

Additional services for **World Politics**:

Email alerts: [Click here](#)

Subscriptions: [Click here](#)

Commercial reprints: [Click here](#)

Terms of use : [Click here](#)

Volume 65, Number 1 January 2013

---

## Regional Organizations and International Politics: Japanese Influence over the Asian Development Bank and the UN Security Council

Daniel Yew Mao Lim and James Raymond Vreeland

World Politics / Volume 65 / Issue 01 / January 2013, pp 34 - 72

DOI: 10.1017/S004388711200024X, Published online: 11 January 2013

**Link to this article:** [http://journals.cambridge.org/abstract\\_S004388711200024X](http://journals.cambridge.org/abstract_S004388711200024X)

### How to cite this article:

Daniel Yew Mao Lim and James Raymond Vreeland (2013). Regional Organizations and International Politics: Japanese Influence over the Asian Development Bank and the UN Security Council. World Politics, 65, pp 34-72 doi:10.1017/S004388711200024X

**Request Permissions :** [Click here](#)

# REGIONAL ORGANIZATIONS AND INTERNATIONAL POLITICS

## Japanese Influence over the Asian Development Bank and the UN Security Council

By DANIEL YEW MAO LIM and  
JAMES RAYMOND VREELAND\*

### I. INTRODUCTION

ECONOMIC strength often translates into political power on the international stage, and foreign aid can sometimes serve as a potent tool of statecraft for governments seeking to further their foreign policy goals. Domestic publics and foreign governments may, however, decry blatant trades of money for political influence, thereby prompting governments to use international institutions to launder their dirty work. Much of the scholarly research on this phenomenon centers on the manipulation of global organizations by their most powerful member, the United States. With some notable exceptions, academics have devoted less attention to regional organizations and regional hegemons. Yet the growing presence of regional alternatives to global cooperation begs the question of whether regional hegemons engage in power politics within regional organizations.

\*This study has benefited from extraordinarily helpful comments from the anonymous reviewers, and we express our gratitude to them. We also greatly appreciate the numerous valuable suggestions of participants at conferences and seminars: the Fourth Annual Conference on the Political Economy of International Organizations, the Georgetown Political Economy Seminar (sponsored by the Mortara Center), the Georgetown University International Theory and Research Seminar (GUITARS), the Georgetown University 2011 class on International Organizations, and the Harvard International Relations Research Seminar. In particular, we thank Marc Busch, Mark Copelovitch, Christina Davis, Raj Desai, Sumit Ganguly, Michael Green, Adam Glynn, Joanne Gowa, Gary King, Christopher Kilby, Dalton Lin, Phillip Lipsky, Lisa Martin, Soumyajit Mazumder, Kevin Morrison, Connor Myers, Abraham Newman, Rich Nielsen, Jon Pevehouse, Hesham Sallam, Robert Schub, Beth Simmons, Yuko Shimada, Daniel Y. J. Tan, Dustin Tingley, Charles Udomsaph, Erik Voeten, and George L. C. Yin.

*World Politics* 65, no. 1 (January 2013), 34–72

Copyright © 2013 Trustees of Princeton University

doi: S004388711200024X

Our study suggests that regional hegemons can use their power in regional organizations to gain influence at the global level. We argue that Japan has leveraged its political influence within the Asian Development Bank (ADB) to facilitate favorable loans to countries useful for its broader foreign policy goals at the United Nations Security Council (UNSC). Japan cares about the UNSC because of its unique ability to legitimize aggressive foreign policies—elected UNSC members take rotational turns as the agenda-setting president of the council, participate in ongoing UNSC debates, and vote on matters of global security important to Japan. Because of Japan's checkered history of imperialism, the ADB provides a convenient mechanism by which to obscure from both domestic and international audiences favors granted to elected UNSC members.

The Asian Development Bank warrants study for several reasons. As an open regional organization, it accepts Western countries as members, and its formal voting structure privileges both Japan and the United States equally. Most observers agree, however, that Japan is the senior partner. According to one country representative to the executive board, the ADB is *de facto* “funded by the Japanese, controlled by the Japanese, and run by the Japanese.”<sup>1</sup> The ADB thus presents an opportunity to examine whether a regional power, Japan, has exploited its position in a regional organization to grant favors to politically important countries.

Japan merits special attention from scholars of international cooperation because of the centrality of international organizations to the conduct of Japanese foreign policy, especially since the mid-1980s. Following World War II, government officials prioritized membership in the United Nations to help regain acceptance into the community of nations. Upon achieving UN membership in 1956, the government proposed “UN Centrism”—a policy that allows Japan to act legitimately in matters of global security only through the UNSC. Still, the doctrine of former prime minister Yoshida Shigeru—the Yoshida Doctrine—advocated a low-key approach to international affairs, stressing reliance on the United States, rather than leadership in the international arena. Many of Japan's early foreign policy decisions therefore resulted from reactions to US pressure (*gaiatsu*).<sup>2</sup> The relative rise in Japanese power in the mid-1980s encouraged its government to seek a bigger role in international affairs. Japan's foreign policy remained constrained, however, by its international and domestic political legacies.

<sup>1</sup> Bello 2000.

<sup>2</sup> Miyashita 2001b; Drifte 2000.

Some prominent political figures even argued that Japan could engage in international military action only if authorized by a UNSC resolution.<sup>3</sup>

Japan thus seeks influence over the UN Security Council, but its political situation often constrains it from pursuing overt manipulation. By acting through other international organizations, Japan may be able to reconcile its contradictory activist and low-key goals of leadership without unilateralism.<sup>4</sup> Referencing the ADB in particular, Yasutomo explains that the institution “provides a nonpolitical façade for the increased politicization of Japan’s ADB and Asia policy.”<sup>5</sup> The ADB can serve as a “nonpolitical cloak” to “legitimize controversial policies, helping Japan to share the risks and the blame.”<sup>6</sup>

The ADB therefore provides a ripe example to study Abbott and Snidal’s hypothesis that governments use international organizations to launder their dirty politics.<sup>7</sup> Obviously, this institution focuses on fostering economic development. Yet Kilby finds that countries receiving a greater share of Japanese bilateral foreign aid also receive a greater share of ADB loans, and he suggests that Japan uses its political power at the ADB to preference strategically important countries.<sup>8</sup> Still, Tuman, Strand, and Emmert find that humanitarian concerns drive the allocation of Japanese bilateral foreign aid.<sup>9</sup> Economic rather than political concerns might therefore drive the correlation between Japanese and ADB aid. Although we agree with Kilby’s interpretation, his claim would be more convincing were a more exogenous measure of political importance employed.

We consider temporary UNSC membership, which scholars have suggested follows an idiosyncratic selection process. We show that underdeveloped Asian countries that win election to the UNSC typically receive larger loans from the ADB. Japan may use its power over the ADB to favor these countries to gain influence over the UNSC’s agenda, debates, and voting. Alternatively, developing country governments may recognize that they hold greater leverage over Japan while serving on the UNSC and thus seek favors through the ADB. The quantitative approach we employ does not allow us to distinguish who approaches whom—whether the creditor approaches the recipient or vice versa. We can, however, establish a robust, statistically significant correlation

<sup>3</sup> Ueki 1993, 359–60; Green 2003, 197; Thompson 2006, 24; Chapman 2011, 78–79.

<sup>4</sup> Inoguchi 1986 presents an excellent analysis showing the range of contradictions faced by Japan.

<sup>5</sup> Yasutomo 1993a, 330.

<sup>6</sup> Yasutomo 1993a, 339.

<sup>7</sup> Abbott and Snidal 1998, 18–19; see also Vaubel 1986, 48–51.

<sup>8</sup> Kilby 2006; Kilby 2011.

<sup>9</sup> Tuman, Strand, and Emmert 2009.

when analyzing a data set including 597 observations of 29 countries from 1968 to 2009.

We rely on historical and interview evidence to distinguish Japanese influence from that of the United States and other powerful countries. The United States has historically displayed a relatively consistent interest in the UNSC. Japan, however, did not employ political leverage in international organizations until the mid-1980s; under the shadow of the Yoshida Doctrine, Japanese policy toward international organizations had remained circumspect, cautious, and even apolitical during the preceding period.<sup>10</sup> Splitting our sample, we find no strong effect of UNSC membership for the pre-1985 period.<sup>11</sup> Still, given that the United States and Japan have historically agreed on most issues concerning the United Nations and the ADB (with some exceptions noted below), the effect of Japanese versus US political influence remains difficult to disentangle. Our interpretation on this point should be coupled with the qualitative data, historical analyses, and interview evidence cited below.

Regarding other powerful countries, we conclude by addressing the economic ascendancy of China, whose government established a stronger presence at the ADB in 2005. Analyzing the 2005–9 period, we find a less robust effect of UNSC membership on lending, which suggests that Japan's political control over the ADB may be waning. Our main findings come from the 1985 to 2004 period—after Japan became politically active in international organizations but before China asserted itself at the ADB. These results support Copelovitch's argument that the political manipulation of international organizations hinges on some degree of consensus across its most powerful members.<sup>12</sup> In particular, these findings suggest that issue linkages across international organizations depend on interactions between the great powers in those institutions.

The rest of the article proceeds as follows. Section II offers some brief background on the UNSC, while Section III discusses its importance to Japan. Section IV provides an overview of the ADB, as well as evidence of the politics behind ADB lending gathered from an interview with a former ADB director-general. Section V details our argument,

<sup>10</sup> On the relatively consistent US interest in the UNSC throughout the postwar period, see Kuziemko and Werker 2006; and Chapman 2011. On the Japanese shift from an apolitical to a political approach to international organizations, see Curtis 1993; Yasutomo 1993a; Yasutomo 1993b; Yasutomo 1995; Ueki 1993, 347; Anderson 1993; Rapkin and Strand 1997, 276; Rapkin, Elston, and Strand 1997; Drifte 2000; Miyashita 2001a, 4; Miyashita 2001b, 55; Green 2003, 191; Berger 2004, 136; and Kim 2004.

<sup>11</sup> Our main results are not sensitive to the 1985 cut-point; they hold if we use any year from 1983 to 1986, the heart of the Nakasone administration.

<sup>12</sup> Copelovitch 2010a; Copelovitch 2010b.

and Section VI presents our empirical results. Section VII concludes with implications of our research for rising regional hegemons.

## II. THE IMPORTANCE OF THE UNITED NATIONS SECURITY COUNCIL

Japan and the United States, the ADB's major shareholders, have exhibited political interest in the Security Council for good reason. The UNSC functions as the most powerful body within the United Nations. Article 39 of the UN Charter endows the Security Council with the power to determine whether an aggressor country has breached the peace, and Articles 41 and 42 permit the UNSC to impose sanctions and, perhaps most importantly, to authorize the use of military force.

Today's UNSC comprises five permanent and ten nonpermanent members. The nonpermanent members represent designated regions and are selected in staggered elections held every October for two-year (limited) terms beginning January 1. Members require a two-thirds majority vote from the UN General Assembly to win election, and serving on the UNSC comes as no accident: David M. Malone, who represented Canada at the United Nations, reports extensive competition among members for seats.<sup>13</sup> Nevertheless, election patterns appear idiosyncratic, and term limits ensure exogeneity of exit.<sup>14</sup>

Qualitative and quantitative evidence suggests US interest in elected UNSC members.<sup>15</sup> Since these elected members rarely cast pivotal votes, scholars have offered theories emphasizing symbolism as well as information to explain their importance on the world stage.<sup>16</sup> Hurd, for example, contends that the UNSC has emerged as the unique international institution with the power to normatively legitimize aggressive foreign policies.<sup>17</sup> This legitimacy derives from the representational role that elected members play. Founded in the aftermath of World War II, the victors—China, France, Russia (the Soviet Union), the United Kingdom, and the United States—established permanent status and veto power on the Security Council. To garner global support, however,

<sup>13</sup> Malone 2004.

<sup>14</sup> Kuziemko and Werker 2006; Bueno de Mesquita and Smith 2010; Dreher et al. 2012.

<sup>15</sup> Kuziemko and Werker 2006 first proposed temporary Security Council membership as a measure of political importance to the United States. Dreher, Sturm, and Vreeland 2009a; and Dreher, Sturm, and Vreeland 2009b have employed it to measure importance to the major shareholders of the IMF and the World Bank, although their qualitative examples similarly focus on the United States, following Voeten 2001; Chapman and Reiter 2004; Thompson 2006; Thompson 2009; Hurd 2007; Eldar 2008; and Chapman 2011. Bueno de Mesquita and Smith 2010 use it as a proxy for politically motivated foreign aid.

<sup>16</sup> On voting power, see O'Neill 1996; and Strand and Rapkin 2011.

<sup>17</sup> Hurd 2007.

less powerful countries also needed to have a voice. Since 1966, ten countries have therefore represented the various regions: Asia has two seats, Africa has three, Latin America has two, Western Europe and its descendent countries have two, and Eastern Europe has one.<sup>18</sup> The elected members effectively serve as the voice for the “rest of the world,” and the legitimacy that their votes confer makes unanimity highly coveted, even though a successful UNSC resolution requires only nine affirmative votes and no vetoes from the permanent members.

Regarding the informational perspective, Chapman notes that when the chief executive of a country like Japan or the United States wishes to pursue a particularly aggressive foreign policy, he may require the support of a skeptical domestic public. UNSC votes may provide credible third-party information on the strategic value of the policy.<sup>19</sup> In testing this theory, Chapman and Reiter show that US presidential approval ratings increase about nine percentage points for UNSC-authorized military action.<sup>20</sup> The robust statistical significance of this result does not hold for other UN or regional security organizations. The open buying and selling of votes would weaken the credibility of the information, of course—hence the importance of obfuscation, an issue that we address below.

### III. JAPAN AND THE UNSC

The Security Council stands as an important institution for many countries, but Japanese interests may run the deepest. Internationally, Japan remains suspect in Asia—particularly by China and South Korea—due to the legacies of imperialism and World War II. These legacies also drive domestic opposition to unilateralist foreign policies, as the political left in Japan vigilantly seeks to constrain the military’s power.<sup>21</sup> Japan’s “Peace Constitution” even renounces “war as a sovereign right of the nation and the threat or use of force as a means of settling international disputes.”<sup>22</sup> Japanese law further forbids its military (the Self-Defense Forces) from engaging in overseas action, restricting military activities to disaster relief and defending against direct external threats or civil disorder. Some officials have advanced legal arguments, however, that permit the use of Japanese military power abroad if

<sup>18</sup> Before 1966, the General Assembly elected six countries. The expansion was due to the emergence of new states; see Russett 1997.

<sup>19</sup> Chapman 2011; see also Thompson 2006; Thompson 2009; and Fang 2008.

<sup>20</sup> Chapman and Reiter 2004.

<sup>21</sup> Rosenbluth and Thies 2010, 159–60.

<sup>22</sup> Ueki 1993, 358; Dore 1997, 106.



authorized by a UNSC resolution. Moreover, the legacy of the Yoshida Doctrine suggests that should Japan take a leading role in global affairs, it must do so through international organizations. These normative and constitutional restrictions on its foreign policy toolkit have led Japan to seek permanent UNSC membership, elected membership, and—as we demonstrate below—influence over elected members.<sup>23</sup>

As a defeated power in World War II, Japan was excluded from the United Nations by the Allied Powers, but Japanese lobbying efforts to gain general membership began when it regained independence from the United States in 1952. The UN finally admitted Japan in 1956, but permanent UNSC membership was kept off the agenda until the 1990s, and efforts toward this goal continue to be thwarted.<sup>24</sup>

Campaigns to win elected membership on the UNSC have proven more fruitful. Japan first won election in the autumn of 1957, soon after joining the UN. Following its second term in 1966–67, the Japanese Foreign Ministry revealed its desire for Japan to be “regarded as a major UN member state,” announcing that it would seek election to the UNSC “as often as possible.”<sup>25</sup> Since then, Japan has represented Asia more than any other country in the region. Indeed, Japan shares the global record—winning ten elections—with just one other country, Brazil. Malone and Jayakumar, who were involved in the election campaigns of their respective countries (Canada and Singapore), both report that campaigning for election occurs over many years and requires considerable political and financial capital.<sup>26</sup> Considering that Japan has been a UN member for about fifty-five years, has won election to the Security Council ten times during that period, and has served on it for twenty years, the Japanese UN Mission is perpetually campaigning for admission to or serving on the UNSC.

Japanese interest in the United Nations has, however, varied over time. In February 1957, Foreign Minister Kishi Nobusuke announced a foreign policy of “UN Centrism” as the appropriate means for Japan to contribute to world peace and prosperity.<sup>27</sup> Accordingly, Japan played a role in 1959, defusing a potential conflict between Vietnam and Laos.<sup>28</sup> Nevertheless, the guiding principle of foreign policy re-

<sup>23</sup> Wan 1995 links Japanese domestic and international politics through a two-level game.

<sup>24</sup> Mainly by China (Weiss 2008); see also Wan 1995, 99. On UN membership, see Green 2003, 200–201. The UN Charter still carries the “former enemies” clause, which continues to irk some Japanese, although the UN did pass a resolution in the 1990s disavowing the clause.

<sup>25</sup> Dore 1997, 29.

<sup>26</sup> Malone 2004; Jayakumar 2011, 65.

<sup>27</sup> Ueki 1993, 348.

<sup>28</sup> Ueki 1993, 348.



mained the Yoshida Doctrine, which stressed a low-key approach to international affairs, reliance on the United States for defense, and a focus on domestic economic growth.<sup>29</sup> Throughout the 1960s and 1970s, Japan took its cues on foreign affairs from the United States, largely following a “politics of abstention.”<sup>30</sup> Curtis affirms Japanese minimalism in foreign affairs as “conspicuous.”<sup>31</sup> Berger characterizes Japanese security policy as marked by “an extraordinary degree of circumspection, even timidity.”<sup>32</sup> Whenever Japan did pursue an activist foreign policy agenda, policymakers felt it “should be played out primarily in the form of multilateral diplomacy, rather than reliance only on unilateralism or bilateralism.”<sup>33</sup>

During the 1980s, Japan experienced a burgeoning trade surplus, which generated economic growth.<sup>34</sup> Economic success translated into renewed strength for the ruling Liberal Democratic Party and prompted Prime Minister Nakasone Yasuhiro—an ardent nationalist—to pursue a more important role for Japan in global affairs commensurate with its relative rise.<sup>35</sup> Still, policymakers stressed the importance of Japanese leadership through multilateral organizations.<sup>36</sup>

As Ueki explains, “Japan slowly came to accept the fact that their economic power had an unavoidable political dimension.”<sup>37</sup> At the same time, however, “the idea of translating economic power into the tools of raw power politics is still resisted in Japan, since such outright use of power evokes the memories of the past militarism.”<sup>38</sup> International organizations thus offered a more palatable path to exerting Japan’s newfound strength. In the late 1980s, the Foreign Ministry constructed a legal argument that would allow Japan to participate in overseas military operations with UN forces under the auspices of a UNSC resolution. As the proposal appeared to contravene the Peace Constitution’s renunciation of war, it sparked domestic and international discussions in the run-up to the 1991 Gulf War.<sup>39</sup> Although the Diet did not pass this “UN Peace Cooperation Bill,” the issue provoked

<sup>29</sup> Yasutomo 1993a, 323. Samuels provides an excellent depiction of the “incremental transformation of the Yoshida doctrine” (2007, 93 t1).

<sup>30</sup> Ueki 1993, 351–52.

<sup>31</sup> Curtis 1993, xv. See also Blaker 1993; Campbell 1993; Levin 1993; Pharr 1993.

<sup>32</sup> Berger 2004, 135.

<sup>33</sup> Yasutomo 1993a, 324; see also Edstrom 1999.

<sup>34</sup> World Bank 2012.

<sup>35</sup> See Meyer and Naka 1998; Pyle 1987.

<sup>36</sup> Ueki 1993, 354; Grimes 2004, 189; Kim 2004.

<sup>37</sup> Ueki 1993, 354.

<sup>38</sup> Ueki 1993, 354.

<sup>39</sup> Inoguchi 1991; Funabashi 1992.

a national debate on Japan's role in the implementation of the UN resolutions as well as Japan's possible participation in the peacekeeping operations of the United Nations. The concept of UN centrism was brought back to life in an attempt to break the political and sociopsychological barrier of constitutional pacifism.<sup>40</sup>

Green argues that this debate led to a consensus in the early 1990s, "that Japan could play an expanded role in cooperative security actions because the Japanese Constitution is itself based on the UN Charter."<sup>41</sup> In fact, Japan successfully dispatched Self-Defense Forces for UN peacekeeping operations in Cambodia, Mozambique, the Golan Heights, and elsewhere during the 1990s.<sup>42</sup>

Leaders from across the political spectrum support a stronger role for Japan on the UNSC. Green notes that for the political left, "multilateralism is often presented as an escape from US-centered security policy based on liberal idealist expectations about the future of East Asian international relations."<sup>43</sup> Meanwhile, those on the right who seek to amend the Peace Constitution to expand the military's role have co-opted "UN Centrism as one of their most compelling arguments for an expanded security policy."<sup>44</sup> Ozawa Ichirō—chief secretary of the Liberal Democratic Party before switching to lead the main opposition party, the Democratic Party of Japan—argues that only the United Nations "can use force legitimately in the international interest, and Japan needs to limit the exercise of force to legitimate ends."<sup>45</sup> The United Nations thus possesses multivocality in Japanese politics, conveying different signals to different constituencies. As Ueki argues:

The United Nations in a sense provides a convenient cover under which Japan can justify its more assertive political role and which helps quiet the lingering domestic opposition to Japan getting involved in real politique. It also helps dispel

<sup>40</sup> Ueki 1993, 362.

<sup>41</sup> Green 2003, 197. The preface to the Constitution follows the principles of the UN Charter. Similarly, the 1960 US-Japan Security Treaty begins: "The Parties undertake, as set forth in the Charter of the United Nations . . ." With respect to the UNSC authorization of the use of force, Samuels explains that officials distinguish between "collective self-defense" (*shūdanteki jieitai*), which involves the use of force to defend an ally under attack and is forbidden by the Constitution, and "collective security" (*shūdanteki anzenhoshō*), which involves cooperation with other countries through international organizations: "Taken from the United Nations Charter, this concept refers to multilateral cooperation that may include diplomatic, economic, and military action. The government interpretation . . . allows Japan to engage in the diplomatic and economic aspects of collective security" (Samuels 2007, 48). For references in Japanese, Samuels (2007, 219n61) recommends Nakamura 2001, 255–57; and Asagumo Shimbunsha 2005, 557–62, 571.

<sup>42</sup> Green 2003, 197; Samuels 2007, 63; Funabashi 1992.

<sup>43</sup> Green 2003, 198.

<sup>44</sup> Green 2003, 197.

<sup>45</sup> Samuels 2007, 124; see also Samuels 2003, chap. 12.

fears of its Asian neighbors about Japan's assertive political behavior. Thus, Japan found a marriage of convenience with the United Nations.<sup>46</sup>

In sum, the UNSC plays a pivotal role in both the international and the domestic politics of Japan. UNSC authorization can help legitimize aggressive foreign policies and credibly signal their strategic value to international and domestic communities. This is particularly important in Japan, where a skeptical public is more pacifist oriented than certain officials who advocate a greater international role for the Japanese Self-Defense Forces. Votes of elected UNSC members from Asia serve as credible third-party signals from countries whose preferences may "conform more closely to that of the [Japanese] public, in that the [UNSC] also is conservative about the use of force."<sup>47</sup>

Despite the UNSC's importance for Japanese foreign policy, Japan possesses little formal influence over the body. When it serves, the Japanese government lacks a veto, and most of the time, Japan is not even a member. The government thus fears being left out of deliberations over issues of paramount importance to its national security. As Jayakumar explains, important negotiations take place "behind the scenes, which cannot be observed from the set-piece open meetings of the UNSC."<sup>48</sup> For example, the escalation of the Iran-Iraq War in the mid-1980s directly threatened the supply of oil to resource-poor Japan, and the government considered dispatching its navy to help keep shipping lanes open.<sup>49</sup> Having ended a term on the UNSC in 1982, Japan would not return to the Security Council again until 1987. Interestingly, Pakistan (1983–84) and Thailand (1985–86), the only ADB-eligible countries that served during this sensitive period, both received increased shares of ADB loans.

Of course, if Japan's purpose in pursuing a greater UNSC role is to gain legitimacy for a more assertive role in international affairs, then overtly buying political influence from elected members of the UNSC might prove counterproductive. If uncovered, such activity would undermine the UNSC's legitimacy in the eyes of both the international community and a skeptical domestic audience. Even more so than the United States, which does not face the same domestic constraints, Japan may seek to obfuscate its horse-trading activities with elected members of the UNSC. Thus the ADB enters into our story.

<sup>46</sup> Ueki 1993, 354.

<sup>47</sup> Chapman and Reiter 2004, 887.

<sup>48</sup> Jayakumar 2011, 65.

<sup>49</sup> Ueki 1993, 354–55; Inoguchi 1991.

## IV. POWER AND PREFERENCES AT THE ADB

Little understood by the general public, the ADB was founded in 1966 as an Asia-Pacific version of the World Bank. At the apex of its opaque governance sits the board of governors, which comprises representatives from all member countries and delegates operational responsibilities to a smaller executive board of directors.<sup>50</sup> Voting power on the executive board is related to each member's share of capital subscription to the ADB, which, in turn, is related to the member's economic size and whether it belongs to the Asian region. Asian countries contribute a higher proportion to the ADB's subscription share than they do, for example, to the World Bank (63 percent versus 22 percent).<sup>51</sup> Japan and the United States provide the lion's share of funding. They have always controlled equivalent vote shares, ranging from a combined total of 22 to 26 percent of all votes.<sup>52</sup> Some notable exceptions aside, the two countries have tended to agree on foreign policy and both have incentives to favor UNSC members.<sup>53</sup>

Power dynamics at the ADB nevertheless accord more influence to the Japanese government, which acts mainly through the ADB president. Our interview with a former ADB director-general reveals that all projects require Japanese support; otherwise, they do not even proceed to the board of directors for approval.<sup>54</sup> He explains that even when the United States and some other countries object, a project loan may still receive approval if supported by the Japanese. Indeed, statistical analyses conducted by Kilby provide systematic evidence that ADB lending patterns mirror Japanese preferences more closely than they do those of the United States.<sup>55</sup>

How does Japan wield the upper hand? Beyond its formal power on the executive board, Japan also exerts informal influence through its *de facto* appointment of the ADB president. Historically, all eight have come from Japan, with seven from the Finance Ministry.<sup>56</sup>

As a former director-general at the ADB explains: "the ADB is like a state, and the ADB President is like its emperor."<sup>57</sup> The ADB president

<sup>50</sup> See <http://beta.adb.org/about/board-directors>, accessed December 7, 2011.

<sup>51</sup> See [www.adb.org](http://www.adb.org) and [www.worldbank.org](http://www.worldbank.org).

<sup>52</sup> See Kappagoda 1995; and Strand 2011.

<sup>53</sup> On US-Japanese tensions at the ADB, see Yasutomo 1993a, 329–30; Yasutomo 1993b, 324–32. For tensions at the United Nations, see Green 2003, 201; Ueki 1993; and Miyashita and Sato 2001. On the overall foreign policy alignment, see Funabashi 1992.

<sup>54</sup> On August 17, 2010, a former director-general gave an interview for this study on the condition of anonymity, hereafter referenced as "Interview."

<sup>55</sup> Kilby 2006; Kilby 2011.

<sup>56</sup> Grimes 2004, 189. Japan also appoints the second most powerful person: the director-general heading the Budget, Personnel, and Management Systems Department (Kappagoda 1995, 38).

<sup>57</sup> Interview.

serves as the chairman of the executive board and wields enormous influence. He may, in the absence of a request for a formal vote, “ascertain and announce to the meeting the sense of the meeting with regard to any matter and the board shall be deemed in accordance with the announcement by the Chairman without the necessity of taking a formal vote.”<sup>58</sup> If an executive board director wishes to oppose a proposal made by the president, he must undertake a series of costly actions, such as requesting a formal vote and putting together a coalitional majority to win the vote. Collective action problems and psychological inertia render this task an uphill battle.<sup>59</sup> And should the occasion for a formal vote arise, the ADB president can make proposals that effectively function as “no-action default” policies, making him the “conditional agenda setter.”<sup>60</sup>

Whose interests does the ADB president represent? He appears to make most of his decisions in consultation with the Japanese Ministry of Finance (MOF), which acts through the Japanese representative on the executive board.<sup>61</sup> We suspect minimal agency slack, for two reasons. First, the MOF likely appoints agents who hold preferences similar to its own. Second, the MOF can (de facto) remove an ADB president. For example, the Japanese government replaced Fujioka Masuo (1981–89) partly because of his authoritarian style; it replaced Tarumizu Kimimasa (1989–93) because of his poor leadership.<sup>62</sup> As Yasutomo explains:

The relationship between the Japanese government and the president has been intimate from the beginning of the Bank’s existence . . . ultimate political power and influence remain in the hands of the Japanese government. The MOF has the power to nominate the president, and its support provides a crucial foundation for any president’s tenure.<sup>63</sup>

Yasutomo thus concludes that the ADB “can serve as a foreign policy tool in the pursuit of Japanese diplomatic interests.”<sup>64</sup>

## V. USING THE ADB TO INFLUENCE THE UNSC

How has Japan exploited its power at the ADB? In accordance with the Yoshida Doctrine, the government adopted a low-key, apolitical ap-

<sup>58</sup> See the Asian Development Bank Board Rules, Section 5(a).

<sup>59</sup> Korobkin 1998.

<sup>60</sup> See Tsebelis 1994; Stone 2011; and the ADB *Articles of Agreement*, Article 34(3).

<sup>61</sup> Interview.

<sup>62</sup> Brull 1993.

<sup>63</sup> Yasutomo 1993b, 318.

<sup>64</sup> Yasutomo 1993b, 318.

proach to the ADB throughout the 1960s and 1970s. Yet in the 1980s, just as Japan became more active at the United Nations, so too did the country assume a more activist and politically motivated role at the ADB. By acting through the relatively opaque ADB, Japan could pursue its political objectives behind a façade. Specifically, the Japanese government may have sought to increase its political influence over Asian countries serving on the UNSC by facilitating ADB loans for them.

Such trades of political influence for money become possible whenever governments have divergent preferences. Though developing countries serving on the UNSC have the opportunity to vote on globally important issues during their two-year term, development assistance matters more to them than do most UNSC resolutions. Japan, by contrast, may care more about the activities of the UNSC than it does about development loans. Governments can therefore maximize their respective preference functions by seeking out trades.

It is, nevertheless, not obvious why Japan would choose to employ an international financial institution—the ADB in particular—as a vehicle for securing political influence in the UNSC when it might achieve the same outcome using bilateral aid. We identify three advantages that the ADB offers Japan.

The first involves obfuscation. As suggested by Vaubel as well as by Abbott and Snidal, international organizations can “launder” the “dirty work” of governments.<sup>65</sup> Japan’s imperial legacy, coupled with the coincidental sharp appreciation of the yen during the mid-1980s—which hurt Japan’s influential export sector—rendered infeasible the overt use of bilateral aid as a tool for extending Japanese influence in the UNSC.<sup>66</sup> The ADB provided the political cover that Japan needed to skirt these domestic and international political constraints.<sup>67</sup>

This obfuscation perspective helps explain why we find, as discussed below, an effect of UNSC membership on ADB lending but not on Japanese bilateral aid. Though a thorough treatment of the determinants of Japanese bilateral aid is beyond the purview of this article, we note that politics influence Japan’s multilateral and bilateral aid policies, often in complementary ways. Both Arase and Kilby suggest that Japan pursues its commercial interests when disbursing bilateral aid and when pressuring the ADB.<sup>68</sup> When it comes to the UNSC, however, the

<sup>65</sup> Vaubel 1986; Abbott and Snidal 1998.

<sup>66</sup> On the yen’s appreciation, see Rosenbluth 1993.

<sup>67</sup> Yasutomo 1993a, 339; see also Wan 1995, 93.

<sup>68</sup> Arase 1995; Kilby 2006; Kilby 2011. See also Saito 1996; Katada and McKeown 1998; Miller and Dolšák 2007; Strand and Tuman 2010; Gartzke and Naoi 2011.

political commodity at stake is legitimacy. Unlike “buying” economic power, buying legitimacy requires a greater degree of obfuscation. The ADB provides an additional level of political cover that the bilateral aid channel lacks. This circuitous route entails political costs—the Ministry of Foreign Affairs must push forward its agenda through the Ministry of Finance—that must be weighed against the advantages, of which obfuscation is but one.

A second advantage centers on cost sharing.<sup>69</sup> Rather than provide individual assistance, Japan can utilize the ADB’s common resource pool and infrastructure to raise funds on international capital markets, disburse loans, and manage repayments. As Yasutomo explains, Japan can use the ADB to get “more bang for the buck/yen.”<sup>70</sup>

The ADB’s infrastructure offers a third advantage: technical assistance. Aid from a development bank involves not only lending but also policy advice. Developing countries might lack the requisite technical knowledge to undertake an optimal sequence of reforms. Multilateral development banks have accumulated expertise on these types of developmental challenges. We rely once more on Yasutomo, who notes that “the ADB fills the many gaps in policy makers’ knowledge about Asian development problems.”<sup>71</sup>

What does Japan expect in return for providing favorable treatment at the ADB? Favorable votes on UNSC resolutions are an obvious target.<sup>72</sup> Beyond votes, however, Japan has a special interest in being part of ongoing UNSC debates. As Japan lacks permanent status on the UNSC, its government may also seek informal channels of influence to shape UNSC negotiations. All elected UNSC members take turns wielding agenda-setting power, which resides in the rotating UNSC presidency. For certain votes, elected members may sometimes participate in behind-closed-doors meetings. Of course, the most important meetings take place among the P3 (United States, United Kingdom, and France), and Japan exploits other political channels to gather information about these.<sup>73</sup> The centrality of the Security Council to the

<sup>69</sup> Dreher, Strum, and Vreeland 2009a; Dreher, Strum, and Vreeland 2009b.

<sup>70</sup> Yasutomo 1993a, 339.

<sup>71</sup> Yasutomo 1993a, 339. Does political manipulation of projects produce inferior outcomes? Bueno de Mesquita and Smith 2010 say it does, while Dreher et al. forthcoming argue that it depends on the recipient country’s macroeconomic environment. See also Kosack and Tobin 2006.

<sup>72</sup> See Kuziemko and Werker 2006; Eldar 2008; Thompson 2009; Dreher, Sturm, and Vreeland 2009a; and Dreher, Sturm, and Vreeland 2009b. For research arguing that the Security Council can promote international norms by devoting attention to an issue, see True-Frost 2007; Hudson 2009; and Carpenter 2012.

<sup>73</sup> See Wan 1995, 93.



conduct of Japanese foreign policy explains why Japan seeks multiple channels of influence over this deliberative body.

The dynamic nature of international affairs means that Japan cannot predict just when an elected member may prove useful, so providing assistance through the ADB represents a low-cost insurance policy that places countries in Japan's debt.<sup>74</sup> Should a significant issue arise, it behooves Japan to have some elected members of the incumbent UNSC in its pocket. If temporary UNSC members request a loan, the executive board and the management can facilitate approval, with the vague implication that misbehavior on the UNSC will result in the loan being rescinded. It takes at least eighteen months to develop and disburse an ADB project loan, so UNSC members remain indebted to Japan throughout their tenure.

Now, this strategy depends on Japan's political power, which China may eventually curtail. Admitted as a voting member in 1986, China holds the third largest vote share at the ADB. Note that China has yet to emerge as a major power at the ADB: it possesses less than half of Japan's vote share. Recent developments at the ADB, however, reflect China's growing geopolitical and economic clout. In 2005, China established its \$20 million Regional Cooperation and Poverty Reduction Fund at the ADB. Although paltry in comparison with the \$446 million Japan Fund for Poverty Reduction, it marks the first time that a "developing member country has established such a fund with an international development agency."<sup>75</sup> Moreover, in 2009, China used its power on the board to postpone the approval of an ADB loan to India for a project in the disputed territory of Arunachal Pradesh.<sup>76</sup> The executive board eventually approved the loan because of Japanese and US support, but the case may represent a harbinger of things to come. The Arunachal Pradesh case demonstrates that although Japan continues to hold sway over the governance of the ADB, China might present a future challenge to its leadership.

In our empirical tests, we thus devote attention to specific time periods. The effect of UNSC membership on ADB loans should appear after the mid-1980s, when Japan assumed a more politically active role in international organizations, and then decline in the mid-2000s, when China began to assert its power.

<sup>74</sup> It is not costless. The Ministry of Foreign Affairs in each country must negotiate with its respective Ministries of Finance. A good guide to the actors involved in Japanese policy-making is Green's discussion of policy caucuses—or *zoku* (2003, 47–75). Green further recommends Inoguchi and Tomonobu 1987.

<sup>75</sup> [http://www.adb.org/Documents/Fact\\_Sheets/PRC.pdf](http://www.adb.org/Documents/Fact_Sheets/PRC.pdf), accessed December 9, 2011.

<sup>76</sup> See Minder, Anderlini, and Lamont 2009; Dasgupta 2009.

## VI. QUANTITATIVE EVIDENCE

We begin by presenting the data and descriptive evidence supporting our hypothesis. We then test the hypothesis more rigorously. First, we address potential nonrandom selection on observed variables through matching methods. Second, we employ regression analysis, controlling for country and year fixed effects as well as for a range of potentially confounding variables.<sup>77</sup> Next, because historical evidence suggests that Japan shifted to a more activist role at both the United Nations and the ADB in the mid-1980s, we reanalyze the data for the pre-1985 period. We also break the sample in 2005, when China established its Regional Cooperation and Poverty Reduction Fund at the ADB. Considering these historical breaks, our results appear to be driven by the 1985–2004 period. We also trace the effect of UNSC membership from before, during, and after election. We find that lending peaks during the second year of service, which fits with the approximate time needed to assemble an ADB program (roughly eighteen months).

Finally, we apply our model to Japanese and American bilateral aid, as well as to multilateral lending from the World Bank and the International Monetary Fund (IMF). We find no statistically significant effects through these other channels. This bolsters our confidence that

1. our findings are not spuriously driven by the general importance of countries elected to the UNSC,
2. Japan employs the ADB rather than bilateral channels so as to obfuscate these transactions from the Asian community and the Japanese public, and
3. Japan employs the ADB channel, where it has the most power, rather than other multilateral channels.

We conclude that when Japan became more assertive in the mid-1980s, it favored UNSC members under the political cover of the ADB, though this effect may be waning with the rise of China.

Before proceeding, we emphasize that the initiation of the exchange of favors may be idiosyncratic. Just as Japan may use its power at the ADB to gain influence over the UNSC, elected UNSC members may use their leverage to gain influence over the ADB. The quantitative approach that we adopt does not allow us to determine who approaches whom, and we recognize that both avenues are possible. Our goal is to establish a robust, statistically significant correlation between UNSC membership and ADB lending.

<sup>77</sup> In section A4 of Lim and Vreeland 2012, we restrict our regression analyses to matched observations and control for the propensity score (Imai and van Dyk 2004; Ho et al. 2007).

## DESCRIPTIVE EVIDENCE

Our data set covers twenty-nine developing member-countries from 1968 to 2009 for a total of 597 country-year observations (for more details, see section A1 of the supplemental appendix to this article).<sup>78</sup> The panel is unbalanced due to varying dates of ADB membership and lending eligibility. We operationalize our dependent variable, *ADB loan amount*, as the natural logarithm of the annual amount of ADB loan disbursements in millions of constant US dollars. We present robustness checks analyzing the relative *share* of annual ADB loans in sections A3, A4, and A6 of the supplemental appendix.

The average ADB loan disbursement is US\$185 million, and the median is US\$56 million. Disbursements vary from US\$0.03 million (Turkmenistan, 2008) to US\$2,433 million (South Korea, 1997). Note that South Korea served on the UNSC in 1997 and received a substantial ADB allocation for other obvious reasons (the East Asian financial crisis). Thus, it is important to show that outliers do not drive our results (see the next section, as well as section A4 of the supplemental appendix).

Our independent variable of interest is UNSC membership, an indicator-variable coded 1 during a country's term on the UNSC and 0 otherwise. Table 1 lists the countries in Asia that have served (or not) on the UNSC. Ten of the twenty-seven countries in our sample served on the UNSC between 1968 and 2009: Bangladesh, India, Indonesia, Nepal, Pakistan, South Korea, Malaysia, Philippines, Thailand, and Vietnam.<sup>79</sup> Most of them have served multiple terms (at this writing, India and Pakistan have served seven terms each, while South Korea, Thailand, and Vietnam have each served once).

Does temporary UNSC membership influence ADB lending? Figure 1 presents descriptive evidence suggesting that it does. The left-hand part of the figure compares the average share of annual lending that goes to countries not serving on the UNSC (0.05) to the average share going to elected members of the UNSC (0.15).<sup>80</sup>

More convincing is the pattern over time, presented on the right-hand part of Figure 1. Two years before election to the UNSC, the

<sup>78</sup> The authors have provided a supplemental appendix along with their data set and replication materials, all of which are available at <http://scholar.harvard.edu/danielyewmaolim/publications>. See Lim and Vreeland 2012.

<sup>79</sup> As China is a permanent UNSC member, we do not code temporary UNSC membership 1. When we do, the main results hold (available on request).

<sup>80</sup> A simple t-test and the two-sample Kolmogorov-Smirnov test indicate that this difference is statistically significant at the 0.01 level. The former tests equality of means between the two samples; the latter tests equality of distributions.

average share of annual ADB lending is about the same as nonmembers of the UNSC: 0.05. The year before election, when it is usually known which country will be elected, the share is higher: 0.10. In the election year, the average share is 0.09. Then, during the first and second years of membership on the UNSC, the share of annual ADB lending rises to 0.15. Next, exogenous term limits force members to step down, and the share of lending drops back to 0.11 for the first and second years following membership. The decline continues during the third and fourth years, when the average share is 0.10 and 0.09, respectively.

ADB loans peak during the second year of UNSC membership. Typically, it takes eighteen to thirty months from project proposal to disbursement (see section A2 of the supplemental appendix). This schedule helps to explain the peak in the second year and also the slow decline in lending after UNSC membership ends. Note that from a game-theoretic point of view, it is important that the ADB (Japan) move last when it comes to trading loans for votes. For an elected member of the UNSC, the two-year term is essentially a one-shot game, since governments rarely serve. Japan, by contrast, plays this game repeatedly and has its reputation at stake.

#### THE SELECTION PROBLEM AND MATCHING METHODS

Table 1 and Figure 1 raise an obvious question: who gets elected to the UNSC? Considering that large and strategically important countries like India and Pakistan are elected so often, one might reasonably speculate that important countries are more likely to serve on the UNSC and to receive larger loans from the ADB. Our analysis may thus suffer from a problem of nonrandom selection.

There are, however, several reasons to believe that it does not. First, even if important countries are more likely to be selected, the United Nations observes strict two-year term limits so that the termination of UNSC participation is exogenously enforced. This also means that while reelection is influenced by a country's size, the timing of reelection remains idiosyncratic. Additionally, we control for population in our regression analysis of ADB lending below and, like Kilby, find that larger countries do not receive the largest allocations. The selection of populous countries to the UNSC should thus not be reflected in more loans from the ADB.

Still, to address the possible selection problem, we employ propensity score matching.<sup>81</sup> This approach simulates a randomized experiment

<sup>81</sup> Rosenbaum and Rubin 1983.

TABLE 1  
UNSC PARTICIPATION FOR THE ASIAN GROUP<sup>a</sup>

<i>Country</i>	<i>Served on UNSC</i>	<i>Eligible for ADB Lending</i>	<i>Non-UNSC Av. ADB Loan (Million USD)</i>	<i>UNSC Av. ADB Loan (Million USD)</i>	<i>Fits Hypothesis?</i>
Japan	1958-59, 1966-67, 1971-72, 1975-76, 1981-82, 1987-88, 1992-93, 1997-98, 2005-6, 2009-10	no	n/a	n/a	n/a
India	1950-51, 1967-68, 1972-73, 1977-78, 1984-85, 1991-92, 2011-12	after 1987	511.92	634.79	yes
Pakistan	1952-53, 1968-69, 1976-77, 1983-84, 1993-94, 2003-4, 2012-13	yes	453.74	399.05	no
Philippines	1957, 1963, 1980-81, 2004-5	yes	234.61	120.66	no
Bangladesh	1979-80, 2000-2001	yes	279.01	196.51	no
Thailand	1985-86	yes	135.69	224.01	yes
S.Korea	1996-97	yes	111.37	1217.06	yes
Malaysia	1965, 1989-90, 1999-2000	yes	42.02	68.60	yes
Nepal	1969-70, 1988-89	yes	80.49	105.21	yes
Indonesia	1973-74, 1995-96, 2007-8	yes	548.18	531.47	no
Vietnam	2008-9	yes	162.41	327.79	yes
Syria	1947-48, 1970-71, 2002-3	no	n/a	n/a	n/a
Iraq	1957-58, 1974-75	no	n/a	n/a	n/a
Jordan	1965-66, 1982-83	no	n/a	n/a	n/a
Bahrain	1998-99	no	n/a	n/a	n/a
Iran	1955-56	no	n/a	n/a	n/a
Kuwait	1978-79	no	n/a	n/a	n/a

<i>Country</i>	<i>Served on UNSC</i>	<i>Eligible for ADB Lending</i>	<i>Non-UNSC Av. ADB Loan (Million USD)</i>	<i>UNSC Av. ADB Loan (Million USD)</i>	<i>Fits Hypothesis?</i>
Lebanon	1953–54, 2010–11	no	n/a	n/a	n/a
Oman	1994–95	no	n/a	n/a	n/a
Qatar	2006–7	no	n/a	n/a	n/a
Singapore	2001–2	no	n/a	n/a	n/a
Sri Lanka	1960–61	no	n/a	n/a	n/a
U.A.Emirates	1986–87	no	n/a	n/a	n/a
Yemen	1990–91	no	n/a	n/a	n/a

SOURCES: <http://www.un.org/sc/members.asp>; <http://www.adb.org/Documents/Manuals/Operations/OMA1.pdf>.

<sup>a</sup>Only ten of the twenty-seven countries in our sample serve on the UNSC between 1968 and 2009: Bangladesh, India, Indonesia, Nepal, Pakistan, South Korea, Malaysia, Philippines, Thailand, and Vietnam. Most have served multiple terms, with India and Pakistan serving seven terms each. South Korea, Thailand, and Vietnam have each served once. Some countries affiliated with the Asian region at the United Nations have never served on the UNSC (for those eligible for ADB lending, the average ADB loan received is US\$86.74 million; the average share is 0.02; those not eligible are marked with \*): Afghanistan, Armenia, Azerbaijan, Bhutan, Brunei Darussalam\*, Cambodia, Cyprus\*, North Korea\*, Georgia, Israel\*, Kazakhstan, Kiribati, Kyrgyzstan, Laos, Maldives, Marshall Islands, Micronesia, Mongolia, Myanmar, Nauru, Palau, Papua New Guinea, Samoa, Saudi Arabia\*, Solomon Islands, Tajikistan, Timor-Leste, Tonga, Turkmenistan, Tuvalu, Uzbekistan, Vanuatu.

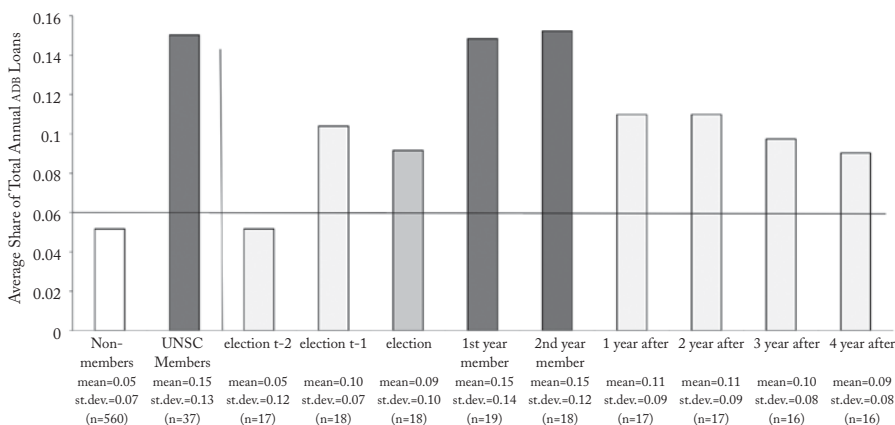


FIGURE 1  
ALLOCATION OF ADB LENDING BY UNSC MEMBERSHIP OVER TIME (SHARES)<sup>a</sup>

<sup>a</sup>The horizontal line shows the mean share of ADB lending across the entire sample (0.06,  $n=597$ ). The left-hand part of the figure compares the average share of annual lending that goes to countries not serving on the UNSC (0.05) to the average share going to elected members of the UNSC (0.15). A  $t$ -test and the two-sample Kolmogorov-Smirnov test indicate that this difference is statistically significant at the 0.01 level. More convincing is the pattern over time, presented on the right-hand part of Figure 1. The average share of ADB loans rises and peaks during the second year of UNSC membership before declining slowly after UNSC tenure ends. This pattern may be driven by the ADB's project lending cycle—it typically takes 18–30 months from project proposal, which begins during the election year, to disbursement. See Lim and Vreeland 2012, section A3, for a detailed illustration of the ADB's project lending cycle.

by creating control and treatment groups through matching on observed factors, so the two groups differ only in the treatment variable. Any statistically significant difference in the outcome variable can be attributed to the treatment, so long as the groups do not differ in unobserved characteristics.

Propensity score matching involves two steps. We first calculate the propensity score of UNSC membership. This step is not straightforward because observations are not independent: according to UN rules, two countries represent the Asian region each year.<sup>82</sup> Staggered elections ensure that exactly one country is elected each autumn to serve a two-year term that begins on January 1. We thus use a conditional logit model to estimate the probability of UNSC membership—

<sup>82</sup> See Articles 18 and 23 of the UN Charter. Technically, the Charter allocates five seats to Africa and Asia. By an unbroken convention, three of these seats go to Africa and two to Asia. A further convention reserves one of the five seats for an Arab state. The regions take turns providing a suitable candidate (Security Council Report 2011, 7; cited in Dreher et al. 2012).



conditioned on year. As determinants of UNSC membership, we include population size and the average monthly manpower provided by countries to UN peacekeeping missions—a proxy for the UN General Assembly norm of choosing countries committed to peace.<sup>83</sup> We also test other potential determinants including: per capita income, militarized disputes, British colonial legacy, and IMF program participation.<sup>84</sup> The upper section of Table 2 presents the results.

Second, to analyze our outcome variable—(logged) ADB loan amount—we match each observation of a UNSC member to observations of non-UNSC members with similar propensity scores, applying the Gaussian kernel estimator.<sup>85</sup> We then estimate the effect of UNSC membership—called the average treatment effect on the treated (ATT)—by taking the average difference across the matched observations. The lower section of Table 2 summarizes our results. We find that UNSC membership increases the amount of ADB lending by about 87 percent, an effect that is statistically significant at the 0.01 level for both the full controls and the parsimonious models of selection (*t*-statistics are 2.65 and 2.73, respectively). We also report the differences for the unmatched samples; they are larger, which indicates that failing to account for systematic differences in the samples creates an upward bias.

Does our approach effectively address potential nonrandom selection on observed determinants of UNSC election? We compute the absolute standardized bias for the propensity score and each control variable (for both the “full controls” and the “significant predictors” samples).<sup>86</sup> An absolute standardized bias of less than 0.25 generally indicates balance in the covariate. In the unmatched sample, the absolute standardized bias between the treated and control groups is

<sup>83</sup> See Heldt and Wallenstein 2006. See also Lebovic 2010.

<sup>84</sup> Our choice of covariates for UNSC selection follows Dreher et al. 2012.

<sup>85</sup> We use the *psmatch2* program (Leuven and Sianesi 2003). Several matching estimators exist. For our analysis, each UNSC-member observation  $i$  with propensity score  $p_i$  is matched to a Gaussian-weighted combination of all non-UNSC observations with propensity scores of  $p_i \pm 0.025$ . The number of observations used to construct the composite match varies for each observation, depending on how many observations have propensity scores within the 0.025 bandwidth. For the “full controls” selection model, we use 359 non-UNSC observations to construct matches for 28 UNSC-member observations. For the “significant predictors” model, we use 368 non-UNSC observations to construct matches for 29 UNSC-member observations. We obtain similar results when we use alternative matching estimators: nearest neighbor (2 and 3) matches and the Epanechnikov kernel estimator. See section A3 of the supplemental appendix (Lim and Vreeland 2012).

<sup>86</sup> The “absolute standardized bias” is the absolute value of the difference between the sample means of the treated and control groups as a percentage of the square root of the average of their sample variances. This approach is superior to the often-used *t*-test score, which suffers from balance test fallacy (see Imai, King, and Stuart 2008, 495–98; Ho et al. 2007). Section A3 of the supplemental appendix further analyzes pseudo *R*-squares and the likelihood ratio (Lim and Vreeland 2012).

TABLE 2  
THE EFFECT OF UNSC MEMBERSHIP ON ADB LENDING<sup>a</sup>

<i>Estimating the Propensity of UNSC Membership</i>				
	<i>Full Controls (1)</i>	<i>Significant Predictors (2)</i>		
Lagged ADB Amount	0.178 (0.143)			
Population	0.844*** (0.245)	0.591*** (0.158)		
GDP/Capita	0.39** (0.182)	(dropped)		
Peacekeeping Troops	0.0001 (0.0004)			
Hostility Level	−0.252** (0.121)	−0.215** (0.107)		
British Colonial Legacy	0.509 (0.461)			
IMF Program Participation	−0.026 (0.455)			
Number of Observations	309	317		
Log Likelihood	−56.53	−59.88		
Pseudo r2	0.15	0.12		
<i>Estimating the Effect of UNSC Membership on ADB Loan Amount Received</i>				
	<i>Full Controls</i>	<i>Only Significant Predictors</i>		
	<i>Unmatched Sample (1)</i>	<i>Matched Sample (2)</i>	<i>Unmatched Sample (3)</i>	<i>Matched Sample (4)</i>
UNSC Members	4.918	4.918	4.887	4.887
Non-UNSC Members	4.157	4.162	3.966	4.016
ATT	0.910*** (0.344)	0.760** (0.335)	0.922*** (0.338)	0.871*** (0.319)
T-Statistic	2.63	2.27	2.73	2.73

Standard errors are reported in parentheses; \*\*\* indicates statistical significance at the 0.01 level, \*\* at the 0.05 level, and \* at the 0.10 level

<sup>a</sup>We use a conditional logit model to estimate the probability of UNSC membership—conditioned on year because only two countries can serve in a given year. Our choice of covariates for UNSC selection follows Dreher and Vreeland 2010. Like them, we find selection to the UNSC to be rather idiosyncratic. We apply the Gaussian kernel estimator to match each UNSC member observation to non-UNSC member observations with similar propensity scores, and obtain a total of 28 treated observations matched with 359 control observations. We then estimate the effect of UNSC membership—called the “average treatment effect on the treated” or the ATT—by taking the average difference across the matched treated and control observations. The effect of UNSC membership is statistically significant for both the full and the parsimonious models of selection.

greater than 0.25 for some of the covariates, indicating that UNSC selection is nonrandom. In the matched sample, however, the absolute standardized bias is less than 0.25 for all the covariates, suggesting that we have successfully addressed the problem of nonrandom selection on observed variables.

Intuitively, matching involves comparison of similar observations, where one group is treated and the other is not. This stands in contrast to the more common approach of regression analysis, which involves estimating the effect of an independent variable on the dependent variable while holding constant all other observed variables (the control variables). While we consider only matched observations using the former method, the latter method employs the full range of observations, so selection bias and the influence of outliers becomes more of a concern. As regression analysis is standard, we turn to this approach next. We encourage readers, however, to consider the analysis that we present in section A4 of the supplemental appendix, which bridges the matching and regression approaches. Following Ho et al., we restrict our attention to the matched observations obtained in this section and employ regression to analyze these data while including the propensity score as a control variable.<sup>87</sup> We also present an analysis using coarsened exact matching as an alternative method to generate the matched sample for the regression analysis.<sup>88</sup> Our main finding holds using all of these approaches.

## REGRESSION ANALYSIS

Our dependent variable in this section is the (logged) amount of ADB lending (for an analysis of the *share* of ADB lending, see section A6 of the supplemental appendix). Our model is conservative: along with a battery of control variables, we include fixed effects for country and year, as well as the lagged dependent variable, to correct for possible autocorrelation over time. As Kilby explains, autocorrelation may arise because of (1) the gradual and phased timing of loan disbursement and (2) institutional inertia generated by annual budgeting.<sup>89</sup> (Results hold if we drop the lagged dependent variable; see section A5 of the supplemental appendix.)

Model 1 of Table 3 presents our first set of results. We estimate that

<sup>87</sup> Ho et al. 2007.

<sup>88</sup> See Iacus, King, and Porro 2012.

<sup>89</sup> Kilby 2006. We use the lagged dependent variable instead of imposing an AR(1) structure, which assumes that the dependent variable instantaneously adjusts to changes in the independent variables. In contrast, a lagged dependent variable model assumes that the dependent variable adjusts to the changes in independent variables in a geometrical fashion. ADB loans do not appear to adjust instantaneously to UNSC membership (see the next section and Beck and Katz 1995).

UNSC membership increases a country's amount of ADB lending by 46.1 percent. Considering that the average loan is US\$184 million, our point estimate represents an increase of approximately US\$85 million.<sup>90</sup>

Turning to our control variables, we include all of the factors that Kilby finds to be statistically significant determinants of ADB lending.<sup>91</sup> We also control for the amount of World Bank and IMF loans received in each country-year. Section A1 of the supplemental appendix reports descriptive statistics and data sources.

One of Kilby's strongest findings is that a country's share of Japanese foreign aid positively and significantly predicts the share of ADB loans that it receives. In contrast, the share of US foreign aid does not predict the share of ADB lending. Our results are similar, indicating greater Japanese influence. We do not detect a robust, statistically significant positive correlation between ADB lending and World Bank or IMF lending (if anything, there is a positive effect for World Bank lending before 1985 but a negative effect for IMF lending). Kilby finds that the share of world exports entering a country has a positive effect on the binary decision to lend, while the share of world imports has a positive effect on the share of ADB lending. We do not obtain the same effects for these variables at robustly significant levels. Kilby finds, strangely, that the share of US exports to the country has a negative effect on the decision to lend (share of US imports has no statistically significant effect).<sup>92</sup> We obtain a more intuitive positive effect. Kilby finds an intuitive positive effect for the share of Japanese imports from a country, but we obtain a counterintuitive negative effect. Kilby further finds that population has an inverted U-shaped effect on ADB loan allocation. While we do not detect a similar relationship for logged amounts of ADB lending, we do replicate the result for the share of ADB lending in the supplemental appendix. Like Kilby, we find evidence that poorer countries receive larger allocations (per capita income has a negative effect). Political regime does not have a statistically significant impact.

#### PRE-1985 AND POST-1985

Historical analyses of Japanese foreign policy indicate that Japan did not employ political leverage in international organizations until the

<sup>90</sup> Our dependent variable is a natural logarithm, so we calculate the percentage change as the number  $e$  raised to the power of our coefficient, minus one.

<sup>91</sup> Kilby 2006.

<sup>92</sup> We consider imports and exports separately following Kilby's 2006 work, although one could combine both into one trade variable, following Kilby 2011. Our core results are unchanged when we do this (see the replication materials). Note that bilateral trade flows may capture both economic interest and security concerns, as in Gowa and Mansfield 1993.

mid-1980s. We thus split our sample into the pre-1985 and the post-1985 periods. We further break the sample at 2005, the year that China established its own ADB lending facility.

The results, presented in models 2–4 of Table 3, reflect the historical record: we find no effect of UNSC membership for the earlier period. Our findings appear to be more driven by the 1985–2004 period, when Japan became politically active in international organizations and before China asserted its power at the ADB. For the 1985–2004 period, we estimate that UNSC membership increases ADB loans by 34.4 percent, an effect that is statistically significant at the 5 percent level. The effect appears attenuated in the post-2005 period. Though the coefficient is larger, indicating an increase of 185 percent, our confidence in the result drops to the 10 percent level. The supplemental appendix shows that the result for the post-2005 period is not statistically significant when we measure the dependent variable as the annual share of ADB loans, while the UNSC effect for the 1985–2004 period is statistically significant.

Interestingly, the effect of Japanese bilateral aid on ADB lending is also positive and statistically significant for both early periods but not significant after 2005, again indicating the waning of Japanese political influence over ADB lending practices.

To address the influence of outliers (such as South Korea 1997), we drop the top and bottom 5 percent of the sample. That is, from our sample of 378 observations in the 1985–2004 period, we drop the top and bottom eighteen observations with respect to observed values of the dependent variable (for a total of thirty-six observations dropped, including South Korea 1997). We then trim the top and bottom 10 percent of the sample. The results, presented in the last two columns of Table 3, reveal that the statistical significance of the effect of UNSC membership persists at the 5 and 10 percent levels, respectively. We also address outliers in section A4 of the supplemental appendix, where we restrict our regression analysis to the subsample of matched observations obtained in the above section on the selection problem and matching methods.

We next trace the effect UNSC membership over time (as depicted in Figure 1). We include separate indicator variables for the first and second years before UNSC election, the year of election, the first and second years of actual membership, and the first and second years following membership. We analyze the effects of these variables, both for the full sample and for the 1985–2004 period.

The results, presented in Table 4, broadly confirm our understanding of the ADB project lending cycle (and Figure 1). Only the second

TABLE 3  
EFFECT OF UNSC MEMBERSHIP ON ANNUAL ADB LENDING<sup>a</sup>

	<i>Full Sample</i> (1)	<i>Pre-1985</i> (2)	<i>1985-2004</i> (3)	<i>Post-2005</i> (4)	<i>Trim 5%</i> <i>1985-2004</i> (5)	<i>Trim 10%</i> <i>1985-2004</i> (6)
UNSC Membership	0.379** (0.172)	0.271 (0.326)	0.296** (0.126)	1.049* (0.598)	0.247** (0.103)	0.215* (0.119)
Lagged ADB amount	0.269*** (0.099)	0.046 (0.135)	0.192 (0.163)	-0.202 (0.21)	0.26*** (0.097)	0.242** (0.1)
Japan Aid	0.316*** (0.12)	0.598** (0.274)	0.224** (0.11)	0.287 (0.198)	0.191* (0.115)	0.25** (0.111)
US Aid	0.047 (0.047)	0.149 (0.153)	0.027 (0.039)	0.067 (0.43)	-0.012 (0.041)	-0.047 (0.047)
WB Aid	0.163 (0.176)	0.381*** (0.122)	-0.326 (0.266)	(dropped)	-0.232 (0.232)	-0.258 (0.248)
IMF Aid	-0.040* (0.023)	(dropped)	0.039 (0.024)	-0.275** (0.108)	0.026 (0.024)	0.014 (0.025)
Population	0.601 (3.039)	0.152 (10.201)	8.738 (7.659)	-149.348*** (44.151)	5.206 (6.064)	3.516 (6.481)
Population-Squared	-0.049 (0.079)	-0.093 (0.246)	-0.379 (0.273)	4.064*** (1.238)	-0.171 (0.191)	-0.083 (0.198)
GDP/Capita	-0.258*** (0.091)	-0.408** (0.177)	-0.365*** (0.13)	0.067 (0.117)	0.383 (0.27)	0.402 (0.252)

	<i>Full Sample</i> (1)	<i>Pre-1985</i> (2)	<i>1985–2004</i> (3)	<i>Post-2005</i> (4)	<i>Trim 5% 1985–2004</i> (5)	<i>Trim 10% 1985–2004</i> (6)
World Exports	0.003 (0.022)	0.041 (0.487)	–0.013 (0.023)	2.448 (1.681)	–0.014 (0.023)	–0.009 (0.019)
World Imports	0.009 (0.017)	–0.048 (0.489)	0.026 (0.023)	–2.475 (1.702)	0.015 (0.02)	0.01 (0.019)
US Exports	0.068** (0.029)	0.081** (0.036)	0.088 (0.054)	–0.105 (0.257)	0.055 (0.034)	0.056 (0.037)
Japan Imports	–0.104*** (0.022)	–0.112*** (0.016)	–0.088 (0.109)	0.508 (0.582)	–0.132 (0.113)	–0.117 (0.117)
Polity	0.006 (0.012)	0.021 (0.026)	–0.0008 (0.012)	0.036 (0.063)	–0.004 (0.013)	–0.003 (0.016)
Country Fixed Effects	yes	yes	yes	yes	yes	yes
Year Fixed Effects	yes	yes	yes	yes	yes	yes
Number of Observations	585	108	378	99	342	304
Number of Countries	29	16	25	25	25	25
r <sup>2</sup>	0.631	0.722	0.349	0.562	0.396	0.377

\*\*\* indicates statistical significance at the 0.01 level, \*\* at the 0.05 level, and \* at the 0.10 level; robust standard errors are reported in parentheses

<sup>a</sup> The effect of elected UNSC membership holds for the full sample and the 1985–2004 period. It does not hold for the pre-1985 period, and its statistical significance is weaker for the post-2005 period. Significant results are robust to dropping 10 percent of the sample (outliers at the top and bottom fifth percentile) and 20 percent of the sample (the top and bottom tenth percentile). The models include country and year fixed effects, as well as the lagged dependent variable (to correct for possible autocorrelation over time).



TABLE 4  
THE EFFECT OF UNSC MEMBERSHIP ON ANNUAL ADB LENDING OVER TIME<sup>a</sup>

	<i>Full Sample</i>	<i>1985-2004</i>	<i>Trim 5%</i> <i>1985-2004</i>	<i>Trim 10%</i> <i>1985-2004</i>
	<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
UNSC Member(2 Years before Election)	0.229 (0.159)	0.119 (0.197)	0.212 (0.17)	0.182 (0.141)
UNSC Member(1 Year before Election)	0.033 (0.197)	-0.053 (0.223)	-0.020 (0.24)	-0.029 (0.258)
UNSC Member(Election Year)	0.328* (0.177)	-0.016 (0.241)	-0.036 (0.27)	-0.042 (0.249)
UNSC Member(1st Year)	0.211 (0.24)	-0.113 (0.301)	0.129 (0.136)	0.06 (0.149)
<b>UNSC Member(2nd Year)</b>	<b>0.675*</b> <b>(0.364)</b>	<b>0.749*</b> <b>(0.41)</b>	<b>0.322*</b> <b>(0.174)</b>	<b>0.29</b> <b>(0.184)</b>
UNSC Member(1 Year After)	0.497 (0.309)	0.305 (0.363)	-0.114 (0.142)	-0.135 (0.156)
<b>UNSC Member(2 Years After)</b>	<b>-0.143</b> <b>(0.264)</b>	<b>-0.469</b> <b>(0.318)</b>	<b>-0.560</b> <b>(0.343)</b>	<b>-0.587*</b> <b>(0.322)</b>
Lagged ADB Amount	0.266*** (0.1)	0.201 (0.149)	0.267*** (0.093)	0.251*** (0.095)
Japan Aid	0.331*** (0.118)	0.26** (0.104)	0.227** (0.106)	0.291*** (0.107)
US Aid	0.051 (0.047)	0.022 (0.05)	-0.011 (0.038)	-0.048 (0.044)
WB Aid	0.136 (0.164)	-0.166 (0.286)	0.281 (0.339)	0.288 (0.356)
IMF Aid	-0.033 (0.023)	0.037 (0.025)	0.024 (0.025)	0.012 (0.025)
Population	0.869 (2.971)	8.083 (7.168)	4.425 (5.926)	2.452 (6.408)
Population-Squared	-0.054 (0.077)	-0.355 (0.254)	-0.143 (0.193)	-0.044 (0.202)
GDP/Capita	-0.259*** (0.09)	-0.367** (0.148)	0.363 (0.247)	0.377* (0.225)
World Exports	0.004 (0.022)	-0.013 (0.024)	-0.013 (0.022)	-0.008 (0.018)
World Imports	0.008 (0.017)	0.024 (0.024)	0.012 (0.019)	0.007 (0.018)
US Exports	0.067** (0.03)	0.086* (0.051)	0.054* (0.032)	0.054 (0.034)
Japan Imports	-0.107*** (0.021)	-0.096 (0.11)	-0.139 (0.116)	-0.123 (0.12)

TABLE 4 *cont.*

	<i>Full Sample</i>	<i>1985–2004</i>	<i>Trim 5%</i> <i>1985–2004</i>	<i>Trim 10%</i> <i>1985–2004</i>
	(1)	(2)	(3)	(4)
Polity	0.006 (0.012)	0.002 (0.013)	-0.002 (0.013)	0.0001 (0.015)
Country Fixed Effects	yes	yes	yes	yes
Year Fixed Effects	yes	yes	yes	yes
Number of Observations	585	378	342	304
Number of Countries	29	25	25	25
r <sup>2</sup>	0.639	0.376	0.416	0.403

\*\*\* indicates statistical significance at the 0.01 level, \*\* at the 0.05 level, and \* at the 0.10 level; robust standard errors are reported in parentheses

<sup>a</sup> The effect of elected UNSC membership peaks during the second year of the term. The finding holds at the 10 percent significance level for the full sample and the 1985–2004 period. The result is robust to dropping 10 percent of the sample (outliers at the top and bottom fifth percentile), although not to dropping 20 percent of the sample (the top and bottom tenth percentile). The models include country and year fixed effects, as well as the lagged dependent variable (to correct for possible autocorrelation over time).

year of UNSC membership has a robust effect, statistically significant at the 10 percent level. We suspect that this is because of the time required to prepare an ADB project. For the 1985–2004 period, we estimate an increase in lending of 111.5 percent, statistically significant at the 10 percent level. Note that by splitting UNSC membership into two variables, there remain only eighteen observations of countries in their second year of UNSC membership in the full sample and only ten observations in the 1985–2004 sample. With so few observations, the statistical significance holds only at the 10 percent level. Still, when we trim the top and bottom 5 percent of the sample, the statistical significance persists. When we drop the top and bottom 10 percent of the sample, the coefficient for the second year of UNSC membership is positive, but we have low statistical confidence in the result: there are too few observations at this point. And in this trimmed sample we detect a negative effect for leaving the UNSC, statistically significant at the 10 percent level. The result conforms to expectation.

#### OTHER AID

Finally, we apply our model to Japanese and American bilateral aid, as well as to multilateral aid from the World Bank and IMF. We find no

statistically significant effect for these aid types on the Asian members of the UNSC. We present these results in section A7 of the supplemental appendix.

As noted above, we find it encouraging that there are no significant effects through these alternate channels: our ADB findings are not spuriously driven by the general importance of countries elected to the UNSC. The lack of evidence for the more obvious bilateral channel of influence further suggests that governments involved in the aid-for-influence transaction prefer obfuscation through the ADB. As for the IMF and World Bank, we note that Japan has less influence in global organizations than in the ADB.

## VII. CONCLUSION

Our study suggests that regional hegemons can leverage their power within regional organizations to increase their influence over global institutions. Specifically, we show that Japan has leveraged its privileged position within the ADB to exert influence over elected Asian members of the UNSC. The conclusions of our study advance the broad view that governments leverage their influence in international organizations to advance their domestic and foreign policy goals. They also corroborate the findings of Dreher, Sturm, and Vreeland, who have linked temporary UNSC membership to political manipulation of the IMF and the World Bank by the United States.<sup>93</sup>

By shifting the focus to the regional level, our study has uncovered a key new finding: issue linkage across international organizations depends on interactions between great powers. Indeed, Japan's leverage over the ADB appears to depend, in part, on its relations with the United States and China and on the power that they hold at the ADB. Our results therefore support Copelovitch's argument that the political manipulation of international organizations hinges on some degree of consensus across their most powerful members.<sup>94</sup>

Thus, when Japan assumed a more assertive approach to international organizations in the mid-1980s, countries important to Japan's foreign policy objectives at the United Nations—those elected to the UN Security Council—began to receive an increase in ADB loans by

<sup>93</sup> On the general political influence of the United States over the IMF, see, for example, Thacker 1999; Stone 2002; Lipsy 2003; Oatley and Yackee 2004; and Broz 2008. On US influence over the World Bank, see, for example, Frey and Schneider 1986; and Fleck and Kilby 2006. For work that considers the importance of US allies in global institutions, see Copelovitch 2010a; Copelovitch 2010b; and Dreher and Sturm 2012.

<sup>94</sup> Copelovitch 2010a; Copelovitch 2010b.

over 30 percent (a conservative estimate). We take this as evidence that Japan leverages its power at the ADB to buy influence over elected Asian UNSC members. This finding does not imply that Japan exclusively employs the ADB as a tool of its foreign policy. Japan has an economic and geopolitical stake in Asia's prosperity and ultimately supports the ADB as a means to promote economic development. Our analysis does not necessarily contradict Japan's development agenda at the ADB. Rather, it helps explain the particular timing of loans.

Japan cares about the ongoing discussions at the UNSC because of the institution's role in global, regional, and Japanese domestic politics. As Japan has unparalleled political power at the ADB, it uses this regional organization to favor Asian countries elected to the UNSC. Analyzing the effectiveness of this strategy is not straightforward. We do not know what the counterfactual world with no political manipulation of the UNSC would look like. That said, we can report that Asian countries elected to the UNSC have never voted against Japan. Out of a total of 274 resolutions passed while Japan was serving, Asian countries have abstained on a resolution supported by Japan only eight times and voted for a resolution where Japan abstained only twice. Pakistan (1976, 1993) and India (1992)—large countries that may resist influence—represent the exceptions. The other countries that served concurrently with Japan—Philippines (1981), Nepal (1988), and South Korea (1997)—voted with Japan 100 percent of the time. Interestingly, Asian countries voted slightly more in line with Japan than with the United States (96 percent versus 94 percent). Of course, massive selection bias regarding the resolutions that go forward at the UNSC plagues the analysis of votes. Moreover, Asian countries sometimes vote together out of shared regional interests. Readers should therefore take the voting evidence as purely suggestive.

Importantly, elected members of the UNSC do more than vote—they take turns setting the UNSC agenda through the rotating presidency and speak to the global community with a unique voice. Japan's interest in shaping the ongoing UNSC agenda and influencing its ever-unfolding debates is well established in the literature on Japanese international relations. As a major global power that lacks a permanent seat, the government has pursued several avenues toward these ends. Compared with the costs of campaigning for an elected seat and those associated with the failed attempts to obtain a permanent seat, funneling loans to developing countries elected to the UNSC represents a relatively opaque, low-cost strategy to attain a degree of influence within an international organization central to Japan's foreign policy initiatives.

An important question remains: will China's economic ascendancy challenge Japan's ability to use the ADB as a tool of its foreign policy? It is not obvious that China would disagree with Japan on the general importance of elected UNSC members. In 2006, Japan and China worked together to pass UNSC resolutions condemning and imposing sanctions on North Korea in response to its nuclear program.<sup>95</sup> Also, as the world's most populous country, China supplies more UN peacekeepers than Japan or any other permanent member of the UNSC.<sup>96</sup> Nevertheless, China might disagree with Japan on crucial UNSC votes. As the rise of China is a relatively recent phenomenon, history has not yet provided much data for statistical analysis. Our analysis of the 2005–9 period indicates, however, a decline in the systematic nature of the UNSC effect.

A broader implication of our research pertains to the growing interest of scholars and policymakers in regional organizations. Throughout the post–World War II period, the United States has played the role of “system maker and privilege taker,” and a large body of research has accordingly focused on how the United States uses its power in global organizations to pursue foreign policy objectives.<sup>97</sup> Fewer studies have focused on regional hegemons and their power within regional organizations (with some exceptions cited throughout this article). Regional organizations accord emerging market countries more power and may therefore possess greater legitimacy vis-à-vis their global counterparts.<sup>98</sup> They are often perceived as better than global organizations at safeguarding the interests of developing countries.<sup>99</sup> A move from global to regional institutions does not, however, circumvent the fundamental issue of political manipulation; it merely changes the locus of political power. While the United States still clings to power within global organizations, regional hegemons may eventually rise to dominate regional organizations in an increasingly multipolar world. Note that Japan had grown to become the second largest economy in the world by the early 1970s, but the historical record indicates that Japan became a major political player in international organizations only in the mid-1980s. It took many years for Japan to shift from taking an apolitical role to assuming a systematically political role within the regional organization it dominated. The case of Japan and the ADB is thus

<sup>95</sup> Samuels 2007, 172, 175.

<sup>96</sup> Samuels 2007, 245n16.

<sup>97</sup> Mastanduno 2009.

<sup>98</sup> Lipsy 2003.

<sup>99</sup> For references, see Mansfield and Milner 1999; and Desai and Vreeland 2011.

instructive for our understanding of how regional powers can use international institutions to pursue foreign policy objectives. The systematic manipulation of international organizations by rising regional powers such as China, Brazil, and India may not be apparent for some years to come, but their time may already be on the horizon.

## REFERENCES

- Abbott, Kenneth, and Duncan Snidal. 1998. "Why States Act through Formal International Organizations." *Journal of Conflict Resolution* 42, no. 1: 3–32.
- Anderson, Stephen J. 1993. "Japan as an Activist State in the Pacific Basin: Japan and Regional Organizations." *Journal of East Asian Studies* 7, no. 2: 498–544.
- Arase, David. 1995. *Buying Power: The Political Economy of Japanese Foreign Aid*. Boulder, Colo.: Lynne Rienner.
- Asagumo Shimbunsha. 2005. *Bōei Handobukku, 2005* [Defense Handbook, 2005]. Tokyo, Japan: Asagumo Shimbunsha.
- Bello, Walden. 2000. ADB 2000: "Senior Officials and Internal Documents Paint Institution in Confusion." *Focus on Trade* 49 (April). At <http://www.tni.org/es/archives/act/531>.
- Berger, Thomas. 2004. "Japan's International Relations: The Political and Security Dimensions." In Samuel S. Kim, ed., *The International Relations of Northeast Asia*. Lanham, Md.: Rowan and Littlefield Publishers: 135–69.
- Blaker, Michael. 1993. "Evaluating Japan's Diplomatic Performance." In Gerald L. Curtis, ed., *Japan's Foreign Policy after the Cold War*. New York, N.Y.: M. E. Sharpe: 1–42.
- Broz, J. Lawrence. 2008. "Congressional Voting on Funding the International Financial Institutions." *Review of International Organizations* 3, no. 4: 351–74.
- Brull, Steven. 1993. "ADB Chief Quits amid Mounting Criticism of Role." *New York Times*. July 2. At <http://www.nytimes.com/1993/07/02/business/worldbusiness/02iht-adb.html>.
- Bueno de Mesquita, Bruce, and Alastair Smith. 2010. "The Pernicious Consequences of UN Security Council Membership." *Journal of Conflict Resolution* 54, no. 5: 667–86.
- Campbell, John Creighton. 1993. "Japan and the United States: Games That Work." In Gerald L. Curtis, ed., *Japan's Foreign Policy after the Cold War*. New York, N.Y.: M. E. Sharpe: 43–61.
- Carpenter, Charli. 2012. "Norms, Networks and Human Security Agenda-Setting." Manuscript, University of Massachusetts-Amherst.
- Chapman, Terrence. 2011. *Securing Approval: Domestic Politics and Multilateral Authorization for War*. Chicago, Ill.: University of Chicago Press.
- Chapman, Terrence, and Dan Reiter. 2004. "The United Nations Security Council and the Rally 'Round the Flag Effect." *Journal of Conflict Resolution* 48, no. 6: 886–909.
- Copelovitch, Mark. 2010a. *The International Monetary Fund in the Global Economy: Banks, Bonds, and Bailouts*. New York, N.Y.: Cambridge University Press.
- . 2010b. "Master or Servant? Common Agency, Preference Heterogeneity, and the Political Economy of IMF Lending." *International Studies Quarterly* 54, no. 1: 49–77.

- Curtis, Gerald L. 1993. "Introduction." In Gerald L. Curtis, ed., *Japan's Foreign Policy after the Cold War*. New York, N.Y.: M. E. Sharpe: xv–xxvi.
- Dasgupta, Saibal. 2009. "China Suggests It Blocked India's Loan Efforts at ADB Due to Border Dispute." *Times of India*. April 14.
- Desai, Raj M., and James Raymond Vreeland. 2011. "Global Governance in a Multipolar World: The Case for Regional Monetary Funds." *International Studies Review* 13, no. 1: 109–21.
- Dore, Ronald. 1997. *Japan, Internationalism, and the UN*. London, UK: Routledge.
- Dreher, Axel, Matthew Gould, Matthew D. Rablen, and James Raymond Vreeland. 2012. "The Determinants of Election to the United Nations Security Council." Manuscript, Georgetown University.
- Dreher, Axel, Stephan Klasen, James Raymond Vreeland, and Eric Werker. Forthcoming. "The Costs of Favoritism: Is Politically-Driven Aid Less Effective?" *Economic Development and Cultural Change*.
- Dreher, Axel, and Jan-Egbert Sturm. 2012. "Do the IMF and the World Bank Influence Voting in the UN General Assembly?" *Public Choice* 151, no. 1–2: 363–97.
- Dreher, Axel, Jan-Egbert Sturm, and James Raymond Vreeland. 2009a. "Global Horse Trading: IMF Loans for Votes in the United Nations Security Council?" *European Economic Review* 53, no. 7: 742–57.
- . 2009b. "Development Aid and International Politics: Does Membership on the UN Security Council Influence World Bank Decisions?" *Journal of Development Economics* 88, no. 1: 1–18.
- Drifte, Reinhard. 2000. *Japan's Quest for a Permanent Security Council Seat*. New York, N.Y.: St. Martin's Press.
- Edstrom, Bert. 1999. *Evolving Foreign Policy Doctrine: From Yoshida to Miyazawa*. New York, N.Y.: St. Martin's Press.
- Eldar, Ofer. 2008. "Vote-Trading in International Institutions." *European Journal of International Law* 19, no. 1: 3–41.
- Fang, Songying. 2008. "The Informational Role of International Institutions and Domestic Politics." *American Journal of Political Science* 52, no. 2: 304–21.
- Fleck, Robert K., and Christopher Kilby. 2006. "World Bank Independence: A Model and Statistical Analysis of US Influence." *Review of Development Economics* 10, no. 2: 224–40.
- Frey, Bruno S., and Friedrich Schneider. 1986. "Competing Models of International Lending Activity." *Journal of Development Economics* 20, no. 3: 225–45.
- Funabashi, Yoichi. 1992. "Japan and America: Global Partners." *Foreign Policy* 86 (Spring): 24–39.
- Gartzke, Erik, and Megumi Naoi. 2011. "Multilateralism and Democracy: A Response to Keohane, Macedo and Moravcsik." *International Organization* 65, no. 3: 589–98.
- Gowa, Joanne, and Edward Mansfield. 1993. "Power Politics and International Trade." *American Political Science Review* 87, no. 2: 408–20.
- Green, Michael Jonathan. 2003. *Japan's Reluctant Realism: Foreign Policy Challenged in an Era of Uncertain Power*. New York, N.Y.: Palgrave.
- Grimes, William W. 2004. "Japan's International Relations: The Economic Dimension." In Samuel S. Kim, ed., *The International Relations of Northeast Asia*. Lanham, Md.: Rowan and Littlefield Publishers: 170–99.



- Heldt, Birger, and Peter Wallensteen. 2006. *Peacekeeping Operations: Global Patterns of Intervention and Success, 1948–2004*, 2nd ed. Sandöverken, Sweden: Folke Bernadotte Academy Publications.
- Ho, Daniel E., Kosuke Imai, Gary King, and Elizabeth A. Stuart. 2007. "Matching as Nonparametric Preprocessing for Reducing Model Dependence in Parametric Causal Inference." *Political Analysis* 15, no. 3: 199–236.
- Hudson, Natalie Florea. 2009. "Securitizing Women's Human Rights and Gender Equality." *Journal of Human Rights* 8, no. 1: 53–70.
- Hurd, Ian. 2007. *After Anarchy: Legitimacy and Power in the United Nations Security Council*. Princeton, N.J.: Princeton University Press.
- Iacus, Stefano M., Gary King, and Giuseppe Porro. 2012. "Causal Inference without Balance Checking: Coarsened Exact Matching." *Political Analysis* 20, no. 1: 1–24.
- Imai, Kosuke, Gary King, and Elizabeth A. Stuart. 2008. "Misunderstandings among Experimentalists and Observationalists about Causal Inference." *Journal of the Royal Statistical Society, Series A (Statistics in Society)* 171, no. 2: 481–502.
- Imai, Kosuke, and David A. van Dyk. 2004. "Causal Inference with General Treatment Regimes: Generalizing the Propensity Score." *Journal of the American Statistical Association* 99, no. 467: 854–66.
- Inoguchi, Takashi. 1986. "Japan's Images and Options: Not a Challenger, but a Supporter." *Journal of Japanese Studies* 12, no. 1: 95–119.
- . 1991. "Japan's Response to the Gulf Crisis: An Analytic Overview." *Journal of Japanese Studies* 17, no. 2: 257–73.
- Inoguchi, Takashi, and Iwai Tomonobu. 1987. *Zoku Giin no Kenkyu* [A Study on Zokugiin]. Tokyo, Japan: Nikkei Shimbunsha.
- Jayakumar, S. 2011. *Diplomacy: A Singapore Experience*. Singapore: Straits Times Press.
- Kappagoda, Nihal. 1995. *The Multilateral Development Banks: The Asian Development Bank*. Boulder, Colo.: Lynne Rienner Publishers.
- Katada, Saori N., and Timothy J. McKeown. 1998. "Aid Politics and Electoral Politics: Japan, 1970–1992." *International Studies Quarterly* 42, no. 3: 591–600.
- Kilby, Christopher. 2006. "Donor Influence in Multilateral Development Banks: The Case of the Asian Development Bank." *Review of International Organizations* 1, no. 2: 173–95.
- . 2011. "Informal Influence in the Asian Development Bank." *Review of International Organizations* 6, no. 3–4: 223–57.
- Kim, Samuel S. 2004. *The International Relations of Northeast Asia*. Lanham, Md.: Rowan and Littlefield Publishers.
- Korobkin, Russell. 1998. "The Status Quo Bias and Contract Default Rules." *Cornell Law Review* 83: 608–87.
- Kosack, Stephen, and Jennifer Tobin. 2006. "Funding Self-Sustaining Development: The Role of Aid, FDI and Government in Economic Success." *International Organization* 60, no. 1: 205–43.
- Kuziemko, Ilyana, and Eric Werker. 2006. "How Much Is a Seat on the Security Council Worth? Foreign Aid and Bribery at the United Nations." *Journal of Political Economy* 114, no. 5: 905–30.
- Lebovic, James H. 2010. "Passing the Burden: Contributions to UN Peace Operations in the Post–Cold War Era." Manuscript, George Washington University.

- Leuven, Edwin, and Barbara Sianesi. 2003. "PSMATCH2: Stata Module to Perform Full Mahalanobis and Propensity Score Matching, Common Support Graphing, and Covariate Imbalance Testing." Boston College Department of Economics.
- Levin, Norman D. 1993. "The Strategic Dimensions of Japanese Foreign Policy." In Gerald L. Curtis, ed., *Japan's Foreign Policy after the Cold War*. New York, N.Y.: M. E. Sharpe: 202–17.
- Lim, Daniel Yew Mao, and James Raymond Vreeland. 2012. "Supplemental Appendix to Regional Organizations and International Politics: Japanese Influence over the Asian Development Bank and the UN Security Council." At <http://scholar.harvard.edu/danielyewmaolim/publications>.
- Lipsy, Phillip. 2003. "Japan's Asian Monetary Fund Proposal." *Stanford Journal of East Asian Affairs* 3, no. 1: 93–104.
- Malone, David. 2004. *The UN Security Council: From the Cold War to the 21st Century*. Oxford, UK: Oxford University Press.
- Mansfield, Edward D., and Helen V. Milner. 1999. "The New Wave of Regionalism." *International Organization* 53, no. 3: 589–627.
- Mastanduno, Michael. 2009. "System Maker and Privilege Taker: US Power and the International Political Economy." *World Politics* 61, no. 1 (January): 121–54.
- Meyer, Steven A., and Shigeto Naka. 1998. "Legislative Influences in Japanese Budgetary Politics." *Public Choice* 94, no. 3–4: 267–88.
- Miller, Andrew R., and Nives Dolšak. 2007. "Issue Linkages in Environmental Policy: The International Whaling Commission and Japanese Development Aid." *University of Illinois Law Review* 7, no. 1: 69–96.
- Minder, Raphael, Jamil Anderlini, and James Lamont. 2009. "China Blocks ADB India Loan Plan." *Financial Times*. April 10.
- Miyashita, Akitoshi. 2001a. "Introduction: Framework for Analysis." In Akitoshi Miyashita and Yoichiro Sato, eds., *Japanese Foreign Policy in Asia and the Pacific*. New York, N.Y.: Palgrave Macmillan: 1–12.
- . 2001b. "Consensus or Compliance: Gaiatsu, Interests, and Japan's Foreign Aid." In Akitoshi Miyashita and Yoichiro Sato, eds., *Japanese Foreign Policy in Asia and the Pacific*. New York, N.Y.: Palgrave Macmillan: 37–61.
- Miyashita, Akitoshi, and Yoichiro Sato, eds. 2001. *Japanese Foreign Policy in Asia and the Pacific*. New York, N.Y.: Palgrave Macmillan.
- Nakamura, Akira. 2001. *Sengo Seiji ni Yureta Kenpō Kyūjō* [Article 9 That Shook Postwar Politics]. Tokyo, Japan: Chūō Keizaisha.
- Oatley, Thomas, and Jason Yackee. 2004. "American Interests and IMF Lending." *International Politics* 41 (September): 415–29.
- O'Neill, Barry. 1996. "Power and Satisfaction in the United Nations Security Council." *Journal of Conflict Resolution* 40, no. 2: 219–37.
- Pharr, Susan J. 1993. "Japan's Defensive Foreign Policy and the Politics of Burden Sharing." In Gerald L. Curtis, ed., *Japan's Foreign Policy after the Cold War*. New York, N.Y.: M. E. Sharpe: 235–62.
- Pyle, Kenneth B. 1987. "In Pursuit of a Grand Design: Nakasone betwixt the Past and the Future." *Journal of Japanese Studies* 13, no. 2: 243–70.
- Rapkin, David P., Joseph U. Elston, and Jonathan R. Strand. 1997. "Institutional Adjustments to Changed Power Distributions: The United States and Japan in the IMF." *Global Governance* 3, no. 2: 171–95.

- Rapkin, David P., and Jonathan R. Strand. 1997. "The U.S. and Japan in the Bretton Woods Institutions: Sharing or Contesting Leadership?" *International Journal* 52, no. 2: 265–96.
- Rosenbaum, Paul, and Donald Rubin. 1983. "The Central Role of the Propensity Score in Observational Studies for Causal Effects." *Biometrika* 70, no. 1 (April): 41–55.
- Rosenbluth, Frances McCall. 1993. "Japan's Response to the Strong Yen: Party Leadership and the Market for Political Favors." In Gerald L. Curtis, ed., *Japan's Foreign Policy after the Cold War*. New York, N.Y.: M. E. Sharpe: 137–59.
- Rosenbluth, Frances McCall, and Michael F. Thies. 2010. *Japan Transformed*. Princeton, N.J.: Princeton University Press.
- Russett, Bruce. 1997. *The Once and Future Security Council*. New York, N.Y.: St. Martin's Press.
- Saito, Jun. 1996. "Shoeki to Enjo: Nippon no ODA Kunibetsu Haibun Seisaku no Keiryō Bunseki" [Bureaucratic Motives of Foreign Aid Allocation: A Quantitative Analysis of the Country Allocation of Japan's Official Development Assistance]. *Leviathan* (October): 126–45.
- Samuels, Richard J. 2003. *Machiavelli's Children: Leaders and Their Legacies in Italy and Japan*. Ithaca, N.Y.: Cornell University Press.
- . 2007. *Securing Japan: Tokyo's Grand Strategy and the Future of East Asia*. Ithaca, N.Y.: Cornell University Press.
- Security Council Report. 2011. *Special Research Report No. 4: Security Council Elections 2011*. New York, N.Y.: Security Council Report.
- Stone, Randall W. 2002. *Lending Credibility*. Princeton, N.J.: Princeton University Press.
- . 2011. *Controlling Institutions: International Organizations and the Global Economy*. New York, N.Y.: Cambridge University Press.
- Strand, Jonathan. 2011. *Regional Development Banks*. New York, N.Y.: Routledge.
- Strand, Jonathan, and John P. Tuman. 2010. "Foreign Aid Disbursement and Recipient Voting Behavior in an International Organization: The Case of Japan and the International Whaling Commission." Manuscript, University of Nevada, Las Vegas.
- Strand, Jonathan R., and David P. Rapkin. 2011. "Weighted Voting in the United Nations Security Council: A Simulation." *Simulation and Gaming* 42, no. 6 (December): 772–802.
- Thompson, Alexander. 2006. "Coercion through IOs: The Security Council and the Logic of Information Transmission." *International Organization* 60, no. 1: 1–34.
- . 2009. *Channeling Power: The UN Security Council and US Statecraft in Iraq*. Ithaca, N.Y.: Cornell University Press.
- True-Frost, C. Cora. 2007. "The Security Council and Norm Consumption." *International Law and Politics* 40: 115–217.
- Tsebelis, George. 1994. "The Power of the European Parliament as a Conditional Agenda Setter." *American Political Science Review* 88, no. 1: 128–42.
- Tuman, John P., Jonathan R. Strand, and Craig F. Emmert. 2009. "The Disbursement Pattern of Japanese Foreign Aid: A Reappraisal." *Journal of East Asian Studies* 9, no. 2: 219–48.
- Ueki, Yasuhiro. 1993. "Japan's UN Diplomacy: Sources of Passivism and Activism." In Gerald L. Curtis, ed., *Japan's Foreign Policy after the Cold War*. New York, N.Y.: M. E. Sharpe: 347–70.

- Vaubel, Roland. 1986. "A Public Choice Approach to International Organization." *Public Choice* 51, no. 1: 39–57.
- Voeten, Erik. 2001. "Outside Options and the Logic of Security Council Action." *American Political Science Review* 95 no. 4: 845–58.
- Wan, Ming. 1995. "Spending Strategies in World Politics: How Japan Has Used Its Economic Power in the Past Decade." *International Studies Quarterly* 39, no. 1: 85–108.
- Weiss, Jessica. 2008. "The 2005 Anti-Japanese Protests in China and UNSC Reform." Manuscript, Princeton University.
- World Bank. 2012. *World Development Indicators*. Washington, D.C.: World Bank.
- Yasutomo, Dennis T. 1993a. "The Politicization of Japan's 'Post-Cold War' Multilateral Diplomacy." In Gerald L. Curtis, ed., *Japan's Foreign Policy after the Cold War*. New York, N.Y.: M. E. Sharpe: 323–46.
- . 1993b. "Japan and the Asian Development Bank: Multilateral Aid Policy in Transition." In Bruce C. Koppel and Robert M. Orr, Jr., eds., *Japan's Foreign Aid*. Boulder, Colo.: Westview Press: 305–40.
- . 1995. *The New Multilateralism in Japan's Foreign Policy*. New York, N.Y.: St. Martin's Press.