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Bureaucracy at the Border: The Fragmentation of Foreign Aid

A dissertation submitted in partial satisfaction of the
requirements for the degree
Doctor of Philosophy

in

Political Science

by

Shannon P. Carcelli

Committee in charge:

Professor David Lake, Co-Chair
Professor Christina Schneider, Co-Chair
Professor Lawrence Broz
Professor Stephan Haggard
Professor Samuel Kernell
Professor Lauren Prather

2018

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The dissertation of Shannon P. Carcelli is approved, and it is acceptable in quality and form for publication on microfilm and electronically:

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Co-Chair

University of California San Diego

2018

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ABSTRACT OF THE DISSERTATION

Bureaucracy at the Border: The Fragmentation of Foreign Aid

by

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Doctor of Philosophy in Political Science

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Professor David Lake, Co-Chair
Professor Christina Schneider, Co-Chair

Scholars and policymakers have long agreed that the fragmentation of foreign aid impedes its effectiveness as a tool for foreign policy and international development. Nevertheless, many countries continue to obstruct their own foreign policy goals by spreading aid across multiple independent agencies with overlapping and sometimes conflicting agendas. Given how much the literature has said about the drawbacks of foreign aid fragmentation, why do many countries break up their aid rather than centralizing it through one large agency?

In this dissertation, I argue that foreign aid fragmentation is not a conscious policy choice; rather, it is a byproduct of bargaining and vote-buying within legislatures. Precisely because

foreign aid is not politically popular or salient, lawmakers promoting aid legislation often face a struggle to attract votes. One solution is to channel foreign aid funding through specialized agencies that appeal to specific legislators who may not otherwise favor a bill, resulting in bureaucratic overlap and inefficiency. I develop a spatial model of vote-buying and test its derived hypotheses on foreign aid fragmentation through several angles in four empirical chapters.

First, using the US case, I find that foreign aid is more fragmented when the preferences of parties are far apart and the majority party is heterogeneous. In these cases, the particularistic interests of moderate majority party members result in specialized provisions that create fragmentation. I introduce a novel measure of foreign aid fragmentation and use it to test these hypotheses. Second, I trace the mechanisms of the theory in the creation of the 1992 FREEDOM support act. I find that moderate legislators were able to withhold their support for the bill in exchange for funding of their pet projects. This led to a more fragmented aid environment.

Finally, I extend the model in two separate chapters. First, I show that divided party government plays a role in fragmentation by limiting substitute bargaining tools. Second, using a cross-national sample, I show that countries with plurality electors systems, which tend to create incentives for legislative vote-buying, also have more fragmented foreign aid budgets. This provides further evidence that aid fragmentation comes from legislative bargains.

1 Introduction

In 2010, when the world was in the process of reconstructing Afghanistan and the United States had already spent over \$100 billion on that effort, two US government agencies decided to collaborate on a project to bring telecommunication services to troops and civilians in three contested Southern Afghan states. The Departments of State and Defense concocted a plan in which State would build six communication towers on forward operating bases (FOBs) and Defense would maintain the towers and use them for secure communications, as well as using their airwaves to combat Taliban propaganda in the South. By 2012, the projected costs for the tower construction had doubled, with the State Department spending nearly seven million dollars. Hoping to cut costs, contractors built towers that would be expensive to maintain, requiring a large amount of kerosene. The Department of Defense, feeling its interests were no longer being represented in the project and that the budget was no longer feasible, pulled out. Nevertheless, all six towers were built and millions of dollars were wasted on communication towers that would never be used. To make matters worse, State's contractors failed to mark the towers to Defense's standards, and in 2014, a US military helicopter crashed into one of the towers, killing the pilot and injuring three other soldiers. This wartime tragedy is just one of hundreds of examples of waste, duplication, and inefficiency brought on by the complexity and fragmentation of foreign aid.¹ The problem of fragmented aid is ubiquitous but little understood.

Despite how the academic literature often treats it, foreign aid is far from a homogeneous

¹For other US examples, see Ford (2007) and <https://projects.propublica.org/graphics/afghan>.

policy instrument. It is fragmented, with many bureaucratic interests pursuing diverse and often conflicting goals such as trade promotion, nuclear security support, and human welfare improvement. Moreover, the fragmentation of foreign aid has changed over time. The number of agencies carrying out foreign aid and the spread of resources among those agencies, two complementary measures of foreign aid fragmentation, wax and wane seemingly unpredictably. Understanding these changes over time is a first step toward combating global problems of bureaucratic proliferation in foreign aid. However, an explanation requires a deep dive into the domestic political conditions that first created it.

In this dissertation, I argue that the root of foreign aid's fragmentation is in its unpopularity. Foreign aid is an unusual type of policy: it has no natural constituency within the donor state. The beneficiaries of foreign aid policy reside in another part of the world entirely, which often makes it an unpopular policy tool. In order to continue delivering foreign aid year after year, proponents often must resort to nontraditional measures to gain enough support among lawmakers. These measures can include offering side payments, which tie other types of benefits to lawmakers' support for a foreign aid bill. Among many forms of side payments is the one this dissertation is based upon: the diverting of foreign aid funds to small agencies—or the creation of entirely new agencies—whose specific agendas and interests a lawmaker supports. Smaller aid agencies can often be very specific about their procedures, rules, and interests. Therefore, legislators who have specific preferences about foreign, domestic, or distributive policy, can better realize these preferences through specific agencies. This means that some lawmakers have reason to consider some agencies their pet projects.

Insofar as lawmakers have reason to prefer one aid agency over another, central decision-makers attempting to collect foreign aid supporters may choose to divert funds to some of these legislators' pet projects as a form of side payment. As more and more pet projects are funded, fragmentation will increase. I consider the diverting of aid funding to pet-project bureaucracies

as analogous to other forms of distributive politics, such as legislative earmarks.² Like earmarks, which are specific legislative provisions offering perks to specific projects or districts, the diversion of aid funding to multiple bureaucracies allows policymakers to ensure that policy and distributive outcomes favor their own preferences. Spreading out foreign aid resources can attract legislators who are on the fence about a foreign aid bill. Like earmarks, foreign aid fragmentation is a byproduct of legislative bargaining and so-called “vote-buying”³ in foreign aid bills. The main theory developed in this dissertation outlines how political factors shape a donor’s aid fragmentation. In doing so, I explain variation over time and space in the fragmentation of foreign aid, a phenomenon that previous work has been hard-pressed to explain.

In this dissertation, I develop and test the theory summarized above through several angles. First, I consider the case of the United States, drawing from a novel dataset of US foreign aid fragmentation from 1961 to 2015. Using a spatial model of vote-buying, I derive longitudinal hypotheses to explain how vote-buying and its byproducts, such as fragmentation, should respond to the political environment. I hypothesize that vote-buying, and therefore fragmentation, should be greatest when the majority party is heterogeneous in its preferences and parties are divided from one another. I test this hypothesis on the US dataset.

Second, I extend this model to study substitute vote-buying tools in US legislation. The diverting of funds to pet project agencies is not the only way to provide side payments in foreign aid; specific provision can also be written into legislation, or funds can be specified for countries and projects. I find that the choice of vote-buying tool that leaders employ partially depends

²“Distributive politics” is often defined as being synonymous with earmarks (Evans 2004), but in this work I define it more generally, as a spectrum of vote-buying tools. More on other vote-buying tools can be found in Chapter Five. Earmarks are generally considered synonymous with “pork barrel” projects. Evans (2004) (following Shepsle and Weingast 1981, page 96) defines them as a policy that “targets discrete benefits to specific populations such as states and congressional districts but spreads the costs across the general population through taxation. Such benefits have so little policy connection to each other that changing or even removing one district’s benefit from a bill would have no impact on the benefits given to other districts” (page 3).

³In the congressional politics literature, “vote-buying” generally refers to the side payments paid to some legislators in exchange to voting for a piece of legislation. It is not to be confused with other forms of vote-buying commonly considered in the comparative literature on developing democracies, in which corrupt officials pay citizens for their votes in general elections.

upon the existence of divided party government. Third, I examine the institutional foundations of aid fragmentation, finding that institutional arrangements that promote vote-buying—namely, plurality electoral systems—also influence the fragmentation of foreign aid in a cross-national sample. Finally, I provide an in-depth case study in which I demonstrate the mechanisms of the theory working in the creation of the 1992 FREEDOM Support Act. I show that the fragmentation created by that act was disproportionately a result of fence-sitting legislators demanding that their pet projects be written into new bureaucracy in exchange for their support. Through several unique angles, I find that foreign aid fragmentation is an unintended byproduct of the vote-buying that occurs in the legislative bargaining process.

1.1 The Bureaucratic Fragmentation of Foreign Aid

The bureaucratic fragmentation of foreign aid—here defined as a thin spread of a donor’s foreign aid funding across multiple independent bureaucratic agents—has important implications for the effectiveness of peaceful foreign policy tools. For years, scholars have been debating whether, and how, foreign aid can be an effective means to forward policy and development goals. Most recently, aid scholars have begun to recognize heterogeneity in states’ foreign aid goals, and therefore, where states allocate aid money (Bermeo 2017, Dietrich 2014, Heinrich 2013, Bermeo 2011, Berthélemy 2006, Alesina and Dollar 2000).⁴ This variation in aid allocation has been used to explain variation in effectiveness: donors with geopolitical goals are less effective at achieving development and policy outcomes in the host state (Girod 2012, Bearce and Tirone 2010, Stone 2002). This explains much of the supposed failure of global foreign development aid: some donors simply care less about development.

However, donor intent cannot explain all of the variation in foreign aid effectiveness. Even donors who care about development outcomes, such as the US in Afghanistan in the opening

⁴Still more work acknowledges variation over time in donors’ goals (see for example Meernik et al. 1998, Fleck and Kilby 2006, Bearce and Tirone 2010, and Bermeo 2016).

example, often spend their aid money suboptimally, effectively undermining their own foreign policy goals. The literature still struggles to explain why motivated, intelligent leaders would knowingly create ineffective policy.

One especially puzzling form of ineffective aid policy is bureaucratic fragmentation. The drawbacks of fragmentation in foreign aid have been known for decades. Economists consistently find negative correlations between foreign aid's fragmentation and its effectiveness (Oh and Kim 2014, Aldasoro and Thiele 2010, Annen and Kosempel 2009, Djankov et al. 2009, Easterly and Pfutze 2008, Knack and Rahman 2007, Acharya et al. 2006). Aid recipients whose aid is broken up into a larger number of small projects tend to have see outcomes. As a recent OECD report states "Nobody seriously questions the fact that fragmentation is causing massive inefficiencies; there is, however, far less agreement on what needs to be done" (OECD 2009, page 30). The report goes on to measure the complexity of individual donor states' bureaucracies (page 39). If donor states themselves cannot even streamline their aid, it must be exceedingly difficult for the international community to do so.

Although much has been said about the problems of fragmented foreign aid for development outcomes, fragmentation can also be problematic from a geopolitical perspective. States do not always deploy foreign aid strictly for development purposes. Bilateral foreign aid can be used to attract and control allies, win hearts and minds on the battlefield, and ensure donor access to strategic ports and bases. Fragmenting aid over many bureaucracies can decrease state's centralized control over important aspects of foreign policy. This can create public relations snafus and alienate allies.

History provides several examples of bureaucratic fragmentation creating foreign policy problems for donor states. For example, in the late 1990s, a small US agency called the Inter-American Foundation incited a foreign and domestic scandal. The agency's Ecuador office, disregarding the orders of the US Embassy, began funding groups linked to terrorism. This eventually resulted in the threatening and eventual kidnapping of American businessmen (Lyne

et al. 2006). Fragmentation can be problematic for diplomatic relations as well. In 1994, the US Federal Maritime Commission, a small independent agency, unilaterally imposed sanctions against Japan for a sea vessel class. Neither Congress nor the administration supported this move, but the relative independence of the agency allowed it to subvert centralized foreign policy goals. Lacking a direct chain of command, the existence and funding of many independent agencies can do a lot of damage. The more that states decentralize foreign policy authority in the form of foreign aid, the more danger there is of a small agency making a mistake or purposely disobeying orders.

Much of the aid fragmentation literature has focused on a single easily-measurable source of fragmentation: the spread of global aid funding within a recipient country. As more donor states begin partnering with a given recipient country, more individual, fragmented projects ensue, limiting the effectiveness of its bureaucratic institutions. When aid recipients are forced to work separately with several individual donors, creating duplicative reports and scheduling overlapping meetings, their own bureaucratic resources can be stretched thin (Knack and Rahman 2007). The different leadership styles and reporting requirements of the many aid bureaucracies within donor states only add to this difficulty. Beyond bureaucratic capacity, complexity of the aid environment can create collective action problems, limiting the accountability that any one entity feels it has for development or policy outcomes (Steinwand 2015).

Less has been said about a more difficult-to-measure source of fragmentation: the fragmentation of aid *within* a donor country bureaucracy. Acharya et al. (2006) consider the effects of domestic fragmentation, arguing that variation between donor states' allocations is related to their effectiveness. Easterly and Pfitze (2008) outline best and worst practices in foreign aid, showing variation in the bureaucratic make-ups of donor states. They argue that "[t]he multiplication of many small players in the international aid effort is understated, because many bilateral donors have more than one agency giving aid" (page 11). Williamson (2010) also "grades" donor states on their domestic fragmentation. Similarly, Barder (2005) highlights the benefits of donor states'

streamlining of aid funds, and Lundsgaarde (2013) details the bureaucratic breakdown of, and variation over time in, aid provision among large donors and suggests some potential effects. Despite their advances, these scholars make little attempt to explain the large-scale variation they point out.⁵

This body of work lays the groundwork for studying the causes of bureaucratic fragmentation of foreign aid. What little work exists on the causes of aid fragmentation also has focused on fragmentation between, rather than within, donor states. Trumbull and Wall (1994) suggest that states take into account the presence of other donor states when deciding whether to provide aid to a potential recipient.⁶ Steinwand (2015) recently considered the political causes of aid fragmentation on a global scale, considering donor states' decisions to take the lead within a recipient country. He argues that aid coordination is costly, and collective action problems decrease the likelihood that any donor will be willing to pay the price. Fuchs et al. (2015) argue that donor states fail to coordinate for more competitive reasons: they want to retain access to export markets.

While convincing, these arguments are specific to the case of fragmentation between donor states. There remains little literature on the political causes of foreign aid fragmentation *within* donor countries. Part of this lack of research is due to the difficulty of measuring fragmentation within a donor country. How do we compare programs that change year by year, and what boundaries can we set for the end of one program and the beginning of the next? The difficulty of mapping out and understanding the domestic sources of fragmentation has limited our ability to curb and study the phenomenon.

An explanation of domestic-level foreign aid fragmentation should consider both variation between donor states and variation over time. A simple count of aid agencies shows why: even similar-seeming countries diverge over time in their aid practices. Figure 1.1 below compares

⁵In a working paper, Heinrich (2017) proposes a theory that explains the proliferation of project-based aid, which contributes to fragmentation, as an attempt of development-motivated aid donors to prevent capture.

⁶Other scholars have questioned whether and when states tend to crowd or coordinate in foreign aid. For examples, see Katada (1997), Bobba and Powell (2006), and Barthel et al. (2014).

the number of aid agencies in several countries reported in AidData over time.⁷ The recent divergence in aid practices suggests that recent changes in aid fragmentation are not solely due to international or systemic factors. Different donors have responded to the international environment in different ways. The starkly heterogeneous patterns over time of programs for seemingly similar states suggests that the proliferation of policy tools in foreign aid requires a domestic politics explanation.

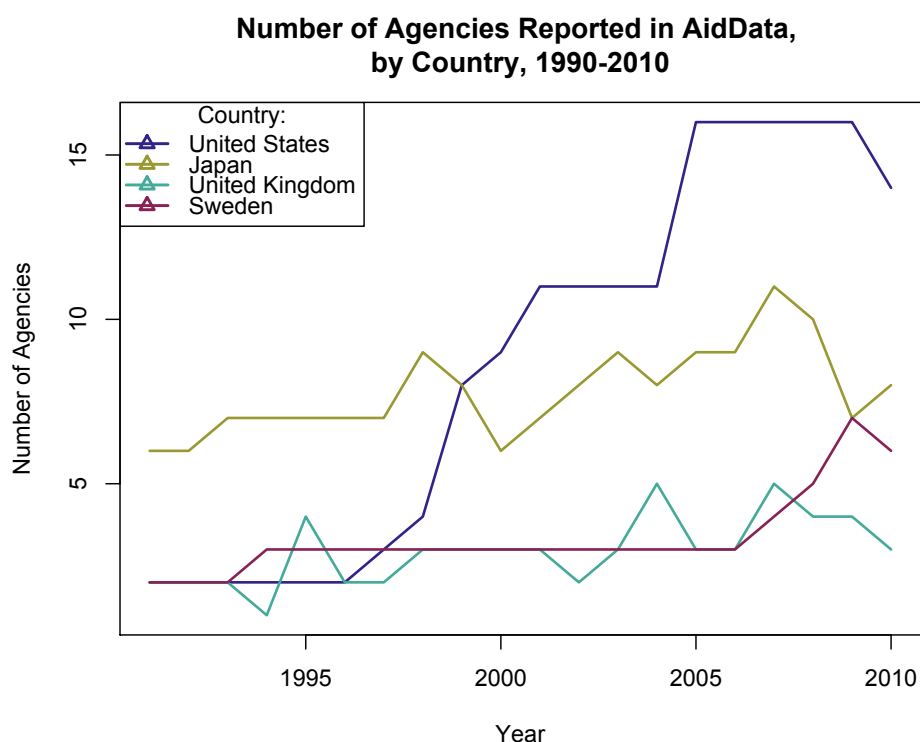


Figure 1.1

Another striking takeaway from Figure 1.1 is the variation over time within the United States specifically. Recent reports, for example OECD (2009) (page 40) put the US near the top of the world’s most fragmented aid donors, noting both the spread of its funding and the lack of coordination between individual agencies (page 65). However, the US was not always such

⁷AidData comes from Tierney et al. (2011).

an outlier: the bureaucratic fragmentation of US foreign aid has changed a lot over time. To understand variation in domestic foreign aid fragmentation, then, the United States is a good place to start. The demonstrated variation over time in the US, as well as a strong scholarly understanding of its domestic institutions and aid policies, allows for careful theorizing and testing of the determinants of foreign aid fragmentation in the US case. In the following chapters, I will use the US case to develop and test a theory of domestic aid fragmentation, which I will later generalize to other donor countries.

1.2 The United States Case

Congress passed the Foreign Assistance Act of 1961 with the intention of simplifying and streamlining the aid process to create more efficient aid allocation. At the time, the act was 49 pages long and delegated foreign aid policy mainly to the newly created United States Agency for International Development (USAID). Since then, the foreign aid bureaucracy in the US has expanded. The amended Foreign Assistance Act now contains over 400 pages, with foreign aid policy now delegated to over 100 unique programs in dozens of independent agencies. This does not include the several multilateral and regional aid agencies to which the US contributes. In an attempt to visually outline the complexity of the US foreign aid environment, Brainard (2007) created the chart which is reproduced below as Figure 1.2. This figure shows a complicated matrix of legislation, presidential initiatives, objectives, and organizations involved in US foreign aid. These organizations, at least twenty of which are listed in the right column of the figure, often have overlapping goals; and initiatives and legislation often attempt to integrate multiple organizations. Foreign aid in the US has become more complicated than it was four decades ago.

The US policy community has recently begun treating the bureaucratic complexity of foreign aid as a policy problem that needs to be solved in order to increase the effectiveness of aid allocations. The Center for Global Development (CGD) now reports “fragmentation across

donor agencies” among its indicators of aid (in)effectiveness in its country reports (Birdsall et al. 2010). In congressional testimony, Brookings scholar Lael Brainard ranked the proliferation and fragmentation of aid agencies as a major challenge for US aid policy, claiming that a key to fixing aid in the US is to decrease fragmentation (Brainard 2008).

This dissertation focuses mainly on the US case, although it ends with a cross-national study of several donor states. I leave many gaps for future work to fill in. The purpose of this work is to provide an initial assessment of the issue of bureaucratic fragmentation in foreign aid and to begin taking steps to understand and perhaps remedy the problem. The remainder of this dissertation will further develop and empirically test a theory of fragmentation through several angles and using multiple empirical methods. All empirical chapters serve as tests of the same general theoretical argument: that foreign aid fragmentation is a byproduct of domestic conflict, especially within the legislative branch.

1.3 Core Contributions

This work contributes to knowledge on foreign aid effectiveness specifically and foreign policy more generally. As mentioned previously, the literature that once asked whether foreign aid is effective has evolved into asking when and why foreign aid can be effective. I show that domestic institutions and changing political circumstances can condition the effectiveness of foreign aid. Beyond international development, however, these domestic political circumstances can change a country’s ability to effectively dispense foreign aid for geopolitical purposes. This has repercussions when countries are fighting wars or trying to assuage allies. What’s more, as Milner and Tingley (2015) argue, impediments to one type of foreign policy tool can increase the use of other, substitute tools. Insofar as foreign aid is substitutable for military policy, aid inefficiencies could help to explain militarization in foreign policy. Understanding the costs and benefits of various policy tools can help scholars predict, and practitioners control, the

militarization of foreign policy.

Finally, this dissertation contributes to general understandings of the processes and unintended consequences of domestic bargaining, especially in the US legislative context. Although scholars of American politics have long considered the causes and consequences of typical vote-buying tools like legislative earmarks, not all types of side payments have had as much consideration. The channeling of funds to small agencies with specific agendas, or the creation of entirely new agencies, has not previously been considered as a product of vote-buying. Because of this, scholars have missed some interesting insights into the relative effects of inter- and intra-branch conflict. The development of separate but complementary theories for different vote-buying tools has promising implications for understanding domestic policymaking, and its consequences, in the US and abroad.

1.4 Chapter Outline

In the remainder of this dissertation, I develop a theory of foreign aid fragmentation, test that theory from several angles, and develop and test extensions to the original theory. In Chapter Two, I introduce the main theory of foreign aid fragmentation for this dissertation, using the US as an example. First, I argue that congressional leadership can and does divert funding to smaller agencies and programs, or create new agencies and programs altogether, as side payments to persuade fence-sitting legislators to vote for an aid bill. When congressional leadership is finding it difficult to pass a foreign aid bill, it may choose to craft side payments that attract specific legislators. These side payments may take many forms, but one way to attract votes is to divert money to the pet projects of these legislators. The more pet projects funded, the more fragmented the aid budget will become. I use a spatial model, common in the American vote-buying literature, to explain changes in vote-buying over time. I suggest that vote-buying, and therefore foreign aid fragmentation, should be at its peak when the majority party is heterogeneous in its preferences

and parties are divided. I also derive testable hypotheses, addressed in future chapters.

In Chapter Three, I provide a quantitative test of the theory and hypotheses outlined in Chapter Two. I draw upon a novel dataset of Foreign Operations Appropriations Bills from 1961 to 2015 to calculate annual-level variation in US foreign aid fragmentation. I also show a partial timeline of agency creation events to demonstrate the mechanisms of this theory working in agency creation. I then quantitatively test the hypothesis, laid out in Chapter Two, that fragmentation should be highest when (1) the majority party is heterogeneous and (2) parties are divided. I go on to test a secondary hypothesis of the model, which suggests that the legislators most likely to support a fragmented bill are congressional moderates, or legislators whose preferences fall toward the middle of the political spectrum. This is because, according to the theory, moderates are the most likely *targets* of vote-buying. Once again, the hypothesis is supported by data on legislative votes for foreign aid bills. The most fragmented bills also have the highest voting record from moderate legislators.

In Chapter Four, I provide a more direct look at the mechanisms through a case study of the 1992 FREEDOM Support Act (FSA). The FSA is commonly thought to have created an uptick in bureaucratic fragmentation, by introducing a number of provisions that created brand new agencies or brought foreign aid projects to existing agencies that had not been involved in aid before. By interviewing former congressional staff; reading original hearings, debates, and transcripts; and coding aspects of the legislation and votes; I piece together the sources of the fragmentation in this legislation. I found and coded dozens of Senate amendments to the FSA, which created new programs and agencies and were disproportionately demanded by moderate legislators. As the theory suggests, the fragmentation in the FSA appears to have been driven by strained leaders attempting to pass a foreign aid bill in a difficult climate. The new agencies that came to be through the FSA were created as side payments to get fence-sitting legislators on board.

In Chapter Five, I extend the model to re-examine theories of divided party government and

bureaucratic fragmentation. Many of the existing theories of bureaucracy in the American politics literature conclude that institutionalized divided government is a major culprit. However, these theories, which draw largely upon delegation models of interbranch relations, do not explain why Congress often constrains delegation through fragmentation rather than using other, substitutable, delegation constraints. The chapter develops a model of vote-buying under unified versus divided party government and concludes that congressional leadership should choose different vote-buying strategies depending on the political conflicts within and between branches. Complementing previous models of delegation, this chapter proposes that divided party government, when combined with the threat of legislative-branch deadlock, should incentivize lawmakers to rely on different types of delegation constraints. Counter-intuitively, I find that divided party government disproportionately leads to *less constraining* vote-buying tools, because congressional moderates are hesitant to vote for heavy delegation constraints under divided government. This chapter serves as further evidence of the importance of moderate legislators in policy outcomes.

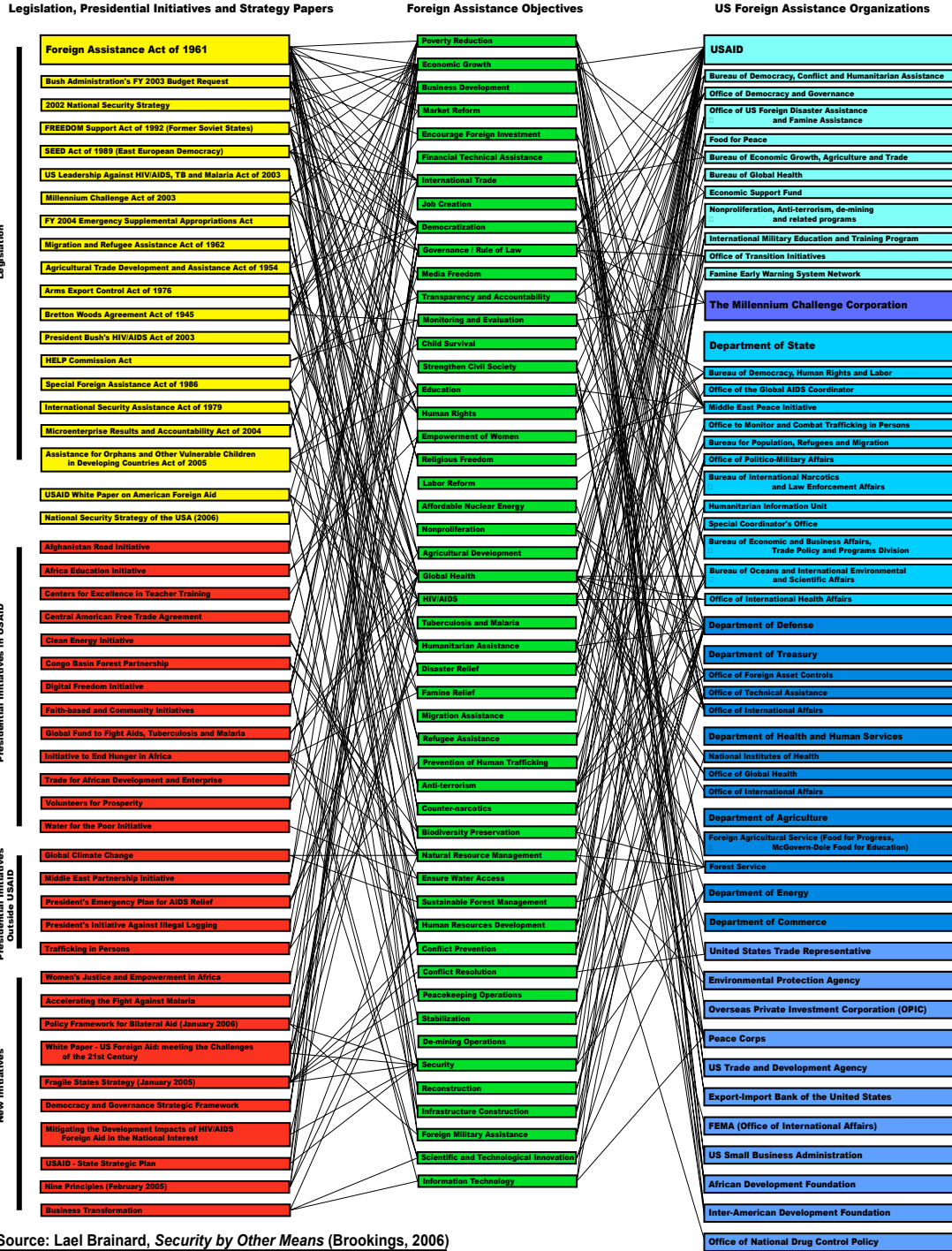
Chapter Six also extends the theory, this time generalizing to non-US aid donors. Here, I consider the institutional foundations that create the opportunity for a fragmented foreign aid policy to begin with. I theorize that vote-buying should increase foreign aid fragmentation in other donor countries, just as it does in the US. This would suggest that institutions that promote more particularistic interests—specifically, plurality-style electoral institutions—tend to create the most fragmented foreign aid. By taking advantage of cross-national variation in foreign aid fragmentation, as measured through the AidData project (Tierney et al. 2011), this chapter considers which democratic institutions should lead to the most fragmented aid budgets. In contrast to some explanations of bureaucratic fragmentation, I find that presidential democracies may not be more fragmented in their aid delivery than parliamentary systems. Instead, as expected, foreign aid fragmentation is directly correlated with the presence of a plurality electoral system, which increases incentives for domestic vote-buying. Rather than interbranch conflict, therefore, it once again appears to be the side payments inherent in plurality systems that fragment foreign

aid.

Finally, in Chapter Seven I conclude by considering further research that could be derived from this work and suggesting policy implications. If it is true that foreign aid fragmentation is a byproduct of vote-buying within a legislature, then the current policy solutions being proposed by politicians and aid advocates will not address the root problem. Instead, the solution to fragmentation may require a creative approach to improving and simplifying vote-buying in the legislature. The US Congress's recent renunciation of earmarks may have perverse incentives, leading to more ineffective foreign aid policy. Although trade-offs exist for any policy tool, future research should consider both the costs and benefits of all potential means of creating policy.

All of these chapters consider different angles of the same theory: foreign aid's fragmentation is due to the behind-the-scenes bargaining that is sometimes necessary in donor countries in order for foreign aid to be possible. Countries differ in the institutional foundations that make this bargaining possible (Chapter Six). The incentives for this bargaining also changes over time for political reasons (Chapters Three and Four). And the presence of substitute vote-buying tools can shift this process (Chapter Five). Regardless of the specifics, the theme remains the same. Before continuing with empirical tests, therefore, it is important to clarify the details of the theory. The link between political factors and changes in vote-buying behavior, as well as the link between vote-buying and fragmentation, are spelled out in more detail in the following chapter.

US Foreign Assistance Legislation, Objectives and Organizations



Source: Lael Brainard, *Security by Other Means* (Brookings, 2006)

Figure 1.2

2 Theory

The fragmentation of foreign aid creates a puzzling situation: why do countries often undermine their own foreign policy goals and spend foreign aid funds ineffectively by fragmenting them among many independent bureaucracies? I argue that foreign aid fragmentation is rooted in the unpopularity of foreign aid policy itself. Foreign aid does not have a natural constituency, which can be difficult for its supporters. Successfully passing a foreign aid bill requires behind-the-scenes negotiations, including offering side payments to on-the-fence legislators. One form of side payment, the diverting of funds to smaller agencies that may serve as a particular legislator's pet project, results in fragmentation. This is due to a form of collective action problem. Although no individual lawmaker benefits from policy fragmentation, many lawmakers have pet projects that are best represented by certain small agencies. As the number of lawmakers demanding pet projects increases, so does the number of agencies funded, as well as the proportion of funding that smaller agencies receive. The result is a fragmented foreign aid policy that no individual lawmaker prefers.

To understand the fragmentation of foreign aid spending, I will discuss this theory in the context of the US Congress. As Milner and Tingley (2015) show, foreign economic assistance is an important congressional foreign policy tool. Policy begins when majority-party or committee leadership presents a foreign aid bill.¹ Party leadership, as well as the chairs of

¹More accurately, this process begins when the president submits a budget proposal, whose "Function 150" section includes much of foreign aid, and other foreign policy, funding. Congressional leadership may take this budget into account but has no obligation to do so. What's more, once Congress has translated the executive budget categories into Congress's own, related but different, categories, it is not immediately obvious which of the president's

relevant committees and subcommittees, then decide which agencies and programs to authorize and fund, as well as their funding levels. While the prospect of sending money to foreigners may seem altruistic, foreign aid can in fact be a powerful tool for foreign policy. Aid expenditures can serve as tools for diplomacy, make or break alliances, and support war efforts. In the US, foreign economic aid offers a unique opportunity for Congress to control foreign policy and choose winners and losers among domestic and international interests.

Foreign aid offers congressional agenda-setters an opportunity to make their mark on foreign policy; therefore, they should be relatively eager to craft foreign aid policy that can pass Congress. Agenda-setters, such as party leaders, have several tools to persuade members to vote for a piece of legislation. Most of these tools, such as earmarks, campaign donations, committee positions, legislative provisions, and conditions on executive allocations, are either costly or finite. The diversion of policy allocation to a pet project agency does not suffer from these drawbacks: it is less politically costly than earmarks and allows some discretion to the expertise of the executive branch. However, diverting funds to smaller agencies can increase the bureaucratic fragmentation—the spread of funding between independent bureaucracies—of the resulting foreign aid. I therefore expect fragmentation to be at its highest when congressional agenda setters are most at odds with moderate legislators in both parties—when buying votes becomes necessary to create policy.

2.1 Legislator and Leadership Motivations

The major actors in this theory are members of Congress and congressional leadership. I assume that some, but not all, legislators care about how and where foreign aid is carried out. But why assume that any policymakers care about foreign aid at all? After all, the “two presidents hypothesis” suggests that Congress has little incentive or ability to manipulate foreign policy

foreign aid requests were granted. Congressional agenda-setters, in essence, can write whatever appropriations they want, although they do need to consider the president’s veto power.

(Wildavsky 1966, Hinckley 1994, and Canes-Wrone et al. 2008, to name a few). Additionally, foreign aid makes up less than 1% of the total US budget. One could argue that legislators have much larger buckets of money to worry about, and that their constituents have little incentive to educate themselves about such a small policy tool.

However, legislators and their constituents have several reasons to care about foreign aid. As mentioned above, Milner and Tingley (2015) recently found that economic aid is one of Congress's few powerful foreign policy tools. Counter to the "two presidents hypothesis," Milner and Tingley suggest that congressional control varies over different foreign policy tools. When properly motivated, members of Congress can and do manipulate foreign policy. The distributive nature of foreign economic aid, as well as the relative ease of collecting information, incentivizes Congress to drive foreign policy through foreign economic aid. Legislators with preferences over foreign policy are more likely to realize those preferences if they do so through foreign aid. By this logic, legislators with little interest in economic development may nevertheless care about other aspects of foreign policy that can be manipulated through foreign aid. Also, aid policy offers politicians an opportunity to signal their positions on important debates in domestic politics (Mayhew 1974). Debates about foreign aid often play out like a microcosm of domestic politics, highlighting salient issues like abortion, fossil fuel development, the banking sector, and public spending in general.

Given that some legislators do care about foreign aid, it is important to understand how they develop their preferences. Much of legislators' overall support for foreign aid is related to ideology (Milner and Tingley 2010). A devoted libertarian senator is very unlikely to support any aid agenda. However, on the margin, support for particular bureaucratic funding channels varies depending on a legislator's specific policy and distributional preferences. Regardless of their ideological bent, legislators can use foreign aid to pursue pet projects, by crafting policies that directly benefit constituents and donors. Policymakers who are indifferent to foreign aid for other reasons may instead be driven by distributive considerations. Aid money has concentrated

benefits, and legislators whose constituents win a lot of aid contracts tend to be rewarded electorally (Powers et al. 2010). Milner and Tingley (2015) note the importance of some foreign aid funding to special interest groups, including pharmaceutical companies, agricultural groups, and aid contractors. Similarly, concentrated diaspora groups may push their representatives to support foreign aid projects to their countries or regions of origin. Any of these motivations can lead policymakers to support some foreign aid programs while rejecting others.

Variation in legislators' reasons for supporting foreign aid feeds into the variation in aid bureaucracies themselves. Depending upon legislators' philosophy of aid, the interests they represent, and their preferred level of executive and legislative oversight, they will prefer some agencies over others.

2.2 Bureaucratic Allocations to Buy Votes

Legislators who care about foreign aid may vary widely in their preferences for how and where foreign aid is spent. Fortunately for them, foreign aid funding channels—the bureaucracies themselves—vary just as widely. Unlike other foreign policy domains, such as trade and immigration, foreign aid spending is determined largely through appropriations, leaving little immediate need for centralized decision-making between bureaucracies. Three sources of variation between foreign aid agencies are especially salient. Agencies vary in (1) their foreign aid philosophy or way of conducting business, (2) the special interests that they best represent, and (3) their rules of conduct or oversight. Similarly, legislators who care about foreign aid for either policy or particularistic motivations have reason to care about how foreign aid is carried out, which interests are beneficiaries, and who makes the rules.

First, agencies vary in their philosophies or ways of carrying out aid. USAID, for example, tends to work with a specific set of partners, both within and outside the government, that usually carry out large-scale development projects built for lasting impact. Legislators wary of public

spending on large projects, therefore, might prefer that their aid money be spent elsewhere. President George W. Bush, an enthusiastic proponent of foreign aid, had little loyalty to USAID. The ideology of the bureaucrats, the types of programs that were in place, and the contractors USAID hired made it difficult for Bush and his fellow compassionate conservatives to support the agency itself. He built his flagship aid program, the Millennium Challenge Corporation (MCC), to bypass the troublesome USAID altogether, leading to MCC's appeal among other aid-friendly Republicans. Similarly, even very conservative Republicans today support foreign aid programs that involve the Department of Commerce. The implicit trade promotion and market orientation of Commerce's programs allow fiscal conservatives, who may not otherwise support foreign aid for its policy merits, to vote in favor of programs like the 2015 Electrify Africa Act (EAA). In fact, the initial version of the EAA was voted down by these conservative Republicans partly due to the bill's lack of an interagency working group, which was later created to ensure buy-in from the private sector. Because of the interests already in control of the department, transferring aid authority away from USAID was one way to increase fiscal conservatives' support for foreign aid.

On the other side of the ideological spectrum, the Inter-American Foundation (IAF) has been criticized for its wild independence and lack of accountability to other aid and foreign policy agencies. Lyne et al. (2006) attribute IAF support among liberal Democrats to the diversity of foreign policy preferences in the government at the time of its creation. Liberals in Congress delegated to the IAF precisely because it was willing and able to circumvent some of Reagan's foreign policies. By channeling some foreign policy funding to IAF agencies, congressional leadership could credibly commit to policy concessions that liberal legislators wanted. This was precisely because of the IAF's way of doing business: it could only fund grassroots organizations in Latin America.

Second, agencies vary in the interests they represent. Research since McCubbins et al. (1987) has shown how special interests can become baked into bureaucracies when lawmakers

“stack the deck” in agency creation.² Variation in special interest control is also visible in the cases described above: legislators with powerful private sector interests may be more supportive of agencies that work with the private sector. However, these differences run deeper than that. USAID is known for employing a limited set of “beltway bandits” to help carry out its projects. Legislators from districts that represent these important contractors are rewarded by constituents for supporting large-scale foreign aid bills (Powers et al. 2010). However, not all agencies are controlled by this limited group of interests. The IAF mentioned above is a small US agency that works only with grassroots projects in host countries. The interests that IAF represents are more likely to be diaspora groups or companies with genuine interest in Latin American development. Another example is the Export-Import Bank (EXIM), which has been criticized for disproportionately representing the interests of large exporting manufacturers, such as Boeing. One may therefore expect EXIM’s supporters in Congress to be disproportionately represented by successful exporting districts, as Milner and Tingley (2010) suggest. Depending on whether a district is represented by contractors, diaspora groups, or exporters, legislators vary in the foreign aid channels they prefer.

Third, agencies vary in their rules of engagement. Some agencies face a lot of oversight from the executive and legislative branches, while others face less. Fariss (2010) demonstrates differences in aid programs’ accountability to sanctions, and Arel-Bundock et al. (2015) show the consequences of executive and legislative control over foreign aid bureaucracies. Agencies whose heads are appointed by independent commissions, such as the Overseas Private Investment Corporation (OPIC) are less likely than agencies whose heads report directly to the president, such as the Department of State, to pursue the president’s foreign policy initiatives. Similarly, agencies whose missions directly invoke international security are less likely to seek Congress’s permission or oversight (Milner and Tingley 2015). Depending on a legislator’s allegiance to

²For example, Wood and Bohte (2004) find that enacting coalitions design agencies in their own image, Macdonald (2007) notes similar findings, and Clinton and Lewis (2007), Bertelli and Grose (2009), and Clinton et al. (2012) demonstrate the dynamics of agency ideology. Additionally, Lewis (2003) notes the insulation that some agencies manage to have, and Moe (1984) also points out the lengthiness of agency preferences.

decision-makers in both branches, he or she may find reason to seek additional funding for one agency over another.³

Legislators who care about how and where foreign aid is deployed may have corresponding agency preferences. This does not necessarily mean that any legislator prefers a fragmented foreign aid bill. However, it does mean the legislators care about foreign aid for diverse reasons. They may pursue a foreign aid agenda for policy or particularistic reasons. They may have a desire to appear altruistic for some cosmopolitan constituents. They may genuinely believe that strategic aid can further the US national interest. Regardless of legislators' diverse motivations for pursuing foreign aid, certain agencies are more adept at furthering certain types of goals. And this provides an incentive for agenda-setters, who want to pass a foreign aid bill but may struggle to collect enough votes, to buy some legislators' votes through changes in bureaucratic allocations. A fragmented aid policy is the unintended result.

2.3 Congressional Agenda-Setting Power

The previous section outlined congressional preferences and votes on foreign aid bills. Ideology explains much of legislators' variation in overall support, but support on the margins and for particular funding channels may vary depending on specific policy and distributional preferences. However, not all legislators' opinions are weighed equally in making policy. Agenda-setters in Congress are arguably the most important voices shaping foreign aid legislation. Agenda-setters can include committee or subcommittee chairs or ranking members, senior legislators, and party leadership. The relative power of each of these agenda setters varies over time (Rohde 2013), but this paper will focus mainly on majority-party leadership in Congress.⁴

³Rules of engagement are also relevant in other policy domains, notably trade. In 1997, the Federal Maritime Commission (FMC), an independent US agency, declared sanctions on Japan without permission from either branch's leadership. The Clinton administration was forced to scramble together an agreement with Japan to appease FMC leaders (Epstein and O'Halloran 1999, page 155-156).

⁴"Majority-party leadership" can refer to a variety of specific individuals but is usually used to refer to the Speaker of the House and the House and Senate Majority Leaders and whips. They also can include unofficial representatives

In the following description, I designate party leadership as the agenda-setters, mainly for reasons of simplicity, but the theory does not preclude other agenda-setters. The theory and empirical tests I present make no attempt to measure the precise ideal points of the agenda-setter. As will become clear later, the theory simply assumes that the agenda-setter's preferences fall somewhere near the majority-party median. This is a relatively uncontroversial assumption regardless of the specific agenda setter I propose. Appropriations committee leaders tend to be relatively representative of their parties. In reality, any legislator can propose legislation, but parties and committees play the largest role in deciding which legislation makes it to the floor. Also, even when committees are strong, party leaders have considerable veto power (Cox and McCubbins 2005). This means that majority-party leadership is a powerful agenda setter regardless of the political context.

The majority-party leadership can set a legislative agenda by appointing, monitoring, and controlling the appropriators and rulemakers in Congress. By controlling the legislative agenda, party leaders ultimately control the fragmentation of the bills that come out of Congress. In order to understand the leadership's role in fragmenting foreign aid, I first dig into the dynamics of party control.

Party leaders in Congress have two types of agenda power: positive and negative. Negative agenda power is the ability to block legislation from going to a vote. According to Cox and McCubbins (2005), the House of Representatives has been set up to provide unconditional negative agenda power to the majority-party leadership for at least a century. Positive agenda power—the ability to propose legislation and get it to a vote—is more difficult to achieve. Just because leadership has the power to reject bills does not mean it has the power to propose and move forward a positive agenda. Existing theory in American Politics offers some predictions regarding positive agenda powers in US political parties. According to Conditional Party Government (CPG) theory, parties are at their strongest when certain conditions are met. When parties are

of the majority party itself.

strong, majority leadership is likely to exert more power over the minority. This is also associated with closer voting alignment, stronger party institutions and more ambitious legislative agendas. Empirical support for CPG, or at least the most basic aspects of it, abounds.⁵ According to Cox and McCubbins (2005), the alternative to party government when the above conditions are not met is a weak party enforcing the status quo. The majority party's agenda decreases with majority-party heterogeneity (Cox and McCubbins 2002), and gridlock increases with more congressional divisions (Binder 1999).

Setting a strong positive agenda is not always worth the effort for leaders. In many cases, majority-party leadership has little incentive to overcome gridlock and pass new legislation. The fight for positive agenda control may not offer enough electoral and policy gains to be worth the costs (Lebo et al. 2007, Rohde 2013). However, strong parties can set a positive legislative agenda more easily than weaker parties can. An intermediate level of party power increases the attractiveness of diverting funds to small agencies, and other tools, for passing a strong agenda. As Evans (2004) points out “when the majority party enjoys broad agreement but not unanimity on a policy issue, its leaders may still lack sufficient votes to pass it; under those circumstances, the leadership is authorized to use its powers to bring into line recalcitrant members” (page 24). Although very weak party leadership may not even pursue a legislative agenda, strong leadership may choose to buy the necessary votes. CPG literature has little to say about what to expect when one, but not both, of the conditions of CPG are met.

Strong party leaders have several vote-buying tools at their disposal. For example, they can appoint supporters to powerful positions (Deering and Smith 1997), donate money to political campaigns (Jenkins and Monroe 2012), and provide funding for pork-barrel projects to members willing to vote along party lines (Alexander et al. 2016, Evans 2004, McCarty 2000, Groseclose and Snyder 1996).⁶ This type of vote-buying allows Congress to pass legislation, and it puts party

⁵Important initial work includes Cooper and Brady (1981), Aldrich (1995), Aldrich and Rohde (2000a), Aldrich and Rohde (2000b), and Aldrich and Battista (2002)

⁶Also, see Kriner and Reeves (2015), Hudak (2014), Berry et al. (2010), Bertelli and Grose (2009), and others on distributive politics through the executive branch. Because I measure fragmentation of congressional legislation,

members in a good position for reelection. When some disagree with the details of legislation, buying their votes through side payments may be a feasible path forward.

However, buying votes can be costly in and of itself. Evans (2004) discusses the struggle that vote-buying agenda setters face: they want to convert fence-sitters to their own position, but they lack complete information about legislators' preferences. Every legislator has an incentive to advertise himself as undecided to gain particularistic benefits. In choosing which legislators to "buy off," party leaders must consider their own limited information. What's more, vengeful legislators whose projects were not funded may vote against a piece of legislation in retribution. The combination can lead to an expensive over-extension of earmarked projects, as Evans notes. This is especially dangerous in cases where policy has clear distributional implications.

The variety of government agencies involved in foreign assistance can alleviate these problems, creating an easier way for agenda-setters to buy votes. In foreign aid, not all vote-buying need be distributional. As outlined above, many members of Congress have foreign and domestic policy interests in mind when they consider foreign aid bills, whether for personal or strategic reasons. Those lawmakers may be convinced to vote in favor of a foreign aid bill simply for its policy details. Foreign aid represents an unusual combination of regulatory and distributional policy aspects. Leadership may be more willing and able to make small adjustments to the bureaucratic breakdown of a foreign aid bill rather than create costly new pork projects. Bureaucratic variation can allow leaders to avoid the budgetary and political costs of earmarks, and allow policy-oriented fence-sitters to gain something in payment for their support. Channeling resources to the bureaucracy that best represents a specific legislator's preferences can allow agenda-setters to ensure those legislators' support. Unfortunately, it can also result in inefficient bureaucratic fragmentation in the final bill.

rather than of policy implementation more broadly, I don't consider these executive-branch tools as closely in this work. However, future work on the fragmentation of foreign aid *implementation* should more carefully consider the particularistic preferences of the executive branch.

2.4 A Spatial Model of Vote Buying

The theory so far has suggested that bureaucratic fragmentation in a foreign aid bill is a by-product of the vote-buying process. Deriving meaningful hypotheses requires knowing when vote-buying, in general, should be most prevalent. Recent theoretical and empirical work has begun to untangle the dynamics of distributive politics in Congress. The consensus of theory and empirics suggests that moderate legislators are the most common targets of vote-buying. Snyder (1991) introduced a spatial model on buying legislative votes by focusing on the role of lobbyists.⁷ He finds that vote-buyers should direct distributive benefits to their moderate opponents, rather than their heavy supporters.⁸ Dekel et al. (2009) generate similar predictions through a slightly more complex model with two competing lobbyists.

Scholars have recently attempted to extend and empirically validate these theories. Carroll and Kim (2010) find that “policy losers,” legislators who lose out based on policy outcomes, tend to be repaid through more pork barrel spending in their districts. Jenkins and Monroe (2012) continue the tradition of using a spatial model to explain vote-buying by party leaders. They develop a model similar to those used previously in the literature and find that median voters are most likely to be offered campaign funds from party PACs. Alexander et al. (2016) scale up the vote-buying models created previously to quantitatively examine the provision of earmarks on appropriations bills. They find, in line with previous expectations, that having preferences near the chamber median increases a legislator’s likelihood of receiving federal outlays.

The theory in this dissertation follows from this previous work on vote-buying by agenda setters, but it explicitly considers longitudinal variation in total vote-buying. Previous work on legislative vote-buying has made few longitudinal expectations. An extension to the theory later in this chapter questions which legislators will receive side payments. But mainly, this chapter offers

⁷Snyder suggests that “lobbyists” can also be defined as legislative leadership (page 95), which fits the definition of vote-buyers in this chapter.

⁸Snyder also makes predictions about the ideal points of vote buyers and their preferred salience of the issues. This and other asides from Snyder could yield interesting new hypotheses about substitution effects in vote-buying strategies but is not explicitly considered in this work.

a more general set of expectations about agenda-setters' overall propensity to buy legislative votes. An outline of the nuts and bolts of the theory, along with a derivation of the hypotheses, follow.

2.5 Party Power and Vote Buying

The theory of fragmentation in this paper, inherited from previous work on vote-buying, focuses on the preferences and role of congressional agenda-setters. The agenda-setter, here defined as majority-party leadership, wants to craft a bill that will attract enough votes to pass Congress. The leadership will create a coalition to pass his favored legislation and recruit the least-costly legislators to join that coalition. Which legislators the leadership decides to invite depends upon the reversion point: the policy that will result if a bill is not passed. In this model, I define the reversion point as the status quo, which assumes that if a new policy does not pass, the existing law will remain on the books (Krehbiel 1998).⁹ Legislators decide whether to vote for a bill by comparing their ideal point to the proposed legislation and the status quo. If a legislator's ideal point is closer to the proposed legislation than the status quo, he will vote for the bill. If not, he will vote against it. Knowing this, party leadership crafts a bill to recruit enough legislators to pass a bill, without creating a bill that the leader himself does not prefer to the status quo.

For convenience, assume that both parties' preferences are spread monotonically over a uni-dimensional policy space from 0 to 1, which can perhaps be defined as liberal-conservative. Assume that the majority-party leadership's ideal point falls near the party median, which I will call L (m represents the minority-party leader's ideal point). Figure 2.1 below outlines the theorized effect of the status quo on the coalition that the majority chooses to recruit. The points in the figure below represent legislator ideal points, with *ext* representing the most extreme (far

⁹The *de jure* reversion point for an appropriations bill is some sort of an indefinite government shutdown. However, in practice, failure to pass a foreign aid appropriations bill instead tends to result in a direct repeat of the previous year's funding.

from center) member necessary to pass legislation and *mod* representing the most moderate. In a perfectly divided Congress, *mod* would represent the median voter.¹⁰

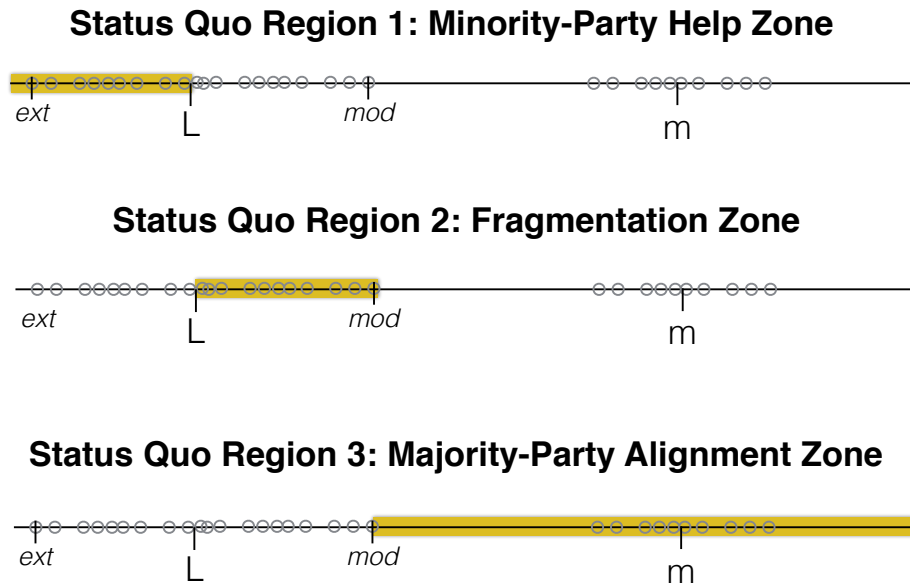


Figure 2.1: Three ranges of potential reversion points and the policy coalitions they may create.

First, consider a status quo that falls within the shaded region of the policy space in the top panel of Figure 2.1. If the reversion point falls within this region, which I call Status Quo Region 1, leadership can easily write legislation, at or near its own ideal point, that the majority of Congress prefers to the status quo. Even if the most extreme members of the majority party were to vote against such a bill, every member of the minority party has an incentive to vote for legislation at *L*. Therefore, an agenda-setter will write a bill that represents his own ideal point and recruit a bipartisan coalition to vote for the bill. There is little need for the leadership to buy votes in this case.

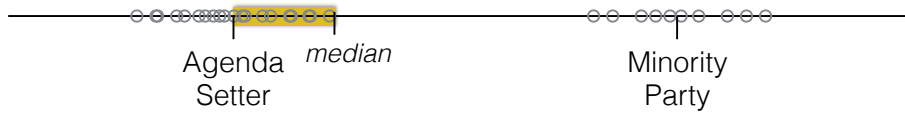
¹⁰Note that nothing prevents majority leadership from recruiting minority party members into the voting coalition. In fact, under some status quos, this will be optimal.

Similarly, consider a status quo that falls within Status Quo Region 3, pictured in the bottom panel of the figure. If the reversion point falls within this region, L also has significant flexibility in crafting legislation. The entire majority party can agree on a policy to the left of the status quo, near L's ideal point. The minority party will be united in opposition to such a policy, but majority-party ideological cohesion obviates leadership's need to reach across the aisle. This case also requires very little use of vote-buying tools, and therefore should create little fragmentation.

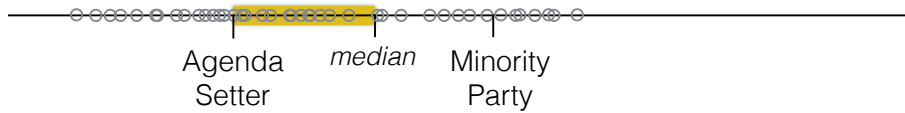
Status Quo Region 2, the center panel, which divides the majority party and pits some against the minority, is the most difficult for L to negotiate. Because the more moderate arm of the party disagrees with the extreme wing, it is difficult for leadership to create a policy that both branches of the party support. Additionally, L disagrees with the minority party on the relative merits of the status quo. In this case, majority-party leadership must create side payments to convince the moderate arm of the party to vote for a new policy closer to L's ideal point. These side payments can come in many forms, as outlined above. Diverting money to smaller agencies and programs to include moderate members' pet projects is one method of persuasion the leadership has at his disposal. This will result in a fragmented foreign aid bill.

The concept of the status quo region can be useful for building theory but is difficult to operationalize and test. A test of this theory requires a deeper dive into the political factors that contribute to the likelihood that the status quo falls within Region 2. A look at Figure 2.2 above offers some clues. The figure estimates the size of a hypothetical Region 2 under three political conditions. In the first panel, the majority party is relatively homogeneous. The leadership's ideal point is close to the ideal points of the rest of the majority party. There is large scope for agreement, and Region 2 is relatively small. In the case of a homogeneous majority party, it is likely that the entire majority agrees on a new policy. Therefore, very little fragmentation will be necessary when the majority party is homogeneous. This situation corresponds with the

Homogeneous Majority Party



Overlapping Parties



Heterogeneous Majority and Polarized Parties



Figure 2.2: The size of Region 2 varies depending on majority-party unity and inter-party distance.

well-known conditions for CPG, which predict a strong party leadership.¹¹

Majority-party heterogeneity contributes to the size of Region 2 (and therefore, to fragmentation), but it doesn't do so in a vacuum. As majority-party heterogeneity increases, so does the likelihood that the two parties will overlap in preferences. This is the situation represented in the second panel of Figure 2.2. Drawing once again from CPG theory, a heterogeneous party often also corresponds to low polarization. When the minority party is near, then agenda setters have less need to recruit moderate majority-party legislators to a voting bloc, because bipartisanship becomes possible. The second panel of the figure makes this clear: Region 2 becomes relatively small when the minority party is relatively close to the majority. This is true regardless of the heterogeneity of the majority party; in fact, heterogeneity by itself may actually *increase* bipartisanship, which will result in less political gridlock. The preferences of moderates in the

¹¹CPG suggests that parties are strongest when they are homogeneous and polarized from the opposing party. This prediction also fits with the findings of Binder (1999), who notes that cohesive parties face less policy gridlock. In this formulation, gridlock is the problem that budget fragmentation is used to solve.

majority party become irrelevant as the majority leadership begins pulling votes from the minority party. Therefore, when parties are heterogeneous and close, fragmentation is also relatively low.

Finally, consider the third panel of Figure 2.2, in which the majority party is heterogeneous *and* the minority party is distant. This political scenario maximizes the size of Region 2, and therefore, maximizes the need for vote-buying. In this case, party leadership is hard-pressed to cajole its distant moderate wing to join a voting bloc. But it is also unable to persuade potential defectors from the minority party. This limits the bills that can be passed. It is under this scenario, when only one of the two conditions of CPG holds, that agenda-setters must resort to other means to pass legislation. When it is difficult to pass legislation based solely on ideological agreement, side payments become more necessary. In this case, an agenda-setter who is pressed for votes may begin diverting money to small agencies and programs that better represent the preferences of influential legislators. These legislators, disproportionately moderates, will insist on side payments before agreeing to vote for a foreign aid bill.

2.6 Majority-Party Moderates as Targets for Vote-Buying

Agenda-setters who divert funding to buy votes do not target all legislators equally. Majority-party leadership wants to buy the least-costly votes possible. This means disproportionately offering side payments to those legislators who are truly on the fence about voting for the leadership's agenda. Because fragmentation is most likely when the status quo pits party moderates against the rest of the party, leadership should be most likely to buy votes of *moderate members of Congress*. If this is indeed the case, we should expect to see indirect evidence of it in voting data. When agenda-setters divert funds to small agencies, thus creating a fragmented bill in order to draw in majority-party moderates, then those moderate voters should be more likely to support the bill.

In contrast to moderates, non-moderate members may feel alienated by vote-buying

because funding is diverted to pet projects that are not their own.¹² Vote-buying of all kinds can create winners and losers. For example, a more senior member may be overlooked for a committee chair position, a high cost to pay for an often small policy benefit. Non-moderate members are the most likely to lose out due to vote-buying strategies. Diverting funds to pet projects, the source of fragmentation, is no exception. Although moderate legislators should be more likely to vote for bills that contain their pet projects, there is also a danger that extreme legislators, who receive fewer pet projects, are less likely to vote for those bills. As Evans (2004) points out, the existence of side payments can alienate those not receiving them.

According to Minozzi and Volden (2013), party moderates are overall the *least* likely to “heed the party call,” and vote along with their own party’s agenda. According to the theory outlined above, this should flip when leadership successfully buys the votes of moderate members. Because majority-party legislators closest to the floor median are the most likely targets for vote-buying, they should be most likely to change their vote in the face of a fragmented bill. This would serve as evidence that vote-buying is targeting majority-party moderates, as the theory suggests. When the majority party is heterogeneous, majority-party moderates might be tempted to vote with the minority party. Indeed, they will often do so. However, when leadership offers side payments, such as a shift in funding to moderates’ favorite agencies, these moderate legislators may be induced to change their calculus and vote with the party.

One alternative explanation for legislators’ willingness to vote for a foreign aid bill is that they are attempting to increase their own reputation in order to receive benefits elsewhere. By supporting, or holding out on, a foreign aid bill, legislators may be able to trade in their foreign aid votes for favors in legislation that they find more interesting or important. It is possible that this type of inter-vote trading is happening, and it would be difficult to measure if so. However, the more that legislators are trading foreign aid votes for benefits in different domains, the less we should expect to see the hypothesized relationships in the data. Therefore, if the data provide

¹²Chapter Four provides some concrete evidence that legislators whose projects are not supported can feel resentful and angry at the resulting fragmentation.

evidence for the hypotheses developed in the following section, it is probably despite of, rather than because of, legislators' decisions to trade votes between policy domains.

2.7 Hypotheses

In an ideal world, I could test this theory of foreign aid fragmentation directly. I would collect data on the recipients of side payments in any given foreign aid bill. First, I would test whether the existence of more side payments leads to a more fragmented budget, which would directly support the theory. Next, I would ask whether legislators who are demonstrably “on the fence” about a particular bill receive more side payments, which would support the theory from a different angle. But alas, the congressional bargaining that leads to these side payments, as well as the payments themselves, are often imperceptible. On a large scale, it is difficult to see vote-buying in practice.¹³ Therefore, the hypotheses below only indirectly test the theory. They are probabilistic, but they represent large-scale trends that generally fit the theoretical mechanisms from two different angles.

I am able to derive two major testable hypotheses from the theory. These hypotheses provide an opportunity to test the theory from two separate angles. The first hypothesis is specifically related to the agenda-setter's need to buy votes and predicts variation over time. As a reminder, the probability that agenda-setters must buy votes to pass an aid bill is maximized when (1) intra-majority heterogeneity is high, and (2) inter-party distance is high. Therefore, it is straightforward to hypothesize that the combination of intra-majority heterogeneity and inter-party distance will lead to the greatest vote-buying. And as the overall probability of vote-buying in Congress increases, so does the probability that agenda-setters will begin diverting money to small aid agencies—or creating entirely new agencies—in order to impress a few influential fence-sitting legislators.

¹³The case study introduced in Chapter Four offers a much more direct glimpse at the bargaining dynamics.

Foreign aid fragmentation is a byproduct of this type of vote-buying. When agenda-setters divert foreign aid funds to smaller agencies, or create entirely new agencies, they forgo funding that could be channeled through USAID. This contributes to the collective action and accountability problems that accompany foreign aid fragmentation. As USAID loses influence vis-a-vis other aid agencies, it becomes more difficult for the government to centralize and plan foreign aid policy. Through this mechanism, agenda-setters' attempts to buy foreign aid votes lead to the fragmentation of foreign aid.

Hypothesis 1: *High* heterogeneity in the majority party, combined with a *high* preference distance between parties will result in *more fragmented* foreign aid.

The second hypothesis considers the mechanisms of the theory from a different angle. Recall that majority-party moderates are the members most likely to be on the fence about a given foreign aid bill. This provides an opportunity for agenda-setters to lure moderates into a vote by funding those legislators' pet projects. Foreign aid bills with higher levels of fragmentation have become that way through all the pet projects being funded. Therefore, they should disproportionately attract those moderate legislators whose pet projects are disproportionately represented. Once again, while it is difficult in practice to determine which legislators' preferences are represented in a bill, it *is* possible to see which legislators vote for which types of bills. If the theory is correct, moderate legislators should disproportionately favor fragmented bills, indicating that their pet projects are being disproportionately represented. The processes that lead to fragmentation should also lead moderates to disproportionately toe the party line. On the other hand, extreme legislators of either party, whose pet projects are not being represented in fragmented foreign aid bills, may in fact be less likely to vote for a bill if it is fragmented.

Hypothesis 2: Moderate majority-party legislators will be *more likely* to vote in favor of a foreign aid bill when that bill is *more fragmented*.

2.8 Conclusion: A Theory of Foreign Aid Fragmentation

This chapter outlines the theoretical mechanisms leading from political preferences to congressional legislative bargaining, and finally, to foreign aid fragmentation. Foreign aid is often an unpopular policy. Many legislators and constituents consider it a waste of money. However, it is also one of Congress's most powerful foreign policy tools. Congressional leaders, who generally want to have some say in American foreign policy, therefore have an incentive to craft foreign aid legislation. Although these agenda-setters are powerful, they often have to resort to offering side payments to induce legislators to vote for foreign aid. These side payments can come in many forms, but one such form is the diversion of funding to smaller agencies, or the creation of new agencies altogether, to draw support. This form of side payment has the unintended consequence of increasing fragmentation in the resulting bill.

The hypotheses derived in the previous section of this chapter offer an indirect look at the theorized mechanisms. However, they do provide an opportunity to watch the mechanisms working from two distinct angles. In order to test the hypotheses above, I must create a measure of foreign aid fragmentation that varies annually. I also must measure legislator support for foreign aid bills of varying levels of fragmentation. In the following chapter, I do just that. I create an annual-level measure of aid fragmentation through appropriations bills and measure the level of support for these bills from varying members of Congress. I then quantitatively test the hypotheses proposed above to see whether the theory of aid fragmentation developed in this chapter follows long-term foreign aid trends in the US case.

3 Fragmentation in US Foreign Aid

The testable hypotheses derived in the last chapter provide an opportunity to witness the mechanisms, but they do not provide a real-world definition of bureaucratic fragmentation. In this chapter, I more clearly define bureaucratic fragmentation and describe two components of the phenomenon. I then operationalize it, both qualitatively and, where possible, quantitatively. I introduce a new annual-level dataset of foreign aid fragmentation, which I use to test the hypotheses derived in the previous chapter. I also introduce a few short case studies of the mechanisms at work. I find evidence that foreign aid fragmentation does indeed stem from an attempt by congressional agenda-setters to pass a difficult foreign aid bill by diverting funding to moderate legislators' pet projects. I will show that changes over time in US foreign aid fragmentation tend to follow the trends expected by the theory.

3.1 The Two Components of Bureaucratic Fragmentation

Earlier in this dissertation, I defined bureaucratic fragmentation as *the relatively thin spread of foreign aid funding between many independent bureaucratic agents*. Bureaucratic fragmentation is a complex phenomenon, but two major components are crucial to the definition. First, fragmentation requires the creation of new agencies: its definition presupposes the existence of multiple independent bureaucratic agents. High bureaucratic fragmentation is only possible in the presence of many independent agencies. As outlined in the introduction, fragmentation was

low in 1961, before many of today's foreign aid programs came into existence. In the interim, the US has created a number of new aid agencies, which in itself has increased aid fragmentation. Although the creation of new aid agencies certainly contributes to fragmentation, it is not the lone contributor. In fact, agency creation can often be a poor measure of aid fragmentation. It is a relatively rare event and is sporadic. Throughout US history, the country has gone many years without creating an agency and then created several agencies in one big piece of legislation in a single year.

Additionally, new agencies are sometimes created and not used, which diminishes their power to fragment. The relative importance of an agency creation event requires subjective knowledge and can be difficult to measure. Therefore, it is difficult to use agency creation in any quantitative test of bureaucratic fragmentation. Agency creation can, however, be useful as a qualitative measure, and provide an opportunity to witness the mechanisms behind the theory as a whole. In Chapter Four, I do just that: through an in-depth case study I show that the creation of new agencies which led to increased aid fragmentation in the 1990s was a result of vote-buying by agenda-setters attempting to pass a sweeping foreign aid bill. However, in the present chapter I take a different approach by studying another component of fragmentation.

This second component of bureaucratic fragmentation, which is easier to test quantitatively, is the spread of aid funding between existing agencies. Many of the problems associated with aid fragmentation in the literature assume that no single agency is effective in coordinating foreign aid. The problems of fragmented aid tend to stem from collective action problems and lack of coordination between agencies. Therefore, the spread of funding can be just as important as the number of agencies involved. A hierarchical bureaucratic system in which several agencies exist but one is the undeniable lead agency, is very different from one in which all agencies are relatively independent. The latter creates more fragmented policy than the former. The spread of foreign aid funding between independent agencies is more objective and easier to measure on an annual basis. Congress passes foreign aid bills every year, which allow for annual variation

and annual observations. Therefore, the quantitative evidence outlined below will be driven by a measure of the spread of foreign aid funding among agencies, rather than the creation of new aid agencies.

3.2 Data

Based on the definitions above, a quantitative test of the hypotheses requires an annual-level dataset of the spread of funding among independent agencies in foreign aid bills. Typical measures of foreign aid vary in which components of aid they include and exclude. Until recently, most foreign aid data used Official Development Assistance (ODA) as the typical measure of foreign aid. Recently, the use of ODA has given way to Country Programmable Aid (CPA), which specifies the aid over which a host country may have some influence, as the preferred aid measure. CPA excludes many categories that could be considered foreign aid, such as debt relief, food aid, and most importantly, aid that does not come from the donor's main aid agency.¹ This limits the utility of CPA for creating an agency fragmentation measure. While CPA and ODA are useful for considering aid from the *recipient* perspective, this dissertation focuses on aid from the *donor* perspective, which includes aid that is used for foreign policy purposes. A measure of foreign aid fragmentation from the donor perspective should include whatever the donor state defines as foreign aid. In this chapter, I introduce a measure of foreign aid that allows the donor state—here, the US—to create its own definition of foreign aid. This measure is drawn from foreign aid appropriations legislation that passes Congress every year.

A major challenge in measuring aid fragmentation is separating the signal from the noise. In order for a dataset to properly measure aid fragmentation, it must capture the breakdown of independent foreign aid projects by agency for every year since at least 1961, when USAID was first created. Such a long time-frame is difficult to find. A recent push by the US government and

¹For more on CPA, see <http://www.oecd.org/development/effectiveness/countryprogrammableaidcpafrequentlyaskedquestions.htm>.

several international organizations has made government-released foreign aid data increasingly transparent and reliable.² Although these efforts have increased data reliability in the 21st century, much in-depth foreign aid expenditure data is either lost to history or remains to be dug up.

The state-of-the-art dataset of US foreign aid expenditures is the USAID data development library (DDL) platform. The creation of this platform has rapidly increased data availability and precision over the past decade (Ziadeh 2016). However, it remains imperfect. More importantly, the agency-level data are inconsistent over time and difficult to interpret. USAID's online platform only reports implementing agency data going back to 2001 (EADS 2015). Its downloadable data are much more detailed, with in-depth records even beyond 1961. However, as these data move further back in time, they become increasingly imprecise. "Unknown" and "USAID Greenbook" (the name of an historical data source) are listed as the most common "agencies" in the early years of the USAID DDL data. It should come as no surprise that this is problematic for anyone seeking an unbiased record of changes over time. As data reporting standards have improved over time, so has the precision of agency-level data. Even if no changes to fragmentation were made over the past decades, USAID's DDL would erroneously report increasing fragmentation, due to changing data quality standards over the decades.

What's more, aid expenditure data reported through USAID are noisy and don't always represent the reality of bureaucratic relationships. For example, the DDL reports agency-level programs that were in fact controlled by USAID, as being controlled by other agencies. Many US agencies use their expertise to serve in a foreign aid contractor role under USAID and other large agencies. For example, the US Postal Service (USPS) has consulted with USAID and the Department of Defense on several mail security projects. USAID's DDL reports these projects as being independently run by USPS. However, collaborations such as these, in which smaller agencies report directly to USAID, which then transfers remittances back to the contractor agency, do not fit into the definition of fragmentation because agencies are not acting independently.

²See, for example, the 2016 Foreign Aid Transparency and Accountability Act (Saldinger 2016) and the Department of State's efforts since 2004 (McMahon 2007).

The hierarchical structure of these contractor relationships, and the centralized responsibility of USAID (and other contractor agencies) avoids the problems associated with fragmentation.³ An increase in within-government contracting does not represent an increase in bureaucratic fragmentation. The USAID DDL's inclusion of programs such as these finds fragmentation where it does not exist. At best, this leads to random noise, and at worst, it will systematically bias fragmentation measures in years when within-government contracting was high.⁴

In order to avoid the pitfalls of data availability bias and noisy agency contracting, I compiled a novel dataset measuring the fragmentation of spending in the annual foreign operations appropriations bill. This dataset offers at least two benefits for studying the fragmentation of US foreign aid over time. First, data availability is consistent over time. Foreign aid legislation has funded various agencies since at least the time of USAID's creation. Unlike USAID's DDL, historical appropriations legislation does not show more missing values for earlier years. Therefore, measures of fragmentation should not change over time simply because of data availability, as it does in the DDL.

Second, the dataset I developed more accurately measures fragmentation in the independent actions of agencies. The appropriations bill specifies the total funds for which each agency is ultimately accountable. Rather than including smaller projects that a specific agency simply collaborated on, appropriations legislation only includes the funds that each individual agency controls by legislative mandate. Within-government contracts, and other hierarchical relationships between agencies, will not appear as an increase in fragmentation in this dataset. The data only measure the fragmentation of ultimate agency control.

To create this measure of bureaucratic fragmentation in US foreign aid appropriations, I read and coded all annual Foreign Operations Appropriations bills that Congress has produced

³In fact, these relationships might provide a template for overcoming foreign aid fragmentation.

⁴Another source of noise in the DDL data is its sensitivity to bureaucratic vagaries. The executive branch with its various layers of bureaucracy has a lot of input into actual spending and delegation decisions, making policy outcomes a noisy measure of congressional will. A cleaner measure of US government intentions for the purpose of this work is the content of the legislation that comes directly from Congress. However, future research can and should begin capturing the determinants of over-fragmentation by the bureaucracy.

since 1961.⁵ For each bill, I noted the name of each budget line, the agency of allocation, and the dollar amount appropriated to each line. For example, if a paragraph of the appropriations bill were to read:

FOREIGN MILITARY FINANCING PROGRAM

For expenses necessary for grants to enable the President to carry out the provisions of section 23 of the Arms Export Control Act, \$3,650,000,000: Provided, That of the funds appropriated under this heading, not less than \$2,040,000,000 shall be available for grants only for Israel, and not less than \$1,300,000,000 shall be made available for grants only for Egypt.

I would code the program as Foreign Military Financing (FMF), a part of the Department of Defense, and the total amount of aid as \$3,650,000 (in the unit of 1000 USD). This process provided me with a list of every program that Congress has funded since 1961, which I could aggregate to determine the dollar amount to which Congress funded each agency in each year. The unit of the appropriations dataset is the budget code-year, but I aggregated up to the agency-year for the purposes of this paper.⁶ The annual foreign operations appropriations bill explicitly funds several dozen programs in twelve unique agencies. USAID receives an average of 59.9% of total funding. The other agencies, and their funding levels (in 1000 USD), are presented in Figure 3.1 below. After USAID, the Departments of Defense and State receive 27.8% and 6.9% of funding, respectively.

Figure 3.2 below plots the total economic and security aid appropriated over time. With few exceptions, the trends for security and economic assistance were generally similar until 2000. Both types of assistance increased shortly after Ronald Reagan took the presidency in 1981. That spike lasted until the fall of the Soviet Union, when security aid levels retreated. However, economic aid continued to grow throughout the post-Cold War period. At least half of

⁵I collected the bill text from Congress.gov, or for older bills, govtrack.org or directly from print archives at the Library of Congress.

⁶I also coded the number of “general provisions” written into each annual bill as well as the specification of funds, which I will introduce in Chapter Five. These provisions typically come at the end of the bill and stipulate general rules by which the bureaucracy must abide, such as avoiding spending on abortions or submitting extra oversight reports on funds given to a specific country.

Foreign Aid Appropriations, by Agency (1961 – 2015) in Thousand USD

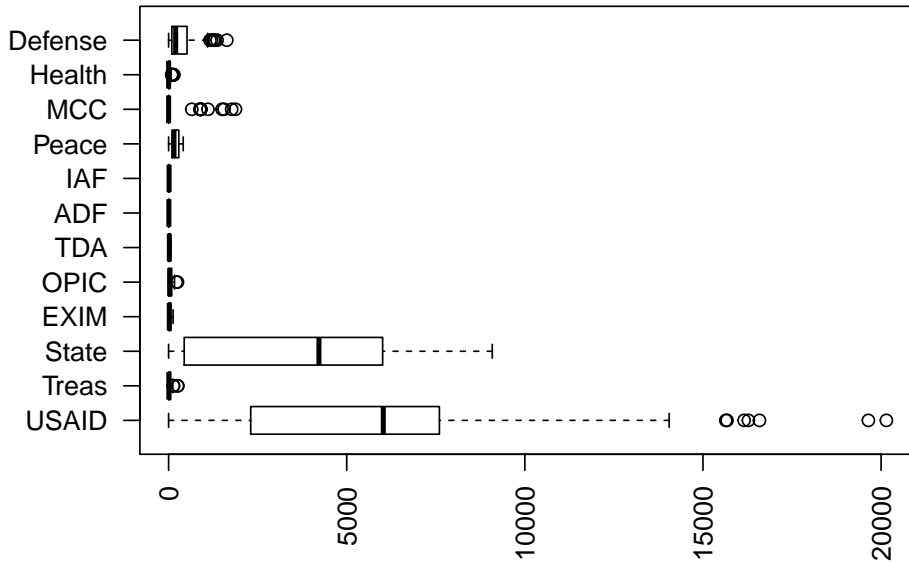


Figure 3.1: Plots agency-year spending in foreign aid appropriations bills. Abbreviations: “MCC” - Millennium Challenge Corp., “IAF” - Inter-American Found., “ADF” - African Development Found., “TDA” - Trade and Development Agency, “OPIC” - Overseas Private Investment Corp., “EXIM” - Export-Import Bank.

the Reagan-era spike was driven by an increase in the FMF budget, which was funded at \$750 million in Reagan’s first year and would rise to \$5 billion by George H. W. Bush’s presidency. FMF was an important source of funding for Nicaraguan rebels and continues to be used to fund political allies, especially Israel and Egypt.

Another clear trend is the total increase in economic assistance at the beginning of the 21st century. There were two reasons for this. First, the George W. Bush era witnessed an increase in conservative interest in foreign aid. Bush himself was a huge proponent of development, health, and humanitarian projects, even those with very little strategic appeal. Second, the attacks of September 11, 2001, and the wars they sparked, increased all international spending. Foreign aid, both economic and security, constituted a large part of the plan to rebuild Iraq and Afghanistan

US Foreign Aid Appropriations

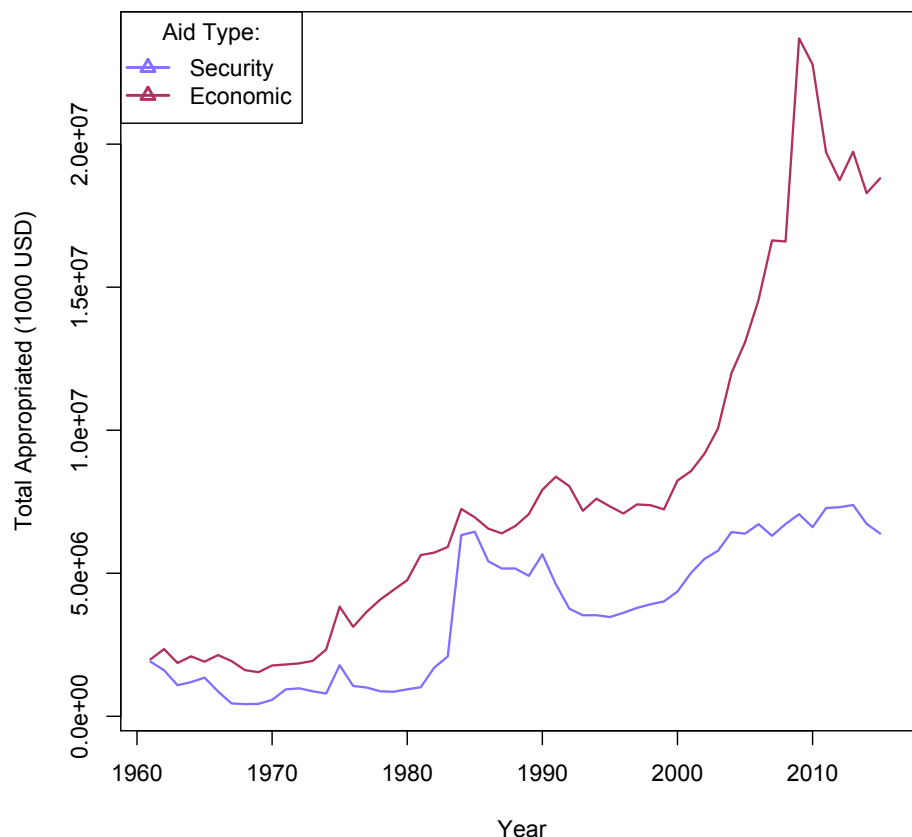


Figure 3.2

after the wars.

In order to test the hypotheses above, I measure fragmentation in two different ways, and all statistical tests below are robust to both measures. First, and most simply, I measure bureaucratic fragmentation by calculating the percentage of total appropriations that were *not* allocated through the country’s largest foreign aid donor agency, USAID. This measure, “non-USAID,” varies from 25% in 1978 (indicating that 75% of foreign aid appropriations, both economic and security, were funneled through USAID in that year) to nearly 63% in 1986.

The second measure of fragmentation is a calculation of the spread in budget share

across all US agencies devoted to foreign aid, as measured by the Herfindahl Index of the Foreign Operations Appropriation budget. The Herfindahl Index is a common measure of aid fragmentation in the economics literature. It is taken from economic measures of market monopolies. It is calculated by summing the squared market share of each firm; therefore, it is bounded by zero and one. A high Herfindahl index indicates that one agency has a large share of the total budget, meaning the state has low fragmentation. In order to simplify interpretation, I subtracted the Herfindahl index from one to determine the absence of a market monopoly of foreign aid. This value—one minus the Herfindahl Index—measures the overall fragmentation of Congress’s foreign aid budget.

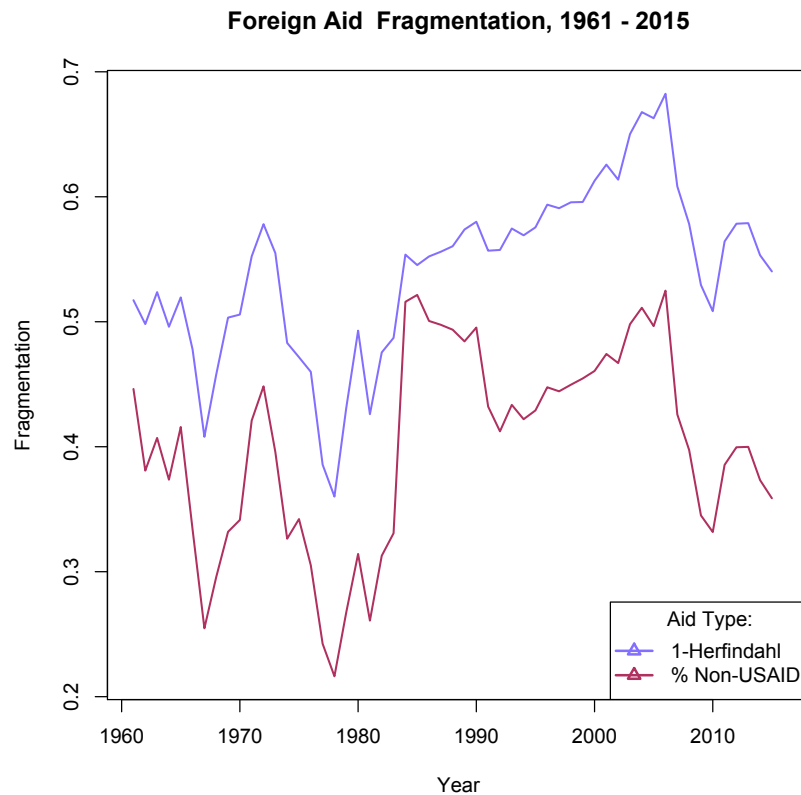


Figure 3.3

These two measures of fragmentation look similar over time. They are highly correlated,

with an R^2 of 0.76. The Herfindahl Index is driven toward specifically measuring the spread of aid among non-USAID agencies and does a better job of capturing diversity in smaller agencies. This distinction is important to the theory. Recall that the theory suggested that majority leadership could appease legislators by providing funding through many different channels. Assuming there are several legislators to appease with different pet projects, simply measuring the percent of aid that goes through the largest channel fails to consider those other dimensions.

Large-scale changes in fragmentation over time can be attributed to several sources. The 1960s was a time of transition for foreign aid. The 1961 Foreign Assistance Act represented a watershed achievement, merging several smaller programs and replacing others. It created USAID and stabilized the foreign aid budget. However, some of the programs existing before USAID were slow to end, resulting in a moderate level of fragmentation at the beginning. The Marshall Plan following World War II had created a set of reconstruction programs in Europe and the Pacific that would last into the decade. For example, the foreign aid budget included appropriations to reconstruct Okinawa and the Ryukyu Islands near Japan until 1971. The drop in fragmentation in the mid-1960s is largely a reflection of the drawdown of older military assistance programs and relative increase in development programs.

The early 1970s, a high point in aid fragmentation, was also associated with the creation of new aid agencies. For example, this was the first time that Congress funded the Inter-American Foundation (IAF), an independent agency that diverted funding from USAID. The creation of the IAF offers an opportunity to witness the mechanisms of the theory in action. It was created during a time when foreign aid was becoming especially unpopular among its usual proponents: congressional Democrats. This new Democratic skepticism was a result of the way foreign aid was being spent at the time. The Nixon years coincided with an increased use of foreign aid as a weapon of the Cold War. The sudden and swift rise in fragmentation in the early 1970s was largely a reflection of the creation of the FMF and other large security assistance programs. Combined with a large State Department program offering assistance to Soviet refugees, this

made 1972 one of the most fragmented years of that period.

This increasing militarization of foreign aid, along with the unpopularity of the Vietnam War, made many legislators hesitant to provide aid through typical channels. It was then that Representative Bradford Morse and others began demanding a demilitarization of foreign aid, especially in the Western Hemisphere. Morse was typically an aid proponent; he would later serve as Administrator of the United Nations Development Programme. But he was concerned with what he saw as an increasing militarization of foreign aid under the Nixon administration. He was also a moderate legislator, a Republican who tended to vote with Democrats. Because of this, he was a pivotal member to the foreign aid coalition. In the late 1960s, Morse and others took a trip to South America, where they were disappointed by the poor living conditions and lack of US support for civilians. This led Morse to sponsor a bill for the creation of the IAF, which would support Latin American development and be difficult to militarize.

Crucially, the IAF is statutorily prohibited from working with the American military. It can only create projects in concert with small, grassroots organizations in Latin America. Morse did not just want more funding to go towards the Western Hemisphere—had that been the case, he could simply have created a new program in the State Department, DOD, or USAID. Instead, he cared about *how* Latin American aid was being spent. He wanted to ensure that the aid would serve development instead of military goals. This required the creation of a new agency, which would have its own interests and rules of engagement. Morse made clear his priorities and threatened to pull his support from foreign aid funding if his bill was not passed. Because of his moderate position in Congress, this threat was credible. In exchange for his continued support for US foreign aid as a whole, congressional leadership allowed for the creation of a new agency, the IAF (Ruttan 1996).

Fragmentation dropped again in the 1970s, with the end of the Ford administration, and hit an all-time low in 1978. This was partly the result of a quick increase in Congress's funding for USAID, which rose 116% between Nixon's last year and Carter's first. Congressional leadership

also became especially powerful in the mid-to-late 1970s, after the end of the Nixon administration. This was an era of increasing strength for the majority party, which was beginning to wrest control from committee leaders. This period was also associated with an unprecedented decrease in both majority-party heterogeneity and (surprisingly) party distance. These two variables are usually negatively correlated, but the simultaneous decrease in both made lawmaking briefly more efficient, as reflected in the decreased fragmentation in this period. This would last until the end of the decade, when fragmentation renewed its upward trajectory.

Fragmentation remained relatively low until rising at the beginning of the Reagan presidency, and it spiked in 1984. Unlike the Nixon administration, this spike was not associated with a decrease in funding to USAID. To the contrary, USAID funding *increased* under Reagan. However, the rest of foreign aid increased even more, more than doubling during Reagan's first term. Although some of this increase went through USAID, most was driven by an increase in military assistance and strategic aid to Israel and Egypt. These years also coincided with the creation of a large new security program, the Special Defense Acquisition Fund.

The early 1980s also coincided with a major agency creation event, the African Development Foundation (ADF). The origins of the ADF are similar to the IAF—not surprising, considering the similar functions of those two agencies. The ADF was the brainchild of Representative William Gray, a Pennsylvania Democrat and member of the Congressional Black Caucus (CBC). Rep. Gray was not a moderate in domestic political issues, but he and the CBC often took issue with foreign aid. Like Morse before him, Gray was concerned about the current administration (this time, the Reagan administration) increasingly militarizing aid. Like Morse, Gray's solution was to create a new aid program that could not be militarized, this time setting it in Africa, Gray's region of interest. He sponsored legislation proposing the ADF and, with the support of other members of the CBC, threatened to withhold needed support for foreign aid unless the ADF was created.

Representatives of USAID's Africa Bureau testified in Congress in support of the ADF's

creation. This is initially surprising, given that they were testifying in favor of a direct competitor for funding. However, it later became clear that they had only supported it because they knew that the creation of the ADF was necessary in order for USAID to receive funding at all that year (Ruttan 1996). Once again, a fence-sitting legislator with strong views about how foreign aid should be spent was able to threaten derailment of a foreign aid bill in exchange for the creation of a new agency that better represented his views. This coincided with an increase in foreign aid fragmentation as well.

After the increase in the 1980s, fragmentation stayed relatively stagnant until the late 2000s, with the exception of a small decrease during the Clinton presidency. The greatest decrease was in 2007, when Bush's new MCC compact passed its peak funding. This was mostly due to an increase in USAID incommensurate with the increase in total aid. Bush had pushed a lot of aid funding through his new Millennium Challenge Corporation (MCC), which a Republican Congress had been happy to oblige. However, after Republicans lost control of Congress in 2006, Democrats oversaw a 30% increase in USAID funding. On average, the rest of the aid budget, including MCC, actually decreased in that year.

A few patterns emerge after a close look at the trends over time. First, when Republican presidents insist upon their agenda, security assistance increases, and fragmentation along with it. This is probably partially due to the theorized mechanisms—congressional Democrats attempt to insulate foreign aid funding by placing it into smaller agencies that better represent their interests. Regardless of the reasons, some of the large-scale trends in foreign aid are related to the party of the president, and any statistical model must control for that factor. However, presidential partisanship does not account for smaller-scale variations or shifts within administrations. Fragmentation fluctuates within presidential administrations as well, suggesting that dynamics within Congress that are initially difficult to see are driving some of the phenomenon.

Along with creating this annual dataset of foreign aid fragmentation, it is also important to the theory to know which legislators support which bills. Therefore, I collected data on

congressional votes for the foreign aid appropriations bills included in the fragmentation dataset. This binary voting measure, described in the following section, allows for tests of hypotheses that are more proximate to the existing literature: they allow for a replication of the conventional wisdom that moderate legislators are disproportionately the targets of vote-buying.

3.3 Foreign Aid Voting in Congress

The second hypothesis, which predicts legislative voting on foreign aid bills, requires a dataset of legislative votes to complement the previous dataset. Figure 3.4 below presents data on House roll call votes for all Foreign Operations appropriations bills between 1961 and 2015, the bills that were used to create the fragmentation data.⁷ Each point in the figure represents an individual legislator. The horizontal axis reflects the legislator's mean first-dimension DW-Nominate score, which represents ideological liberalism or conservatism.⁸ The vertical axis represents the percent of Foreign Operations appropriations bills that the given legislator supported during his or her tenure. The figure codes legislators by party: red pyramids represent Republicans, and blue circles, Democrats. The figure also includes smoothed loess curve for both Republicans and Democrats, indicating the direction of the ideology-voting relationship for both parties.

Most members voted in favor of most appropriations bills: only 39% were “nay” votes. However, different members voted differently, which offers some sources of variation. Democrats were more likely to vote in favor of a bill (68.7%) than Republicans (51.3%). Unsurprisingly, members of the majority party were much more likely to vote for a bill than the minority party (72.4% and 45.5%, respectively).

Note the non-linear voting patterns in both parties. For both Democrats and Republicans, higher-than-average DW-Nominate scores—higher conservatism—decrease a legislator's likeli-

⁷Data from 1988 to 2001 were generously provided by Crespin and Rohde (2010) and the rest were collected from Voteview.com.

⁸See Poole and Rosenthal (1991) for more on this measure.

'Yea' Votes by Legislators Party and Ideology,
Majority Party, 1961-2014

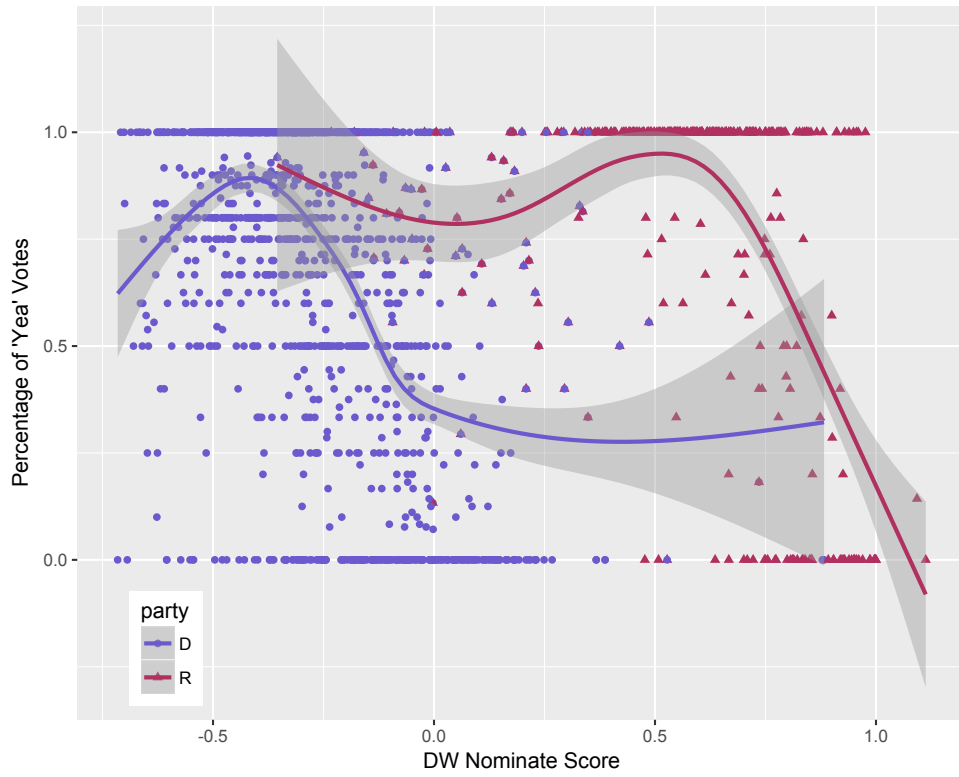


Figure 3.4

hood of voting for foreign aid. This fits the voting patterns encountered in previous research on congressional foreign aid voting, such as Milner and Tingley (2010) and Fleck and Kilby (2001). Anecdotal evidence has provided similar findings, with the famous liberal crusaders for foreign aid—such as John F. Kennedy—contrasting with well-known conservative foreign aid opponents like Jesse Helms.

However, the data also demonstrate a decline in foreign aid support in the other direction: among party liberals. This suggests other dimensions of foreign aid voting preferences. Among legislators who approve of public spending in general, there exists an isolationist-internationalist divide. Some of the most liberal members of Congress reject foreign aid spending in favor of higher spending on domestic programs. For many, it is a symbolic issue. Because Congress often has little power over foreign policy in general, foreign aid is one area where liberal members can make their America-first preferences clear to constituents. This is especially true among Democratic legislators, where many representatives' districts are labor-abundant, giving them little incentive to support internationalist policies (Milner and Tingley 2010). In both parties, support for foreign aid peaks around the party median and drops in both directions.

The legislator voting data is important to the second hypothesis that I derived from the theory: the hypothesis regarding moderate legislators' reactions to fragmented bills. In general, moderate legislators are more likely to be on the fence about voting with their party. Therefore, majority-party moderates should overall be the most cautious about supporting a foreign aid bill. In order to ensure a foreign aid bill's passage, then, agenda setters will begin buying the votes of the least-costly legislators: the moderates.⁹ In turn, as moderates' pet projects increasingly become financed, they will become more likely to vote for a foreign aid bill. Later in this chapter, I will test this hypothesis on this dataset of voting behavior on foreign aid appropriations bills: are moderates really changing their votes to disproportionately favor fragmented bills, which include their pet projects?

⁹The data presented in this chapter only include the majority party, but the results are robust in models that include both parties.

3.4 Independent and Control Variables

I created two datasets to test the hypotheses derived above. The first dataset includes year-level covariates, and the second varies on the legislator-year level. For the first dataset, the dependent variable is the fragmentation of the foreign aid appropriations bill. In the second dataset, the dependent variable is a legislator's vote on the appropriations bill that was passed in the given year.

The most important independent variables are drawn from the DW-Nominate scores created by Poole and Rosenthal (1991). First, I used these scores to measure the standard deviation of legislator preferences within the majority party. The variable "Majority SD" measures the standard deviation of the DW-Nominate scores within the majority party in the House.¹⁰ The "Party Distance" variable measures the distance between the median DW-Nominate scores for each party, using party codes by Martis (1989). Both of these variables vary at an annual level.

When majority-party heterogeneity is high, there is less room on the ideological spectrum for a distant minority party. It should therefore come as no surprise that these two independent variables are negatively correlated, with an R^2 of 0.65. A more heterogeneous majority party puts the two parties closer. The years that stand out as being particularly high on both dimensions are the years in which the theory expects vote-buying, and therefore fragmentation, to be highest.

I control for a few crucial variables in several models. First, because much of the change in foreign aid happens over time for various reasons, I include linear and non-linear time trends (Year and Year-Squared). Also, because fragmentation may simply be a reflection of an increased aid budget, I include controls for the total nominal dollar amount of foreign operations appropriations, according to the appropriations bill (Total Aid). Additionally, US foreign aid increases when the country is at war and may increase due to the partisanship of Congress, so I include binary

¹⁰This matches measures used in previous work, including Epstein and O'Halloran (1999). Some previous research has measured majority-party variation by calculating the preference distance between the majority median and the floor median (Cox and McCubbins 2002). However, such a measure automatically incorporates aspects of both inter-party and intra-party variation, and the theory requires that I measure those concepts separately.

measures of whether or not the United States was at war in the given year (War) and whether the House of Representatives is controlled by Republicans (House Repub). Similarly, as is clear from the time trends above, the partisanship of the president is important. I therefore control for the party of the president (President Repub). For obvious reasons, it seems likely that when more agencies exist (whether for endogenous or exogenous reasons), funding will be spread more thinly. Because of this, I control for the total number of agencies mentioned in the appropriations bill. Finally, the heterogeneity of the majority party is undoubtedly correlated with its size, so I control for the size of the majority party in the House, to ensure that is not driving the findings.

The legislative voting dataset includes its own set of independent and control variables. First, the independent variable most important to the hypothesis is legislator moderation. I measure this by calculating the inverse distance between the legislator’s DW-Nominate score and the party median. I calculate this measure of moderate ideology for both parties. These models also include time trends in the form of year-level fixed effects, which obviates the need to include variables that only vary over time. Finally, because legislators have unobserved constituent interests that push them to vote a certain way, I also include state-level fixed effects.

The independent and control variables are summarized in Table 3.1 below:

Table 3.1

Statistic	N	Mean	St. Dev.	Min	Max
Majority SD	55	0.18	0.02	0.12	0.21
Party Difference	55	0.71	0.21	0.47	1.12
War	55	0.42	0.50	0	1
Majority Size	55	252.8	22.2	199	299
Number	55	22.5	5.25	10	31
House Repub	55	0.27	0.45	0	1
President Repub	55	0.51	0.51	0	1
Total Aid (mil USD)	55	11,555	8,197	1,977	30,762
Moderate	16,109	1.134	0.246	0.000	1.466

3.5 Methods

The hypotheses derived from the model require two sets of statistical tests. First, I test the hypotheses of coalition building and fragmentation on a year-level dataset with the variables mentioned above. I use two statistical techniques, but I only report one in the body of this paper.¹¹ First, I used a simple OLS linear regression with fragmentation as the dependent variable. Second, because the dependent variable is bounded between 0 and 1, I used a Tobit model to estimate the relationship between the political variables and foreign aid fragmentation. These measures are robust to the Tobit specification, but I will only display the linear regression coefficients for ease of interpretation.

The second set of statistical tests, relating to data on legislator votes, required a slightly different specification. The dependent variable is a binary measure of a legislator's vote on a given bill. Therefore, I test these hypotheses using a logit model. For further understanding of the coefficients and interactions, I also calculate predicted values, which are displayed with the results.

The estimating equations for both models are reproduced below. Recall from Hypothesis 1 in the Chapter 2 that fragmentation is maximized when leadership (1) finds it difficult to work within the party to pass an appropriations bill due to high *majority-party heterogeneity* and (2) cannot pull votes from the minority party due to high *inter-party distance*. Both conditions increase the probability that agenda-setters will reach for side payments, diverting funds to small agencies and inadvertently fragmenting the budget. The model I specify, therefore, considers the interaction between the measures of intraparty heterogeneity and interparty distance, as below:

¹¹See the Appendix for models not presented in the body of the paper.

$$Fragmentation_t = \beta_{0t} + \beta_{1t}MajoritySD + \beta_{2t}PartyDistance + \beta_{3t}MajoritySD * PartyDistance + \beta_{4t}Controls + \epsilon_t$$

In this model, β_1 represents the coefficient for majority-party heterogeneity (here, measured as the standard deviation of DW-Nominate scores within the majority party) when the two parties are perfectly aligned. In this case, I expect vote-buying to be minimal, because agenda-setters have a variety of legislators to work with, from both parties. β_2 is the coefficient on interparty distance (the difference between party medians) under completely homogeneous parties. Once again, this case should not result in much vote-buying, because partisans will vote with their leader, and the majority will prevail. Finally, β_3 represents the coefficient when *both* inter-party *and* intra-party divisions are high. Note that the dependent variable of this model may apply to any indicator of policy-oriented vote-buying, including fragmentation, specification of bills, or provisions.

For the legislative voting model, testing Hypothesis 2, the estimating equation also includes an interaction term. Although I expect moderate legislators overall to be less likely to vote for a given bill (for reasons outlined above), I expect vote-buying will change their calculus. Diverting funding to specific agencies that include a specific set of interests and policies will increase the likelihood that majority-party moderates support a bill. This is because, according to the theory, majority-party moderates are the ones demanding these changes to the bill in favor of their pet projects. The estimating equation for the legislator voting model is as follows:

$$Vote_{it} = \beta_{0it} + \beta_{1it}Moderate + \beta_{2it}Fragmentation + \beta_{3it}Moderate * Fragmentation + \delta_t + State_i + \epsilon_{it}$$

The coefficients in this equation vary on the legislator-year (it), with the exception of time fixed effects (δ_t) and state fixed effects ($State_i$). Once again, the coefficient of interest is β_3 , which in this model represents the interaction between bill fragmentation and the moderation of the policymaker. I expect this coefficient to be significantly positive. Although this was not explicitly hypothesized, I also expect β_2 , the coefficient for non-moderate legislative votes on fragmented bills, to be negative. This is because non-moderate legislators will become increasingly vexed when they see moderates receiving special favors in foreign aid bills. This will decrease their likelihood of voting for fragmented bills.

3.6 Results

As expected, the interaction in the first estimating equation is correlated with greater fragmentation, and indication of vote-buying. Table 3.2 summarizes the tests of the interaction between “Party Distance” and “Majority SD” on the year-level fragmentation dataset.

As is clear in Model 1, an overall increase in ideological spread for the majority party *decreases* fragmentation. This is understandable. As was demonstrated in Figure 2.2, increasing heterogeneity alone does not create a smaller Region 2. In fact, by bringing the minority party into the voting bloc, it increases the size of Region 2. Bipartisanship becomes more attractive as the majority party becomes more heterogeneous, which negates the leadership’s need to buy majority votes. All else equal, as the majority party becomes more heterogeneous, minority-party members become more likely to vote with the majority. This decreases the leadership’s need to persuade their own party moderates. When the majority party is heterogeneous, committee government begins to overcome party government, and bipartisan compromises become inevitable. However, Models 3, 4, and 5 show that Majority SD is only associated with less fragmentation when Party Distance is low. As expected, the *most* fragmentation occurs when both Majority SD and Party Distance are high. This is robust to control variables and is true through all presidencies.

Table 3.2

<i>Dependent variable:</i>					
Bureaucratic Fragmentation of Foreign Aid					
	(1)	(2)	(3)	(4)	(5)
Majority SD	-1.662*** (0.395)		-4.167*** (1.504)	-4.398** (1.897)	-3.792** (1.805)
Party Distance		0.162*** (0.041)	-0.709* (0.353)	0.334 (0.462)	-0.221 (0.520)
Majority SD x Party Distance			4.582** (2.027)	6.982*** (2.548)	4.533** (1.984)
War				0.027 (0.017)	
Number				0.004 (0.005)	
House Repub				-0.102** (0.049)	
President Repub				0.055*** (0.017)	
Total Aid				-0.00000** (0.000)	0.000 (0.000)
Security Aid				0.00000** (0.000)	
Year				0.008 (0.481)	0.656 (0.522)
Year-Squared				-0.00001 (0.0001)	-0.0002 (0.0001)
President FE					Y
Constant	0.856*** (0.070)	0.450*** (0.030)	1.246*** (0.283)	4.228 (474.639)	-647.182 (517.460)
Observations	48	48	48	48	48
R ²	0.278	0.255	0.371	0.774	0.804
Adjusted R ²	0.262	0.239	0.328	0.704	0.712

Note:

*p<0.1; **p<0.05; ***p<0.01

The interaction term in this model makes the interpretation of substantive effects complicated. Figure 3.5 presents these results graphically for easier interpretation. The horizontal axis plots the ideological distance between parties (*PartyDistance*), and the vertical axis plots the coefficient of *MajoritySD* on total fragmentation. Note that when Majority-Party Heterogeneity is low, the coefficient on Party Distance is not significantly different from zero. At low values of majority heterogeneity, agenda-setters are able to pass legislation within their own parties. The ideological distance of the minority party, therefore, is irrelevant. However, as Majority-Party Heterogeneity increases, the relationship between Party Distance and fragmentation becomes more important. This is because party leadership is finding it difficult to pass legislation within his own party and beginning to draw upon minority party legislators. When the minority party is distant, fragmentation increases. This is represented by the positive and statistically significant line after the value of 0.16 on the figure. The relationship between majority-party heterogeneity and fragmentation depends upon the preference distance between the two parties in Congress.

A moderate increase in the distance between party medians (from the first-quartile value of 0.51 to the third-quartile value of .89) is enough to move the coefficient on heterogeneity from -1.7 to zero. Substantively, a coefficient of -1.7 means that a 0.1 increase in the standard deviation—from, say, the first quartile (0.16) to the median value (0.17)—would decrease fragmentation by 0.17. This, in turn, would nearly be enough to move fragmentation from the first quartile (.5) to its maximum value (.68). It is telling that Party Distance has a strong enough impact to move this heavily negative coefficient to a positive, but only when the majority party is heterogeneous.

Some of the control variables are also correlated with annual-level aid fragmentation. For example, the party of both Congress and the president are important factors. A Republican Congress tends to decrease overall fragmentation in a bill. This surprising result may be because of a trend that is visible in Figure 3.4: moderate Republicans are more supportive of foreign aid than moderate Democrats. This increased hesitance among moderate Democrats may prompt

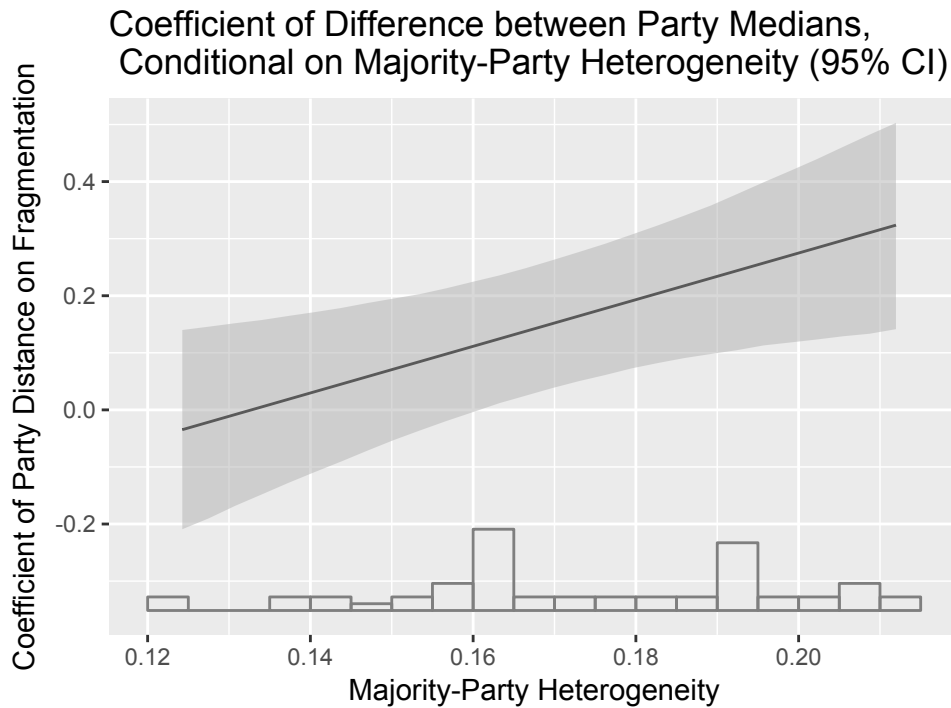


Figure 3.5: The coefficient of party distance on foreign aid fragmentation varies depending on the level of majority-party heterogeneity.

Democratic agenda-setters to create more side payments to bring in the fence-sitters of their party.

In contrast, a Republican president *decreases* fragmentation in a foreign aid bill. The role of the president will be further considered in Chapter Five. Briefly, this finding may reflect the unique ability of a Republican president to build foreign aid bridges. For institutional reasons, the executive branch tends to be more internationalist than the legislature (see, for example, Lohmann and O’Halloran 1994), and liberals tend to be more amenable to foreign aid (Milner and Tingley 2010). Having a co-partisan in the executive branch may entice more skeptical conservative legislators to support foreign aid policy, which would decrease the work of congressional agenda-setters. Finally, as expected, an increase in security aid increases fragmentation, since much of that work is done by non-USAID agencies.

Now consider the second hypothesis, which predicts that moderate legislators should be the most likely to change their votes in response to a fragmented bill. Recall once again that

majority-party moderates are generally the *least* likely to support their party's agenda. Therefore, they are disproportionately the recipients of side payments, in which their pet projects are funded. Insofar as these side payments involve funding specific agencies whose mandates these legislators support, they will increase the fragmentation in an aid bill. In exchange, they should also increase their target legislators' support of an aid bill. As side payments, and therefore fragmentation, increases in a bill, so should moderate legislators' propensity to support the bill. Therefore, if the theory is correct, moderate legislators' probability of voting for a foreign aid bill should increase as the bill's fragmentation increases.

The logit models presented in Table 3.3 below provide more evidence for the theory. Moderate members of the majority party are overall less likely to vote for their party's agenda. This proves to be true in Model 1. Model 2 shows that fragmenting an aid bill does not increase the overall probability of voting for the bill. However, offering side payments that result in fragmentation does not attract all voters equally. It changes the *type* of voters the bill attracts. As Models 3 and 4 show, moderate majority-party voters overall are more likely to vote for a fragmented bill and less likely to vote for a bill that is less fragmented.¹² Overall, this serves as evidence that the legislators who are benefiting most from the new programs (which result in fragmentation) are the moderate members of the majority party.

The overall impact of fragmentation is difficult to interpret in a logit model, because the coefficients are less meaningful. Calculating predicted values for various levels of fragmentation creates a clearer substantive interpretation of the coefficients. Figure 3.6 provides a slightly clearer picture, based on the predicted probability of legislators' votes using the logit model. According to the model, when an appropriations bill is relatively unfragmented (or, at least, when fragmentation is one standard deviation below the median), extreme majority-party legislators are significantly more likely to vote in favor of the bill than moderates. However, this predicted probability of voting flips when bills are one standard deviation *more* fragmented than the mean.

¹²These results hold when the model includes legislators from both parties, although the coefficients are lower.

Table 3.3: Majority-Party Legislator Votes on Foreign Aid Appropriations Bills

<i>Dependent variable:</i>				
Vote on Appropriations Bill by Majority-Party Legislators (1= Yea)				
	(1)	(2)	(3)	(4)
Moderate	-1.922*** (0.156)		-29.092*** (1.369)	-31.279*** (1.653)
Fragmentation		1.759*** (0.300)	-60.421*** (3.078)	-73.276*** (6.854)
Moderate x Fragmentation			49.027*** (2.422)	56.599*** (2.940)
Year FE				Y
State FE				Y
Constant	3.358*** (0.197)	-0.026 (0.163)	36.890*** (1.749)	41.016*** (3.804)
Observations	9,369	8,244	8,244	8,244
Log Likelihood	-5,431.582	-4,899.739	-4,594.154	-3,852.154
Akaike Inf. Crit.	10,867.170	9,803.478	9,196.307	7,866.308

Note:

*p<0.1; **p<0.05; ***p<0.01

For those bills, the more moderate the majority-party legislator, the more likely he will vote in favor of the bill.

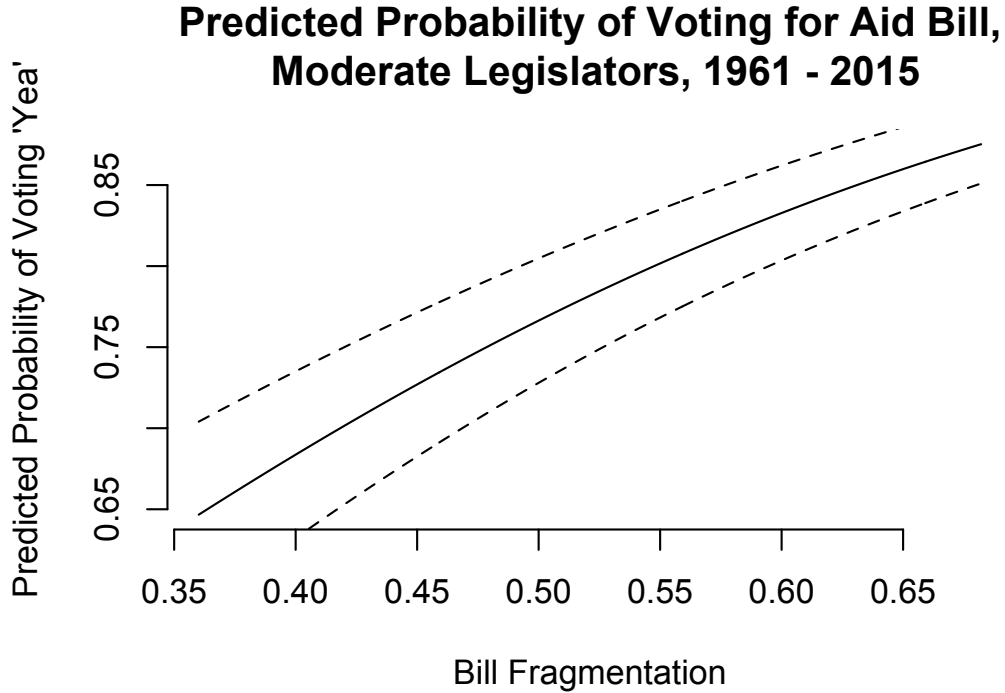


Figure 3.6

This change in predicted voting is substantively significant as well. Increasing the fragmentation of a bill by two standard deviations can increase a majority-party moderate’s voting probability from 75% to 90%. With majority parties voting in favor of legislation at an already high average rate (81.7%), this can make a difference in marginal votes.

3.7 Discussion and Conclusion

The results support the conclusion that foreign aid fragmentation is a byproduct of vote-buying by congressional agenda-setters attempting to promote a positive legislative agenda. Fragmentation is at its highest in years when vote-buying should be most necessary: when the

majority party is heterogeneous and parties are divided. What's more, moderate legislators are drawn into bills that include more pet projects, and therefore, are more fragmented. This indicates that these moderate votes are disproportionately benefiting from the congressional bargaining process that leads to fragmentation.

These results replicate and build upon previous work on distributive politics. Previous theory and empirics suggest that the most likely targets of vote-buying are moderate majority-party legislators. The results presented above support this hypothesis: although majority-party moderates are *overall* the least likely to vote with their party, vote-buying disproportionately attracts their votes.

These results may also be generalizable outside the US, which will be addressed in Chapter Six. Globally, much of the heterogeneity in aid fragmentation appears to come from the domestic donor level. Donor states fragment their budgets, which contributes to the overall fragmentation on a global level. However, donor states fragment their budget at different levels over time, and therefore, their decisions require a domestic-politics explanation. This work explains how fragmentation of foreign aid budgets can be directly attributed to vote-buying in Congress. Agenda setters facing potential voter shortfalls fragment the budget in order draw in party moderates who are on the fence about a piece of foreign aid legislation.

One important implication of this work is that fragmentation may be a necessary evil to make aid funding feasible. If the alternative to a fragmented aid budget is no aid budget at all, then policymakers should begin to consider which option they find more palatable. Similarly, if fragmentation is a substitute for other vote-buying tools, such as provisions, then policymakers should begin to objectively evaluate which substitute tool makes for better policy outcomes.

This research adds to the literature on congressional vote-buying in several ways. First, by considering novel ways that leadership may purchase votes, it suggests that previous work may have underestimated the outlays that parties provide to their most moderate members. If earmarks and campaign contributions are indeed substitutes for allocations to pet-project agencies, then the

latter may have been replacing the former. Second, the potential substitution effect of earmarks and fragmentation suggests that the recently increasing opposition to earmarks could be driving further government fragmentation. If leaders are forced to use new means to buy votes, then streamlined policy could be a casualty of tighter budgets. This raises new normative implications for the costs and benefits associated with earmarks.

Because these findings support evidence that previous vote-buying scholars have collected in other policy domains, it is likely that the theory is generalizable. Foreign aid is not the only policy domain that combines policy goals with concentrated, particularistic benefits. It is also not the only policy domain that has suffered criticism for its fragmented nature. Fragmentation of policy instruments pervades much of US government today, even outside of foreign aid. A much-publicized 2011 report by the Government Accountability Office (GAO) brought to light dozens of examples of inefficiencies caused by government fragmentation in foreign aid and elsewhere (Dodaro 2011). Since then, leaders from both parties have been struggling and campaigning to clear up the bureaucracy. However, their efforts have done little to pinpoint the root causes of the problem and have therefore been ineffective. This research suggests that policymakers may have been going about it the wrong way.

The relative absence of systematic research on the political causes of policy fragmentation gives policymakers little information to work with. As government waste increases in salience, both in political campaigns and in congressional oversight, it is up to the political science community to begin seriously questioning the causes of this phenomenon. Public understanding of the roots of the problem will give Congress more room to provide inventive and evidence-based solutions.

Although this study does not offer hypotheses or statistical tests on how to reverse the process of bureaucratic fragmentation, it lays the groundwork toward suggesting potential ways forward for policymakers. If Congress wishes to better control agencies, leadership must consider the full consequences of how it is overcoming legislative hurdles. In order to create

more streamlined foreign policy, leadership has a few options. Congress can create institutions further limiting the domestic policies relevant to foreign aid. This would decrease the number of dimensions on foreign aid votes, thus making intra-party compromise easier. Alternatively, leadership can further attempt to increase bipartisanship, attracting votes from the minority party. Although our government appears a long way off from taking these policy steps, the first step is know the sources of the problem.

The strength of these quantitative tests is their ability to track large-scale political trends. The weakness of this approach is the problem mentioned above: the hypothesis tests only show indirect support of the theory. In order to see the theoretical mechanisms more directly, the following chapter will take a more qualitative approach. Rather than simply showing large-scale trends, this case study will provide more immediate evidence of the theory working in a single piece of legislation: the 1992 FREEDOM Support Act (FSA). I will show that the increased fragmentation created in this bill was not a conscious policy choice by the US government. Instead, it was an unintended byproduct of the congressional bargaining process that made the bill's passage possible. In order to pass the FSA, agenda-setters were forced to create entirely new agencies that represented the pet projects of influential legislators—disproportionately, moderates. A discussion of the bill and its passage, with information derived from congressional hearing transcripts, news reports, bill and amendment text, and first-hand interviews, follows in Chapter Four.

4 Fragmentation in the 1992 FREEDOM Support Act

In the previous chapters, I outlined and indirectly tested a theory of foreign aid fragmentation as a byproduct of bargaining and vote-buying within Congress. I concluded that fragmentation is at its highest when the majority party's preferences are spread widely and the minority party is distant. Such a situation maximizes the probability that congressional agenda-setters will have to buy the votes of moderate members in order to persuade them to support a bill. More importantly for the present chapter, I found that moderate majority-party legislators, who overall are the least likely to vote for their party's bill, are more likely to vote for a bill when that bill is more fragmented. This served as additional evidence for the theory, which predicted that majority-party moderates' votes were the most likely to be bought. The same processes that lead to fragmentation also lead majority-party moderates to change their votes.

What the previous chapters were unable to do was directly test the causal mechanisms behind the theory. The process by which agenda-setters go about fragmenting foreign aid was not drawn out. It was also not certain how fence-sitting legislators introduced the side payments that lead to fragmented bills. This chapter provides direct evidence that majority-party moderates' interests are disproportionately represented in the processes that lead to the fragmentation of foreign aid. It also directly shows one mechanism by which these new programs can enter a bill: through the amendment process. Rather than simply assume that the process leading

to fragmentation is the same process that leads moderates to change their votes, I trace the mechanisms leading to fragmentation and legislative voting. I do so using a clear-cut historical case in which bureaucracy was split between programs in unprecedented ways: the 1992 Freedom for Russia and Emerging Eurasia Democracies and Open Markets (FREEDOM) Support Act (FSA).

I find that the fragmentation in the FSA was driven by congressional bargaining during the bill-writing process, much of it through amendments. Agenda-setters who wanted to pass the FSA were constrained by its relative unpopularity. Because 1992 was a recession year and an election year, foreign aid was low on many legislators' lists of priorities. Agenda-setters then began offering side payments to fence-sitting legislators, many of which involved writing the creation of new programs and agencies directly into the bill. This process increased these fence-sitters' support for the bill. However, the same process also led to fragmentation. As the number of these smaller programs increased, centralization and authority decreased and collective action problems became apparent within a few years of the FSA's passage.

In the quantitative chapter, I tested this mechanism on a sample of foreign aid votes. This was to prevent bias and maximize consistency: the annual appropriations bill must be passed every year and fund a range of programs to various levels. This method also obviated the problem of selection bias in choosing certain foreign aid bills and not others. However, challenges inherent in this large-n research can be addressed more deftly with a case study, for at least three reasons. First, a small-n study allows for careful case selection and no longer requires that data be available on an annual basis. An in-depth look at a single case allows me to bring out the components of the mechanism that are hidden in the quantitative research. Second, choosing a non-appropriations bill allows me to increase the external validity of my research. Third, using a case study allows me to more directly measure the two parameters of most interest in the theory: the region of the status quo and the beneficiaries of the duplicating programs. These could not be measured with accuracy in the large-n analysis.

In the remainder of this chapter, I will discuss the political support and fragmentation of the 1992 FSA. First, I will introduce the main provisions of the act and the programs created, along with summarizing the theory. Next, I will estimate the values of the two main parameters, or explanatory variables, of most interest: the status-quo location and the identity of the legislators who requested and were granted new programs. I will show that, as expected, the moderate branch of the majority party were drawn towards and benefited from the new programs written into the FSA. Differences between the House and Senate versions, Senate amendment data, and changes over time in each of these versions of the bill, all combine to describe the legislative process and pinpoint the determinants of new program creation and funding. I also draw from floor debate and hearing transcripts, which offer further qualitative evidence of the theory.

In the following sections, I present the values of the parameters from the theory that are of most interest to this case. I estimate the location of the status quo, as well as detailing the level of fragmentation in the FSA. Then, I introduce the legislative sources of fragmentation within the bill itself. First, I discuss the Senate bill and its amendments, which created most of the new programs in the FSA. Although the Senate did not record a vote on the final legislation, the decisions of key Senators on the specific amendments proposed can provide insight into their opinions of the legislation. Also, a dive into the debate transcripts allows me to see who sponsored the amendments in the first place. Second, I outline the two versions of the bill that the House voted on. The first version received the most votes, although an important moderate group of legislators who voted against the first House bill ended up favoring the final legislation. Finally, I outline the general provisions of the various versions of the bills and point out key differences that drove changes in voting. I conclude with an update on how the FSA and its programs are faring today and what we can learn from this and other fragmented legislation.

4.1 Case Selection: The FREEDOM Support Act

The FSA is an extreme case. Both the independent variable—the leadership’s hold on the party—and the dependent variable—the resulting policy fragmentation—are relatively high. As Gerring (2006) would define it, the FSA legislation “is considered to be prototypical or paradigmatic of some phenomena of interest. This is because concepts are often defined at their extremes.” (page 101). In examining the mechanisms leading to the FSA’s fragmentation, I am not pretending to be presenting a representative sample of foreign aid legislation. Instead, the value of this case is in its uniqueness and its particular fit with the scope conditions of the theory. Choosing a “typical” case would not allow me to track the mechanisms leading to fragmentation as well, because it is unlikely for fragmentation to be high in any random case. The FSA case presents an opportunity to clearly witness the mechanisms at play.

There are, of course, some potential downsides to choosing an extreme case such as the FSA. First, the generalizability of my findings may be called into question, since the processes leading to the FSA’s fragmentation may not be relevant in all legislation. This is undoubtedly true. I find that much of the fragmentation caused by the FSA was directly related to the amendment process. Many bills pass through Congress without the opportunity for amendments. Therefore, some of the mechanisms I describe in this case study will not be relevant to all bills. However, other mechanisms, such as the decision of central leaders to push back against lawmakers trying to simplify the bill, are more generalizable. Second, this case is helpless to explain the *lack* of foreign aid fragmentation that the US sometimes sees. The “dog that doesn’t bark” can be interesting in and of itself. Unfortunately, it would require a different case study entirely to understand years of low fragmentation. Overall, however, the benefits of an extreme case overwhelm the drawbacks. Future work would benefit from the inclusion of several other cases, as well as inter-case comparisons. However, the FSA allows for an increased understanding of the mechanisms leading to the fragmentation phenomenon, which makes it interesting as a

stand-alone case.

The theory predicts that fragmentation is a form of side payment designed to convince fence-sitting moderates to vote in favor of legislation. If this is true, then moderates should be the ones requesting and benefiting from the projects that lead to bureaucratic fragmentation, and they should therefore be more likely to support the final, fragmented bills. When the status quo creates gridlock and the party is divided, then leadership will buy votes through fragmentation. A deep dive into the FSA shows this to be precisely what is happening. Much of the fragmentation created by the FSA can be directly attributed to new programs created or supported by ideological moderates from the majority (Democratic) party. Not only were moderate Democrats more likely to introduce successful amendments that created new programs, they were also surprisingly likely to support a more fragmented version of the FSA bill. The resulting fragmentation of FSA programs was driven by the administration's attempt to manage all of the congressionally mandated programs.

I collected information and data for this case from several sources. First, I interviewed experts who were working in Congress or in the bureaucracy around the time of this legislation to understand the issue from various viewpoints. Second, I read congressional hearings and testimony from both House and Senate consideration of the bill. Third, I read transcripts of the Senate floor debate, in which 82 amendments were introduced by various senators. Finally, I collected data on the specific votes that came out of the debates. Some versions of the FSA were less fragmented than others, and by tracing legislators' reasons for changing their votes, I am able to directly witness the theoretical mechanisms at work.

4.2 Background on the FREEDOM Support Act

The end of 1991 witnessed an unprecedented international event: the sudden fall of the Soviet Union. When Congress returned to session in January of 1992, legislators began debating

how best to address this change in international reality and support the democratization of the former Soviet Union (FSU). While it was clear that some sort of foreign aid legislation would soon be in the works, several members of Congress were concerned about timing. It was important to pass a bill that would last. However, many members, along with the president himself, were now facing an election year and a bad economy. Both the importance and the sensitivity of FSU policy at this moment promised a rocky beginning for any legislation attempting to aid such a controversial region.

After years of pushing the Republican party to channel more aid money toward post-Soviet states, Democrats saw this international event as an opportunity to push their legislative agenda further than before. Democratic leadership finally managed to find enough support to convince President George H. W. Bush to introduce and support legislation to fund FSU democratization. The FSA was this legislation. It authorized a \$410 million bilateral aid package intended to help former Soviet states to recover from communism and build private enterprise. It also created various partnership programs between the US and post-Soviet states and increased the US share to the International Monetary Fund (IMF) by billions.

The once-powerful Senate Foreign Relations Committee had failed to pass an authorization bill for almost a decade. In a recession year, public support for foreign aid was at a lull. The Rodney King Riots were just beginning to sweep through southern California, and the Persian Gulf War was winding down, further increasing the salience of domestic over foreign policy. Appropriations committees offered senior legislators more status than they would in the coming years (party power had not yet hit the peak it would in 1994), but party leadership was beginning to take more control over voting decisions. It was therefore important to the Foreign Relations Committee to take advantage of this opportunity to shape US foreign policy.

The legislation that resulted represented a diverse set of bargains on many levels. Issues from the environment to bank bailouts to domestic spending were discussed within the framework of this legislation. With many of its programs still existing today, the FSA has been one of the

most influential and controversial pieces of foreign aid legislation in the past few decades, shaping the foreign aid landscape. Its creation, and the creation of the many new programs that came with it, uncovers intricate details about the making of legislation and voting on Capitol Hill.

Despite its prominence, the FSA was not a perfect bill. Specifically, it was and still is commonly considered an exceptionally fragmented piece of legislation. A set of audits by the Government Accountability Office (GAO) in the mid-1990s reported a lack of coordination of programs and authorizations in the bill. According to the GAO, the FSA encompassed 19 government agencies with often overlapping agendas and competing priorities (Johnson 1995a, page 2) and did not offer much guidance on who was in charge. While Congress did implement coordination mechanisms, even these overlapped and competed. Among GAO's strongest criticism was the lack of agency coordination:

The Coordinators role has been further complicated by the existence of serious disagreement between agencies over various aspects of the program. USAID, a primary implementing agency for Freedom Support Act programs, has been involved in numerous disputes with other government agencies over money and policy... disputes between USAID and other agencies have required the Coordinators Office to spend an excessive amount of time dealing with high-level political battles over small amounts of money instead of spending time developing program goals and objectives. (Johnson 1995a, page 4)

The GAO's research highlighted the complex structure for overseeing the broad variety of programs under the FSA. It found competing jurisdictions, with some sets of programs falling under no jurisdiction at all. Figure 4.1 below visually outlines GAO's findings regarding the complex structure of FSA programs.

The bill text even fragmented coordination responsibilities. "The Freedom Support Act states that the Coordinator is responsible for coordinating U.S. government activities and policies with respect to the states of the FSU; however, the Freedom Support Act also gives responsibility to the Secretary of Commerce for coordinating export promotion, and to the Secretary of the Treasury for coordinating activities related to U.S. participation in international

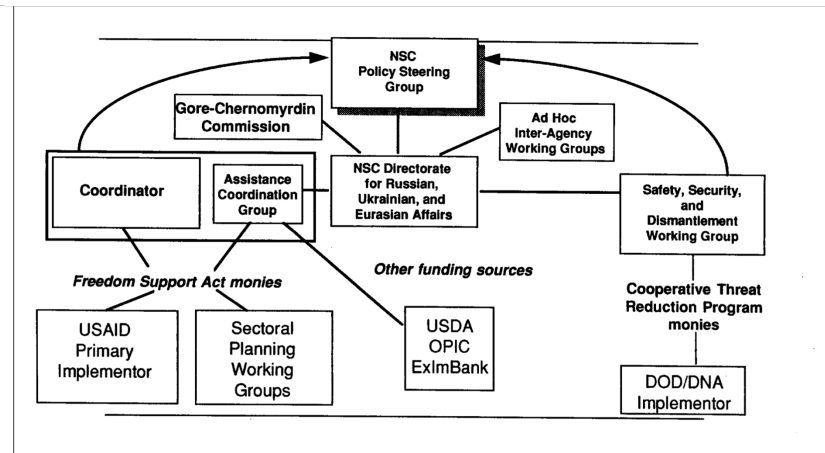


Figure 4.1: FSA Coordination, According to 1995 GAO Report

financial institutions.” (Johnson 1995a, page 26)

Not only did the FSA legislation encompass an unusual assortment of existing agencies and programs, it also created entirely new ones. A series of foundations, bureaus, funds, and inter-agency coordination groups came to life following the legislation. Some of these fit better into the existing aid framework than others. For example, the FSA mandated the creation of new Science and Technology Centers in the FSU, to be run by the Department of Energy. These programs were originally carried out and funded exclusively and effectively by the National Laboratories, but Congress later stepped in and mandated that the programs use their own funding source and involve the private sector. According to aid coordinators, this led to confusion and decreased cooperation among agencies (Johnson 1995a, page 31).

Another new program authorized by the FSA was a set of American Business Centers in the FSU, headed by the Department of Commerce and funded by USAID. After Commerce created a budget and plan for the centers, however, USAID balked. At first, USAID released only \$5 million of the \$12 million Congress had appropriated for the centers. Citing concern over inefficiencies in Commerce’s handling of the centers, and demanding that the private sector

pay some portion, USAID fought to minimize its contribution. It wasn't until after a series of bureaucratic battles that USAID gave in and paid the \$12 million. Nevertheless, the agency continued to consider the centers a waste of aid funding. USAID had similar conflicts with the US Trade and Development Agency, the Environmental Protection Agency, the Treasury Department, the Food and Drug Administration, and the Centers for Disease Control, all of whom were attempting to administer their own aid programs in the FSU (Johnson 1995a).

After the GAO's original report, USAID made an effort to work more closely with other agencies. Later in 1995, the program inefficiencies were being managed more carefully, but the fragmentation of the original bill was still wreaking havoc on FSU aid programs. A later GAO audit once again pointed out ongoing problems among bureaus within the Department of State (Johnson 1995b). Interagency cooperation in the FSU has waxed and waned since these reports, but, according to one prominent aid expert, the FSU and similar programs were the beginning of today's uptick in fragmentation (Author Interview, July 17, 2017).

Overall, the number and severity of these anecdotes suggest that the FSA served to fragment foreign aid implementation in the FSU. Unlike many programs, it spread aid funding among several agencies, started new projects without carefully considering their authority and placement, and created a coordination nightmare for USAID and the Department of State. Why was this bill so fragmented and complicated? Below I lay out the mechanisms of the theory of fragmentation developed in Chapter 2. I show that the legislators most willing and able to promote their own pet projects were the moderate Democrats most likely to vote against their party. As the theory suggests, in the case of the FSA, fragmentation was a consequence of a leadership with an unclear hold on power within the party giving legislators what they want in order to pass an important bill.

4.3 Parameters of Interest

Recall from the theory that bureaucratic fragmentation depends upon a few important parameters. First, the *status quo* must fall within a certain region. Specifically, it must fall somewhere between the majority-party median and the moderate wing of the majority party. When the status quo falls to the left of the majority median, there is no need to work to collect votes. On the other hand, when the status quo falls to the right of the moderate wing of the majority party, it will be easy for majority leadership to pull policy back toward its ideal point. Fragmenting the budget to include legislators' pet projects only becomes necessary when the status quo falls between the majority-party median and the moderate wing of the majority party.

Another parameter of interest to the model is the identity of legislators who benefit from the programs in question. This is difficult to measure in a large-n analysis, because we can only make broad assumptions about legislator preferences. However, detailing one particular piece of legislation offers two ways of measuring legislator benefits. First, by reading legislator debate and statements on various proposed and enacted programs within the FSA legislation, I can inductively estimate which legislators are most in favor of these programs. Second, by identifying specific votes that introduce new programs into the legislation, I can quantitatively diagram which legislators are more likely to favor those programs. A combination of approaches gives me a better grasp of the costs and benefits to different legislators of the fragmented programs of the FSA.

The status quo is the first parameter I will estimate. The reversion point, or status quo, can be difficult to locate in a contrived uni-dimensional space. Often, foreign aid is constituted by such a mishmash of programs and funding sources that it feels impossible even to place the policy itself on a single dimension. Even when it is possible to measure a policy, such as by determining spending levels, translating that to legislator preferences is a challenge. Once again, the benefit of a case study is the ability to inductively measure values that are difficult to track on a large

scale. In this case, I will choose the policy dimension of most importance and track down the location of the most recent major piece of legislation on that issue. In essence, this represents the reversion point: if this policy were to fail, what, where and how would policy revert?

In the case of the FSA, the status quo can be determined by examining the legislation that the FSA sought to replicate and expand: the 1989 Support for Eastern European Democracy (SEED) Act. The SEED Act was a multifaceted attempt to reward democratizing states in Eastern Europe, such as Poland and Hungary, with programs designed to ease their transition into democracy and market economies (CQ-Almanac 1990). The SEED legislation was introduced by congressional Democrats with little support from President George H. W. Bush. It constituted a three-year authorization bill, which was set to expire in 1992. Much of the congressional discussion regarding the FSA compared it to SEED, with some legislators even calling it “SEED II” (Senate 1992). One clear option in crafting the FSA was to simply reauthorize and extend the SEED Act. This would have created simple legislation and negated the need for new, complicated programs.¹ The provisions and terms of the SEED Act constituted the status quo when it came to assisting and incentivizing Eastern European transitions to democracy.

Among the other programs it authorized, the FSA did indeed re-authorize SEED. One provision of the FSA specifically extended the SEED Act to the newly free former Soviet states. So why did the legislation do anything else? Simply extending the funding and scope for SEED would have addressed most of the issues for FSU democratization and kept fragmentation at a minimum. Congress could have roughly kept the status quo policy but extended it to address new international realities.

Democratic leadership had at least three reasons not to simply continue the status quo. First, Democrats were gradually becoming more powerful in Congress. In 1989, when the SEED Act was signed into law, Democrats held 263 seats in the House and 57 in the Senate. By

¹This may have been especially likely given the fact that the SEED Act itself had created its own set of new programs. One anonymous interviewee explicitly blames SEED for laying the groundwork for fragmentation in the FSA.

1992, those majorities had increased to 269 and 58, respectively. This convinced Democrats that they had an increased mandate to expand their policies. Second, the upcoming election offered Democrats more leverage *vis-a-vis* the Bush administration. Bush's approval ratings had decreased throughout his term, and he was facing a difficult election against his popular Democratic opponent, Bill Clinton. Clinton had begun to make Soviet aid a campaign issue, claiming that Bush "has been overly cautious on the issue of aid to Russia, not for policy considerations, but out of political calculation" (CQ-Almanac 1992). Third, Soviet aid had become more popular among Democrats and Republicans alike (Tarnoff 2004). This popularity, along with the fact that Congress's median ideal point had slipped slightly to the left (from a DW-Nominate of -0.14 to -0.16), led Democratic leadership to believe it could create a new policy closer to its own preferences.

Figure 4.2 below displays a histogram of DW-Nominate scores for the 102nd Congress (from Poole and Rosenthal 1991). Several points on the histogram denote the location of several important variables. First, the majority and minority party medians (L and m, respectively) fall at -0.32 and 0.35. The most extreme majority-party legislator that the majority must accommodate in order to pass legislation with its own party, *ext*, has an ideal point of -0.46. Most importantly, the most moderate member of the majority party who is necessary to pass legislation has an ideal point of -0.15. The region of the status quo most likely to provoke fragmentation, "Region 2" from Chapter 2, is highlighted. Recall that if the status quo falls within that region, then vote-buying becomes especially necessary for congressional agenda-setters wishing to pass legislation that moves the status quo.

I estimate the status quo on this scale by examining congressional votes on the 1989 SEED Act. Specifically, I calculate the median DW-Nominate score of legislators who voted in favor of SEED. This act was popular, both among Democrats and Republicans. It received unanimous support in the Senate, and fewer than 50 voted against it in the House. Nearly all of SEED's detractors were conservative Republicans. Ideology was a strong predictor of voting for

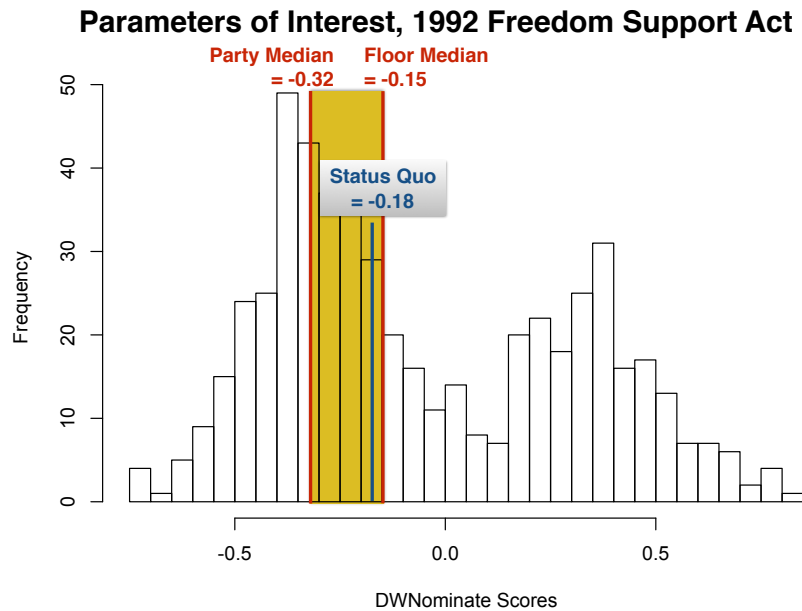


Figure 4.2

SEED, as outlined in Figure 4.3 below. Because of this, the median legislator who voted in favor of SEED was more liberal than the floor median. The creation and passage of SEED brought the status quo for post-Soviet aid closer to the Democratic median than ever before.

I place the policy status quo at the time of the FREEDOM Support Act's creation at -0.18. As explained above, this is the median DW-Nominate score of the legislators who supported SEED. The relative monotonicity of the SEED vote, as well as the clear partisan implications, increase the confidence of this measure. The ideal point of a legislator whose DWNominate score is about -0.18 is well represented in the SEED Act. Once again, this is far from precise. Some legislators with DWNominate scores near -0.18 voted against the SEED Act. However, it serves as a relative estimate. Considering the median legislator and party power at the time, this status-quo estimate has face validity. Therefore, I can relatively confidently say that the status quo falls into Region 2. This should lead us to expect the leadership to struggle to lure on-the-fence moderates with attractive programs, leading to fragmentation.

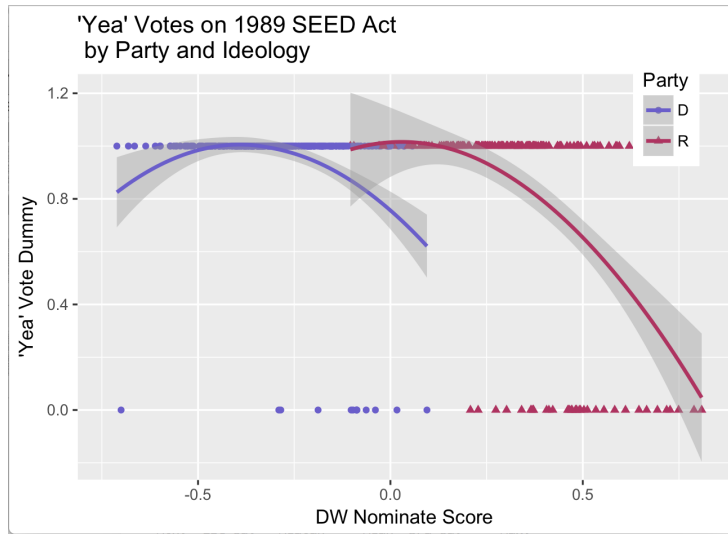


Figure 4.3: Legislative votes on the 1989 SEED Act. The curves represent loess lines of each party’s vote on the SEED Act, with respect to ideology.

The next important parameter from the theory to estimate involves which legislators benefit from the vote-buying process that leads to fragmentation. A fragmented bill combines a collection of smaller programs, some of which may be pet projects for certain legislators. The empirical results in Chapter 3 suggest that the legislators whose pet projects are most likely to be represented are the majority-party moderates. These are the legislators who would otherwise be least likely to vote with the party when the status quo falls in the vote-buying region.

Two sets of factors specific to the FSA allow me to estimate which actors most favor fragmentation, and therefore to discern which legislators benefit most from the fruits of that fragmentation. The first factors are related to voting. Several votes took place in both chambers of Congress, with varying effects on fragmentation. On the Senate side, the chamber considered dozens of amendments, some of which would create more programs. Determining which senators sponsored which amendments will offer some insight into who stood to gain from the programs. On the House side, two separate votes confirmed two versions of the FSA. The second version, which came out of the conference committee with the Senate, included new programs that were not a part of the House version. This led to an ultimately more fragmented bill, which received

support from a different set of representatives. Comparing these two versions of the House bill provides an opportunity to see which representatives stood to gain from the programs that were added.

The second set of factors that will help me determine who benefited from the specific programs are more qualitative in nature. They come from elite interviews, congressional hearing and debate transcripts and summaries of the legislation. Although not all members of Congress attended hearings and debates on the legislation, the statements of the ones who did can tell us a lot about preferences along the political spectrum. Similarly, the success of the specific programs that these legislators supported can be explained in the theoretical framework. Reading legislators' statements and reactions offers another imperfect way to determine who benefits from fragmentation.

In the following sections, I outline estimation strategies for determining the winners and losers of fragmented programs in the FSA. I show that the most successful programs were not necessarily those espoused by powerful legislators, which would be surprising without the theoretical explanation outlined in this work. Instead, the ability of a proposed program to be included in the final bill is related to the ideology of the legislator who supported the program. Programs introduced by powerful but extreme legislators often failed to make it into the final legislation. Instead, legislators with moderate ideologies were the most successful in gaining funding and support for their programs. The fragmentation among programs visible in the FSA, therefore, is largely a result of moderate legislators demanding payment for their acquiescence. The specific details of the programs, as well as the identity of their supporters, show this pattern.

4.4 The Three Votes of the FSA

Like most legislation, the FSA was impossible to resolve with a single vote. Both chambers of Congress created their own versions of the bill, which they reconciled after both bills

passed the floor, in a conference committee. Both chambers then had to schedule a second vote to pass the final bill into law. The first vote for both chambers is recorded in the congressional record. However, the second vote, after conference committee reconciled the bills' differences, are not as well recorded. Instead of collecting written votes, the Senate cast and passed their second vote by voice ballot. There is no record of which senators supported the final version of the bill. However, the House cast a paper ballot for the final version, allowing for a comparison of representatives' votes in each version.

The House and the Senate versions of the FSA differ slightly for ideological and institutional reasons. First, the House at the time was slightly more liberal than the Senate, with median DWNominate scores of -.2 and -.15, respectively. This resulted in slightly less trust of the Republican president, George H. W. Bush. The House version of the bill provided less discretion to the executive than the version that eventually emerged from Congress. Second, unlike senators, every member of the House of Representatives must run for reelection every two years. This made the immediate domestic implications of the FSA more salient within the House, especially among liberal Democrats. The House nearly failed to pass the legislation because of some members' desperation to pass domestic spending bills first (Chi 1992). This was a less salient concern in the Senate, where only a third of members were up for re-election. Finally, House leadership was able to pass their version of the FSA through a "closed rule," meaning no amendments were allowed after the committee stage.² This allowed the House to boast a "cleaner" bill, with fewer amendments and less outside influence. The Senate version, forced to consider floor amendments, included more scattered legislative content.

The final version of the bill deleted many of the amendments that the Senate had favored, and it weakened some of the strings that the House had attached. The bargains made by both chambers echoes the theory developed earlier in this research. The specific programs instituted by the FSA served to bring in moderate legislators who were hesitant to shift the status quo. In

²Interestingly, the decision to take this vote without amendments was successful because most of the idea's opponents were accidentally held up at a news conference when the floor decision was made (CQ Summary).

this chapter, I introduce several sources of evidence, from House and Senate votes as well as amendments themselves, that support the theory outlined previously. When comparing votes between and within bills, it becomes clear that the fragmentation created by the FSA was largely a tool to make the bill more palatable to moderate Democrats.

The FSA was first introduced in the House, but the Senate leadership was the first to push it as an agenda item, and the first vote took place in the Senate. This is partially because debate in the Senate was less intense than in the House. Fewer Senators faced an imminent reelection race, making it less politically valuable for them to grandstand against foreign spending. This mostly affected Democratic legislators, many of whose constituents were demanding more government support for domestic programs. The lack of imminent elections minimized the primacy of domestic spending for Democratic senators. Unlike the House, whose leadership only managed to pull a 60% majority, over 79% of the Senate voted in favor of the bill. The Senate vote was also more bipartisan than the House, with 82% of Republicans voting in favor of the legislation (compared to only 58% in the first House vote). Whereas the DW-Nominate scores of “yea” and “nay” voters in the Senate did not differ significantly, ideology in the House was significantly different between supporters and opponents ($p = 0.021$). All this led to a smoother bill passage in the Senate.

This is despite the fact that the Senate faced a more complicated institutional process to pass the legislation. Unlike the House, Senate rules do not allow for a quick, amendment-free passage. The Senate had to accept amendments from both the committee and the floor as a whole. This led to some changes to the Senate bill. The Senate recorded 81 separate amendments during floor debate. These were in addition to the amendments that had been added during committee debate, which are not recorded. These Senate amendments played a large role in shaping the coalition in support of the bill, as well as the bill itself. The first task in analyzing the Senate’s actions on the FSA, then, is to record and consider these amendments. Figure 4.4, below, does just that.

Based on the wording of the amendment and the substance of the debate in the Congressional Record, I coded each amendment by type. The Appendix lists the amendments and their summaries in the legislative record. I coded four types of Senate floor amendments to the FSA: Politics, Security, Earmark, and Program. *Politics* amendments involved domestic discretionary and legal issues that had little international or distributional bearing and did not specify new programs. They include specification of funding amounts, reporting requirements, and conditionality. Of the 81 total amendments, 21 were coded *Politics*. *Security* amendments dealt with foreign policy issues rather than domestic politics. Most were short on debate, unless they dealt with a controversial foreign policy issue. The greatest number of amendments, 29, were coded as *Security*. *Earmarks* were amendments that either dealt specifically with distributional issues or were transparent in their domestic distributional consequences. A Florida senator introducing an amendment about Cuba is an example. Only 14 of the 81 amendments were coded as *Earmark*. Finally, *Program* amendments are the ones specifically introduced to authorize the creation of a new program within the FSA bill. These are the amendments most responsible for the overall fragmentation generated by the FSA legislation. Of the 81 amendment, 17 were designed to create new programs.

According to the theory, new programs should be disproportionately created to appease moderate Democrats. This would obviously imply that moderate Democrats introduced a higher proportion of the *Program* amendments. To examine whether this is the case, consider Figure 4.4 above, which presents a loess line of the DW-Nominate scores for the sponsors of the four amendment types. Region 2, as introduced and calculated earlier in this chapter, is shaded in yellow. Although Region 2 represents a relatively small portion of the policy space (8.5%), it is clear that the number of *Program* amendments peaks within this region. A full 23.5% of all *Program* amendment sponsors fall within Region 2. In contrast, only 13% of *Politics*, 11% of *Security*, and no *Earmark* amendments fall within this region. As the theory predicts, a disproportionate number of new programs are sponsored by moderate Democrats.

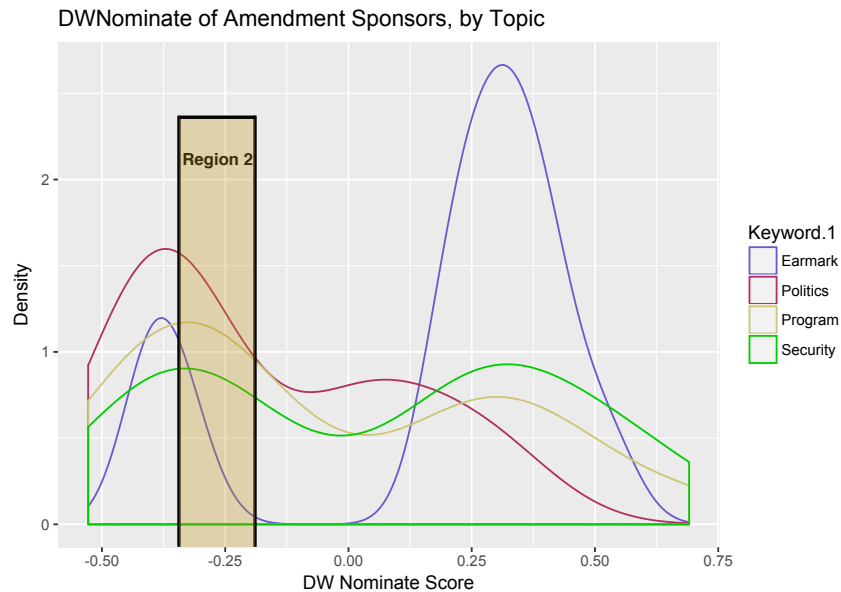


Figure 4.4

The complexity of new programs, and the fragmentation that they could create, were not lost on Senators at the time. One clear point of conflict in the Senate debate was the number of priorities in the bill. From the start, the FSA contained a detailed list of programs, many of which overlapped and duplicated existing ones. When challenged by a senator about the overwhelming number of new projects in the bill, an administration official responded:

I am ready to commit euthanasia on projects that do not get off the ground. But... you have colleagues up here in the House who have specific interest in this and sometimes, the price for doing business for us is to include on the list some things that maybe you or I would not in a vacuum, have on this list. (Senate 1992, page 46)

Senators from both sides of the aisle expressed initial concern that the bill was becoming too fragmented. During a joint hearing, the Democratic Senator Patrick Leahy, asked the administration “How do we avoid frittering away our aid in tiny programs all over the former USSR?” (Senate 1992, page 61). Specifically, Leahy criticized the administration for its promotion of a new “Democracy Corps,” which would function similarly to the Peace Corps but focus

volunteer recruitment on business executives, who would work directly with local enterprises. With a DW-Nominate of -0.382, Leahy's ideology was more liberal than the party median. As may be expected, this was not his pet project; he had little to gain from this and other new programs that would eventually buy the votes of more moderate legislators.

For their part, Republicans reported skepticism about programs like the new Educational Exchange Endowment. Senator Richard Lugar pointed out during debate that the US government already administered a number of similar exchange programs:

...such as the Fulbright Scholarship Program, the Samantha Smith exchanges, the Ben Franklin fellowships. To fund the additional programs contemplated by this amendment could jeopardize the continuation of these very highly successful programs in operation now. There simply is not enough money to go around. (Congressional Record Vol. 138 No. 98 Pg. S9591)

Despite hesitation from both parties, many amendments that further fragmented foreign aid passed through the Senate with little difficulty. As long as they were supported by crucial moderate Senators, fragmentation of the foreign aid budget was considered a necessary evil. Another theme of the amendments to the Senate bill was an increase in power given to the Department of Commerce. According to Senator Kasten, a moderate Republican and supporter of Commerce's programs "I frankly wish we would be binding the President... because we have tried through hearing after hearing, through letter after letter, time and time again to try to get this point across, and it wins sometimes in Commerce, and then it loses in State." (Congressional Record 138 Cong Rec S 9343 Vol. 138 No. 97 Pg. S9476). The explicit inclusion of Commerce in the final FSA bill served to appease Kasten and other moderate Republicans.

Just as notable as programs that were *included* in the Senate bill are programs that were *excluded*. Powerful senators' pet projects were often excluded when those senators did not need to be convinced to support the legislation. Senator Joe Biden, a powerful member of the Foreign Relations Committee, pushed for inclusion in the bill of a "SEED Foundation," modeled on the Inter-American Foundation and providing grassroots funding for small projects in Eastern Europe.

Not only was such a foundation excluded from all versions of the final FSA legislation, it had also been ignored three years previous in the original SEED Act (U.S. Assistance to the New Independent States, page 38, March 19). It is initially puzzling that the second-highest ranking Democratic senator on the Foreign Relations Committee would be unable to push through a program that he supports. However, the theory introduced in previous chapters predicts just such an event. Senator Biden's DW-Nominate score during the 102nd Congress, at -0.33, fell outside the range of moderate legislators. He therefore needed less convincing and appeasement than other legislators. The final bill would move toward Biden's ideal point, and he would (and did) support it, regardless of whether his pet project was included.

Senate votes for the FSA differed significantly from the SEED votes in one respect: moderate Democrats were much less inclined to vote for FSA than SEED. Once again, this difference is initially puzzling: these two bills were similar in both their intention and their means. However, within the framework of the theory, Senate votes for the FSA make a lot more sense. Consider the SEED vote presented in Figure 4.3. Most Democrats were in favor of this legislation. It represented a new frontier of foreign aid, creating programs to develop democracy in states that were previously controlled by a communist superpower. Most of those programs did not previously exist. In 1989, the reversion point was essentially the absence of any programs developing Eastern European democracy. Now compare the SEED votes to Democrats' votes in Figure 4.5 below. Region 2 is shaded for ease of interpretation.

As is clear from this figure, moderate Democrats were much less likely to vote in favor of the FSA than any other Democrat (see the number of blue dots at the vertical zero axis). This is because the FSA drove policy further from their own ideal point, which had been established in SEED. Many moderate Democrats would have been content to extend existing SEED programs. Unlike Republicans, moderate Democrats did not need to vote for the legislation to support their president. In the absence of any pet projects or new programs, even more of these moderate Democrats would probably have voted against the legislation.

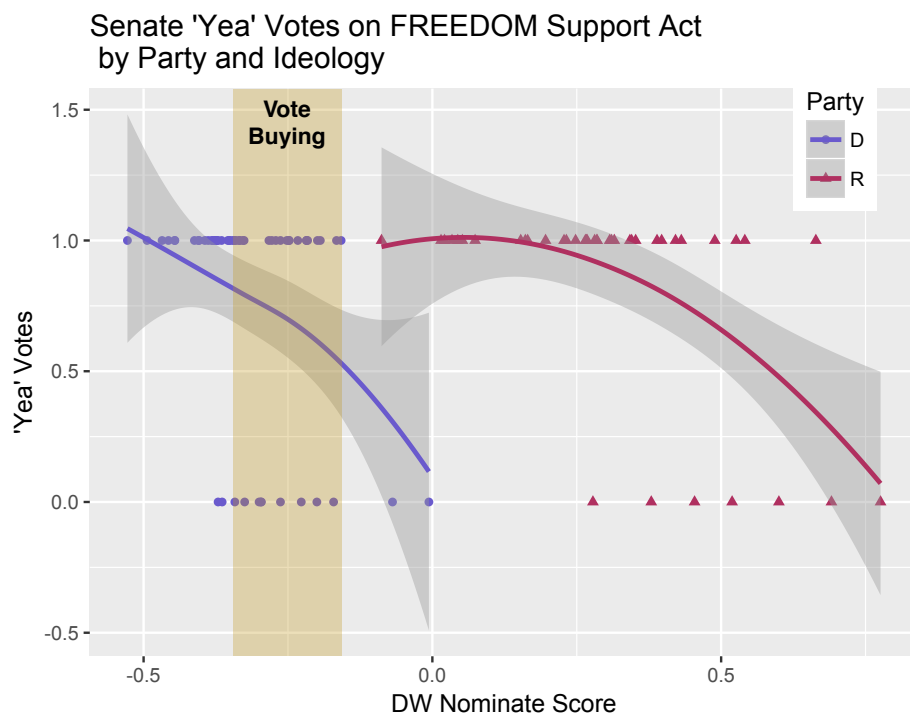


Figure 4.5

After the first Senate vote, the House crafted and voted upon its own version of the FSA. As mentioned above, the FSA faced more dissent in House of Representatives than it did in the Senate. This dissent came from across the political spectrum. While liberal Democrats pushed for more domestic and less international spending, conservative Republicans questioned the wisdom of funding our former enemies at all. Much of this dissent can be attributed to election anxiety. Of the twenty senators who had opposed the FSA, 11 were facing an election in that year (CQ-Almanac 1992). Because all House members were facing an election, even the most liberal ones had reason to be wary of foreign aid spending. This difference in liberal votes is clear from Figure 4.6 below. Unlike the Senate bill, the House bill was unable to attract some of its most liberal members. Region 2 has little bearing on support for the bill, although it is notable that support peaks near the majority-party median and decreases throughout Region 2.

The House of Representatives recorded two separate votes on the FSA: first, on the

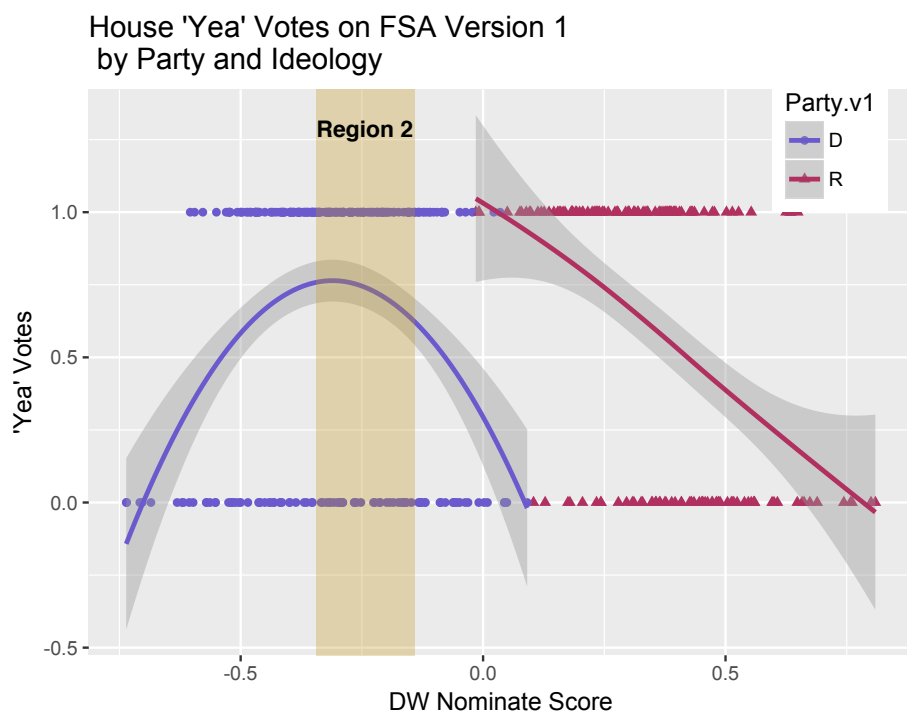


Figure 4.6

version of the bill that the House itself had created, and second, on a final version that resolved the differences between the chambers. Two major differences between the two versions of the bill stand out. First, the final bill is less detailed than the version that the House initially wrote and passed. Many representatives were skeptical of the Bush administration and wanted to maximize their oversight while minimizing Bush’s discretion. Many accused the administration’s bill of being too vague and asking for too much (Crossettes 1992).

Second, the House bill was more streamlined. As Representative Hamilton contested, “several of the Senate amendments were ‘overlapping, contradictory, and would create layer upon layer of new bureaucracy’” (Tarnoff 2004, page 27). Along with others, he pushed for the bill to be passed through the House without any floor amendments. This was especially important because some Democrats were considering killer amendments that would explicitly tie Soviet aid to popular domestic programs. As many argued, such linkages would effectively render the

bill impassable. By June, Bush had met some of the House's demands for domestic program funding. This greatly improved the prospects for the FSA passing the House (Tarnoff 2004, page 31). More domestic funding would come later, which would draw even more liberal Democrats to vote for the final bill.

Despite the misgivings of members on both sides of the aisle, House Democratic leadership largely favored the basic ideas of the FSA. With leadership support, the House passed its version of the bill under a closed rule and with little debate. Nevertheless, the House version of the legislation included two new programs designed to make the bill palatable to a wider audience. Both programs were introduced in committee. First, Representative Henry Hyde, a Republican in the House Foreign Affairs Committee, suggested the creation of a new "Democracy Corps," which would send volunteers to rural regions to help build democratic institutions. Second, the committee chairman, Dante Fascell, pushed through the addition of science and technology centers to promote peaceful nuclear power. Both of these programs made it to the final bill, although with less importance attached to them than in the House bill.

Unsurprisingly, the structure of the FSA aid package was more conservative in nature than many liberal House Democrats would have preferred. Even Democratic party leadership was split on the bill, with Majority Whip David E. Bonior arguing that the FSA should not be passed until the president agreed to an unemployment benefits package. Republicans were similarly split, with mixed statements even from within the Bush administration. Deputy Secretary of State Lawrence S. Eagleburger argued that "money indiscriminately pumped into the region could hinder reform and promote the very dependencies that have for too long existed in these countries" (CQ.com 1992). Despite a coalition of liberal Democrats and conservative Republicans opposing the bill, the FSA passed the House with minimal difficulty. The bill passed by the House did not adopt the amendments offered by the Senate, requiring that the two chambers meet and hash out their differences.

After both the House and the Senate passed their own versions of the FSA, representatives

from both chambers met to compromise on a final bill. The conference committee was short, as was the Senate deliberation about the final bill. The House, however, remained skeptical of the FSA, especially the negotiations that had led to the final bill version. According to a later report by the Congressional Research Service (CRS):

The one issue on which the largest number of Members weighed in with their views concerned which programs and activities to support. Whether the intent was to establish a program leading more effectively and efficiently to the goals of democracy and free-markets, to benefit U.S. business or, in some cases, their own districts, or to boost programs reflecting pet interests, Members frequently expressed their own set of priorities of where the money might best be spent. (Tarnoff 2004, page 27)

Many of the programs that had been introduced into the earlier versions of the bill remained. However, the House did manage to decrease the number of specific programs that Senators had slipped in as amendments, along with giving up control over its own programs. The final bill included 13 general categories of programs, providing significantly less detail on how they were to be carried out (Tarnoff 2004, page 26). As expected, the final bill represented a compromise for both branches.

Simplifying the Senate's bill, while important to some, was not the House leadership's main priority. The House had decreased executive control in its version of the bill, and it intended to keep those controls in the final version. House debate over the final bill largely followed that of the first bill, although national security issues were now more prominent than domestic programs, which had been partially addressed in separate legislation. The final version lost votes in the House. While the first vote had passed by 255-164, the second House vote received only 232 votes. Most of the votes lost in the final version were from the most conservative members. If anything, moderates were *more* likely to vote for the second version than the first. Their colleagues in the Senate had introduced programs that they supported.

Moderate Democrats were just as likely as liberal Democrats to change their vote in favor of the final bill. This is surprising given that the acceptance of domestic spending conditions, set by the liberal wing of the party, was by far the most important change. Of the 28 legislators who

increased their vote (either changing from an ‘abstain’ to a ‘yea’ or a ‘nay’ to anything else), 11 came from the moderate and 11 from the liberal wing of the party. Only 6 were Republicans. Once again, moderate legislators disproportionately got something out of the final bill—perhaps due to the work of their moderate colleagues in the Senate.³

Unlike the House, the Senate passed the final bill by voice vote and with no debate (CQ-Almanac 1992). Although some Senators did not see their pet projects in the final bill, the legislation did manage to represent their interests in some way. No programs were excluded entirely; however, some were relegated to executive discretion or merged into a paragraph describing other existing programs. The senators whose amendments were not included, whether those were political or programmatic, put up little fight in the final vote.

4.5 Discussion and Conclusion

The creation of the FSA provides several opportunities to see the theory through a new angle and see more specific mechanisms at work. First, the legislators who most complained about the creation of new, redundant programs were the ones most likely to vote for the bill anyway. Some of them even attempted to push their own new programs into the legislation, but the agenda-setters crafting the bill would not allow just any legislator to introduce a new program. Instead, a disproportionate number of new programs were created by the moderate legislators whom the model expects to be least likely to support the bill. This suggests that the inclusion of these programs was necessary to gain their support. Second, one important mechanism by which new programs were introduced was through the amendment process. The House version, which was able to pass without amendments, was much less complicated. Finally, the House attempted to use direct provisions as a substitute for new programs. This was possible because

³Recall that the House voted down the amendment process, making it more difficult for House moderates to demand new agency creation through amendments. The negotiations on the House side, therefore, took place mainly through back channels, which are more difficult to count and measure.

House moderates were more liberal, and therefore less skeptical of executive constraints, than in the Senate.

The experience of the FSA informed future aid legislation and US responses to democratization. The programs and funds created by the bill continue to be used in appropriations bills today. In 2009, SEED and FSA were combined to create the Assistance for Europe, Eurasia and Central Asia account (AEECA). In the past decades, coordination of FSA programs has improved, although it might be said that Eastern Europe's democratization process has stalled.

Later funding programs to the FSU would fragment aid in similar ways. However, there is reason to believe that agency coordination is improving. Just as entrenched interests *within* agencies can lead to turf wars, entrenched *interagency* interests has led to more linkages between previously divided agencies. The FSA is now serving as an example for how coordination in other foreign aid realms can be improved. Despite early problems, there is a chance that internal conflicts can be resolved.

Just as the large-scale trends support the idea that foreign aid fragmentation is an unintended byproduct of agenda-setters' attempts to pass an aid bill, this chapter shows that bargaining on individual bills follow the same trend. Rather than being an individual choice by lawmakers, foreign aid fragmentation is a byproduct of congressional bargaining—and unwanted but necessary outcome. In the case of the FSA, no individual legislator wanted the bill to be fragmented. However, many legislators wanted their pet projects to be funded. Although not all legislators were successful in promoting their pet projects, most notably Senator Joe Biden failed to realize the creation of his SEED Foundation, some were. Disproportionately, moderate legislator managed to get their pet agencies into the final bill. After enough pet agencies were added, the FSA became a fragmented mess, with confusing accountability mechanisms and an unclear leadership structure. The mechanisms that were introduced in previous chapters played out in the case of the FSA. Additionally, the in-depth nature of qualitative analysis allowed me to consider more specific mechanisms as well.

One interesting aspect of the FSA's creation that I did not explicitly consider was the presence of divided party government. In 1992, the congressional leadership and the president came from different parties. Surely this matters. After all, the executive branch must agree to legislation before it becomes law; therefore, Congress must take into account the identity of the president when designing legislation. The next chapter more concretely considers the role of the executive branch in foreign aid fragmentation. Although the president has taken a back seat theoretically until now, it would be irresponsible to ignore the power of the executive branch. The following chapter will extend the theory to examine the role of divided party government in shaping the vote-buying tools that agenda-setters use when passing foreign aid legislation.

5 Divided Party Government and US Foreign Aid Fragmentation

The previous chapters laid out and tested the main theory of the dissertation. The remainder of the dissertation will focus and extend the theory, suggesting and testing further applications and contributions. The present chapter extends the theory to consider the role of the executive branch. So far, the theory has predicted the existence of vote-buying in Congress, but it has not considered how interbranch relations can temper Congress's choice of vote-buying tool. In this chapter, I ask not only *whether*, but *how* vote-buying will be employed. I find that the answer lies in the relationship between the executive and legislative branches.

Given the variety of tools that congressional agenda-setters have at their disposal, when do they choose one vote-buying tool over another? Clues to this answer come from two sources: the theory presented in Chapter Two, and delegation theory, a branch of literature in American politics that considers inter-branch relations. Many means of vote-buying serve a dual purpose: they can also be employed with the goal of limiting what the executive branch can do. Because of this, the relationship between majority-party leadership, moderate legislators, and the executive branch is important to understanding fragmentation and other means of vote-buying. This chapter offers an extension of theory in Chapter Two, by considering the relationship between divided party government and foreign aid fragmentation. It also brings in more previous work on bureaucracy in American politics, which has tended to focus mostly on relations between branches.

As I hope I have made clear in earlier chapters, foreign aid bills can be difficult to pass. The United States constitution and legal code make it even harder to pass a foreign aid bill. Part of the difficulty lies in the legislative branch, which can often be gridlocked. Another barrier, however, lies in the executive branch, which also must sign off on, and carry out, legislation. The complicated steps for passing legislation, and multiple veto players along the way, create a status quo bias that challenges even the most ardent agenda-setters. Fortunately, congressional leadership has a secret weapon: a toolbox of rewards and punishments available to convince legislators to vote for or against a legislative agenda. For example, leadership may offer campaign contributions, powerful committee posts, funding for pet projects, or bylines on influential legislation, in order to convince legislators to support the leadership's agenda. Given this variety of tools available to "buy" legislators' votes, why and when does congressional leadership rely on one tool over another? When it comes to high-stakes legislation, how does congressional leadership determine which vote-buying tools to use and which ones to leave in the box?

In this chapter, I argue that the constellation of political preferences between the executive and legislative branches determine which vote-buying tools will be employed to pass a foreign aid bill. Specifically, the combination of a heterogeneous majority party and divided party government will lead agenda-setters to divert funds to small agencies instead of other vote-buying tools, such as writing specific provisions into bills. This is because intra-branch conflict, which makes vote-buying necessary in the first place, is tempered by inter-branch divisions. When moderate legislators side with the executive branch, they may be hesitant to support vote-buying tools that constrain the executive. Because of this hesitance, substitute tools that are less constraining, will be more likely under divided party government. Congressional leadership must consult the moderates whom they are trying to persuade, which often leads to counter-intuitive vote-buying choices.

5.1 Vote Buying Tools in Congress

Congressional leaders have several vote-buying tools at their disposal. These tools come in a few measurable forms. This chapter will focus on three of those. First, as this dissertation has made abundantly clear, agenda-setters may choose to divert funds to the pet-project agency of a fence-sitting legislator. This encourages a particular legislator to support a bill, because an agency with his preferred procedures, rules, or interests is favored in that bill. This can be useful in swaying legislators who have specific preferences about foreign policy. However, this tool has the unfortunate byproduct of foreign aid fragmentation, which can reduce the effectiveness of foreign aid policy.

Second, agenda-setters can include legislative provisions that specify the direction of certain aid projects. Examples of this type of side payment, “provisions,” include recent foreign aid legislation banning funds for abortion. Legislators who are indifferent about a foreign aid bill but have (or want to signal) strong feelings about abortion issues may be drawn toward legislation with this prohibition.¹ These types of prohibitions are most useful when they can prevent the executive branch from carrying out a policy that it otherwise would.

However, this tool’s tendency to constrain the executive can be a double-edged sword. Reducing executive discretion is not always a desirable outcome. Lawmakers often want experts in the executive branch to have enough discretion to carry out effective policy (Epstein and O’Halloran 1999, Huber and Shipan 2002). Foreign aid is a complex policy domain, and bureaucrats have more expertise than legislators themselves (Canes-Wrone et al. 2008). Absent political conflict, therefore, it makes good sense for Congress to delegate the difficult task of policy execution to the executive branch. The more that legislators trust the executive branch to follow the legislators’ own interests, the less enthusiastic they will be about policies that needlessly constrain the executive.

¹Technically, legislative provisions are not allowed on appropriations bills, but lawmakers have edged out a loophole, which allows prohibitions, but not *positive* provisions.

A third policy concession that agenda-setters may offer suffers from the same problem of executive constraint. This strategy is to specify precisely which program or country funds should be directed to. An example of this tool, “specification,” would be a clause mandating that a certain portion of military aid appropriations be used to support Tunisia or Ecuador. Unlike provisions, the specification of funds cannot create rules that go beyond spending categories. Both of these latter two policy concession tools can help to assure anxious policymakers that their policy preferences will be represented. But they have their own costs. First, some of these concessions, such as specification of aid funds to certain countries or projects, have the whiff of earmarks and can even be distributional in nature. They are often vulnerable to the same economic and political costs as earmarks themselves.²

Most importantly, legislators who support the executive branch will be unimpressed by programs that constrain executive discretion. This is a problem when moderates are the ones supporting the executive branch. Moderate legislators are often on the fence about supporting a specific bill, which is why vote-buying is necessary in the first place. When the vote-buying tool that agenda-setters are attempting to use creates (what moderates view as) an unnecessary constraint on the executive branch, that vote-buying tool could undermine its own effectiveness. In these cases, congressional leaders need another tool to convince a specific group of policymakers who (1) can be bought with policy-related side payments, but (2) want the executive branch as a whole to be as unconstrained as possible.

The solution is to divert aid funding to the specific agencies that best represent the policy or particularistic interests of those legislators, but to leave those agencies largely unconstrained. In essence, fragmenting the budget will be the most effective vote-buying tool in these situations. It allows leadership to credibly commit to policy concessions without limiting executive discretion in the process. If the theory is correct, then leadership’s choice of vote-buying tool should depend upon the both interbranch and intrabranh relations. If fence-sitting legislators can be

²See the discussion of the political and economic downsides of earmarks in Chapter Two.

expected to be relatively *unsupportive* of the executive branch, then leadership is free to employ vote-buying tools that also constrain the executive, such as provisions and specification of funds. However, as these moderates become more relatively *supportive* of the executive branch, such constraining tools will become less useful for buying their votes. In these cases, other tools, such as fragmenting the budget, should become more prominent. The following section develops predictions for moderate legislators' preferences based on divided versus unified government.

5.2 Divided Party Government and Vote Buying Choice

Legislators' support for the executive branch can come from many sources, but it is often ideological. Legislators whose ideologies diverge most from the executive branch should be the most hesitant to delegate to the executive. This is because of a unique power of the executive branch: it can use its legislative mandate in a way that was unintended by the original legislation. Any vagueness or discretion that Congress leaves in a bill can be used by the executive branch for policy, partisan, or even particularistic goals. Ideology, therefore, should affect the discretion that Congress decides to write into legislation. Often, the specificity of legislation depends on whether the president comes from a different party (divided party government) or the same party (unified government) as Congress.

When interbranch ideological differences are high, Congress will often draft legislation that is specific enough to keep the executive from creating the "wrong" (from Congress's perspective) policy. Epstein and O'Halloran (1999) broke ground in studying the problem of congressional delegation to the executive and found that Congress structures legislation and controls the bureaucracy differently under divided versus unified government. They concluded that these differences are due to a preference divergence between the two branches of government: a Congress with similar preferences to the president is willing to delegate more authority. Similarly, Huber and Shipan (2002) outlined the costs and benefits associated with writing specific versus

vague legislation. They found that legislatures are more likely to pay the costs of writing complex, specific legislation, when the two branches diverge in their policy preferences.

However, Congress is not a unitary actor. An additional refinement of both Epstein and O'Halloran (1999) and Huber and Shipan (2002) should include further consideration of the relative role of intrabranch dynamics. Both pairs of authors consider dynamics within branches. Epstein and O'Halloran (1999) (EO) dedicate a paragraph to a count of the number of agencies Congress authorizes under divided (4.38) versus unified (3.91) government, implying that an unfriendly Congress can take advantage of conflict within the executive branch. They chalk this difference up to Congress's decision to "play agencies against each other more under divided government" (page 160). This opens up interesting questions about the relative differences between agencies and the legislature, which the authors leave open for future work. In a more theoretical vein, EO discuss the relationship between party polarization and delegation. They find that party polarization increases the incidence of delegation, arguing that inefficiencies in the legislative process lead legislators to rely more on the executive branch for policymaking. In essence, they consider delegation to congressional committees and delegation to the executive to be *substitutes*, predicting that "less cohesive majority parties should...be associated with greater delegation to the executive" (page 168). For their part, Huber and Shipan (2002) also discuss the impact of legislative capacity on delegation, noting that specification of bill text—their measure of delegation constraints—is costly and may be more difficult for gridlocked legislatures. This seconds EO's suggestion that weak congressional leadership, all else equal, will default to greater delegation.

Neither of these works have the time or space to extend their theory to the *interaction* between legislative capacity and divided party government, nor do they outline the mechanisms of the policy process leading from party or chamber strength to legislative outcomes.³ An interesting

³More recent work that more explicitly considers interactions between inter- and intra-branch conflict, such as Barber et al. (2016), still downplay these mechanisms, also defining it under the broad umbrella of legislative capacity.

question that remains unanswered is precisely how a low-capacity Congress chooses to write the legislation that it does. Who is writing the language in these bills, and who is demanding this language? The congressional mechanisms leading to legislation outcomes are important to understanding the congressional winners and losers of delegated authority. Similarly, the interaction between party power and divided party government may create heterogeneous effects that are worth considering in greater detail.

In an extension to the vote-buying model outlined above, I consider the mechanisms leading from legislative capacity to differing levels of delegation. I find that a weak leadership will make very different delegation decisions under unified versus divided party government. This is because of weak leaders' relative dependence on vote-buying to create policy. Not all forms of delegation constraint are equally effective vote-buying tools, and not all vote-buying tools equally constrain the executive. Therefore, I expect congressional agenda-setters to disproportionately employ certain vote-buying techniques under divided, rather than unified government. Specifically, I expect leadership to use *less constraining* vote-buying tools, such as bureaucratic fragmentation, when majority-party moderates are closer in preference to the president than the leadership itself is. In contrast to previous work on delegation, which would chalk this up to legislative capacity or substitutes in delegation, I argue that it is caused by deal-making within the legislative branch. As evidence for this theory, I propose to test the policy outcomes resulting from the *interaction* between a fragmented majority party and divided government.

To understand why divided government would shape vote-buying tools, first consider the incentives of the executive. The president wants to maximize her authority. Bills that include a laundry list of specifications for how aid can be used are therefore not the president's first choice. This is especially relevant in foreign aid. As Huber and Shipan (2002) suggest, foreign aid contingency funds, which offer un-specified pots of money for foreign aid, are "used for one contingency only, and that contingency is that the House and Senate did not appropriate as much money for [a] program as the people downtown would have appropriated" (page 18). Any

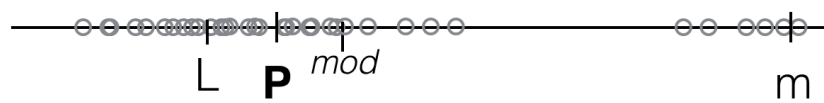
unspecified funds in a foreign aid bill can be used for the executive branch's pet projects, which the president prefers over specified funds. The executive likes having that freedom. Provisions and specifications, therefore, are the least-favored policy of the executive branch.

It is also, of course, possible that the president has preferences over the diversion of funds to small agencies, leading to fragmentation. Farhang and Yaver (2016) and Krause (2009) suggest that fragmented authority makes projects more difficult for the executive branch to manage. However, given that most executive agencies are largely controlled by the president anyway, it is not immediately clear what her preferences should be in regards to the spread of funding among agencies. It is more clear-cut that the president prefers bills with little to no specification and provisions. If and when fragmentation constrains the executive at all, it almost certainly does so less than a direct specification of funds and provisions on how funds must be used. Fragmentation represents a weaker form of constraint, when it creates any constraint at all.

Congress, on the other hand, is mixed in its preferences regarding executive discretion. Members of Congress who largely trust or agree with the president wish to see more discretion than members whose preferences fall further from the president's. Under unified government—when the president and congressional leadership come from the same party—congressional leadership largely agrees with the president, as much as, or perhaps more than, moderates members of the same party do. Given a homogeneous party with a strong leadership, this should result in a high level of delegation to the executive branch. However, as majority-party heterogeneity increases—that is, as majority-party moderates increasingly diverge from the leadership's preferences—it becomes increasingly likely that moderates might wish to impose constraints on the executive from their own party. In this case, party leadership is free to use any vote-buying tools he wishes.

Under divided party government, however, leadership becomes more constrained in the tools it can use. Crucially, under divided government, *majority-party moderates wish to delegate more authority to the executive than the leadership does*. The important factor is not

Unified Government



Divided Government

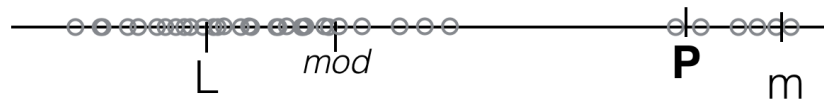


Figure 5.1

differences *between* branches but the relative differences *within* the legislative branch. As is clear in Figure 5.1 above, divided party government brings moderates (mod) closer to the president (P) than Leadership (L) is. This becomes especially true when the majority party is heterogeneous. Majority-party heterogeneity increases the preference distance between party leadership and moderates, while simultaneously *decreasing* the distance between moderates and the president. Party heterogeneity also weakens party leadership, which makes it increasingly difficult to convince moderates to toe the party line. In this scenario, party leadership is more constrained in the tools it can use for vote-buying. Leaders want to recruit majority-party moderates to a voting coalition but must do so without alienating the executive branch.

Under divided government, the leadership has reason to fear that the use of legislative provisions and spending specifications will disproportionately alienate moderates. Although each individual legislator will be pleased with his own side payment, majority-party moderates will be especially unhappy once those specified funds begin adding up. Leadership, therefore, must be careful with the use of vote-buying tools that constrain the executive. In order to buy votes without alienating moderates, congressional leadership must rely more heavily on vote-buying tools that create fewer executive constraints. This is a more effective way to bring moderate

members to the table. Counter-intuitively, leadership must be more careful about constraining delegation under divided, rather than unified, party government, when the party is heterogeneous.

On the other hand, a homogeneous majority party should behave more in line with the general expectations of delegation theory. When the leadership has more control over moderate legislators, it should find it easier to convince them to vote for a bill without resorting to any vote-buying tools. In this case, divided government should not be related to fragmentation. Instead, divided government and a strong majority should be correlated with a heavier use of discretion constraints, for reasons already well established in the delegation literature. Unlike some previous literature, such as Farhang and Yaver (2016)) who suggest that bureaucratic fragmentation should always increase under divided government, I expect bureaucratic fragmentation to be unresponsive to divided government when the majority party is homogeneous.

Table 5.1 below outlines the expectations that would be derived from classic delegation theories. Note that existing theories of delegation do not offer heterogeneous expectations depending upon the constellation of preferences within Congress. Instead, all cases of divided party government predict all forms of delegation constraint.⁴ Existing delegation theory does not explicitly differentiate different forms of delegation constraint, nor does it suggest interaction effects between interbranch and intrabranh conflict.

Table 5.1: Delegation Theory

	Divided Government	
Heterogeneous Majority	Yes	No
Yes	↑ Fragmentation, ↑ Specification, and Provisions	↓ Fragmentation, ↓ Specification, and Provisions
No	↑ Fragmentation, ↑ Specification, and Provisions	↓ Fragmentation, ↓ Specification, or Provisions

⁴However, Huber and Shipan (2002) might predict the greatest delegation (and therefore the least fragmentation, specification, and provisions) in the top-right corner of the table. This is because delegation is maximized when Congress is most unable to pass legislation *and* trusts the executive branch.

I offer a refinement to traditional delegation theory that provides conditional hypotheses depending on the relative inter- and intrabranch constraints that agenda-setters face. Table 5.2 below outlines the basic expectations of this theory. I present two main refinements to delegation theory. First, I suggest that divided-party government should create differential effects depending on the power of congressional leadership. When leadership is more powerful, then vote-buying should not be necessary. A powerful congressional leadership who simply wants to constrain the executive (perhaps under divided party government) can use more typical delegation constraints like specification and provisions (the bottom-left cell). A strong congressional leadership who has no desire to constrain executive discretion (under unified government) can simply minimize all forms of vote-buying and delegation constraints (bottom-right cell).

As I showed in Chapter Three, a strong majority party will rarely resort to fragmenting the budget. However, as the majority party weakens, vote-buying tools become more necessary. This brings me to the second major difference presented in this theory. In a refinement to delegation theory, I predict that divided party government can sometimes lead Congress to *decrease* its use of traditional delegation constraints, as in the top-left cell of Table 5.2. This is because agenda-setters face competing considerations. Although leadership may wish to constrain the executive branch under divided government, it may not be able to do so *and* collect a voting coalition within Congress. When faced with the choice between constraining delegation (and irritating pivotal moderate voters) or providing non-constraining vote-buying tools, agenda-setters will choose the latter. In cases where it is difficult to pull together a voting coalition, leadership should use substitute vote-buying tools that are less constraining, such as diverting funds to smaller programs or agencies that serve as pet projects for influential legislators. This leads to a fragmented budget but allows Congress to pass legislation because it does not disproportionately alienate moderate voters.

In short, my predictions are complementary to, but go beyond the original scope of, delegation theory. Divided party government should indeed be correlated with fragmentation,

Table 5.2: Substitutability in Vote-Buying Theory

	Divided Government	
Heterogeneous Majority	Yes	No
Yes	↑ Fragmentation ↓ Specification and Provisions	↑ Frag., Spec., and Prov. (Ext. Pres.) ↓ Frag., Spec., and Prov. (Mod. Pres.)
No	↑ Specification and Provisions ↓ Fragmentation	↓ Fragmentation ↓ Specification and Provisions

specification, and provisions. However, the mechanisms differ for the different types of vote-buying tools. Fragmentation is a result of vote-buying under divided government. Specification and provisions are true delegation constraints, tools of a more powerful majority. Finally, in the case of unified government and heterogeneous majority (upper-right cell), I expect agenda-setters to employ a mix of fragmentation, specification and provisions under certain conditions. The decision of which (if any) tool to use will once again depend upon the relative location of moderates, leadership, and the president. Under unified government, this constellation of preferences is more difficult to predict. A relatively moderate president should make it easy for an agenda-setter to get moderates on board without offering too many side payments. However, an extreme president will require more vote-buying of all types. Therefore, the top-right cell of Table 5.2 makes few concrete predictions and could lead to either type of vote-buying tool, depending on the relative moderateness of the president.

5.3 Hypotheses

The theory above leads to a few concrete hypotheses, outlined below. Divided government will limit the leadership’s freedom over the *type* of vote-buying strategy it can use, and thereby increase fragmentation. When majority leadership preferences are far from the moderates’ *and* the president comes from a different party, leadership will be limited in how much it can

constrain the executive and still maintain moderate support. Leadership will increasingly buy moderate votes through less constraining means, such as the diverting of funds that leads to fragmentation. Divided government, combined with a heterogeneous majority, should result in more fragmentation, as a substitute for specification and provisions.

Hypothesis 1: *High heterogeneity in the majority party, combined with a divided government will result in a more fragmented budget.*

Hypothesis 2: *High heterogeneity in the majority party, combined with a divided government will result in less specification of funding.*

Hypothesis 3: *High heterogeneity in the majority party, combined with a divided government will result in fewer legislative provisions.*

Once again, including an interaction term for party power and divided government leads to an expectation that questions the unified-Congress assumptions implicit in previous work. Divided party government does not always lead to an increased use of all delegation constraints.

5.4 Data

I test the hypothesis above on a novel annual dataset of fragmentation, provisions, and specification in foreign aid appropriations bills. In place of directly testing whether and how votes are bought, which would be difficult to determine in practice, I instead measure outcomes in appropriations bills. The data and methods presented in this chapter are similar to those in Chapter Three. All three dependent variables were derived using the same annual US Foreign Operations Appropriations Act introduced in that chapter. Reading and coding the Foreign Operations Appropriations Act also allowed me to measure the two additional variables I use in this chapter: the specification of funds and general provisions.

“Specification” measures the percentage of the foreign aid budget that Congress specifically assigns to a single project or use. For example, Congress may appropriate \$1 million

to a foreign education program but insist that \$700,000 of that money be spent in Tanzania. This would suggest that 70% of that portion of the budget is earmarked for a specific purpose. While such specification does not necessarily reflect an attempt to appease a specific legislator, it often might. A more specific budget bill may reflect a greater number of pet projects being funded. On the other hand, specifying funds is also a common way to constrain the executive branch’s discretion in programming foreign aid. Rather than insisting that 70% of an education program be used in Tanzania to appease an individual legislator, Congress may be specifying these funds because it does not trust the president to allocate enough support to sub-Saharan Africa. Specifying the way that funds can be spent decreases the executive branch’s power over the budget. Figure 5.2 below shows the mean percentage of foreign aid funds that were earmarked for a specific purpose from 1961 to 2015.

Percent Specified Aid Appropriations, 1961 – 2015

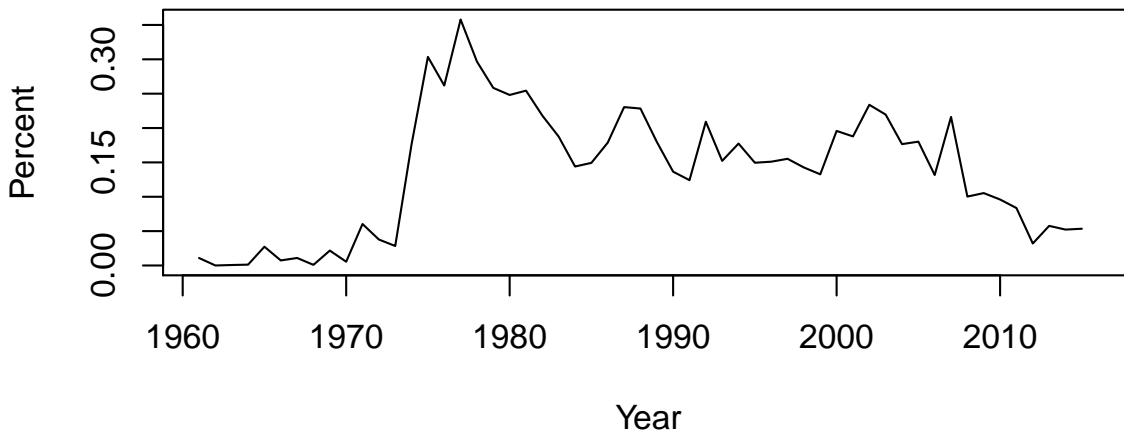


Figure 5.2

“Provisions” are written into foreign aid legislation toward the end of the bill and include a laundry list of rules that the executive branch must follow in allocating aid. Like specification of funds, legislative provisions may serve a dual purpose. They can be used to craft a bill that

appeals to a specific constituency—thus serving as a means of vote-buying—or they can be used to constrain the executive branch. For example, for many years the annual appropriations bill has asserted that no foreign aid funding may be spent on abortions. This often serves as a constraint, ensuring that the executive branch not act outside the interests of Congress.

Puzzlingly, however, Congress continues to write the abortion restriction into legislation even under administrations that have no intention of funding abortions, such as the fervently pro-life George W. Bush. The ubiquity of the abortion restriction suggests that it does not simply serve as a constraint on the executive. Instead, it serves a dual purpose, to constrain the executive and to persuade skeptical legislators to vote for a foreign aid bill. The provision's presence can attract votes, which emphasizes the need for a theory that considers both interbranch and intrabranh conflict.

The number of legislative provisions also varies year-to-year in the dataset. One major source of variation in provisions is administrative changes in the organization of the bill itself, which are reflected in the title of the bill. These changes occurred twice within the timeline of the dataset. One change, which took place in 1986, created a sudden increase in the number of provisions. The second major administrative change took place in 2005 and did not result in abrupt changes. In any model, therefore, it is important to control for the administrative make-up of the bill, which I will address in more detail in the Methods section. However, gradual shifts in provisions from one year to the next still provide a good deal of variation upon which to test the mechanisms of the theory.

Foreign aid fragmentation was introduced in Chapter 3 and also varies annually. Figure 5.4 below outlines changes over time in foreign aid fragmentation, and more information on that measure can be found in the first empirical chapter. This measure also varies on an annual basis.

Number of Legislative Provisions, 1961 – 2015

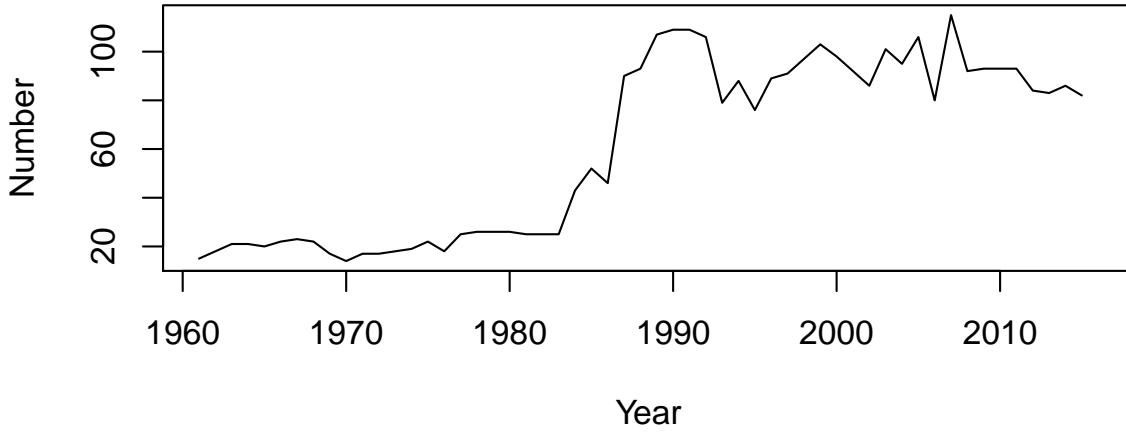


Figure 5.3

Foreign Aid Fragmentation, 1961 – 2015

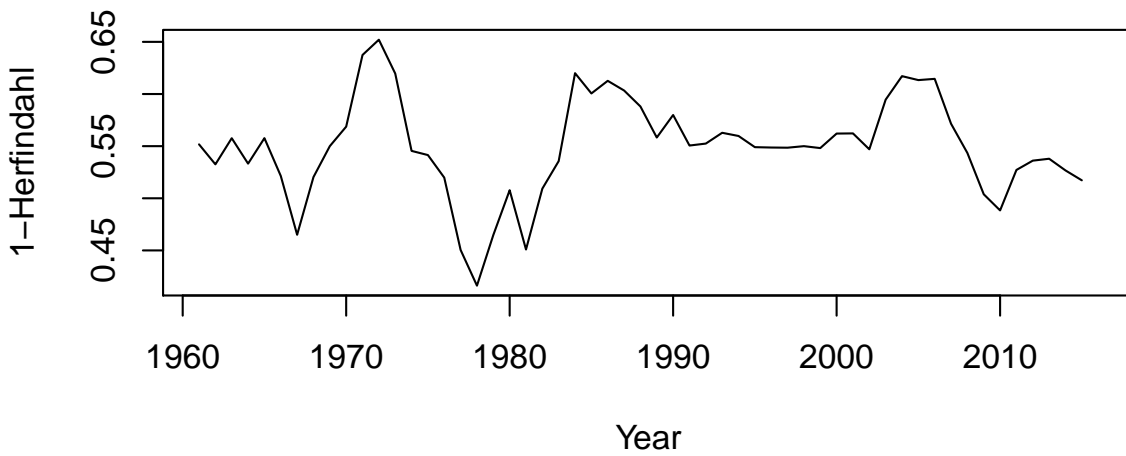


Figure 5.4

5.5 Independent and Control Variables

The data used for this chapter include a number of year-level covariates that may be correlated with patterns in foreign aid specification, provisions, and fragmentation. The dependent variable is either the fragmentation, the percentage of specified funds, or the number of provisions in the annual foreign aid appropriations bill. The independent variables follow from the hypotheses and are measures of interbranch and intrabranh conflict.

The first independent variable is drawn from the DW-Nominate scores created by Poole and Rosenthal (1991). I used these scores to measure the heterogeneity—defined here as the standard deviation—of legislator preferences within the majority party in the House of Representatives. The variable “Majority SD” measures the standard deviation of the DW-Nominate scores among majority-party legislators.⁵ A high standard deviation means that the majority-party leadership may be facing more of a challenge in passing its legislation. It also means that majority leadership may not easily convince distant moderates to vote with their party. It means that moderates are especially distant.

The second major independent variable is simply a binary measure of divided party government. “Divided Government” is a dummy variable, coded 1 if the President and House leadership come from different parties and 0 otherwise. In alternate specifications, divided government is coded as 1 if (1) either chamber of Congress is controlled by a different party from the president and (2) both chambers are controlled by a different party. The results are robust to all three specifications of divided government. Once again, the presence of divided government means that majority-party moderates may share preferences with the president, who wants to see as few delegation constraints as possible. It also means that moderates from the minority party are institutionally more likely to side with the president. This creates a double difficulty for congressional leadership trying to create a coalition, especially when the majority party is heterogeneous.

⁵This is identical to the measure used in Chapter Three.

I control for a few potential covariates as well. First, because much of the change in foreign aid happens over time for various reasons, I control for linear and non-linear time trends (Year and Year-Squared). Also, because fragmentation may simply be a reflection of an increased aid budget, I include controls for the total nominal dollar amount of foreign operations appropriations, according to the appropriations bill (Total Aid). Additionally, US foreign aid increases when the country is at war and may increase due to the partisanship of Congress, so I include binary measures of whether or not the United States was at war in the given year (War) and the party of the House (House Repub).

Similarly, as is clear from the time trends above, the administrative make-up of the bill is important. This is reflected in the title of the annual appropriations bill and is represented through fixed effects for “Bill Title.” For obvious reasons, it seems likely that when more agencies exist (whether for endogenous or exogenous reasons), funding will be spread more thinly. Because of this, I control for the total number of agencies mentioned in the appropriations bill (Number). Finally, the heterogeneity of the majority party is undoubtedly correlated with its size, so I control for the size of the majority party in the House, to ensure that is not driving the findings (Majority Size), as well as the preference distance between parties (Party Distance).

The independent and control variables are summarized in Table 5.3 below:

5.6 Methods

The hypotheses derived above require three statistical tests on the three separate dependent variables of fragmentation, provisions, and specification. I use three different statistical models, but I only report one in the body of this paper.⁶ First, a simple OLS linear regression allows for the simplest interpretation of the coefficients of interest. Second, because the dependent variables for the first two measures (Fragmentation and Specification) are bounded between 0 and 1, I used

⁶See the Appendix for models not presented in the body of the paper.

Table 5.3

Statistic	N	Mean	St. Dev.	Min	Max
Majority SD	55	0.176	0.020	0.136	0.212
Divided Gov	55	0.600	0.494	0	1
War	55	0.418	0.498	0	1
Party Distance	55	0.707	0.212	0.469	1.119
Majority Size	55	254.418	19.704	224	299
Number	55	22.455	5.252	10	31
House Repub	55	0.309	0.466	0	1
Total Aid	55	14,206.320	10,012.610	1,977.116	34,957.420
Percent Security	55	0.264	0.068	0.137	0.490
Year	55	1,988.000	16.021	1,961	2,015
Year-Squared	55	3,952,396.000	63,699.180	3,845,521	4,060,225

Tobit models to estimate those relationships. These measures are robust to the Tobit specification, but I will only display the linear regression coefficients in the body of this chapter for ease of interpretation.

5.6.1 Estimating Equations

According to the hypotheses, the effect of divided party government on all of the dependent variables should depend on vote-buying in Congress. Therefore, the interaction between majority party heterogeneity and divided party government should be positively correlated with some forms of vote-buying but not others. All three dependent variables use the same estimating equation; therefore, I will use the notation “Vote Buying” as a general dependent variable in the estimating equation.

$$VoteBuying_t = \beta_{0t} + \beta_1 MajoritySD_t + \beta_2 DividedGovernment_t + \beta_3 MajoritySD_t * DividedGovernment_t + \beta_4 controls_t + \epsilon_t$$

In this model, β_3 represents the coefficient on majority-party heterogeneity under divided party government. I expect congressional leadership to be hesitant to use the constraining forms of vote-buying (provisions and specification) under divided government, as moderates will be unwilling to respond to these. Therefore, I expect β_3 to be positive for fragmentation but not for the substitute policy options (specification and provisions). Leadership will rely especially heavily on the diversion of funds to pet-project agencies, which leads to fragmentation, when other options are off the table. Recall once more that standard models of delegation under divided government would predict a positive β_3 for the specification and provisions models under all forms of divided government. If fragmentation were simply a matter of congressional delegation, then there should be no case in which the presence of divided party government decreases the use of standard delegation constraints.

I also expect β_2 , the coefficient for divided party government under a *homogeneous* majority party, to be positive for specifications and provisions, and not necessarily for fragmentation. This is because a strong majority leadership will be able to use more direct forms of executive constraints and therefore will have little need to inefficiently fragment the budget.

5.7 Results

Table 5.4 below presents the first set of results, which use foreign aid fragmentation as the dependent variable. Recall that Hypothesis 1 predicted that fragmentation should be positively correlated with an interaction between a heterogeneous majority party and divided party government. Table 5.4 provides evidence for this hypothesis. The interaction between majority-party heterogeneity and divided government is positively and significantly correlated with fragmentation in the resulting bill.

As delegation theory would suggest, Model 1 shows that divided government alone is positively correlated with fragmentation. This replicates previous findings, such as Epstein and

O'Halloran (1999) and Farhang and Yaver (2016), who suggest that bureaucratic fragmentation is a form of delegation constraint. Model 2, however, presents a refinement to the hypothesis that fragmentation is simply another way to constrain the executive. Once divided government is interacted with majority-party heterogeneity, it becomes clear that this correlation is limited to cases in which the majority leadership is weakened. In fact, when the majority party is relatively aligned, divided government instead leads to a *decrease* in fragmentation. It appears that fragmenting the budget may instead be the vote-buying method of choice for a weak congressional leadership.

Figure 5.5 provides a more intuitive glimpse of the interaction between majority-party heterogeneity and divided party government. When the majority party is relatively homogeneous, in the left region of the graph, the coefficient of divided government on fragmentation is not significantly different from zero. Contrary to previous theories, divided government itself does not necessarily lead to a fragmented budget. However, as the majority party becomes more heterogeneous, making it more difficult for leadership to pass a bill, fragmentation increases as a byproduct of vote-buying. By the time majority heterogeneity hits its mean value, 0.17, the coefficient on divided government is positive, significant, and rising. This implies that majority heterogeneity must be relatively high in order for divided government to make a difference to the fragmentation of a bill.

In contrast to fragmentation, the other two vote-buying tools are not significantly associated with vote-buying under divided party government. These results are outlined below in Table 5.5. Surprisingly, specification does not appear to be significantly more or less likely under any form of divided government. This is probably a product of the way earmarks are written into bills. Although much specific legislation is written directly into bills themselves, an increasing amount is earmarked through unofficial committee reports that are released with the bills. According to one recent report by the Congressional Research Service (CRS), a disproportionate number of foreign aid earmarks are now written into committee reports (CRS 2006). This inconsistency

Table 5.4

	<i>Dependent variable:</i>		
	Foreign Aid Fragmentation (1-Herfindahl)		
	(1)	(2)	(3)
Constant	0.611*** (0.056)	0.728*** (0.076)	194.574 (290.001)
Majority SD	-0.431 (0.307)	-1.091** (0.423)	-2.537*** (0.756)
Divided Government	0.024* (0.013)	-0.205* (0.106)	-0.214** (0.100)
Majority SD x Divided Government		1.297** (0.593)	1.395** (0.567)
War			0.025* (0.013)
Party Distance			0.016 (0.163)
Majority Size			-0.0005 (0.0004)
Number			0.004 (0.004)
House Repub			0.057* (0.029)
Total Aid			0.00000 (0.00000)
Year			-0.188 (0.293)
Year Squared			0.00005 (0.0001)
Bill Title FE			Y
Observations	55	55	55
R ²	0.105	0.182	0.548
Adjusted R ²	0.070	0.133	0.404

Note:

*p<0.1; **p<0.05; ***p<0.01

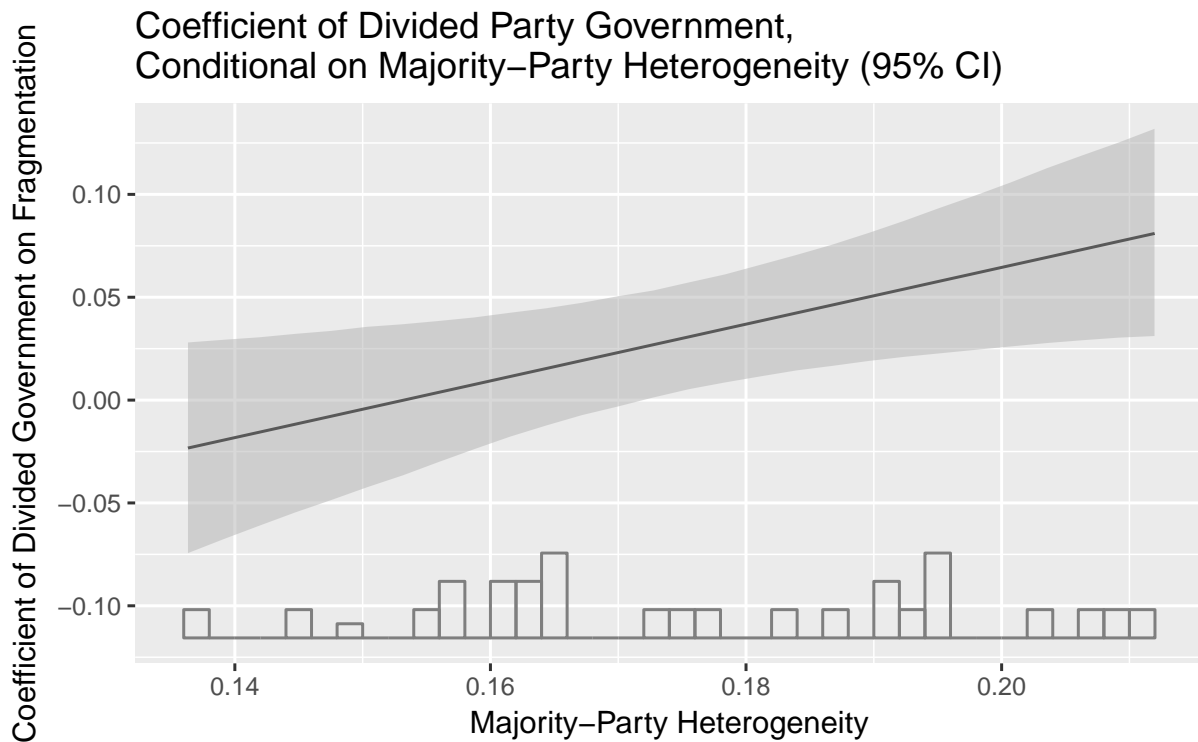


Figure 5.5: Graphical display of Model 3 coefficients.

over time, difficult to operationalize without access to committee reports, and could explain the dearth of evidence regarding the specified funding that is written directly into legislation.

The inclusion of provisions, on the other hand, does follow the patterns predicted by the theory. General provisions are less likely to be included in bills when the majority is unified and the two branches of government are divided. This effect is not robust to all model specifications, but that is understandable given the overwhelming effect of the bill title (the R-squared on the bivariate regression is .93). Model 6, which controls for those administrative changes in the legislation, clearly shows a positive relationship between divided party government and provisions, but only when the majority party is relatively unified. This reflects the hypothesis that a divided majority party will be hard-pressed to pass legislation that unnecessarily controls the executive branch.

Once again, a graphical plot of the interaction can paint a clearer picture of the relationship

Table 5.5

	<i>Dependent variable:</i>					
	Specification			Provisions		
	(1)	(2)	(3)	(4)	(5)	(6)
Constant	0.376*** (0.108)	0.437*** (0.154)	-322 (422)	328*** (21)	316*** (30)	-48,313 (47,493)
Majority SD	-1.372** (0.598)	-1.715* (0.859)	-2.500* (1.326)	-1,541*** (117)	-1,475*** (169)	100 (149)
Divided Gov	0.006 (0.025)	-0.113 (0.214)	-0.045 (0.140)	7.07 (4.88)	29.97 (42.26)	82.96*** (15.74)
Majority SD x Divided Gov		0.674 (1.203)	0.127 (0.8)		-129.5 (237.4)	-451.5*** (89.9)
War			-0.024 (0.019)			3.708* (2.103)
Party Distance			0.257 (0.229)			23.952 (25.718)
Majority Size			0.002*** (0.001)			-0.019 (0.069)
Number			0.011** (0.005)			-0.287 (0.593)
House Repub			0.047 (0.045)			-7.430 (5.089)
Total Aid			-0.000* (0.000)			0.002*** (0.001)
Percent Sec			-0.405* (0.236)			-1.354 (26.585)
Year			0.325 (0.425)			48.701 (47.790)
Year2			-0.0001 (0.0001)			-0.012 (0.012)
Bill Title			Y			Y
Observations	55	55	55	55	55	55
R ²	0.095	0.100	0.776	0.773	0.774	0.982
Adjusted R ²	0.060	0.047	0.698	0.764	0.761	0.975

Note:

*p<0.1; **p<0.05; ***p<0.01

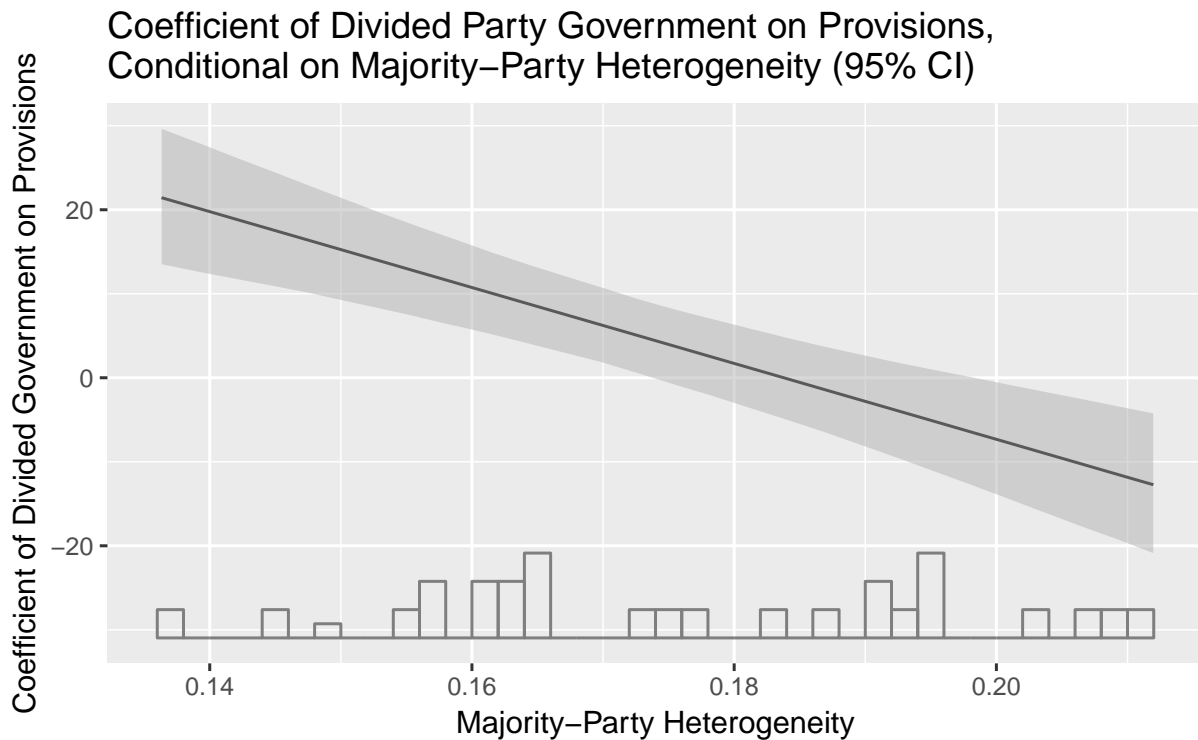


Figure 5.6: Graphical display of Model 6 coefficients.

than the raw numbers themselves. The interaction shown in Model 6 of the table is pictured below in Figure 5.6. In contrast to fragmentation, the main effect of majority heterogeneity on provisions appears to come from *lower*, rather than higher, values of the variable. In this case, the coefficient of divided party government is positive and significant only for the lowest values of majority heterogeneity. Again, this fits with the theory, which predicted that only a relatively aligned Congress could effectively write legislative provisions to constrain the executive without alienating moderates. Once majority-party heterogeneity reaches its mean value of 0.17, the effect of divided government becomes null. At the highest values of heterogeneity, divided party government begins to negatively impact provisions, due to the difficulty of luring moderates into a voting coalition.

5.8 Discussion and Conclusions

The main finding of this chapter is that foreign aid fragmentation is maximized when both inter- and intra-branch conflict are high. Its presence is correlated with divided party government, as delegation theory might suggest. However, the relationship is more nuanced than a binomial regression can account for. Interacting divided government with majority-party heterogeneity suggest that vote-buying is an important part of the fragmentation story. Only when the majority party is relatively heterogeneous does an agenda-setter resort to the diversion of funds that results in fragmentation. Divided party government increases the likelihood that the form of vote-buying agenda-setters will choose involves the processes leading to fragmentation. Unlike fragmentation, other vote-buying tools do not have such clear-cut implications. These results are not as robust, but they point toward the idea that the presence of general provisions, at least, are used as a partial substitute for the processes leading to fragmentation.

In this chapter, I refined some basic expectations of delegation theory to suggest some more complex results. I tested these expectations on foreign aid data, finding that divided party government does not increase the use of all delegation constraints equally. Instead, the effect of divided party government is dependent upon the ability of congressional leadership to keep its own branch in line. The more that the majority party disagrees internally about delegation constraints, the more difficult it will be for Congress to rein in the executive. When majority leadership is constrained, it will resort to weaker vote-buying tools, such as diverting funds to smaller agencies that serve as pet projects to influential legislators, in order to successfully pass a foreign aid bill. Substitution in delegation constraints and vote-buying tools can explain much variation in congressional delegation.

As a whole, the results for fragmentation are more clear-cut than for the other vote-buying tools. Neither the specification of funding nor the number of provisions are robustly correlated with any of the independent variables. This implies the need for better data collection, as these

two variables are not even correlated with divided government. What is clear from these results, however, is that foreign aid fragmentation is not simply a delegation constraint. This chapter provides further evidence for the theory that foreign aid fragmentation is a byproduct of bargaining within Congress.

Congressional delegation to the executive branch is more complex than scholars previously gave it credit for. Although previous work did allow a place for intra-branch conflict, it often gave little thought to the complex interactions between and within branches. The current chapter shows that the mechanisms are more complex than delegation theory would suggest. Although congressional leadership would almost certainly restrict the discretion of a contrary executive branch if they could, the majority party is not always as powerful as they would like to be. Because of this, leadership must often make concessions to congressional moderates in order to pass a bill. Counterintuitively, this can sometimes lead to a *decrease* in classic delegation constraints under divided party government. This finding is not contrary to existing literature but complementary.

This complement to the existing delegation literature has a few implications for foreign policymaking. A lot of recent discussion about the best way to carry out foreign aid has considered the ill effects of fragmentation. If it is true that foreign aid fragmentation is a byproduct of vote-buying, then one solution to the problem should be to consider elevating other, alternative, methods of vote-buying. Specification, provisions, earmarks, and other tools no doubt create challenges of their own, which themselves need to be studied in the context of foreign aid. As the search for policy solutions continues, a closer look at the root causes of foreign policy outcomes will allow leaders to better craft policies that create the outcomes—and only the outcomes—they desire. The following chapter will provide a deeper look at the root institutional causes of foreign aid fragmentation. It generalizes beyond the US case to consider cross-national variation in foreign aid fragmentation.

6 The Institutional Foundations of Foreign Aid Fragmentation

This final empirical chapter considers the theory of foreign aid fragmentation more generally. Rather than simply considering annual variation in one country, this chapter considers differences in foreign aid fragmentation over a number of donor states. It presents evidence that the institutional make-up of American democracy, which create incentives for vote-buying, are the root cause of foreign aid fragmentation. This provides further evidence for the original theory that foreign aid fragmentation is a byproduct of congressional vote-buying. States whose electoral institutions invite particularistic benefits—specifically, plurality electoral systems with single-member districts—are the most likely to fragment their budgets in order to pass a foreign aid bill. Weak legislative majorities also tend to fragment their aid. Contrary to some previous literature’s expectations, presidentialism alone does not explain bureaucratic budget fragmentation. This indicates that the legislative vote-buying mechanism may be more important in a cross-national sample than interbranch conflict. As a whole, this chapter finds that the roots of foreign policy lie deep within a state’s institutions, making them difficult to reshape and creating visible implications for policymaking in the long term.

The remainder of this chapter proceeds as follows. In the first section I revisit the theory of foreign aid fragmentation as a byproduct of legislative bargaining and side payments and explain why some polities may rely more on side payments than others. It will derive hypotheses based

on the theory of fragmentation as a product of vote-buying. In Section Two I define fragmentation and introduce a country-year-level dataset of foreign aid fragmentation, derived from the AidData project. In Section Three I outline the statistical methods of this paper and test the hypotheses on the data. Finally, in the fourth section, I conclude with a discussion of the implications of this research for the study of foreign aid and foreign policy more generally. Foreign aid effectiveness, as well as the trade-offs between military and non-military foreign policy tools, depend upon the domestic political situation of a donor government. This could have powerful implications for the effectiveness of foreign policy and the militarization of foreign policy tools.

6.1 Theory of Aid Fragmentation

The phenomenon of foreign aid fragmentation was introduced in Chapter One and has been revisited several times throughout this dissertation. While an increasing body of work has considered the consequences of aid fragmentation, there is surprisingly little consideration of its causes, especially domestic causes. Previous chapters in this dissertation thoroughly considered the dynamics in US politics, but the present chapter generalizes the theory to other donor states. I suggest that the same mechanisms that create US foreign aid fragmentation are working globally. Variation in domestic foreign aid fragmentation across many donor states indicates that domestic political institutions may play a role in fragmentation outcomes.

Donor states differ broadly in the bureaucratic fragmentation of their foreign aid. Figure 6.1, originally presented in Chapter One and reproduced below, compares the number of US aid agencies to that of similar countries reported in AidData over time.¹ The recent divergence between states' aid architectures suggests that global changes in aid fragmentation are not solely due to international factors or recipient-country demand. Different donors have responded to the international environment in different ways. These starkly different patterns over time for

¹AidData comes from Tierney et al. (2011).

**Number of Agencies Reported in AidData,
by Country, 1990-2010**

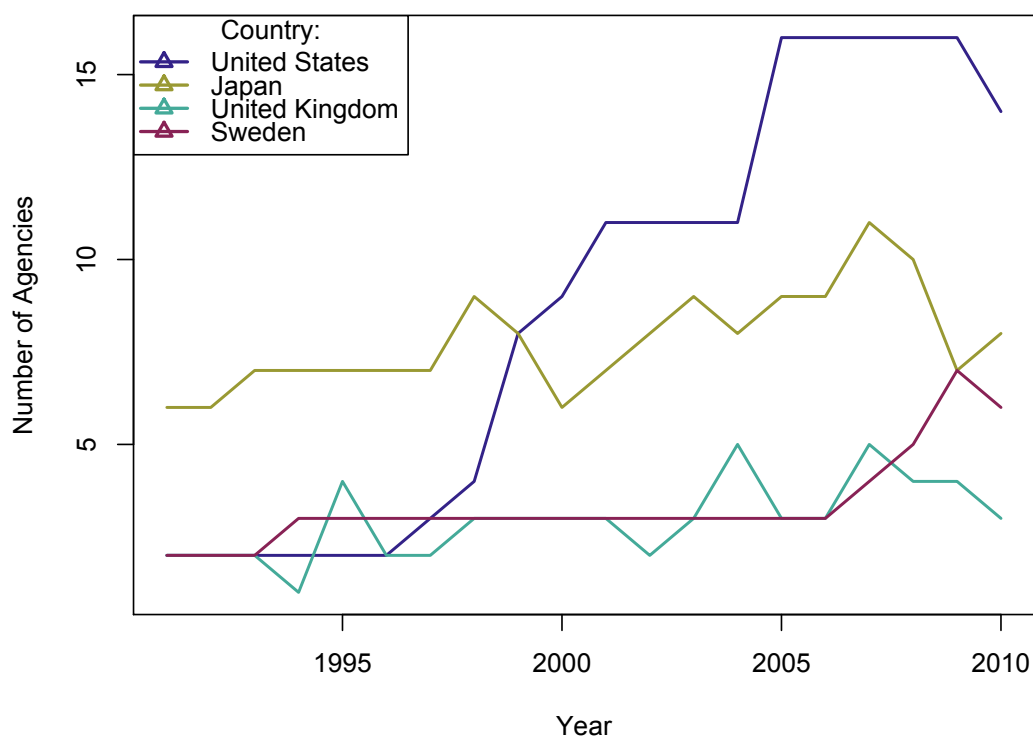


Figure 6.1

seemingly similar states offer an opportunity to consider institutional variation in how foreign aid policy is crafted.

Recall the theory of foreign aid fragmentation developed in Chapter Two of this dissertation. I argued that fragmentation is a result of congressional leadership's attempts to offer side payments to recalcitrant legislators in order to pass a foreign aid bill. Fence-sitting legislators, disproportionately moderates, can be induced to vote for a bill if it includes their pet projects. These pet projects can be valuable to legislators for policy or particularistic reasons. As agenda-setters begin to offer more side payments, by diverting funds to pivotal legislators' pet projects agencies, the foreign aid bill becomes increasingly fragmented. Fragmentation is a byproduct of the American legislative process.

This causal story could play out in many donor countries outside the US. However, not all states are equally vulnerable to the need for side payments in legislative bargaining. Certain political institutions maximize the incentive for agenda-setters to engage in vote-buying. When these institutions are present, then the presence of vote-buying should serve to increase fragmentation. Specifically, electoral institutions that favor single-member districts often lead to particularistic voting agendas, which can lead to earmarks. In contrast, proportional representation systems are associated with lower demand for distributive politics.² According to a theory of public goods provision developed by Lizzeri and Persico (2001), a proportional representation (PR) system provides incentives for politicians to offer more public goods, rather than pork. This is because legislators seeking a personal vote, more common in plurality systems, often find it useful to provide visible distributive goods that only benefit a specific district or population. Vote-buying through distributive politics, therefore, should be more common in plurality electoral systems, such as the US. This fits with the mechanisms outlined in Chapter Four. In many of those cases, legislators were seeking a personal vote when they created the programs that they did. Absent the personal vote, it is not clear whether so many new programs would be started.

Lizzeri and Persico's theory has been tested and modified since, although as Golden and Min (2013) point out, it is difficult to test these cross-national differences on a large scale. Milesi-Ferretti et al. (2002) coded the types of spending in OECD and Latin American democracies and found that PR systems do, indeed, spend fewer resources on distributive goods and more on public goods. Stratmann and Baur (2002) leveraged variation in electoral institutions within the German Bundestag, where some legislators are elected through PR and others through plurality rules. Their results were similar: legislators elected through PR institutions are more likely to serve on committees that support general public goods, while those elected through plurality systems were

²This work considers previous research highlighting the differences between plurality and proportional representation (PR) systems. A plurality electoral system is one in which legislators are elected in single-member districts, in which the first legislator "past the post" takes the entire district regardless of the proportion of his/her and other candidates' vote shares. Proportional representation, on the other hand, encourages parties to maximize their overall vote shares. Rather than simply allowing one winner in each district, PR systems allow all relevant votes to represent some proportion of the resulting legislative body.

more likely to serve on committees that aid a narrow set of geographic or particularistic interests and provide more pork-barrel projects. More recent work has suggested that district magnitude may play a role in these patterns (Carey and Hix 2011, Chang and Golden 2007), but the general opinion that PR systems provide more incentives for public goods, and less vote-buying, is unchanged.

Because legislators in plurality systems tend to have more concentrated constituencies and personalist campaigns, they may be more likely to demand pet projects than more dispersed PR-system legislators. This is especially true in foreign aid, where pet projects are especially necessary in order to pass a bill. Once again, when legislators' pet projects are best represented by a specific agency, then fragmentation can result. According to this mechanism, fragmentation is driven by the particularistic preferences of politicians, rather than overall conflict in the legislature or between branches. The same mechanisms that lead plurality systems to disproportionately support pork-barrel projects, lead these same democracies to fragment their foreign aid. This brings me to the first hypothesis I will be testing in this chapter.

Hypothesis 1: Foreign aid will be more fragmented in winner-take-all, plurality electoral systems than in proportional representation systems.

The bureaucratic politics literature has suggested a competing hypothesis, through a general body of work on bureaucratic complexity. Specifically, previous literature has suggested that the presidential institutions inherent in American democracy exacerbate the complexity of American bureaucracy. According to Wilson (1989), the constant tug-of-war between the executive and legislative branches in US government contrasts with parliamentary systems, in which government decision-making is more hierarchical and streamlined through a single process. Moe (1989) adds that "American public bureaucracy is not designed to be effective. The bureaucracy rises out of politics, and its design reflects the interests, strategies, and compromises of those who exercise political power" (267). Comparativist scholars of democratic institutions, such as Linz and Valenzuela (1994), point out that presidential systems tend to be constituted by

a greater degree of deadlock than parliaments, due to confusion created by dual legitimacy and multiple veto points. Moe (1990) takes the argument a step further by pointing out the legislative branch's unique incentives to constrain the executive in a presidential system, due to differences in constituencies and interests.

However, theories of presidentialism and bureaucracy have yet to be tested on a larger sample. Overall, political science literature offers little theory, and even fewer quantitative tests, of the political causes and consequences of policy fragmentation. What does exist generally focuses on the American political environment, with limited generalizability. Qualitative studies of fragmentation—mainly from scholars of administrative law—establish a connection between interbranch political conflict and fragmented policy implementation (e.g. Freeman and Rossi 2012, Biber 2011, Frankel 2010, Buzbee 2005).³ Theories of divided government and bureaucratic fragmentation are somewhat persuasive and surely explain much cross-national variation. However, they do little to explain variation over time. This makes it difficult to assess their validity. These insights about US bureaucratic structure have become ubiquitous to studies of bureaucracy, but they have rarely been quantitatively tested.

Despite a proliferation of ideas about American bureaucracy in the past decade, few of these theories have been empirically tested. One exception is specific to the US case and follows with other theories laid out above. It was also briefly discussed in the previous chapter. Farhang and Yaver (2016) find that the bureaucratic fragmentation of regulatory authority is one method that Congress uses to constrain the president from executing too much power. When several agencies exist that carry out the same regulatory function, they are more difficult for the executive branch to control, if only because it is difficult to determine which actors have the authority to do so. If anything, Farhang and Yaver's case of regulatory authority is an easy case for the interbranch

³Not all public administration scholars agree with this framework, however. For example, Marisam (2011) argues that what he calls "duplicative delegations" are a political accident, Stephenson (2011) has an informational explanation for the phenomenon, and Doran (2011) blames the congressional committee system for what he calls "administrative redundancy." In the political science literature, Ting (2003) suggests that redundancy can be a rational response when political principals don't know the resolve or interests of their agents.

conflict theory of bureaucratic fragmentation. Regulation is one of the unique powers of the executive branch, and Congress is limited in how it can otherwise constrain executive-branch regulators. This might explain why Congress may be forced to use fragmentation as a last-ditch delegation constraint in regulatory policy.

In contrast, foreign aid presents a more complicated story. Congress's power of the purse gives it unusual influence over often-distributive policies like foreign aid spending. Congress need not resort to fragmenting the foreign aid budget simply in order to control the executive branch. As I explained in Chapter Five, Congress has many more-constraining delegation tools in foreign aid than fragmentation. Unlike other forms of foreign policy, which can require interstate negotiation and give the president an edge, foreign aid is largely the domain of Congress (Milner and Tingley 2015). Therefore, it is worth testing whether divided party government, and institutionalized divided government, really has the impact on fragmentation that we think it might. The case of foreign aid is a hard case for Farhang and Yaver's model.

This long list of research on the causes of bureaucratic complexity from the American perspective provides a specific hypothesis about the variation in bureaucratic fragmentation among aid donor states. Assuming donor states are in fact fragmenting because of political infighting between government branches, fragmentation should be higher in presidential democracies than parliamentary. Parliamentary democracies do not have the same separation of powers as presidential systems. The interbranch dynamics described above should not be relevant in parliamentary democracies. Instead, they should exhibit more interbranch harmony: the Prime Minister is chosen by a parliament, which is controlled by a relatively stable governing coalition. Insofar as interbranch conflict becomes a problem, parliament has more effective means to quell that conflict. They need not reduce themselves to creating an inefficient bureaucracy simply in an attempt to control the Prime Minister: they have the power to replace him or her. According to some existing theories of bureaucracy, therefore, presidentialism should be the most important factor.

Hypothesis 2: Foreign aid will be more fragmented in presidential democracies than in parliamentary democracies.

Institutions no doubt factor in to cross-national variation. However, not all cross-national variation, and no within-country variation, can be explained by institutions alone. Once again, consider Figure 6.1 above. Even parliamentary democracies vary in the number of agencies that carry out foreign aid projects. What's more, these democracies vary over time in the number of agencies they use to allocate aid. Theories of divided party government and bureaucracy, such as Farhang and Yaver (2016), can explain variation over time in presidential democracies: they claim that it is due to relative changes in disagreements between branches, driven by divided and unified party government.

However, no institutional theories provide much explanation for changes over time in parliamentary systems. Because both branches are always unified, it is unclear why constraints that exist in one year should disappear the next. Therefore, some time-varying aspects of these countries, which cannot be explained through institutions alone, must have an impact on aid fragmentation. This further implies that previous theories of bureaucratic politics are missing part of the story. Over-time variation requires an explanation that also varies over time.

Regardless of the electoral institutions, vote-buying within a legislature should be most necessary when the majority party is weak and therefore unable to pass legislation through more typical means. A weak majority party contributes to further legislative deadlock and more log-rolling. The vote share of the majority party should be a crucial aspect of vote-buying. Therefore, all else equal, when donor states' majority parties or coalitions have a greater share of votes, they should not have to resort to fragmenting an aid budget.

Hypothesis 3: Foreign aid will be more fragmented in when the majority party or coalition has a smaller vote share in the donor-country legislature.

These three hypotheses suggest that a combination of domestic institutions and political reality should play a large role in determining the total aid fragmentation in a given state in a given year. If it is true that fragmentation reflects a government's attempt to craft foreign aid

legislation in the absence of a natural constituency, then the above factors, which limit the passage of bills, should increase the phenomenon. Differentiating between these three hypotheses will require some statistical tests.

6.2 Data

The dependent variable of interest in this paper is an annual measure of foreign aid fragmentation for an aid donor state. The unit of measure is the country-year; aid fragmentation varies for each country in the dataset for every year. The independent variables include various measures of state-level institutions and vote shares. Although the unit of analysis is the country-year, some of the institutional measures introduced below do not vary over time. The statistical models account for that lack of variation in some independent variables.

As in Chapter Three, I define *bureaucratic fragmentation* as a relatively thin spread of financial resources among independently reporting bureaucracies. This involves two components: the number of agencies, and the spread of funding among those agencies. Unlike in Chapter Three, I measure fragmentation by looking at the actual spending behavior of aid donor states. This is due to data availability: coding foreign aid appropriations bills for every country-year in the dataset is not immediately feasible. Instead, I draw aid allocation data from an existing source. The AidData project reports project-level aid expenditures for all donor democracies over three decades (Tierney et al. 2011). This project-level dataset can be aggregated to the state-bureaucracy unit, allowing for a measure of each country's spending in each aid bureaucracy.

I measure of the spread in budget share across donor-state bureaucracies by calculating a Herfindahl Index of the foreign aid spending for each country in each year of the dataset. The Herfindahl Index is a common measure of aid fragmentation in the economics literature, which is explained in more detail in Chapter 3. Once again, in order to simplify interpretation, I subtracted the Herfindahl index for each country-year from one to calculate the *absence* of a

market monopoly of foreign aid. This value—one minus the Herfindahl Index—measures the overall fragmentation of a donor state’s foreign aid budget in a given year.

AidData’s reporting depends upon the quality of information represented by donor states themselves, and it is unlikely that all states have equal data quality. This can be problematic if there is some reason to believe that some types of states, such as presidential democracies, have more detailed reporting standards than other types of states. Such a scenario could result in more granular reporting by some states than others, resulting in the mistaken impression that the more diligent states are more fragmented. In order to partially account for this potential problem, I limited the data to a subset of states that should be relatively diligent data reporters. To do so, I selected only the states that reported data for all of the 39 years that AidData provides, 1975-2013.⁴ This limited my sample to fourteen countries but allowed me to better ensure that data reporting was consistent among the states sampled.

Figure 6.2 displays the median overall fragmentation levels over time for all states in the data. As is clear in the figure, overall fragmentation appears to be increasing over time. The general time trend may be a partial reflection of geopolitical shifts, such as the end of the Cold War, and global market cycles. A full accounting of global foreign aid trends would be interesting to examine but is not the purpose of this chapter. A more interesting phenomenon is the fact that foreign aid fragmentation trends are heterogeneous. States differ in their foreign aid fragmentation trends. Figure 6.3 below illustrates the changes in fragmentation for five parliamentary democracies. As is clear in the figure, different states have developed their aid bureaucracies differently. The heterogeneous patterns of these states shows that domestic institutions and electoral outcomes may play as much of a role in fragmentation as global-levels changes.

The independent variables of interest in this paper relate to the domestic political situation

⁴See the Appendix for a list of the included states. In a separate analysis, I also simply constrained data to the democracies reporting in AidData. The main results hold in both samples. No samples included non-democratic donor states, but future work should develop theories for aid fragmentation in authoritarian states.

Median Within-Donor Aid Fragmentation

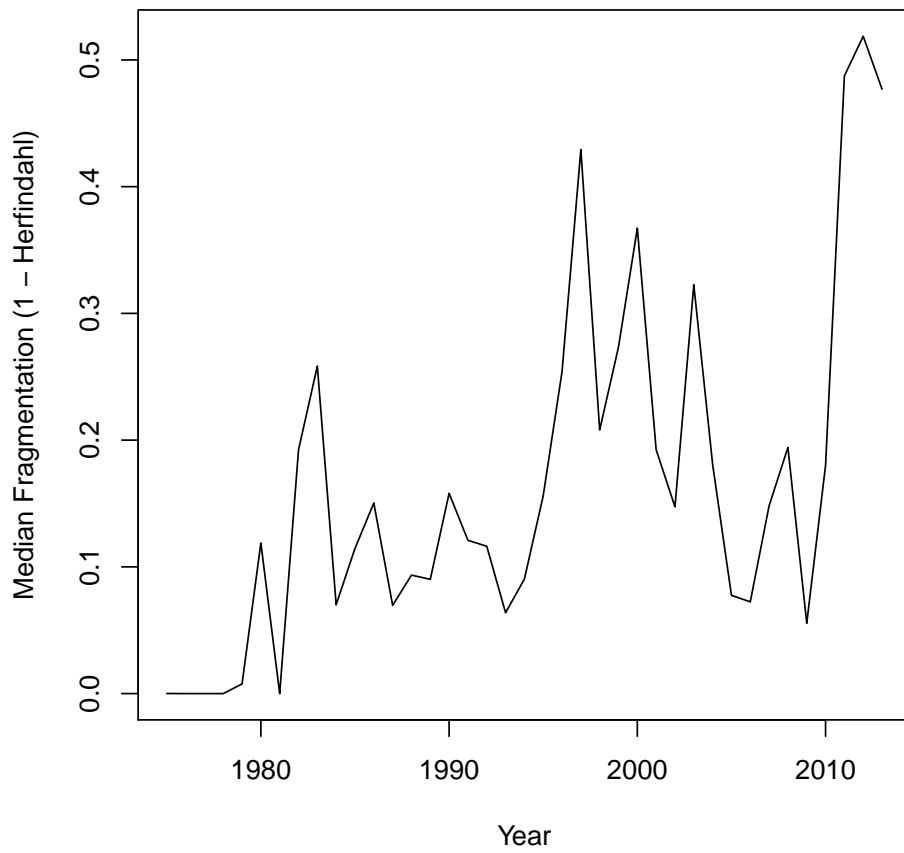


Figure 6.2

Foreign Aid Fragmentation, By Country

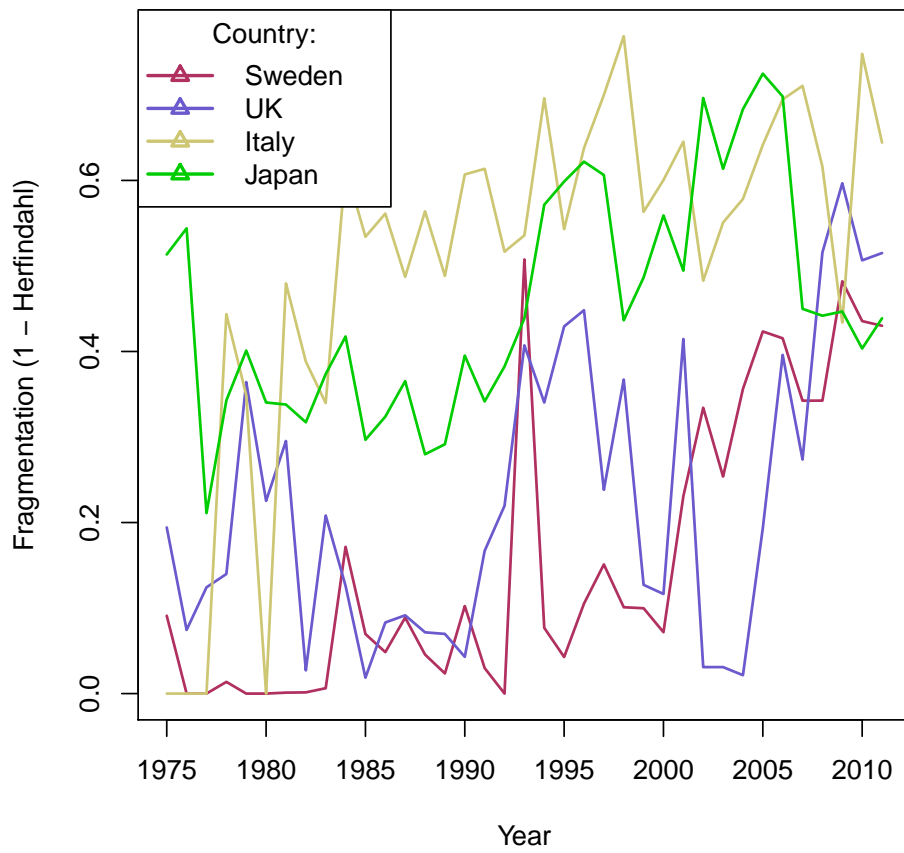


Figure 6.3

in donor states. All are drawn from the Database of Political Institutions (DPI) 2015 dataset (Beck et al. 2001). The three hypotheses mentioned in the theory section of the paper each lend themselves to different independent variables.

First, I test whether electoral institutions that encourage vote-buying are correlated with greater fragmentation. Specifically, according to the theory described above, district-level vote-buying is an important factor in fragmentation. Countries in which electoral districts encourage personalist votes should display the greatest levels of fragmentation. Therefore, proportional representation systems should behave differently from plurality systems. The binary variable “Proportional Rep” is coded 1 if the donor state uses a PR system, and 0 otherwise.

Second, to test the impact of presidentialism, I measure whether the given state is a parliamentary or presidential democracy. This allows me to test the second hypothesis of whether inter-branch conflict increases the probably that an aid donor will fragment its aid. If it is indeed the case that bureaucratic complexity is a product of interbranch conflict, then fragmentation should be higher in presidential democracies than parliamentary. The value “Presidential” is coded as a 1 if the state is a presidential democracy and 0 if it is not.

Third, I measure the power of the legislative majority party or coalition in the donor state. To proxy this, I code the total vote share of the majority party (or coalition) in the given country-year. For coalition governments, I summed the vote shares of every party in the coalition. A high vote share should correspond to relatively greater agreement within the legislative branch, which should decrease the total infighting. If the theory is correct, this in turn should correspond to a lower level of foreign aid fragmentation in the given country-year. The variable “Majority Vote-Share” considers the relative power of the majority party. Similarly, the “Opposition Vote-Share” variable represents the sum of the vote-shares of all members of the opposition party coalition in a given legislature. I presented no specific hypothesis for opposition vote-share, and indeed, it could have any number of effects on fragmentation. A high opposition vote-share could create discord in the legislature, creating greater fragmentation. On the other hand, a strong

minority presence could make interparty bargaining easier, meaning that policy concessions could be more streamlined. Rather than each legislator acting on his own, resulting in a lot of pet projects, a strong opposition could simply make policy demands.

Finally, these tests require several other control variables. First, it is likely that wealthier states and states with greater overall foreign aid spending may create a larger bureaucracy in an attempt to better manage their many aid projects. I therefore control for “GDP,” “GDP/capita,” and “Total Aid Budget” on an annual level. Next, the relationship between the two branches of government in division-of-powers systems may temper the effects of electoral institutions. It is therefore important to include a variable that considers this variation. “Unified Government” measures the unity between branches. It is coded as 1 if the executive and all legislative chambers are controlled by the same party and 0 otherwise. Finally, unobserved differences over time require me to include state-level fixed effects.

The independent and control variables are summarized in Table 6.1 below.

Table 6.1

Statistic	N	Mean	St. Dev.	Min	Max
Fragmentation	520	0.298	0.259	0.000	0.834
Presidential	520	0.062	0.241	0	1
Proportional Rep.	520	0.713	0.453	0	1
Majority Vote-Share (%)	520	47.465	8.630	11.100	70.200
Opposition Vote-Share (%)	520	41.823	11.808	8.700	82.400
Unified Government	520	0.171	0.377	0	1
GDP (million USD)	520	1,139,448	1,922,010	31,470	13,857,900
GDP/capita	520	26,533	15,879	4,041	100,819
Total Aid Budget (1000 USD)	520	3,158,747	4,690,331	2,435	28,214,014

6.3 Methods and Results

Using the country-year measure of aid fragmentation described above, I test the three hypotheses laid out in the Theory section of this paper. I test each hypothesis in a separate model, then in a “horse race model” I examine whether any specific findings drown out the others. Because the dependent variable is censored (it cannot be greater than 1 or less than 0), the appendix also reports results using a Tobit analysis. Because errors may be correlated within countries, I also cluster standard errors on the state level.

Recall the first hypothesis, drawn from conventional wisdom in the literature, that foreign aid fragmentation should be higher in presidential democracies than parliamentary systems. An initial look at the data tentatively confirms the hypothesis. According to Figure 6.4 below, presidential democracies on the whole are more fragmented than parliamentary ones, although the gap between them is decreasing and the phenomenon is not consistent over time.

Data analysis confirms the suspicion that the binary relationship does not tell the whole story. Table 6.2 reports the results of three linear models.⁵ First, Model 1 reports the simple bivariate correlation between presidential institutions and aid fragmentation. Here, it indeed appears that presidential democracies are significantly more fragmented than parliamentary democracies. According to the simple bivariate regression, a move from parliamentary to presidential institutions increases fragmentation by .36, which is more than a standard deviation change. This provides initial confirmation of the previous literature, which has suggested that presidential systems expand the bureaucracy.

However, the inclusion of a few controls in Model 2 puts these results into question. Once the model accounts for time-varying political and economic indicators, presidential and parliamentary democracies are not significantly different in their spending habits. The coefficient remains positive but is relatively low. Not only is the coefficient insignificant, it is also very close

⁵See the Appendix for other model specifications, including a Tobit model that reflects the censored nature of the data.

Mean Bureaucratic Fragmentation in Presidential vs. Parliamentary Democracies

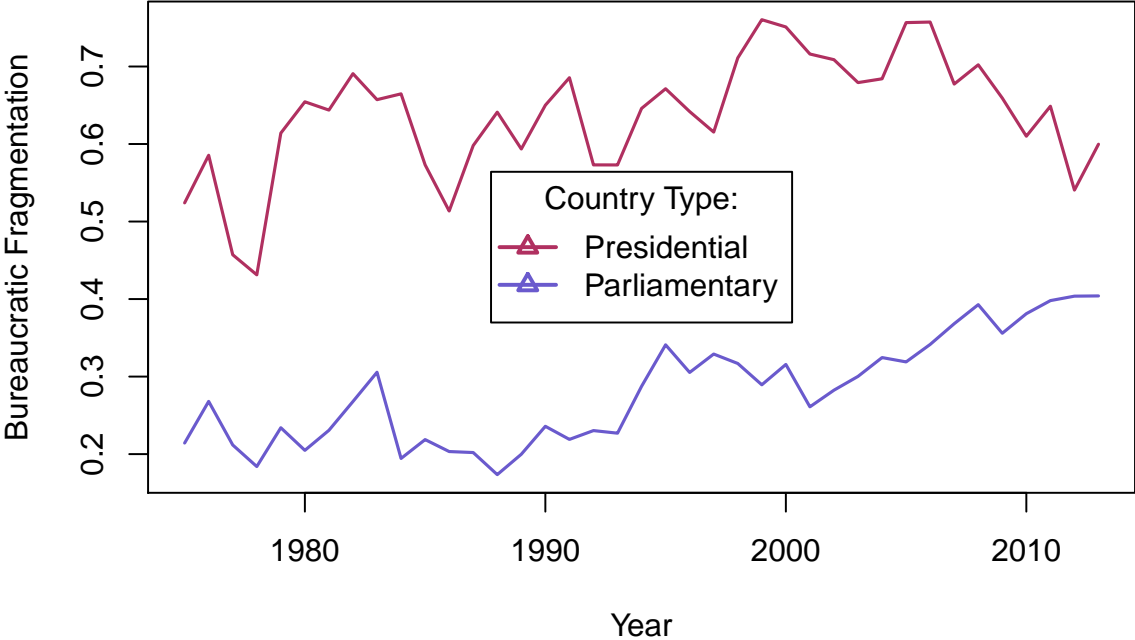


Figure 6.4

to zero. The inclusion of year and state-level fixed effects in Model 3 brings back a significant coefficient; however, it is unclear what variation this model is reflecting, given that presidential institutions don't change year over year.

These results are enough to question the conventional wisdom that the separation of powers in presidential democracies leads directly to bureaucratic fragmentation.⁶ However, the theory of foreign aid fragmentation developed in this dissertation offers another hypothesis: the bureaucratic fragmentation of foreign aid is instead driven by attempts within the legislative branch to give and receive particularistic benefits without resorting to obvious earmarks. The next results test this hypothesis.

Figure 6.5 shows the total fragmentation levels, over time, for states with PR versus plurality institutions.

Unlike the previous case, Figure 6.5 shows a consistent trend of greater fragmentation for plurality than proportional representation systems, with differences that change little over time. Table 6.3 below shows more consistent evidence for this. In all three models, proportional representation systems present more fragmented foreign aid than other electoral systems.⁷ This is true regardless of vote-share, wealth, and the total aid budget. While the bivariate coefficient on PR is lower than it was for presidentialism—indicating only a half-standard-deviation change in fragmentation—it is more robust and depends less upon model specifications.

Next, Hypothesis 3 suggested that vote-buying should be especially necessary when the majority party is weaker. Therefore, a high vote share of the majority party should minimize the need to buy votes in a way that fragments a foreign aid budget in a given year. Table 6.4 supports this hypothesis. Within-time political variation appears to impact overall fragmentation

⁶An alternative explanation is that the separation of powers is only relevant under divided party government. In many ways, when two branches are controlled by the same party, a presidential democracy more closely resembles a parliamentary one. An alternative test of the conventional wisdom, then, might consider a presidential democracy in which the executive and legislative branches are controlled by the same party as being similar to a parliamentary democracy. This would be similar, for example, to the argument laid out by Farhang and Yaver (2016) that the state of divided party government in the late 20th century is what has led to a bloated bureaucracy.

⁷Substituting a plurality variable, or including both PR and plurality variables, creates similar results. Regardless of the specification, PR systems result in less fragmentation and plurality in more.

Table 6.2

	<i>Dependent variable:</i>		
	Bureaucratic Fragmentation of Foreign Aid		
	(1)	(2)	(3)
	(1)	(2)	(3)
Presidential System	0.357*** (0.040)	0.060 (0.067)	0.529*** (0.068)
Majority Vote-Share		-0.005*** (0.001)	-0.006*** (0.002)
Opposition Vote-Share		-0.007*** (0.001)	-0.005*** (0.002)
Unified Government		0.022 (0.028)	-0.085*** (0.031)
GDP		0.000 (0.000)	0.000* (0.000)
GDP/capita		-0.00000 (0.00000)	-0.00000 (0.00000)
Total Aid Budget		0.000*** (0.000)	0.000 (0.000)
Year FE			Y
Constant	0.281*** (0.011)	0.444*** (0.049)	0.169* (0.100)
Observations	546	520	520
R ²	0.126	0.338	0.659
Adjusted R ²	0.125	0.329	0.617
Residual Std. Error	0.242 (df = 544)	0.212 (df = 512)	0.160 (df = 462)

Note: *p<0.1; **p<0.05; ***p<0.01

Mean Bureaucratic Fragmentation in PR vs. Plurality Systems

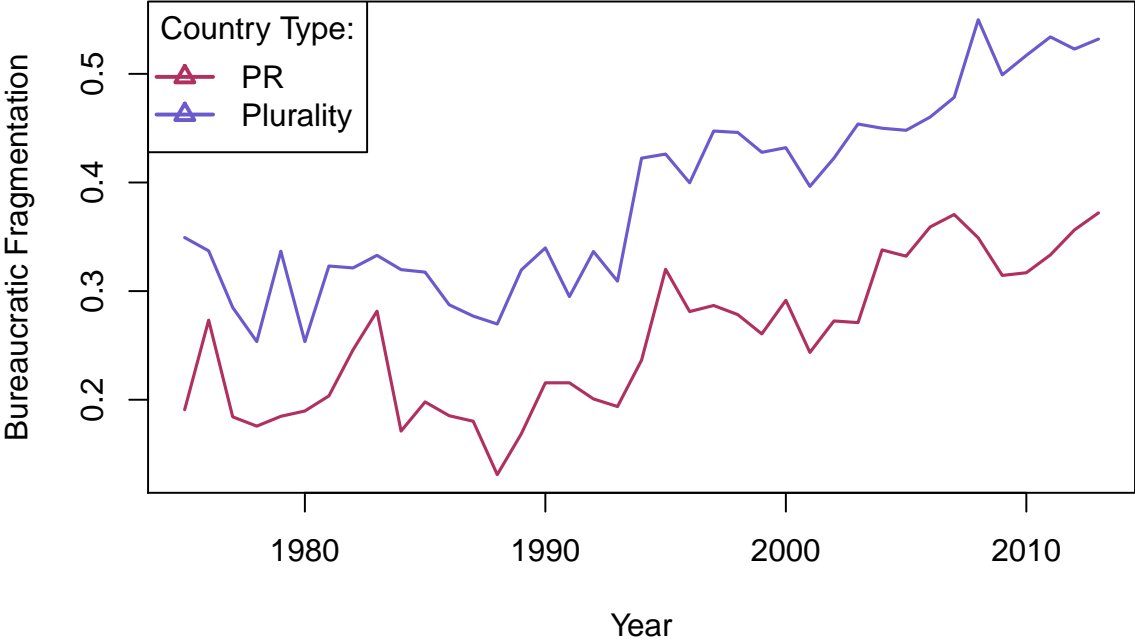


Figure 6.5

Table 6.3

	<i>Dependent variable:</i>		
	Bureaucratic Fragmentation of Foreign Aid		
	(1)	(2)	(3)
Proportional Representation	−0.176*** (0.023)	−0.189*** (0.030)	−0.529*** (0.068)
Majority Vote-Share		−0.005*** (0.001)	−0.006*** (0.002)
Opposition Vote-Share		−0.008*** (0.001)	−0.005*** (0.002)
Unified Government		−0.103*** (0.032)	−0.085*** (0.031)
GDP		0.000 (0.000)	0.000* (0.000)
GDP/capita		−0.00000 (0.00000)	−0.00000 (0.00000)
Total Aid Budget		0.000*** (0.000)	0.000 (0.000)
Year FE			Y
Constant	0.432*** (0.020)	0.694*** (0.059)	0.744*** (0.122)
Observations	546	520	520
R ²	0.095	0.396	0.659
Adjusted R ²	0.093	0.388	0.617
Residual Std. Error	0.247 (df = 544)	0.203 (df = 512)	0.160 (df = 462)

Note:

*p<0.1; **p<0.05; ***p<0.01

in all models. The coefficient on government vote share is negative, the expected direction, and significant. This indicates that when the majority party has a higher vote share, fragmentation may decrease, as the theory would suggest. The point estimate in the bivariate regression is very close to zero, at -0.002. This indicates that a change in vote-share may not have a large substantive effect on fragmentation. A one-standard-deviation increase in majority vote-share (8.6%) would only increase fragmentation by less than 0.02. This is a very small change.

Similarly, the opposition coalition's vote-share appears to have a slightly greater, and no less robust, impact. A one-standard-deviation change in opposition-party vote-share (11.8%) would increase fragmentation by nearly 0.05. This is still a relatively small effect, but it is nonetheless interesting to consider that the opposition party may have more impact than the ruling party on the fragmentation of a bill.

Finally, I ran a horse-race model, which includes all of the above variables and tests the hypotheses against each other. If the coefficients of some variables drown out others, it may be the case that some variables are more important deciders of fragmentation⁸ Table 6.5 below reports the full results of the horse-race model.

Of the institutional variables, the most important factor in fragmentation is the presence of PR electoral institutions. Once again, plurality systems increase aid fragmentation, while PR systems decrease it. Shifting to a PR electoral system decreases fragmentation by 0.15. This represents a little over half a standard deviation in the fragmentation variable, which is constrained to vary from 0 to 1. Although this in itself does not represent a large point estimate, it is also true that much of aid fragmentation is driven by economic factors, such as GDP and wealth, and by the total aid budget. Also, aid has changed over time, and the year that aid was awarded makes a large difference. Accounting for these factors more than doubles the point estimate, creating a shift of well over one standard deviation.

Once again, a surprisingly important factor in aid fragmentation is the vote-share of the

⁸A full analysis of the comparative importance of variables would require a separate model, perhaps a prediction model. However, the horse race allows for a simple and preliminary comparison.

Table 6.4

	<i>Dependent variable:</i>		
	Bureaucratic Fragmentation of Foreign Aid		
	(1)	(2)	(3)
Majority Vote-Share	-0.002 (0.002)	-0.005*** (0.001)	-0.006*** (0.002)
Opposition Vote-Share	-0.004*** (0.001)	-0.007*** (0.001)	-0.005*** (0.002)
Unified Government	0.104*** (0.031)	0.015 (0.027)	-0.085*** (0.031)
GDP		0.000** (0.000)	0.000* (0.000)
GDP/capita		-0.00000 (0.00000)	-0.00000 (0.00000)
Total Aid Budget		0.000*** (0.000)	0.000 (0.000)
Year FE			Y
Constant	0.235*** (0.043)	0.426*** (0.048)	0.169* (0.100)
Observations	520	520	520
R ²	0.026	0.332	0.659
Adjusted R ²	0.020	0.324	0.617
Residual Std. Error	0.256 (df = 516)	0.213 (df = 513)	0.160 (df = 462)

Note:

*p<0.1; **p<0.05; ***p<0.01

Table 6.5

	<i>Dependent variable:</i>		
	Bureaucratic Fragmentation of Foreign Aid		
	(1)	(2)	(3)
Presidential System	0.409*** (0.054)	0.008 (0.067)	0.339*** (0.073)
Proportional Representation	-0.150*** (0.034)	-0.212*** (0.030)	-0.236*** (0.047)
Majority Vote-Share	-0.001 (0.001)	-0.004*** (0.001)	-0.003** (0.001)
Main Opposition Vote-Share	-0.006*** (0.001)	-0.006*** (0.001)	-0.003** (0.001)
Unified Government	-0.010 (0.036)	-0.120*** (0.033)	-0.061** (0.030)
GDP		0.000 (0.000)	0.000 (0.000)
GDP/capita		-0.00000 (0.00000)	-0.00000** (0.00000)
Total Aid		0.000*** (0.000)	0.000 (0.000)
Year FE			Y
Constant	0.587*** (0.058)	0.694*** (0.059)	0.405*** (0.096)
Observations	520	520	520
R ²	0.209	0.396	0.659
Adjusted R ²	0.201	0.387	0.617
Residual Std. Error	0.231 (df = 514)	0.203 (df = 511)	0.160 (df = 462)

Note:

*p<0.1; **p<0.05; ***p<0.01

main opposition coalition. Contrary to what might be expected, a higher opposition vote-share is correlated with less fragmentation. Recall that Hypothesis 3 predicted that a higher *majority-coalition* vote-share should decrease fragmentation. Although this relationship holds in many models, it is not consistent or robust. In contrast, the *opposition's* vote-share is consistently correlated with greater fragmentation. This puzzling finding becomes understandable under a more careful examination of the theory. The theory predicts that heterogeneity between legislators causes fragmentation. This should include heterogeneity in both parties. If the main opposition coalition is powerful, then it may be easier for its leadership to bargain with a single voting bloc. On the other hand, if any coalitions in the legislature are less powerful, including the opposition, then it may become difficult to convince individual legislators to vote for an aid bill. When this occurs, it becomes increasingly necessary for legislative leadership to begin offering individual side payments to legislators' pet projects, to buy support. This results in a more fragmented budget. Regardless of party, when some legislators are unwilling to support their leadership, fragmentation should increase.

6.4 Discussion and Conclusion

The conventional wisdom about bureaucracy, which presumes that it is largely a problem of separation-of-power systems, is a true but incomplete explanation in the case of foreign aid. Contrary to much previous thinking, parliamentary democracies may not be better able to overcome bureaucratic problems than presidential ones, controlling for other factors. Other aspects of legislator incentives, such as the incentive to seek particularistic benefits, play larger role in bureaucratic outcomes. What's more, bureaucratic structure changes over time, even when electoral systems stay the same. Institutions alone are not enough to explain this within-country variation. Scholars focusing only on interbranch politics or partisan disagreements are missing an important part of the bureaucracy story. The size and shape of the executive branch can be just as

dependent upon the legislature as the executive itself.

What's more, by shaping the bureaucracy, electoral institutions can impact the final stage of policy implementation. This is clear in the case of foreign aid. As previous work has found, the effectiveness of foreign aid policy depends upon the bureaucratic institutions that carry out that policy. In turn, bureaucratic institutions are shaped, both by design and by accident, by policymakers. The incentives of legislators, therefore, can have unforeseen consequences on foreign policy outcomes. These incentives are shaped by the institutions that countries use to elect and control politicians. It remains to be seen how indirect effects of legislative behavior compare to the direct efforts of legislators in the realm of foreign policy.

The importance of institutions in foreign policy should come as no surprise to those who study domestic institutions and war. There is a large and growing literature linking certain domestic institutions and the probability of attacking or being the target of attack. However, the domestic implications of foreign policy tools that are often used as substitutes for or complements to war, such as foreign aid, are often neglected. This is especially concerning given the normative importance of using diplomatic tools to prevent costly conflicts. An inefficient peaceful foreign policy may make military options seem that much more enticing. A better understanding of the way institutions can shape foreign policy *beyond* the battlefield is necessary in order to ensure that peaceful means are better used in the future.

7 Conclusion

In this dissertation I developed and tested, through several unique angles, a theory of bureaucratic fragmentation of foreign aid. I argued that foreign aid is not a conscious policy choice; rather it is a byproduct of the bargaining process inherent in the passage of unpopular legislation. Although foreign aid seems altruistic, it can in fact serve as an important foreign policy tool, especially in the US, where Congress does not have much say in other realms of foreign policy. This gives central decision-makers a strong incentive to pass foreign aid laws. However, because foreign aid does not have a natural constituency, it can be a hard sell. Leaders must therefore often resort to nontraditional methods to pass foreign aid legislation.

States differ in their methods for passing difficult legislation. As this dissertation shows, many state leaders do so by crafting bills that include side payments. Side payments can take many forms, one of which is the agreement to divert funding within a bill to a particular legislator's pet project. This type of side payment leads to a fragmented budget. Not all states are equally likely to adopt these types of side payments in an attempt to pass legislation. Democracies with proportional representation (PR) electoral institutions, for example, provide less incentive for legislators to pursue personal or district-wide projects. This means that the process leading to foreign aid fragmentation is dampened in PR systems.

Other states' legislators, however, rely more on a personalist vote. This leads them to seek more side payments in order to secure projects, donations, and votes. Legislators in plurality systems who are on the fence about a foreign aid bill, therefore, may seek to have their pet project

agency funded in exchange for their support of the bill. Legislators can gain several benefits from pet projects. Funding for certain agencies may help businesses or contractors in their districts. Or many constituents may hail from a specific part of this world, which is best represented through one agency. Or legislators and their constituents may simply have strong feelings about how foreign aid should be spent. In order to appease many of these picky legislators, agenda-setters promoting a foreign aid bill may eventually divert so much of the budget to smaller pet projects that foreign aid becomes extremely fragmented.

This process of bargaining and fragmentation is most likely to occur when the majority party is heterogeneous in its preferences and parties are divided. It is in this case that congressional agenda-setters may struggle most to collect enough votes, from either party, to pass a foreign aid bill. Therefore, the combination of majority-party heterogeneity and party polarization leads congressional agenda-setters to offer side payments to on-the-fence legislators in exchange for their support. Some of these side payments take the form of funding to pet project agencies. As more recalcitrant legislators' pet projects are funded, the resulting foreign aid budget becomes more fragmented.

This process is exacerbated by the presence of divided party government. When the executive branch is represented by a different party from congressional agenda-setters, moderate legislators can become even more picky. They demand pet projects, but they also believe that congressional leadership is too hard on the executive branch. This leads to more fragmentation as pet project funding is substituted for more constraining vote-buying tools. Combined, the four empirical chapters paint a complicated picture of a consistent phenomenon: foreign aid fragmentation is largely a byproduct of legislative bargaining.

Before now, the academic community has spent considerably more resources on studying the problems of fragmentation than on understanding its root causes. In some ways, this is understandable. The fast pace of the policy world demands more research on the outcomes with the most proximate relevance; from this perspective, actual foreign policy outcomes are more

interesting than the institutional processes that lead to them. Also, a full understanding of the problems are a necessary place to start for anyone trying to study solutions. This dissertation would not have been possible without previous scholars learning that aid fragmentation is a problem.

However, this first attempt to study the political causes of foreign aid fragmentation is necessary for at least two reasons. First, fragmentation is not randomly distributed. Certain historical periods and countries tend to create more fragmentation than others. True causal inference on the effects of fragmentation requires scholars to be able to control for the factors that caused fragmented policy in the first place. Second, policymakers demand solutions. The emerging policy consensus of the ill effects of fragmentation will logically lead to an increasing desire to fix the problem. Politicians in the last electoral cycle insisted that they were going to shut down agencies, or drain the swamp in Washington. Other solutions for bureaucratic complexity have included merging agencies or creating new coordinators. As this dissertation suggests, however, there are no easy solutions. Bureaucratic fragmentation is deeply ingrained into electoral institutions and the necessities of lawmaking in the United States and elsewhere.

The research in this dissertation suggests that foreign aid fragmentation is not a conscious choice by the US government (or any other central government) but is instead a byproduct of the vote-buying inherent in the lawmaking process in our democracy. In order to pass foreign aid legislation, congressional leadership often finds it necessary to create and fund small-scale pet projects that are attractive to a subset of legislators. When enough pet projects are financed, the foreign aid budget will become fragmented. As evidence, I found that foreign aid fragmentation is highest in the years in which vote-buying should also be maximized. The main argument of the dissertation implies limitations on the potential solutions to fragmentation. Vote-buying is an integral part of American government, and many other governments as well. A solution to the problem requires a much closer look at the mechanisms, and where they can best be altered.

If anything, the best hope for policymakers attempting to decrease foreign aid fragmen-

tation can be found in Chapter Five. This chapter highlights the substitutability of various vote-buying tools. If Congress is serious about doing away with fragmentation in foreign aid budgets, one solution is to allow greater numbers of earmarks and specification in bills. Earmarks have recently reached a new low in popularity, and an unintended consequence of earmark prohibitions may be an increase in other vote-buying tools, leading to even more bureaucratic fragmentation. This may be further exacerbated by recent trends of divided party government, which further limit substitute tools. On the other hand, allowing earmarks is not a perfect solution. It is likely that earmarks and other vote-buying tools have their own policy problems. The benefits and drawbacks of alternative means of congressional vote-buying should be the subject of further research if we are to solve these problems in foreign aid.

Beyond the obvious policy considerations of improving foreign aid provision, the research on foreign aid effectiveness can be important for a deeper reason. Recent work on substitutability in foreign policy tools suggests that foreign policy will become increasingly militarized when more peaceful policies are more difficult to implement. Insofar as foreign aid can be used as a substitute for military policies, it is important that it be relatively easy to effectively deliver aid. As aid becomes more cumbersome and inefficient, other policy tools will become increasingly attractive. In extreme cases, the ineffectiveness of foreign aid may lead powerful states to rely more heavily on military solutions. The peacefulness of foreign policy depends in part upon countries' ability to effectively employ peaceful tools.

Whether the goal of foreign aid is international development, geopolitical strategy, or something else, it is in every country's best interest to use their foreign policy tools as effectively as possible. More research on solutions to policy gridlock, in domestic and foreign policy, is necessary before further progress can be made. The research in this dissertation is just one step in understanding the processes involved in foreign policymaking and, eventually, creating peaceful, effective tools that prevent domestic conflict from crossing the border and influencing international cooperation.

Finally, foreign aid is not the only policy domain that has been criticized for its bureaucratic fragmentation. Other realms of policy have several bureaucratic actors working on similar projects. The Government Accountability Office now issues an annual report on Fragmentation, Overlap, and Duplication, in the federal government (for example, Dodaro 2015). In recent elections, several candidates promised to shut down several agencies. In American politics, the view of bureaucratic proliferation is not complimentary. How can we use this theory to explain bureaucratic fragmentation in other realms, like healthcare, environmental control, and welfare?

This theory is somewhat generalizable, but foreign aid policy has two unique features that make it especially amenable to this particular theory of bureaucratic fragmentation. First is its lack of popularity and salience among voters. Many voters and legislators do not see the benefit of foreign aid to them. This makes it especially difficult to pass a foreign aid bill without vote-buying and brings the vote-buying mechanism to the fore. Second, debates in foreign aid can include a lot of other policy areas. For example, legislators who care about abortion may be drawn into foreign aid for this seemingly unrelated reason. This multitude of domestic policies that foreign aid touches upon can increase the heterogeneity of agencies, and therefore opportunities to buy votes.

Some policy areas are similar to foreign aid in one or both of these regards. Preferences about social welfare programs can be unpopular just like foreign aid (Prather). And social welfare can touch upon several domestic policy debates, such as healthcare, mortgage and finance, agriculture, and education. Fragmentation that may exist among domestic social welfare issues, therefore, may be explained through the same theoretical mechanisms that this dissertation develops. Future work should begin to generalize this theory to create a theory of bureaucratic fragmentation throughout the United States. Perhaps such an effort would bring up more solutions that have been tried and succeeded in similar situations. Solving overall problems of bureaucratic fragmentation will require more creativity and work that I could consider in my limited scope.

8 Appendix: Robustness Tests and Data Information

8.1 Chapter 3

For the sake of brevity, the body of the paper only included the Herfindahl Index measure of fragmentation, despite the fact that fragmentation may also be measured by looking at the percent of the aid budget that goes through the largest agency, USAID. Additionally, the main body of the paper does not include the relevant tests using a Tobit models, due to the bounded nature of the dependent variable. The results for the Tobit models and the alternative specification for bureaucratic fragmentation are below.

Tobit for Herfindahl DV

<i>Dependent Variable:</i>	Fragmentation		
	Model 1	Model 2	Model 3
(Intercept):1	0.56872 (0.12484)	1.06500 (0.21886)	-122.68 (231.93)
(Intercept):2	-2.97799 (0.09535)	-3.03964 (0.09535)	-3.45 (0.10)
Maj SD	-0.74381 (0.51924)	-3.60543 (1.17172)	-5.55 (1.43)
Party Distance	0.14441 (0.05554)	0.53689 (0.25892)	-0.58 (0.34)
War			0.01 (0.01)
Maj. Size			-0.00 (0.00)
Number			-0.00 (0.00)
House			0.06 (0.02)
Repub			0.05 (0.01)
President			0.00 (0.00)
Repub			0.00 (0.00)
Total Aid			0.13 (0.23)
Year			-0.00 (0.00)
Year-2			0.00 (0.00)
Maj SD		4.05527	4.68
xDistance		(1.50948)	(1.82)
<i>Note:</i>	Standard errors in parentheses.		

Tobit for USAID DV

Voting Models

The voting models shown in Table 3.3 show the interaction between legislator moderateness and bill fragmentation for majority-party legislators. These findings are robust when minority legislators are included in the analysis. As Table 8.1 below shows, these results hold for the minority party. In this case “Moderate” is defined as the difference between the party median

<i>Dependent Variable:</i>	Not USAID		
	Model 1	Model 2	Model 3
(Intercept):1	0.77 (0.17049)	1.64721 (0.28505)	-226.42 (298.76)
(Intercept):2	-2.66631 (0.09535)	-2.77542 (0.09535)	-3.20 (0.10)
Maj SD	-1.93116 (0.70913)	-7.01194 (1.52606)	-9.65 (1.85)
Party Distance	-0.03944 (0.07586)	-1.24907 (0.33722)	-1.27 (0.43)
War			0.01 (0.02)
Maj. Size			-0.00 (0.00)
Number			0.00 (0.00)
House			0.10
Repub			(0.03)
President			0.04
Repub			(0.02)
Total Aid			0.00 (0.00)
Year			0.24 (0.3)
Year-2			-0.00 (0.00)
Maj SD		7.20010	8.49
X Distance		(1.96596)	(2.34)
<i>Note:</i>	Standard errors in parentheses.		

DWNominate score and the legislator's score (for Republicans) and the difference between the legislator and the party median (for Democrats). This results in a positive measure for legislators whose preferences fall on the inside of the party median and a negative otherwise. Also interesting is the fact that, unlike the majority party, extremists in the minority party also appear more likely to vote for fragmented bills. Perhaps vote-buying is going even further than expected in some of these cases.

Table 8.1

	<i>Dependent variable:</i>		
	Vote on Aid Bill		
	(1)	(2)	(3)
Moderate	-0.393*** (0.094)	-11.788*** (1.006)	-12.309*** (1.069)
Fragmentation		3.978*** (0.306)	17.357*** (5.620)
Moderate x Fragmentation		20.957*** (1.835)	22.609*** (1.954)
Year FE			Y
State FE			Y
Republican			-0.862*** (0.038)
Constant	0.460*** (0.016)	-1.710*** (0.168)	-8.902*** (3.005)
Observations	16,100	16,100	16,100
Log Likelihood	-10,742.790	-10,581.180	-9,305.516
Akaike Inf. Crit.	21,489.580	21,170.360	18,779.030

Note: *p<0.1; **p<0.05; ***p<0.01

8.2 Chapter 4

List of FSA Amendments

Senate Amendments			
Number	Sponsor	Description	Keyword
2655	BURNS	To support the use of telecommunications technologies in delivering educational and instructional programming to the independent states of the former Soviet Union.	Earmark
2673	STEVENS	To clarify that fish and fish products are included as agricultural commodities.	Earmark
2674	STEVENS	To encourage the placement of United States and Foreign Commercial Service Officers in the cities of Vladivostok and Khabarovsk to ensure adequate United States support for business development in the Russian Far East, and to establish a technical assistance center at an American university.	Earmark
2676	MACK	To provide assurances that nuclear fuel rods will not be provided to Cuba unless certain compliances are met.	Earmark
2682	BYRD	To promote development of capital projects involving coal-based technology.	Earmark
2688	MCCONNELL	To promote competitive opportunities for United States insurance companies.	Earmark
2699	SIMPSON	Expressing the sense of the Congress that the President should take those actions necessary to minimize disruption to the international market in the event of sales from the independent states of the former Soviet Union of defense-related commercial grade uranium.	Earmark
2701	BROWN	To express the Senate's intent to support the work of Junior Achievement to educate the youth of the newly independent states of the former Soviet Union in the ways of capitalism and free enterprise.	Earmark
2712	KASTEN	To strengthen "Buy American" provisions of law by limiting exceptions for procurement outside the United States.	Earmark
2720	CRANSTON	To extend legal training to the countries of Eastern Europe.	Earmark
2722	MCCAIN	To require the Secretary of Transportation to promulgate final regulations on airline computer reservation systems and slots at high density traffic airports.	Earmark
2723	RIEGLE	To require the Secretary of Agriculture to provide disaster assistance to eligible orchardists that planted trees for commercial purposes but lost the trees as a result of fire blight.	Earmark
2724	MACK	To urge the President to obtain commitments and facilitate the withdrawal of Russian military personnel from Cuba.	Earmark
2725	LUGAR	To authorize the use of appropriated funds for the independent states of the former Soviet Union to provide support in addressing the nutritional needs of infants by providing processed baby food as part of any direct food assistance program.	Earmark
2646	PELL	To authorize specific funding for programs of the act.	Politics
2648	LEAHY	To strike the provision related to the credit-worthiness requirement of the agricultural export credit guarantee program.	Politics
2649	LEAHY	To make minor and technical amendments to the agricultural provisions of the committee amendment.	Politics
2650	LEAHY	To exclude certain agricultural trade and assistance laws from the general waiver authority.	Politics

Senate Amendments

2656 EXON	To require a report on the feasibility of using barter, countertrade and other self-liquidating finance methods to facilitate the strategic diversification of United States oil imports through cooperation with the former Soviet Union in the development of their energy resources.	Politics
2662 MCCONNELL	To strike provisions of Public Law 102-138, Department of State Authorizations, 1992-93, regarding United States-Soviet Reciprocity concerning occupancy of new chancery buildings.	Politics
2663 D'AMATO	To prohibit the use of funds from this act to pay for the indebtedness of republics of the former Soviet Union to international financial institutions.	Politics
2666 SPECTER		Politics
2667 COCHRAN	To authorize the use of a portion of international military education and training (IMET) assistance for training in economic security and development.	Politics
2675 BOREN	To match any tied aid offers made by foreign countries to the former Soviet Union.	Politics
2683 DODD	To require that U.S. spending for domestic defense conversion programs is not less than spending for such programs in the former Soviet Republics.	Politics
2684 RIEGLE	To provide for the extension of defense conversion programs Relative to the International Migration Fund for the former Soviet Union.	Politics
2687 KENNEDY		Politics
2689 WIRTH	To authorize the use of funds to promote the health of women in the independent states of the former Soviet Union.	Politics
2696 SARBANES	To provide that executive branch agencies should utilize the resources and expertise of existing United States educational facilities in Europe.	Politics
2707 SPECTER	INTERNATIONAL LENDING REQUIRED TO BE SECURED BY CERTAIN EXPORT EARNINGS	Politics
2708 SPECTER	INTERNATIONAL LENDING REQUIRED TO BE SECURED BY CERTAIN EXPORT EARNINGS	Politics
2709 RIEGLE	To provide for programs that aid Americans.	Politics
2711 METZENBAUM	To provide for programs that aid Americans.	Politics
2717 GLENN	To apply existing procedures for the waiver of the prohibitions on assistance, and for other purposes.	Politics
2719 KASTEN	To provide for environmental protection in the Republics of the former Soviet Union.	Politics
2721 D'AMATO	To express the sense of the Senate regarding assistance to Israel.	Politics
2726 SPECTER	To provide that any international lending be required to be secured by certain export earnings.	Politics
2659 RIEGLE	New Treasury and Commerce programs	Program
2660 MCCONNELL	To promote drug education, interdiction and eradication programs.	Program
2661 SYMMS	To include the establishment of an efficient intermodal transportation system among the activities supported by the bill.	Program
2671 HATCH	To provide technical assistance to promote the development of certain specified agricultural programs.	Program
2672 BAUCUS	To provide technical assistance to support environmental and health protection laws.	Program

Senate Amendments

2677 GORTON	To support the production of books for use in the educational systems of the independent states of the former Soviet Union.	Program
2678 LIEBERMAN	To assist business and commercial development in the former Soviet Union.	Program
2679 LIEBERMAN	research and development opportunities for scientists and engineers of the former Soviet Union, and for other purposes.	Program
2681 BRADLEY	To finance an educational and business exchange program with the independent states of the former Soviet Union and the Baltic states.	Program
2690 MITCHELL	To designate the law and business training program for graduate students from the former Soviet Union, Lithuania, Latvia, and Estonia as the "Edmund S. Muskie Fellowship Program".	Program
2692 KERRY	To authorize support for educational television programming for both children and adults with emphasis on teaching the fundamentals of a free market economy.	Program
2693 PELL	To authorize appropriations to establish and operate additional American Business Centers.	Program
2695 LUGAR	To require a report on the feasibility of establishing a multilateral facility for insuring investments.	Program
2697 KERREY	To finance an educational and business exchange program with the independent states of the former Soviet Union and the Baltic states.	Program
2698 HARKIN	To establish American Agribusiness Centers in the independent states of the former Soviet Union and Baltic states, expand two-way exchanges among agribusiness practitioners and for other purposes.	Program
2715 DOMENICI	To establish American Centers to promote commercial, professional, civic, and other partnerships between the people of the United States and the peoples of new independent States.	Program
2718 DOLE	To improve the quality and availability of health care for citizens of the independent States of the former Soviet Union.	Program
2647 CHAFEE	Adding a requirement that recipients of aid cooperate fully with the United States in uncovering evidence of the presence of living or deceased American prisoners of war from the Vietnam War, the Korean War, World War II, or other American operations under Soviet control.	Security
2651 LEAHY	To provide assistance to support training for and preparation of American participants in assistance programs and related activities.	Security
2652 WELLSTONE	To support the development of local and regional democratic institutions in the independent states of the former Soviet Union.	Security
2653 NUNN	To authorize additional steps to promote the demilitarization of the independent states of the former Soviet Union.	Security
2654 WARNER	To attach conditions to the proposed program set forth in the Nunn amendment.	Security
2657 PRESSLER	To express the sense of the Congress with respect to Russian involvement in Moldova.	Security
2658 PRESSLER	To support the independent states of the former Soviet Union in the issuance of independent currencies.	Security

Senate Amendments

2664 DECONCINI	To restrict assistance for Russia until its armed forces are removed from the Baltic states.	Security
2665 PELL	In the nature of a substitute.	Security
2668 GRAMM	To establish stable currencies and promote free enterprise in the CIS countries.	Security
2669 GRAMM	To establish stable currencies and promote free enterprise in the CIS countries.	Security
2670 CRANSTON	To provide for a report on the possible alternatives for the ultimate disposition of ex-Soviet special nuclear materials (SNM).	Security
2680 GORE	To prohibit assistance to public or private entities that withhold the property of United States nationals in violation of law.	Security
2685 PRESSLER	Relating to U.S. policy regarding orderly and timely withdrawal of Russian or Commonwealth of Independent States troops from Lithuania, Latvia, and Estonia. Conditioning aid to Azerbaijan on that country's demonstrated steps to end blockades and other offensive actions against Armenia and Nagorno-Karabach.	Security
2686 KERRY	Relating to the role of the International Finance Corporation.	Security
2691 MCCONNELL	To provide technical assistance to the former Soviet Union to promote the protection of intellectual property.	Security
2694 LAUTENBERG	To express the sense of the Congress in opposition to the sale of the LTV Aerospace and Defense Company to a foreign person, and for other purposes.	Security
2700 BYRD	To ensure the development of a private banking sector and a secondary market that will speed the privatization of the economies of the states of the former Soviet Union.	Security
2702 BROWN	To limit the use of the United States quota increase for the International Monetary Fund to the United States proportionate share of funding for new IMF programs for the independent states of the former Soviet Union.	Security
2703 BROWN	To propose policy and staffing changes in the International Monetary Fund (IMF).	Security
2704 KASTEN	To provide for eligibility of the Baltic states for nonlethal defense articles.	Security
2705 BYRD	To provide for improved safety of Soviet-designed nuclear power plants to enhance the operational safety and reduce the risk of a nuclear accident.	Security
2713 WALLOP	To provide for comprehensive planning and participation in international efforts to improve nuclear power plant safety.	Security
2714 GRAHAM	To establish safeguard against the proliferation of nuclear weapons, to promote nuclear reactor safety and to reduce the danger of nuclear accident.	Security
2716 LUGAR	Regarding the progress of immigration reform in the Republic of the former Soviet Union.	Security
2727 KASTEN	To insure fair treatment of United States companies doing business in the Republics of the former Soviet Union.	Security
2728 KASTEN		Security

8.3 Chapter 5

Tobit for Herfindahl Fragmentation DV

<i>Dependent Variable:</i>	Fragmentation		
	Model 1	Model 2	Model 3
(Intercept):1	0.853281 (0.059118)	1.04247 0.08583	-72.33 (252.56)
(Intercept):2	-2.922400 (0.095346)	-2.99242 0.09535	-3.35 (0.10)
Maj SD	-1.814464 (0.325140)	-2.87512 0.47746	-3.65 (0.68)
Div Gov	0.007638 (0.014944)	-0.30491 0.10959	-0.22 (0.09)
War			0.02 (0.01)
Maj Size			-0.00 (0.00)
Number			0.00 (0.00)
House			0.11 (0.02)
Repub			
Total Aid			0.00 (0.00)
Year			0.08 (0.26)
Year-2			-0.00 (0.00)
Maj Sd		1.77703	1.32
x Div Gov		0.61801	(0.52)
<i>Note:</i>	Standard errors in parentheses.		

Tobit for Herfindahl Specification DV

	Estimate	Std. Error	z value	Pr(> z)
(Intercept):1	-351.83	303.87	-1.16	0.25
(Intercept):2	-3.04	0.10	-30.46	0.00
maj.sd.house	-0.06	0.92	-0.06	0.95
divgov.eith	-0.04	0.13	-0.31	0.75
war	-0.01	0.02	-0.70	0.49
majsize	0.00	0.00	3.23	0.00
num	0.01	0.00	2.66	0.01
houserrep	-0.00	0.03	-0.04	0.97
apps	-0.00	0.00	-3.25	0.00
year	0.35	0.31	1.13	0.26
yr2	-0.00	0.00	-1.10	0.27
maj.sd.house:divgov.eith	0.00	0.73	0.00	1.00

8.4 Chapter 6

Country Lists

Countries in most limited dataset (consistent reporters):

- Australia
- Belgium
- Canada
- Switzerland
- FRG/Germany
- Denmark
- Finland
- France
- UK
- Japan
- Netherlands
- Norway
- Sweden
- USA

Countries in more open dataset (all democratic aid donors):

- Austria
- Australia
- Belgium
- Brazil
- Canada
- Switzerland
- Chile
- Colombia
- Cyprus
- Czech Rep.
- FRG/Germany
- Denmark
- Spain
- Finland
- France
- UK
- Greece
- Hungary
- Ireland
- India
- Iceland
- Italy
- Japan
- Korea
- Lithuania

- Luxembourg
- Latvia
- Nigeria
- Netherlands
- Norway
- New Zealand
- Poland
- Portugal
- Romania
- Sweden
- Slovenia
- Slovakia
- USA
- South Africa

Tobit for Limited Dataset Herfindahl DV (Horse Race)

	Estimate	Std. Error	z value	Pr(> z)
(Intercept):1	1.05	0.15	6.92	0.00
(Intercept):2	-1.45	0.04	-39.53	0.00
pres	-0.11	0.08	-1.34	0.18
pr	-0.25	0.04	-6.59	0.00
govvote	-0.01	0.00	-3.22	0.00
oppvote	-0.01	0.00	-7.12	0.00
allhouse	-0.14	0.04	-3.42	0.00
gdp	0.00	0.00	0.72	0.47
pcap	0.00	0.00	0.36	0.72
total.aid	0.00	0.00	3.89	0.00
Year FE	0.02	0.10	0.21	0.83

Tobit for All Democracies Dataset Herfindahl DV (Horse Race)

	Estimate	Std. Error	z value	Pr(> z)
(Intercept):1	0.65	0.16	4.00	0.00
(Intercept):2	-1.17	0.03	-36.67	0.00
pres	-0.37	0.06	-6.51	0.00
pr	-0.08	0.04	-2.06	0.04
govvote	-0.00	0.00	-2.02	0.04
oppvote	-0.01	0.00	-3.79	0.00
allhouse	-0.02	0.04	-0.46	0.64
gdp	0.00	0.00	4.34	0.00
pcap	-0.00	0.00	-2.51	0.01
total.aid	0.00	0.00	0.93	0.35
Year FE	-0.06	0.14	-0.42	0.67

Horse Race Models Using Sample of All Democracies

Table 8.2

	<i>Dependent variable:</i>		
		frag	
	(1)	(2)	(3)
pres	-0.023 (0.035)	-0.189*** (0.037)	-0.214*** (0.038)
plurality	0.168*** (0.021)	0.101*** (0.021)	0.096*** (0.021)
govvote	-0.002 (0.001)	-0.002* (0.001)	-0.001 (0.001)
oppvote	-0.002* (0.001)	-0.003*** (0.001)	-0.003*** (0.001)
allhouse	-0.0003 (0.027)	-0.007 (0.024)	-0.027 (0.025)
gdp		0.000*** (0.000)	0.000*** (0.000)
pcap		0.00000 (0.00000)	-0.00000* (0.00000)
total.aid		0.000 (0.000)	0.000 (0.000)
Year FE			Y
Constant	0.361*** (0.101)	0.423*** (0.094)	0.391*** (0.120)
Observations	788	786	786
R ²	0.093	0.248	0.288
Adjusted R ²	0.087	0.240	0.244
Residual Std. Error	0.266 (df = 782)	0.242 (df = 777)	0.242 (df = 739)
F Statistic	16.008*** (df = 5; 782)	32.048*** (df = 8; 777)	6.502*** (df = 46; 739)

Note:

*p<0.1; **p<0.05; ***p<0.01

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