Asking for It:  

Instrumental Political Benefit and the Dynamics of Lobbying for U.S. Foreign Aid†

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Abstract: Recent scholarship has begun to test the long-held assumption that foreign aid provides a liquid and effective means for recipients to bolster their own political career rather than to improve the human condition of citizens. As with so many phenomena in the political world, the relationship between instrumental political benefit and receiving foreign aid proves conditional. The nature of domestic political institutions and the timing of aid jointly affect the likelihood that leaders will benefit or be hurt by inflows of money from the outside. For many leaders, receiving foreign aid can actually increase the chances of losing office to a challenger. In this paper, we ask a question vital to the face-validity of these new findings: Do potential aid-recipients moderate their requests for aid based on the dynamics that generally condition its instrumental benefit? Utilizing a dataset of registered lobbies for U.S. foreign aid (FARA), we model the strategic decisions of whether to ask for aid and how much to ask for, as partially a function of the estimated benefit or harm that aid will cause at the recipient home.

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Introduction

Do foreign leaders, in an effort to bolster their own tenure prospects, influence the domestic politics of other states? It is noncontroversial to acknowledge that advanced, industrialized states use tools such as aid and investment to nudge other states towards more friendly or cooperative policy stances. However, do foreign actors potentially on the receiving end of these instruments try to entice powerful states to give them these benefits for their own personal, or political, gain? Do foreign leaders use policy channels often thought of as exclusive to domestic political concerns in an effort to increase their chances of staying in office? In this paper, we examine one part of this broader question, when do foreign governments lobby the US government for development assistance.

Between 1997 and 2002, lobbyists officially registered 932 new foreign principles with the U.S. Federal Government. These lobbyists perform a range of activities, from disseminating information about investment opportunities to fundraising. These activities include contact with members of Congress, bureaucrats, state-level politicians, and business people. During this time period, the 160 states included in our sample spent an average sum of nearly $377,000 dollars on lobbying activities directed towards development and investment. The bigger spenders used millions of dollars worth of their currency in an effort to influence the US government to enact more favorable policies towards their countries. The five biggest U.S. lobbying budgets over these years belong to a varied mixture of regimes. In ascending order of value, these high-spending states were: Egypt, Israel, Ireland, Indonesia, and Qatar. These states range from advanced European democracy to a Middle East oil-rich monarchy. The list includes the two

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1 The time-period of our sample is from 1997 to 2002 and includes 160 countries.
2 The top ten is even more mixed in terms of regime type and region (all figures listed in constant 2007 millions): Switzerland ($1.634), Zambia ($1.900), India ($2.002), Botswana ($2.176), El Salvador ($2.2077), Angola ($2.363), Egypt ($2.600), Israel ($2.841), Ireland ($4.780), Indonesia ($6.524), and Qatar ($17.247). All figures are in constant 2008 US dollars.
highest U.S. aid recipients in terms of combined economic and military allocations, but Qatar, the biggest spender (by far), received no official U.S. foreign assistance during these years.

Explaining foreign leaders’ decisions to engage in the lobbying of other governments contributes to the international relations literature in several ways. First most research that examines the interactions between states ignores the ability of foreign leaders to bargain with actors beyond just the executive of another country. Lobbying for favorable policy is usually at the bureaucratic or congressional level in the United States and not at the chief executive level. If foreign actors can influence the foreign policy choices of democratic states, like the US, then this has implications for models based on two-level games and strategic interaction. Second, it has implications for models based upon the idea of leaders attempting to satisfy domestic winning coalitions. Lobbying could ostensibly expand the winning coalitions, or at least the supporters, of politicians beyond the borders of a state. It also suggests that leaders who engage in lobbying can use this tool to expand their winning coalition beyond their own territorial boundaries. Finally, there may be implications for theories based on principal-agent representation frameworks. Specifically, if external actors can influence policy beyond dyadic or direct representation that links elected officials to their electoral districts then we need to rethink and possibly expand the connections between principals, agents and foreign policy.

Building from a theory of the interplay between official development assistance and political survival (Licht 2010) we hypothesize that leaders will not only ask for aid when it can help their political situation at home, but that they will alter their behavior and stop lobbying when aid is likely to exacerbate the probability of them losing office. We test our expectations using data on the lobbying activities of foreign governments towards the United States government. Our results suggest that leaders in the most tenuous of circumstances become more
reluctant to lobby for aid, as foreign aid is likely to increase the probability of losing office. The remainder of the paper is as follows. We briefly review the research on foreign lobbying and the relationship between aid and leader survival. Subsequently, we present our theoretical framework and alternative hypothesis that might explain the lobbying behavior of foreign governments. We then discuss our data, research design and the results of our empirical tests. We conclude with a discussion of the implications of research not only for work on leader survival but also more generally for international relations theories, especially those that rely on some aspect of two level games.

**Literature Review: Lobbying, Aid and Leader Survival**

Why do countries give aid to other countries? Answers to this question fall into two general categories of explanations: recipient-need explanations and donor-interest explanations (Maizels and Nissanke 1984). Recipient, or needs-based, explanations suggest that countries give aid so that recipients can overcome poverty and to facilitate growth and development (Barratt 2008; Lumsdaine 1993; Schraeder, Hook, and Taylor 1998). Ultimately, aid is supposed to help create the conditions for growth. For example, aid may substitute for a lack of indigenous capital, or provide the necessary infrastructure required for development. Interest based explanations suggest that nations give aid not to those countries that have high levels of poverty and low levels of development, but instead distribute aid to further their own interests such as gaining market access or to address security concerns (Alesina and Dollar 2000; Bueno de Mesuita and Smith 2007; Burnside and Dollar 2000; Dudley and Montmarquette 1976). Aid is merely an instrument to accomplish other political goals.

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3 Of course, there is no consensus on whether aid does promote growth, or what are the pre-conditions for aid to generate growth and development (see Doucouliagos and Paldam 2008; Rajan and Subramanian 2008)
However, another factor in determining aid flows to foreign governments might be the lobbying activities of the intended recipient countries. Research on foreign government lobbying, to this point, focuses almost exclusively on foreign governments and corporations lobbying for changes in trade policies. One of the first studies to examine whether foreign lobbying activity influences US foreign policy was by Gawande, Krishna and Robbins (2006). Using the “Protection for Sale” framework of Grossman and Helpman (1994), they examine lobbying contributions from domestic and foreign firms trying to influence tariff and non-tariff barriers. They argue that sectors represented by domestic lobbying groups receive greater protection and sectors where foreign firms have organized lobbying receive less protection. Using the Foreign Agents Registration Act (FARA) data from 1978-1982, the authors find support for both arguments. While domestic lobbies are able to protect their specific sectors foreign lobbying exerts a similar and often countervailing influence on U.S. tariffs (568). That is to say, organized foreign lobbies within a sector are able to reduce both tariffs and non-tariff barriers.

Kee, Olarreaga and Silva (2007) extend this analysis and examine not only whether lobbying reduces barriers but also whether foreign lobbying leads to preferential market access within a sector. In their analysis, Kee, Olarreaga and Silva find strong support for the argument that foreign lobbyist’s contributions are important predictors of preferential market access in the U.S. They also reach a conclusion, similar to Gawande, Krishna and Robbins, arguing, “When it comes to political contributions, a dollar is a dollar, no matter whether lobbying originates in the US or abroad,” (80). Moreover, they conclude that, “The US government puts five times more weight on foreign lobby contributions than on tariff revenue forgone when setting tariff preferences” (93).
Stoyana (2009) extends the work on foreign policy and lobbying by examining foreign lobbying in the context of a Free Trade Association (FTA). Specifically, he looks at foreign lobbying influence on Canada trade barriers from both within the FTA (the United States) and from groups outside the FTA. His results show that lobbying by a partner country in an FTA increases Canadian barriers to trade while lobbying by countries outside the FTA reduces barriers to market.

As a whole, these studies highlight foreign lobbying can influence a government’s foreign policy. This leads to our question of whether leaders, who would benefit from development assistance, spend their own resources in an attempt to acquire even greater resources to prolong their time in office. Paying attention to the political incentives of aid-recipients certainly is not revolutionary in the aid literature. Some classic critiques of the efficacy of foreign aid rest on the incompatibility of interests between donors and recipient leadership.

Unsurprisingly, the prominent realist thinker, Hans Morgenthau (Morgenthau 1962, 305) wrote disparagingly of the human rights and development potential of foreign aid:

[T]he beneficiaries of both the economic and political status quo are the typical recipients of foreign aid given for the purpose of changing the status quo. To ask them to use foreign aid for this purpose is to require a readiness for self-sacrifice and a sense of social responsibility, which few ruling groups have shown throughout history.

Others also worried about the “fungibility” of foreign assistance – the tendency of even closely tied and managed foreign aid to open up room in recipients’ budgets to pursue their own agendas (Singer 1965). Several empirical studies have lent support to this suspicion that aid will end up largely serving status quo elite interests rather than assisting the population at large (Pack and Pack 1993; Boone 1996; Feyzioglu, Swaroop and Zhu 1998; Goldsmith 2001; Deverajan, Dollar
Evidence also exists, of course, that some Western donors have (recently) taken steps to avoid this problem through allocation strategies which avoid corruption and delivery mechanisms which by-pass state involvement (Alesina and Weder 2002; Berthelemy 2006; Stone 2006; Finkel, Perez-Linan, Seligson and Azpuru 2006; Bermeo 2008; Bearce and Tirone 2010).

While a wide literature has emerged around the debate over the likelihood and avoidance of fungibility concerns, fewer studies focus in on the leaders whose proverbial hands may be in the foreign aid cookie jars. We can separate existing work on the link between leader survival and aid flows by its use of either direct or indirect empirical tests. Indirect studies derive auxiliary hypotheses related to the tenure-aid link and test these against the empirical record: If aid relates to tenure in this fashion, then we should see the following pattern in UNGA voting behavior or foreign aid allocation (see Lai and Morey 2007; Bueno de Mesquita and Smith 2007, 2009). The direct studies assess the impact of some measure of foreign aid flows on the likelihood of leaders losing office (see Kono and Montinola 2009; Licht 2010).

Whether directly testing the link or not, both sets of studies begin with the selectorate theory framework popularized by *The Logic of Political Survival* (Bueno de Mesquita, Smith, Siverson and Morrow 2005). Very briefly, this framework assumes that all leaders are responsible for pleasing some subset of the population – the winning coalition (WC) – whose support is necessary for their continued tenure. They please the WC through judicious allocation of private and public goods. The size of the WC relative to the “selectorate” (i.e. the original pool of empowered people of whom the WC is a subset) determines the distribution of goods. A big WC, which characterizes democratic states, is expensive to please through private goods.
Consequently, leaders rely upon public goods. The opposite is often true of leaders in small WC systems.

The selectorate theory framework has led those studying the aid-tenure link to assume the role of external assistance will differ across regime types. More closed, autocratic, small WC states should see outside monies as a means of providing private kickbacks and to swell the coffers for times of need in the future (Lai and Morey 2007; Bueno de Mesquita and Smith 2007, 2009; Kono and Montinola 2009). Licht (2010) extended this framework to incorporate the element of time in office, which looms large in the minds of most politicians. Because it takes time for the so-called “loyalty norm” to develop in autocratic systems, aggregate flows of Official Development Assistance (ODA) from OECD donors can destabilize most small WC leaders. This result is consistent with Kono and Montinola’s (2009) finding that cumulative aid flows rather than current ones are beneficial to autocrats. For leaders with large WCs, the Licht (2010) findings indicate that ODA flows help new, large WC, leaders, but can become a liability over time.

These findings, however, refer to total bilateral ODA dependence from multiple countries. Herein we hope to explain the motivation to ask a specific donor, the United States, for more money. To isolate these incentives, we re-evaluate the impact of foreign aid on leader survival with U.S. assistance treated specially. Even within the relatively homogenous OECD, donors allocate aid according to different criteria and for different purposes. In relation to other countries, the United States is often cited as a strategically minded donor, though the definition of “strategic” in the post-Cold War world must be expanded to incorporate the more idealistic elements of liberal economics and governance (Alesina and Weder 2002; Lai 2003; Berthelemy 2006; Stone 2006; Bermeo 2008). By focusing on the US as the donor country we can develop
reasonable expectations about when, why and whether leaders have a survival-based incentive to spend their own money trying to get more dollars.

**The Decision to Lobby**

The instrumental incentives argument places job-retention at the heart of the decision-making process. We assume that leaders care, primarily, about staying in power. This, of course, means they must pay attention to what makes a leader successful within their domestic political arena. Whether the best strategy will be efficient public-goods provision or ruthless repression of political dissent while privileging a few will depend more on institutional rules determining the proportion of the population that is empowered than on any given leader’s personal taste for social services versus violence. We should focus on differences in behavior across small and large winning coalition systems. Leaders who are accountable to the bulk of their people, large WC, will behave differently from those who are accountable only to a privileged few. (Bueno de Mesquita et al. 2005). Because of the potential fungibility of foreign aid, ODA may partially be used as a private good for distributing benefits among a leader’s core set of supporters rather than being used for policies that promote growth and increase the welfare of the average citizen. Alternatively, aid could be employed as intended, to promote development and for public goods. Because leaders supported by both small and large winning coalitions can use aid, we need to distinguish between when leaders are more or less inclined to expend their own resources to acquire even greater resources.

One answer to this question is to focus on the variation that exists over time for leaders in terms of their own incentives for using aid for political survival. In the context of lobbying the United States for further assistance and investment, a fundamentally instrumental perspective
would ask us to assess directly the times when/if U.S. aid helps and when/if it hurts leaders’ prospects of staying in power. A survival-motivated leader deciding whether to ask the U.S. for more assistance will not ask, “What kind of leader am I, in general, and how does that relate to the probability that this will be good for me?” She will ask, instead, “Is U.S. assistance making my life easier or harder?” If the answer is “harder”, the leader will not go out of her way to ask for more medicine.

As Licht (2010) argues, in democracies, leaders may find it difficult to use aid to retain the loyalty of their winning coalition. Given that most resources are already committed to public goods benefiting individuals both inside and outside the winning coalition, any additional recourse in the form of aid may only marginally improve members of the winning coalition in part because aid’s inefficiency in public goods provisions. Early on in the tenure of a democrat, these leaders may have incentives to lobby for aid. Because new Prime Ministers and Presidents usually have a honeymoon period, these executives may be willing to expend some resources early on when they are unlikely to face as much criticism over government policies. As Licht notes “Even if aid does not produce substantial results during this time, observers may be willing to credit the leader with having obtained the funds or with maintaining friendly international relations” (2010, 68).

Of course, whether aid actually improves economic conditions is another question. The ability of aid to improve economic growth and development is usually conditioned by existing levels of development and good governance (Burnside and Dollar 2004; Kosack and Tobin 2006). Democratic leaders who provide high levels of public goods may manage to coax some additional benefits from foreign aid, but, these leaders may not receive much aid nor do they necessarily need it to maintain office.
Leaders who might benefit most from aid, those in countries with poor economies and that lack development, may find it difficult to use aid to increase the provision of public goods, inhibiting their ability to use aid for their own survival in office. Of course, leaders in poor, large WC, countries could use aid to improve their own political survival. Such a strategy usually requires leaders to try to shrink the WC by using aid as a private good to buy political stability at the expense of the larger, original, winning coalition potentially worsening economic conditions. This suggests that for democratic leaders with a tenuous hold on power, asking for more aid may hurt their survival in office: Aid is unlikely to bring material benefits for the WC, and may simultaneously increase the temptation to use aid for reasons that are more nefarious, increasing corruption and decreasing trust in the government (see for example Svennson 2000).

Aid may also add to political instability early on in the tenure cycle of autocrats but may have either no affect or even a positive effect later in an autocrat’s tenure. Again building from Licht (2010), early on, aid my increase political instability, as threats to the leader are likely to exist. Foreign aid provides a resource for potential challengers to highjack and use for their own political purposes. Conversely, for autocratic leaders who are secure in power, aid is only likely to contribute to their coffers, but may not add much to their overall security in office. Thus while states may provide aid to autocrats for a variety of reasons, either humanitarian or security concerns, there is little incentive for either tenuous or secure leaders in these regimes to expend their own private resources on requesting aid.

Returning to the original question posed above, “Is U.S. assistance making my life easier or harder?” It appears that in most conditions the answer may be that it makes life harder, especially for those that are least secure in power. This leads us to the following hypotheses regarding aid’s impact on leaders and their subsequent likelihood of lobbying:
H1a Aid’s Impact on Tenure: Aid flows to democrats will further destabilize those who are already insecure (i.e. those who have been in office for longer).

H1b Aid’s Impact on Tenure: Aid flows to autocrats will prove destabilizing to those new in office and have little effect on those who are secure and long-tenured.

H2 Strategic Lobbying: Leaders who experience destabilizing aid flows will be less likely to lobby the U.S. for further assistance.

Alternatives Hypotheses:

Two alternative hypotheses might also explain the decision of governments to lobby for foreign aid. The first is organizational inertia, while the second is needs based. As a rule, governments do not often make radical breaks with their historical behavior. The Organizational Politics and Bureaucratic Politics schools of thought remind us that government decision making often consists of incremental changes and sequential bargaining games amongst key players (Allison 1969; March and Olsen 1989). It is very likely, that the decision to ask the United States for more aid or investment may stem from inertia. If the government spent money lobbying for development assistance last year, then it is likely that they will ask again the following year. Inertia contradicts the strictly instrumental logic discussed above, particularly in that it is not sensitive to time. The expectation from an organizational theory perspective is:

H3 Inertial Lobbying: prior lobbying behavior predicts current lobbying behavior.

Alternatively, we might expect that broader domestic incentives and needs drive leader’s decisions viz. lobbying the US. Rather than worrying strictly about survival, they may base their requests for external assistance on an assessment of their country’s needs more broadly. Many situations at home may lead a decision maker to the conclusion that a boost in perceived legitimacy (for example, winning new assistance from a major power) might be in order. Drops in popularity, visible increases in the opposition’s strength, worker dissatisfaction and the massive rebuilding necessary following a major natural disaster could all convince a leader that
the domestic budget as is simply will not stretch far enough to please the necessary people. In these situations, a leader may see the relatively minor expense of lobbying to purchase the ear of a few U.S. Congresspersons a worthwhile investment in future revenue expansion.

\[ \text{H4 Desperate Lobbying: shaky domestic situations will prompt increased lobbying behavior.} \]

Testing our hypotheses requires that we first assess the effects of U.S. aid allocation levels on leaders’ ability to maintain office. This will allow us to develop informed, tailored expectations regarding the conditions under which leaders are likely to ask for more, or to leave the lobby. With this information in hand, we move on to look at both the decision to lobby and the amount of money spent on lobbying in light of the inertial, desperate and strategic hypotheses. In the next section, we will describe the modeling decisions and data utilized to conduct these two sets of analyses.

**Data and Research Design**

To address the role of leaders’ instrumental incentives vis-à-vis lobbying, we perform three different statistical tests. First, we design a survival model to assess the impact of U.S. aid on leaders’ likelihood of losing office. Second, we model the decision to lobby with a probit regression. Third, we investigate the more fine-grained decision of how much to spend on lobbying using a selection model. To assess our hypotheses about lobbying we create a number of variables from the United State’s Foreign Agents Registration Act (FARA) which requires all foreign entities and their representatives to file semi-annual, reports of their lobbying activity in the United States.

**Data:**

Because our concerns are with leaders lobbying the US government for economic aid, we only coded the lobbying activity of foreign governments, excluding entities such as foreign
corporations or non-governmental organizations. We then used content analysis to determine if the lobbying activity was for foreign development assistance, versus say tourism or trade liberalization. From this sub-sample, we identified the number of registered lobbying contacts a foreign government made in a calendar year and the summed the dollar amount that a foreign government made to each agent that worked on behalf of that foreign government. This information is from the amount each registrant agency reported. We create three variables. Our first measure is a dichotomous measure of whether the foreign government lobbied the United States in a given year. We call this variable **Lobbying Decision**, and it will serve as the dependent variable in our probit model described below.

Our second FARA variable is the total amount spent lobbying for development assistance in a given year. This is called **Lobbying Expenditures**, and will be the outcome variable in the selection model described below. To account for a significant positive skew in **Lobbying Expenditures**, we use the natural logarithm. This functional form improves the skew and eases the application of our Heckman selection model to the data. To avoid losing the cases with no expenditures, we added one to the value of expenditures prior to applying the natural logarithm function. Our third FARA measure is the number of government agencies or politicians that were contacted in a given year by groups lobbying on behalf of a foreign government. We call this **Number of Lobbying Contacts**.

To measure leader tenure, we utilize transformations of the Archigos v2.9 (Goemans, Gleditsch and Chiozza 2009) variable *sumten*. This variable is a cumulative count of days in office. Clearly, the numbers involved here become very large very quickly. Given that we will be including squared terms, it was thus important to guard against numerical instability. This
was accomplished by changing the scale to 5 year units rather than days. The variable thus becomes $t$ and its square, $t^2$.

Our measure of leader failure also begins with information from the Archigos dataset. Most analyses utilize the variable $fail$ from this dataset to indicate a leader’s loss of office. This variable, however, does not distinguish between leaders who lose elections to their competitors and those who serve a full term and are replaced by their number two. Licht has investigated all cases of “regular” turnover in the Archigos data from 1970-2004 and incorporated information about the nature of removal from office and the relationship between outgoing and incoming leaders. This information allows us to construct a variable $wfail$, which indicates actual disintegration of a winning coalition. $Wfail$ equals one under two conditions: when a leader loses office through irregular/violent means, and/or when a regime outsider replaces a leader. This variable will be the dependent variable in the survival model.

Another key variable is the amount of U.S. Economic assistance given to a country. The data are from the U.S. Overseas Loans and Grants: Obligations and Loan Authorizations “Green books” published by the U.S. Agency for International Development (USAID). We create a measure called US Economic Assistance and we include a measure called US Military Assistance taken from the same sources. In the analyses, these variables are lagged and treated with a natural logarithm to create less skewed observations and to account for diminishing returns.

For our leader survival model, we also create a variable called US Aid Dependence. This variable captures the relationship between US aid and GDP. First, we account for the size of economy by dividing aid per capita by GDP per capita in millions of constant U.S. dollars. Second, a logarithmic transformation corrects for heavy skew and diminishing returns.
Our winning coalition measure is derived from Banks (2011) and Polity IV (Marshall and Jaggers 2010) variables following the coding of Bueno de Mesquita et al.’s (2005) W measure. We follow Licht (2010) and create the measure Big Winning Coalition that equals one when W exceeds .75. Our export and import measures are from the Correlates of War Project Trade Data Set (Barbieri, Keshk, and Pollins 2008). They were transformed into constant 2008 dollars using the GDP (Chained) Price Index – as published in Table 10.1 Budget of the United States Government published by Office of Management and Budget (OMB) FY 2010. We create three measures called Exports to the U.S., Imports from the U.S. and Total Trade. We also lagged and logged these continuous variables for better performance in the models. Finally, we control for the level of economic growth, creating a measure called Economic Growth, based on Gledistch’s (2002) Expanded Trade and GDP dataset.

States may seek additional assistance when confronted with a natural disaster. To account for this we create a natural disaster variable that captures whether a natural disaster affected at least 100,000 people. It only includes complex disasters such as famine, floods, earthquakes, storms (hurricanes), and volcanoes. The data are from http://www.emdat.be/disaster-list. We call this variable Major Natural Disasters. Actions against the government may also lead to a leader seeking more aid from the US. We include to variables to account for this. These variables, General Strikes and Anti-Government Demonstrations, are count variables from (Banks 2011) the Cross-National Time-Series Data Archive Cross-National Time-Series Data Archive. Militarized Interstate Disputes might affect whether a leader seeks additional help from abroad. Therefore we create a measure of the total number of MID’s a state is involved in excluding those with the United States (Ghosn, Palmer and Bremer 2004). We call this variable Number of Militarized Disputes.
We also include other variables in our first statistical tests of the relationship between the level of US aid and leader survival. The presence of oil might affect the ability of a leader to survive. Therefore, we include a measure, Oil Reserves, from Fearon and Laitin (2003). We control for how unified or divided the government is by including a measure called Party Fractionalization. The presence of a civil war might also affect leader survival and aid allocation. We create a variable called Level of Civil Conflict from the Uppsala Conflict Data Program’s measure of level of civil conflict.

With all of these variables in mind, we now move on to discuss modeling decisions in each of the phases of our analysis: the survival model, the probit of decision to lobby, and the selection model for lobbying expenditures.

**Model 1: Leader Failure**

In the survival analysis, we take advantage of the broader temporal range of information regarding U.S. foreign aid allocations and leader survival to develop our expectations of when and how aid affects leaders most. The data utilized includes 4,759 ODA-eligible leader years and 771 separate leaders. While equipping a standard probit model for the duration dependence in binary-cross-sectional-time-series data, we paid close attention to the potential issues raised by the diversity of our sample.4 Some of the leaders included come from large WC systems, others from small. Similarly, some end up receiving aid while others remain financially independent. Licht (2010) established that the allocation of bilateral aid from OECD states tends to favor leaders who face a heightened ex-ante probability of losing office. In this analysis, we entertain the idea that the duration dependence observed by aid-receiving leaders may itself be different from that of non-aid-recipients.

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4 For the appropriateness of utilizing probit and logit models fitted with variables to model duration dependence in binary-cross-sectional-time-series data see Beck, Katz and Tucker (1998) and Carter and Signorino (2010).
Figure 1 shows the Kaplan-Meier estimates of the hazard rate for leader failure across the categories of large and small WCs and aid receipt. These curves suggest that time plays very different roles depending on regime type and reliance on foreign aid. Our strategy to model this pattern was to include separate duration dependence parameters for each condition, utilizing interaction terms. The initial models included a cubic polynomial for time, interactions of this polynomial with an indicator for positive U.S. aid allocations, and further interactions with an indicator for large WC systems. To limit the impact of multicollinearity stemming from these closely related terms, we performed successive Bayesian Information Criterion tests to ensure that only those terms necessary to model appropriately the underlying process after controlling for other substantive factors remained in the analysis. These tests suggested the inclusion of only a quadratic function (t and \( t^2 \)) and slope shifts for aid receipt and large winning coalition aid receivers (\( t \times \text{aid} \) and \( t \times \text{aid} \times \text{large WC} \)).

**Model 2: The Lobbying Decision**

The second stage in our empirical evaluation involves applying the information gained from the survival analysis to a model of when and whether leaders decide to lobby the U.S. for further development assistance and investment. The variables representing strategic incentives will be described at the close of the first results section. All other variables in this analysis were discussed above. The dataset here is curtailed by the temporal range of our FARA coding, 1997-2002. This means our sample shrinks to 940 leader years from 325 separate leaders across 160 countries.

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5 In this and all subsequent uses of a dichotomous treatment of winning coalition size, the cut-off point used is \( W \geq 0.75 \) according to the four-category, 0-1 scale introduced in the Logic of Political Survival (Bueno de Mesquita et al. 2005).

6 With the difference in durations across groups modeled this way, a two-stage model of aid allocation and leader failure no longer achieves a significant correlation between error terms, suggesting that the relationship between raised failure probability and aid allocation has been successfully modeled.
**Model 3: Lobbying Expenditures**

The final investigation in this paper delves into the variation in the money states decide to sink in lobbying activities. The amount devoted to lobbying varies widely, with zero being, by far, the most common expenditure. To capture any information about the decision of how much to spend when there are so many zeros in sample, we employ a Heckman selection model. The first phase of the model will be identical to the **Lobbying Decision** probit. The set of cases here, then, is the same as in the lobbying probit. The majority of these, however, will be censored prior to the expenditures equation. Only 135 observations of non-zero spending will be included in the OLS phase of the Heckman model.

**Results**

Our analysis of leader survival reveals interesting differences in the impact of U.S. aid flows and aggregate bilateral aid from other donors. Table 1 contains the coefficient estimates from the probit regression, as well as measures of model fit. The first two rows of Table 1 report the estimated effect of aid flows for small and big winning coalition leaders. The amount of aid flowing to nondemocratic leaders from the U.S. has no significant independent impact on their probability of failure, a major change from the results when measuring total bilateral assistance (see, e.g. Licht 2010). However, the estimated effect that increases in aid from the United States, to leaders responsible to a large proportion of their population, appears to produce dramatic drops in the likelihood of losing office. In this model, aid from the U.S. factors into leader’s survival probability in two ways: a structural effect modeled by the shift in the duration dependence parameter, and this incremental impact of extra dollars modeled by the magnitude of aid flows relative to economy size.

The potential structural role of aid is reflected in the duration dependence parameters at the bottom of Table 1. The multiple levels of interaction here should inspire caution in the
interpretation of the simple coefficients, as they reflect only conditional significance (Friedrich 1982; Brambor, Clark and Golder 2005; Kam and Franzese 2007). Table 2, contains tests of the combined significance of the constitutive and interaction terms presents painting a more accurate picture of these effects. Implicitly, the value of time in each of the combined coefficients is set to $t=1$, as no specific value was assigned. These results provide a snapshot of the patterns of significant effects, and motivate the remainder of the investigation.

The initial affect of time is negative ($-0.3965$, $p<0.0001$), with a diminishing slope as its values increase, as indicated by the positive significant coefficient on the squared term ($0.0383$, $p<0.0001$). Adding aid allocations to this picture intensifies the negative effect, as evidenced by the larger negative combined coefficient and the smaller level of significance. Moving down to the next row of Table 2, however, the dramatic impact of democracy becomes obvious: the final layer of interaction cancels out the significant negative impact of time in the first observed time period. Finally, the combined coefficient for U.S. aid allocation and its impact on the form of duration dependence is highly significant and positive. While more aid may be beneficial, simply being in the pool of aid-recipients creates a higher baseline level of risk.

Figure 2 presents this pattern of findings graphically, charting the probability of failure over time for small and large winning coalition leaders at different levels of aid dependence. The featured values represent the median calculation from a simulated sample of 100,000 draws from the parameter matrices of Table 1’s probit. The black curves give the trend in probability of failure for leaders who have not received any aid from the United States. The blue curves show the trends for those who have, with brighter shades indicating a heavier reliance on U.S. assistance as a portion of the GDP. For small winning coalition leaders (see the left panel) aid allocations do not make a particularly dramatic impact on leaders’ tenure prospects. The curves
share very similar slopes, with only shifts in the intercept. These shifts, when charted with confidence intervals, are not statistically significant. Even those nondemocratic leaders receiving the maximum level of aid (amounting to 20% of the GDP) do not face significantly different likelihood of failure from those who receive none at all.

In large winning coalition systems, U.S. aid contributes to very different patterns of risks for leaders (see the right panel of Figure 2). Non-aid receiving, big winning coalition leaders experience a decreasing likelihood of their winning coalition failing as their tenure in office extends beyond the average. For aid-receivers, the pattern of risks reverses: the more time in office the higher the likelihood that the population will reject their platform. Magnitude of aid allocation matters considerably, as well. Those receiving average or lower allocations of aid relative to the size of their economy, from the earliest days, face higher risks of removal than if they received no aid. The destabilizing relationship of relying on outside resources and risk of tenure decreases with increases in aid flows, until at the highest levels of aid dependence, big winning coalition leaders are significantly less likely to fail than are non-recipients.

Figure 3 demonstrates the statistical significance of these differences. The thick lines are the median calculated differences for two comparisons: a low amount of aid versus receiving no aid at all (the maroon curves), and a high amount of aid versus receiving average amounts (the light blue curves). The low amount value is one standard deviation below the in-sample average U.S. aid dependence for democratic leaders, and the maximum value is the in-sample maximum aid dependence. In the first year of office, a leader who receives a low amount of aid from the U.S. is 58% more likely to lose office than a corresponding leader who receives no aid.

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Note that this is not to say that their risk of losing office in general is decreasing; the dependent variable utilized here is sensitive to the manner in which leaders lose office. Failure is not indicated, for example, if a leader serves through their term limit and is replaced by a member of his/her own party.
at all. This trend increases in magnitude over time, with the increased risk topping 160% at the fifth year in office. The insulation of high levels of aid over middling levels is more stable over time, with those receiving maximum levels being about 100% safer over the course of their tenure.

These findings provide mixed results for H1a and H1b. For democratic leaders, the negative impact of receiving low amounts of aid is highest as they approach more naturally dangerous times in their tenure. At average levels of aid dependence, the difference in probability of failure compared to non-recipients does not achieve significance until the third year in office. This is consistent with H1a. The role of higher levels of aid in reversing this tendency is unexpected, however. In order to predict likely lobbying decisions, we will need to take aid levels into account as well as the timing of that aid. To this end, we create a variable in the dataset of lobbying decisions called *aid hurts*. This variable indicates big winning coalition leaders receiving average or lower levels of U.S. aid relative to economic size. An interaction with the natural log of tenure should capture the increasing impact of “hurting aid” allocation over time.

H1b, however, receives no support from this test. U.S. aid to nondemocratic leaders does not affect their ability to hang onto power. This may be an indication of the United States’ uniquely strategic deployment of foreign aid over time. During the Cold War, the U.S. carefully selected stable autocracies to support (such as Mubarak’s Egypt). \(^8\) But during the age if the “New World Order” American foreign assistance is likely to require open macro-economic policy and the money is often funneled through alternative sectors of the economy when the government proves untrustworthy (e.g. Bermeo 2008). Thus while aggregate ODA levels may

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\(^8\) Our results also do not examine the allocation of military assistance, which could increase stability by providing the means of repression.
prove destabilizing for nondemocratic leaders; U.S. aid appears neutral in its impact. With the relationship between U.S. assistance and leader tenure fleshed out, we now apply this new information to our models of lobbying behavior.

The lobbying models pit three potential decision processes against each other. What drives the decision to ask for more development and investment from the U.S, inertia, disastrous events, or strategic calculations? In short, our results suggest all of the above. Prior lobbying plays a strong role in determining future lobbying behavior, but the inertia is not strong enough to silence other influences on the decision to lobby. The instrumental incentives of democratic leaders receiving “hurting” levels of aid from the United States are particularly able to withstand the inertial pull.

Table 3 presents the probit model coefficient estimates of the decision to lobby. The variable “aid hurts” indicates big winning coalition leaders whose prior year U.S. aid allocations were not large enough to ameliorate the overall destabilization of the low levels of aid they received (according to our analysis above). As would be expected under H2, the variable achieves high levels of significance and exerts a negative effect on the probability of lobbying. To capture any changes in this tendency for lobbying over the course of these leaders’ careers, we interact this variable with the natural log of cumulative tenure (ln (t)). The interaction term does not achieve significance, but the combined coefficient is negative and significant at the 5% level.

Figure 4 provides the first difference in the probability of lobbying behavior given hurting levels of aid for up to the 95th percentile of in-sample, democratic leader duration times. The thick curves represent the median difference from a sample of 100,000 draws from the parameter matrices of Table 3’s probit model. Dashed lines of corresponding colors mark the
95% confidence bounds from that simulated distribution. The effect is significant and negative up until the seventh year in office, with the relative decline in likelihood of lobbying ranging from 42.4% to 30%. This result is robust to the impact of inertia, as indicated by the close correspondence of the differences in probability for both those who have lobbied before and those who have not.

The slope of these differences, however, runs contrary to the information garnered about the trend in aid’s hurting potential over the course of tenure. Figures 2 and 3 illustrate that pain caused by low levels of aid allocation becomes more acute the longer a democratic leader stays in power. It is possible that this aspect of the finding is driven by the shorter time-series for our lobbying data. Only about 8.75% of the democratic leaders in this sample endure in office beyond the seventh year, so the paucity of data as years in office accumulate could account for the diminishing of the effect over time.\(^9\) Alternatively, it may be that leaders with hurting aid allocations who nonetheless manage to hold onto power for considerable amounts of time may be more likely to ask for *more* aid to bump them into the beneficial range of aid dependence rather than to stop asking.

The first three rows of Table 3 contain variables testing H3, that prior behavior will determine current lobbying choices. Each of these measures is highly significant. Holding all else constant and turning off the aid hurts variable, lobbying in the prior year increases the probability of lobbying in the current year by .36, a relative increase of 116% (p<.05). There is a negative relationship between the previous year’s expenditures and the decision to lobby this year. States which spend higher amounts of money in the previous period actually exhibit a

\(^9\) Many of these leaders, especially those in Presidential systems, may be “termed” out of office during our sample. The updated wfail measure, though, can account for whether the incoming leader is of the same political affiliation as the outgoing one.
lower probability of lobbying in the current year. Figure 5, which charts first differences from two standard deviations above the mean to two standard deviations below the mean for each of the listed variables, illuminates the relationships between our independent variables and the decision to lobby. In small winning coalition systems, the probability of lobbying decreases by .5 (57%) when the prior year’s budget grows. The effect is smaller, but still significant and negative for more democratic states. This may indicate that leaders cannot sustain high spending levels in consecutive years or that well-funded efforts produce immediate results and eliminate the need to follow up. The first option may be more likely, given that higher average spending increases the likelihood of current year lobbying.

Of the three hypotheses about lobbying decisions, the weakest appears to be that of stochastic, needs-based requests. Militarized disputes, natural disasters, strikes and anti-government demonstrations model these events. As is very evident in Figure 5, these variables exert the least substantive and least significant effects on lobbying choice. On the other hand, structural variables about the economic conditions and relations with the U.S. provide important information. Understandably, wealthier countries are less likely to lobby for development assistance, as are those with already strong levels of exports to the United States. Imports work in the opposite way, though, with a higher reliance on U.S. imports increasing the probability of lobbying by 17% and 37% for small and large winning coalition leaders respectively. Higher levels of military assistance, which suggests a dependence on technology from the U.S., also increases the likelihood of lobbying; the effect is much larger in democracies, which experience a 15% boost in the probability compared to the 5% in small WC systems.

The final test of our hypotheses about lobbying examines whether the amount of money devoted to lobbying increases or decreases. While the probit model can detect changes in
whether a state lobbies the U.S. for ODA, it does not examine how many resources a state
devotes to this effort. It could be that a leader consistently lobbies the government for money but
the amount of money spent varies by the leader’s domestic circumstances. If this is the case then
we would miss these changes in dollar amounts using the probit model and we might infer that
much of lobbying is just inertia, when the dollar amounts are changing suggesting either strategic
or needs based behavior.

To test our hypotheses against changing dollar amounts spent lobbying we estimate a
two-stage model to account first for the probability of whether a leader decides to lobby or not.
The selection stage, or lobbying decision stage, is quite similar to the probit estimates of Table 3.
The only changes in significance are that in the selection model, natural disasters and exports to
the U.S. are no longer statistically significant. These coefficients were only significant at the
10% level in the prior model, and despite dropping below this threshold, they maintain the same
direction in this model. The results of the expenditures stage are quite different and revealing.

Recall that the expenditures variable has been logged in order to “correct” for positive
skew in the distribution of values. This may seem to complicate the interpretation of coefficients
in the outcome phase of the Heckman, but because other variables have also been treated with
this transformation, these coefficients are actually substantively interesting “elasticities”.
Interpret the coefficients for other logged variables as the percentage change in the dependent
variable given a percentage increase in the covariate’s value; for those which have not been
logged (namely the hurting aid indicator), multiply by 100 to get the percentage change in the
dependent variable given a unit change in the covariate.

In the interests of testing the inertia hypothesis, we include a measure of the previous
year’s expenditures and a country’s average lobbying expenditures over the six years in our
sample. We also include a measure of the number of lobbying contacts in a given year, which may also reflect effort to gain more ODA from the U.S. We find some support for the inertia hypothesis, in that the average lobbying expenditure is positive and significant, however, the lagged dependent variable is insignificant. The lobbying contacts measure is negative and significant suggesting that increased contacts in year t-1 actually reduce the amount of money spent in year t. This is consistent with the results of the probit model in that lobbying over time is not constant and there appears to be an ebb and flow to foreign lobbying.\textsuperscript{10}

Lastly, in an interesting twist, the aid hurts measure is now positive and significant suggesting that disadvantaged leaders who decide to lobby spend more resources trying to increase the amount they receive. The negative coefficient on the interaction term suggests that this effect degrades over time. To assess this, we calculated combined coefficients at interesting values of time (see Table 5). As expected, the coefficients become smaller and less significant as time increases. In their first six months in office, democratic leaders receiving less than desirable amounts of U.S. assistance increase their lobbying expenditures by nearly 30%. After a year, this verve reduces to 25%. By the fifth year, the effect is halved and its significance diminished to the 10% threshold. In our sample, about 79% of big winning coalition leaders exit the sample by or prior to this year in power. Holding on to power longer than this is quite difficult. This outcome is consistent with H2, that the more instable the position of the leader receiving hurting aid, the more likely they become to retreat from their lobbying activities.

\textsuperscript{10} We found that none of the needs-based variables ever achieved significance in the expenditures model, likely due to the small N in this stage and the limited variance that goes along with that issue. To leverage the selection stage more efficiently, we omitted these variables from the expenditures equation.
Discussion

The results of our investigation into leader survival, aid flows and lobbying provide evidence that aid flows not only affect leader survival but also condition the behavior of leaders seeking further ODA assistance. However, the results only hold for more democratic or large winning coalition systems. Overall, we find support for hypothesis 1A. U.S. ODA is generally unhelpful for insecure democrats. The results suggest that leaders receiving average or lower allocations of aid relative to the size of their economy face higher risks of removal than if they received no aid from the U.S. Thus, leaders who receive some support from the US do not improve their chances of maintaining office. This result is likely due to a number of factors. First, the amount of aid may not be enough to redistribute either effectively to improve economic conditions or to buy off key supporters. Moreover, our models provide some support for this as exceptionally large increases in aid, while creating greater aid dependence, tends to reverse the effect of aid on tenure. Of course, a selection effect is also likely to play a part in this result. If U.S. aid is strategic then not just where the US sends ODA but how much aid the U.S. sends is influenced by the fragility of the current regime and the strategic nature of that country.

The results suggest that US aid flows are more likely to affect the survival of democrats, but does the risk of losing office affect the decision to lobby the United States for additional resources? The findings indicate that, at least for leaders of large winning coalitions receiving “hurting” levels of aid from the United States, instrumental incentives do play a role in lobbying decisions. The importance of the impact aid has on survival holds even after accounting for bureaucratic inertia and sudden potentially destabilizing shocks. Indeed, the findings for instrumental incentives are considerably stronger than those for the desperate lobbying hypothesis.
Our results suggest that when aid hurts leaders’ ability to maintain office, they become less likely to spend resources on lobbying for additional resources. However, the lobbying expenditure model suggests that in the early years, when democratic leaders are institutionally safest, some of those receiving hurting levels of aid will expend more of their own resources to solicit higher aid allocations. If successful, they could bump themselves out of that “hurting” bracket and into the helpful levels of above average aid dependence. As domestic trends make survival in office more difficult over time, these leaders back away from their bold policy. This “gamble for resurrection” then, mixes with a prudent understanding of domestic politics.

However, the results suggest that U.S. ODA has very little effect on the tenure survival of more autocratic leaders. This is likely due to both the strategic nature of U.S. aid and the types of aid that we have examined here. For example, we have yet to account for military aid flows. Instead of autocratic leaders seeking money from the U.S. ostensibly tied to development, autocratic countries may seek aid that immediately affects their ability to repress or maintain power against actors seeking to overthrow them. For example, in 2008, the US gave 1.3 billion dollars in military assistance to Egypt while giving only 435 million dollars in development assistance. Thus, overall Egyptian lobbying monies may have been spent on military aid, expanding US - Egyptian trade or even increasing US FDI.\textsuperscript{11}

In terms of our alternative hypotheses, we, unsurprisingly, find support for the inertia hypothesis. Established relationships and routines tend to persist over time when it comes to governments lobbying the US for assistance. However, we do not find support for our “desperate” lobbying hypothesis. It may be that natural disasters occur too quickly and given the scope and gravity require little lobbying for international assistance. In terms of internal unrest

\textsuperscript{11} US FDI in Egypt as of 2007 was about 7.5 million, up from 6.5 million the previous year.
and war, these may not effect lobbying for ODA because either these resources are too precious to waste or instead lobbying efforts are concentrated on securing military resources.

In addition, our results are consistent with prior research on aid and stability. For example, Licht (2010), looking at total ODA flows, suggests that aid can become a political liability to leaders, increasing their probability of losing office. More broadly, our research expands on the connections between leader survival and foreign policy. While some work has looked at whether receiving aid influences leader survival, and other work suggests that aid flows are determined in part by the domestic political settings of countries, our work is unique in that it shows that leaders may engage in foreign policies with other nations to improve their own personal political situation. It also suggests that leaders are instrumentally motivated and understand what types of policies may be more helpful or harmful to their own political jobs.

Of course, this presents only a first step in understanding how leaders may try to gain external resources to improve their own standing. As noted above, clearly we need to examine the role of military aid and tenure. First, while many states allocate significant levels of ODA, fewer states can provide the amount and quality of military aid that the US provides. It may be that leaders facing internal or external threats may lobby for military aid primarily, looking not for fungible resources but secure resources. Second, we clearly need to expand the cross-sectional time series. In some ways, given our small sample size we are extremely happy to have found these results. Nevertheless, we need to extend the time series both back and forward to account for structural changes in U.S. foreign policy behaviors as well as systemic changes. Finally, we need to examine just to what extent lobbying efforts increase or decrease US aid flows. While we know that foreign lobbying can alter trade policies, what is their overall affect on aid allocations?


Tables and Figures (in order of reference)

Fig. 1 Kaplan-Meier Hazard Rates by Regime Type and Aid Allocation

Small W Leaders

Big W Leaders

NOTE: Kaplan-Meier estimates are a non-parametric calculation based on the proportion of cases still remaining in the at-risk population at each point in time. Estimates were calculated in split samples by regime type and by non-zero ODA allocation.
<table>
<thead>
<tr>
<th></th>
<th>Coef. (Std.Err)</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Aid Dependence, lag</td>
<td>4.0283 (3.3531)</td>
<td>-2.5436 - 10.6003</td>
</tr>
<tr>
<td>Big Winning Coalition×U.S. Aid Dependence, lag</td>
<td>-24.4538*** (8.6773)</td>
<td>-41.4611 - -7.4466</td>
</tr>
<tr>
<td>Big Winning Coalition</td>
<td>0.0208 (0.1088)</td>
<td>-0.1926 - 0.2341</td>
</tr>
<tr>
<td>Anti-Government Demonstrations, lag</td>
<td>0.0502*** (0.0168)</td>
<td>0.0172 - 0.0832</td>
</tr>
<tr>
<td>Strikes, lag</td>
<td>0.0756** (0.0315)</td>
<td>0.0140 - 0.1373</td>
</tr>
<tr>
<td>Level of Civil Conflict, lag</td>
<td>0.0583 (0.0515)</td>
<td>-0.0426 - 0.1592</td>
</tr>
<tr>
<td>Party Fractionalization</td>
<td>0.0000 (0.0000)</td>
<td>-0.0000 - 0.0000</td>
</tr>
<tr>
<td>Economic Growth, lag</td>
<td>-0.6422*** (0.2228)</td>
<td>-1.0790 - -0.2055</td>
</tr>
<tr>
<td>Logged Total Trade, lag</td>
<td>-0.0479** (0.0197)</td>
<td>-0.0865 - -0.0094</td>
</tr>
<tr>
<td>Oil Reserves</td>
<td>0.1437** (0.0650)</td>
<td>0.0164 - 0.2710</td>
</tr>
<tr>
<td>Cumulative time in office (t)</td>
<td>-0.3965*** (0.0696)</td>
<td>-0.5328 - -0.2601</td>
</tr>
<tr>
<td>Cumulative time in office squared (t^2)</td>
<td>0.0383*** (0.0096)</td>
<td>0.0195 - 0.0570</td>
</tr>
<tr>
<td>txNon-Zero U.S. Aid Allocation</td>
<td>-0.0236 (0.0598)</td>
<td>-0.1408 - 0.0937</td>
</tr>
<tr>
<td>txBig Winning Coalition× Non-Zero U.S. Aid Allocation</td>
<td>0.3774*** (0.0765)</td>
<td>0.2276 - 0.5273</td>
</tr>
<tr>
<td>Non-Zero U.S. Aid Allocation</td>
<td>0.1478 (0.1164)</td>
<td>-0.0804 - 0.3760</td>
</tr>
<tr>
<td>Constant</td>
<td>-1.3524*** (0.1206)</td>
<td>-1.5888 - -1.1160</td>
</tr>
</tbody>
</table>

Expected Percent Correctly Predicted 85.38%
Expected Proportional Reduction in Error 5.67%
-2loglikelihood -1248
Wald χ², degrees of freedom=18 240.8***
McFadden’s Pseudo R² 0.0957

NOTE: N= 4,759 ODA-eligible leader years. Robust standard errors, in parentheses, clustered on 771 separate leaders. Three significant coefficients for regional indicators not shown, including Sub-Saharan Africa, Oceania and East Asia.

*** p<0.01, ** p<0.05, * p<0.1
Table 2. Combined Coefficients for Multiplicative Terms in Probit of Leader Failure

<table>
<thead>
<tr>
<th>Combined Coefficient</th>
<th>Coef. (Std.Error)</th>
<th>90% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Aid Dependence + Big Winning Coalition×U.S. Aid Dependence</td>
<td>-20.4255* (7.9409)</td>
<td>-33.4871 - -7.3639</td>
</tr>
<tr>
<td>t + t²</td>
<td>-.3582*** (.0633)</td>
<td>-.4622 - -.2542</td>
</tr>
<tr>
<td>t + t² + t×Non-Zero U.S. Aid Allocation</td>
<td>-.3818*** (.0572)</td>
<td>-.4758 - -.2877</td>
</tr>
<tr>
<td>t + t² + t×Non-Zero U.S. Aid Allocation + Big Winning Coalition×Non-Zero U.S. Aid Allocation</td>
<td>-.0043 (.0661)</td>
<td>-.1131 - .1045</td>
</tr>
</tbody>
</table>

NOTE: Tests of combined significance performed without setting variables to substantively important values. A full investigation of the conditional significance of variables in multiplicative interactions requires calculation of quantities of interest across the range of the continuous variables included (see for example, Brambor, Clark and Golder 2006; Kam and Franzese 2007). Quantities above calculated using <lincom> function in Stata 11 following estimation of the probit regression reported in Table 1.

*** p<0.01, ** p<0.05, * p<0.1
Fig. 2 Probability of Failure by Aid Level

Small Winning Coalition

Big Winning Coalition

NOTE: Curves depict the median calculated probability from a simulated sample of 100,000 draws from the parameter matrices of the probit reported in Table 1. Confidence bounds are omitted to avoid clutter. It should not be assumed that the effect at each level of aid is statistically distinguishable from the mean, though all are statistically different from zero. Note that both the x and y axes differ across panels to reflect up to the 98th percentile of in-sample duration times and the natural differences in risks across regime types.
Fig. 3 Difference in Probability of Large WC Leader Failure

NOTE: Thick curves are median calculated difference in probability of failure from simulated sample of 100,000 draws from the parameter matrices of the probit reported in Table 1. Dashed curves of corresponding color indicate the 2.5th and 97.5th percentiles of the simulated distribution. A positive (negative) difference indicates that the probability of failing was larger (smaller) at the initial value of aid than at the second.
<table>
<thead>
<tr>
<th></th>
<th>Coef. (Std.Error)</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lobbying, lag</td>
<td>1.4579*** (0.1712)</td>
<td>1.1224 - 1.7934</td>
</tr>
<tr>
<td>Previous Year Lobbying Expenditures</td>
<td>-0.8647*** (0.1816)</td>
<td>-1.2205 - 0.088</td>
</tr>
<tr>
<td>Lobbying Expenditure Average for 1997-2002</td>
<td>3.8234*** (0.6509)</td>
<td>2.5476 - 5.0991</td>
</tr>
<tr>
<td>Big Winning Coalition</td>
<td>0.2406 (0.2329)</td>
<td>-0.2158 - 0.6970</td>
</tr>
<tr>
<td>Aid Hurts Indicator</td>
<td>-2.0543*** (0.6852)</td>
<td>-3.3973 - -0.7113</td>
</tr>
<tr>
<td>Ln(t)×Aid Hurts Indicator</td>
<td>0.1960** (0.0957)</td>
<td>0.0085 - 0.3835</td>
</tr>
<tr>
<td>Ln(t)</td>
<td>-0.1153** (0.0559)</td>
<td>-0.2248 - -0.0057</td>
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<tr>
<td>Logged U.S. Military Assistance, lag</td>
<td>0.0063 (0.0517)</td>
<td>-0.0950 - 0.1076</td>
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<tr>
<td>Logged U.S. Economic Assistance, lag</td>
<td>0.0507 (0.0395)</td>
<td>-0.0267 - 0.1281</td>
</tr>
<tr>
<td>Anti-Government Demonstrations, lag</td>
<td>-0.0382 (0.0406)</td>
<td>-0.1178 - 0.0415</td>
</tr>
<tr>
<td>General Strikes, lag</td>
<td>0.1011 (0.1444)</td>
<td>-0.1818 - 0.3841</td>
</tr>
<tr>
<td>Major Natural Disasters, lag</td>
<td>-0.1645* (0.0842)</td>
<td>-0.3294 - 0.0004</td>
</tr>
<tr>
<td>Number of Militarized Interstate Disputes, lag</td>
<td>0.0588 (0.0576)</td>
<td>-0.0541 - 0.1718</td>
</tr>
<tr>
<td>Economic Growth, lag</td>
<td>-1.3990 (1.2073)</td>
<td>-3.7653 - 0.9673</td>
</tr>
<tr>
<td>Logged Exports to U.S., lag</td>
<td>0.0938* (0.0564)</td>
<td>-0.0168 - 0.2043</td>
</tr>
<tr>
<td>Logged Imports from U.S., lag</td>
<td>0.0061 (0.0479)</td>
<td>-0.0877 - 0.1000</td>
</tr>
<tr>
<td></td>
<td>-1.3393***</td>
<td>-2.2028 - -0.4757</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-------------</td>
<td>-------------------</td>
</tr>
<tr>
<td></td>
<td>(0.4406)</td>
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<tr>
<td>Expected Percent Correctly Predicted</td>
<td>86.06%</td>
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<tr>
<td>Expected Proportional Reduction in Error</td>
<td>43.34%</td>
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<tr>
<td>McFadden’s Pseudo R-squared</td>
<td>0.410</td>
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<tr>
<td>-2loglikelihood</td>
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<tr>
<td>Wald Chi2, degrees of freedom=16</td>
<td>213.2***</td>
<td></td>
</tr>
</tbody>
</table>

*NOTE: N=940 leader years. Robust standard errors, in parentheses, clustered on 325 leaders.
*** p<0.01, ** p<0.05, * p<0.1*
Fig. 4 Difference in Probability of Lobbying by Hurting Aid

NOTE: Thick curves indicate the median calculated difference in probability of lobbying from simulated sample of 100,000 draws from the parameter matrices from the probit reported in Table 3. Dashed lines of corresponding color mark the 2.5th and 97.5th percentiles from the same simulated distribution.
Fig 5. Differences in Probability of Lobbying

### Small Winning Coalitions
- Imports
- Exports
- Economic Growth
- Militarized Interstate Disputes
- Major Natural Disasters
- General Strikes
- Anti-Govt. Demonstrations
- U.S. Economic Aid
- U.S. Military Aid
- Average Expenditures
- Lagged Expenditures

### Big Winning Coalitions

NOTE: Differences are median calculated change in probability from high value of covariate (+2 standard deviations above the mean) to a low value of the covariate (-2 standard deviations above the mean) in a sample of 100,000 draws from the parameter matrices of the probit model reported in Table 3. Horizontal bars indicate the span between the 2.5th and 97.5th percentiles of the simulated distribution. The aid hurts variables were turned off for these calculations and all other variables were held to their modal or mean values.
Table 4. Heckman 2-Stage Model of Lobbying and Logged Expenditures in Current Year

<table>
<thead>
<tr>
<th>Coef. (Std.Error)</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Logged Lobbying Expenditures</strong></td>
<td></td>
</tr>
<tr>
<td>Previous Year Lobbying Expenditures</td>
<td>0.0575 (0.1027)</td>
</tr>
<tr>
<td>Previous Year Number of Lobbying Contacts</td>
<td>-0.3395*** (0.0975)</td>
</tr>
<tr>
<td>Lobbying Expenditure Average for 1997-2002</td>
<td>0.5084*** (0.1295)</td>
</tr>
<tr>
<td>Big winning Coalition</td>
<td>-0.1027* (0.0598)</td>
</tr>
<tr>
<td>Aid Hurts Indicator</td>
<td>0.5649** (0.2708)</td>
</tr>
<tr>
<td>ln(t)×Aid Hurts Indicator</td>
<td>-0.0532 (0.0371)</td>
</tr>
<tr>
<td>ln(t)</td>
<td>0.0249 (0.0201)</td>
</tr>
<tr>
<td>Logged U.S. Military Assistance, lag</td>
<td>-0.0139 (0.0113)</td>
</tr>
<tr>
<td>Constant</td>
<td>0.4784** (0.1941)</td>
</tr>
<tr>
<td><strong>Lobbying Decision</strong></td>
<td></td>
</tr>
<tr>
<td>Lobbying, lag</td>
<td>1.1238*** (0.1873)</td>
</tr>
<tr>
<td>Previous Year Lobbying Expenditures</td>
<td>-0.6510* (0.3488)</td>
</tr>
<tr>
<td>Lobbying Expenditure Average for 1997-2002</td>
<td>5.5832*** (0.7374)</td>
</tr>
<tr>
<td>Big Winning Coalition</td>
<td>0.2030 (0.1917)</td>
</tr>
<tr>
<td>Aid Hurts Indicator</td>
<td>-1.8397*** (0.6410)</td>
</tr>
<tr>
<td>ln(t)×Aid Hurts Indicator</td>
<td>0.2044** (0.0897)</td>
</tr>
<tr>
<td>ln(t)</td>
<td>-0.1240** (0.0515)</td>
</tr>
<tr>
<td>Logged U.S. Military Assistance, lag</td>
<td>-0.0000 (0.0444)</td>
</tr>
<tr>
<td>Logged U.S. Economic Assistance, lag</td>
<td>0.0210 (0.0296)</td>
</tr>
<tr>
<td>Anti-Government Demonstrations, lag</td>
<td>-0.0716 (0.0480)</td>
</tr>
<tr>
<td>General Strikes, lag</td>
<td>0.0697 (0.1198)</td>
</tr>
<tr>
<td>Major Natural Disasters, lag</td>
<td>-0.0802 (0.0983)</td>
</tr>
<tr>
<td>Number of Militarized Interstate Disputes, lag</td>
<td>0.0273 (0.0279)</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Economic Growth, lag</td>
<td>0.3297 (0.4120)</td>
</tr>
<tr>
<td>Logged Exports to U.S., lag</td>
<td>0.0053 (0.0308)</td>
</tr>
<tr>
<td>Logged Imports from U.S., lag</td>
<td>0.0081 (0.0268)</td>
</tr>
<tr>
<td>Constant</td>
<td>-0.8480** (0.4313)</td>
</tr>
</tbody>
</table>

Rho -2.1762*** (0.8027) -3.7495 - 0.6030
Sigma -1.0763*** (0.2685) -1.6025 - 0.5500

$\chi^2$ Test of Independent Equations 7.350***

-2loglikelihood -207.1
Wald $\chi^2$, degrees of freedom =8 56.21

NOTE: N=940 leader years, with 805 censored in the expenditures stage. Robust standard errors, in parentheses, clustered on 325 separate leaders.
*** p<0.01, ** p<0.05, * p<0.1

## Table 5. Test of Combined Significance of Aid Hurts and Time on Lobbying Expenditures

<table>
<thead>
<tr>
<th>Cumulative Time in Office</th>
<th>Coef. (Std.Error)</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Six Months</td>
<td>.2889*** (.1081)</td>
<td>.0769023 .5008112</td>
</tr>
<tr>
<td>One Year</td>
<td>.2513*** (.0951)</td>
<td>.0649598 .4375968</td>
</tr>
<tr>
<td>Two Years</td>
<td>.2144** (.0881)</td>
<td>.0417182 .3871479</td>
</tr>
<tr>
<td>Five Years</td>
<td>.1657* (.0901)</td>
<td>-.0108083 .3422608</td>
</tr>
<tr>
<td>Seven Years</td>
<td>.1478 (.0939)</td>
<td>-.0362276 .3319088</td>
</tr>
<tr>
<td>Ten Years</td>
<td>.1288 (.0995)</td>
<td>-.0662264 .3239885</td>
</tr>
</tbody>
</table>

NOTE: Combined coefficients calculated using Stata 11’s lincom command.
*, p<.10; **, p<.05; ***, p<.001