Presence and Promise:

Strategic Aid and Foreign-Induced Regime Change

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Abstract

This paper considers the relationship between foreign aid and leader security. I argue that while the presence of aid increases leader security, the expectation of aid in the future can cause domestic instability. Through analysis of a formal model, I establish conditions under which the promise of foreign aid in the future generates incentives for political competition. This mechanism depends on the existence of domestic institutions that allow the private expropriation of rents from foreign aid. I derive a measure that captures potential leaders' expected opportunity costs to not challenging their state's current government and show that higher opportunity costs increase the risk of both leader turnovers and coup attempts, but only in states that are relatively undemocratic.

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A large body of political science literature indicates that foreign aid strengthens leader security,[1] at least under some conditions.[2] Governments that receive foreign aid can use it to directly buy off groups that would otherwise challenge for office, or to indirectly reduce domestic grievances, for example by reducing tax rates.[3] The foregoing studies conceive of aid as a resource to facilitate peaceful domestic bargaining. In this paper, I argue that foreign aid can play a dual role in recipient state politics. While the *presence* of aid allows leaders to buy off domestic opponents, the *promise* of future aid can incentivize groups to challenge for office. When donor states reward some groups within a state with more aid than others, the expectation of aid can cause domestic bargaining to unravel. If one group expects access to external resources upon coming to office – and its opponents cannot secure access to these resources on their own – there may be no offer that can deter it from attempting to take control of the government.

Consider the example of Honduras in 1963, when Oswaldo López Arellano overthrew the elected Ramón Villeda Morales. The following year U.S. aid jumped to nearly $80 million, an increase of over 400% from the year prior. Crucially, López Arellano and his compatriots anticipated this behavior from the United States. While President Kennedy paid lip service to the 1961 Foreign Assistance act, which required the U.S. to suspend foreign aid to any country suffering a military coup, Euraque writes that Arellano's supporters fully expected the new law to go unenforced.[4] In the context of increased counterinsurgency funding for Latin American militaries, the coup-plotters believed they would be rewarded upon coming to office, and indeed they were.

The ability of donors to induce political competition by friendly groups in other states comes

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[1] Bueno De Mesquita and Smith 2010, Ahmed 2012.
[2] Licht 2010.
[3] Morrison 2009.
[4] Euraque 1996, pp. 113-114.

with an important institutional caveat. The promise of aid only incentivizes competition in states where the prevailing domestic institutions are not too inclusive – that is, where governments are not forced to share their resources with domestic opponents. Consider a leader contemplating a seizure of power in order to secure an aid package from an external patron: if upon coming to office she must then share this largesse with the group she just deposed, seizing office may well not be worth the costs. This is not to suggest that aid alone determines political competition; rather, the expectation of lootable aid exists as a marginal incentive on top of the numerous other reasons groups have to compete for office. I demonstrate both theoretically and empirically that in those states where institutions are inclusive, foreign-induced regime change is exceedingly difficult to accomplish.

This argument has implications for the relationships between foreign aid and both leader security and democratization. While the incidence of current aid does in fact increase leader security, I also provide empirical support for a novel mechanism by which the expectation of aid decreases leader security, subject to the institutional constraint described above. This finding points to the need for scholars to rethink the temporality of how international actors can shape domestic politics. Past actions can increase confidence in actors' beliefs about how others will behave, and current actions determine the resources available to actors today. But because individuals and groups value the future, expectations about how the international community will respond to domestic outcomes can be key for determining political competition.

The evidence I present here also suggests that donors face a very fundamental constraint in using the promise of resources to shape political competition within other states. Some have pointed to the ability of the United States to "purchase" friendship through aid, finding that this

strategy works much better in non-democratic states.[5] This finding sits uneasily with the nominal U.S. commitment to democracy promotion. This paper argues that the United States is institutionally constrained by how foreign aid shapes incentives for political competition elsewhere: buying friendly regime change may depend on the very venality that the U.S. nominally seeks to eliminate.

In the next section, I argue that the literature has neglected the role that expectations about future aid play in the effect of aid on domestic bargaining. Before turning to a formal presentation of the theory, I substantiate several key assumptions such as the asymmetric nature of foreign aid provision and the ability of groups within recipient states to anticipate this provision. After deriving the equilibrium, I turn to a quantitative test showing that the expectation of foreign aid increases the likelihood of both leadership turnovers and coup attempts. I close by considering the impact of this argument on the relative fidelity of autocratic and democratic allies, as well as the ability of donors to influence democratization processes.

Aid and Influence

The extent to which foreign aid can successfully influence recipient state domestic politics is a crucial question for evaluating the efficacy of aid strategies. For Western donors, the promotion of democracy and the bolstering of allied leaders have been goals of foreign aid for many years. How might these salutary effects come about? Scholars often nest the production of political outcomes within states within a model of bargaining. In these models, the government negotiates with an opposition group (or groups) over the distributional terms of state policies. For example, Boix and Acemoğlu and Robinson argue that decisions over regime type are mediated

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[5]Lai and Morey 2006.

by the ability of poorer groups within a society to commit not to tax societal wealth too heavily.[6] In this telling, conditions that ameliorate these distributional cleavages push states towards democracy. For Boix as well as Acemoğlu and Robinson, one such condition is the presence of relative income equality.

Foreign aid can also play a role in alleviating conflict over distributional policies. Morrison argues that aid and oil play a similar role in domestic bargaining, by substituting the need for governments to tax their subjects.[7] The presence of these slack resources means that governments are decreasingly reliant on their citizens to pay their bills; in turn, they are less inclined to provide these citizens access to power, an exchange that many individuals are willing to make in return for the lightened yoke of taxation.

While the logic connecting foreign aid to regime stability is well-developed, the empirical support is mixed. Morrison finds support for his argument that aid and oil protect the stability of governments, although this effect appears to be conditioned by regime type.[8] Kono and Montinola argue that while long-term foreign aid protects autocrats because these regimes can stockpile resources in protection against lean times, current aid tends to help democratic governments, as the marginal contribution of aid is smaller for autocratic states with large stockpiles of resources.[9] Savun and Tirone bolster Kono and Montinola's argument by providing evidence that foreign aid does in fact reduce the likelihood of civil conflict during economic recession.[10] The converse is also true: negative fluctuations in aid flows can *increase* the probability of civil war by temporarily reducing the government's bargaining power relative to opposition

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[6]Boix 2003, Acemoğlu and Robinson 2006.

[7]Morrison 2009.

[8]Morrison 2009.

[9]Kono and Montinola 2009.

[10]Savun and Tirone 2012.

groups.[11]

Likewise, the ability of donors to incentivize democratization through aid remains unclear. At best, donors appear to be able to marginally influence shifts towards democratization under some conditions. Bermeo finds that in general democratic donors have some success in fostering democratic improvements through aid.[12] However, the ability to conclusively infer the effect of aid from this study is complicated by evidence of non-proportionality: in other words, the recipients of democratic and autocratic aid may differ in fundamental ways aside from aid reception. Aid may also lead to democratization in cases where autocrats believe they are likely to be able to win future elections (Wright 2009).

One similarity binding the foregoing arguments is that they all focus on the effect of current (or past) aid. But just as expectations of state repression can deter challenges to a government, so may expectations over the presence (or absence) of aid shape political incentives within recipient states. On the latter point, Dunning finds that a lack of enforceable conditionality led aid to be ineffective at promoting democracy during the Cold War but effective after 1991.[13] Dunning's argument is that the United States would have liked to have conditioned aid – that is, revoke upon recipient autocratization – but that the geopolitical competition of the Cold War made this threat infeasible. Correspondingly, recipient governments had no reason to make progress towards democracy. In other words, an expectation on the part of recipient governments that aid would flow regardless of their behavior led them to disregard donor exhortations for political liberalization.

Scholars are increasingly probing how actors' anticipation of international politics shape

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[11]Nielsen et al. 2011.
[12]Bermeo 2011.
[13]Dunning 2004.

domestic politics. For example, in the post-Cold War era, the ability of the international community to pressure states to embrace competitive elections has worked to deter potential *coup d'état* plotters.[14] More generally, threats of international punishment can operate to convince groups to not compete for office: Hamid writes that Islamist groups in North Africa have deliberately restricted the number of parliamentary seats they run for in order to avoid provoking a negative reaction from the United States.[15] Conversely, expectations of international support upon coming to office can encourage opposition activity[16] or shape new leaders' actions upon their arrival to office. On the latter point, Marinov and Goemans note that after Major Daouda Malam Wanke came to office in Niger following a coup in 1999, his first order of business was to assure the EU that elections would be quickly held in order to shore up access to the foreign aid disbursements that comprised nearly 80% of his budget.[17]

Together, these arguments outline two broad implications. First, international factors like the presence of foreign aid can provide security to governments currently in office by allowing them to undermine their opponents' political grievances and reduce the burden of taxation. Second, expectations about international behavior like state-to-state cooperation and pressure to democratize can deter *or* encourage office-seeking behavior on the part of groups currently out of power. The key to delineating which effect will win out in a given state lies in determining how domestic actors believe aid will respond to their actions. In the following section I review U.S. aid behavior to outline one potential assumption these actors may make about one relatively important foreign actor's behavior.

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[14]Marinov and Goemans 2014.
[15]Hamid 2011.
[16]Pevehouse 2002.
[17]Marinov and Goemans 2014, p. 805.

Selective Valuation and Foreign Aid

In attempting to determine foreign aid's effectiveness at incentivizing political change, scholars have focused on the utility of aid conditionality. By "conditionality," these authors mean the withholding of aid following recipient failure to meet certain goals, either political or economic. As noted above, many have concluded that conditionality goes unenforced for a number of reasons, generally because the strategic benefits to donor states of continuing aid are too large, even following policy failures.[18] In other cases, multilateral institutions' aid conditionality is undermined by powerful member states.[19] Consequently, the scholarly consensus on the matter is that the threat of aid revocation is not binding – at least under certain structural conditions[20] – and is therefore feckless in underwriting political change. In this section, I offer another view of aid conditionality centered around the identity of leadership within recipient states, and argue that at least for the United States, this definition of conditionality is often met.

Given the above discussion outlining the effect of foreign aid on leadership stability, donors face a quandary when contemplating an enforcement of conditionality. If they revoke aid, they risk weakening the current leader against his or her's domestic opponents; in the extreme, these "aid shocks" can lead to the onset of civil conflict.[21] Because potential domestic replacements may be even less likely to provide the sorts of policies donors prefer, revoking aid is often not a credible threat. The expected outcome, then, for a donor considering an enforcement of conditionality is not more of the policy it prefers, but rather a new leader that may be even less willing to cooperate. In this strategic situation, donors may condition aid not on policy outcomes, but

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[18]Bearce and Tirone 2010.
[19]Stone 2004.
[20]Dunning 2004.
[21]Nielsen et al. 2011.

on the type of leader holding power in recipient states.

The international source of foreign aid means that aid can play a curious role in domestic bargaining. Specifically, aid can act as a *strategically indivisible* good that complicates negotiations in a way that other domestic resources cannot. Consider as a counterexample oil revenues, which Morrison considers analogous to foreign aid in their effect on domestic bargaining.[22] Oil revenues are generated by resources internal to the state, and are thus available to any leader who holds office: if a state generates $100 million in oil sales, whatever group controls these revenues can use them to "buy off" its political opponents. Under some circumstances, foreign aid does not operate in this manner. To preview an argument I present formally below, suppose a state contains two political groups. When in office, Group A receives $1 million in aid. However, when Group B takes office, Group B expects to receive an extra $500,000. Because Group A cannot access these extra revenues on its own, it cannot use them to mollify Group B when the latter does not hold office. Unlike oil rents, foreign aid can asymmetrically shift the value of holding office such that different actors place a different appraisal on the worth of winning control of their government. All that is required for this condition to hold is for donor states to shift the amount of resources provided based on which group holds office within other states. The United States – the largest provider of bilateral foreign aid – engages in this practice often.

Anecdotally, the enforcement of leader conditionality is a common practice on the part of the United States. As in the examples that opened this article, Latin America during the Cold War saw many examples of foreign aid punctuations surrounding leader turnovers. More recently, a coup in Honduras in 2009 that removed democratically elected Manuel Zelaya was

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[22]Morrison 2009.

followed by a four-fold increase in aid levels: from $26 million in the year of the coup to $106 million the year after. The following two years saw disbursements of $92 million (2011) and $77 million (2012), still several times the pre-coup level. Despite domestic statutory law requiring a suspension of aid to countries suffering a military coup, the U.S. government retains wide discretion how to designate coups. The Egyptian coup of 2013 saw a similar pattern, with the Obama adminstration refusing to designate President Morsi's removal as a coup. While some aid to Egypt was suspended following General Abdel Fattah al-Sisi's seizure of power, it was quietly reinstated less than a year later.

Not all examples of leader conditionality are so conspiratorial. The promise of resources from West Germany played a key role in the overthrow of János Kádár and subsequent Hungarian democratization under Károly Grósz in the late 1980s: West German foreign policy advisor Horst Teltschik approached Grósz, telling him that were he to be successful in removing Kádár "the West German government would support this programme...with financial credits." Following Kádár's removal Bonn kept its word to the tune of a billion Deutschmark credit which was used directly to pay for interest on outstanding foreign loans once the new government came to power.[23] Likewise, U.S. president George H.W. Bush used the promise of $10 billion in loan guarantees to Yitzhak Rabin to shape the Israeli Knesset election in 1992, an outcome that eventually led to a slow in Israeli West Bank settlements.[24]

To provide a more systematic look at U.S. aid following leadership changes, I examine a particular type of leader replacement. If the United States uses changes in aid levels to bring about new leaders, this pattern should be apparent only in cases in which a leader with new

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[23]Sebestyen 2009, p. 214.
[24]Friedman 1992.

preferences is installed in office. To provide a rough look at whether this is the case, Figure 1 graphs average aid levels from the United States for countries in the year following a leadership turnover. I break down these leadership turnovers into two categories: those that bring a leader with new policy preferences to office, and those that do not. I measure leadership turnover with data from Goemans, Gleditsch and Chiozza.[25] Countries are coded as having experienced a change in coalition under two conditions: first, if Goemans, Gleditsch and Chiozza codes the previous leader as having been removed irregularly, and second, if Licht codes the previous leader as having been replaced by a leader of a different party or if the previous leader faced a threat of violence before departing office.[26] The first column shows that the average level of aid for countries experiencing no leadership turnover is a little more than $6,000. For country-years that experience a leadership turnover but no coalition change, the average aid level is $117,380. Finally, for country-years experiencing a coalition change, the average aid level in the following year is $423,924.[27] Because aid often goes to unstable countries that are prone to experiencing leadership turnover, it is not surprising that the latter two categories are much higher than the first. What is important for the present study is that the final category – those states experiencing coalition turnover – is approximately 3.5 times higher than the category in which states experience only leadership turnover.[28] Obviously these data do not provide conclusive evidence for the argument outlined above, but they do suggest that the United States may indeed shift its foreign aid provision based on the outcome of leadership competition within other states.

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[25]Goemans, Gleditsch and Chiozza 2009.

[26]Goemans, Gleditsch and Chiozza 2009, Licht 2014.

[27]These descriptive statistics are deflated by the number of observations that receive no aid. If the country-years receiving no aid are omitted, the respective values are $15.7 million (no leadership change), $21.6 million (leadership change but no coalition change), and $27.3 million (coalition change).

[28]I also replicated this analysis with Mattes, Leeds and Carroll data on the source of leadership support, which codes the societal coalitions from which leaders draw their support. The corresponding aid figures for the same three categories are, respectively, $3,530, $123,222, and $637,041, quite similar to the pattern presented above.

Figure 1: Average Aid Levels Following Leadership Turnover in Previous Year
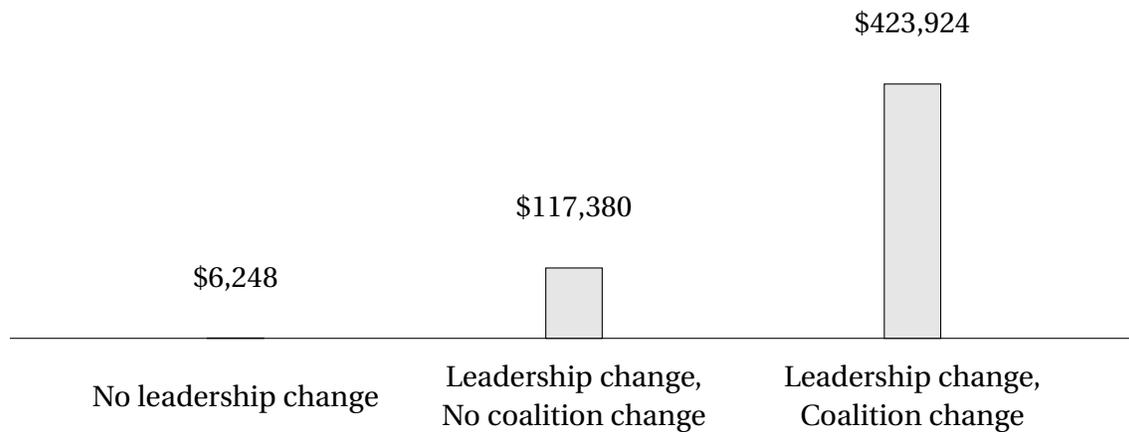
The implication of the foregoing – that the U.S. conditions the value of foreign aid packages on the identity of leadership within recipient states – is that foreign aid can asymmetrically shape the value different groups place on holding office within recipient states. For a government negotiating with an opposition that expects to receive a boost in aid upon coming to power, the asymmetric nature of this aid operates as a strategically indivisible resource: the current government cannot provide to the opposition what it does not have. While current aid can be used to buy off political opposition, as described in the previous section, the expectation of large increases in aid upon accession to office can unravel domestic bargaining. When a group in opposition expects access to enough of these asymmetrically-provided resources, domestic political unrest is all but guaranteed. In the following section, I elaborate a formal model that demonstrates the conditions under which asymmetrically-provided resources can lead to political competition.

Model

In this section I analyze a model that examines the effect of externally-provided resources on incentives for domestic political competition. Aid is one type of externally-provided resources – and the one I focus on in this paper – but the logic is general enough to extend to other types of support. To clarify the core insights, I choose to model these resources exogenously. In other words, the model does not explicitly incorporate a donor state who chooses whether or not to provide these resources. Rather, I assume that the actors in the model anticipate access to some level of foreign aid upon coming to office, and analyze the effect this has on their willingness to compete for office.[29]

Consider a game in which two potential leaders of a state, 1 and 2, bargain over the distribution of domestic resources, and implicitly which of them holds power. The value of holding office for each leader is defined by two components. First, whichever leader is in power receives a payoff $\gamma > 0$ that is common to both leaders. In other words, regardless of which leader holds power, it receives γ. The second component is an asymmetric value, $v_{i \in \{1,2\}}$, representing the externally-provided resources available to a specific leader while in office.

The total pool of resources available to a leader while in office is divided in two ways. First, a share of the private valuation, v_i, is exogenously shared with the group out of office. This exogenous sharing mechanism captures the role of political institutions within a state, and allows for the possibility that aid – even when strategically allocated – may sometimes bypass the current government.[30] Correspondingly, the leader out of office receives $v_i \theta$, while the leader in

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[29]I have analyzed a more complex version of the model that incorporates donor behavior, and the results are unchanged. The only requirement for the following results to hold is that a donor cannot commit not to provide "enough more" resources following a change in domestic power. This requirement is supported by a range of utility configurations.

[30]See, e.g. Dietrich 2013.

office retains $v_i(1 - \theta)$. Second, the leader in office can allocate a share x of the remaining pool of resources $\gamma + v_i(1 - \theta)$ to the group out of government. Therefore the utility of holding office for leader i is

$$u_i(\text{office}) = \gamma + v_i(1 - \theta) - x \tag{1}$$

and the utility of being in the opposition for leader i is

$$u_i(\text{opposition}) = v_{-i}\theta + x. \tag{2}$$

The only lever the leader out of government can use to force a better division of the spoils of office is a threat to challenge the current leader for her position. If the leader out of office challenges the current one, both pay a cost $c > 0$ in the current round. Which of the two attains office in the next round is decided probabilistically, where the opposition wins office with probability p. In each round of the game, the leader in office makes an offer to his opponent dividing the spoils of office. Following, the leader in opposition decides whether to accept or reject; if she rejects, the two engage in a costly lottery over who controls the government in the next round. To be explicit, then, in every stage game

1. The leader in office makes an offer $x \in [0, \gamma + v_i(1 - \theta)]$, and

2. The leader in opposition accepts or rejects.

The game is then repeated infinitely, with all players discounting future play by a common discount factor $\delta \in (0, 1)$.

Equilibrium Analysis

In this section I describe the main theoretical results and derive from them a set of empirical predictions. First, I show that the model replicates a result from the literature described earlier, namely that the presence of foreign aid (or selective resources) can facilitate domestic bargaining and reduce the likelihood of leadership turnover. I then turn to the primary result, which establishes that the expectation of foreign aid upon coming to office can incentivize political competition.[31]

Proposition 1. *As long as the leader in opposition's private value for office is not too high ($v_{-i} \leq \hat{v}_{-i}$), while in office leader i sets $x = x^*$ and leader $-i$ accepts.*

The first proposition establishes the oft-recovered finding that current levels of aid reduce the likelihood that a government is challenged. This result arises here according to a similar logic outlined elsewhere: because a government has a larger pool of slack resources from which to draw, it is easier to buy off domestic opponents who would otherwise be willing to challenge it. When a government faces an opponent who does not expect to gain too much by coming to office, any current extra resources received by the government can be used to avert political contestation.

When a leader in opposition contemplates an attempted takeover of the government, (s)he weighs the likelihood of winning against the costs of doing so, as well as the benefits of reaching office. This latter value is comprised of both the private benefits from newly-available external resources (s)he expects to receive and the common payoff for holding government γ. However, (s)he must also subtract from this value the payoff sent to his or her newly disenfranchised

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[31] For proofs, please see Supporting Information.

opponent once in office. These considerations define the equilibrium offer that convinces a leader i to stay in the opposition,

$$x^* = \frac{\delta p[\gamma + v_i(1-\theta) - x'] - c(1-\delta)}{1 - \delta(1-p)} - v_{-i}\theta.$$ (3)

As I show below, only when $x^* \leq \gamma + v_{-i}(1-\theta)$ can the leader in government successfully make an offer to deter his or her opponent. Because this constraint becomes easier to meet as the leader in government's selective value increases, present aid in fact does make a government more secure.

Proposition 2. *When the leader in opposition's private value for office is high enough ($v_{-i} > \bar{v}_{-i}$)), she always challenges when in the opposition.*

Suppose that 1 is the current leader. To establish when there is no efficient offer to deter 2 from challenging the current government, note that the largest potential offer 1 can make is the entirety of its value for holding office, $\gamma + v_1(1-\theta)$. Let ϕ_2 denote 2's continuation value for rejecting 1's offer given that 1 accepts some x^* while in the opposition. Then no possible offer can deter 2's rejection if

$$(1-\delta)\phi_2 - v_1\theta > \gamma + v_1(1-\theta).$$ (4)

In words, this constraint says that if the discounted future value of taking office probabilistically – minus the present value of 2's share of the current leader's selective resources – is greater than the remainder of the resources available to the current leader, no offer exists than can deter 2 from attempting to seize office. Substituting in the value ϕ_2 allows a derivation of the selective

value of office for which 2 is always willing to reject 1's offer. This value is

$$v_2 > \bar{v}_2 \equiv \frac{\frac{(\gamma+v_1)(1-\delta)^2[(1-\delta)-\delta(1-p)]}{(1-\delta)\delta p} + \frac{c(1-\delta)}{\delta p} - \gamma}{1-\theta}. \tag{5}$$

Put simply, if 2's selective valuation is greater than this constraint, she will always reject the government's offer when in the opposition. There are several points to note about the value $\bar{v}_2$. First, its relationship with γ, the value of holding office, is not straightforward. An intuitive reading might be that a higher value of office increases the willingness of 2 to try to seize office (that is, lowers $\bar{v}_2$), and this is true as long as 2 is relatively patient: when δ is large, $\bar{v}_2$ decreases as γ increases. However, when δ is smaller and 2 is relatively unlikely to win office, larger values of γ actually decrease the willingness of 2 to compete. In this last condition, the ability of the present government to utilize its own resources to directly compensate 2 outweigh the latter's ability to seize those resources for its own use.

Second, the willingness of 2 to reject 1's offer is crucially mediated by prevailing domestic institutions. Here, these institutions are represented by θ, which denotes the share of the selective value of office sent directly to the opposition. As discussed earlier, these institutions define the exogenously-shared portion of the government's selective resources. Note that the denominator of $\bar{v}_2$ approaches zero as θ goes to 1. In other words, as institutions send a larger and larger share of resources to the opposition, the selective valuation of office necessary for 2 to reject 1's offer approaches infinity. If 2 expects to arrive in office, only to have to send her newly-gotten resources to her opponent, paying the cost of doing so is not worth the trouble.

From this discussion we can derive two results that will inform the empirical tests in the following section. First, all things equal, when a leader expects access to a larger pool of selec-

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tive resources upon coming to office, leadership turnover is more likely. While I discuss this in more detail in the following section, what the theoretical model truly predicts are *attempts* at leadership turnover – because turnover is realized probabilistically, the model cannot pin down precisely when turnovers will actually happen.

Result 1. *Higher levels of expected aid increase the likelihood of attempted leadership change.*

The second result follows directly from the discussion of domestic institutions above. When leaders expect not to be able to keep the selective value they place on office – that is, when domestic institutions force them to share these resources with their opponents – paying the costs of political competition is not worth the price.

Result 2. *The effect of expected aid on the likelihood of attempted leadership change decreases as recipient state institutions become more inclusive.*

These two results frame the core contribution of this paper. When a leader out of office expects access to a bundle of resources upon attaining power, (s)he is willing to pay the price of competition. Crucially, there is nothing the current government can do to "buy off" this opposition, because it does not have access to these resources. When external donors condition aid on the identity of leadership within recipient states, access to this aid becomes a strategically indivisible resource. But these resources' competition-inducing effect is subject to an institutional caveat: if leaders expect to be forced to share these resources, they are not willing to pay the cost of seizing office in order to gain access. In the next section, I subject the model to an empirical test.

Empirical Test

In this section, I evaluate how well the theory presented above fits the empirical record. In other words, are countries more likely to experience attempted (or actual) leadership turnover when groups in opposition believe coming to office will win them foreign aid? Testing this expectation of the theoretical model requires first specifying how leaders form expectations about how much aid might await them should they take office. I restrict my focus to the case of the United States for several reasons. First, the U.S. is by far the largest bilateral foreign aid donor. In fact, of countries that receive foreign aid from the United States, the U.S. gives on average 86% the amount of aid as all other donors combined. Second, the U.S. – to a much greater extent than other countries – uses its foreign aid allocations in a strategic manner.[32] Finally, data on U.S. foreign aid distribution is available for a much longer time period than are data from other countries. To measure foreign aid distribution, I use data from the U.S. State Department.[33]

In order to capture expectations about aid distribution following a change in leadership, I generate a predicted level of aid that allows me to calculate the expected level of aid a country would receive from the United States *if* it experienced a change in leadership, conditional on its current relations with the U.S. I use this predicted level to construct a measure of opportunity costs which I then include in a series of models predicting two types of challenges to domestic political leadership. The first dependent variable, is as described earlier: this variable is coded as a 1 if a country-year is coded as undergoing an irregular leadership transition by Goemans, Gleditsch and Chiozza *or* if a leader is replaced by a leader of a different party or faced a threat of violence before departing, according to Licht.[34] The second dependent vari-

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[32]Alesina and Dollar 2000.
[33]Available from https://explorer.usaid.gov/data-download.html.
[34]Goemans, Gleditsch and Chiozza 2009, Licht 2014.

able, COUP, captures whether or not a country experiences a coup attempt in a given year.[35]

Using coup *attempts* as a secondary dependent variable ensures a closer fit to the theoretical

logic without sacrificing the richer institutional variety of the first operationalization. While the

model predicts attempted leadership changes, the logic is general enough to justify expanding

the empirical test beyond only coups.

The theoretical model does not place any strong assumptions on how domestic political ac-

tors construct expectations over the change in aid levels following a leadership turnover. I assert

(and demonstrate below that this is the case) that the United States is more likely to increase aid

flows following a change in leadership if the country in question previously had poor relations

with the United States. To measure political relations within a dyad, I use Signorino and Ritter's

S-score.[36] Put in terms of the model, I assume that a non-governmental actor within a state that

currently has poor relations with the United States believes that overthrowing the current gov-

ernment is likely to lead to an increase in the level of aid provided. To model this expectation, I

model the (logged) level of aid provided in year t as a function of the interaction of a country's

S-score in year $t-1$ and whether or not the country experienced a change in leadership in the

previous year:

$$\text{LOGAID}_{i,t} = \beta_0 + \beta_1 S_{i,t-1} \times \text{LEADER CHANGE}_{i,t-1} + \beta_2 S_{i,t-1} + \beta_3 \text{LEADER CHANGE}_{i,t-1} + \mathbf{X}_{i,t} + \epsilon_{i,t}.$$

I also include in the predicted aid equation the country's GDP per capita, GDP per capita growth,[37]

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[35] Powell and Thyne 2011.

[36] Signorino and Ritter 1999.

[37] Gleditsch 2002.

Table 1: Predicting U.S. Aid Distribution

	(1) Log(Foreign Aid)	
Leader Change ($t-1$)	6.116***	(1.485)
S-Score ($t-1$)	5.726***	(0.769)
Leader Change ($t-1$) × S-Score ($t-1$)	-7.847***	(2.249)
GDP growth per capita	-1.387	(0.746)
GDP per capita	-0.425***	(0.0229)
Polity IV	0.240***	(0.0222)
W	-3.038***	(0.515)
Region	-0.610***	(0.0448)
Log(Oil Production)	-0.0396**	(0.0128)
Former Colony	4.585***	(0.225)
Life Expectancy at Birth (Years)	-0.150***	(0.0118)
U.S. Exports	0.000000860	(0.0000120)
Constant	20.87***	(0.878)
Observations	4836	

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

level of democracy,[38] Winning Coalition size,[39] geographical region, oil production,[40] a dummy variable marking whether or not the country in question was ever a colony, the country's life expectancy, and a logged measure of the country's exports to the United States.

The results from the predictive model are presented in Table 2. As anticipated by the simple descriptive statistics presented earlier, the effect of a change in leadership on the level of aid received is positive, and as asserted above, the effect of this leadership change on the level of aid received is strongly conditioned by how close the previous regime was to the United States. Holding all other variables at their means, for states that previously had low S-scores a change in leadership increases the predicted level of aid received by nearly $2 million.

To convert the predicted values into opportunity costs, I isolate the specific expected effect of leadership turnovers as a function of a country's S-score. Specifically, I generate $a_{i,t}^{\text{CHAL}} =$

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[38] Marshall and Jaggers 2002.
[39] Bueno de Mesquita et al. 2003.
[40] Ross 2013.

$E(\text{aid}|\mathbf{X}, S_{i,t-1}, \text{LEADER CHANGE}=1)$, and $a_{i,t}^{\text{NO CHAL}} = E(\text{aid}|\mathbf{X}, S_{i,t-1}, \text{LEADER CHANGE}=0)$. Because the model generates logged values, I exponentiate the predictions and take the difference between them. The difference between these two predicted values is then the expected change in aid as a result of undergoing a leadership change. Finally, to adjust for the size of the recipient state in question, I divide the difference of the exponentiated predictions by the gross domestic product of country i in year t, so that

$$\text{OPCOST}_{i,t} = \max\{0, \frac{e^{a_{i,t}^{\text{CHAL}}} - e^{a_{i,t}^{\text{NO CHAL}}}}{\text{GDP}}\}.$$

If the expected level of aid is greater in the absence of a leader turnover (i.e., in those states that have high S-scores), OPCOST is set to equal zero. For all other states, it is equal to the increase in aid expected as a result of a change in leadership, expressed as a percentage of GDP.[41]

As a first cut at the data, Figure 2 plots the average level of opportunity costs for both measures of political competition. Recall that if the theoretical model is correct, states experiencing either actual leadership turnover or attempts at leadership turnover – here in the form of coup attempts – should have higher scores on the opportunity cost measure. As is evident from Figure 2, this expectation is borne out in the measure. While the difference for states experiencing leadership turnovers is not statistically significant at conventional levels for a two-tailed test, it is quite close ($p = 0.06$). The difference between states experiencing coup attempts and those not experiencing coup attempts is strongly significant ($p < 0.001$), with those observations experiencing coup attempts scoring approximately five times higher on the opportunity

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[41] I have also performed all of the following analysis using a measure of opportunity costs that is calculated as a per capita measure, rather than as a percentage of GDP. The results are identical regardless of the measure used. Alternate per-capita specification is available from the author upon request.

Figure 2: Mean Opportunity Costs for States Experiencing Political Competition
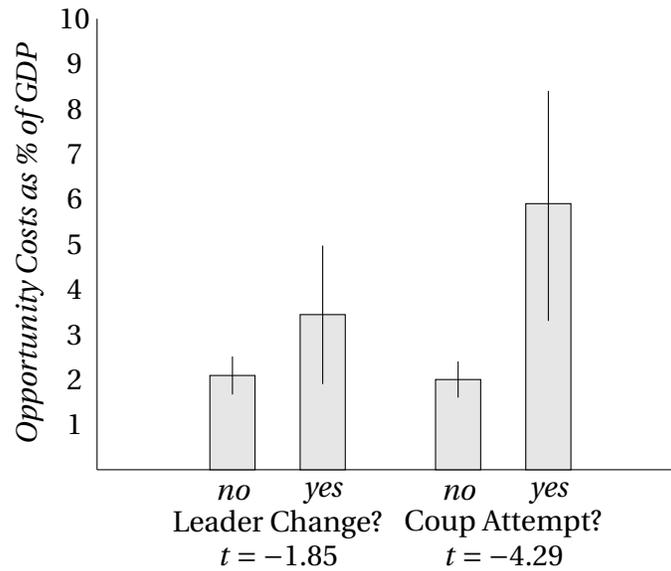
costs measure, at around 6%.

Many possible covariates could lead to the observed descriptive differences in opportunity costs between states experiencing political competition and those not. For example, if poor states are under-provided aid and are more likely to experience coups, the above differences might well appear in the aggregate despite being spurious. In addition to the possibility that the relationships are spurious, difference of means tests do not allow me to test the second hypothesis, which is that the effect of opportunity costs on political competition diminishes as a leader expects to be able to keep less of the aid for him- or herself. Therefore, I now subject the hypotheses outlined above to a more systematic test.

In order to test the hypotheses derived from the theoretical model, I estimate two models. In the first, the dependent variable is the leader turnover variable, which is coded as described above.[42] In the second, the dependent variable captures whether a country experienced a coup

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[42]To reiterate, this variable takes a value of 1 under two conditions: if a country-year is coded as undergoing an irregular leadership transition by Goemans, Gleditsch and Chiozza *or* if a leader is replaced by a leader of a different party or faced a threat of violence before departing, according to Licht. All other observations are coded

attempt in a given year or not.[43] Because both of these variables are dichotomous, I use logistic regression to estimate the models.

The second hypothesis expects that the effect of opportunity costs on political competition should diminish as leaders anticipate being able to keep less of the aid for themselves. To measure this expectation, I use a country's level of democracy, as measured by Polity.[44] All things equal, I expect that leaders in autocratic states are better at extracting rents from aid than those in democratic states.[45] To put the empirical expectations in terms of the specific variables used, I expect that opportunity costs should exert a positive effect on both types of competition, but that this effect should diminish as countries score higher on the Polity scale.

I attempt to control for other potential variables that might also cause a country to be more or less likely to experience either type of political competition. To that end, I include measure of GDP per capita and year-over-year GDP growth.[46] I also include a measure of regime durability from Polity, which captures the number of years since the country in question experienced a shift of over 3 on the Polity scale. To control for the possibility that resource-rich countries are better able to buy off their opponents and thus stay in office longer, I include a logged measure of the value of oil produced in a given year.[47] Because leaders fighting a civil war are obviously more likely to lose office, I also include a dummy variable capturing whether or not a country is currently experiencing a civil conflict.[48] Finally, another intriguing possibility is that the opportunity cost variable is only high in cases where actual aid distribution is low, and that this

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as 0.

[43] Powell and Thyne 2011.

[44] Marshall and Jaggers 2002.

[45] All results are robust to using Winning coalition size, as well (Bueno de Mesquita et al. 2003). I present the results using Polity because the measure is more widely-used and because the temporal coverage is greater.

[46] Gleditsch 2002.

[47] Ross 2013.

[48] Gleditsch et al. 2007.

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fact explains why countries are at a higher risk of political competition. After all, many authors have found that receiving aid decreases the likelihood of leader removal, and Nielsen et al. find that "shocks" in aid can increase the likelihood of political unrest.[49] Accordingly, I also include a measure of observed foreign aid (as distinct from predicted foreign aid), and a measure of its year-over-year growth. The foreign aid data I include are from the World Development Bank, and include loans and grants made by official agencies of the members of the Development Assistance Committee (DAC).[50] I also include results from an alternate specification in which I re-ran both models with country fixed effects. Finally, to account for the uncertainty introduced by including predicted regressors in the estimations, I provide bootstrapped standard errors for all four models.

The results from both sets of models are presented in Table 2. As is evident in the top row of each specification, the estimated effect of opportunity costs on the probability that a country experiences either a leader change or a coup attempt is positive and strongly significant. While the coefficient on the interaction between opportunity costs and a state's Polity score is significant and negative, interpreting this is not straightforward in a non-linear model, and so below I turn to a graphical representation. First, however, note that many of the control variables are in the predicted directions, though many do not reach significance. Polity, included as the main effect from the primary interaction of interest, is significant for both dependent variables: more democratic states are more likely to experience a change in leadership, but less likely to experience coup attempts. While GDP growth is negatively signed in each of models 1-4, it reaches statistical significance only in Model 2. As anticipated, more "durable" regimes are less likely

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[49]Nielsen et al. 2011.

[50]The results are robust to including the same measures using observed bilateral U.S. aid. They are also unchanged if the measures of World Bank aid distribution are omitted, as missingness on this variable causes a number of observations to be dropped. Results available from author upon request.

Table 2: Predicting U.S. Aid Distribution

	(1) Leader Change	(2) Coup Attempt	(3) Leader Change	(4) Coup Attempt
Opportunity Costs	0.0198***	0.0217***	0.0387***	0.0369**
	(0.00539)	(0.00613)	(0.00712)	(0.0138)
Polity IV	0.0834***	-0.0582***	0.0264	-0.0646**
	(0.00913)	(0.0149)	(0.0224)	(0.0222)
Opportunity Costs × Polity IV	-0.00528***	-0.00304***	-0.00644***	-0.00570***
	(0.00105)	(0.000761)	(0.00102)	(0.00165)
GDP per capita	-0.00824	-0.213**	0.111	-0.285**
	(0.0256)	(0.0653)	(0.0661)	(0.103)
GDP growth per capita	-0.648	-1.542*	-0.247	-1.327
	(0.553)	(0.638)	(0.731)	(0.825)
Regime Durability	-0.0205**	-0.0354**	-0.0354*	-0.0295
	(0.00734)	(0.0116)	(0.0162)	(0.0205)
Log(Oil Production)	-0.000473	0.0315**	-0.0191	-0.00172
	(0.00857)	(0.0103)	(0.0305)	(0.0703)
Civil War	0.630***	0.923***	0.626**	1.020***
	(0.160)	(0.178)	(0.191)	(0.261)
Log(WDI Aid)	0.0179	-0.113	-0.0651	0.101
	(0.0509)	(0.0609)	(0.0836)	(0.149)
ODA Year-Over-Year	-0.475	1.669	0.248	1.334
	(1.959)	(2.293)	(2.455)	(3.095)
Constant	-2.542*	-0.284		
	(1.011)	(1.177)		
Observations	3531	3531	2883	2376
Fixed Effects?			✓	✓

Bootstrapped standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

to experience either type of political competition. Intuitively, country-years with ongoing civil wars are both more likely to see a change in leadership and more likely to see a coup attempt. Finally, neither of the aid control variables reach statistical significance for either dependent variable.

To more directly interpret the estimated effect of opportunity costs on both types of political competition, in Figure 3 I plot the marginal effect of opportunity costs across the range of Polity scores: the top panel examines the effect of opportunity costs on the probability of a change

in leadership, and the bottom examines the same effect on the probability of coup attempts.[51] In both panels, the estimated effects replicate precisely the theoretical expectations from earlier. For undemocratic states, opportunity costs exert a positive effect on both types of political competition. For example, in states with a Polity score of -8, a shift from an opportunity cost score of 0% to 5% increases the likelihood of a leadership change by about 30% (from 0.047 to 0.062).

The effect of opportunity costs on coup attempts is even more dramatic. In a way, this makes sense: while the leader turnover captured only *successful* attempts to change the leadership of a country, this second dependent variable captures all attempts at doing so. The effect of opportunity costs also persists across a greater range of democracy than it did for leadership turnovers: even at the middle of the range, where Polity equals zero, the marginal effect of opportunity costs is still significantly greater than zero. In this second panel, the estimated effect does not become statistically insignificant until a state's Polity score is greater than 2. Here, moving from 0% to 5% increases the likelihood of a coup in a state with a Polity score of -8 by 25% (from 0.82 to 0.1).

Overall, the evidence marshaled from the two sets of logit models is resoundingly in favor of the theoretical model presented above. While the overall effect of opportunity costs on both types of political competition is positive, this effect disappears as countries become more democratic and the leaders within them anticipate being able to keep less of the aid for themselves.

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[51]Marginal effects plots made using `margins` and `marginsplot` commands in Stata 13, and are based on Models 1 and 2. Dashed lines represent 95% confidence intervals. All other variables held at their sample means.

Figure 3: Marginal Effect of Opportunity Costs on Two Types of Political Competition

Effect of Opportunity Costs on Probability of Leader Turnover

Effect of Opportunity Costs on Probability of Coup Attempt
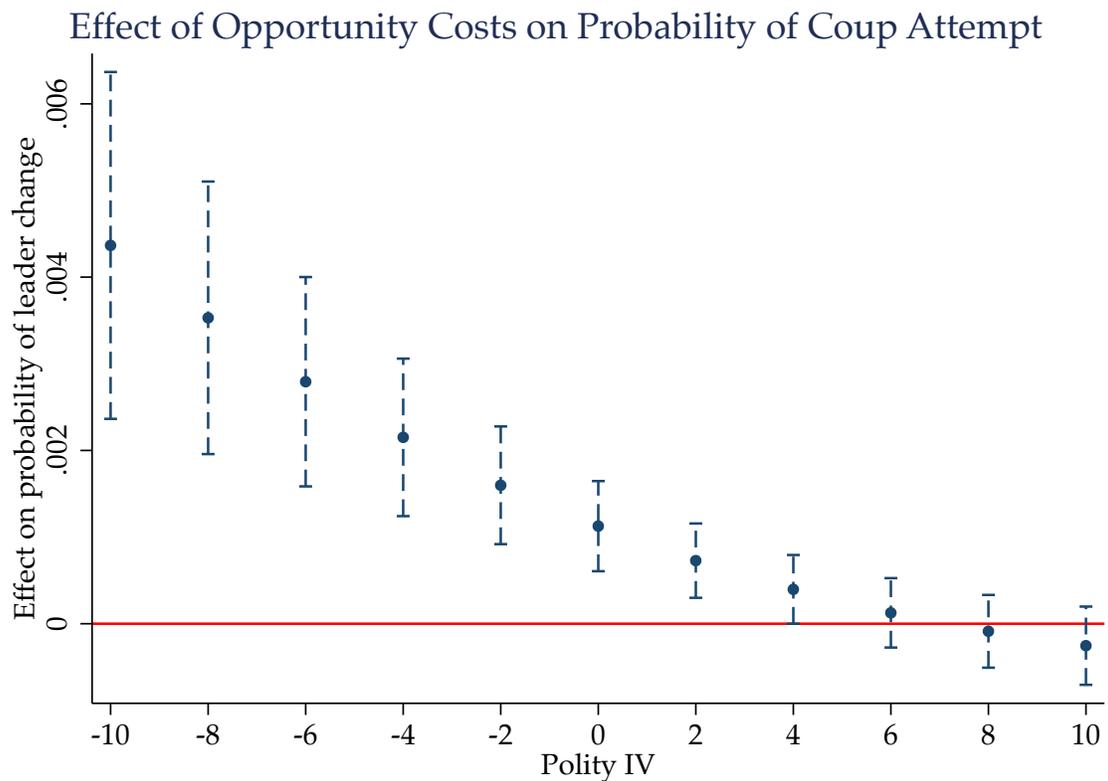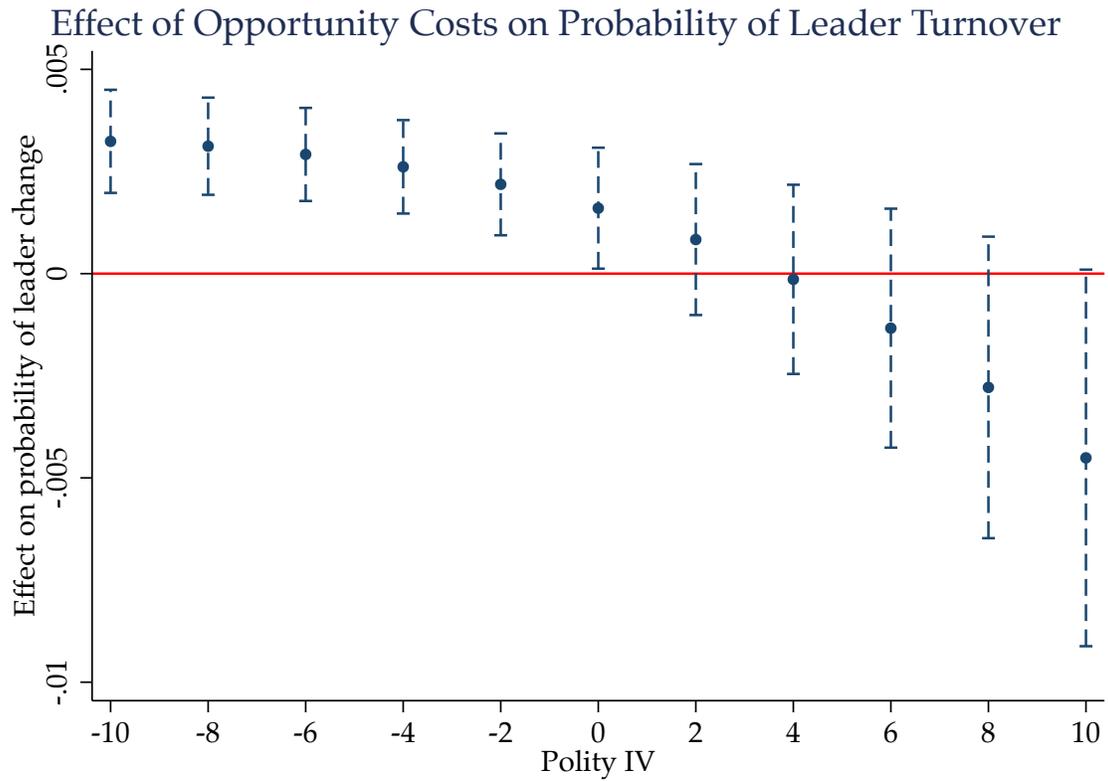
Sketching the Argument: Honduras and The Philippines

Before concluding, I briefly outline two cases in which expectations of post-leader turnover for-
eign aid shaped the behavior of opposition politicians. These cases – Honduras in 1963 and
the Philippines in 1986 – also illustrate how foreign-induced regime change can be incited by
changes in either current behavior *or* future expectations. In the case of the Philippines, deteri-
orating relations with current President Ferdinand Marcos led to a decrease in aid that Corazon
Aquino sought to rectify by coming to office. Two decades earlier, in Honduras, a renewed U.S.
initiative that emphasized counterinsurgency training and funding led Oswaldo López Arellano
to overthrow Ramón Villeda Morales, in the process emphasizing his commitment to fighting
communism in Central America.

The Marcos regime did not at first glance provide an obvious opportunity for political en-
trepreneurs seeking close relations with the United States. After taking power in 1965, Marcos
cultivated close relations with the United States, assuring Washington of the sanctity of their
basing contract and overturning Supreme Court decisions that worried foreign investors. In
return, the U.S. "substantially increased" both economic and military aid to Manila.[52] But bru-
tal human rights abuses, economic mismanagement, and in 1983, the assassination of Sena-
tor Benigno Aquino, soured even the Reagan administration on continued support of the Fil-
ipino dictator. In 1984, under pressure from the United States to open up political competition,
Marcos held elections in order to clarify his political succession (as he was said to be in bad
health) and to restore his political legitimacy. The eventual winner of the election, Aquino's
widow Corazon, had explicit support from groups within the U.S. government, including much

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[52]Thompson 1995, p. 47.

of the State Department and Congress. These groups funneled nearly $1 million to The National Citizens' Movement for Free Elections (NAMFREL) and provided Aquino with access to an American public relations firm as well as a speech writer.[53] The election of Aquino therefore came at a time of deteriorating relations between the United States and the Philippines; this deterioration accounts for Aquino's expectation that she would receive close cooperation from Washington upon acceding to office. And consistent with theoretical expectations, the average level of aid sent from the United States to the Philippines in five years immediately following Aquino's takeover ($540,000,000) was more than double that sent in the five years previous ($261,000,000).

López Arellano's coup to overthrow Villeda Morales came at a time of relatively closer relations between Honduras and the United States. U.S. President John Kennedy was said to have personally liked Villeda Morales. Moreover, coups were anathema to the stated goal of Kennedy's Alliance for Progress initiative, which sought to underwrite economic growth and democratization throughout Latin America by way of economic aid. Finally, the recently passed Foreign Assistance Act forbid U.S. aid to governments installed via a coup.

In contrast to the election in the Philippines, the Honduran coup came about because López Arellano was well-positioned to capitalize on a new U.S. initiative that would increase aid once he arrived in office, not because the current government was being punished through a withdrawal of aid. Kennedy, and especially his successor Lyndon Johnson, implemented a new program throughout Latin America by which the U.S. military would directly aid their neighbor's militaries in an effort to prepare the latter for counterinsurgency campaigns against potential

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[53](Thompson 1995, p. 148.)

Communist threats.[54] While Villeda Morales was liked by Kennedy, he had isolated the Honduran military – in which López Arellano was a colonel – by removing their control of the national police. The opening for the coup was in Villeda Morales' initiation of land reform. Seeing an opportunity to outflank the current government from the right, the military deposed the president, canceled scheduled elections, dissolved Congress, and suspended the constitution.[55] As in the Philippines, the average yearly foreign aid package in the five years before the coup ($33,700,000) was roughly half as large as the same yearly distribution in the five years after ($64,400,000).

Conclusion

In this paper, I have argued that foreign aid can play different political roles due to variations in its temporal availability. While the current provision of aid facilitates political bargaining by increasing the amount of resources available to leaders, the expectation of aid on the part of groups out of government can act as a strategic indivisibility. Through the analysis of a formal model, I generated predictions over the interaction between the expectation of foreign aid and incentives to compete for government, and tested these predictions using foreign aid data from the United States over an approximately sixty-year period.

In this final section, I explore the implications of the argument and evidence presented here for the study of both foreign aid and the influence of external actors on domestic politics. First, studies of foreign aid should take into account how aid distribution can shape politics within states even when aid itself is not currently being distributed to a given state.

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[54]Brands 2010, pp. 47-48.
[55]Schulz and Schulz 1994, pp. 30-31.

An enormous body of research holds that expectations about the future are crucial for shaping actor behavior. Indeed an entire approach to political science – rational choice theory – is built upon the assumption that actors take into account future interactions when making choices in the present. But the extant literature on foreign aid primarily focuses on how present and past aid shapes actor behavior. As I argued, current (and by extension past) aid certainly plays a role in underwriting domestic politics: as others have demonstrated both theoretically and empirically, aid can play a powerful role in ameliorating domestic distributional struggles. But aid can also play a precisely opposite role as well. When external resources like aid are differentially available to domestic actors, the expectation of securing access to these resources can exacerbate distributional struggles between actors within states. In the limit, these struggles are virtually guaranteed to result in political turmoil. Only by taking a forward-looking view of the distribution of external resources can scholars capture these dynamics.

Second, both the theoretical and empirical results presented here suggest that external actors can powerfully shape domestic politics elsewhere. The institutional constraint examined points to an important caveat, however. If prospective leaders anticipate having to share foreign aid with their domestic political opponents, they will never be willing to pay the costs necessary to secure office in the first place. This suggests that donors seeking to secure favorable leadership outcomes in other states may be forced to restrict the scope of their aid strategies to relatively exclusionary target states.

Third, the evidence presented in this article presents a potential explanation for the often fickle behavior of democratic allies as compared to some autocratic ones. By this logic, autocratic states are forced to hew closer to the U.S.' international preferences, lest they open a window of opportunity to domestic opponents: when these opponents perceive a worsening

of relations with the U.S., they may seek to supplant the current leader and reap the benefit of increased foreign aid. Democratic leaders face no such constraints, as their opponents anticipate whatever extra rents from aid they might seize quickly disappearing once in office. In other words, the venal nature of autocratic politics can force its practitioners into loyalty to their interstate patrons. The private, external rents of office generated by disloyalty are simply too attractive to their political opponents.

Finally, I briefly noted in the theory section that the logic of this argument is not restricted to foreign aid specifically. The only requirements for a policy tool to operate in producing foreign-induced regime change is that it is (a) controlled by an actor external to a state that has the ability to (b) change its availability depending on the identity of leadership within the state in question. Future work should extend the empirical test of this core logic to other areas. For example, the ability of powerful international actors to shape the availability of loans – through, for example, the IMF – seems to easily meet the above conditions. Modeling domestic actors' expectations over these punctuations, as well as their effect on political competition – will mark a significant step forward in understanding the international sources of political influence.

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Supporting Information

Proof. (Proposition 1) *As long as the leader in opposition's private value for office is not too high* $(v_{-i} \leq \hat{v}_{-i})$, *while in office leader i sets x = x* and leader −i accepts.*

Because both players' utilities are symmetrical, I define equilibrium play here for i. All relevant constraints for player i hold for player $-i$. When in the opposition, accepting leader $-i$'s offer must provide at least as much utility as a one-period deviation for i followed by a return to equilibrium play. Let x be the offer made by $-i$, and x' the offer by i when she is in the office. Then accepting $-i$'s offer is a best response for i if

$$\frac{v_{-i}\theta + x}{1 - \delta} \geq -c + \delta \left(\frac{p[\gamma + v_i(1 - \theta) - x'] + (1 - p)(v_{-i}\theta + x)}{1 - \delta} \right),$$

which is true if

$$x \geq x^* \equiv \frac{\delta p[\gamma + v_i(1 - \theta) - x'] - c(1 - \delta)}{1 - \delta(1 - p)} - v_{-i}\theta.$$

This offer is only available to $-i$ as long as it does not exceed his total pool of resources, $\gamma + v_{-i}(1 - \theta)$. Thus an offer is available to $-i$ if

$$\gamma + v_{-i}(1 - \theta) \geq x^* \implies v_i \leq \hat{v}_i \equiv \frac{\frac{(\gamma + v_{-i})[1 - \delta(1 - p)] + c(1 - \delta)}{\delta p} + x' - \gamma}{1 - \theta}.$$

It is easy to see that $-i$ will always make an offer that i will accept, if such an offer exists. To see that this is the case, note that allowing an offer to be rejected while in government means for $-i$ a 1 period utility of $-c$, a probability p of losing office, and in the case of returning to office, making the same (discounted) equilibrium offer x that could have been obtained in the first round. This deviation is never supportable, and so $-i$ is always willing to make an available offer. □

Proof. (Proposition 2) *When the leader in opposition's private value for office is high enough* $(v_{-i} > \bar{v}_{-i})$*), she always challenges when in the opposition.*

Note that a strategy of rejecting the government's offer implies p chance of taking office and $1 - p$ chance of returning to the opposition. In order for rejecting to be supported in equilibrium for player i, it must be the case that rejecting is a best response for *every* round that player i is in the opposition. Therefore we must define a continuation value for this strategy that includes a rejection of the government's offer each time i is in the opposition. Let this continuation value be defined as

$$\phi_i = -c + \delta \left(\frac{p[\gamma + v_i(1-\theta) - x^*] + (1-p)\phi_i}{1-\delta} \right),$$

which is solved for

$$\phi_i = (1-\delta) \left(\frac{\delta p[\gamma + v_i(1-\theta) - x^*] - c(1-\delta)}{(1-\delta) - \delta(1-p)} \right).$$

Substituting this value into i's choice for deviating from the posited equilibrium, we have that rejecting is a best response when

$$\phi_i > v_{-i}\theta + x + \delta\phi_i \implies x < \bar{x} \equiv \phi_i(1-\delta) - v_{-i}\theta.$$

From here we can derive the condition under which no offer from $-i$ could deter i from attempting to seize office. This is true if the minimum x acceptable to i, $\bar{x}$, exceeds the total resources available to $-i$, which is true if

$$\phi_i(1-\delta) - v_{-i}\theta > \gamma + v_{-i}(1-\theta).$$

This constraint is met when

$$v_i > \bar{v}_i \equiv \frac{\frac{(\gamma + v_{-i})(1-\delta)^2[(1-\delta) - \delta(1-p)]}{(1-\delta)\delta p} + \frac{c(1-\delta)}{\delta p} - \gamma}{1-\theta}.$$

$\square$