**The Role of Informational Lobbying in US Foreign Aid: Is US Assistance for Sale?**

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**Abstract:**
*Research on U.S. foreign aid allocation has largely focused on the causal effects of donor strategic interests, recipient need, and domestic politics. But can foreign countries also influence the level and terms of their foreign assistance by lobbying the U.S .government? Anecdotal accounts of foreign lobbyists successfully haggling for better U.S. foreign aid deals are alarming because they allude to the fact that U.S .foreign aid might be 'for sale'. We show that these front-page headlines are part of a larger pattern of influence by analyzing Foreign Agent Registration Act (FARA) records filed with the Department of Justice from 1948-2010: ceteris paribus, the more a foreign principal lobbies (both in terms of dollars and networks), the more foreign aid they can secure from the U.S. We argue that foreign lobbyists highlight information about smaller countries' domestic political nuances to Congressmen and women who lack robust information about the micro-details of international affairs and need supplemental information to divide the tight foreign aid budget. In focusing specifically on foreign lobbying, we gain a greater understanding of how lobbying works by focusing on a group that cannot pay for campaigns and also teaches us about international political economy and foreign policy.*

**Introduction**

What determines the allocation of US foreign aid? Questions surrounding who gives foreign aid, why aid is given, how much aid is given, and who gets aid have been central questions in international political economy research for at least fifty years (c.f. Alesina and Dollar 2000; Alesina and Weder 2002; Balla and Reinhardt 2008; Bearce and Tirrone 2010; Berthelemy and Tichit 2004; Boone 1996; Bueno de Mesquita and Smith 2007, 2009; Burnside and Dollar 2000; Cingranelli and Pasquarello 1985; Finkel et al 2006; Kono and Montinola 2009; Lai 2003; Lai and Morey 2002; Licht 2010; Mc Gillvray and Oczkowski 1991; Meernik et al 1998; Poe and Meernik 1995; Raghuran and Subramanian 2008; Trumbull and Wall 1994). Early literature focused on whether foreign aid follows power politics or humanitarian factors. Recent research has focused on the domestic political factors shaping foreign aid—that is, whether Congressmen and women vote to increase or decrease foreign aid in response to the ethnic and partisan composition of their constituents in order to improve their domestic electoral prospects (Thérien and Noël 2000; Fleck and Kilby 2001, 2006; Milner and Tingley 2010; Tingley 2010).

But can recipient countries also influence how much aid they are sent beyond these factors? While preliminary research indicates yes—for example, increased media attention on a particular country can lead to an increase in foreign aid allocations (Rioux and Van Belle 2005; Potter and Van Belle 2004)—we know little about whether *recipient country lobbying* can impact the allocation of foreign aid. To be sure, journalists and non-profit organizations have highlighted one-off examples of foreign lobbyists successfully haggling for better foreign aid deals across the years.[1] In fact, even when the entire U.S. foreign aid budget is being reduced in

[1] http://www.propublica.org/about/sunlight-foundation-propublica-create-new-foreign-lobbying-influence-tracker; and http://www.propublica.org/article/opening-the-window-on-foreign-lobbying-718.

2012-13, many onlookers have connected the power of the Israel lobby with maintaining—and even increasing—aid to Israel.[2] Journalistic accounts connecting foreign lobbying to foreign aid gain quick readership because they infuriate the public: many voters detest the idea that their valuable tax dollars could be "manipulated" by overseas governments rather than given to those most "in need". Furthermore, while many voters detest the potential influence that lobbying can have on American politics—because it implies that money rather than grassroots support can buy political outcomes—these voters express even stronger moral outrage that *foreign* lobbying can alter U.S. policy because these groups are not even U.S. constituents. To many, foreign lobbying appears to attack the very ideals upon which a democracy is founded. More generally, it is not clear whether these incidents are stand-alone case studies or if they reflect a wider trend.

We argue that lobbying by foreign principals can increase foreign aid because it serves an informational role to elected officials. Foreign lobbying can increase awareness of the mitigating factors why a country might be struggling to achieve better policy outcomes (in a number of issue areas), allow foreign governments to spin or positively frame controversial domestic situations, and create a focal point for low-risk U.S. involvement. The informational role of foreign lobbying is particularly acute because the U.S. foreign aid budget is extremely tight and U.S. Congressmen and women (who suffer an overall shortfall of information concerning international affairs) leverage supplementary information about why a country may be falling short of international standards to help them divide the small, fixed budget. Ultimately, Congressmen and women are motivated to change their foreign aid votes because they want to stay in office and politicians can use the information from foreign lobbyists to tout their foreign policy acumen to constituents. The purely informational role of foreign lobbying stands in

[2] http://www.huffingtonpost.com/mj-rosenberg/increasing-israel-aid-cut_b_1525016.html. See also Mearsheimer, John and Stephen Walt. 2007. *The Israel Lobby and U.S. Foreign Policy*. New York: Farrar, Straus, and Giroux.

contrast to domestic lobbying which can play both informational and direct pressure roles (through campaign contributions and get-out-the-vote promises). In this respect, our project stands as a way to evaluate the informational role of lobbying independent of campaign contributions and therefore speaks not only to those interested in U.S. foreign policy but also to students of interest groups in American politics.

In order to test our theory, we analyze the most comprehensive database of foreign lobbying to date—our own coding of the Foreign Agent Registration Act (FARA) records filed with the Department of Justice from 1997-2007—to systematically determine whether foreign lobbying is effective in increasing foreign aid or whether these efforts are made in vain. We show that a dollar spent by foreign entities on lobbying the U.S. government can have a significant marginal impact in securing a flow of foreign aid from the U.S., even when U.S. strategic interests, recipient needs, and U.S. domestic politics are taken into account. Our results are robust to whether we measure the amount of lobbying money spent by the recipient country or the number of lobbying reports filed by the recipient country.

The paper progresses as follows: first, we motivate the paper by highlighting several anecdotal cases that link foreign lobbying to foreign aid. Next, we briefly review the literature on foreign aid allocations. We then overview the nascent research on foreign lobbying, showcasing some of the causal connections with changes in foreign policy that have been established in the literature. Next, we look at the intersection of the two topics and develop our own theory linking foreign lobbying to foreign aid allocation that builds on the American Politics interest group literature. We then review our data and econometric strategies. Finally, we present our quantitative results and conclude with an array of questions for future research on foreign lobbying and foreign aid.

**Preliminary links Tying Foreign Lobbying and Foreign Aid**

Foreign policy analysts have traditionally understood that governments work to influence U.S. foreign policy by working through their embassies in Washington. However, front-page headlines outline how countries also rely on lobbyists in the U.S. to protect and promote their interests abroad. In fact, an analysis of Foreign Agent Registration (FARA) data shows that close to one hundred countries have lobbied to try to affect U.S. foreign policy in recent years (Newhouse 2009). Foreign entities hire U.S. law firms and lobbying agencies[3] that are staffed with insiders such as former members of Congress in order to help them navigate and operate more effectively on Capitol Hill. These lobbying firms also keep meticulous details on the voting records and public statements of various key players in the Senate and House Foreign Relations Committees and can use this data to try to influence policy outcomes. Lobbyists representing foreign clients claim that their work is part of the normal U.S. political process and that they simply act as surrogates for their foreign clients. Cynics, on the other hand, claim that lobbying by foreign clients signals the "steady decline and privatization of diplomacy, with an increasing impact on how the United States conducts its own foreign policy" (Newhouse 2009: 73). These cynics believe that foreign lobbying is particularly egregious because it can skew a balanced formation of U.S. foreign policy and compromise our national interests.

In support of these claims, various journalists and transparency-focused organizations have highlighted examples linking foreign lobbying and U.S. foreign policy (Schneiderman 2010; bogardus 2011; Freeman and Godwin 2010; Licht and Koch 2011; Lichtblau 2011; Morero 2010; Seidl 2011; Stern 2011; Narayanswamy et al 2011). We focus here on the

[3] Some of the most well cited hybrid law and lobbying firms connected with foreign clients include Patton Boggs, Akin Gump Strauss, Hauer and Feld, and BGR Group (Newhouse 2009).

potential impact of lobbying on one specific element of U.S. foreign policy: foreign aid. For example, by retaining three of Washington's most high-powered lobbyists—Tony Podesta (with close ties to the Obama and Clinton Administrations), former Republican representative Bob Livingston, and former Democratic representative Toby Moffett who together form the PLM group—Egypt has arguably kept a tight grip on the conditions attached to its US foreign aid allocation over the past decades (Rowley and O'Leary 2011). In 2005, Egypt was concerned by a condition that the U.S. Congress put on its aid, barring the Mubarak government from choosing which pro-democracy groups could receive $20 million of the total $1.8 billion in US aid. Egypt hired the PLM Group lobbyists in 2007 to "maintain the amount of U.S. military and economic aid to Egypt" (according to a draft retainer agreement on file at the U.S. Department of Justice). The hiring of the PLM Group coincided with debates in Congress about whether future Egyptian military and economic aid should be tied to improvements in human rights. Egypt paid the group an average of $1.1 million a year since 2007, mostly to ensure that U.S. aid flows come with few strings attached. Between 2007 and 2010, the PLM Group made 1873 contacts with lawmakers and their staffs to explain to Americans why the U.S.-Egypt relationship is so important to the two countries. Egypt's lobbyists arguably gave the issue a "little more flash and increased their firepower" (Rowley and O'Leary 2011), successfully ensuring that U.S. aid from 2007-2010 was not cut because of a lack of progress on democracy. The PLM Group was also successful in getting the Bush administration to sign an agreement to increase its military aid to Israel in mid-2007 and in concluding a similar deal with Jordan a year later.

Foreign lobbyists have also been called to action to help a country maintain its foreign aid flows after a catastrophic event. For example, after the U.S. found and killed Osama Bin Laden in early May 2011, Pakistan was on the phone with its U.S. lobbyists within hours to help repair its potentially damaged relations with the U.S. (Seidl 2011). One of the lobbyists, Locke Lord Strategies, has been lobbying for the Pakistani embassy since May 2008, earning more than $2.7 million in fees (Siedl 2011). Locke Lord Strategies successfully pushed a $7.5 billion aid package through Congress for Pakistan in 2009. In fact, since 2002, Pakistan has received more than $20 billion from the U.S., making the country one of the largest U.S aid recipients in the world (Congressional Research Service.) The lobbyists were asked in May 2011 to convince the Hill that Pakistan stood with the U.S. in the fight against terrorism, and that they did not know about bin Laden's hiding place. Most importantly, the lobbyist's strategy was to turn the tide against criticism of Pakistan and preserve the country's billions of dollars in U.S. aid (Seidl 2011). Several U.S. government officials, on the other hand, pressed Congress to wait on funding the president's fiscal 2012 budget request of close to $3 billion in aid to Pakistan. The lobbyists were not completely successful this time around: in July 2011, the U.S. decided to withhold $800m (about a third) of U.S. security aid to Pakistan as a way to show its anger at the expulsion of U.S. military trainers and to pressure Pakistan to step up its fight against militants (BBC July 10, 2011).

Liberia and the Republic of Congo are other stand-out states who have actively lobbied members of Congress in recent years to help secure U.S. foreign aid. Liberia in particular focused its lobbying attention on Rep. Gwen Moore (D-WI) after it discovered that the Congresswoman was interested in helping the country (Marrero 2010). Moore was then included in a Congressional trip to Liberia in the spring of 2007. On June 21, 2007, Moore delivered a speech on the House floor calling for the repeal of a federal rule that provided additional oversight of Liberia during Charles Taylor's rule in the 1990s. Moore argued that the rule was no longer needed because the country had democratically elected Ellen Johnson Sirleaf in 2005, Africa's first female head of state. Her amendment did not increase funding for Liberia but made it easier for the country to access U.S. foreign assistance funds--$163 million in 2008 and $200 million in 2009. Her measure became part of a federal spending bill in 2007 and was a major victory for Liberia. Many argue that Liberia's lobbyists had a large part in this process – "What these countries are able to do is really get an insider who knows Washington and can press their case with the right people,"—in this case, Gwen Moore (Marrero 2010).

In 2007, Ethiopia spent $2.3 million[4] to secure the services of three firms to ensure that its $467 million in U.S. aid was not tied to strict democratic reforms. The Bush administration saw Ethiopia as a key ally in the war on terror but members of the House wanted to use the financial support that came with that designation to prod Ethiopia toward democratic reforms. Rep. Donald Payne, D-N.J., the chairman of the House Subcommittee on Africa and Global Health introduced a bill with 85 co-sponsors to tie Ethiopia's assistance to democratic advances. Even though the House passed the bill, Ethiopia's lobbyists were effective in stalling the bill in the Senate. The lobbyists worked through 138 different contacts with congressional offices to oppose the bill, and Ethiopia's aid was largely delivered unconditionally that year (Narayanswamy et al 2009).

Last, there are several cases of states tapping lobbying groups to help qualify them for Millennium Challenge Corporation (MCC) compacts, a particular kind of U.S. foreign aid. For example, in 2010, the Philippines hired the influential Washington D.C. lobby group, Covington and Burling LLP to help win a $439 MCC compact and convince the U.S. congress to lift human rights conditions for military aid, among others.[5] In late 2010, Cameroon lobbied the MCC to

[4] http://www.fara.gov/annualrpts.html
[5] http://www.abs-cbnnews.com/nation/02/16/10/rp-taps-covington-lobby-group-spruce-corruption-human-rights-image and http://www.devex.com/en/news/blogs/philippines-taps-us-lobby-group-to-boost-mcc-bid

promote their ‘progress being made toward democratic reform and improved governance’ with the intention of getting a favorable consideration for MCC assistance.[6]

These anecdotal accounts are alarming to voters who think that U.S. foreign aid should be granted to the “most deserving” nations—either those with tight strategic partnerships or those with the direst development needs. These examples highlight the possibility that U.S. foreign aid might be ‘for sale’ to the nations who establish the best relationships with lobbyists on and subsequently with members of Congress. But are these examples just that—one off stories of U.S. foreign aid ‘gone awry’—or are they indicative of a larger pattern of giving? To date, no scholar has comprehensively analyzed this question. We aim to quantitatively evaluate the effect of foreign lobbying on foreign aid allocations while controlling for other variables that affect these U.S. foreign policy decisions.

**What Determines Foreign Aid?**

Foreign aid allocation has intrigued both scholars and the public for decades, perhaps because this spending is considered ‘optional’ and at times extravagant. Foreign aid allocation studies have largely focused on whether aid is better predicted by “donor strategic interests” —such as security concerns, colonial ties, trade benefits, and alliances— (Huntington 1982; Lai 2003; Meernik, Krueger and Poe 1998; Poe 1991, 1992; Poe and Meernik 1995)—or “recipient needs”—such as GDP, population, infant mortality, education enrollment, macroeconomic policy, and conflict (Lipset 1996; Talbott 1996, Cingranelli & Pasquarello, 1985; Carleton & Stohl, 1987, McCormick & Mitchell 1988; Meernik, Krueger & Poe 1998; Poe 1992; Poe & Meernik 1995). Neither the neorealist nor the liberal hypothesis is entirely supported by the evidence but instead, studies have shown that context matters in whether foreign aid is directed

[6] http://www.ccdhr.org/press-releases/2011/01-28-CameroonandtheMilleniumChallengeCorporation.htm

by political and strategic concerns or the humanitarian needs of a recipient country (Alensina and Dollar 2000).

A large body of work argues that the recipient country's regime type also helps determine how foreign aid is allocated (Boone 1996, Bueno de Mesquita and Smith 2007, Bueno de Mesquita and Smith 2009, Kono and Montinola 2009, Lai and Morey 2006). Recipients with smaller winning coalitions (such as autocracies, juntas, and monarchies) are more likely to grant policy concessions in exchange for aid because it helps secure their tenure in office.

The identity of the donor country also matters in determining foreign aid allocations (Alesina and Dollar 2000, Balla and Yannitell Reinhardt 2008): Nordic countries respond the most to humanitarian metrics and policy conditions within recipient countries (Alesina and Dollar 2000, Balla and Yannitell Reinhardt 2008); France rewards its former colonies and political allies (Alesina and Dollar 2000, Balla and Yannitell Reinhardt 2008); the U.S. sends disproportionate amounts of aid to countries with strong geostrategic interests (such as countries bordering Communist countries during the Cold War and Egypt and Israel in the last decades); (McKinlay & Little 1977; Alesina and Dollar 2000, Balla and Yannitell Reinhardt 2008, McKinlay & Little 1977); and Japan favors trading partners and loyal UN voters (Alesina and Dollar 2000, Balla and Yannitell Reinhardt 2008). Our study singularly investigates U.S. foreign aid allocations so many of these comparative country-level factors are not relevant to our study.

Research also shows that bilateral aid is more amenable to the "aid-for-policy" theory than multilateral or NGO aid since the bilateral donor can be more explicit when tying policy compliance to aid (Alesina and Dollar 2000; Bueno de Mesquita and Smith 2009). Recipient need, on the other hand, seems to best explain multilateral aid (Maizzels and Nissanke 1984).

Foreign aid has also been affected by time variables: the end of the Cold War changed the bias in allocation from former colonies to trade partners; 1990 marked an uptick in donors rewarding good economic policy in recipient nations; and aid is usually progressive, increasing each year (Berthelemy and Tichit 2004). Cingranelli and Pasquarello (1985) also show that the U.S. has increasingly conditioned the disbursement of foreign aid on favorable human rights conditions. Balla and Reinhardt (2008) show that donor countries differentially assess their foreign aid distributions when the recipient nation or its neighbors are involved in conflict because violence can alter the effectiveness of aid.

McGillvray and Oczkowski (1991) show that conclusions surrounding foreign aid allocations are highly dependent on the method of analysis employed and they encourage analysts to evaluate aid using a two-part sample selection process (such as a Heckman two-step model or Tobit regression) because donors first decide *whether or not* they will give a country aid, and then *how much* aid they will give.

The most relevant line of research for our study is the work connecting domestic politics and foreign aid. First, foreign aid has been heavily influenced by domestic business and industry groups who want to promote liberal free-market policies and help domestic businesses penetrate other state's economies (Cingranelli and Pasquarello 1985, McKinlay and Little 1979, Meernik, Krueger & Poe 1998; Poe and Meernik 1995). Second, Tingley (2010) shows that foreign aid is influenced by the ideology of politicians: as governments become more conservative (both within and between countries), foreign aid to low income countries and multilaterals is more likely to fall, while aid to middle income countries remains unaffected. Furthermore, an analysis of bilateral aid data between the U.S. and 119 countries from 1960-1997 shows that liberal Congresses give aid for development reasons whereas conservative Congresses give more weight to commercial interests (Fleck and Kilby 2006)[7]. Milner and Tingley (2010) show that legislators respond both to the diffuse preferences of their voting constituents as well as pressures from organized interest groups for money-centered banks and corporations in allocating U.S. foreign aid.[8] The logic in each of these studies is that Congressmen and women care about re-election and thus takes positions on foreign aid that partly reflect the pecuniary stakes of their district constituencies and interest groups. It is worth noting that the key difference with our study is that foreign lobbies are *not domestic interest groups*. They exist overseas and therefore, campaign contributions and get-out-the-vote promises cannot provide a theoretical foundation for understanding how and if lobbying impacts aid.

**Foreign and Ethnic Lobbying**

While research on foreign aid allocation has interested IPE scholars for decades, studies on foreign lobbying are more nascent. Pevehouse and Vabulas (2011) provide an overview of the nascent literature on foreign lobbying. They emphasize that ethnic and foreign lobbying are distinct but often conflated in the literature. "Ethnic lobbies" are grass-roots organizations of U.S. citizens or U.S.-based diaspora groups that attempt to influence U.S. policy towards other nation-states or ethnic groups. "Foreign lobbies", on the other hand, are actors residing or headquartered outside the U.S. who attempt to influence U.S. policy through a formal channel of influence (Pevehouse and Vabulas 2011). Foreign lobbies can include other nation-states, foreign political parties, non-US-based Multi-national corporations (MNCs), individuals, and

[7] Somewhat contradictorily, Fleck and Kilby (2001) show that the economic benefits from USAID contracts in a Congressman's district do not appear to affect the representative's votes supporting foreign aid.
[8] In a similar vein, Broz (2005, 2008) and Broz and Hawes (2006) also show that legislators are more likely to vote to increase IMF requests, support international financial rescues, and increase funding of international financial institutions when they have received more campaign contributions from banks that specialize in international lending.

foreign interest groups who hire U.S-based lobbying firms. This distinction is important: because they live, work, and vote in the U.S., ethnic lobbies have tools, resources, and goals that foreign governments, working through lobbying firms, do not. In addition, the actions of ethnic lobbies are governed by different federal laws than foreign lobbies, which afford the former access to different mechanisms to influence public policy. In 1966, the Foreign Agent Registration Act was expanded to explicitly outlaw election-related activities from foreign principals. Specifically, a foreign entity may not make direct campaign contributions nor can they form a political action committee (PAC) if any funds come from abroad or if foreign nationals have any authority within the PAC. Of course, this excludes U.S. citizens with ethnic or religious ties to a foreign community or immigrants who have been granted a green card. Foreign entities may continue to lobby over policy issues, but not directly through the electoral channel. While it is certainly true that foreign governments can encourage the formation of grass-roots lobbies or utilize ethnic lobbies for the purposes of pressuring the American government, this is a very different causal process and one that likely has different probabilities for success compared to foreign principals hiring Washington lobbyists.

Pevehouse and Vabulas (2011) summarize two causal mechanisms by which interest groups (whether foreign or domestic ethnic) may lobby and try to influence U.S. policy. First, interest groups may place direct pressure on elected officials concerning their electoral prospects (Milner 1997). Pressure may work either through campaign contributions (which can buy votes, access, or time with legislators) (Ansolabehere, de Figueiredo, and Snyder 2003) or by mobilizing key voter blocs. Second, interest groups' lobbying may influence policy through "information mechanisms". Information is costly, and lobbying seeks to reduce information asymmetries between generalist legislators and expert interest groups with industry (or issue)-

specific knowledge. (Epstein and O'Halloran 1993;Austen-Smith 1993, 1994, 1995; Bauer, Pool and Dexter 1963; Hansen 1992; Milbrath 1960; Rothenbert 1992; Wright 1990, 1996.) Pevehouse and Vabulas (2011) argue that ethnic lobbies are more likely to pursue pressure mechanisms while foreign lobbies are more likely to function through the information mechanism.

We build on these theoretical foundations and similarly argue that lobbying by foreign principals can increase foreign aid because it serves an *informational role* to elected officials. Foreign governments, political parties, and MNCs hire U.S. based lobbyists to highlight situational factors in a foreign country to U.S. politicians. These lobbyists present information about a foreign country that may debunk existing stereotypes or expose new understandings of domestic political struggles that U.S. politicians then take into account when allocating foreign aid. The information provided by lobbyists may be enough to cause slight changes in foreign aid because (a) the public is relatively uninformed on foreign affairs (Almond 1950; Holsti 1992; Jacobs and Page 2005) and (b) so are many members of Congress (Zegart 1999; Kull and Ramsay 2000). However, despite their shortfall of expertise in international affairs, Congressmen and women want to show their aptitude for foreign policy by responding to information. Milner (1997), for example, shows that the role of endorsers (like lobbyists) providing information is key for legislative movement on international issues (see also Austen-Smith and Wright 1992; Wright 1996; Ainsworth 1993; Hojnacki and Kimball 1998). Congressmen and women may therefore be inclined to increase foreign aid to a country based on new information from a lobbyist because it gives them a low-risk opportunity to respond to international nuances. They are less likely to incorporate information from foreign lobbyists in more high-risk decisions such as military intervention or economic sanctions which can threaten

U.S. security. The informational role of foreign lobbying is particularly acute in the area of foreign aid because the foreign aid budget is extremely tight and new information can justify small changes in aid allocation.

While existing studies of foreign lobbying often focus on individual case studies, several large n studies have examined the impact of foreign lobbying. In particular, several focus on how lobbying by foreign principals can change U.S. trade policy preferences (Gawande, Krishna, and Robbins 2006; Kee, Olarreaga, and Silva 2007; Pevehouse and Vabulas 2011). These authors use varying datasets to separately show that foreign lobbying—measured both by the amount of money spent as well as the number of contracts signed—reduces the effective tariff rates levied on industrial products and textiles (but not on agricultural products). Stoyanov (2009) extends Gawande et al's Grossman-Helpman framework to show that the presence of a Free Trade Agreement (i.e. NAFTA) can alter whether domestic firms will lobby for or against trade barriers.

**Foreign Lobbying and Foreign Aid**

The foreign lobbying and foreign aid literatures have historically stood alone but recently, scholars have begun to connect these two distinct research agendas. However, much of the existing work that connects "international" lobbying and foreign aid investigates *ethnic lobbying*. Anwar and Michealowa (2006) show that ethnic business lobbying can influence foreign aid because of cultural ties to the home country, family relations, and economic linkages. Pakistani ethnic lobbying (in the U.S.) from 1980 to 2002 affected both foreign aid allocations and Congressional voting patterns associated with foreign aid. U.S. aid to Pakistan rose when the economic power of Pakistani firms in the U.S. increased but decreased with the corresponding economic power of Indian firms. Furthermore, Pakistani lobbying expenses were positively related to Pakistani aid whereas Indian lobbying result in decreased aid to Pakistan, highlighting the important role of counter-lobbying. Lahiri and Raimondos-Muller (2000) also show that foreign aid allocation can be affected by ethnic lobbying but use a game theoretic model to support their claims. Ambrosio (2002) shows how the Armenian-American lobby framed the Nagorno-Karabagh conflict as an act of aggression by Azerbaijan and successfully pushed for restrictions on direct foreign aid to Azerbaijan in subsequent U.S. legislation (while Armenia maintained significant levels of aid).

Two recent works evaluate whether *foreign* lobbying (rather than ethnic lobbying) can influence foreign aid. Freeman and Godwin (2010) argue that a bigger foreign lobbying network (more lobbyists hired by the recipient nation) can result in higher foreign aid allocations[9] because economic aid is a low salience issue for the U.S. public.[10] On the other hand, they find that lobbying for military aid is not successful in securing changes in foreign policy decisions, because military aid is highly salient to the public.[11] Their results provide preliminary evidence to support our hypothesis that foreign lobbying can impact foreign aid allocation, but their short data timeframe (1997-2001) warrants closer scrutiny. Their theoretical explanation centered on low salience issue areas is in line with our emphasis that information from lobbyists can alter foreign aid because it represents a low-risk way for politicians to incorporate mitigating circumstances in their foreign policy decisions.

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[9] More lobbying dollars, however, does not have a significant impact in their analysis, probably because the network variable soaks up much of the variation.

[10] The costs of economic aid are diffuse, there are few obvious domestic constituencies for foreign aid, and individual allocation decisions can rarely be related to one member of Congress, so US government officials are far more likely to respond to lobbying requests favorably.

[11] Committing troops to military action abroad, for example, affects individual constituents and US government officials are therefore far less likely to be swayed based on lobbying efforts

Last, Licht and Koch (2011) show that foreign governments carefully time lobbying requests for foreign aid in order to maximize their chance of staying in office. They argue that aid flows to foreign democratic leaders will further destabilize those who are already insecure, but that aid flows to foreign autocrats can have little effect on those who are secure and long-tenured.

These preliminary analyses begin to examine important questions about foreign lobbying and foreign aid, but there remain large gaps in our understanding of how the two are linked. First, much of the existing research focuses on ethnic rather than foreign lobbies. As we have previously emphasized, because ethnic lobbies are U.S.-based, Congressmen and women may respond to ethnic lobbies to secure votes from a densely populated ethnic district but the same argument cannot be made for foreign lobbies that are prohibited from being involved in U.S. elections. Second, the existing quantitative work on foreign lobbying and foreign aid focuses on a short time frames (the longest evaluation reviews FARA records from 1997 – 2001.) While the conclusions for this time frame appear to show that lobbying increases foreign aid, we need to better understand if these patterns are time specific or indicative of a wider pattern.

**Congressional Channels for Influencing Foreign Aid**

Before progressing to our econometric analysis, it is important to understand the sequence of events in the foreign lobbying-foreign aid connection: Lobbyists target Congressmen, women, and their staffs with information about foreign affairs, but through what channels can Congress then impact foreign aid? First, Congress can influence foreign aid by defining discrete *authorized* accounts. Members of the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs have primary jurisdiction to *authorize* legislation establishing programs and policy and for conducting oversight of foreign aid programs in bilateral development, ESF and other economic security assistance, military assistance, and international organizations[12,13,14]. In the past, Congress scheduled debates every two years on omnibus foreign aid bills that amended permanent authorization measures, but Congress has not enacted into law a comprehensive foreign assistance authorization measure since 1985. Instead, foreign aid bills have frequently stalled at some point in the debate because of controversial issues, a tight legislative calendar, or executive-legislative foreign policy disputes (Tarnoff and Lawson 2011). In lieu of approving a broad authorization bill, Congress has on occasion authorized major foreign aid programs for specific regions, countries, or aid sectors in stand-alone legislation or within an appropriation bill[15].

Second, Congress can influence foreign aid by funding specific annual *appropriations legislation*. In the absence of regular enactment of foreign aid authorization bills, appropriation measures have assumed greater significance for Congress in influencing U.S. foreign aid policy. Members of the Senate Foreign Operations Subcommittees carry the responsibility for *appropriating* foreign aid. Appropriation bills set spending levels each year for nearly every

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[12] Members of the Agriculture Committees in both bodies retain primary responsibility of food aid, along with the Foreign Affairs Committee in the House. Members of the Senate Foreign Relations Committee and the House Financial Services Committee retain control of U.S. contributions to multilateral development banks (Tarnoff and Lawson 2011).

[13] Separate permanent authorizations exist for other specific foreign aid programs such as the Peace Corps, the Millennium Challenge Corporation, the Inter-American Foundation, and the African Development Foundation.

[14] The most significant *permanent* foreign aid *authorization* laws are the Foreign Assistance Act of 1961, covering most bilateral economic and security assistance programs (P.L. 87-195; 22 U.S.C. 2151); the Arms Export Control Act (1976), authorizing military sales and financing (P.L. 90-629; 22 U.S.C. 2751); the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), covering food aid (P.L. 83-480; 7 U.S.C. 1691); and the Bretton Woods Agreement Act (1945), authorizing U.S. participation in multilateral development banks (P.L. 79-171; 22 U.S.C. 286).

[15] Among these are the SEED Act of 1989 ( P.L. 101-179; 22 U.S.C. 5401); the FREEDOM Support Act of 1992 (P.L. 102-511; 22 U.S.C. 5801); the United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003 (P.L. 108-25; 22 U.S.C. 7601); the Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008 (P.L. 110-293); the Millennium Challenge Act of 2003 (Division D, Title VI of P.L. 108-199); and the Enhanced Partnership With Pakistan Act of 2009 (P.L. 111-73; 22 U.S.C. 8401).

foreign assistance account and incorporate new policy initiatives that would otherwise be debated as part of authorizing legislation. In the U.S. federal budget, foreign aid accounts are subsumed under the 150 - International Affairs budget function with development and humanitarian assistance accounts in sub-function 151 and security assistance accounts in sub-function 152. The U.S. Agency for International Development (USAID) manages the bulk of bilateral economic assistance; the Treasury Department handles most multilateral aid; and the Department of Defense (DOD) and the State Department administer military and other security-related programs. The Millennium Challenge Corporation is a new foreign aid agency created in 2004.[16].

In addition to setting spending levels, Congress can exert its influence by formally ‘attaching strings’ to foreign aid packages in appropriations bills. For example, Senator Patrick Leahy, D-VT, was recently responsible (2012) for including strong conditionality clauses in a $1.3B military aid package for Egypt: Cairo had to release American pro-democracy workers that it had detained for weeks, show that the Egyptian military is making progress on the transition to democracy, and that the Egyptian government is allowing freedom of expression and assembly in order to receive their U.S. assistance.

Congress is likely to exert more influence on foreign aid bills at different times. For example, foreign aid is less popular with the American public in tough economic environments, so Congress tends to apply more scrutiny to foreign aid and layer on more conditions when the budget is tight (Sorcher 2012). In addition to these avenues of influence, there are also limitations to Congressional leverage on foreign aid. For example, the stipulations that Congress

[16] An increasing number of other U.S. government departments and agencies have begun to support programs that also might be characterized as foreign aid but are formulated and implemented outside of the sphere of U.S. foreign policy agencies and their traditional aid budgets. For instance, in the 1980s, EPA, using its own authorized and appropriated funds, cooperated on joint research with China on the health effects of various pollutants and conducted workshops in India on wastewater treatment in an effort to clean up the Ganges River.

can place on specific appropriations bills can be formally bypassed. In fact, Secretary of State Hillary Rodham Clinton used a 'National Security Waiver' to waive the conditions put on aid to Egypt in early 2012 (Rogin 2012)[17]. Given the institutional landscape of the U.S. Congress, it is therefore very possible that foreign lobbying can influence foreign aid.

**Hypotheses**

Our informational theory about foreign lobbying and foreign aid lends itself to several predictions:

**H1:** More lobbying by foreign principals (both in terms of dollars spent and connections made) will increase foreign aid to that country. Similarly, more lobbying by a foreign principal may decrease foreign aid to that country's 'enemies.'

**H2**: Foreign lobbying should be more successful in changing low risk foreign aid allocations (such as development aid or humanitarian aid) versus military aid because the ex-ante gap in information is larger (especially for small countries that might not be on Congressional radars). The military-industrial complex, on the other hand, ensures a plethora of Congressional information on the aid needs of strategic military partners. And (2) development aid and humanitarian aid represent a lower-risk opportunity for Congressmen and women to incorporate their expertise on international nuances into foreign policy.

[17] The foreign aid bill passed by the Senate Appropriations Committee also stipulates that Bahrain, where the Sunni regime has cracked down on protests led by the Shiite majority, cannot receive any funds next year for items that could be used for crowd-control purposes until Clinton declares it has met certain conditions. In April, the House put a hold on Palestinian aid amid concerns about a bid for membership at the United Nations absent a peace agreement with Israel and the House Appropriations Committee later reinforced this by asserting that Palestinians would lose scheduled economic-support funds if they obtained membership at any other U.N. agency.

Our theory would also predict that lobbyists will target Congressmen and women who have the most to gain from information about a particular country. This might include congressmen and women on foreign policy committees and subcommittees. It also might include Congressmen and women with a large proportion of ethnic voters (from that particular foreign country) in their constituency, because the politician can show sympathy to the diaspora and gain electoral advantages. However, we do not formally test these predictions about who the lobbyists will specifically target because we do not have systematic information about who the lobbyists work with. We encourage future research to tackle this important question.

**Data**

In order to quantitatively evaluate the effects of foreign lobbyists, we turn to the data in the Foreign Agent Registration Act (FARA). Since 1938, FARA has governed the behavior of foreign actors lobbying US officials. The act was adopted after reports surfaced of German officials lobbying the government concerning American arms sales to Britain. FARA requires that any foreign actor (government, corporation, industry group, individual, etc.)—referred to as the "foreign principal"-- register with the Department of Justice and disclose who was hired as a lobbyist (referred to as the "foreign agent"). The foreign actor must also declare the purpose for which they hired the lobbyist, and how money was spent on the lobbying contract. The Department of Justice is then required to disclose these amounts in an annual report to Congress (since the mid-1990s in semi-annual reports). In 1966, FARA was expanded to explicitly outlaw election-related activities. Specifically, a foreign entity may not make direct campaign contributions nor can they form a political action committee (PAC) if any funds come from abroad or if foreign nationals have any authority within the PAC. Foreign entities may continue to lobby over policy issues, but not directly through the electoral channel.

Our research team has coded the semi-annual FARA reports back to 1942. We coded reports from 1997 onward using an extraction program to process the roughly 9,000 pages of text. Reports before 1997 have not been incorporated into the analysis because these reports were in PDF format and could not be machine-read. FARA records, however, are not perfect. First, there is a widely reported problem of missing data. The Justice Department itself admits that some foreign lobbyists do not register and others do not provide the financial information relevant to their activities. The Justice Department considers FARA a disclosure statute; it does not prohibit or regulate any activity. Enforcement and monitoring of FARA have been labeled "lax".[18] Still, thousands of lobbyists have registered under FARA and continue to do so. Most lobbying firms represent a wide array of clients, both domestic and foreign; it is therefore likely that lobbying firms mostly adhere to FARA laws to avoid potential scrutiny of their domestic clients where monitoring is not as lax.

Second, as previously mentioned, FARA has no jurisdiction over ethnic lobby groups (e.g. AIPAC). Many ethnic lobbies have formed PACs or similar institutions and thus lie outside the boundaries of FARA.[19] Third, many foreign actors who are exempt according to the DOJ still register. Approximately one third of the entries are from tourist boards or government and/or private chambers of commerce that encourage general business contracts. As Gawande et

[18] GAO report 08-855 from July 2008 focuses on post-government employment restrictions and Foreign Agent registration. They cite a lack of clear legal authority and a lack of resources in the DOJ Justice as barriers to increased monitoring of FARA compliance. For example, Justice officials said the department does not have clear legal authority to inspect the records of persons that it believes should be registered and that the department does not have the authority to require advance written notification from persons claiming to be exempt from FARA requirements. Without advance written notification, Justice has no way of knowing whether persons exempting themselves should in fact be registered.

[19] The Federal Election Commission (FEC) rules require PACs to submit their expenditure data for electoral lobbying. It is possible to trace the influence of these ethnic lobbies and their domestic PACs through their reported campaign finance disclosures. We plan to pursue this in future research.

al (2004) point out, "the large number of entries that fall into this category is somewhat puzzling because these agents, while they do meet the criteria for FARA registration, certainly qualify for exemption from reporting."[20] While it is possible to systematically delete some of these records from our data for analysis purposes, it raises a larger question of what influence foreign actors might have whose data is exempt from being included in the FARA filings.

The central hypothesis tested in this paper is an information argument: lobbyists attempt to provide relevant information to the legislative or executive branch to make their case for additional foreign assistance. This could be strategic information about the importance of the potential recipient country or it could be general information about the general "worthiness" of the state. Considering this last factor, we are able to separate out instances where lobbying efforts consisted of general "public relations" work by an agent: placing newspaper or other print or radio or TV ads to promote the country for non-tourist purposes. To this end, in our empirical test, we separate out this activity to see if it has a distinct influence on foreign aid provision. We also note that foreign lobbying and ethnic lobbying may work in tandem with foreign lobbying playing either a complementary role with ethnic lobbying or playing a substitution role when ethnic or PAC lobbying falls short of achieving its goals. We plan to more formally analyze this possibility in a future iteration of the paper.

**Model**

To test our hypothesis, we begin by estimating the following model:

[20] More specifically, "diplomats and officials of foreign governments, and their staffs are exempt if properly recognized by the US State Department. Persons whose activities are of a purely commercial nature or of a religious, academic, and charitable nature are exempt. Lawyers engaged in legal representation of foreign principals in the courts or similar type proceedings, so long as the attorney does not try to influence policy at the behest of his client, are exempt. Any agent who is engaged in lobbying activities and is registered under the Lobbying Disclosure Act is exempt." http://www.usdoj.gov/criminal/fara/q_A.htm

$USAID_{t+1} = \beta_1 Lobbying_{it} + \beta_2 Regime\ Type_{it} + \beta_3 Distance_{it} + \beta_4 Exports\ from\ US_{it} + \beta_5 Alliance\ with\ US_{it} + \beta_6 per\ capita\ GDP\ (log)_{it} + e_{it}$

Our dependent variable is *USAID* which is the yearly net bilateral aid as measured by the World Bank Development Indicators. As is standard in the literature, this measure of aid does not include military aid. We lead this variable to year *t*+1 to lessen concerns about any endogeneity that might exist in the data generating process. Note the value of this variable can be positive or negative depending on the net disbursement of aid in a given year.[21] In future iterations of the paper, we will also regress lobbying on U.S. military aid to examine the possibility that lobbying supports a military-industrial complex where aid is given and contracts are then established to buy military equipment from U.S. providers.

Our first independent variable captures the effect of foreign lobbying on U.S. foreign aid. We use three different measures to capture lobbying behavior – all of them drawn from the FARA data discussed above. First, we use the log of the total amount of lobbying expenditures registered to each country. We use the log because the distribution of the data has a skewness measure greater than 16. Second, we use the total number of yearly lobbying records for each state present in the FARA data, whether or not those records disclosed the amount of expenditures by each agent. This helps us address both the potential missing data issue with some foreign actors not disclosing their expenditures, and also helps address whether a deeper network of lobbying contacts impacts aid. Finally, we count the number of yearly lobbying records only if the description of those records includes a reference to “public relations”. We subset these records to see if attempts to enhance the general public image of a country has a positive effect on their net foreign aid.

[21] Moreover, in only a few cases (note quite 5% of the data) is this variable zero. Because of this we do not model the over dispersion of zeros.

We include several control variables that have been linked to levels of foreign aid in the past, but also may help predict the amount of lobbying by foreign principals. First, we control for the regime type of the recipient country by including their Polity IV regime type score, which ranges for -10 to +10. Based on previous literature, we expect this variable to be positively related to the provision of foreign aid. Second, we include a measure of distance to Washington DC in our model to control both for the potential ease of lobbying but also the propensity for the recipient country to be perceived as important to the U.S. Our presumption is that, ceterus paribus, countries closer to the U.S. will be perceived as more important and more likely to receive US assistance.

Third, we include a measure of U.S. exports to the recipient country to measure their economic importance to the U.S., but also to control for the demand for additional lobbying that could be tied to trade policy.[22] Fourth, we include an indicator variable for whether the recipient has an alliance with the U.S. While some past research has indicated this could increase foreign aid, it is also possible that growing military assistance through the alliance will lessen non-military assistance.[23] Moreover, it is possible that allies will more frequently lobby the U.S. (Paul and Paul 2010). Finally, we include an initial measure of "need" for each recipient country. We proxy recipient need by including a measure of per capita GDP which is taken from the Penn World Tables version 6.3 (Henson et. al. 2009).

Because we have yearly time-series cross-sectional data, we use a Prais-Winsten regression with panel corrected standard errors (PCSE), based on the estimation of a panel-specific AR(1) process (Beck and Katz 1995). In the context of our study, PCSE account for contemporaneous correlation, that is, foreign aid for different countries might be correlated in the

[22] The estimates of this variable and other variables in the model do not change significantly if one uses Exports to US rather than Exports from US. Data is taken from the COW dyadic trade data.
[23] Data taken from Leeds (2011) ATOP data.

same time period.  This might be a result of the total U.S. foreign aid budget shifting from year to year either due to economic conditions or the particular U.S. administration in office setting out a larger overall budget in the appropriations process.  PCSE also account for spatial correlation, meaning that the scale of foreign aid differs from country to country.  Certain countries—Israel and Egypt, for example—always receive large amounts of foreign aid from the U.S. and thus the variance of the error processes differs from country to country.  The AR(1) process accounts for temporal dependence, meaning that foreign aid next year is highly dependent on foreign aid today.

**Results**

Table 1 presents the initial estimates of our model.  Column 1 begins with a measure for lobbying with the log of lobbying expenditures.  This variable, *Lobbying $*, is positive and highly statistically significant, suggesting that increasing lobbying expenditures over time yields increased foreign aid.  It is also of substantive significance: an increase in lobbying expenditures of one standard deviation yields a predicted increase in net foreign aid by approximately 15 percent, all other factors held at their mean values.  Only two other variables achieve statistical significance: *Alliance* and *Distance*.  The estimate of *Alliance* is indeed negative – a military alliance with the U.S. predicts less aid over time.  Again, this could be evidence of a substitution effect, shifting to military assistance that often comes with membership in an alliance from foreign aid.  *Distance* is signed as expected: the further from Washington DC, the less is a recipients net foreign assistance.

The second column of Table 1 shows the identical model, but with the number of lobbying reports substituted for the amount spent on lobbying.  This new variable, like its predecessor, is positive and statistically significant. It is also of substantive importance: an increase in lobbying reports by one standard deviation yields an over 20 percent increase in net bilateral foreign assistance.

The third column of Table 1 substitutes a third measure of lobbying: it includes only lobbying reports that use public relations as the key model of lobbying. This is an attempt to help narrow down the causal mechanism associated with increased lobbying and increased foreign aid. Indeed, it does appear that lobbying through public relations pays off in terms of foreign assistance: the estimate of this variable is positive and statistically significant. And while its magnitude is somewhat smaller than examining all reports of lobbying, a one standard deviation increase in PR lobbying efforts still yields a nearly twenty percent increase in predicted foreign aid. *Distance* no longer achieves statistical significance and *Alliance* remains the only other statistically significant variable in the model.

The final column of Table 1 presents estimates of an identical model to column 1 but includes a lagged endogenous variable. While the inclusion of an AR(1) adjustment should help control for the "sticky" nature of foreign aid disbursement, a lagged endogenous variable provides against the possibility that there could be higher order autoregressive processes in our data. Indeed, in this new model, the lagged endogenous variable is statistically significant, while individual estimates of the panel-specific AR(1) processes remain relatively high, with values of p hovering around 0.75. Even correcting for these temporal dynamics, the effect of lobbying remains strong: our variable of interest (*Lobbying*) is smaller than in the initial estimates, but still maintains its statistical significance.

**Robustness Checks**

To ensure the robustness of the previous findings, we estimate a few additional models with further control variables. To our original model, we add two other proxies to capture recipient need: *Primary School Enroll* and *Life Expectancy*, each taken from the World Development Indicators. In addition, we estimate the model with and without a lagged endogenous variable.

The estimates of these robustness checks can be found in Table 2.[24] The first column revisits our first model with these two additional controls. Note the estimate of our variable of interest remains positive and statistically significant as well as substantively significant. Indeed, the addition of these two new variables has a negligible influence on any of our measures of foreign lobbying. *Per Capita GDP* is now statistically significant and in the expected direction: wealthier countries receive less foreign assistance. Of the new control variables, *Life Expectancy* is statistically significant but not in the expected direction: increases in life expectancy are associated with growing foreign aid transfers to recipient countries.

The remaining estimates in columns 2-4 are consistent with previous estimates, with respect to our key variable of interest. In column 2, *Number of Lobbying Reports* is positive and statistically significant. In columns 3 and 4, the addition of a lagged endogenous variable attenuates the substantive effect of *Lobbying $* and *Number of Lobbying Reports*, but these effects remain statistically significant. In sum, the estimated influence of lobbying on US foreign assistance appears to be quite robust to alternative specifications.[25]

## Conclusion

[24] Note that the sample size for these models is reduced due to data availability problems. It is for this reason that these models are left as robustness checks.

[25] These core results remain consistent if one specifies a common AR(1) process across all panels rather than a panel-specific autoregressive process.

This paper takes the pluralist notion of foreign policy seriously—that U.S. foreign policy decisions such as foreign aid flows are not made by a monolithic executive. Instead, foreign policy decisions can be shaped by both the executive *and* a set of Congressmen and women who also have the potential to be influenced by a range of constituents, including foreign lobbyists. While previous research on foreign aid has focused on donor strategic interests, recipient country needs, and domestic politics, our analysis shows that U.S. foreign aid can also be influenced by foreign actors lobbying Washington elites. This has important implications for foreign aid policy: foreign principals may become good at lobbying the U.S. to alter foreign aid flows and therefore alter the *effectiveness* of foreign aid. Furthermore, slight changes—such as lobbying—in the foreign-policy making process can have large effects in monetary flows overseas.

Our paper also highlights opportunities for future research. We have focused on the role that foreign lobbying can play in foreign aid allocations; aid conditionality and the stability of year to year disbursements should also be evaluated. But we have largely skirted the issue of foreign aid *effectiveness*. If foreign lobbying can impact foreign aid allocations as we have shown, then US foreign aid is not just going to the needy or Washington's closest strategic partners. Instead, foreign aid is subject to the success of lobbyists' convincing various members of Congress that assistance should be guaranteed with low to no strings attached. If poverty and humanitarian concerns are not the only driver in determining U.S. foreign aid flows (which we already know to be the case), then how do we measure the "effectiveness" of this aid? Should aid effectiveness still be measured in terms of its effect on economic growth and poverty reduction?

Second, if foreign lobbying has the high bang-for-the buck that we have shown in this paper, the familiar paradox of lobbying arises: why isn't more money spent on lobbying for foreign aid when the return is so large? And why doesn't every country invest a few dollars up front if they can guarantee a higher assistance disbursement in the end? What factors condition the success of foreign lobbying for foreign aid, and when is the lobbying not successful?

Last, the paper leaves several other areas ripe for further exploration. In addition to understanding foreign lobbying's impact on tariff rates and FTAs, we should explore whether foreign lobbying can impact other trade issues such as non-tariff barriers, antidumping, and countervailing duty policies. Likewise, can foreign lobbying also impact other monetary flows abroad such as foreign direct investment? Furthermore, anecdotal claims have linked foreign lobbying to voting for membership in international organizations, and this should be systematically explored (Newhouse 2009). Foreign lobbying may also influence immigration policy if a government wants to get more of its citizens to emigrate to the U.S. in order to receive more remittances back home. In other words: is more lobbying connected with a higher rate of diversity visas? Future research should also study whether foreign lobbying can impact US Congressional assessments on foreign elections and human rights conditions. Scholars have criticized these U.S. evaluations for being overly subjective, but a significant and systematic connection between lobbying and Congressional assessments would conclusively (and objectively) point out that another aspect of U.S. foreign policy is often for sale.

**Table 1. Determinants of Bilateral US Foreign Aid 1997-2007**

| | (1) | (2) | (3) | (5) |
|---|---|---|---|---|
| | Bilateral US Aid | Bilateral US Aid | Bilateral US Aid | Bilateral US Aid |
| Regime Type | 1625908.903 | -43,900.881 | 497,789.649 | -1249287.011 |
| | (1.02) | (0.02) | (0.23) | (1.12) |
| Distance | -9,833.325 | -9,417.306 | -4,402.341 | -3,541.086 |
| | (3.32)*** | (2.24)** | (1.26) | (2.05)** |
| Exports from US | 100.695 | -190.814 | -169.067 | 5.337 |
| | (0.85) | (1.42) | (1.44) | (0.09) |
| Alliance with US | -9.920e+07 | -1.353e+08 | -9.775e+07 | -2.623e+07 |
| | (3.02)*** | (3.05)*** | (3.14)*** | (1.79)* |
| per capita GDP (log) | -2295295.022 | 20524260.373 | 12555956.577 | -4272619.512 |
| | (0.15) | (0.85) | (0.58) | (0.52) |
| Lobbying $ (log) | 1468921.456 | | | 971,171.040 |
| | (2.82)*** | | | (2.87)*** |
| Number of Lobbying Reports | | 2796621.632 | | |
| | | (2.28)** | | |
| Number of PR Lobbying Reports | | | 4372415.955 | |
| | | | (2.26)** | |
| Bilateral US Aid (lag) | | | | 0.816 |
| | | | | (13.00)*** |
| Constant | 1.456e+08 | -155,808.604 | 22884734.770 | 84335767.258 |
| | (1.26) | (0.00) | (0.12) | (1.33) |
| Observations | 825 | 825 | 825 | 824 |
| Number of Recipients | 117 | 117 | 117 | 117 |

z statistics in parentheses

* = p<.1; ** = p<.05; *** = p<.01

**Table 2. Determinants of Bilateral US Foreign Aid 1997-2007: additional controls**

| | (1)<br>Bilateral US Aid | (2)<br>Bilateral US Aid | (3)<br>Bilateral US Aid | (4)<br>Bilateral US Aid |
|---|---|---|---|---|
| Regime Type | 180,314.577 | -1893540.511 | -10,514.022 | -1069037.630 |
| | (0.11) | (0.51) | (0.01) | (0.73) |
| Distance | -2,103.787 | -2,710.861 | 558.632 | 5.266 |
| | (0.55) | (0.84) | (0.24) | (0.00) |
| Exports from US | -45.948 | -355.818 | -22.916 | -86.968 |
| | (0.63) | (2.25)** | (0.56) | (0.78) |
| Alliance with US | -5.538e+07 | -1.476e+08 | -1.537e+07 | -1.099e+07 |
| | (1.66) | (2.97)*** | (0.81) | (0.59) |
| per capita GDP (log) | -2.779e+07 | -2.541e+07 | -1.505e+07 | -1.610e+07 |
| | (2.14)** | (0.97) | (1.69)* | (1.72)* |
| Primary School Enroll | 411,789.195 | 594,785.649 | 56,895.434 | 213,126.564 |
| | (0.91) | (0.87) | (0.18) | (0.48) |
| Life Expectancy | 2111934.293 | 5226315.017 | 610,588.852 | -120,743.927 |
| | (1.82)* | (2.72)*** | (0.82) | (0.11) |
| Lobbying $ (log) | 1443633.489 | | 1271947.988 | |
| | (2.93)*** | | (3.03)*** | |
| Number of Lobbying Reports | | 3068610.774 | | 1412918.241 |
| | | (2.92)*** | | (2.37)** |
| Bilateral US Aid (lag) | | | 0.642 | 0.807 |
| | | | (5.80)*** | (15.18)*** |
| Constant | 1.341e+08 | -3.017e+07 | 97574794.826 | 1.469e+08 |
| | (1.36) | (0.13) | (1.57) | (2.13)** |
| Observations | 686 | 686 | 685 | 685 |
| Number of Recipients | 107 | 107 | 107 | 107 |

z statistics in parentheses

* = p<.1; ** = p<.05; *** = p<.01

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