a study on the formal influence of the U.S. using newly available data on U.S. support for projects being considered in MDBs. Most authors wanting to conduct a formal analysis of voting in the MDBs have relied on applications of measures that calculate *a priori* voting power since complete voting records are not in the public domain.[7] Further, studies on Congress and MDBs have traditionally focused on the politics of American influence in terms of economic policies and U.S. funding.[8]

American foreign policy toward the MDBs often has been a matter of dispute between the executive and legislative branches. While the U.S. Treasury claims to have a freehand in determining American positions on MDB policies, Congress at times has attempted to influence Treasury's policy-making processes. Members of Congress, on the basis of Constitutional claims on funding and oversight, have often questioned the efficacy of American contributions to the MDBs. In the 1980s, for instance, Congress attempted to tie Treasury's hands by requiring it to oppose MDB projects that could run counter American human rights policies.[9]

As part of its oversight role, in 2003 Congress started to require the Treasury Department report to Congress how American representatives have voted in the MDBs. Prior to this, American votes in these important international organizations were not in the public domain. There are several anecdotal accounts of specific votes and ample conventional wisdom, such as since 1979 the U.S. always opposes loans to Iran. The new legislation also requires the U.S. Executive Directors to provide substantive explanations for positions. This change in U.S. disclosure policy means that official positions taken by the U.S. in the MDBs can be analyzed.

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[6] See Fleck and Kilby 2006; and Kilby 2009, 2011, and 2013.
[7] Leech and Leech 2005.
[8] Broz 2008; Babb 2009; and Lavelle 2011.
[9] Sanford 1982; and Schoultz 1982.

We begin with an initial examination of American influence in MDBs, highlighting changes in U.S. legislation that increase transparency of formal U.S. positions and previous research on informal and formal influence in the World Bank and regional development banks. This is followed by a review of U.S. motivations for its positions on multilateral aid projects, including Congressional restraints on U.S. positions based on the recipient country of a proposed project or restrictions regarding substantive issue areas. Then the new dataset on U.S. votes for MDB projects is presented using descriptive statistics. An overview of the data and method used along with results of our statistical models precedes the conclusion suggesting directions for future research.

American Influence In The Multilateral Development Banks

What motivates the votes cast by the United States in the MDBs? Answers to this question have long suffered from the opaque manner by which the MDBs operate and the recalcitrance of U.S. Treasury officials to disclose, in public, U.S. voting behavior. Most studies of voting in the MDBs suffer from a lack of public disclosure of how members vote on particular loans and policy issues. Since votes on loans in these international organizations are *sub rosa*, many observers have argued there is an accountability problem. The lack of public disclosure of the positions of members (and how they cast their votes) "means the reasoning for a decision is not open to scrutiny by other states, nor is the position taken by each member".[10]

This lack of transparency has been a source of criticism by members of the U.S. Congress. Conservatives often deride the MDBs as instruments of wasteful foreign aid, bastions for corruption, and perceive them as contravening market mechanisms. Many on the political left in the U.S. are critical of the effects MDB projects have on human rights and the environment. In

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[10] Woods 1999, 50.

part, Congressional concern regarding participation in international organizations stems from a tendency in American foreign policy for the U.S. to utilize both unilateral and multilateral strategies in pursuit of its national interests. Furthermore, some international organizations pursue policies that some members of Congress find objectionable, such as funding for family planning programs. More generally, the United States has often treated international organizations with ambivalence. On the one hand, the State Department and other executive agencies view international organizations as vital to the pursuit of U.S. foreign policy. Congress, on the other hand, is often circumspect of the role of these same organizations. Furthermore, Congressional preferences for bilateral and/or multilateral assistance partially align with party preferences, as Republicans are more likely to favor bilateral over multilateral alternatives.[11] In sum, members of Congress have often questioned American participation in collective actions under the auspices of international organizations.[12] On many occasions, Congress has attempted to influence presidential policies toward international organizations. For example, in 1976 Congress passed the Harkin amendment and later in the 1970s other acts mandating that American delegates to the development banks vote against loans for projects in countries where governments abuse human rights.[13]

In 2003 Congress amended Section 581 of Title XV of the International Financial Institutions Act (22 U.S.C. 262o-262o-2).[14] The amendments included a provision whereby the U.S. Treasury must publicize all no-votes and abstentions by the U.S. within the MDBs. The Treasury is given 30 days to provide a list of such votes and the reasons for why the U.S. representative

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[11] Milner and Tingley 2012.
[12] Luck 1999, 175-95.
[13] Schoultz 1982, 558-66.
[14] The amendments relevant to this project are to 118 STAT. 203 PUBLIC LAW 108-199-JAN. 23, 2004 'SEC. 1504. ADMINISTRATIVE PROVISIONS. In addition the amendments require the MDBs to make public meeting minutes after a maximum 10 year embargo.

voted as recorded. In practice the Treasury also publicizes items (e.g., loan or project proposals) decided at the MDBs that the U.S. supported. The legislation was motivated out of concern for greater transparency. It has been noted that Section 581 has led to changes in practices by the MDBs, such as the timeline for release of meeting minutes.[15]

All major MDBs are affected by this amendment and represent the most important development orientated international organizations. While each has a development mandate, there are significant differences in the scope and nature of their operations. For instance, the World Bank, ADB, AfDB, and IDB all have Articles of Agreement which proclaim loan decisions will be based solely on economic considerations. The EBRD has an explicit political mandate; that of promoting democratization and adoption of market economies in Central and Eastern Europe. Furthermore, the IDA offers loans at concessionary rates while others lending windows do not. There is also variation in loan liability as most MDB loans have some level of government guarantee while the IFC and MIGA provide assistance directly to the private sector through loans and insurance guarantees. In short, the MDBs considered in this paper are the key multilateral development institutions.[16]

These differences in mandates across institutions influence the governance systems. For example, in the AsDB a special effort was made to ensure that the institution would have a regional member from Asia (Japan) as a major shareholder. Each of the voting bodies in this paper employs a system of weighted voting and the United States is a major shareholder in each MDB.[17] The votes cast by the United States therefore are very consequential for decisions on

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[15] Taylor 2004, 6-7. For an assessment of major issues in Congress regarding the MDBs see Sanford and Weiss 2003.

[16] Data for the International Monetary Fund has only recently been made public.

[17] Voting weights, of course, do not necessarily denote the ability to affect outcomes (i.e., voting power) because of the nature of weighted voting systems. Voting power is a function of not only

loans and other matters. In the AsDB the U.S. usually has held as many votes as Japan, although in 2013 Australia became the second largest donor, surpassing the U.S.[18] In the IDB the United States has always held at least 30 percent of all votes, a position allowing it to block certain decisions requiring special majorities over 70 percent.

American Formal And Informal Influence In The Approval Of Projects

To what extent is American support for a project needed for it to be approved by one of the MDBs? While a lot of prior work on American influence in IOs has tending to view the U.S. as essential for project approval, especially during times of crisis, a review of MDB projects that the United States did not support with an abstention or 'no' vote reveals that in most of the lending windows we have data for, these items are regularly approved. Through a search of project databases, we determined whether an item lacking formal American support was or was not ultimately approved. The ratio of loans approved without U.S. support varies across banks and lending windows, however it is clear from our data below that formal support by the U.S. does not guarantee the eventual outcome of a particular project.

We note, however, that as it has demonstrated in the case of the IMF, American influence casts a long shadow over the operations of international organizations and this influence is difficult to directly measure.[19] Access to information and multiple avenues of influence provides the United States with the ability to shape the policies and activities of the MDBs. The institutional designs of the regional development banks may attenuate the informal power of the United States as other, regional members may have more informal and at times formal power

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of the votes held by a member but also is a function of the decision-rule being applied; see Leech and Leech 2005.

[18] Jemima Garrett, "Australia becomes second biggest aid donor to Asian Development Bank", *Australia Network News* 20, August 2013.

[19] Stone 2011.

than the U.S. Nevertheless, American representatives and especially the U.S. Treasury have long demonstrated awareness of their influence within the MDBs, especially when expressed as American informal influence.[20] The evidence of American influence in the MDBs goes beyond its voting position as oblique pathways for American influence in the MDBs exist. The World Bank, IDB, and GEF are headquartered in Washington D.C. and are subject to the well-known "Treasury" effect whereby U.S. officials have easy access to their counterparts in these organizations. Moreover, many of the economists hired by the World Bank and other development banks are trained at American graduate schools and well-grounded in neoliberal orthodoxy. In short, the U.S. has ample influence within the MDBs and the positions it takes on project and policy lending is vital.[21] In reviewing approval of projects not supported by the U.S., however, we find American support is not essential for passage of proposals. Our data are outcomes of prior negotiations and the exercise of informal power by the United States (and other members).

Table 1 displays results for each of the MDBs for which we have complete project approval data from 2004 to 2011.[22] The overall passage rate for the 1804 projects without U.S. support for which data were available in nine multilateral lending windows was 67 percent. In the World Bank, overall 76 percent of the projects for which the United States either abstains or votes 'no' on still pass. World Bank project approval without official U.S. support ranges between 60 and 87 percent. This figure is highest in the IBRD with 85 percent, followed the IDA and IFC with 81.25 and 79.73 percent respectively. In the IBRD, 100 percent of projects without U.S. support were approved in four of the eight years included our dataset. The lowest approval rate is in

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[20] Luck 1999; and McKeown 2009.
[21] Babb 2009, 39-45.
[22] We are missing project documents, but are working on obtaining the necessary information to calculate results for the African Development Bank.

MIGA with 2.78 percent, although MIGA accounted for only about 3.5 percent of all unsupported World Bank projects in our dataset.

Among the regional development banks, items not supported by the U.S. were approved nearly 90 percent of the time in the IDB. As in the IBRD, for half the years in our sample 100 percent of unsupported IDB items were approved. This result suggests the United States may be less influential over projects in the IDB than the conventional wisdom holds. In the AsDB and EBRD, items the U.S. fails to support are approved 52 and 42 percent of the time, respectively.

[Table 1 about here]

We can conclude that American formal support for a project is not essential for the project's approval. Moreover, we can conclude that in the World Bank and IDB even when the U.S. withholds support for projects they are more often than not approved. In sum, the absence of formal American support does not seem to predict the failure of projects across nine key multilateral lending windows. This supports the dual notion that formal American influence in MDBs through the vote of its Executive Directors is not as critical as previously thought and in some cases, its informal influence may be relatively more robust.[23] The potential selection bias in that these data are for projects presented for a formal vote while all projects, including those abandoned prior to this stage, are subject to informal influence by major stakeholders in previous stages of the loan process further supports this claim.[24] Finally, variance in the relative importance of U.S. formal support for the outcome of a project across institutions suggests that stakeholder influence, formal or informal, is not monolithic and conclusions drawn regarding one international organization may not translate to others.

Explaining American Votes In The Multilateral Development Banks

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[23] Clegg 2013.

[24] See Momani 2004 for a description of opportunities for influence in stages prior to a final vote.

American voting behavior in the MDBs is motivated by economic and political considerations. As the MDBs are designed to, ostensibly, provide development assistance, we can expect voting behavior to reflect the economic particulars of the loans being considered. The per capita wealth of a loan recipient is one way to assess need. In addition, we can expect the U.S. to be more likely to support loans to countries where it has close economic ties, such as bilateral trade relations and investment positions. Political motivations of U.S. support for MDB projects are plentiful. The extent a country cooperates with the United States in military operations may affect whether the U.S. will support loans before the MDBs. In particular, formal cooperation with high-profile American military endeavors may affect loan decisions in the MDBs. According to the U.S. Treasury, environmental evaluations of projects are also considered by U.S. Executive Directors when casting votes and loans with deleterious environmental effects can still be voted for as long as mitigation of any environmental effects is made or the economic benefits outweigh the environmental effects. In this section we provide descriptive data for U.S. votes in MDBs, followed by our argument for why certain economic and political factors are likely to influence official U.S. support.

Our dataset for U.S. support of items covers all major development banks from 2004 to 2011. The full dataset includes 11,576 separate decisions by the United States in ten voting bodies from 2004 to 2011.[25] The ten voting bodies consist of the ADB, AFDB, EBRD, GEF, IDB, IFAD, and four major organs of the World Bank, the IBRD, IDA, MIGA, and the IFC. There were 890 items that did not involve new monetary commitments. The value of the average item involving new disbursements was about $62 million. The U.S. position was "no" or "abstain" on 1334 items. Table 2 displays a summary of loan data for international organizations. The U.S.

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[25] Votes for regional projects that benefit more than one country and votes for loans to the Palestinian Authority are excluded from analysis in this paper.

supported 96.3 percent of all items in the IDB. In the EBRD the U.S. supported items at the lowest rate, 80.1 percent. Table 3 disaggregates data for the lending windows in the World Bank where the U.S. supported 93.5 percent of items in the IDA and had the lowest support rate of 82.1 for MIGA items. Table 3 includes GEF items co-financed with the World Bank that are excluded from the GEF values in Table 2. One obvious conclusion is clear: the U.S. supports most loans, grants, technical assistance and other projects being decided on in the MDBs. There is variation across banks, however, and the U.S. is less likely to support items in the EBRD and most likely in the IDB.

[Tables 2 and 3 about here]

In addition to indicating if the U.S. supported an item, the U.S. Treasury also provides a "reason code" for its position. The U.S. Treasury has provided a list of adverse and favorable actions codes to explain the motivation for individual votes by the United States. See Appendix A for the 62 codes. Only about 15 percent of the voting record for MDB projects have been assigned adverse or favorable reason codes. Some reason codes are very specific, such as one that involves U.S. laws regarding trade with Cuba, while others are more general, such as those dealing with subjects as diverse as religious persecution and environmental impact assessments. Other general codes address economic considerations such as the presence of bilateral or multilateral economic sanctions on a potential loan recipient. Additional codes identify terrorism, human rights, and cooperation with war crimes tribunals as three reasons the U.S. uses when assessing its position on loan applications.

Overall the U.S. abstained or opposed items for 118 different countries at least once. Review of overall U.S. support for items for individual countries reveals some interesting observations and trends. The U.S. did not support any items, out of 8 opportunities, for Iran. There were some

years where the U.S. failed to support any items for some countries, such as Serbia in 2007 and Guinea-Bissau in 2011. American support of items for China has been mixed. Figure 1 displays the percentage of support of items for select countries. U.S. support for China's items has varied from a low of 21 percent in 2005 to a high of 76 percent in 2009. The Bush administration supported 36.4 percent of China's items while the Obama administration supported 56.5 percent. The U.S. has had consistently strong support for India and Pakistan while support for Russia has varied more; from 91 percent in both 2004 and 2011 to a low of 70 percent in 2008. American support for Argentina's items plummeted in late 2011 after the Obama administration stated it would oppose new IDB and World Bank loans to Argentina for the country's failure to satisfy its international obligations.[26] Citing concern regarding climate change, in 2013 the United States announced it would work to end MDB financing of most coal-fired power plants.[27]

[Figure 1 about here]

While the U.S. has supported the vast majority of items being considered by the MDBs, its support is not universal and there are some countries beyond those identified by U.S. Treasury codes whose projects seem to face more scrutiny than others. Our primary research question, therefore, is what are the determinants for American support of items in the MDBs? Based on prior research, we offer four hypotheses designed to answer this broader question:

> H1: The lower the GDP/capita of a loan recipient the more likely the U.S. will vote in favor of the project

> H2: The higher net bilateral trade between the loan recipient and the U.S., the more likely the U.S. will vote in favor of the project

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[26] The U.S. stated it wants Argentina to comply with an arbitration decision by the World Bank's International Center for Settlement of Investment Disputes, among other concerns. Despite U.S. opposition, IDB projects for Argentina were approved; see "Argentina unhurt in 2012 by U.S. loan hurdles", Reuters, 28, September 2011.

[27] See U.S. Treasury 2013a and 2013b.

H3: For countries participating in the Coalition of the Willing (COW), the more
likely the U.S. will vote in favor of the project

H4: For countries participating in Operation Enduring Freedom (OEF), the more
likely the U.S. will vote in favor of the project

H1 is designed to test whether humanitarian concerns as assessed in terms of basic human needs,

impacts American support. In addition, it accounts for the likelihood that all MDB members are

likely to support projects for least developed countries to advance the primary mandate of these

lending bodies to foster development. Evidence from the first systematic, large-N study of U.S.

positions at the project level in the MDBs found mixed results for the influence of human rights

considerations.[28] Given the longstanding efforts by Congress to impact American human rights

policy, we also expect that the U.S. will be more likely to support projects for countries with

better human rights records. H2 explains the motivation of the U.S. to align their support for

MDB loans with existing economic ties and interests in terms of its trade relationship. Finally

American geostrategic interests are tapped in H3 and H4. Additional economic and political

factors that are likely to influence official U.S. support for MDB projects are identified in the

following section in which we present our data, models, and methods.

Data And Models

Our dataset of American votes in MDBs is based on a traditional country-year time series format

from 2004-2011, including 11,576 separate decisions for 155 countries receiving loans from ten

major development banks. The full unbalanced dataset does not include years for which a

country did not have a loan up for a formal vote in any of the ten banks due to the measure

employed for the dependent variable. The dependent variable is the U.S. position on items (e.g.,

loan proposals) in the MDBs over the 2004-11 timeframe. This variable, *U.S. loan support ratio,*

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[28] Braaten forthcoming.

is the ratio of loans receiving U.S. support. Our variable is similar to the measure of voting affinity used in other studies.[29] This measure ranges from a value of 0 to 1.0 with "1" reflecting 100 percent U.S. approval for all loans that year. One advantage from using this ratio measure is it results in observations that are country-year, aligning with the format of available data for several key independent variables. Furthermore, if we used raw data on votes or project our units would be items considered in the MDBs. The disadvantage of this is for some countries there may be over 100 items per year while for others there may be only 1, or zero. However, by using our ratio measure we avoid the statistical pitfalls of having so much within-panel variation. Moreover, we seek to explain U.S. support for countries over time, not U.S. support for particular projects. Explanatory variables included in our models are also likely to apply to an entire set of a country's projects, rather than a specific item. Factors that are likely to influence *U.S. loan support ratio* are identified along the following three dimensions: economic, political, and country-specific characteristics.

Economic Variables

Per capita national product (*GDP/capita)* is used to assess whether U.S. support for projects is driven by recipient need, testing our first hypothesis. It is expected that the U.S. is more likely to vote in favor of loans to countries that have lower per capita GDP, reflecting a greater level of need for development assistance for a given country. Domestic influence, whether through a formal Congressional rule or unspoken expectation, for U.S. support is less likely to apply to least developed countries with a few exceptions. Gross national product (in 2005 constant USD) and population are obtained from the World Development Indicators.[30]

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[29] See Strand and Tuman 2012.
[30] World Bank 2013.

As the largest market in the world system, the U.S. is more likely to support loans for countries for where there is an existing economic relationship defined by high levels of trade in goods and services and/or a formal trade agreement(s). In addition, the U.S has an interest in expanding developing country market access for its own multinational corporations (MNCs), reflected by the historical dominance of neoliberal conditions attached to multilateral development assistance. Bilateral trade between the U.S. and potential loan recipients is used as one proxy for U.S. economic interests testing our second key hypothesis. We sum bilateral exports in goods to the U.S. based on value (*country exports to U.S.)* and imports in goods from the U.S. based on value (*imports from U.S.)* for a bilateral trade measure. Data for trade in goods are drawn from the IMF[31], deflated to 2005 constant US dollars using a chain-type price index deflator with 2005 as the base year.[32] It might also be expected that the U.S. is sensitive to world oil markets and is therefore anticipated to support MDB projects that benefit oil-exporting countries, captured by the control variable *U.S. oil imports* from the loan recipient country. The source for this measure of total crude oil and products exported to the U.S. is the U.S. Energy Information Administration (EIA).[33]

Levels of U.S. bilateral aid are included as a control to capture the alignment of U.S. aid programs with its voting behavior in the MDBs. Countries receiving more economic aid should also receive greater U.S. support for MDB loans, reflecting the presence of an ongoing aid relationship as well as an overall greater need for development assistance. The source for U.S.

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[31] IMF Direction of Trade Statistics 2013.
[32] U.S. Bureau of Economic Analysis (BEA) 2013. The same deflator with 2005 as the base year is used for all variables in this study.
[33] U.S. Energy Information Administration (EIA) 2013. Missing values in this dataset were converted to zero under the assumption that the agency captures all U.S. oil imports and available raw data include no zeros.

economic and military aid (in 2005 constant USD) is the US Agency for International Development (USAID) "Greenbook" dataset.[34]

Political Variables

Strategic political interests are measured using five variables. Two dummy variables reflect support for US military operations in Iraq and Afghanistan and provide tests for the final hypotheses in our study. One measure is whether a country was recognized by the Bush administration as a participating member of the so-called "*coalition of the willing*" in the 2003 invasion of Iraq. This variable is coded "1" for the years in which the country pledged and sent troops to Iraq and "0" for all other years, gathered from the educational 501(c)(3) organization ProCon.org[35] that gathered and cross-referenced data from the U.S. Government Accountability Office (GAO), the U.S. White House news releases, and U.S. Department of Defense (DOD) reports. The second variable is whether a potential loan recipient supported the UN sanctioned Operation Enduring Freedom in Afghanistan as a member of the North Atlantic Treaty Organization (NATO) Afghanistan International Security Assistance Force (ISAF) as reported by NATO.[36] This variable is coded "1" for being identified as a continuous contributor as of 2012. The assumption for both of these measures is that such support for U.S. military operations will increase the likelihood the U.S. will support projects. To measure differences in economic and political relationships demonstrated by aid, a separate variables for *U.S. U.S. military aid* is included as a third control variable. *US military aid* (in constant 2005 USD), is from the USAID "Greenbook" dataset.[37] A higher ratio of yes votes is expected for countries receiving higher levels of military aid, reflecting an underlying and more long-term strategic relationship with the

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[34] USAID U.S. Overseas Loans and Grants 2013.
[35] Procon.org 2013.
[36] NATO 2013.
[37] USAID U.S. Overseas Loans and Grants 2013.

U.S.. Furthermore, the variable for affinity of votes in the UN, using the three-category index (where 1= yes or approval, 2 = abstain, and 3 = no or disapproval),[38] captures the alignment of political interests of the loan recipient with those of the U.S. as demonstrated by similar voting patterns in the UN.

Finally, a political control measure for party ideology in the executive branch is included to capture the variance in preferences for bilateral aid versus multilateral aid between Democrats and Republicans, with Republicans favoring bilateral aid due to the higher degree of control associated with bilateral assistance.[39] This variable is coded as a dummy with Republican coded as "0" and Democrat coded as "1". The Consolidated Appropriations Act of 2004 in which Congress required U.S. directors to record MDB votes received overwhelming support from Republicans with 86 percent support from Senate Republicans and 80 percent support from the House Republicans, with lower levels of support from Democrats with 44 percent support from Senate Democrats and 28 percent support from the House, though political battles were fought over a variety of issues included in that bill.

Country-Specific Characteristics

Characteristics of the recipient country included in our study are levels of human rights, democracy, and corruption. Our measure of human rights is the *political terror* scale constructed from reports from Amnesty International and the U.S. State Department.[40] This scale ranges from 1-5 with 1 representing "countries under a secure rule of law, people are not imprisoned for

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[38] Strezhnev and Voeten 2013-02.
[39] Milner and Tingley 2012
[40] Gibney, Cornett, and Wood 2013.

their view, and torture is rare or exceptional" to 5 where "terror has expanded to the whole population".[41]

Level of democracy is measured by the *polity2* variable from the Polity IV Project.[42] *Polity2* ranges from -10 to +10, with -10 reflecting the most autocratic, or least democratic, and +10 most democratic, and a 0 value for neither democratic nor autocratic. In addition, polity2 replaces values of -66, -77, and -88 for failed states and other special cases with values that fall within the -10 to +10 scale to facilitate time series analysis. *Democracy* (0 to +10) and *autocracy* (0 to +10) variables were also included in early iterations of the model, per recommendations of the Polity IV Project directors. Levels of democracy and autocracy are measured along the following dimensions: openness and competitiveness of executive recruitment, constraints on the executive, and competitiveness of political participation. Data from the Political Terror Scale is not strongly correlated with Polity IV variables (democracy, autocracy, or polity), with each capturing different dimensions of individual rights and political institutions within a recipient country.

A measure of *corruptio*n is also included as it is captures individual and business interactions with the public sector, an additional measure of political and economic institutions in the recipient country. The source for this variable is Transparency International's Corruption Perception Index, based on a 0-100 scale with a value of 0 for a country being perceived as 'highly corrupt' and 100 for being perceived as 'being very clean'.[43] Corruption is not highly correlated with the Political Terror Scale or Polity IV, measuring a different dimension of political institutions and economic institutions.

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[41] Ibid.
[42] Marshall and Cole 2011.
[43] Transparency International 2013.

Methods And Results

Using Prais–Winsten estimation of our cross sectional time series data, statistical analyses were run for several models including categories of economic, political, and country characteristic variables. The first model includes the following core economic, political, and country-specific variables: GDP/capita, bilateral trade relations, political terror, U.S. bilateral economic aid, U.S. bilateral military aid, executive political party, UN voting affinity, and a China dummy variable. Our second model augments these variables with support for the U.S./NATO operation in Afghanistan, support for the U.S. operation in Iraq, level of democracy (polity2), and corruption. Early trials indicated the possibility of unit effects and suggested we needed to control for China in particular. Therefore we include a dummy variable for observations for China in the time-series estimations of our models. In addition, we employed random and fixed-effects panel estimations of our models to control for the possibility of systemic unit effects.

We employed a Fisher-type unit-root test to test for stationarity, a suitable option for an unbalanced panel.[44] The Fisher test applies an augmented Dickey-Fuller to each panel, assuming an AR(1) process. We rejected the null hypothesis of unit roots for all but the variables UN voting affinity, GDP/capita, and polity2, leading to a more cautionary interpretation for these results.

Table 4 provides results for two models using the full dataset with Model 1 representing our basic model.

[Table 4 about here]

In Model 1, countries with a higher (i.e. worse) political terror scale score were less likely to receiving American support. We also find some evidence the U.S. rewards countries that vote

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[44] See Maddala and Wu 1999; and Choi 2001.

with it in the UN General Assembly as well as countries with more bilateral trade. The greater the recipient need, as captured by GDP/capita, the more likely the U.S. is to support its items. We find no indication that U.S. bilateral economic or military aid is a predictor of support for MDB projects with early trials suggesting that military and economic aid as a total combined figure also failed to predict U.S. support. It may be that the United States rewards its partners in ways not captured by bilateral economic and military aid or additional control variables included in the second model. The dummy variable for China is significant with a negative sign in all trials, suggesting the U.S. looks less favorably on MDB programs involving the PRC. While U.S. executive party affiliation was weakly significant in the time series estimation, this result was not supported by panel estimations or additional robust checks. Robust standard error and random-effect panel estimations supported all other significant results for this model.

While the strong economic but tenuous political relationship between the U.S. and China justifies treating China as an outlier, there are additional reasons to address the possibility of overall unit effects in our models as we treating the country as the primary unit, rather than individual lending projects. It should be noted that data for the explanatory and control variables included in our dataset are available on an annual, sometimes quarterly, basis thereby limiting our ability to organize data using projects as a unit, rather than the traditional selection of country-year. A Breusch-Pagan Lagrange multiplier test on a random effects model for both specifications confirms there are significant differences across countries in our dataset. To address this, we ran fixed effects linear estimations of this model, excluding the dummy variable for China. Using a fixed effects model with robust standard errors to control for observed heteroskedasticity we failed to find statistical significance for any of our independent variables in Model 1, however GDP/capita was significant in a linear fixed-effect estimation. A lack of

sufficient variance for countries across the 2004-2011 time period may explain these results, as many of the country characteristics in the dataset do not change over time. Furthermore, as many of the explanatory variables vary across unit but not within units, it is not as robust a predictor of the ratio of U.S. support for projects as the random effects model that confirmed results reported in Table 4.

To provide an additional robust check we ran the same estimations using a weakly balanced dataset of 122 countries in the same time period to address our strongly unbalanced full dataset panel. Those results are also reported in Table 4. The 33 countries excluded from our full dataset did not have a loan up for a vote in these ten banks for four or more years during the 2004-2011 time period. Notable countries excluded in the weakly balanced dataset are Iran, Korea, Libya, Serbia and Montenegro (from 2004- 2006), Somalia, South Sudan, Syria, and United Arab Emirates. The effect of U.S. executive party affiliation at the time of the vote was no longer significant and the effects of UN voting affinity and political terror remained significant at the lowest threshold ($p<0.10$). In the fixed-effects linear estimation of Model 1, political terror was found to be significant in addition to GDP/capita.

In Model 2, results for China, GDP/capita, and bilateral trade remain consistent, while UN voting and political terror are no longer significant. Interestingly, we continue to fail to find a relationship between U.S. bilateral economic and military assistance and our dependent variable. There is also no indication that the U.S. systematically favors items for its coalition partners in Iraq and Afghanistan. The country's level of democracy is significant and positive in Model 2; a result that is consistent with Model 1's political terror scale result, suggesting the need for further consideration of alternative regime type and human rights variables such as the Freedom House Index. Results for our measure of corruption in Model 2 suggest the United States supports a

higher percentage of projects for countries perceived as being less corrupt, remaining significant. Random-effects panel and robust standard error estimations support the reported results for Model 2 for the China dummy variable, GDP/capita, level of democracy, and corruption. A fixed-effects linear specification of Model 2 supports these results for GDP/capita and level of democracy while all other independent variables drop out of significance in other fixed-effects estimations. Finally, results for Model 2 using the truncated weakly balanced dataset confirm significance for most significant variables with the exception of corruption. In addition, the control for U.S. oil imports from the country receiving the project up for final vote was found to be significant in Model 2 with the smaller dataset.

Implications from our results include the notion that long term American economic and political interests may outweigh short term political or military interests in influencing U.S. voting behavior in MDBs. For example, involvement in wars such as Afghanistan and Iraq and levels of economic and military aid do not predict American support of a particular country's development projects. Involvement in wars and trends in economic and military aid are often isolated and/or subject to short-term fluctuations in interests from Congress, the executive, and the public. However, a country's regime type or level of democracy and the presence of an existing bilateral trade relationship with the U.S. matter, as do levels of corruption and commitment to human rights. This suggests that the U.S. rewards countries trending towards greater democracy and a more open economy, favoring its longer term political and economic interests and arguably aligning with the mandates of the most important development organizations.

Conclusion

This paper has examined the determinants for American support of items at the final stage of approval in major MDBs. We considered a variety of explanatory variables in order to test several hypotheses regarding the motivation for U.S. official support for proposed projects. We find strong support for our first hypothesis; namely, that the U.S. is more likely to support items for countries with lower the GDP/capita. We also find consistent support for our second hypothesis regarding bilateral trade relations. There is no support for H3 and H4 that the U.S. rewarded its coalition partners in Iraq and Afghanistan. Additionally, there is weak support for U.S. rewarding countries for voting similarly in the UN and country-specific factors such as regime type, level of corruption, and commitment to human rights.

Our results point to a need for further work to more fully explain the determinants of U.S. support for MDB projects and to account for nuances in our dataset. It may be that given the variation in institutional contexts there are important differences across MDBs that we are not tapping since we are pooling items. In short, cross-institutional models need to be further explored using our existing dataset. We also need to consider accounting for global economic conditions given the effects of the Great Recession and the response by most MDBs to support increases in liquidity. In sum, now that researchers have access to data about U.S. support for MDB projects, a closer examination of the determinants of American support (and opposition) is in order.

Table 1. Percentage of Approved Items Unsupported by the U.S., 2004-2011

Lending Window	Unsupported Items Approved (Percent)
AsDB	52.13
EBRD	41.75
IDB	89.66
WB	75.64
IBRD	85.19
IDA	81.25
IFC	79.73
MIGA	2.78

Table 2. Total Loan Data, 2004-2011

MDB	Total Value (millions)	Decisions	Percent Supported
AsDB	$100,103.78	1255	85.4
AfDB	$37,293.73	812	81.4
EBRD	$81,180.19	1551	80.1
GEF	$998.79	117	89.7
IDB	$88,925.09	2240	96.3
IFAD	$2,300.83	129	92.2
WB	$354,692.56	5472	89.3

Table 3. World Bank Group Data, 2004-2011

Window	Total Value (millions)	Decisions	Percent Supported
GEF	$554.01	84	89.3
IBRD	$161,223.68	1061	90.4
IDA	$93,411.03	1929	93.5
IFC	$75,037.60	2013	85.1
MIGA	$10,618.01	201	82.1

Note: Values in this table do not sum to values for the World Bank in Table 1 due to some loan items being financed through multiple windows
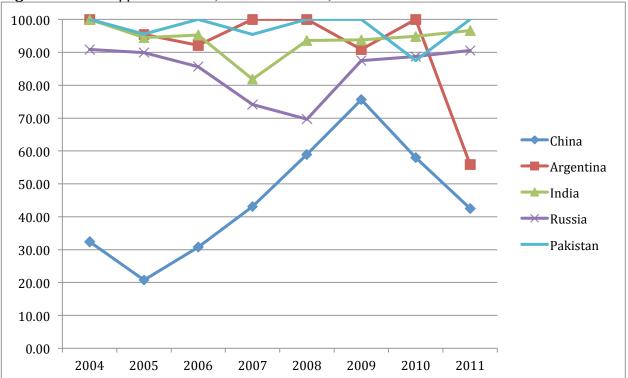
Figure 1. U.S. Support for Items, Select Countries, 2004-2011

Table 4. Results for Primary Models

Variables	Model 1 (full dataset)	Model 1 (truncated dataset)	Model 2 (full dataset)	Model 2 (truncated dataset)
China	-0.56913 (0.148)***	-0.54844 (0.141)***	-0.54434 (0.141)***	-0.601939 (0.0130)***
Economic Factors				
GDP/capita	-0.000018 (2.23e-06)***	-0.000015 (2.49e-06)***	-0.0000175 (2.80e-06)**	-.0000117 (3.39e-06)***
Bilateral Trade (mill)	7.20e-07 (3.01e-07)**	5.98e-07 (2.86e-07)**	7.63e-07 (3.18e-07)**	8.50e-07 (2.91e-07)**
U.S. Military Aid (mill)	0.00001 (0.00001)	9.70e-06 (0.00001)	0.000046 (0.00005)	0.0000299 (0.0000513)
U.S. Economic Aid (mill)	2.60e-06 (0.00001)	-1.90e-06 (0.00001)	-0.000057 (0.00004)	-0.0000649 (0.0000384)
US Oil Imports			-0.000176 (0.00013)	-0.00032 (0.00012)**
Political Factors				
Executive party affiliation	-0.032 (0.01917)*	-0.306 (0.01865)	-0.00675 (0.02032)	-0.00949 (0.0190808)
UN Voting Affinity	0.11999 (0.04669)**	0.0865122 (0.04559)*	-0.0260007 (0.06003)	-0.0525362 (0.05656)
NATO Afghanistan ISAF			0.00199 (0.0341)	0.00001 (0.0314)
Coalition of the Willing			0.0202 (0.0331)	0.0132 (0.031)
Country-specific Factors				
Political terror	-0.02595 (0.01116)**	-0.01819 (0.01087)*	-0.014396 (0.011201)	-0.0084 (.011066)
Level of Democracy (polity2)			0.006877 (0.0017687)***	0.00517 (0.00165)**
Corruption			0.0213454 (0.0106059)**	0.01075 (0.01044)
Constant	1.087776 (0.04086)***	1.049031 (0.04086)***	0.8995366 (0.0616897)***	0.9041434 (0.0574792)***
Fit of Model	N = 836 R^2 = 0.2127 $F_{(8, 827)}$ = 27.93*** Durbin Watson (transformed) = 1.44	N = 816 R^2 = 0.1945 $F_{(8, 807)}$ = 24.36*** Durbin Watson (transformed) = 1.50	N = 720 R^2 = 0.1919 $F_{(13, 706)}$ = 12.89*** Durbin Watson (transformed) = 1.33	N = 705 R^2 = 0.15 $F_{(13, 706)}$ = 9.68*** Durbin Watson (transformed) = 1.40

Notes: *** = $p<.001$; ** = $p<.05$, * = $p<.10$

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Appendix A. Adverse and Favorable Actions Codes

Code	Reason
1	Economic and policy considerations
2	Surplus commodities (as defined under P.L. 109-102, Foreign Operations 2006, Sec. 514)
3	Communist dictatorships (P.L. 98-181, Sec. 804)
4	Surplus mineral production (P.L. 109-102, Foreign Operations 2006, Sec. 514)
5	Expropriation (P.L. 103-236, Sec. 527); The assistance does not support basic human needs.
6	Narcotics (P.L. 87-195, Sec. 490(a)(2) and 490A(a)(2), as amended by the Anti Drug Abuse Acts of 1986 and 1988, by the International Narcotics Control Act of 1992, and by P.L. 103-447, Sec. 101 and further amended in P.L. 104-66, Sec. 1112(d))
7	Human rights (P.L. 95-118, Sec. 701, and amended by P.L. 101-240 Sec. 541(c), and P.L. 102-511, Sec. 1008); The assistance supports basic human needs
8	Human rights (P.L. 95-118, Sec. 701, and amended by P.L. 101-240, Sec. 541(c), and P.L. 102-511, Sec. 1008). The assistance does not support basic human needs.
9	Environmental reporting (P.L. 101-240, Sec. 521, as amended by P.L. 105-118, Sec. 560(b)(3) and by P.L. 108-447, Foreign Operations 2005, Sec. 793)
10	International terrorism (P.L. 104-132, Sec. 327)
11	Chemical and biological weapons production (Executive Order 12735)
12	Harboring indictees for war crimes (P.L. 107-115, Sec. 581(b-d))
13	Policy towards Burma (P.L. 104-208, Sec. 570(a)(2))
14	Cambodia (P.L. 108-447, Foreign Operations 2005, Sec. 554(a)); The assistance does not support basic human needs.
15	Cambodia (P.L. 108-447, Foreign Operations 2005, Sec. 554(a)). The assistance supports basic human needs
16	Other environmental reporting (e.g., Treasury policy votes not specified in #9 above).
17	Nuclear material (P.L. 103-236, Sec. 823)
18	Palm oil, sugar, and citrus (P.L. 95-118, Sec. 901(a))
19	Serbia or Montenegro (P.L. 103-160, Defense Authorization, Sec. 1511(c) and P.L. 104-208, Sec. 540)
20	Failing to apprehend war criminal indictees (P.L. 109-102, Foreign Operations 2006, Sec. 561(a)(1))
21	Worker rights, trade distortion, surplus capacity (P.L. 100-202, Sec. 406(1))
22	Female genital mutilation (P.L. 104-208, Sec. 579)
23	Sanctions for transfer or use of nuclear explosive devices (P.L. 103-236, Sec. 826(a) as amended by Sec. 102(b)(2)(E)); The assistance supports basic human needs
24	Sanctions for transfer or use of nuclear explosive devices (P.L. 103-236, Sec. 826(a) as amended by Sec. 102(b)(2)(E)); The assistance does not support basic human needs
25	Waiver of sanctions for transfer or use of nuclear explosive devices with respect to India and Pakistan (P.L. 106-79, Department of Defense Appropriations Act, 2000, Title IX, Sec. 9001(a))
26	Expropriation (P.L. 103-236. Sec. 527); The assistance supports basic human needs
27	IMF bailouts of banks (P.L. 98-181, Sec. 807)
28	Religious persecution (P.L. 105-292, Title V, Sec. 402, 405(12) and 422); The assistance supports basic human needs
29	Religious persecution (P.L. 105-292, Title V, Sec. 402, 405(12) and 422); The assistance *does not* support basic human needs
30	Serbia-Montenegro (P.L. 105-277, Sec. 514(b))
31	Cuba (P.L. 104-114, Sec. 104)
32	Sanctions on use of chemical or biological weapons (P.L. 102-182, Sec. 307)

33	Chemical weapons sanctions on disclosure of confidential business information (P.L. 105-277, Division I, Sec. 103(e)(2)(A), Sec. 103(e)(2)(B)(iii) and Sec. 103(e)(3)(B)(v))
34	IMF Korea (P.L. 105-277, Sec. 602(a), (1998))
35	Transparency of budgets: audit of military expenditures (P.L. 104-208, Sec. 576 as amended by P.L. 105-118, Sec. 572); The assistance supports basic human needs
36	Transparency of budgets: audit of military expenditures (P.L. 104-208, Sec. 576 as amended by P.L. 105-118, Sec. 572); The assistance does not support basic human needs
37	Serbia (P.L. 106-113, Sec. 599(b)(1), (1999))
38	Serbia (P.L. 106-429, Sec. 594(b), (2000))
39	User fees (P.L. 109-102, Foreign Operations 2006, Sec. 562)
40	Trafficking in persons (P.L. 106-386, Sec. 110); The assistance supports one or more specified exceptions
41	Trafficking in persons (P.L. 106-386, Sec. 110); The assistance does not qualify under any specified exception
42	IMF programs and debt levels (P.L. 98-181, Sec. 806)
43	Failing to apprehend war criminal indictees (P.L. 109-102, Foreign Operations 2006, Sec. 561(a)(1)); Exceptions or waiver authority applies
44	USA PATRIOT Act on deterring international terrorism (P.L. 107-56, Sec. 360)
45	Zimbabwe Democracy and Economic Recovery Act of 2001 (P.L. 107-99)
46	Zimbabwe, as governed by P.L. 109-102 (Foreign Operations 2006, Sec. 572)
47	Serbia, as governed by P.L. 109-102, Sec. 563 (Foreign Operations 2006). If Serbia is not certified.
48	Serbia, as governed by P.L. 109-102, Sec. 563 (Foreign Operations 2006). If Serbia is certified.
49	India IBRD Water and Sewage, as governed by P.L. 107-115, Foreign Operations FY2002, Title IV.
50	Tibet, as governed by P.L. 107-228, Foreign Relations Authorization Act, FY2003, Sec 616(b).
51	East Timor, as governed by P.L. 107-228, Foreign Relations Authorization Act, FY2003, Sec. 633.
52	Sudan, as governed by P.L. 107-245, Sudan Peace Act section 6(b)(2) (2002).
53	Burma, as governed by Burmese Freedom and Democracy Act of 2003, P.L. 108-61.
54	Burma, as governed by P.L. 109-102, Foreign Operations 2006, Sec. 526(a).
55	Iraq, as governed by P.L. 108-11, Sec. 1503, as amended by P.L. 108-106, Sec. 2204.
56	Tibet, as governed by P.L. 109-102, Foreign Operations 2006, Sec. 575(a).
57	Commodities or minerals in surplus on world markets (P.L. 99-472 of the Export-Import Bank Act of 1986)
58	Copper exports, mines and mining (P.L. 99-88, Sec. 501)
59	Mining, smelting and refining (P.L. 99-88, Sec. 502, as amended by P.L. 102-285)
60	Commodities, products, or minerals for export (P.L. 100-202, Foreign Operations, FY1987, Title XIV, Sec. 1403(b) of the IFI Act, as amended by P.L. 106-36, Title I, Sec. 1002)
61	Comprehensive Peace in Sudan Act, 2004 (P.L. 108-497)
62	Project could have significant environmental impacts, but such impacts have been mitigated. Development outcomes expected to be broadly positive.