Selling Out on the UN Security Council[1]

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Abstract

Election to the United Nations Security Council (UNSC) provides nations with an opportunity to trade policy support in exchange for aid and other forms of financial assistance. Nations elected to one of the ten temporary two year seats on the United Nations Security Council experience substantially lower economic growth during their time on the council than comparable nations not on the UNSC. Over the two year period of UNSC membership and the following two years, during which a nation is ineligible for reelection, UNSC nations experience a 3.5% contraction in their economy relative to nations not elected to the UNSC. Further, on average nations in the UNSC become less democratic and experience an increase in the level of restrictions on press freedom. The effects of UNSC membership on political and economic development are particularly strong in non-democratic states.

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Selling Out on the UN Security Council

Election to the United Nations Security Council (UNSC) gives a country a two-year window during which it can help shape global security policy. Election to the UNSC also provides a window of opportunity to exploit a member's new-found influence by trading its vote for dollars; dollars that harm the seller's citizens. Here we investigate the pernicious relationship between election to the Security Council and political and economic development, building on earlier research on closely related topics.

Our study proceeds as follows. We review the literature on why aid is given and the effects of aid. Next we discuss election to the United Nations Security Council and review the literature regarding UNSC membership and aid. In particular, UNSC membership increases access to foreign aid and reduces the number of conditions applied to such aid. Having described the data used and the evidence to link UNSC membership with access to easy money, we move to the heart of the paper and examine the development implications of UNSC membership by comparing the economic and political performance of nations on the UNSC with nations that are not. As will be shown, UNSC members grow more slowly, become less democratic, increase restrictions on press freedoms and become more aligned with the U.S. than nations not on the UNSC. To assess these findings, we use a matching design and regression analyses. In addition to confirming the results for economic growth, democratization and press freedoms, the analysis suggests the effects of UNSC membership are most pernicious in non-democratic states. We conclude by discussing the implications of our findings for the development community.

Literature on Foreign Aid

For perhaps the first time in human history billons of ordinary people live with abundant access to food, shelter, health care, education and other essentials for a productive, happy, long life. But for billions of others, life is still too much like the state of affairs described by Thomas Hobbes more than five centuries ago when he noted that life is solitary, nasty, poor, brutish and short. Wealthier people seem appropriately ill at ease with their bounty when so many others go to bed hungry, sleep in tumbledown shanties (if they have shelter at all), and die of easily and cheaply curable diseases.

Despite the exhortations to do something by well-intentioned people like Sir Bob Geldof and Bono, aid programs do not appear to help the poor and may well make them worse off. That is not to say that it is impossible to design an effective aid regime, but as for existing programs, the evidence that they are deficient is abundant. There is, in fact, little disagreement that aid programs have thus far failed to provide predictable, regular improvement in the economic, social, or political conditions among poor people. Indeed, while aid-receiving states certainly tend to be poor, wealthier aid-recipient polities receive more aid than the poorest, presumably neediest societies (Bueno de Mesquita and Smith 2009a). It seems that aid programs serve some purpose other than reducing poverty and misery.

Studies by Doucouliagos and Paldam (2005, 2007) and the extensive survey by Harms and Lutz (2005) conclude that the aid effectiveness literature has failed to establish that aid works. Similarly depressing results are reported by Rajan and Subramanian (2005). They note that even after correcting for the selection bias in who

gets aid based on poverty and prior poor performance, aid shows no relationship with economic growth. Why this is so, however, remains hotly contested.

Effects of aid on democratization and growth – theory and evidence

One possible answer, suggested by William Easterly (2006), is that aid goes to the wrong people. According to Easterly too much aid is channeled to the governments in recipient states instead of being directed at entrepreneurial individuals. He notes that government officials too often direct aid funds or goods toward their personal enrichment rather than toward the alleviation of poverty or oppression. Thus, Easterly lays responsibility for aid's failure squarely at the feet of aid-receiving regimes.

Jeffrey Sachs (2005) offers a different account. He maintains that aid programs have not succeeded because donors do not give enough. Foreign aid programs tend to be small, representing little more than a drop in the bucket when it comes to trying to end poverty. He points to selection bias in studies that show aid fails, thereby sustaining confidence in the belief that more money could be the answer. While Easterly sees the problem primarily in terms of recipients, Sachs vests greater responsibility at the feet of donors.

Each prominent perspective on why aid fails has merit and helps us understand some of the limitations of current foreign aid programs as a mechanism to correct poverty and other social or political ills. But these explanations fail to address why aid goes to corrupt governments and why donors are so sparing in their giving.

Since the amounts going to aid in percentage terms have been relatively steady for decades and since corrupt regimes have been receiving aid for as long, we must ask whether the small amount given and to whom it is given are part of an equilibrium aid

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strategy. Just as surely as Sachs knows how little is given and as surely as Easterly knows that it is going to the wrong people, donors must also know how little is being given and how much falls into the hands of corrupt officials. Perhaps because the focus of aid research is on the economics of growth more so than the political-economy of growth, we have inadequately understood why so little is given and why it goes to the wrong people.

Bueno de Mesquita and Smith (2007, 2009a) model who gets aid and how much they get, as well as who gives aid and how much they give, finding that the answers reside in viewing foreign aid programs as designed to exchange money or goods that can be sold for policy concessions. In their view, aid is not unsuccessful. Rather, it fulfills the political purposes for which it is given and taken; it is just that those purposes place the alleviation of poverty or oppression as secondary to gains in policy compliance that improve the survival prospects of the mostly democratic incumbent donors and their mostly autocratic recipients.

The policy-oriented purpose of aid programs finds considerable support in the literature. Rai (1980), Ruttan (1996) and Zimmerman (1993), for instance, argue the US uses aid disbursements to attain its own foreign policy goals. There is also growing evidence that the US uses aid and its influence on IMF and World Bank programs to influence voting in the United Nations. Dreher, Thiele and Nunnenkamp (2008) find that the US uses aid to buy votes in the UN General Assembly. Most directly related to this project, Kuziemko and Werker (2006) show that members of the UNSC receive 56% more aid than those not on the Council. They also show that UNSC membership leads to increases in some forms of UN aid, particularly programs over which the US has influence.

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Of course, the influence that the United States can exert on foreign affairs is not limited to the United Nations. Given that the U.S. has a huge say in IMF governance, with the United States holding 17% of the votes, scholars argue that the IMF is largely driven by U.S. concerns. Barro and Lee (2005), Frey (1997), Goldstein (2000), and Thacker (1999) each develop the connection between US interests and IMF programs (although Gould 2003 argues otherwise). Dreher and Sturm (2005) show a connection between UN General Assembly voting patterns and access to World Bank and IMF programs. Further, Dreher and Jensen (2007) show that the conditionality of these programs is tied to a nation's relations with the United States. Dreher, Sturm and Vreeland (2006) show specifically that United Nations Security Council members receive more IMF program benefits. The United States also influences World Bank lending (Andersen and Markussen 2006). In addition to summarizing many of the anecdotal accounts, Dreher, Sturm and Vreeland (2009) provide systematic evidence that UNSC members receive more World Bank projects.

Through both bilateral aid and multilateral institutions the US has the means with which to reward nations that support its policy goals. Since the UNSC can endorse US policies and actions, the support of its members can be particularly valuable.

The apparent incentive to give aid to gain policy advantages and the fact that election to the United Nations Security Council confers on members the opportunity to trade policy for economic advantage provides an opportunity for a natural experiment. A substantial drawback in the literature on aid as a strategy to alleviate poverty is that it is possible that tests intended to measure the impact of aid fall short because of difficult selection problems. By focusing on election to the UNSC we are able to construct tests

that correct for these selection problems. The next section elaborates on the selection issues and a method to overcome the problem.

Hospitals Kill People: Selection Bias in Tests on Aid

That aid does not appear to alleviate poverty or promote economic growth, as Sachs (2005) notes, is not in itself evidence that aid does not work. By way of analogy, consider the fact that the likelihood of dying is much greater for people who are hospitalized than for those who are not. Of course, most of us do not think hospitals increase the likelihood of a patient's death. Rather, those who find themselves in need of hospital care presumably are also people who are sufficiently sick that they are more likely to die than a randomly chosen person from the population. That is, the likelihood of a hospital stay is dependent on one's health, producing a spurious direct relationship between death and hospital stays. It is likely that people who are sick and go to the hospital have a lower death rate than people with comparable illnesses who do not go to the hospital but the broad comparison of death rates among those in hospitals and not in hospitals fails to correct for this selection bias.

Although Rajan and Subramanian (2005), as mentioned earlier, explicitly try to correct for these selection effects, it is difficult to perform the counterfactual analysis for aid recipients of how they would have done had they not received aid. The problem is that because aid recipients, like hospital patients, presumably are not a random draw of the population of prospective recipients, it is difficult to establish the true effect of aid on economic and political conditions. In fact, research by Alesina and Dollar (2000) points exactly to this selection bias in data on aid. They examine the economic performance of countries receiving aid and countries receiving foreign direct investment (FDI). Those

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receiving FDI tend to do better economically and politically than those who receive aid but then those who receive FDI tend also to be in better shape before investments are made than are those who receive aid. This helps reinforce the belief that there is a selection bias but it does not inform us about the counterfactual expected performance of poor countries in the absence of aid.

Medical science corrects for selection effects by using randomized tests to determine the impact of a particular treatment on outcomes. Volunteers are randomly assigned to treatment and control groups. The average impact of the treatment can be measured by comparing those treated with those who are not. We do not generally have the same luxury of randomly assigning nations to the foreign aid treatment group and to a control group – just as aid recipients and FDI recipients are not random draws from a common pool – but we do have a circumstance in which this very division is at work so that we can measure the effects of foreign aid against an appropriate control group.

Since randomized testing on a country scale is impractical, and probably immoral and inhumane, we exploit a natural experiment to evaluate the efficacy of aid. Nations elected to the Security Council are known to receive better access to aid and typically receive aid with fewer conditions attached than is true for non-UNSC recipients, as noted above. Yet, election to the Security Council is neither based on economic need nor on the prevalence of social or political limitations. To be sure, election to the Security Council is not random with regard to regional political considerations and population size, but these factors are not inherently correlated with poverty. Indeed, the only robust predictor of who gets elected is population size, with big nations being more likely to be chosen than small nations. Since nations elected to the UNSC get more soft money, UNSC

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membership provides an instrument for evaluating the effectiveness of unconditional aid programs, controlling for selection bias.

In the remainder of this study we focus on the impact that election to the Security Council has on aid receipts and on economic and political outcomes. In doing so, we are able to probe the claim that aid's deficiency is that too little is given and that aid recipients are in such bad shape that without much more aid they cannot be expected to improve their economic and political performance (Sachs 2005). We are also able to probe the contention that aid programs are more often designed to purchase policy concessions than to alleviate poverty and misery and that therefore we should not expect better results from aid among those elected to the Security Council as compared to those not on it. As we will see, using the Security Council as an instrument for easy access to money, election to the UNSC has deleterious effects. Specifically, UNSC members grow more slowly than before their election, become less democratic, experience a decline in press freedoms and become more closely aligned with the US than those not elected to the Security Council.

The Significance of UNSC Membership

Important security-policy questions brought to the UN are resolved in the Security Council. Both evidence and careful theorizing supports the contention that the United States tries to shape UN policy so that the US can advance its own policy agenda under the cover of the UN (Voeten 2001, 2004; Johns 2007). That is, the US, like all the permanent members of the UNSC, does not so much comply with UN policy as try to shape it to serve its own interests, subject, of course, to the constraint that the policies

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promoted through the Security Council must not be so disliked by any permanent member that it will be vetoed. Election to the UN increases the salience of a nation's policy stance on security matters. Those elected to the Security Council are, to put it bluntly, in a position to provide the U.S. with salient favors. Membership on the UNSC serves as an instrument for receiving soft money in exchange for favors. To return to the medical analogy, UNSC members receive an extra dose of medicine and since UNSC membership is unrelated to the level of illness, we can examine the impact of the extra medicine by comparing its effects to those not elected to the UNSC. In medical parlance, the UNSC provides a treated group which can be compared to the control, those not on the UNSC.

Mechanism of election to UNSC

Since 1963, when it expanded, the Security Council has consisted of its 5 permanent members—U.S., Russia, China, France and the U.K.—and 10 temporary members who serve two year terms. These terms start in January, with five positions being vacant each year and elections being held in the preceding October. Although all members of the General Assembly vote for UNSC positions, they are allocated on a regional basis. Nations are organized into regional groups. In particular, UN General Assembly Resolution 1991A (XVIII) allocates five seats to Africa and Asia, one seat to Latin America and the Caribbean, one seat to Eastern Europe and two seats to Western Europe and Other group (which includes Canada, Australia and New Zealand). Following the end of their term, nations are not eligible for reelection to the UNSC for two years. Although the elections are sometimes contested, the norm is that the regional group puts up a candidate nation which is accepted by the General Assembly (Malone 2000). The

selection process for the regional slate varies by region. Africa has generally adopted strict rotation. In contrast the Latin American region has been dominated by its largest members (Brazil, Columbia and Argentina), with occasional representation by Central American states.

To our knowledge, beyond our own analysis there is only one other statistical analysis of election to the UNSC, Dreher and Vreeland (2009). They find, as we do, that population size is the most important factor influencing election to the UNSC.

Experiment Design

We compare the performance of nations elected to the UNSC with those that are not. In particular we show that UNSC membership increases access to aid and reduces economic growth, democracy and press freedom. We also find partial support for closer security alignments with the US for UNSC members. If UNSC membership was allocated completely randomly, then the effects of UNSC membership could simply be observed by comparing the averages of those in the UNSC with those that are not. While, as noted, population size is the only robust predictor of UNSC membership, election is not random. It is therefore important to check that the differences observed between members and non-members are a consequence of UNSC membership and not a result of selection. We verify the difference between UNSC members and non-members using statistical matching and regression and find effects very similar to the direct comparisons of the two groups.

Data

Table 1 summarizes the data and sources for this project. The data on UNSC membership are taken from Kuziemko and Werker (2006). We follow their useful

convention of referring to the year of a nation's election to the UNSC as T0, the two years on the UNSC as T1 and T2, and the two years following a nation's term as T3 and T4. We use Kuziemko and Werker's measures of total US aid given to each recipient. These data were taken from USAID's Greenbook. We use the World Bank's World Development Indicators (2007) for economic and population measures. Using economic data from Penn World Tables (Heston et al 2002), yield similar substantive conclusions. We measure democracy using Polity IV's 21 point scale that assesses democracy-autocracy, which we normalize to take values between zero and one (Marshall and Jaggers 2007). The Freedom House organization publishes annual scores of restriction of press freedoms, with 100 representing the highest level of restrictions and zero representing the most free press.

Table 1 about here

We use Bueno de Mesquita's (1975) tauB measure of the similarity of alliance portfolio's to assess the extent to which each country is aligned with U.S. security interests.[2] The measure takes values across our data of between –0.37 and 1. A score of one indicates a perfect correlation between a nation's alliances and those of the U.S. We obtained these measures using EuGene (Bennett and Stam 2000).

All the data, code and output used in this paper can be found in our replication archive (www.anonymous.edu). This archive also documents additional analyses which we discuss but do not report here.

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[2] The S-measure (Ritter and Signorino 1999) is an alternative to Bueno de Mesquita's TauB indicator but the S-measure's null value approaches its upper bound of 1 when comparison is made in alignment portfolios across a large number of states, with many being nonaligned. For instance, looking globally, S at the height of the cold war between the UK and US and between the USSR and the US were almost identical. TauB does not have this limitation when there are many nonaligned states. Hence, we believe that S is the preferable measure when looking at relatively small groups of states and that TauB is more informative when looking at large number of states in calculating the extent to which pairs of countries have shared national security alliance portfolios.

Election to the UNSC

Political and economic development and extant access to aid have little impact on the likelihood of election to UNSC. Table 2 contains probit analyses which assess which factors influence election to the UNSC. The models contain measures of the logarithm of population size, logarithm of per capita GDP, level of democracy, security alignment with the U.S. and access to aid measured as either aid as a percentage of GDP or the logarithm of total aid from the US in the pervious year. Overall these models do a poor job at identifying nations likely to be elected to the UNSC. The pseudo-R^2 is below 7% and the signal-to-noise ratio characteristic, LROC, is below .68 for all models. These political and economic development variables discriminate poorly.

The only robust predictor of election to UNSC is population size, with large nations being more likely to be elected than small. In two of the analyses wealth appears to be a significant predictor of UNSC election. However, in the other models wealth has no significant effect. Across a wider range of specifications, wealth is rarely significant. Even when statistically significant, wealth explains much less of the variance in UNSC elections than size. In particular, a standard deviation change in wealth explains less than a quarter of the variance in UNSC elections that a standard deviation change in size does. Since even the full model explains so little of the variance in UNSC election, wealth is a poor predictor of who gets elected and who does not. Neither aid (whether measured as a percentage of GDP or as the logarithm of total U.S. aid), level of democracy, or alignment with the U.S. has any significant effect on UNSC elections.

The fourth column in table 2 includes variables which examine changes in democracy, wealth and aid in the previous four years. Given our research design, these

tests are important. We will argue that election to the UNSC causes changes in political

and economic development. We need to ensure that it is not nations undergoing these

changes that are elected to the UNSC. Prior changes in wealth or aid have no impact on

UNSC elections. However, it appears that a decline in democratization increases the

likelihood of getting a place on the UNSC. This result stems primarily from a number of

African cases and is not present in other regions.[3] Given the norm of seat rotation in the

African regions (Malone 2000) and the absence of this pattern in any other region, we do

not believe that declining democracy increases the likelihood of UNSC election. The only

systemic determinant of UNSC membership is population size. So while election to the

UNSC is not random, it is unrelated to aid and political and economic development.

The Benefits of UNSC Membership

Nations elected to the UNSC receive more aid and more IMF and World Bank

programs with fewer conditions. Given the practicalities of space and broad consensus

within the literature, we do not provide any additional analyses of the effect of UNSC

membership on the level of US aid. Kuziemko and Werker (2006) report that UNSC

nations receive 56% more US aid than do other states. While our analyses support this

finding, their study does not allow us to differentiate between two important cases. Is the

aid increase due to existing aid recipients getting more aid? Or does it result from nations

who were not previously receiving aid becoming recipients? Our analysis suggest that

while there is a modest increase in the amount of aid for existing recipients, much of the

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[3] Specifically, the result in model 4 of table 2 is driven by the following list of nations (and year of their election to the UNSC: Panama (1971), Guyana (1981), The Gambia (1997), Benin (1997), Burkina Faso (1983), Sierra Leone (1969), Kenya (1972), Zambia (1968), Zimbabwe (1990), Sudan (1971) and Kuwait (1977).). These predominantly African nations experienced a decline of at least 0.10 in their normalized Polity score during the four years prior to their joining the UNSC.

aid increase results from UNSC members becoming new recipients. Indeed there are virtually no cases of US aid ending during a nation's UNSC term and accession to the UNSC greatly increases the likelihood of US aid initiation.

These analyses are consistent with the extant literature. UNSC membership provides nations with access to soft money with few strings. Getting elected to the UNSC not only provides a nation's leaders with prestige, it also grants them access to additional resources with few conditions or constraints. In principle, such funds offer resources with which to promote economic development and improve per capita income, thereby alleviating poverty. Unfortunately, these resources also promote political incentives which retard development.

In the next section we examine the impact of UNSC membership on development and find that on average a term on the UNSC reduces economic growth, democracy and press freedoms and results in shifts in security alignments towards the US. Based on this evidence we argue that access to aid resources without conditions harms development.

A Bitter Pill: The Effect of UNSC Membership

UNSC membership increases access to unfettered resources and means that conditions on existing loans and programs are unlikely to be enforced. It is therefore a useful instrument for gaining access to easy money. Unconditional aid is most likely to undermine political (Djankov, Montalvo, and Reynal-Querol 2008; Dunning 2004; Goldsmith 2001; Knack 2004; Morrison 2009; Wright 2009) and economic (Burnside and Dollar 2000; Clemens, et al. 2004; Easterly and Roodman 2004; Remmer 2004; Svensson 1999) development. In this section we show that such aid is a bitter pill.

Nations that receive the treatment, that is get elected to the UNSC, perform worse economically and politically than those not elected to the UNSC, with the latter serving as a control group.

Figure 1 shows how UNSC membership affects economic growth, democracy, press freedoms and security alignments with the US. The top panel shows the change in per capita GDP (GDPpc) over a two and a four year period for nations elected to the UNSC and those that are not. Specifically, for those nations on the Security Council we calculate the percentage change in GDPpc in the second year on the Council relative to GDPpc in the year of election. The four year effect is calculated by comparing GDPpc two years after the end of UNSC membership with the year of election (i.e. a comparison between years T4 and T0). The average change in GDPpc for non-UNSC nations is calculated by comparing growth over all two and four year periods such that none of the years in the comparison fall within a UNSC term or the two years after it for the country in question. The changes in the other variables are calculated in the same manner.

Figure 1 about here

UNSC membership has a pernicious effect. Over a four year period, nations outside the UNSC grow by an average of 8.7%. Over the same time frame a nation on the UNSC grows by only 5.2%. This 3.5% difference in growth – representing 40 percent less growth than expected based on the non-UNSC membership average – is significant at the 1% level in a comparison of means in a t-test. Over a two year time period the comparable numbers are 4.0% and 2.8%. UNSC membership undermines economic growth.

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UNSC membership also undermines democracy, strongly suggesting the interpretation that election to the UNSC opens an opportunity to sell out the people at home on policy in exchange for money. More democratic regimes, of course, are more accountable to the population for the policies they adopt, so cutting back on that accountability eases the path to make money for policy deals. On average, nations outside the UNSC increase their democracy score by 0.016 on the normalized, 0 to 1, Polity (democracy-autocracy) scale over a four year period. In comparison nations serving on the UNSC reduce their democracy score by an average of .004. This difference is significant at the 5% level. Restrictions on press freedom also increase during UNSC membership. Using the 4 year comparison, on the 100 press freedom point scale, UNSC nations increases their restrictions on the press by 3.1 units more than non-UNSC nations. Again this difference is significant at the 5% level.

The final panel of figure 1 perhaps suggests the true goal of US giving to UNSC members. Relative to non-UNSC nations, UNSC nations increase their security alignment with the US by .01, a difference significant at the 5% level. These measures of U.S. security alignments are calculated by comparing alliance portfolios. Thus a change in alignment means the formation or breakup of formal military alliances. As such, these measures are generally very slow moving.

As we have seen, on average UNSC membership harms economic development and political freedoms. Next we validate these findings. UNSC elections are not random. To verify that UNSC membership leads to declines in development, rather than such declines leading to election, we adopt several approaches.

First, we compare whether the differences observed in figure 1 were replicated in the years preceding UNSC membership. These tests are available at our replication archive. That is to say, did nations entering the UNSC behave differently prior to their election to membership? With the exception of the democracy measure, there are no differences. As discussed above, this result for democracy is driven by a number of African cases. Excluding African nations, there is no systematic difference in institutional change between nations subsequently elected to the UNSC and those that were not.

Second, we use a nearest neighbors matching design such that the difference between UNSC and non-UNSC nations is calculated by comparing nations, which apart from UNSC membership, are very similar. The matching is based on population size, per capita income and level of democracy. Third, we use regression analyses to control for political and economic factors that might account for differences in performance.[4]

Table 3 shows the average treatment effect of UNSC membership using a matching design. Rather than just assume nations are randomly assigned to the UNSC, the matching design calculates the difference in performance between nations elected to the UNSC and nations which are similar to them based upon the logarithm of population size, wealth (measured as the logarithm of per capita GDP) and democracy. We used 4 closest matches and implemented the algorithm using Stata 10's nnmatch (Abadie et al 2004). The first two columns shows results very similar to those reported in figure 1, although not always as significant. Once matching is used to compare similar nations, the difference in security alignments between UNSC members and non-members is not significant.[5]

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[4] Using regression models to examine changes prior to UNSC election, with the exception of African democracy, we find subsequent UNSC membership has no effect on the behavior of nations.
[5] In addition we examine alignment with the US in terms of General Assembly voting patterns, using Gartzke's data (2006). These tests show a slight and statistically insignificant shift towards voting with the

Table 3 about here

The deleterious effects of UNSC membership occur primarily in non-democratic nations, as evidenced by columns 3 and 4 of table 2. Column 3 restricts the analysis to democratic states, defined as a normalized Polity score greater than 0.7. This cutoff is arbitrary, but other codings produce similar results. Column 4 repeats the analysis for non-democracies. Within democracies, UNSC membership has no impact on development. In contrast, over four years, non democratic UNSC member-nations grow about 5% less, become less democratic by about .06 (on a 0-1 scale), and impose about 6 units-worth of additional restrictions on press freedoms (on a 0-100 scale).

We subject these results to further scrutiny. Table 4 shows regression estimates of the effect of UNSC membership on GDPpc, democracy, and press freedom. The regressions include country fixed effects. We repeat these analyses using region-year fixed effects (table 5) and country and year fixed effects with region trend variables (table 6). Although the magnitude and significance level of the estimates vary somewhat across these three specifications, the results support the same substantive conclusions as the other methods.

Election to the UNSC reduces economic growth in non-democratic nations, as seen by the negative coefficient estimate for the UNSC dummy variable. However, since the coefficient estimate for UNSC interacted with democracy is positive and of similar magnitude, there is no net effect of UNSC membership on growth for democratic nations. With regards to the two year comparison a similar pattern emerges: election to UNSC reduces two year growth by 3.2%, but not in democratic nations. Although the

US for nations in the Security Council. As with the alliance portfolio tests, in the matching and regression setting, UNSC membership has no statistically significant effect of GA voting.

significance of these results is weak in the country fixed effects specification, in the two other fixed effects specifications the results are highly significant. When coupled with the other approaches, there is robust evidence that UNSC membership significantly reduces economic growth.

The pattern observed with respect to economic growth is repeated across the analyses of democracy and restrictions on press freedoms. The coefficient estimates on the UNSC variable show deleterious effects, but these effects are canceled out in democratic nations by the opposite sign on the interaction variable.

Conclusions

While a position on the UNSC might increase the prestige and resources of an autocrat, it harms the welfare of the citizens. Election to the United Nations Security Council provides an opportunity for non-democratic members to exploit their short-term heightened international salience. They can do so by trading their support for policy goals in exchange for foreign aid. The aid does not translate into improved welfare for the citizens. In fact, quite the contrary occurs.

Because election to the Security Council provides a natural experiment, it affords us the opportunity to evaluate whether increasing aid to countries helps improve economic and political performance. The non-democratic nations elected are not inherently especially sick or healthy (that is, impoverished or well-to-do), yet election has a positive impact on aid flows to them. Aid is not held back from those autocrats whose people are doing well nor is it focused on those who are especially poor. It is focused on those with something to offer by way of valuable policy concessions. These results

provide further evidence that aid not only has pernicious effects on development but that it has these pernicious effects by design, not by accident. Aid is a means for well-to-do democratic governments (Bueno de Mesquita and Smith 2009b) to buy policy concessions from less well-to-do non-democratic regimes. Recipient leaders and their cronies benefit. Donor governments and their supporters benefit but the people in aid-receiving countries are harmed. The evidence from the natural experiment embodied by election to the UNSC offers little reason to feel optimistic that increasing foreign aid payments will materially improve the well-being of the world's poor.

Tables

Table 1 Data: Summary of Key Variables

Variable	Definition	Mean (St.Dev) Obs.	Source
ElectUNSC (T0)	Dummy variable coded one in the year of a nation's election to UNSC	.033 (.178) 7723	Kuziemko and Werker (2006)
UNSC (T1, T2)	Dummy variable coded one in years that a nation is in UNSC	.065 (.246) 7723	
EndUNSC (T3, T4)	Dummy variable coded one in each of the two years following a nation's term in UNSC	.065 (.246) 7723	
Total U.S. Aid	Total US military and economic aid (1996 million US$)	33.8 (194.3) 6595	USAID Greenbook
Democracy	(Polity Democracy Score-Polity Autocracy Score+10)/21	.510 (.383) 6988	Polity IV
GDPpc	Per capita GDP (2000 US$)	5013 (7644) 5865	World Bank Development Indicators (2007)
Population	Population size	2.92e+07 (1.08e+08) 6746	
Aid/GDP(%)	Total Aid (from all sources) as a percentage of GDP	7.121 (11.711) 5260	
Press Freedom	Restrictions of Press Freedom	46.9 (24.7) 2149	Freedom House 2008
U.S. Security Alignment	Similarities in alliance portfolios with the U.S.. Calculated using tauB measure.	.131 (.359) 6800	Bueno de Mesquita (1975). Calculated using Eugene (Bennett and Stam 2000).

Table 2: Election to UNSC

Election to UNSC	Probit Analysis of Election to UNSC for all Non-Permanent UN members			
Democracy	0.0340	-0.0224	0.0203	0.111
	(0.116)	(0.131)	(0.118)	(0.148)
Log(Population)	0.169***	0.142***	0.168***	0.139***
	(0.0270)	(0.0318)	(0.0271)	(0.0354)
Log(GDPpc)	0.107***	0.0583	0.117***	0.0496
	(0.0288)	(0.0435)	(0.0356)	(0.0493)
U.S. Security Alignment	0.00641	0.0284	-0.00651	-0.0874
	(0.119)	(0.132)	(0.124)	(0.144)
Aid/GDP(%)		-0.00899		-0.0122
		(0.00805)		(0.00974)
Total U.S. Aid			0.00340	
			(0.00657)	
Change in Democracy Over Previous Four Years				-0.588**
				(0.236)
Change in GDPpc Over Previous Four Years (%)				-0.00191
				(0.00288)
Change in Aid/GDP Over Previous Four Years				0.00492
				(0.0114)
Constant	-5.190***	-4.346***	-5.274***	-4.235***
	(0.502)	(0.700)	(0.536)	(0.801)
Observations	3586	2991	3544	2481

*** $p<0.01$, ** $p<0.05$, * $p<0.1$
Standard errors in parentheses

Table 3: Average Treatment Effect of UNSC with Nearest Neighbor Matching based on Log(Population), Log(GDPpc) and Democracy.

	Average Treatment Effect of UNSC 4 Years	Average Treatment Effect of UNSC 2 Years	Average Treatment Effect of UNSC 4 Years Democracy>.7	Average Treatment Effect of UNSC 4 Years Democracy<=.7
%ΔGDPpc	-2.529 (1.085)**	-.389 (.669)	.713 (1.259)	-4.977 (1.747)***
ΔDemocracy	-.020 (.014)	-.006 (.011)	.021 (.016)	-.055 (.024)**
ΔPress Freedoms	2.6 (1.546)*	.083 (1.088)	-.196 (1.809)	5.75 (2.863)**
ΔUS Alignment	.0081 (.009)	.007 (.006)	.015 (.014)	-.003 (0.011)

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 4: The Effect of UNSC Membership, Country Fixed Effects

VARIABLES	(1) ΔGDPpc 4 years	(2) ΔGDPpc 2 years	(3) Democracy after 4 years	(4) Democracy after 2 years	(5) Press Freedom Restrictions after 4 years	(6) Press Freedom Restrictions after 2 years
Elected to UNSC (T0)	-3.862* (2.056)	-1.445 (1.254)	-0.0815*** (0.0229)	-0.0371** (0.018)	5.613* (3.331)	-1.776 (2.460)
Democracy*T0	3.015 (2.990)	1.677 (1.803)	0.0884*** (0.0330)	0.0470* (0.026)	-4.934 (4.156)	1.478 (3.129)
Democracy	3.729*** (1.329)	1.392*(0.798)	0.528*** (0.015)	0.747*** (0.012)	-5.875** (2.282)	-16.29*** (1.845)
Log(Population)	-4.573*** (1.062)	-2.103*** (0.627)	0.190*** (0.012)	0.102*** (0.009)	6.926 (4.539)	19.11*** (3.406)
Log(GDPpc)	-14.68*** (0.935)	-6.190*** (0.552)	0.012 (0.010)	0.000 (0.008)	-1.718 (2.210)	-3.099* (1.761)
Press Freedoms					-0.032 (0.039)	0.263*** (0.031)
Constant	184.7*** (15.97)	81.14*** (9.462)	-2.818*** (0.177)	-1.468*** (0.135)	-43.69 (69.96)	-236.7*** (52.95)
Observations	3388	3520	3317	3455	867	987
Number of countries	148	150	149	150	146	147
R-squared	0.095	0.049	0.424	0.638	0.019	0.199
Log Likelihood	-13730	-12556	1540	2398	-2647	-2946

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

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Table 5: The Effect of UNSC Membership, Region Year Fixed Effects

VARIABLES	(1) ΔGDPpc 4 years	(2) ΔGDPpc 2 years	(3) Democracy after 4 years	(4) Democracy after 2 years	(5) Press Freedom Restrictions after 4 years	(6) Press Freedom Restrictions after 2 years
Elected to UNSC (T0)	-7.044*** (2.385)	-3.210** (1.337)	-0.026 (0.025)	-0.012 (0.018)	4.779 (3.658)	0.433 (2.607)
Democracy*T0	5.398 (3.386)	3.045 (1.887)	0.0118 (0.035)	0.005 (0.026	-3.678 (4.642)	-0.0245 (3.332)
Democracy	-1.044 (1.032)	-0.354 (0.574)	0.792*** (0.011)	0.887*** (0.008)	-15.00*** (1.604)	-10.41*** (1.154)
Log(Population)	-0.404** (0.201)	-0.197* (0.112)	0.0034 (0.002)	0.001 (0.002)	0.210 (0.209)	0.209 (0.149)
Log(GDPpc)	0.004 (0.288)	0.0964 (0.159)	0.0136*** (0.003)	0.009*** (0.002)	-1.199*** (0.303)	-0.731*** (0.218)
Press Freedoms					0.722*** (0.0254)	0.825*** (0.018)
US alignment						
Affinity						
Constant	15.32*** (3.933)	6.481*** (2.181)	-0.022 (0.040)	-0.011 (0.030)	28.67*** (4.581)	17.22*** (3.299)
Observations	3388	3520	3317	3455	867	987
Log Lik	-14146	-12691	1391	2393	-3068	-3221
R-squared	0.005	0.003	0.698	0.829	0.821	0.895
Number of Region-year fixed effects	275	287	276	287	52	63

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

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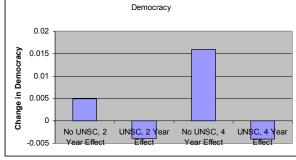
Table 6: The Effect of UNSC Membership, Country and Year Fixed Effects with Regional Quadratic Time Trends

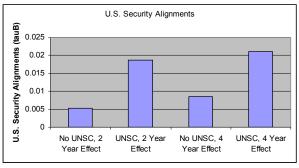| VARIABLES	(1) ΔGDPpc 4 years	(2) ΔGDPpc 2 years	(3) Democracy after 4 years	(4) Democracy after 2 years	(5) Press Freedom Restrictions after 4 years	(6) Press Freedom Restrictions after 2 years
Elected to UNSC (T0)	-3.866** (1.737)	-1.552 (1.347)	-0.064*** (0.0233)	-0.030* (0.0160)	6.360 (5.054)	-1.698 (3.420)
Democracy*T0	4.079* (2.460)	2.282 (1.776)	0.064** (0.0310)	0.035 (0.0229)	-5.510 (5.825)	1.570 (3.980)
Democracy	-4.003* (2.231)	-2.481** (1.188)	0.458*** (0.046)	0.693*** (0.033)	-6.361 (5.335)	-15.79*** (4.156)
Log(Population)	-29.83*** (9.500)	-12.57*** (4.519)	0.014 (0.0645)	0.003 (0.036)	0.0249 (17.72)	20.69 (17.07)
Log(GDPpc)	-23.91*** (4.240)	-10.60*** (1.873)	-0.018 (0.026)	-0.020 (0.015)	-0.371 (4.963)	-1.786 (3.664)
Press Freedoms					-0.036 (0.067)	0.279*** (0.0615)
US alignment						
Affinity						
Constant	575.0*** (179.9)	274.9*** (81.20)	0.229 (1.564)	0.0484 (0.823)	1747 (2136)	-1246 (1313)
Observations	3388	3520	3317	3455	867	987
R-squared	0.457	0.330	0.855	0.905	0.952	0.957
Log Likelihood	-13457	-12331	1728	2523	-2628	-2927

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Figure 1: Effect of UNSC Membership on Economic Growth, Democracy, Press Freedom and Security Alignments with U.S.

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