Foreign Direct Investment and Political Preferences in Non-Democratic Regimes

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Abstract

How does economic globalization affect regime support in non-democratic regimes? While we know a lot about how globalization affects politics in democracies, we know only little about its impact on political preferences in autocracies. I focus on FDI, which has increased considerably over the last decades and affects low- and high-skilled individuals differently. Material risks associated with FDI decrease regime support only among the poorly educated; economic gains from FDI bolster support for the incumbent regime for well-educated individuals. I present two analyses that corroborate these hypotheses. Study 1 uses Afrobarometer data and matches respondents with geo-located data on FDI. To mitigate selection problems, I only compare individuals that are exposed to FDI with individuals that are not yet exposed at the time the survey was administered. Study 2 utilizes cross-national survey data from 14 autocracies. My findings explain why some citizens favor the political status quo, even in autocracies.

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1 Introduction

How does economic globalization affect autocratic regime support? While the answer to this question is crucial for autocratic governance in open world markets, we still only have a limited understanding of the micro-foundations of economic globalization in non-democracies. Nevertheless, prominent arguments assert that globalization supposedly undercuts autocratic regime stability. Such arguments on the macro-level usually rest on two different theoretical mechanisms on the micro-level. On the one hand, economic globalization increases market income, which ultimately strengthens and reinforces attitudes in favor of democracy among members of the middle class, which have long been described as drivers of democratization (Lipset, 1959; Rosenfeld, 2021; Welzel, 2007). On the other hand, economic globalization in developing countries reallocates market income from capital to labor, which causes democratization because the latter develop preferences for democracy and the former face fewer redistributive losses under democracy (Acemoglu and Robinson, 2006; Ahlquist and Wibbels, 2012; Boix, 2003).

This article sets out to put both micro-level mechanisms under scrutiny and thus contributes to two ongoing debates: First, in international political economy scholars disagree about the nature of the distributional consequences of globalization (Menéndez González, Owen, and Walter, 2023); i.e., it remains unclear who the most likely beneficiaries and losers from international openness are. Factoral or Heckscher-Ohlin models posit that skill-level is the only decisive factor to distinguish between winners and losers. Sectoral or Ricardo-Viner models arrive at predictions about distributional consequences based on actual exposure. In applying new insights from the trade literature (Helpman, Itshoki, and Redding, 2010; Helpman, 2014; Melitz, 2003; Palmtag, Rommel, and Walter, 2020; Walter, 2017), I argue that the distributional implications are more heterogeneous than previously assumed. Whether an individual gains or stands to lose is contingent on both skill-level and actual exposure to international markets.

Second, in comparative politics scholars ascribe mass attitudes a crucial role in regime trajectories (Mainwaring and Pérez-Liñán, 2014; Neundorf et al., 2022; Przeworski, 2022), despite the institutional turn in comparative research on authoritarianism (Pepinsky, 2014). Yet, there is considerable disagreement as to how economic developments shape individuals' attitudes towards political regimes. One strand of research argues that economic performance caused by modernization amplifies citizens' beliefs in the legitimacy of the authoritarian rule, which increases the stability of autocracies (Gerschewski, 2013; Guriev and Treisman, 2020;

Wintrobe, 1998), especially when the emerging middle class is dependent on the state (Bellin, 2010; Rosenfeld, 2021). Others contend that modernization strengthens demands for democracy, for instance by enhancing education levels (Lipset, 1959; Sanborn and Thyne, 2014), reinforcing self-expression or emancipatory values (Inglehart and Welzel, 2005; Welzel, 2007), or via demands for income redistribution (Acemoglu and Robinson, 2006; Boix, 2003). A third group of scholars doubts that modernization has the potential to shape regime preferences, as they argue that people's demands for specific regimes are biased towards the regime they currently live in (Dahlum and Knutsen, 2017; Hadenius and Teorell, 2005; Seligson, 2002).

I focus on the globalization of production in the form of foreign direct investment (FDI). FDI has been on an astounding rise over the last decades – in democracies and in autocracies – and has become one the most important facets of international economic openness (Pandya, 2016). Technological advances allowed countries to attract international sources of capital. And multinational corporations frequently exploited locational advantages outside their home countries to increase revenues (Jensen, 2006). Simultaneously, developing and developed countries have progressively granted multinational corporations access. As such, foreign investment has had and continues to have a tremendous potential to restructure the domestic economy of host countries (Feenstra and Hanson, 1997; Pandya, 2014). Unsurprisingly, studies have uncovered sizable political consequences. Scheve and Slaughter (2004) find that FDI increases feelings of economic insecurity. Owen (2019) argues and finds that FDI is mostly beneficial for the population and thus increases the probability of incumbent party re-election in local elections. Going a step further, Walter (2010) argues for heterogeneous effects. She shows that economic insecurity induced by FDI translates into preferences for redistribution and leads citizens to support those parties that tend to provide a generous social security net. In contrast, individuals benefiting from FDI turn to parties that aim at deepening international integration.[1]

This paper goes one step further and assesses whether the economic consequences of FDI also translate into regime support in autocracies. I argue that, although beneficial in the aggregate, not all citizens benefit from FDI. Low-skilled individuals face downward pressure on their economic well-being the more they are exposed to FDI. To the contrary, highly skilled individuals' wage levels increase when they work for multinational companies. Concerning mar-

[1] Similarly, the political consequences of other forms of economic globalization have been studied extensively. For international trade, see Beaulieu (2002), Mayda and Rodrik (2005), and Scheve and Slaughter (2001); for job offshorability, see Margalit (2011), Owen (2017), Rommel and Walter (2018), and Walter (2017).

ket income, FDI thus widens the gap between differently skilled individuals. Exposure to FDI translates into regime support through its effect on satisfaction with the performance of the incumbent government. Seeing to overcome economic insecurity, low-skilled exposed individuals should be more likely to oppose the autocratic regime in place on economic grounds. Contrarily, economic gains from FDI increase perceived legitimacy, leading the high-skilled citizens to support the incumbent regime when they are exposed to FDI, especially because regime change raises the uncertainty whether current economic gains can be equally enjoyed under a different set of political institutions.

I find empirical support for this argument using two different sets of data. The first study uses rounds 4-6 of the Afrobarometer survey, which covers 20 African autocracies. Individual responses are geo-coded, making it possible to match respondents with geo-located FDI project data to measure exposure. This strategy allows me to compare political preferences of individuals that actually live in the vicinity of a multinational enterprise at the time the survey was administered with individuals that have not yet been exposed to FDI, thus mitigating problems of selective exposure to FDI due to multinational companies' investment decisions. The second study complements this analysis using survey data from 14 autocratic regimes around the globe. To measure exposure to FDI, I utilize regional variation in survey recruitment and combine this with data on greenfield investments. Both studies examine whether differently skilled individuals exposed to foreign investment hold opposing views regarding economic insecurity. Furthermore, I investigate the political consequences of FDI on three dimensions: satisfaction with and trust in state institutions, perceived legitimacy of the functionality of political institutions in autocracies, and regime support for autocratic rule.

The remainder of the paper is structured as follows: The next section lays out the theoretical argument. Building on economic models, I explain how FDI affects individual regime support. The first empirical section presents the results of a study focusing on 20 African autocracies. The next empirical sections presents the results of a second study investigating cross-national survey evidence. The findings from both studies support my argument: FDI increases economic welfare and consequently the probability of regime support for high-skilled individuals. Exposure to FDI leads to heightened economic insecurity and distrust in the autocratic institutions if respondents are poorly educated. The last section discusses the implications of these findings and outlines avenues for future research with regard to four areas: (1) the dis-

tributional consequences of economic globalization in developing countries, (2) the connection between economic globalization and regime change on the macro-level, (3) the importance of individuals' material situation for their political preferences, and (4) the lower salience of the globalization backlash in autocratic countries.

2 Argument

Countries are able to realize aggregate welfare gains by opening up to international investment (Borensztein, De Gregorio, and Lee, 1998; Hansen and Rand, 2006; Li and Liu, 2005; Ram and Zhang, 2002). Yet, focusing solely on the aggregate effects of FDI disregards variation between citizens. I argue that international investment creates both winners and losers and that individual economic well-being varies with regard to exposure to FDI and skill-level. Individuals take these material consequences into account when evaluating the level of support for the incumbent regime. Individuals that benefit (lose out) from FDI on material grounds are more (less) supportive of the incumbent regime.

2.1 Distributional Consequences of Foreign Direct Investment

Economic models that differentiate between winners and losers of international openness have largely focused either on differences in the relative productivity between sectors or industries or on differences in the relative endowment with different production factors. According to the latter, either capital or labor receives increasing returns in an open economy, depending on its comparative advantage. Since most autocracies are developing countries, labor is the abundant production factor (Ahlquist and Wibbels, 2012; Li and Reuveny, 2003). Given that the comparative advantage of autocracies is in labor-intensive goods, this production factor receives higher earnings. Hence, international economic openness creates increasing income for production workers and decreases income inequality. I depart from these models on two grounds: In empirical terms, the suggested inequality-decreasing effect does not materialize, even though poverty rates have fallen. If anything, inequality rises the more countries open up to the international economy (Goldberg and Pavcnik, 2007; Menéndez González, Owen, and Walter, 2023). Second, both models do not incorporate intra-industry developments, which have become an even more prominent feature in recent years (Helpman, 2014).

FDI arises because multinational corporations enter foreign markets to increase their return on capital and, as a consequence, their profits. In order to do so, MNCs make use of location advantages in host countries that either increase their market share or give them access to specific resources (Dunning, 1993; Jensen, 2006). In order to better understand the distributional effects of FDI, I build on insights from economic models of multinational production and a new generation of trade models. FDI affects national economies in two ways (Helpman, 2014): First, it directly reallocates economic resources between domestic firms and MNCs. Second, FDI raises the share of firms in the tradables sector that are competitive in world markets. Entry of MNCs thus reshapes the structure of the domestic economy.

Domestic businesses in autocracies are oftentimes not competitive, which leads to a major reallocation of domestic market shares if highly productive foreign companies enter the economy. Hence, domestic firms that have to compete directly with foreign firms face adverse effects on their revenues and, in turn, may need to lay off workers (Pandya, 2014; Aitken and Harrison, 1999). Yet, domestic firms also benefit from FDI in two ways: First, they may enter the supply chain of multinational corporations. If the overall supply of capital increases due to FDI, so does demand for production inputs. This widens the market share of domestic firms' products resulting in higher profits (Görg and Strobl, 2002). Second, foreign investors incentivize (Haskel, Pereira, and Slaughter, 2007; Javorcik, 2004) or force (Godart and Görg, 2013) technology and knowledge spillovers. Those spillovers in turn increase the productivity of domestic firms, especially if they are able to act as suppliers to foreign companies (Görg and Seric, 2013).

Because FDI affects domestic business and simultaneously increases the share of companies that are able to enter export markets, it also has consequences for the working-age population. Given the fact that only a fraction of firms in each industry actually engages in export, new-new trade theory specifically focuses on firm-level heterogeneity in productivity to assess the effects of economic openness. Melitz (2003) argues that international openness partitions domestic firms into three types: the most productive firms export. Due to their high productivity, they are able to compete with other firms for market shares in foreign economies (Baccini, Pinto, and Weymouth, 2017). Both foreign multinationals and domestic firms that act as suppliers belong into this category. Second, although firms with a median productivity level are not able to compete internationally, they still have the capacity to serve the domestic market. Yet, because the size of the domestic market is fixed, they cannot reap the benefits of exporting.

Third, competition for firms with a nonproductive labor force is highest forcing them to shut down their business.

Helpman, Itshoki, and Redding (2010) apply this logic to come up with individual-level predictions about the impact of firm sorting under conditions of economic openness. They assume that the initial productivity level of firms is the sum of the productivity levels of the workforce and that firms have incentives to strengthen their market position. Multinational corporations, because they are highly productive firms and rely on the production of goods that require a skill-intensive labor force (Bernard et al., 2007; Osgood, 2016; Wagner, 2007), demand workers with higher productivity levels compared to domestic firms (Lee and Wie, 2015; Tomohara and Takii, 2011). They do so by means of screening to improve the composition of their workforce. Because individual productivity is not directly observable, screening to overcome search frictions is a costly process that enhances the bargaining position of workers. Firm sorting due to the entry of foreign investors thus results in higher wages for high-skilled individuals (Feenstra and Hanson, 1997), either because MNCs pay better (Hijzen et al., 2013), or because foreign companies acquire domestic companies (Lipsey, Sjöholm, and Sun, 2013). Additionally, local firms producing in sectors exposed to international investors increase the wages of their workers in order to either compete with foreign companies or to serve as their suppliers (Görg and Seric, 2013). Hence, I argue that well-educated individuals benefit most from FDI.[2]

Conversely, poorly educated workers increasingly fall victim to international competition and lose out economically. Given that MNCs hire skilled workers from domestic companies (Fortanier and van Wijk, 2010), average wage levels in domestic firms tend to increase less or even stagnate (Girma, Görg, and Kersting, 2019). As a consequence, less skilled workers are more likely to work for less productive domestic companies that offer lower wages (Chen, Ge, and Lai, 2011). In addition, reallocation of resources in the domestic economy forces some firms to shut down their business entirely. Because those workers have lower average productivity-levels they face downward pressure on their wages and higher job insecurity relative to workers in non-exposed sectors (Menéndez González, Owen, and Walter, 2023; Palmtag, Rommel, and Walter, 2020). Low-skilled individuals thus are less likely to be reemployed in an open economy, in which they are not able to meet the recruitment prerequisites of thriving firms.

These insights suggest that the effect of FDI on individual market income and perceived

[2] See Menéndez González, Owen, and Walter (2023) for a similar argument with regard to high skilled workers.

economic security is conditional on both exposure to MNC activity and individual skill-levels. Given the reallocation of resources due to multinational production, workers with high productivity levels earn higher wages than nonproductive workers. Exposure to foreign investment further increases the wedge between workers.[3] Highly productive individuals earn even higher wages when working for multinational corporations. Less productive workers in exposed firms face the highest probability of getting laid-off. Taken together, exposure to foreign direct investment induces both economic risks and opportunities and shapes economic insecurity.

H1: FDI amplifies economic insecurity and grievances among poorly educated individuals. FDI reduces economic insecurity and grievances for the well-educated.

2.2 Foreign Direct Investment and Citizen Support for Non-Democratic Rule

In the next step, I argue that these material consequences of FDI translate into regime support in non-democratic regimes. Taking on a rational-choice perspective, I assume that economic self-interest is a major driver of political preferences (see, e.g., Meltzer and Richard, 1981) and contend that such preferences emanate more from a utilitarian rather than an instrumental or axiological conception of rationality (Sarsfield and Echegaray, 2006).[4] I also assume that individuals are able to assess their economic situation; for instance, whether they have enough money to buy food or are unemployed.

Even though modern autocracies control information flows to stay in power, dictators focus heavily on economic performance when addressing the public (Guriev and Treisman, 2019). Performance considerations – i.e., whether the regime delivers economically – should thus affect the way in which citizens assess the incumbent regime, even in autocracies (Magaloni, 2006; Mauk, 2020*a*; Neundorf et al., 2022). There is, however, considerable disagreement as to how economic openness, such as foreign direct investment, shapes regime support. The modernization view contends that FDI leads to increasing income, which strengthens demands for democracy, for instance by enhancing education levels (Lipset, 1959; Sanborn and Thyne, 2014) or by reinforcing self-expression or emancipatory values (Inglehart and Welzel, 2005;

[3] This contrasts with the predictions of factoral models of trade, which suggest that the effect of trade is uniform for all individuals within a certain skill-group.

[4] In democracies, research has shown that globalization has direct consequences for political demands and vote choice. Individuals who are negatively affected by FDI perceive their labor market situation as more precarious (Scheve and Slaughter, 2004; Walter, 2010). In turn, they prefer protectionist and/or compensatory policies that shelter them from such pressures and improve their welfare. In contrast, globalization winners are much less interested in such policies (Mayda and Rodrik, 2005; Scheve and Slaughter, 2004; Walter, 2017).

Welzel, 2007). In the following, I argue against this view. If the economic performance of the regime is congruent with individual preferences, citizens develop beliefs in the legitimacy of the regime in place. It is thus not surprising that economic performance is a crucial determinant of citizens' evaluation of the government (Guriev and Treisman, 2020; Gerschewski, 2013). This is not confined to policy preferences alone, but is relevant for political institutions in general. As such, I argue that economic satisfaction translates into institutional support.

If an authoritarian leader fails to provide basic economic welfare and security, citizens become increasingly dissatisfied. This notion forms the basis for the belief among the economically disenfranchised that the incumbent government and the institutions that keep the autocrat in power are not working to their advantage. It thus fosters distrust in the workings of state institutions and ultimately leads to dissatisfaction with the entire regime (Li, 2020). Low-skilled individuals who are exposed to FDI should thus face a stark discrepancy between the perception of how political institutions should work and the assessment how the regime's institutions de facto operate. As a consequence, low-skilled individuals who are exposed to FDI lose out in material terms and offer lower levels of support towards the incumbent regime.

Economically well-off individuals, on the other hand, should prefer the autocratic status quo for reasons of economic stability (Bellin, 2010; Letsa and Wilfahrt, 2018). Highly skilled individuals benefit from foreign direct investment and thus support continuing or even deepening economic openness, including the abolition of foreign entry restrictions or trade barriers. Consequently, highly skilled individuals are most prone to demand even more far-reaching liberalization policies, especially if they work in exposed jobs (Pandya, 2010), and autocratic governments follow suit (Pond, 2018). Government satisfaction should further manifest itself in perceptions of legitimacy. FDI increases disposable income, which in turn amplifies citizens' belief in the legitimacy of the incumbent regime and induces preferences for political stability (Bellin, 2010; Guriev and Treisman, 2020; Wintrobe, 1998). On purely material grounds, the winners from foreign direct investment should thus support stability and sacrifice the chance to obtain more participation rights.

While it is certainly possible that these individuals generally have a more favorable view of democracy as they receive a higher market income, a favorable (and probably abstract) image of democratic governance should not automatically amplify individuals' willingness to act against the incumbent regime, as well. For one, any regime change includes direct costs to overthrow the

incumbent government and demolishes current economic gains. Furthermore, there is uncertainty whether economic gains are equally distributed under alternative regimes. After all, other types of regimes might not continue to offer the highest revenues for the current beneficiaries of FDI.[5] Lastly, citizens have to take into account that any attempt to overthrow the incumbent regime might result in yet another form of autocratic rule (Geddes, Wright, and Frantz, 2014; Przeworski, 2022). I thus argue that individuals – when making a decision whether or not to support the non-democratic regime they live in – take into account both the current economic performance of the incumbent government and the probability that a potential other regime will deliver at least the same level of economic performance in the future (Mainwaring and Pérez-Liñán, 2014). Combining this notion with the argument about the distributional consequences of FDI, I arrive at the following expectation with regard to the relationship between FDI and regime support in autocracies:

H2: FDI leads to lower levels of support for the incumbent regime for poorly educated individuals. FDI amplifies satisfaction with the autocratic status quo among well-educated individuals.

2.3 Research Design

In the following sections, I test these hypotheses against two sets of survey data.[6] In the first study, I use data from the Afrobarometer focusing on respondents in 20 autocracies. I selected these countries based on the following procedure: First, I include all countries from waves 4, 5, and 6. Importantly, individual responses are geo-coded, which allows a close match with equally geo-coded FDI data. My identification strategy compares respondents that live in an area that is already exposed to FDI at the time the survey was conducted with respondents that live in an area that will be exposed only in the future.[7] Second, I use a dichotomous indicator from Boix, Miller, and Rosato (2013) to differentiate between democracies and autocracies. I check this classification with data from the Regimes of the World Dataset by Lührmann, Tannenberg, and Lindberg (2018).[8] Table A-3 in the Appendix contains details for each coding decision.

[5] Ansell and Samuels (2014), for example, show that the middle class in autocracies is already better off than the median citizen and would lose revenues due to higher tax rates if they supported democratization.

[6] The analysis datasets and code can be found in Rommel (2023). The original project-level FDI data that were used to generate the analysis datasets are available from The Financial Times, Ltd., but restrictions apply to the availability of these data, which were used under license for the current study, and so are not publicly available.

[7] Given that geo-coded FDI data is only available from 2003-2018, I cannot include wave 3, in which almost all respondents would be non-treated, as well as wave 7, in which almost all respondents would be treated.

[8] For some countries (and in some waves) these datasets disagree. If that happens, I additionally calculate the 5-year average of Polity IV. If the average is 6 or above, I code democracy; if it is below, I code autocracy and

The second study complements this analysis by broadening the scope of countries to autocracies around the globe using data from the 2007 Pew Global Attitudes Survey. I apply the same selection strategy, which leaves me with a total of 14 autocracies. Table A-13 in the Appendix contains details for each coding decision. Putting my argument to the test in two empirical settings at the same time not only showcases the robustness of my findings, but also speaks to their generalizability. Given that FDI into African countries has only begun to pick up speed in the last two decades, the distributional impact should be less pronounced compared to other world regions. Hence, I have included a cross-national study which comprises of a set of countries that includes different regime types (party-based, personalist regimes, and monarchies) from different parts of the world (Latin America, Asia, Africa, Middle East) at different stages of economic development (Russia/Kuwait vs. Ethiopia/Bangladesh).

3 FDI and Political Preferences in 20 African Autocracies

I use individual-level data from the Afrobarometer survey (BenYishay et al., 2017) and focus on 20 non-democratic countries surveyed in waves 4-6 (administered between 2008 and 2015).[9] On a rolling cross-sectional basis, the analysis covers up to 22,000 responses from working-age individuals that have lived under authoritarian rule (see Table A-1 for descriptive statistics).

3.1 Outcome Variables

To assess the conditional effect of FDI on economic and political preferences, I measure three sets of dependent variables, each consisting of three survey items. Set 1 captures the direct economic consequences of FDI. The first survey question asks respondents to report the most important problem they think their country's government should address. The answers to this open-ended question were grouped by the interviewers into several categories. I code respondents as self-reporting economic problems when they mention problems with regard to the 'management of the economy,' 'wages, income and salaries,' 'unemployment,' and 'poverty/destitution.' All other problems were coded as 0, i.e. problems not directly related to individuals' economic situation. The second item asks respondents to describe their own current living conditions, whereas the third item focuses on the state of the economy of the country respondents live in. Respondents

include the respondents in the analysis.

[9] Algeria, Burkina Faso, Cameroon, Egypt, Gabon, Guinea, Ivory Coast, Madagascar, Mali, Morocco, Mozambique, Namibia, Nigeria, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zimbabwe.

were provided with five answer categories, ranging from 'very good' to 'very bad.' All survey questions thus directly tap into the economic well-being of respondents.

Set 2 captures trust in state institutions and actors, i.e. whether they "do what is right even in the absence of constant scrutiny" (Miller and Listhaug, 1990, 358). As such, political trust is a good proxy to measure how confident citizens are that their political system functions well (Mauk, 2020*b*). I focus on three important institutions/actors in autocracies. First, trust in the electoral commission, which is not an independent institution in most autocracies, but is biased in favor of the incumbent government. Given the electoral commission's important role in administering elections and recognizing the results, trust in the institution resembles trust in the political process, which I argue constitutes a good indicator for regime support (or the lack thereof). Second, trust in the president (or prime minister) who possesses a sizable amount of power to make policy in autocracies. Having confidence in a country's leader is a good proxy whether respondents think that their leader uses power to their advantage. Third, trust in the ruling party. Authoritarian rulers usually do not exercise power in a vacuum, but are constrained by their ruling coalition. Hence, trusting the ruling party means that respondents are confident that the ruling coalition uses its power to benefit the population. For all survey items respondents were able to choose from the following list of answers: (1) 'a lot', (2) 'somewhat', (3) 'just a little', and (4) 'not at all.' I excluded all respondents that mentioned not having heard enough about the respective actor or institution.

Set 3 aims at measuring regime support more directly focusing on three survey items that ask respondents about their attitudes towards democracy. The first question reads: "In your opinion how much of a democracy is [country] today?" Respondents were able to choose from the following answers: (1) 'a full democracy,' (2) 'a democracy, but with minor problems,' (3) 'a democracy, but with major problems,' and (4) 'not a democracy.' Of course, asking about attitudes towards the incumbent regime in autocracies is highly sensitive and might pose a significant social desirability bias. Therefore, respondents were given the opportunity not to answer. Nevertheless, the response rate to this question was about 92%, and about 55% of respondents in the sample indicated that their country's democracy faces at least major problems. The second question reads: "Overall, how satisfied are you with the way democracy works in [country]?" The answers on a 4-point scale range from 'very satisfied' to 'not at all satisfied.' The last question asks respondents to choose one of the following statements: (1) 'In some cir-

cumstances, a non-democratic government can be preferable' and (2) 'Democracy is preferable to any other kind of government.' Survey participants were thus directly asked to choose between democracy and non-democracy. I coded respondents as strongly supporting democracy over non-democracy when they chose the second statement and did not indicate that the type of political regime does not matter for them.

3.2 Explanatory Variables

My argument implies that the effect of FDI on economic insecurity and citizen support for non-democratic rule differs between poorly and highly skilled individuals. As such, a valid test requires three independent variables on the individual level: skill-level, exposure to international investment, and an interaction term. I measure individual skill-levels using information on respondents' educational achievements. To measure education, the Afrobarometer applies the same 10-point scale across all countries and waves, ranging from having received no formal schooling to a post-graduate degree. Of course, focusing on educational achievements does not measure other sources of skills training, such as on-the-job-training. But empirical research shows that education is positively associated with occupational skills and higher productivity levels (Jones, 2001), and thus approximates individual skill-levels well.

Individuals not only have different skill-levels, but also vary in their exposure to FDI. To measure respondents' exposure to multinational companies' investments, I use data on greenfield investment, provided by The Financial Times Ltd. (2018) which gathers data on investment projects carried out by international investors using official investment announcements. This project-level data also includes information on capital expenditure, number of jobs created, and the city where the investment takes place.

The geo-location of each project allows me to merge FDI data with the geo-coded respondents from the Afrobarometer survey data. To do so, I first identify all unique FDI project locations between 2003 and 2018; i.e. any geographical location that was host to a MNC at least once in that period.[10] In total, I identify 637 FDI project locations in Africa; 426 of these are located in one of the 20 autocratic countries, for which the Afrobarometer provides survey data. Next, I draw a buffer zone with a radius of 20km, a reasonable commuting distance, around each unique FDI location. In a third step, I identify all Afrobarometer respondents in waves 4-6

[10] Given that fdimarkets reports the city of projects, each unique FDI location can include several projects over time.

and match whether their place of residence lies within the buffer zone around each (active or future) FDI project location. I thus assume that living within 20km of an FDI project exposes these individuals to the economic consequences of multinational corporations.[11] Figure A-1 in the Appendix displays this approach. Each gray marker represents a unique FDI location with a buffer zone of 20km. A purple marker represents the place of residency of an individual surveyed in an autocratic country. Figure A-2 zooms in on Nigeria and showcases that some respondents are potentially treated by FDI, whereas it is unreasonable to assume that other respondents who live in remote areas are directly or indirectly affected by FDI.

In a final step, I first delete all respondents that have no potential of being treated.[12] Then, I measure to what extent the remaining potentially exposed respondents, i.e. those that live in the vicinity of an already built or not yet existing project site, are actually exposed to FDI in the year they were surveyed. To do so, I focus on two indicators in the fdimarkets data: capital expenditure and the number of jobs created. For each individual, I identify the number of FDI projects to which an individual has been exposed at the time the survey has been administered and then add up either capital expenditure or jobs created. All individuals that have not yet been exposed to FDI are coded as not exposed. In light of diminishing returns, I use the natural logarithm of the amount of invested capital and the number of jobs created, respectively.

To capture the expected conditional effect of exposure to FDI and individual skill-level, I use an interaction term (Ai and Norton, 2003; Brambor, Clark, and Golder, 2006). My argument makes clear predictions about the nature of this interaction. Since FDI induces downward pressure on low-skilled individuals' economic well-being, they should be more likely to express feelings of economic insecurity and more reserved about autocratic rule. In contrast, high-skilled individuals face increasing returns the more they are exposed to foreign direct investment. The dependent variables are coded such that I expect a negative interaction term in all models.

3.3 Empirical Strategy

The geo-coding of both the Afrobarometer survey data and the FDI project locations not only allows me to match individual survey responses with data on FDI, but opens up a unique modeling strategy. For each dependent variable, I compare only those individuals that are already ex-

[11] I repeat this exercise for a buffer zone of 10km around each project to allow for a shorter commuting distance.

[12] About 40% of respondents are potentially exposed to FDI. The share ranges from 9.3% in Sudan to 62.83% in Tunisia. Overall the share of exposed respondents is close to the estimated share of the population that lives within 20km of FDI projects, see Appendix Table A-2.

posed to FDI with individuals that have not yet been exposed to FDI (see, for a similar approach, Brazys and Kotsadam, 2020; Palmtag, 2020). Multinational investors choose specific locations for investment, which, due to locational advantages, are not evenly spread across countries (e.g. mineral deposits, access to the sea). Individuals living far away from potential investment sites may thus be both not exposed as well as living in areas that are very different from areas with FDI. Because of this selection problem, I do not take into account respondents that do not have a realistic chance of ever being exposed to FDI. While doing so reduces the number respondents, the remaining responses should offer are more precise picture of the impact of FDI. In addition, this strategy also reduces a possible bias that arises because incumbents might strategically channel FDI to their strongholds (even though FDI is less fungible than foreign aid).

I employ multilevel linear probability models with country-level random effects and wave dummies as the baseline for estimation.[13] Because most dependent variables are dichotomous or ordinal, I test the robustness using probit or ordered pobit models, respectively. In my baseline specification, I also control for a respondent's age (in years), gender, whether he or she is unemployed, is an urban resident, the level of political interest, and whether they regularly read a newspaper. Furthermore, I also take respondents' ethnic background into account.

3.4 Findings

Does FDI create economic winners and losers and, as a consequence, alter attitudes towards autocratic rule? My findings indicate that citizens living under autocratic rule take their material situation into account when evaluating the legitimacy of and support for the incumbent regime.

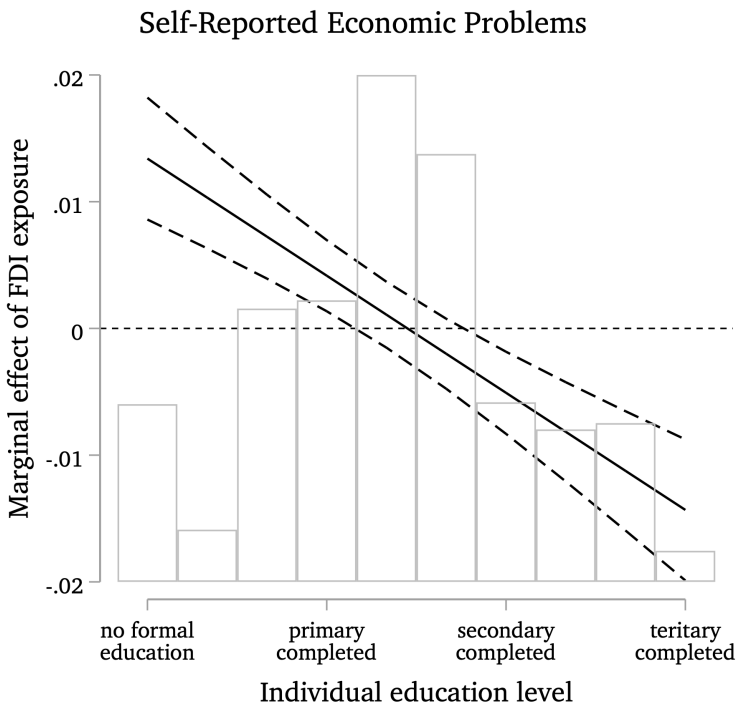
Economic Grievances The first three models reported in Table 1 estimate whether a person expresses economic grievances when exposed to foreign direct investment, either via self-reporting major problems or an assessment of their own or their country's economic situation (Tables A-4 and A-5 in the Appendix provide further robustness checks). Economic grievances are the essential ingredient in my causal pathway linking FDI with support for non-democratic rule. According to model 1, exposure to foreign direct investment has a consistently positive and statistically significant effect on the probability that respondents name low wages and unemployment as a major problem. Given the interaction term, this effect is however limited to respondents that have no formal or less than primary education. Most importantly, the interaction term is, as

[13] Results are not driven by specific countries (see Figure A-4).

expected, negative and statistically significant. Hence, the effect of foreign investment exposure decreases in education levels.

Figure 1 illustrates the marginal effect of foreign direct investment over different skill-levels. Exposing individuals with no formal or less than primary education to foreign investment increases their likelihood to feel economically insecure. On the other hand, exposing highly skilled people, i.e. individuals with higher secondary or tertiary education, to foreign direct investment in fact lowers the probability that these people report problems regarding low wages and unemployment. I detect the same pattern for the probability that respondents assess their own living situation as being in an adverse shape (model 2) or whether they think that the economic situation in the country they live in is bad (model 3). Here too, the negative and statistically significant interaction term suggests that FDI has different effects on economic grievances for low- and high-skilled individuals (see also Figure A-3).

FIGURE 1
Study 1: FDI Exposure and Self-Reported Economic Problems



Notes: Results based on model 1 in Table 1.

These results are robust to estimating (ordered) probit instead of linear probability models (see models 3, 6, and 9 in Table A-4) and are also robust to including fewer or more control variables as well as reducing the exposure radius to FDI from 20km to 10km (see Table A-5 in

TABLE 1
Study 1: Conditional Effect of FDI on Political Preferences

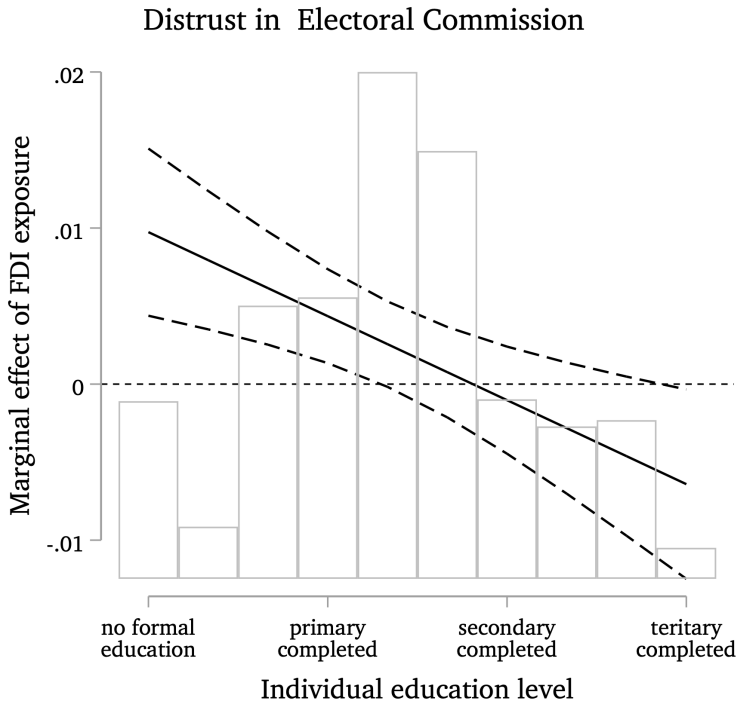
	Set 1) Economic Grievances			Set 2) Distrust in Institutions			Set 3) Regime Preferences		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Education level	0.024***	-0.043***	0.014*	0.019***	0.015***	0.020***	0.054***	0.046***	0.012***
	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)
FDI exposure	0.013***	0.016***	0.026***	0.010***	0.006***	0.009***	0.018***	0.015***	0.007***
	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)
FDI * education level	-0.003***	-0.002*	-0.002**	-0.002***	-0.001*	-0.001**	-0.004***	-0.003***	-0.001***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Age in years	-0.002***	0.005***	0.003***	-0.002***	-0.002***	-0.002***	-0.000	-0.001	0.001***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	0.003	-0.069***	-0.035**	-0.008	-0.001	-0.012*	-0.065***	-0.072***	0.001
	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Unemployed	-0.029***	-0.150***	-0.071***	-0.007	-0.001	-0.015*	-0.031**	-0.011	0.003
	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)
Urban resident	0.037***	-0.048**	0.055***	0.052***	0.051***	0.045***	0.068***	0.101***	0.007
	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.01)
Political interest	-0.008**	-0.026***	-0.046***	-0.031***	-0.023***	-0.033***	-0.050***	-0.087***	0.001
	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)
Newspaper consumption	0.005**	-0.066***	-0.016***	0.007***	0.011***	0.016***	0.009**	0.021***	0.002
	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)
# of respondents	21644	21859	21667	18583	20859	19536	20139	20486	17634
# of countries	20	20	20	19	20	19	20	20	20
Prob >Chi2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Notes: Linear probability regression models; individuals nested in countries; constants and wave dummies not reported.
Standard errors in parentheses: *** p<0.01, ** p<0.05, * p<0.1.

the Supplementary Appendix). My findings thus support Hypothesis 1 about the heterogeneous effects of FDI on material welfare of individuals. Even more, they cast serious doubt on theoretical models that identify winners and losers from globalization purely based on production factors (Heckscher-Ohlin trade models) or sectoral exposure (Ricardo-Viner trade models).

Distrust in State Institutions In a next step, I analyze whether FDI-induced distributional consequences translate into differences in regime support. Initially, I focus on respondents' trust and distinguish between three conceptually different state institutions/actors: the electoral commission, the country's leader, and the ruling party. I expect that material consequences directly translate into distrust. Individuals that lose out from opening up to FDI should distrust state institutions more, whereas individuals that benefit materially should trust the authoritarian institutions more. The regression results reported in models 4–6 in Table 1 show that this is indeed the case (full set of models in Table A-6 in the Appendix).

FIGURE 2
Study 1: FDI Exposure and Distrust in Electoral Commission



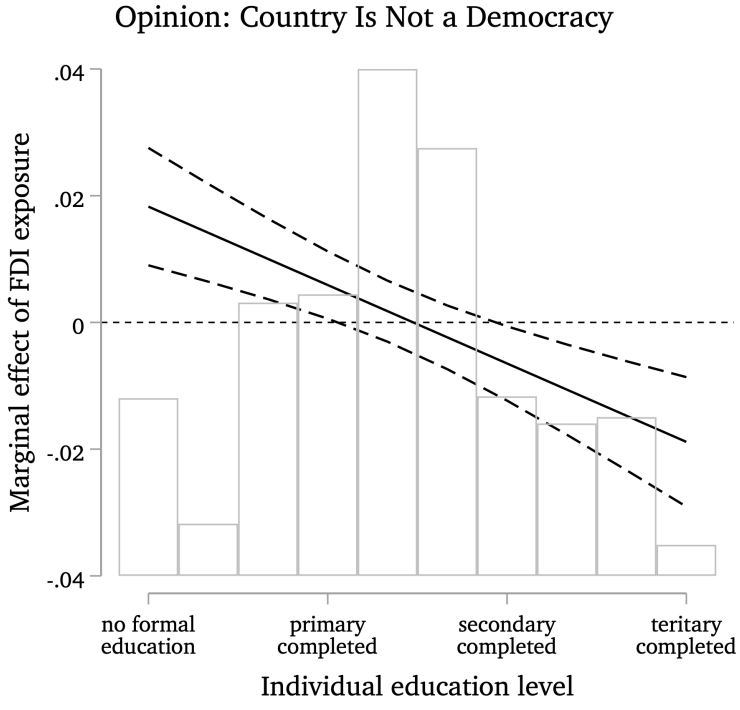
Notes: Results based on model 4 in Table 1.

FDI leads to less trust in the electoral commission among the poorly educated. Yet again, Figure 2 exemplifies that the effect of FDI weakens significantly the more educated respondents are. For those with tertiary education, being exposed of FDI implies that trusting the commission

in charge of the administration of elections even exacerbates. Further regression models indicate that this conclusion also holds for distrust in the country's political leader and the ruling party. These results are again robust to different sets of control variables and to reducing the exposure radius around investment projects to 10km (see Table A-7 in the Appendix). As opposed to well-educated citizens, individuals with comparatively low educations levels thus tend to offer less support for the authoritarian regime when exposed to foreign direct investment.

Regime Support In a final step, I investigate how FDI shapes citizens' assessment of the incumbent regime. I report results on three different indicators: models 1-3 focus on whether respondents explicitly say that the country the live in is in fact not a democracy, models 4-6 examine respondents' satisfaction with the way democracy works, and models 7-9 explores whether respondents find democracy preferable to any other form of government. If respondents put a lot of value on democracy, I interpret this as less support for the incumbent regime. If, on the other hand, respondents think that the country they live in is in fact a democracy or are satisfied with the way politics is conducted, this shows higher levels of support for the authoritarian regime in place.

FIGURE 3
Study 1: FDI Exposure and Preferences for Democracy



Notes: Results based on model 7 in Table 1.

The results from models 7–9 in Table 1 (as well as the robustness tests in Tables A-8 and A-9) suggest that exposure to FDI indeed renders individuals more critical as to whether they think the incumbent regime is democratic and leads to lower levels of regime support if and only if individuals are comparatively low skilled. Due to the negative and statistically significant interaction term, the effect of FDI reverses the better educated citizens are. As exemplified in Figure 3 respondents have a lower probability of stating that their country is not a democracy as soon as they have completed at least secondary education. This is consistent with my theoretical argument. High-skilled individuals benefit from economic openness. Preferences for continued economic gains thus tend to outweigh demands for democratic participation. However, this must not mean that high-skilled citizens strongly prefer authoritarian rule, but could also speak to a status quo bias.

In order to assess the magnitude of the conditional effect of FDI, Table 2 shows the change in predicted probabilities for three different outcomes, depending on respondents' exposure to FDI and education level (full results in Table A-11). The probability that non-exposed low-skilled individuals report economic problems is about 47%. This probability statistically significantly increases by about 4.3 percentage points if low-skilled individuals are exposed to FDI. Among this part of the population, FDI thus increases economic grievances. In contrast, being exposed to FDI decreases the probability to report any economic problems by about 3.8 percentage points among the comparatively highly skilled individuals, from about 54% to 50%.

TABLE 2
Study 1: Being Exposed to FDI Changes Political Preferences Substantially

	Among comparatively low-skilled respondents			Among comparatively high-skilled respondents		
	Rather non-exposed	Rather exposed	Change in % points	Rather non-exposed	Rather exposed	Change in % points
Self-Reported Economic Problems	46.9%	51.2%	+4.3*** (+9.2%)	54.0%	50.3%	–3.7*** (–7.0%)
Distrust in Electoral Commission	52.7%	56.4%	+3.7*** (+7.0%)	59.0%	58.0%	–1.0* (–1.7%)
Opinion: Country Is Not a Democracy	15.8%	17.6%	+1.8*** (+11.4%)	21.9%	20.2%	–1.7** (–7.8%)

Notes: Predicted probabilities based on results reported in Table 1; control variables held at their means. Changes calculated at +/– 1 standard deviation from the mean of education and FDI exposure, respectively. Significance levels: *** p<0.01, ** p<0.05, * p<0.1.

This pattern also travels to political preferences. Among the low-skilled, FDI amplifies distrust in the electoral commission by about 3.7 percentage points and bolsters respondents' opinion that the country they live cannot be considered a democracy by about 1.8 percentage

points. Among the high-skilled, however, being exposed to FDI has the opposite effect. The more such respondents are exposed to FDI, the more they trust the work of the electoral commission and the more they consider their country democratic. Even though the absolute changes in respondents' political preferences are substantially smaller, the relative change compared to the baseline level is sizable.

In a last step, I trace the theoretical mechanism empirically. I follow the procedure outlined in Walter (2010) and estimate three sets of additional models (see Table A-10 in the Appendix). In models 1-3, I estimate the effect of economic grievances on distrust in state institutions; in models 4-6, I estimate the effect of economic grievances on regime support; and in model 7-9, I estimate the effect of distrust in state institutions on regime support. The results fully support the causal pathway outlined in the theoretical argument. Economic grievances lead to distrust in state institutions, which ultimately leads to lower levels of regime support.

Taken together, FDI has sizable consequences for political preferences across a wide range of indicators, ranging from self-reported economic problems to issues about trust in state institutions to support for the incumbent autocratic regime. The effect of FDI is not uniform. While it increases economic worries, amplifies distrust, and lowers regime support among low-skilled individuals, the effect of FDI reverses the more highly skilled respondents are.

4 FDI and Political Preferences in 14 Autocracies around the Globe

In the second study, I complement the results from the Afrobarometer analysis and use data from a survey administered in 14 autocratic countries by the Pew Global Attitudes Project in 2007 (Pew Research Center, 2007).[14] The dataset covers roughly 10,500 working-age respondents that have lived under autocratic rule at the time the survey was conducted (see Table A-12 for descriptive statistics).

4.1 Outcome Variables

I use information on several dependent variables to examine the pathway from FDI exposure to citizen support for autocratic rule. Initially, I investigate perceived feelings of economic insecurity. I measure this variable with an open-ended question that asks respondents: "What do you

[14] Bangladesh, Egypt, Ethiopia, Ivory Coast, Jordan, Kuwait, Lebanon, Malaysia, Nigeria, Pakistan, Russia, Tanzania, Uganda, and Venezuela.

think is the most important problem facing you and your family today?" Respondents' answers were grouped into several different categories. As the distributional consequences of foreign investment directly affect wage development and unemployment, I code respondents to show realized feelings of economic insecurity, if they mention 'low wages' or 'unemployment' as the biggest or second biggest problem. Roughly one third of respondents have experienced changes in personal well-being that lead to economic insecurity.

Second, I examine expected social decline that individuals might fear as a consequence of losing out economically using questions that ask respondents to rank themselves on a ladder. To arrive at the final measure, I subtract respondents' expected standing in the future from their present assessment. Hence, positive deviations imply that respondents anticipate social decline. Third, I tap into regime support using a question that is closely related to satisfaction with the incumbent regime: "Please tell me what kind of influence the Prime Minister/President is having on the way things are going in [country]. Is the influence very good, somewhat good, somewhat bad, or very bad?" Higher values indicate dissatisfaction. Roughly one third of the respondents indicate dissatisfaction with their political leadership.

For the last set of dependent variables, I measure citizens' legitimacy beliefs in the incumbent regime with two questions that display whether respondents feel whether the functionality of political institutions is congruent with their needs. The first question refers to the de facto situation: "Does the following statement describe our country very well, somewhat well, not too well or not well at all? You can openly say what you think and can criticize the state or government." The second question captures respondents' ideal situation: "How important is it to you to live in a country where you can openly say what you think and can criticize the state or government? Is it very important, somewhat important, not too important or not important at all?" The difference between the answers to the former and the latter question gives a measure of congruence. A distance of zero implies that the amount of freedom of expression is exactly in line with the importance the respective individual places on it.[15] Conversely, a difference of three represents large-scale incongruence and corresponds to lower levels of legitimacy belief. I repeat this exercise for an assessment of the judicial system, where both questions refer to the statement "There is a judicial system that treats everyone in the same way", and control of the military, where respondents were confronted with "The military is under the control of civilian

[15] About 10% of the respondents say that the de facto situation is actually better than their ideal situation. I recoded these to the value of 0, which implies congruence.

leaders." The resulting three measures thus refer to the belief in the legitimacy of the incumbent regime. All variables are coded such that higher values indicate incongruence.

4.2 Explanatory Variables

A valid test of my argument requires again three independent variables on the individual level. First, individuals differ with regard to the degree to which they are exposed to FDI. I rely on regional differences in survey recruitment and match this information with data on greenfield investments (The Financial Times Ltd., 2018).[16] As investment projects might need some time to unfold their consequences, I calculate the sum of investments over a five year period (from 2003 to 2007) in each region and match this with the residence information of respondents. Regions for which there is no information are coded as non-exposed. This operationalization assumes that labor is mobile within but not across regions, which also implies that labor mobility is lower along regional than sectoral or occupational lines. Given that administrative regions are rather large, the bias arising from within-autocracy migration patterns should be small.

Individuals further differ according to the amount of occupational skills. I again measure individual skill-level using respondents' educational background. In terms of operationalization, I use information on the highest level of education a respondent has received. The codings differ between countries, which is why I standardize them into six categories following the International Standard Classification of Education (ISCED). To capture the expected conditional effect of exposure to FDI and individual skill-level, I use an interaction term. The dependent variables are coded such that I expect a negative interaction term in all models.

4.3 Empirical Strategy

For the baseline specification I use linear probability models and check the robustness by using probit and ordered probit regression models. Despite the limited number of countries, I use a random effects multilevel model where respondents are nested within countries. I include a number of variables that control for alternative explanations. The baseline models include age in years, gender, whether a respondent is unemployed, the income level, newspaper consumption, urban versus rural residency, and the importance of religion. Income is measured by a self-classification into income classes. Unfortunately, countries differ to some extent with respect to

[16] As such, it differs from overall FDI exposure, which also includes investments mergers and acquisitions. Unfortunately, such data is not available on a regional basis.

the number of income classes provided in the questionnaire. To facilitate cross-national comparability, I recode this variable so that it represents the deviation of the respondent's income-class from the country-specific median income-class. For reasons of limited data availability, I include further control variables in separate models. Here, I additionally control for whether respondents receive remittances, their marital status, the number of children, and whether the respondent has friends or relatives outside the country.[17]

4.4 Findings

The findings obtained from 14 autocratic regimes around the globe support my theoretical argument and underscore the generalizability of the Afrobarometer analysis. Low-skilled individuals face adverse consequences from the presence of MNCs and form preferences that resemble less support for authoritarian rule. In contrast, well-educated individuals tend to belief more in the legitimacy of the incumbent regime, because they benefit from FDI in material terms.

Material Consequences The first set of models estimate the probability that a person expresses feelings of economic insecurity (models 1-2 in Table 3). Same as before, FDI amplifies problems arising from low wages and unemployment only for poorly educated individuals. The negative and statistically significant interaction term points to the fact that the better educated indeed have a lower probability of experiencing economic hardship. This effect is consistent across different model specifications, different operationalizations of FDI exposure, and different sets of control variables (see models 1-3 in Tables A-14 and A-15 in the Appendix). The direct economic effects also translate into expectations of social decline. Hence, individuals lose out from FDI not only in the short run, but form long-run expectations regarding their material well-being.

Regime Support To gauge whether these material consequences translate into regime support, or the lack thereof, I examine leader satisfaction and whether citizens are more or less likely to report that the functionality of key political institutions is incongruent with their own view. Both dimensions serve as a proxy for the perceived legitimacy of the institutional setup of an authoritarian regime. I expect that the beneficiaries of FDI are less likely to report that the influence of the political leader is bad and have a stronger belief in the legitimacy of the

[17] The number of children is a simple count variable. Because of the highly skewed distribution (few people have more than five children), I restrict the number of children to five.

TABLE 3
Study 2: Conditional Effect of FDI on Economic and Political Attitudes

	Set 1) Economic and Political Attitudes			Set 2) Perceived Regime Legitimacy		
	(1)	(2)	(3)	(4)	(5)	(6)
Education level	0.010	0.057**	0.030**	0.059***	0.068***	0.031**
	(0.01)	(0.03)	(0.01)	(0.01)	(0.01)	(0.01)
FDI exposure	0.006*	0.013	-0.009	0.040***	0.014*	0.041***
	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
FDI * education level	-0.003***	-0.008*	-0.004**	-0.011***	-0.008***	-0.005***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Age in years	-0.002***	0.011***	-0.001	-0.001	0.003***	-0.002***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	-0.014	0.129***	0.012	0.004	0.014	-0.006
	(0.01)	(0.04)	(0.02)	(0.02)	(0.02)	(0.02)
Unemployed	0.025**	-0.047	0.004	0.020	-0.027	-0.001
	(0.01)	(0.05)	(0.02)	(0.02)	(0.02)	(0.02)
Urban resident	0.051***	-0.052	0.089***	0.030	0.109***	0.073***
	(0.01)	(0.05)	(0.02)	(0.02)	(0.02)	(0.02)
Income	-0.025***	0.011	-0.012**	0.004	0.022***	0.007
	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Newspaper consumption	0.025***	-0.096**	0.029	-0.001	0.006	-0.048**
	(0.01)	(0.04)	(0.02)	(0.02)	(0.02)	(0.02)
# of respondents	10646	9661	10058	10480	10407	9869
# of countries	14	14	13	14	14	14
Prob >Chi2	0.000	0.000	0.000	0.000	0.000	0.000

Notes: Linear probability regression models; individuals nested in countries. Constants and country dummies not reported. Standard errors in parentheses: *** p<0.01, ** p<0.05, * p<0.1.

incumbent government compared to losers of FDI openness.

The results on leader satisfaction are reported in model 3 in Table 3. The interactions term is negative and statistically significant, which means that the effect of FDI is dependent on how well individuals are educated. Whereas being exposed to FDI increases government dissatisfaction among the poorly educated, the well-educated are much more content with the way the president or prime minister leads the country. With regard to beliefs in the legitimacy of the authoritarian regime, models 4-6 in Table 3 reports results on three important dimensions: freedom of expression, the fairness of the judicial system, and whether there is civilian control of the military. Across all models, the interactions term is negative and statistically significant (see Tables A-16 and A-17 for robustness checks). This exemplifies that poorly educated individuals are more likely to report incongruence between the importance they place on freedom of expression as a vehicle to overcome their dire economic situation, while at the same time they think that the actual level of freedom of expression is essentially meaningless in their country. Thus, FDI reduces the perceived legitimacy of autocratic rule for poorly educated citizens. In contrast, FDI does not change perceptions of the legitimacy of political institutions among those individuals that have received at least lower secondary education (see Figure A-5 in the Appendix). In essence, the beneficiaries are more satisfied with the institutional setup of the regime.

5 Conclusion

This paper has examined whether and how FDI exposure shapes citizen support for autocratic rule. I argue and find that the impact of international investment on both feelings of economic insecurity and regime support varies according to individual skill-level. High-skilled individuals evaluate both their personal economic situation and the status quo autocratic institutions and actors more positively if they are exposed to FDI. The opposite holds for the poorly educated who feel economically threatened; a dire situation that ultimately leads to more distrust in state institutions and lower levels of support for the incumbent regime. All in all, this analysis highlights that citizens' political preferences are highly dependent on changes in material well-being induced by economic openness.

My argument and findings thus contribute to a couple of ongoing debates and open up avenues for further research. First, in international political economy scholars disagree about

the distributional consequences of economic globalization. My results underscore the applicability of new new trade theory to explain both economic grievances and political preferences in democratic (Walter, 2010, 2017) as well as in autocratic countries (Palmtag, Rommel, and Walter, 2020). The fact that FDI increases economic welfare for highly skilled individuals, but at the same time leads to heightened economic grievances for the poorly educated also chimes well with recent research showcasing that globalization and economic inequality might be positively related (Goldberg and Pavcnik, 2007; Menéndez González, Owen, and Walter, 2023).

A second debate, especially in comparative politics, is concerned wih arguments that put the political demands of societal groups at the center of attention to explain regime trajectories. Redistributivist theories hypothesize that economic openness should increase the chances for democratization, because individual demand for democracy increases in market income which is induced by economic globalization (Acemoglu and Robinson, 2006; Boix, 2003). My findings challenge the micro-foundations of these arguments, as FDI appeases a sizable part of the population by increasing satisfaction with the current regime. More generally, FDI affects a large share of both winners and losers in autocracies (see Table A-2 in the Appendix for exploratory estimates). Hence, to arrive at a better understanding of the macro-political consequences of the distributional consequences, future research should focus more on how FDI-related grievances and opportunities are aggregated into and map onto societal groups as well as the ability of the state to fine-tune economic openness.

Third, research that relies on the open economy politics paradigm generally assumes that people behave rational (Lake, 2009). My findings highlight that individuals are indeed able to form informed political attitudes based on their material situation; and that people are generally aware of the consequences of large-scale economic developments. Future research should expand on this notion on two grounds. Despite my best efforts, this study only focuses only on greenfield investment, which tends to produce higher growth rates (Harms and Méon, 2018), and only captures potential exposure to FDI. Studying directly exposed individuals would open up more opportunities to uncover the exact mechanism by which the material situation of individuals translates into political attitudes. Additionally, an important link that this study does not tackle is whether and how regime support can translate into specific demands for alternative regime types, or democratization (see also, Gratton and Lee, 2023).

Lastly, my findings speak to the question of a possible backlash against globalization.

While we can observe a growing opposition to international market openness in developed countries, popular support for different forms of economic globalization is still relatively high in emerging and developing economies. My findings underscore the hypothesis put forward by Rudra, Nooruddin, and Bonifai (2021) that the highly skilled beneficiaries of FDI are in a honeymoon phase and unlikely to act against international openness, while the widening gap between skill-groups has not yet manifested itself long enough for the low-skilled to oppose globalization at-large. To arrive at a full picture of popular support or opposition for globalization across the globe, future research should explicitly expand this analysis and also analyze regime support for and in democracies. The fact that the low-skilled lose out might explain the backlash against international openness; yet the fact that FDI induces a status quo bias among better educated citizens might simultaneously offer an explanation for the stability of democracies.

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Foreign Direct Investment and Political Preferences in Non-Democratic Regimes

Tobias Rommel*

Supplementary Online Appendix

Abstract

How does economic globalization affect regime support in non-democratic regimes? While we know a lot about how globalization affects politics in democracies, we know only little about its impact on political preferences in autocracies. I focus on FDI, which has increased considerably over the last decades and affects low- and high-skilled individuals differently. Material risks associated with FDI decrease regime support only among the poorly educated; economic gains from FDI bolster support for the incumbent regime for well-educated individuals. I present two analyses that corroborate these hypotheses. Study 1 uses Afrobarometer data and matches respondents with geo-located data on FDI. To mitigate selection problems, I only compare individuals that are exposed to FDI with individuals that are not yet exposed at the time the survey was administered. Study 2 utilizes cross-national survey data from 14 autocracies. My findings explain why some citizens favor the political status quo, even in autocracies.

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TABLE A-1
Study 1: Descriptive Statistics (Afrobarometer Survey Data)

	N	Mean	Sd	Min	Max
Self-Reported Economic Problems	21644	0.51	0.50	0.00	1.00
Bad Living Conditions	21554	3.22	1.15	1.00	5.00
Bad Economic Situation	21375	3.46	1.23	1.00	5.00
Distrust in Electoral Commission	18331	0.56	0.50	0.00	1.00
Distrust in Country's Leader	20584	0.45	0.50	0.00	1.00
Distrust in Ruling Party	19286	0.59	0.49	0.00	1.00
Opinion: Country Is Not a Democracy	19887	2.60	0.92	1.00	4.00
Dissatisfaction with Quality of Democracy	20225	1.80	1.01	0.00	4.00
Support for Democracy	17407	0.84	0.37	0.00	1.00
Education Level	21644	4.15	2.16	0.00	9.00
FDI jobs creation (ln)	21644	5.43	2.99	0.00	11.23
FDI capital expenditure (ln)	21644	4.60	2.73	0.00	10.51
Age in years	21644	35.58	13.79	18.00	100.00
Female	21644	0.50	0.50	0.00	1.00
Unemployed	21644	0.32	0.46	0.00	1.00
Urban resident	21644	0.71	0.45	0.00	1.00
Political interest	21644	1.64	1.05	0.00	3.00
Newspaper consumption	21644	1.54	1.56	0.00	4.00

TABLE A-2
Study 1: Share of population and respondents exposed to FDI

Country	Est. share of population living within 20km 20km of any FDI project	Share of respondents living within 20km of any FDI project
Algeria	51.49%	40.31%
Burkina Faso	18.45%	15.11%
Cameroon	37.80%	29.81%
Egypt	65.82%	47.53%
Gabon	75.86%	57.93%
Guinea	25.77%	13.00%
Ivory Coast	29.55%	33.31%
Madagascar	17.69%	25.65%
Mali	14.55%	16.30%
Morocco	66.89%	53.88%
Mozambique	28.94%	29.07%
Namibia	46.44%	38.89%
Nigeria	34.19%	29.31%
Sudan	11.62%	9.34%
Swaziland	36.62%	36.00%
Tanzania	16.63%	25.64%
Togo	31.29%	35.00%
Tunisia	64.02%	62.83%
Uganda	51.83%	32.96%
Zimbabwe	31.68%	29.88%

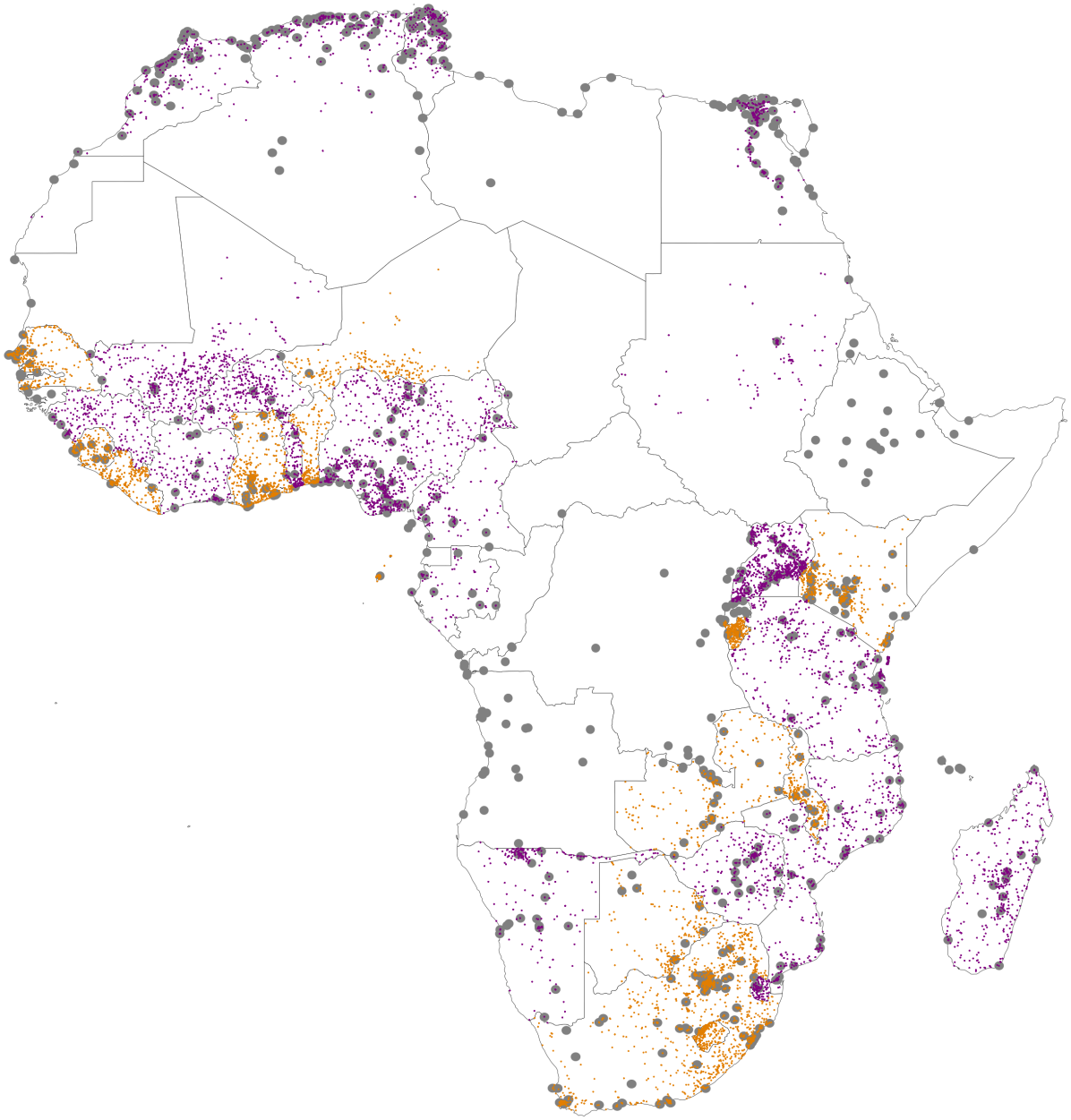
Notes: Population shares based on estimates by Klein Goldewijk et al. (2017)

TABLE A-3
Study 1: Country Selection (Afrobarometer Survey Data)

Country	Included in analysis	Round 4 (2008/2009)	BMR	RoW	Round 5 (2012/2013)	BMR	RoW	Round 6 (2014/2015)	BMR	RoW
Algeria	Yes	0	–	–	2408	Aut.	Elec. aut.	2400	Aut.	Elec. aut.
Benin	No	1200	Dem.	Elec. dem.	0	–	–	0	–	–
Botswana	No	1200	Dem.	Lib. dem.	1200	Dem.	Lib. dem.	1200	Dem.	Lib. dem.
Burkina Faso[1]	Yes	1200	Aut.	Elec. dem.	1200	Aut.	Elec. dem.	1200	Aut.	Elec. aut.
Burundi[2]	No	0	–	–	1200	Dem.	Elec. aut.	1200	Dem.	Elec. aut.
Cameroon	Yes	0	–	–	1200	Aut.	Elec. aut.	1182	Aut.	Elec. aut.
Cape Verde	No	1264	Dem.	Elec. dem.	1208	Dem.	Elec. dem.	1200	Dem.	Elec. dem.
Egypt	Yes	0	–	–	1190	Aut.	Closed aut.	1198	Aut.	Elec. aut.
Gabon	Yes	0	–	–	0	–	–	1198	Aut.	Elec. aut.
Ghana	No	1200	Dem.	Lib. dem.	2400	Dem.	Lib. dem.	2400	Dem.	Lib. dem.
Guinea	Yes	0	–	–	1200	Aut.	Closed aut.	1200	Aut.	Elec. aut.
Ivory Coast	Yes	0	–	–	1200	Aut.	Elec. aut.	1199	Aut.	Elec. aut.
Kenya[3]	No	1104	Dem.	Elec. aut.	2399	Dem.	Elec. aut.	2397	Dem.	Elec. dem.
Lesotho	No	1200	Dem.	Elec. dem.	1197	Dem.	Elec. dem.	1200	Dem.	Elec. dem.
Liberia	No	1200	Dem.	Elec. dem.	1199	Dem.	Elec. dem.	1199	Dem.	Elec. dem.
Madagascar	Yes	1350	Aut.	Closed aut.	1200	Aut.	Closed aut.	1200	Aut.	Elec. aut.
Malawi[4]	No	1200	Dem.	Elec. aut.	2407	Dem.	Elec. dem.	2400	Dem.	Elec. dem.
Mali	Yes	1232	Aut.	Elec. dem.	1200	Aut.	Elec. aut.	1200	Aut.	Elec. dem.
Mauritius	No	0	–	–	1200	Dem.	Lib. dem.	1200	Dem.	Lib. dem.
Morocco	Yes	0	–	–	1196	Aut.	Closed aut.	1200	Aut.	Closed aut.
Mozambique	Yes	1200	Aut.	Elec. aut.	2400	Aut.	Elec. aut.	2400	Aut.	Elec. aut.
Namibia	Yes	1200	Aut.	Elec. dem.	1200	Aut.	Elec. dem.	1200	Aut.	Elec. dem.
Niger	No	0	–	–	1199	Dem.	Elec. dem.	1200	Dem.	Elec. dem.
Nigeria[5]	Yes	2324	Aut.	Elec. aut.	2400	Aut.	Elec. dem.	2400	Aut.	Elec. dem.
Sao Tome	No	0	–	–	0	–	–	1196	Dem.	Elec. dem.
Senegal	No	1200	Dem.	Elec. dem.	1200	Dem.	Elec. dem.	1200	Dem.	Elec. dem.
Sierra Leone	No	0	–	–	1190	Dem.	Elec. dem.	1191	Dem.	Elec. dem.
South Africa	No	2400	Dem.	Lib. dem.	2399	Dem.	Lib. dem.	2390	Dem.	Elec. dem.
Sudan	Yes	0	–	–	1199	Aut.	Elec. aut.	1200	Aut.	Elec. aut.
Swaziland	Yes	0	–	–	1200	Aut.	Closed aut.	1200	Aut.	Closed aut.
Tanzania	Yes	1208	Aut.	Elec. aut.	2400	Aut.	Elec. aut.	2386	Aut.	Elec. aut.
Togo[6]	Yes	0	–	–	1200	Aut.	Elec. aut.	1200	Aut.	Elec. dem.
Tunisia[7]	Yes	0	–	–	1200	Aut.	Elec. dem.	1200	Aut.	Elec. dem.
Uganda	Yes	2431	Aut.	Elec. aut.	2400	Aut.	Elec. aut.	2400	Aut.	Elec. aut.
Zambia[8]	No	1200	Dem.	Elec. dem.	1200	Dem.	Elec. aut.	1199	Dem.	Elec. aut.
Zimbabwe	Yes	1200	Aut.	Elec. aut.	2400	Aut.	Elec. aut.	2400	Aut.	Elec. aut.

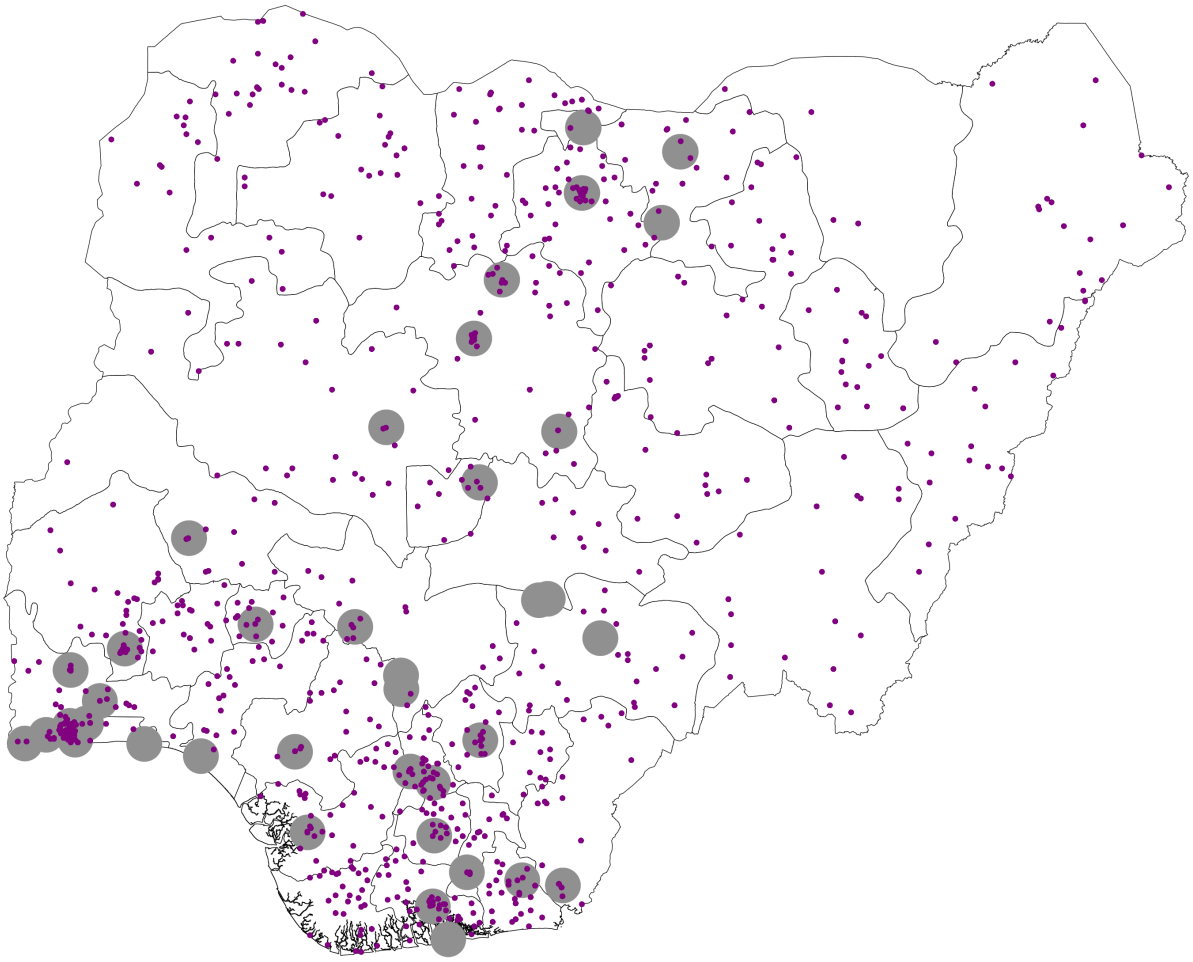
Notes: [1]Polity codes autocracy (2008=0, 2012=0); [2]Polity codes democracy (2012=6, 2014=6); [3]Polity codes democracy (2008=7.6, 2011=7.4);)
[4]Polity codes democracy (2008=6); [5]Polity codes autocracy (2008=4, 2013=4, 2015=4.6); [6]Polity codes autocracy (2012=-2.8, 2014=-2);
[7]Polity codes autocracy (2013=-4, 2015=3.6), [8]Polity codes democracy (2009=5.8, 2013=7, 2014=7).

FIGURE A-1
Study 1: FDI Projects and Afrobarometer Respondents



Notes: gray marker = FDI project (with 20km buffer); purple marker = respondent in an autocracy; orange marker = respondent in a democracy.

FIGURE A-2
Study 1: FDI Projects and Afrobarometer Respondents in Nigeria



Notes: gray marker = FDI project (with 20km buffer); purple marker = respondent in Nigeria.

TABLE A-4

Study 1: Conditional Effect of FDI on Economic Grievances (Set 1) – Main Models

	A) Self-Reported Economic Problems			B) Bad Living Conditions			C) Bad Economic Situation		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Education level	0.024***	0.023***	0.064***	-0.043***	-0.046***	-0.038***	0.014*	0.009	0.016**
	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
FDI jobs creation	0.013***		0.036***	0.016***		0.017***	0.026***		0.026***
	(0.00)		(0.01)	(0.01)		(0.01)	(0.01)		(0.01)
FDI capital expenditure		0.015***			0.018***			0.027***	
		(0.00)			(0.01)			(0.01)	
FDI * education level	-0.003***	-0.003***	-0.008***	-0.002*	-0.002	-0.002**	-0.002**	-0.002	-0.003**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Age in years	-0.002***	-0.002***	-0.004***	0.005***	0.005***	0.005***	0.003***	0.003***	0.003***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	0.003	0.003	0.008	-0.069***	-0.069***	-0.065***	-0.035**	-0.035**	-0.033**
	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.01)	(0.02)	(0.02)	(0.02)
Unemployed	-0.029***	-0.029***	-0.075***	-0.150***	-0.151***	-0.143***	-0.071***	-0.072***	-0.065***
	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Urban resident	0.037***	0.036***	0.096***	-0.048**	-0.052***	-0.047**	0.055***	0.050**	0.056***
	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Political interest	-0.008**	-0.008**	-0.020**	-0.026***	-0.026***	-0.026***	-0.046***	-0.045***	-0.043***
	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Newspaper consumption	0.005**	0.005**	0.013*	-0.066***	-0.066***	-0.063***	-0.016***	-0.016***	-0.015***
	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
# of respondents	21644	21644	21644	21859	21859	21859	21667	21667	21667
# of countries	20	20	20	20	20	20	20	20	20
Prob >Chi2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Notes: Models 1-2, 4-5, and 7-8: linear probability regression models; individuals nested in countries. Models 3, 6, and 9: (ordered) probit models
Constants and wave dummies not reported. Standard errors in parentheses: *** p<0.01, ** p<0.05, * p<0.1.

TABLE A-5
Study 1: Conditional Effect of FDI on Economic Grievances (Set 1) – Robustness Tests

	A) Self-Reported Economic Problems			B) Bad Living Conditions			C) Bad Economic Situation		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Education level	0.024***	0.024***	0.014***	-0.065***	-0.043***	-0.041***	0.006	0.014*	0.010*
	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
FDI jobs creation	0.013***	0.013***	0.009***	0.010*	0.015***	0.016***	0.024***	0.025***	0.019***
	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.00)
FDI * education level	-0.003***	-0.003***	-0.002***	-0.001	-0.002	-0.003***	-0.002*	-0.002*	-0.002**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Age in years	-0.002***	-0.002***	-0.002***	0.005***	0.005***	0.005***	0.003***	0.003***	0.003***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	0.003	0.003	0.003	-0.039***	-0.067***	-0.068***	-0.017	-0.033**	-0.035**
	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Unemployed	-0.030***	-0.029***	-0.029***	-0.141***	-0.149***	-0.150***	-0.067***	-0.070***	-0.071***
	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Urban resident	0.039***	0.036***	0.037***	-0.090***	-0.047**	-0.044**	0.044**	0.057***	0.056***
	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Political interest		-0.008**	-0.008**		-0.027***	-0.027***		-0.044***	-0.046***
		(0.00)	(0.00)		(0.01)	(0.01)		(0.01)	(0.01)
Newspaper consumption		0.005*	0.005**		-0.065***	-0.066***		-0.016***	-0.015**
		(0.00)	(0.00)		(0.01)	(0.01)		(0.01)	(0.01)
Black/African		baseline			baseline			baseline	
White/European		0.041			-0.607***			0.056	
		(0.05)			(0.11)			(0.12)	
Arab/North African		0.024			-0.373***			-0.152	
		(0.04)			(0.10)			(0.10)	
Mixed race		-0.018			-0.195***			0.047	
		(0.03)			(0.07)			(0.08)	
Other race		-0.003			-0.107			-0.324	
		(0.09)			(0.20)			(0.21)	
# of respondents	21876	21550	21644	22094	21763	21859	21889	21571	21667
# of countries	20	20	20	20	20	20	20	20	20
Prob >Chi2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Notes: Models 1-9: linear probability regression models; individuals nested in countries. Models 3, 6, and 9: FDI exposure measured in a 10km radius (as opposed to 20km). Constants and wave dummies not reported. Standard errors in parentheses: *** p<0.01, ** p<0.05, * p<0.1.

TABLE A-6
Study 1: Conditional Effect of FDI on Distrust in State Institutions (Set 2) – Main Models

	A) Distrust in Electoral Commission			B) Distrust in Country's Leader			C) Distrust in Ruling Party		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Education level	0.019***	0.020***	0.050***	0.015***	0.016***	0.040***	0.020***	0.019***	0.055***
	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)
FDI jobs creation	0.010***		0.026***	0.006***		0.017***	0.009***		0.025***
	(0.00)		(0.01)	(0.00)		(0.01)	(0.00)		(0.01)
FDI capital expenditure		0.013***			0.006**			0.010***	
		(0.00)			(0.00)			(0.00)	
FDI * education level	-0.002***	-0.002***	-0.005***	-0.001*	-0.001**	-0.002	-0.001**	-0.001**	-0.003*
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Age in years	-0.002***	-0.002***	-0.005***	-0.002***	-0.002***	-0.006***	-0.002***	-0.002***	-0.005***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	-0.008	-0.008	-0.022	-0.001	-0.001	-0.004	-0.012*	-0.012*	-0.034*
	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)
Unemployed	-0.007	-0.007	-0.018	-0.001	-0.001	-0.004	-0.015*	-0.015**	-0.041*
	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)
Urban resident	0.052***	0.050***	0.139***	0.051***	0.053***	0.140***	0.045***	0.045***	0.123***
	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)
Political interest	-0.031***	-0.031***	-0.083***	-0.023***	-0.023***	-0.063***	-0.033***	-0.033***	-0.094***
	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)
Newspaper consumption	0.007***	0.007**	0.020***	0.011***	0.011***	0.031***	0.016***	0.016***	0.044***
	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)
# of respondents	18583	18583	18583	20859	20859	20859	19536	19536	19536
# of countries	19	19	19	20	20	20	19	19	19
Prob >Chi2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Notes: Models 1-2, 4-5, and 7-8: linear probability regression models; individuals nested in countries. Models 3, 6, and 9: (ordered) probit models
Constants and wave dummies not reported. Standard errors in parentheses: *** p<0.01, ** p<0.05, * p<0.1.

TABLE A-7
Study 1: Conditional Effect of FDI on Distrust in State Institutions (Set 2) – Robustness Tests

	A) Distrust in Electoral Commission			B) Distrust in Country's Leader			C) Distrust in Ruling Party		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Education level	0.019***	0.019***	0.014***	0.017***	0.015***	0.013***	0.022***	0.025***	0.017***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
FDI jobs creation	0.010***	0.010***	0.008***	0.007***	0.006***	0.007***	0.010***	0.007***	0.006***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
FDI * education level	-0.002***	-0.002***	-0.001***	-0.001*	-0.001*	-0.001	-0.001**	-0.001**	-0.001*
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Age in years	-0.002***	-0.002***	-0.002***	-0.002***	-0.002***	-0.002***	-0.002***	-0.002***	-0.002***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	-0.001	-0.008	-0.008	0.001	-0.001	-0.001	-0.008	-0.016**	-0.012*
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Unemployed	-0.006	-0.007	-0.007	-0.001	-0.001	-0.001	-0.015*	-0.004	-0.015**
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Urban resident	0.056***	0.052***	0.050***	0.056***	0.052***	0.045***	0.056***	0.062***	0.046***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Political interest		-0.031***	-0.031***		-0.023***	-0.023***		-0.036***	-0.033***
		(0.00)	(0.00)		(0.00)	(0.00)		(0.00)	(0.00)
Newspaper consumption		0.008***	0.007***		0.011***	0.011***		0.009***	0.016***
		(0.00)	(0.00)		(0.00)	(0.00)		(0.00)	(0.00)
Black/African		baseline			baseline			baseline	
White/European		0.034			0.050			-0.054	
		(0.06)			(0.05)			(0.05)	
Arab/North African		-0.022			0.055			0.085***	
		(0.05)			(0.04)			(0.01)	
Mixed race		-0.044			-0.042			-0.046	
		(0.04)			(0.03)			(0.03)	
Other race		0.127			-0.179**			-0.031	
		(0.09)			(0.09)			(0.09)	
# of respondents	18738	18490	18583	21063	20764	20859	19705	19444	19536
# of countries	19	19	19	20	20	20	19	19	19
Prob >Chi2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Notes: Models 1-9: linear probability regression models; individuals nested in countries. Models 3, 6, and 9: FDI exposure measured in a 10km radius (as opposed to 20km). Constants and wave dummies not reported. Standard errors in parentheses: *** p<0.01, ** p<0.05, * p<0.1.

TABLE A-8
Study 1: Conditional Effect of FDI on Preferences for the Type of Political Regime (Set 3) – Main Models

	A) Opinion: Country Is Not a Democracy			B) Dissatisfaction with Quality of Democracy			C) Support for Democracy		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Education level	0.054***	0.053***	0.067***	0.046***	0.044***	0.052***	0.012***	0.009***	0.048***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)
FDI jobs creation	0.018***		0.023***	0.015***		0.017***	0.007***		0.029***
	(0.00)		(0.01)	(0.01)		(0.01)	(0.00)		(0.01)
FDI capital expenditure		0.020***			0.015***			0.005**	
		(0.01)			(0.01)			(0.00)	
FDI * education level	-0.004***	-0.005***	-0.005***	-0.003***	-0.003***	-0.004***	-0.001***	-0.001**	-0.005***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Age in years	-0.000	-0.000	-0.001	-0.001	-0.001	-0.001*	0.001***	0.001***	0.003***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	-0.065***	-0.065***	-0.082***	-0.072***	-0.072***	-0.082***	0.001	0.001	0.002
	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)
Unemployed	-0.031**	-0.031**	-0.040**	-0.011	-0.011	-0.012	0.003	0.003	0.016
	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.01)	(0.01)	(0.03)
Urban resident	0.068***	0.068***	0.085***	0.101***	0.103***	0.112***	0.007	0.007	0.028
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.01)	(0.01)	(0.03)
Political interest	-0.050***	-0.050***	-0.063***	-0.087***	-0.087***	-0.097***	0.001	0.001	0.002
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)
Newspaper consumption	0.009**	0.009**	0.012**	0.021***	0.021***	0.024***	0.002	0.002	0.009
	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)
# of respondents	20139	20139	20139	20486	20486	20486	17634	17634	17634
# of countries	20	20	20	20	20	20	20	20	20
Prob >Chi2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.000

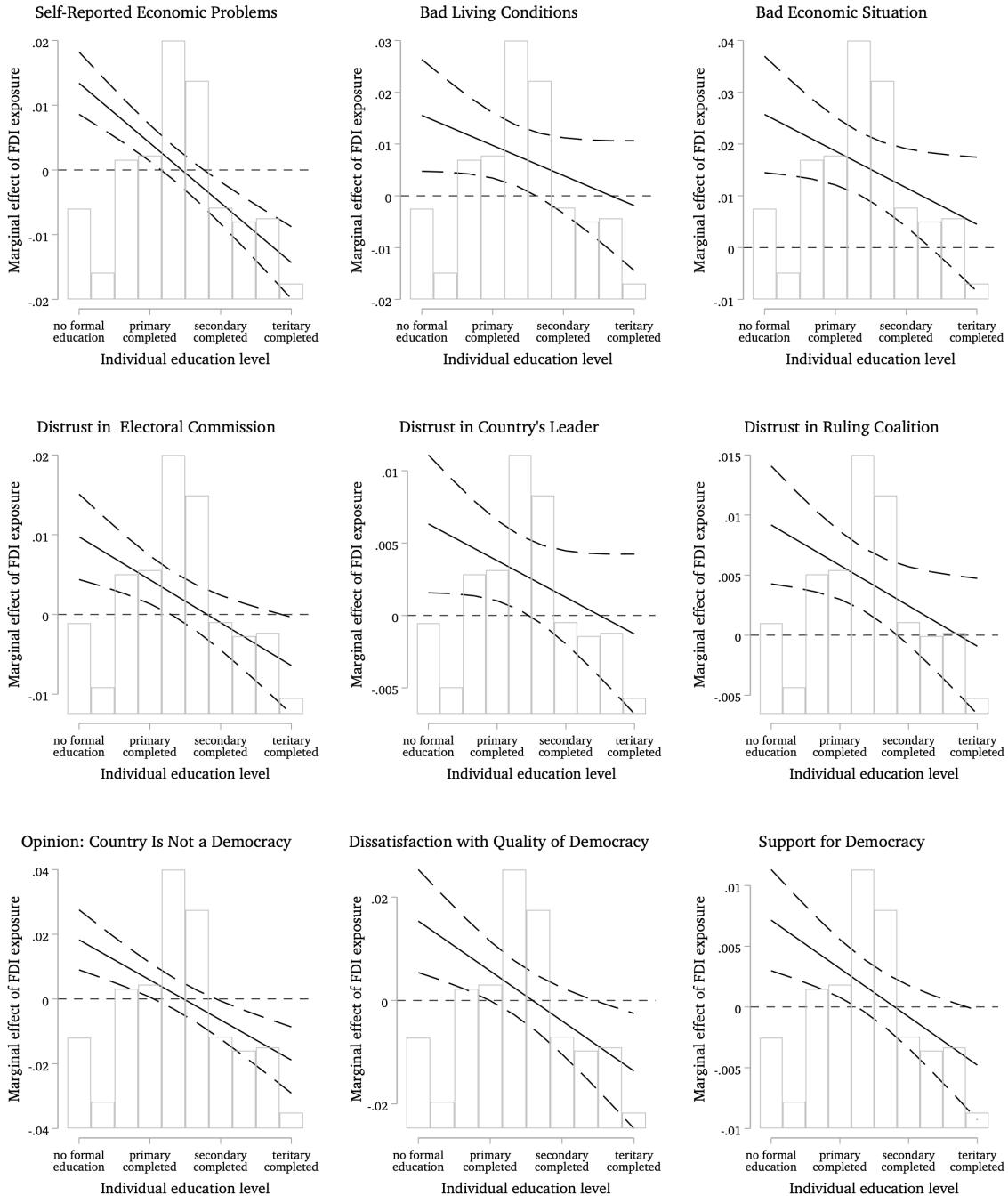
Notes: Models 1-2, 4-5, and 7-8: linear probability regression models; individuals nested in countries. Models 3, 6, and 9: (ordered) probit models
Constants and wave dummies not reported. Standard errors in parentheses: *** p<0.01, ** p<0.05, * p<0.1.

TABLE A-9
Study 1: Conditional Effect of FDI on Preferences for the Type of Political Regime (Set 3) – Robustness Tests

	A) Opinion: Country Is Not a Democracy			B) Dissatisfaction with Quality of Democracy			C) Support for Democracy		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Education level	0.054***	0.054***	0.041***	0.047***	0.046***	0.036***	0.012***	0.012***	0.007***
	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)
FDI jobs creation	0.019***	0.018***	0.015***	0.017***	0.016***	0.012***	0.007***	0.007***	0.004**
	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)
FDI * education level	-0.004***	-0.004***	-0.003***	-0.003***	-0.003***	-0.002**	-0.001***	-0.001***	-0.001**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Age in years	-0.001*	-0.000	-0.000	-0.001***	-0.001	-0.001	0.001***	0.001***	0.001***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	-0.055***	-0.064***	-0.065***	-0.055***	-0.072***	-0.073***	0.001	0.000	0.000
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Unemployed	-0.033**	-0.032**	-0.032**	-0.011	-0.010	-0.011	0.002	0.002	0.003
	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)
Urban resident	0.077***	0.069***	0.062***	0.114***	0.103***	0.097***	0.006	0.008	0.007
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)
Political interest		-0.050***	-0.050***		-0.087***	-0.087***		0.000	0.000
		(0.01)	(0.01)		(0.01)	(0.01)		(0.00)	(0.00)
Newspaper consumption		0.008*	0.009**		0.021***	0.021***		0.002	0.002
		(0.00)	(0.00)		(0.01)	(0.01)		(0.00)	(0.00)
Black/African		baseline			baseline			baseline	
White/European		0.184*			0.151			-0.060	
		(0.10)			(0.11)			(0.04)	
Arab/North African		-0.032			-0.070			-0.038	
		(0.09)			(0.10)			(0.03)	
Mixed race		0.139**			0.016			-0.122***	
		(0.06)			(0.07)			(0.03)	
Other race		0.277*			0.317*			0.033	
		(0.16)			(0.18)			(0.07)	
# of respondents	20312	20050	20139	20667	20397	20486	17777	17549	17634
# of countries	20	20	20	20	20	20	20	20	20
Prob >Chi2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001

Notes: Models 1-9: linear probability regression models; individuals nested in countries. Models 3, 6, and 9: FDI exposure measured in a 10km radius (as opposed to 20km). Constants and wave dummies not reported. Standard errors in parentheses: *** p<0.01, ** p<0.05, * p<0.1.

FIGURE A-3
Study 1: Marginal Effect of FDI, Conditional on Education Levels – All Outcome Variables



Notes: Results based on regression models in Table 1.

TABLE A-10
Study 1: Conditional Effect of FDI on Political Preferences – Testing the Mechanism

	Set 2-A) Distrust in Electoral Commission			Set 3-A) Opinion: Country Is Not a Democracy			Set 3-A) Opinion: Country Is Not a Democracy		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Economic problems	0.022***			0.036***					
	(0.01)			(0.01)					
Bad living conditions		0.055***			0.121***				
		(0.00)			(0.01)				
Bad economic situation			0.075***			0.177***			
			(0.00)			(0.01)			
Distrust in elec. comm.							0.465***		
							(0.01)		
Distrust in leader								0.497***	
								(0.01)	
Distrust in ruling party									0.483***
									(0.01)
Education level	0.009***	0.012***	0.009***	0.030***	0.037***	0.031***	0.028***	0.025***	0.022***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
FDI jobs creation	0.002	0.002	0.001	0.001	-0.000	-0.002	0.005**	-0.000	0.001
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Age in years	-0.002***	-0.002***	-0.002***	-0.000	-0.001**	-0.001**	0.001	0.001	0.001
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	-0.008	-0.004	-0.004	-0.066***	-0.058***	-0.059***	-0.064***	-0.067***	-0.063***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Unemployed	-0.008	0.000	-0.002	-0.032**	-0.013	-0.020	-0.026*	-0.039***	-0.036***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Urban resident	0.053***	0.055***	0.049***	0.071***	0.078***	0.064***	0.053***	0.038**	0.044***
	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Political interest	-0.030***	-0.029***	-0.027***	-0.050***	-0.047***	-0.041***	-0.043***	-0.038***	-0.038***
	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Newspaper consumption	0.007**	0.011***	0.008***	0.009*	0.018***	0.013***	0.002	0.003	0.002
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
# of respondents	18331	18514	18405	19887	20072	19966	17401	19266	18166
# of countries	19	19	19	20	20	20	19	20	19
Prob >Chi2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

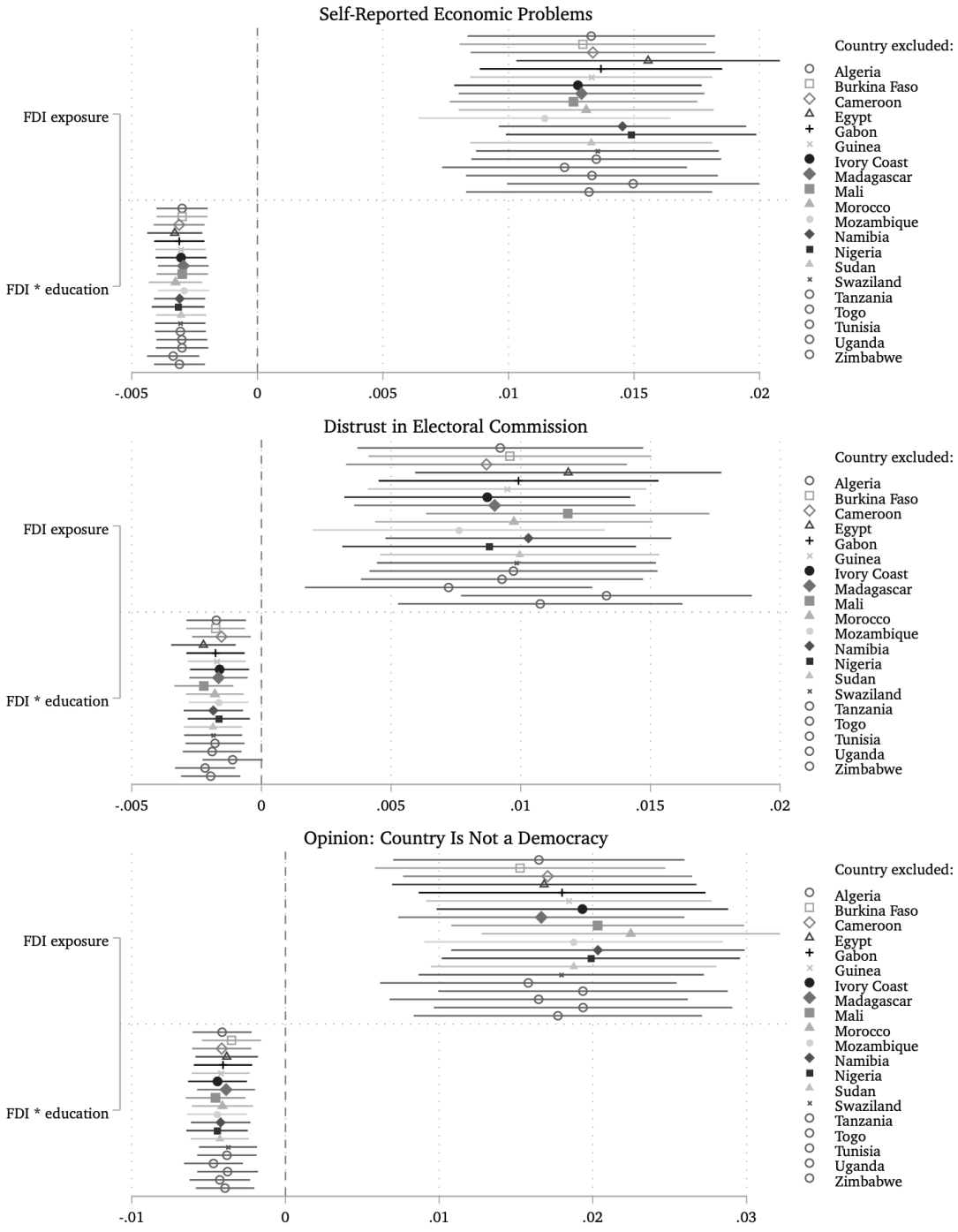
Notes: Models 1-9: linear probability regression models; individuals nested in countries.
Constants and wave dummies not reported. Standard errors in parentheses: *** p<0.01, ** p<0.05, * p<0.1.

TABLE A-11
Study 1: Being Exposed to FDI Changes Political Preferences Substantially – All Outcome Variables

	Among comparatively low-skilled respondents			Among comparatively high-skilled respondents		
	Rather non-exposed	Rather exposed	Change in % points	Rather non-exposed	Rather exposed	Change in % points
Self-Reported Economic Problems	46.9%	51.2%	+4.3*** (+9.2%)	54.0%	50.3%	–3.7*** (–6.9%)
Bad Living Conditions^{+}	17.2%	19.1%	+1.9*** (+11.1%)	12.9%	13.2%	+0.3 (+2.9%)
Bad Economic Situation^{+}	23.0%	26.7%	+3.7*** (+16.1%)	24.2%	26.0%	+1.8 (+7.3%)
Distrust in Electoral Commission	52.7%	56.4%	+3.7*** (+7.0%)	59.0%	58.0%	–1.0* (–1.7%)
Distrust in Country's Leader	40.5%	43.4%	+2.9*** (+7.2%)	46.1%	46.8%	+0.7 (+1.5%)
Distrust in Ruling Party	57.1%	61.4%	+4.3*** (+7.4%)	64.6%	66.1%	+1.5 (+2.3%)
Opinion: Country Is Not a Democracy^{+}	15.8%	17.6%	+1.8*** (+11.4%)	21.9%	20.2%	–1.7** (–7.8%)
Dissatisfaction with Quality of Democracy^{+}	22.5%	24.0%	+1.5*** (+6.7%)	27.0%	26.2%	–0.8 (–3.0%)
Support for Democracy	79.4%	82.3%	+2.9*** (+3.6%)	83.3%	82.4%	–0.9* (–1.0%)

Notes: Predicted probabilities based on results reported in Table 1; control variables held at their means.
Changes calculated at +/– 1 standard deviation from the mean of education and FDI exposure, respectively.
Significance levels: *** p<0.01, ** p<0.05, * p<0.1.
$^{+}$ Ordinal variables; predicted probabilities calculated for the highest category.

FIGURE A-4
Study 1: Sensitivity to Country Selection – Leave-One-Out Test



Notes: Results based on regression models in Table 1.

TABLE A-12
Study 2: Descriptive Statistics (Pew Global Attitudes Survey Data)

	N	Mean	Sd	Min	Max
Self-Reported Economic Problems	10646	0.33	0.47	0.00	1.00
Expected Social Decline	9602	-1.35	2.07	-10.00	10.00
Leader Dissatisfaction	9992	1.97	1.00	1.00	4.00
Legitimacy Belief: Freedom of Speech	10411	0.86	0.99	0.00	3.00
Legitimacy Belief: Judiciary	10337	1.17	1.10	0.00	3.00
Legitimacy Belief: Military Control	9806	0.71	0.96	0.00	3.00
Education level	10646	2.95	1.55	0.00	5.00
FDI capital expenditure (ln)	10646	5.25	3.17	0.00	10.74
FDI jobs creation (ln)	10646	6.27	3.58	0.00	12.22
Age in years	10646	35.24	12.32	18.00	95.00
Female	10646	0.48	0.50	0.00	1.00
Unemployed	10646	0.41	0.49	0.00	1.00
Urban resident	10646	0.58	0.49	0.00	1.00
Income	10646	0.29	1.84	-5.00	11.00
Newspaper consumption	10646	0.52	0.50	0.00	1.00

TABLE A-13
Study 2: Country Selection (Pew Global Attitudes Survey Data)

Country	Included in analysis	2007 round	BMR	RoW
Argentina	No	800	Dem.	Elec. dem.
Bangladesh	Yes	1000	Aut.	Closed aut.
Bolivia	No	834	Dem.	Elec. dem.
Brazil	No	1000	Dem.	Elec. dem.
Bulgaria	No	500	Dem.	Elec. dem.
Canada	No	1004	Dem.	Lib. dem.
Chile	No	800	Dem.	Lib. dem.
China[1]	No	3142	Aut.	Closed aut.
Czech Republic	No	900	Dem.	Lib. dem.
Egypt	Yes	1000	Aut.	Elec. aut.
Ethiopia	Yes	710	Aut.	Elec. aut.
France	No	1004	Dem.	Lib. dem.
Germany	No	1000	Dem.	Lib. dem.
Ghana	No	707	Dem.	Lib. dem.
Great Britain	No	1002	Dem.	Lib. dem.
India	No	2043	Dem.	Elec. dem.
Indonesia	No	1008	Dem.	Elec. dem.
Israel	No	900	Dem.	Lib. dem.
Italy	No	501	Dem.	Lib. dem.
Ivory Coast	Yes	700	Aut.	Elec. aut.
Japan	No	762	Dem.	Lib. dem.
Jordan	Yes	1000	Aut.	Closed aut.
Kenya[2]	No	1000	Dem.	Elec. aut.
Kuwait	Yes	500	Aut.	Elec. aut.
Lebanon	Yes	1000	Aut.	Elec. aut.
Malaysia	Yes	700	Aut.	Elec. aut.
Mali	No	700	Dem.	Elec. dem.
Mexico	No	828	Dem.	Elec. dem.
Morocco[3]	No	1000	Aut.	Closed aut.
Nigeria	Yes	1128	Aut.	Elec. aut.
Pakistan	Yes	2008	Aut.	Elec. aut.
Peru	No	800	Dem.	Elec. dem.
Poland	No	504	Dem.	Lib. dem.
Russia	Yes	1002	Aut.	Elec. aut.
Senegal	No	700	Dem.	Elec. dem.
Slovakia	No	900	Dem.	Lib. dem.
South Africa	No	1000	Dem.	Lib. dem.
South Korea	No	718	Dem.	Lib. dem.
Spain	No	500	Dem.	Lib. dem.
Sweden	No	1000	Dem.	Lib. dem.
Tanzania	Yes	704	Aut.	Elec. aut.
Turkey	No	971	Dem.	Elec. dem.
Uganda	Yes	1122	Aut.	Elec. aut.
Ukraine	No	500	Dem.	Elec. dem.
United States	No	2026	Dem.	Lib. dem.
Venezuela	Yes	803	Aut.	Elec. aut.

Notes: [1]Autocracy, but data not suitable;
[2]Polity codes democracy (2007=7.8);
[3]Autocracy, but data not suitable.

TABLE A-14
Study 2: Conditional Effect of FDI on Economic and Political Attitudes – Main Models

	Self-Reported Economic Problems			Expected Social Decline			Dissatisfied with Country's Leader		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Education level	0.010	0.012*	0.031*	0.057**	-0.004	0.025*	0.030**	0.075***	0.040***
	(0.01)	(0.01)	(0.02)	(0.03)	(0.03)	(0.01)	(0.01)	(0.01)	(0.02)
FDI capital expenditure	0.006*	0.016***	0.016*	0.013	0.058***	0.005	-0.009	0.028***	-0.006
	(0.00)	(0.00)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)
FDI * education level	-0.003***	-0.004***	-0.008***	-0.008*	-0.012**	-0.004*	-0.004**	-0.006***	-0.005**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Age in years	-0.002***	-0.002***	-0.005***	0.011***	0.012***	0.006***	-0.001	-0.001	-0.001
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	-0.014	-0.009	-0.039	0.129***	0.199***	0.065***	0.012	0.083***	0.019
	(0.01)	(0.01)	(0.03)	(0.04)	(0.05)	(0.02)	(0.02)	(0.02)	(0.02)
Unemployed	0.025**	0.043***	0.070**	-0.047	-0.104**	-0.016	0.004	-0.073***	0.013
	(0.01)	(0.01)	(0.03)	(0.05)	(0.05)	(0.02)	(0.02)	(0.02)	(0.03)
Urban resident	0.051***	0.078***	0.141***	-0.052	0.090*	-0.033	0.089***	-0.018	0.121***
	(0.01)	(0.01)	(0.03)	(0.05)	(0.05)	(0.02)	(0.02)	(0.02)	(0.03)
Income	-0.025***	-0.018***	-0.072***	0.011	0.029**	0.007	-0.012**	-0.010	-0.014**
	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Newspaper consumption	0.025***	0.035***	0.070***	-0.096**	-0.093**	-0.047**	0.029	0.059***	0.027
	(0.01)	(0.01)	(0.03)	(0.04)	(0.05)	(0.02)	(0.02)	(0.02)	(0.02)
Importance of religion		0.010			0.146***			-0.000	
		(0.01)			(0.03)			(0.02)	
Receives remittances		-0.018			0.031			0.118***	
		(0.01)			(0.06)			(0.03)	
Married		-0.013			0.265***			-0.088***	
		(0.01)			(0.05)			(0.02)	
# of children		-0.003			-0.050***			0.028***	
		(0.00)			(0.02)			(0.01)	
Foreign relatives		-0.056***			-0.136***			-0.057**	
		(0.01)			(0.05)			(0.02)	
# of respondents	10646	8764	10646	9661	7989	9661	10058	8229	10058
# of countries	14	14	14	14	14	14	13	13	13
Prob >Chi2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Notes: Models 1-2, 4-5, and 7-8: linear probability regression models; individuals nested in countries. Models 3, 6, and 9: (ordered) probit models
Constants and country dummies not reported. Standard errors in parentheses: *** p<0.01, ** p<0.05, * p<0.1.

TABLE A-15
Study 2: Conditional Effect of FDI on Economic and Political Attitudes – Robustness Tests

	Self-Reported Economic Problems			Expected Social Decline			Dissatisfied with Country's Leader		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Education level	0.001		0.011*	0.053**		0.051*	0.022*		0.023*
	(0.01)		(0.01)	(0.03)		(0.03)	(0.01)		(0.01)
Education years		0.005**			0.007			0.008*	
		(0.00)			(0.01)			(0.00)	
FDI capital expenditure	0.007**	0.002		0.008	-0.019**		-0.016**	-0.031***	
	(0.00)	(0.00)		(0.01)	(0.01)		(0.01)	(0.00)	
FDI jobs creation			0.005*			0.003			-0.008
			(0.00)			(0.01)			(0.01)
FDI * education	-0.003***	-0.001**	-0.002***	-0.007*	0.001	-0.006	-0.004**	-0.002**	-0.002
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Age in years	-0.002***	-0.001***	-0.002***	0.012***	0.012***	0.011***	-0.001*	-0.001	-0.001
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	-0.019**	-0.020*	-0.014	0.139***	0.136***	0.127***	0.009	0.018	0.011
	(0.01)	(0.01)	(0.01)	(0.04)	(0.05)	(0.04)	(0.02)	(0.02)	(0.02)
Unemployed	0.013	0.034***	0.026**	-0.043	-0.015	-0.045	0.016	-0.031	0.005
	(0.01)	(0.01)	(0.01)	(0.04)	(0.05)	(0.05)	(0.02)	(0.02)	(0.02)
Urban resident	0.040***	0.049***	0.052***	-0.030	-0.069	-0.050	0.095***	0.112***	0.085***
	(0.01)	(0.01)	(0.01)	(0.04)	(0.05)	(0.05)	(0.02)	(0.02)	(0.02)
Income		-0.026***	-0.025***		0.012	0.012		-0.007	-0.012**
		(0.00)	(0.00)		(0.01)	(0.01)		(0.01)	(0.01)
Newspaper consumption		0.014	0.024***		-0.076*	-0.097**		0.051**	0.032*
		(0.01)	(0.01)		(0.04)	(0.04)		(0.02)	(0.02)
# of respondents	11642	8828	10646	10425	8111	9661	10980	8299	10058
# of countries	14	14	14	14	14	14	13	13	13
Prob >Chi2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Notes: Models 1-9: linear probability regression models; individuals nested in countries.
Constants and country dummies not reported. Standard errors in parentheses: *** p<0.01, ** p<0.05, * p<0.1.

TABLE A-16
Study 2: Conditional Effect of FDI on Perceived Regime Legitimacy – Main Models

	Respondent Thinks That Country's [...] Works Less Well Than It Should Work								
	Freedom of Speech			Judicial System			Control of the Military		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Education level	0.059***	0.028**	0.077***	0.068***	0.050***	0.073***	0.031**	0.031**	0.065***
	(0.01)	(0.01)	(0.02)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.02)
FDI capital expenditure	0.040***	0.062***	0.051***	0.014*	0.023***	0.017**	0.041***	0.036***	0.065***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
FDI * education level	-0.011***	-0.013***	-0.014***	-0.008***	-0.007***	-0.009***	-0.005***	-0.004*	-0.010***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Age in years	-0.001	-0.004***	-0.001	0.003***	0.002*	0.003***	-0.002***	-0.002**	-0.003***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	0.004	0.012	0.006	0.014	0.047*	0.011	-0.006	0.059***	-0.006
	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)	(0.02)	(0.02)	(0.02)	(0.03)
Unemployed	0.020	0.037	0.020	-0.027	-0.052*	-0.021	-0.001	-0.070***	0.003
	(0.02)	(0.02)	(0.03)	(0.02)	(0.03)	(0.03)	(0.02)	(0.02)	(0.03)
Urban resident	0.030	0.000	0.038	0.109***	0.086***	0.106***	0.073***	0.083***	0.109***
	(0.02)	(0.02)	(0.03)	(0.02)	(0.03)	(0.03)	(0.02)	(0.02)	(0.03)
Income	0.004	0.024***	0.006	0.022***	0.034***	0.023***	0.007	-0.006	0.008
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Newspaper consumption	-0.001	0.071***	0.007	0.006	0.086***	0.001	-0.048**	-0.007	-0.068***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Importance of religion		-0.039**			0.050***			0.078***	
		(0.02)			(0.02)			(0.02)	
Receives remittances		0.041			-0.035			0.062**	
		(0.03)			(0.03)			(0.03)	
Married		-0.009			-0.040			-0.056**	
		(0.02)			(0.03)			(0.02)	
# of children		0.016**			0.010			-0.011*	
		(0.01)			(0.01)			(0.01)	
Foreign relatives		0.071***			0.037			0.073***	
		(0.02)			(0.03)			(0.02)	
# of respondents	10480	8686	10480	10407	8612	10407	9869	8203	9869
# of countries	14	14	14	14	14	14	14	14	14
Prob >Chi2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

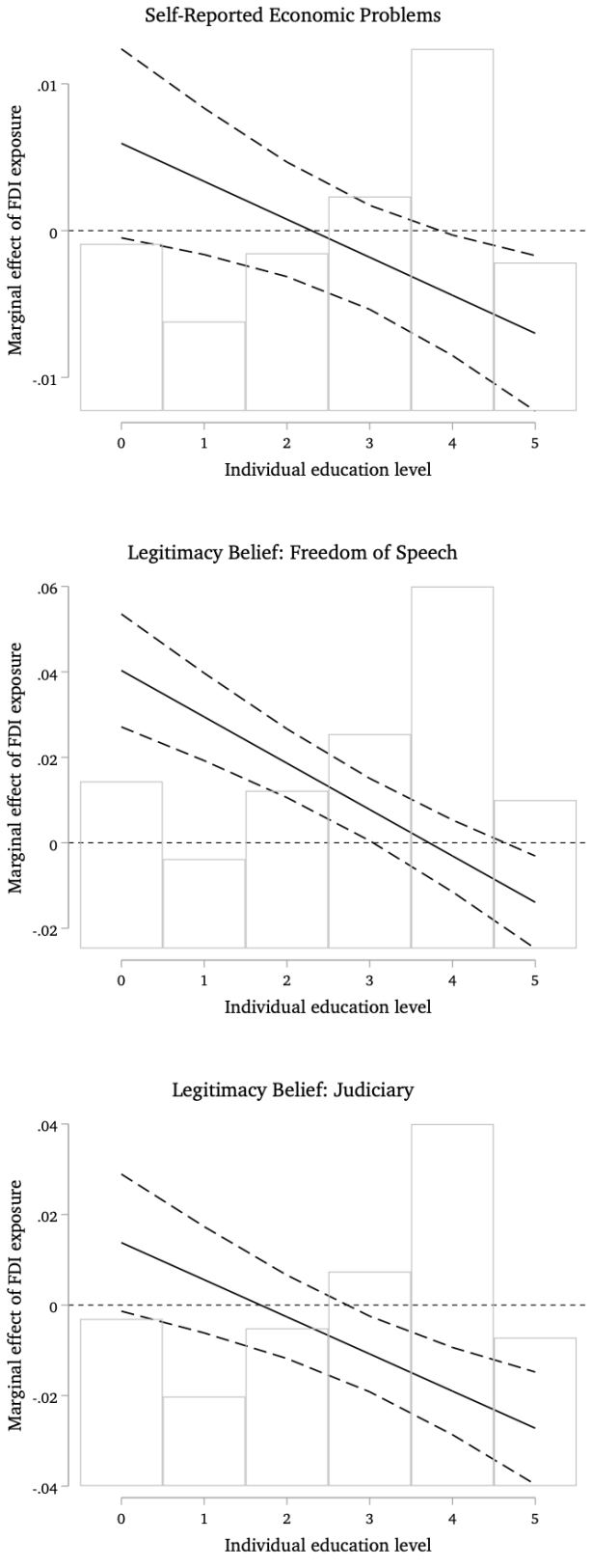
Notes: Models 1-2, 4-5, and 7-8: linear probability regression models; individuals nested in countries. Models 3, 6, and 9: (ordered) probit models
Constants and country dummies not reported. Standard errors in parentheses: *** p<0.01, ** p<0.05, * p<0.1.

TABLE A-17
Study 2: Conditional Effect of FDI on Perceived Regime Legitimacy – Robustness Tests

	Respondent Thinks That Country's [...] Works Less Well Than It Should Work								
	Freedom of Speech			Judicial System			Control of the Military		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Education level	0.052***		0.058***	0.068***		0.062***	0.029**		0.025*
	(0.01)		(0.01)	(0.01)		(0.01)	(0.01)		(0.01)
Education years		0.015***			0.018***			0.010**	
		(0.00)			(0.01)			(0.00)	
FDI capital expenditure	0.038***	0.003		0.017**	-0.008		0.041***	0.019***	
	(0.01)	(0.00)		(0.01)	(0.00)		(0.01)	(0.00)	
FDI jobs creation			0.033***			0.008			0.032***
			(0.01)			(0.01)			(0.01)
FDI * education	-0.010***	-0.003***	-0.009***	-0.007***	-0.003***	-0.006***	-0.005**	-0.002**	-0.003*
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Age in years	-0.001	-0.001*	-0.001	0.002***	0.003***	0.003***	-0.002***	-0.003***	-0.002***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	0.002	0.026	0.004	0.014	0.005	0.014	0.001	-0.007	-0.007
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Unemployed	0.024	0.008	0.021	-0.031	-0.012	-0.025	0.002	-0.021	-0.001
	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)	(0.02)	(0.02)	(0.02)	(0.02)
Urban resident	0.030	0.045*	0.031	0.119***	0.080***	0.108***	0.070***	0.061**	0.075***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)	(0.02)	(0.02)	(0.02)	(0.02)
Income		0.011*	0.004		0.033***	0.023***		0.009	0.007
		(0.01)	(0.01)		(0.01)	(0.01)		(0.01)	(0.01)
Newspaper consumption		0.016	-0.001		0.000	0.007		-0.021	-0.049***
		(0.02)	(0.02)		(0.02)	(0.02)		(0.02)	(0.02)
# of respondents	11442	8752	10480	11365	8681	10407	10749	8249	9869
# of countries	14	14	14	14	14	14	14	14	14
Prob >Chi2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Notes: Models 1-9: linear probability regression models; individuals nested in countries.
Constants and country dummies not reported. Standard errors in parentheses: *** p<0.01, ** p<0.05, * p<0.1.

FIGURE A-5
Study 2: Marginal Effect of FDI, Conditional on Education Levels



Notes: Results based on regression models in Table 3.

TABLE A-18
Study 2: Being Exposed to FDI Changes Political Preferences Substantially – All Outcome Variables

	Among comparatively low-skilled respondents			Among comparatively high-skilled respondents		
	Rather non-exposed	Rather exposed	Change in % points	Rather non-exposed	Rather exposed	Change in % points
Self-Reported Economic Problems	32.1%	33.4%	+1.8 (+5.6%)	33.8%	29.9%	–3.9*** (–11.5%)
Dissatisfied with Country's Leader^{+}	11.4%	10.0%	–1.4** (–12.3%)	13.0%	9.8%	–3.2*** (–24.6%)
Freedom of Speech^{+}	7.0%	9.8%	+2.8*** (+40.0%)	9.0%	8.0%	–1.0* (–11.1%)
Judicial System^{+}	14.3%	14.9%	+0.6 (+4.2%)	18.3%	14.8%	–3.5*** (–19.3%)
Control of the Military^{+}	5.0%	9.0%	+4.0*** (+80.0%)	6.5%	8.1%	+1.6** (+24.6%)

Notes: Predicted probabilities based on results reported in Table 3; control variables held at their means. Changes calculated at +/– 1 standard deviation from the mean of education and FDI exposure, respectively. Significance levels: *** p<0.01, ** p<0.05, * p<0.1.
$^{+}$ Ordinal variables; predicted probabilities calculated for the highest category.