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# *Chinese Aid and Democratic Values in Latin America*

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# Chinese Aid and Democratic Values in Latin America\*

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## Abstract

International economic engagement has been increasingly framed in terms of liberal democratic values. Specifically, Chinese aid has been at the center of this debate. Since Chinese aid comes with “no strings attached,” a popular narrative is that Chinese aid poses a challenge to conditional aid, thus weakening democracy promotion. This study aims to deepen our understanding of how democratic values are shaped by international economic engagement. Drawing on the Latinobarómetro Household Survey, we use an instrumental variable approach to test the effect of Chinese aid on attitudes toward democracy in 18 Latin American countries on the national and regional level. We find that Chinese aid has a non-negative effect on support for democracy. We also find that individuals who have a positive attitude towards China are more likely to value democracy. In contrast, positive attitudes towards the USA have no robust impact on support for democracy.

**Keywords:** China; Latin America; foreign aid; public opinion; support for democracy; values

**JEL-Codes:** F35; F61; F69; O54; P33

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# 1 Introduction

Chinese worldwide engagement has increasingly been framed as a competition about democratic values.<sup>123</sup> Specifically, in comparison to US foreign policy, China's engagement is framed as a fight over democracy. On March 25, 2021, President Biden outlined in his first presidential press conference the perceived stakes, predicting that "... your children or grandchildren are going to be doing their doctoral thesis on the issue of who succeeded: autocracy or democracy? Because that is what is at stake, not just with China."<sup>4</sup> In addition, focus on international influence in conjunction with norms has entered the foreign policy objective of the US as part of "Strategic Competition" with China (Heath, 2021). In this paper we would like to take stock and explore the relationship between Chinese aid and support for democracy in Latin America.

Chinese aid has been controversial, attracting medial and academic scrutiny. While Chinese aid is given with humanitarian intention and economic motives, it is explicitly considered a foreign policy tool by the Chinese government aiming at "consolidating friendly relations" (Fuchs & Rudyak, 2017). In conjunction with the characteristics of Chinese aid of "no strings attached", some view Chinese aid as a challenge to conditional aid and liberal democratic values in general. The question arises whether an increase in Chinese aid will substitute democracy promoting development aid given by DAC countries therefore eroding democratic values in the process.

This argument for a negative relationship between Chinese aid and democratic support assumes that a decrease in the leverage of democracy-promoting aid affects opinions. A similar argument is grounded on the idea that the donating country is a "governing role model". If China as an autocratic country is successful in providing effective development assistance, then individuals may change their belief about the necessity of democratic systems for development. This argument assumes that Chinese aid projects are effective and individuals start out with the belief that democracy is necessary for development. Both arguments assume that individuals are informed about Chinese aid projects in their countries and are aware that China is an autocracy.

This paper adds to the growing literature on the institutional consequences of Chinese aid, by testing whether aid has changed democratic values, by decreasing support for democracy compared to autocracies as systems. We can thus also assess whether there is a uniform reaction towards Chinese aid in the developing and emerging world. Using Latinobarometro representative survey data to construct a multi-level repeated cross-sectional for 18 countries over the 2004-2015 period as well as using two measures of democracies. Section 3 describes the data and the empirical strategy. Section 4 presents the results. Section 5 investigates the effect of Chinese aid projects on a regional level. Section 6 looks at some robustness tests and section 7 concludes.

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<sup>1</sup><https://www.nytimes.com/2021/03/26/us/politics/biden-china-democracy.html>, accessed on 25.08.2021.

<sup>2</sup><https://www.brookings.edu/blog/order-from-chaos/2019/10/07/want-to-prevail-against-china-prioritize-democracy-assistance/>, accessed on 25.08.2021.

<sup>3</sup><https://www.foreignaffairs.com/articles/united-states/2021-03-16/us-china-rivalry-battle-over-values>, accessed on 25.08.2021.

<sup>4</sup><https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/03/25/remarks-by-president-biden-in-press-conference>, accessed on 25.08.2021

## **2 Literature and Theoretical Considerations**

The topic of Chinese aid and its effects on societies, regarding welfare, governance structures and public opinions has attracted a lot of interest in the past years. There is a growing body of literature on the institutional consequences of Chinese aid (Bader & Faust, 2014); these studies focus on Chinese engagement in Africa. As China does not belong to the OECD, it is a new actor in development cooperation. And since her government does not adhere to Western political standards, there is much suspicion that her aid campaigns have motives other than the West's campaigns. The according literature can be divided in at least two groups. The first – larger – group deals with direct effects on economic welfare and political governance, whereas a second group is dealing with the consequences of Chinese development aid on the public opinion in the recipient countries. This paper contributes to the latter.

To start with a brief overview about direct effects of Chinese aid on governance, a short comparison to Western ODA is necessary. Kersting and Kilby (2014) show that Western ODA can support economic reform and often is directed at democratic reform. This is different with Chinese aid. Dreher et al. (2021) find significant regional favoritism, as Chinese ODA is allocated disproportionately to leaders' birthplaces compared to World Bank projects. This seems in line with the "no-strings-attached"-attitude, as it suggests Chinese donors do not care about the distributional effects of their aid payments. In addition, Isaksson and Kotsadam (2018) show that corruption in Africa is increasing in regional proximity to Chinese aid project sites; they conclude that Chinese aid is changing norms. In a similar vein, Sardoschau and Jarotschkin (2019) argue that Chinese aid projects increase the likelihood of regional violence and civil conflict in sub-Saharan countries; see also Iacoella et al. (2021). Brazys and Vadlamannati (2021) show that countries that receive Chinese aid are less likely to implement economic reforms and see economic freedom decline, indicating that an "aid curse" might be at hand. Hess and Aidoo (2019) look at different hybrid regimes in African countries that received substantial Chinese aid and conclude that there have been cases of democratic backsliding. This is in line with Li (2017) who finds that under major recipients of Chinese aid, democratization was less likely. However, Bader (2015) finds that autocrats are not generally backed by Chinese aid. Only if the recipient country is export dependent on China, autocratic survival is more likely; in this case the risk of human rights abuses may even increase (Gamso, 2019).

For our study, the effects of Chinese aid on political attitudes are of relevance. First, a look at the macro level confirms that Chinese foreign aid can buy support from the recipient's side in international politics (Strüver, 2016; Brazys & Dukalskis, 2017). Second, we are interested in the question of how Chinese aid changes the public perspective on democratic values. Eichenauer et al. (2021) investigate the impact of Chinese engagement, including aid, on support for China. According to their results, Chinese involvement does not improve the public opinion of China. However, there is a difference between age cohorts, as younger, and higher educated people view China more favorably. Blair et al. (2021) study the impact of Chinese aid projects on public opinion of China and the US in Africa, utilizing geolocated Chinese projects. Their study shows the interesting result that Chinese aid does not reduce support for Western values or the United States. It rather increases US reputation, while not increasing public support for China. This effect has already been reported by Hanauer and Morris (2014). On the same token, Blair et al. (2021) find that US aid in Africa is increasing support for Western democratic values.

This literature suggest that the Chinese administration is allocating aid payments strategically eager to improve China's image in foreign countries, although Glaser and Murphy (2009) do not see a coherent Chinese soft power strategy. Therefore, one would expect that in countries or regions receiving more Chinese aid, individuals shall become more skeptical about Western democracy while at the same time having an ever better opinion about China. As Blair et al. (2021, p.8) argue, if aid boosts the influence of donor countries, it may also induce alignment change on values. We would also expect a similarly positive effect of Western ODA on the public attitude towards Western values. The mechanism is based on the idea that aid contains a "role model" function. In this way, if China as an autocratic country successfully provides effective development assistance, individuals may change their belief about the necessity of democratic systems for development. Another possible mechanism is based on the leveraging function of aid.<sup>5</sup> If democracy-promoting aid is diluted by non-conditional aid, it will change attitudes. Both channels assume that individuals are informed about Chinese aid projects are aware of the political principles of these donors.

Our analysis is thus based on the premise that aid shapes attitudes, an idea that policymakers have consistently presented. It generates the following hypothesis, which can be divided into two parts. The central hypothesis predicts that

(H) an increase in Chinese official aid flows decreases support for democracy.

However, as the empirical literature discussed above suggests, there is ample reason for skepticism of the hypothesis. It is unclear whether individuals can correctly identify and attribute aid projects to donors (Blair et al., 2021, p.8). Secondly, while China is interested in demonstrating an alternative development model, it has not been successful in promoting it. Third, there has been little empirical evidence that Chinese economic presence has moved the needle on individual attitudes (Eichenauer et al., 2021; Blair et al., 2021). Fourth, empirical evidence shows that Chinese economic engagement has led to social unrest as measured in local protests and lowered trust in local governments (Iacoella et al., 2021). It also may well be the case that, depending on how the general perception of the US for example is in the respective Latin American country, aid from "Western" countries is not contributing to a better image of democratic values.

Similar to Blair et al. (2021) do for Africa, we test the hypothesis for Latin America. It cannot be taken for granted that the public reaction to Chinese aid is the same across the world, as the underlying institutional factors for forming an attitude towards a foreign actor may well be different between countries or even continents. Moreover, as Latin America historically has been regarded as US backyard, reactions to China and her activities on the sub-continent may well be idiosyncratic against the background of the long stand US-Latin American relations. Focusing on Latin America has an additional advantage since Latin America has seen a sudden increase in its economic presence in the last 30 years (Eichenauer et al., 2021). In contrast to many African countries, the region has had less exposure (Dreher & Fuchs, 2015; Strange, 2019). Moreover, the Latinobarometer survey offers a comprehensive and consistent question catalog that allows controlling for many

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<sup>5</sup>Similarly, China's own unique combination of authoritarianism and growth has promoted the question whether an authoritarian "model" for development is being promoted the modernization hypothesis is being disproven (Zhao, 2010)

attitudes that correlate with support for democracy.<sup>6</sup>

### 3 Data Description and Empirical Strategy

We use data from the AidData TUFF project that tracks all Chinese aid projects (Bluhm et al., 2018). To allow comparison with aid classification from the OECD, AidData classifies each Chinese aid project into the categories of “Official Development Aid Like” (ODA) or “Official Financial Flows Like” (OOF) to match with OECD classifications. A third category is captured by “Vague” which includes all official finance projects, that could not be classified into ODA or OOF. We use logged total official financial flows<sup>7</sup> in current \$US Dollar per capita for each country.<sup>8</sup>

Between 2002 and 2013, Venezuela was the recipient of Chinese official flows with the highest flows, followed by Ecuador and Brazil.<sup>9</sup><sup>10</sup> The Dominican Republic, Honduras, Paraguay, Panama, El Salvador, and Guatemala did not receive any commitments to aid between 2002 and 2013. Around 96 % of project volume in current US dollars are either OOF or are Vague, i.e., have been likely given without a grant element of at least 25%.<sup>11</sup> The 15 largest projects in Latin America have all been OOF-like, and most of them are in the "Energy Generation and Supply" sector.<sup>12</sup> Overall in terms of project size, the "Energy Generation and Supply" sector received the most commitments, followed by "Transportation and Storage" and "Other Social infrastructure and services". The education sector has received the most aid commitments from China regarding the number of projects.<sup>13</sup>

Following Brazys and Vadlamannati (2021), we include the sum of total ODA commitments from 23 DAC countries<sup>14</sup>. Since Chinese aid data are based on commitments, we mirror this by using DAC commitments. In our main specification, we focus on ODA. It is mainly given conditionally and is, therefore, the adequate indicator to measure the rivalry in unconditioned development support. Since about 96% of Chinese commitments in terms of value come from OOF-like projects, which are clearly linked to Energy and Transportation, in a robustness check, seen in table 5, we swap this metric to include OOF flows from DAC countries. In addition, we check for DAC disbursements and different donors to test the effect of different leverages. Data on aid from DAC countries come from the OECD (2020).

The Latinobarometer household survey provides our dependent variable on support for democracy. We code a binary indicator which is one if people agree with the statement that “Democracy

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<sup>6</sup>Although the topic is of relevance for geopolitics as well (see e.g.Heath (2021)), we concentrate on the political economy of Chinese aid in Latin America and will not engage in a geopolitical or geostrategic discussion.

<sup>7</sup>As information on actual disbursements of these flows are largely unavailable, use commitments.

<sup>8</sup>To avoid the dropping of zero aid flows, we employ the log + 1 convention. We remove umbrella projects as well as exclude pledged, canceled, or suspended projects following Eichenauer et al. (2021).

<sup>9</sup>See table 8 in the appendix.

<sup>10</sup>Measured in million current US \$ for the years 2002 to 2013

<sup>11</sup>See table 9 in the appendix.

<sup>12</sup>See table 10 in the appendix.

<sup>13</sup>See table 11 in the appendix.

<sup>14</sup>Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, South Korea, Sweden, Switzerland, the United Kingdom, and the United States

is preferable to any other kind of government” and zero otherwise. Alternatives to this statement are "In certain situations, an authoritarian government can be preferable to a democratic one" and "It doesn't matter to people like me whether we have a democratic government or a non-democratic government".<sup>15</sup> Respondents who answer "I don't know" or "No answer" are excluded from the sample (in line with the approaches from Eichenauer et al. (2021), Mayda and Rodrik (2005), Kleinberg and Fordham (2010)). Table 13 in the appendix shows the samples available from Latino-barometer for each year and country.

The individual-level co-variables of key socio-economic indicators come from the Latino-barometer household survey. We include household wealth<sup>16</sup>, gender, education, age, and employment status. In addition, we calculate the democratic capital of each individual according to Fuchs-Schündeln and Schündeln (2015). In the following step, we include a host of variables measuring the attitudes of respondents towards political and institutional factors that may influence how a greater exposure to Chinese aid may shape their views on democracy. We include indicator variables whether individuals have a good opinion of China and the USA, whether they approve of their own president, and whether they trust people.

Country-level control includes variables on economic development and economic integration with China and DAC countries, respectively. To account for the level of development, we include the log of GDP per capita in current US dollars, the GDP per capita growth rate, the urbanization rate, and the GDP deflator. All variables are sourced from the World Bank Development Indicators. We also include variables to control for economic integration with China and DAC countries, respectively. Import and export volumes come from World Trade Flows (2017). Outward foreign direct investment positions are provided by the OECD (2020) and MOFCOM (2010,2018).<sup>17</sup> For all models we include a control for the institutional environment of the country. We include a dummy if a country is a electoral or liberal democracy, according to the regime scoring from V-Dem (Coppedge & Ziblatt, 2020).<sup>18</sup>

Our data structure is a mixed-level repeated cross-sections for the years 2003-2011, 2013.<sup>19</sup> The baseline specification reads as the following:

$$dem_{i,j,t} = \alpha + \beta_{CHN} aid_{CHN,i,j,[t-1]} + \beta_{DAC} aid_{DAC,i,j,[t-1]} + X'_{j,[t-1]}\gamma + G'_{i,j,t}\delta + \phi_j + \mu_t + \epsilon_{i,j,t}$$

Where  $i$  is the individual living in country  $j$  in  $t$ . Regression includes country and year fixed effects to account for the trend of increasing Chinese engagement in Latin America and country

<sup>15</sup>The Latino-barometer household survey offers an alternative question on support for democracy. Whether respondents agree with the statement that "Democracy may have problems, but it is the best system". We do not include this question as our main dependent since, firstly, the question primes respondents to flaws of democracy. Secondly, the alternative system to democracy is unclear in this question. Third, the debate that motivates this exploration is centered around the system competition between democracy and autocracy.

<sup>16</sup>An additive asset index following Eichenauer et al. (2021), which computes whether a household owns any of the following items: refrigerator, own home, computer, washing machine, telephone, car, drinking water, hot running water, and sewage system.

<sup>17</sup>Summary statistics of the dependent, key variables and controls can be found in table 14

<sup>18</sup>Only Venezuela, Nicaragua for the year 2007-2013, and Honduras for the years 2006, 2008-2013, are not considered to have free and fair multiparty elections.

<sup>19</sup>Samples for each country and year are shown in table 13.



specific influence on democratic support. Country-level control variables,  $X'_{j,[t-1]}$ , are lagged one year, while individual control-variables  $G'_{i,j,t}$  are contemporaneous.

Throughout the paper our models assume linear probability. To account for potential endogeneity we employ an instrumental variable two stage least squares approach. First, endogeneity may result from measurement errors of Chinese aid (Brazys & Vadlamannati, 2021). Second, the Chinese aid flows may be non-random. It may be that China supports countries where a sizable part of the society does not value democracy highly.

The instrumental variable approach relies on using an exogenous time-varying instrument of the donor countries interacted with a recipient-fixed probability of receiving aid from that donor. This approach follows the work of Nunn and Qian (2014), Dreher and Langlotz (2020), Dreher et al. (2021), and Brazys and Vadlamannati (2021). The interaction of the time-varying and time-invariant components of the instrument leads to a first stage that is conceptually similar to a difference-in-difference estimator. The instrumental variable compares countries that receive aid regularly to countries with a below-median probability of receiving aid, dependent on the donor-specific exogenous time-varying instrument. As Christian and Barrett (2017) have pointed out, this difference-in-difference set-up relies on contemporaneous parallel trends. To check whether the instrumental variable complies with this assumption, we split the sample into countries with above-median and below-median probability of receiving aid. In figure 1 the second row shows the diverging development of Chinese aid for both groups. The third row shows the development in Support for Democracy for both groups over time. This graph exhibits largely parallel trends in their support for democracy for countries above-and below-median probability of receiving Chinese aid. The probability of receiving aid is potentially an endogenous component of the instrument. However, since we include country-fixed effects in both stages, the variation comes from the changes in expected aid (Nunn & Qian, 2014, p.1638; Dreher & Langlotz, 2020, p.1169). The identifying assumption rests on the exogeneity of the donor-specific time-varying variable. Steel production is likely to effect development aid, as oversupply of strategic materials are exported preferentially to countries with Chinese official finance projects (Bluhm et al., 2018; Dreher et al., 2021). We control for trade flows and FDI stocks to overcome any potential omitted variable concerns that the supply of Chinese steel affects variables other than aid. To instrument Chinese aid, we follow Bluhm et al. (2018) and Brazys and Vadlamannati (2021), and interact the probability of receiving Chinese aid  $p_{j,CHN}$  with Chinese steel production  $Steel_{CHN,t}$ .

The first-stage of the instrument variable thus reads:

$$aid_{CHN,j,t} = \alpha + \beta_{IV} Steel_{CHN,t-3} * p_{j,CHN} + \beta_{DAC} aid_{DAC,i,j,[t-1]} + X'_{j,[t-1]}\gamma + G'_{i,j,t}\delta + \phi_j + \mu_t + \zeta_{i,j,t}.$$

We lag steel production three years to allow two years to build up and re-purpose the oversupply of steel to development projects (Brazys & Vadlamannati, 2021).

## 4 Results

Table 1 shows the IV results of five models with county and year fixed effects. Standard errors are clustered on a country by year basis. Model 1 shows the baseline with the instrumented logged per capita aid flows lagged one year. As baseline control variables the sum of ODA commitments of 23 DAC countries and whether the country is considered a electoral democracy in the same year are added. The Kleinberg-Paap F statistic<sup>20</sup> is strong with a test statistic at 27. The estimate of the first-stage shows a positive relationship between the instrument and total official finance from China. Two years after the steel supply in China increases, countries that have a higher probability of receiving aid overall, in fact, then receive more aid than countries that have a lower probability of receiving aid.

The average marginal effect implies that higher aid flows from China increase support for democracy. Total ODA commitments from DAC countries are also associated with a positive impact on support for democracy. The positive impact of Chinese official finance flows on support for democracy counters our expectations on the relationship. This refutes the narrative, that Chinese aid poses a threat trough democracies by changing attitudes towards democracy. This positive and significant relationship stays stable over all successive models that include control-variables on the individual and country level. Model 2 adds individual level co-variables to control for socio-economic background. Consistent with the literature on endogenous institutional preferences, the longer an individual lived under democratic regimes the more likely democracy is preferred. Model 3 controls for individual attitudes. Interestingly, the correlation between attitudes towards China and democracy echo results in aid flows: People who have a good opinion of China also are more likely to prefer democracy. This correlation and the main result on the relationship between official Chinese flows indicate that a "role model effect" that would promote autocratic development is not at play. Models 4 and 5 include country-level control variables the results remain largely stable.

Analogous OLS results of our baseline specifications are reported in table 15 in the appendix. They show for our variable of interest a positive and significant relationship between Chinese aid and support for democracy for all specifications. Judging by the lower point estimate for all OLS models, the instrument corrects for a downward bias. Since Chinese aid flows are volatile, Eichenauer et al. (2021) use the moving average of Chinese aid of one and two year lags. Using this approach, table 16 in the appendix shows that the results remain stable. Another way of measuring Chinese aid is by using the new project count for each year (table 17 in the appendix). The relationship for our variable of interest remains positive. The significance declines which is unsurprising since there is less variation in new projects over countries and years. Lastly, we report results of our baseline specification based on country-year averages, the results remain robust.<sup>21</sup>

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<sup>20</sup>We report the Kleinberg-Paap F-statistic as the standard-errors are clustered on a country-year basis.

<sup>21</sup>See tables 18, 19, and 20 in the appendix.

Table 1: IV Main Results

	(1) Baseline	(2) Socio-Economic	(3) Attitudes	(4) Development	(5) Integration
Log Total Chinese Aid pc <sub>t-1</sub>	0.067*** (0.018)	0.062*** (0.018)	0.065*** (0.017)	0.043*** (0.016)	0.053** (0.022)
Log DAC ODA pc <sub>t-1</sub>	0.030* (0.017)	0.027* (0.016)	0.031* (0.016)	0.024* (0.013)	0.031** (0.015)
Democracy	-0.047* (0.027)	-0.050* (0.026)	-0.053** (0.027)	-0.061** (0.026)	-0.064* (0.034)
Age		0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)
Female		-0.030*** (0.003)	-0.026*** (0.003)	-0.026*** (0.003)	-0.025*** (0.003)
Highly Educated		0.075*** (0.005)	0.074*** (0.005)	0.074*** (0.005)	0.077*** (0.006)
Household Wealth		0.013*** (0.001)	0.012*** (0.001)	0.012*** (0.001)	0.012*** (0.001)
Unemployed		-0.014** (0.006)	-0.013** (0.006)	-0.011** (0.006)	-0.010* (0.006)
Democratic Capital		0.001** (0.000)	0.001** (0.000)	0.001** (0.000)	0.001 (0.000)
Opinion China Good			0.025*** (0.004)	0.026*** (0.004)	0.027*** (0.004)
Opinion USA Good			-0.004 (0.006)	-0.005 (0.005)	-0.005 (0.005)
Approve Own President			0.074*** (0.006)	0.074*** (0.006)	0.076*** (0.007)
Trust People			0.029*** (0.006)	0.029*** (0.006)	0.029*** (0.006)
Log GDP pc <sub>t-1</sub>				0.092*** (0.033)	0.108** (0.049)
GDP growth pc <sub>t-1</sub>				-0.054*** (0.020)	-0.125* (0.065)
GDP deflator <sub>t-1</sub>				0.001 (0.001)	0.000 (0.001)
Urbanisation <sub>t-1</sub>				-0.009* (0.005)	-0.010* (0.006)
Log Exports China <sub>t-1</sub>					-0.019** (0.009)
Log Exports DAC <sub>t-1</sub>					0.085*** (0.030)
Log Imports China <sub>t-1</sub>					0.029 (0.032)
Log Imports DAC <sub>t-1</sub>					-0.111 (0.070)
Log OFDI stock China <sub>t-1</sub>					-0.006 (0.012)
Log OFDI stock DAC <sub>t-1</sub>					0.008 (0.016)
First-stage estimate					
Aid Probability x Log Chinese Steel Production <sub>t-3</sub>	2.437*** (0.467)	2.443*** (0.467)	2.435*** (0.466)	2.586*** (0.500)	2.539*** (0.694)
Observations	176863	176863	176863	176863	160080
CountryFE	yes	yes	yes	yes	yes
TimeFE	yes	yes	yes	yes	yes
Cluster	country-year	country-year	country-year	country-year	country-year
Number of Clusters	179	179	179	179	162
Adj. R <sup>2</sup>	0.0417	0.0535	0.0600	0.0649	0.0643
Kleibergen-Paap F	27.35	27.23	27.31	26.79	13.39

Notes: Dependent for all models is Supports Democracy. Model 5 includes years 2004-2011, 2013, as variable Log OFDI stock China<sub>t-1</sub> is not available for year 2003. Clustered standard errors are reported in parentheses (\* p<0.1, \*\* p<0.05, \*\*\* p<0.01).

While the results counter the popular narrative, they are not inconsistent with results from the literature. Blair et al. (2021) find that planned Chinese aid projects initially reduce support for democratic values while completed Chinese aid projects in Africa increase support for liberal democratic values. Since we do not have consistent information on completed projects we cannot directly translate these findings to our setting.<sup>22</sup> However, the results give context why we find the non-negative effect of Chinese aid on support for democracy. Consistent with Blair et al. (2021) we find a positive relationship between Western aid and support for democracy. In this sense, we may initially speculate that the increase in support in democracy could be driven by a movement towards 'Western values' per se and may indicate that loss of aid leverage should be less of a concern. However, this interpretation has its limits as the main result in conjunction with correlations between attitudes towards China and US respectively do not support this mechanism. This is because if there would be a shift toward "Western Values" we may expect a negative correlation between a good opinion on China and a positive relationship between a good opinion on the US and support for democracy. Moreover, work from Eichenauer et al. (2021) finds that neither Chinese nor US aid do impact opinions on China and the United States in Latin America. In this way, neither a "role model effect" nor a value realignment is likely to be at play here.

A potential explanation for the positive relationship between Chinese aid and democratic support is that Chinese aid could increase economic activity and thus enhance support for democracy. Dreher et al. (2021) find that Chinese aid projects increase per capita economic activity in Africa on a regional level. Similarly, Marchesi et al. (2021) find that Chinese aid projects increase regional firm performance, as many Chinese aid projects help firms with electricity supply and over-

<sup>22</sup>Due to lack of data, we are unable to disentangle planned projects from completed ones.

come infrastructure constraints. We will probe into the robustness of the results and this potential mechanism in the coming analysis. For, example we will include an indicator to assess whether individuals are satisfied with democracy<sup>23</sup> and how they assess their current and future economic situation.<sup>24</sup> We focus on the assessment of individuals of the economy to probe this potential mechanism, as it is their assessment of aid projects and their opinions on the functioning of the economy and institutions that is critical in determining individual support for democracy. We thus abstract from testing the actual efficacy of Chinese aid in Latin America.

In table 2 we investigate the effect of Chinese aid on different concepts of support for democracy. In model 1 we add whether the respondent is satisfied with the functioning of the democracy. In this way, we aim to disentangle support for the idea of democracy and whether individuals are satisfied with the functioning of their democracy. Individuals may actually be more satisfied the the current functioning of institutions than the values behind the system. Including an indicator whether respondent reports satisfaction with democracy has no effect on the positive relationship between Chinese aid and support for democracy.

Table 2: Concepts of Democratic Support

	(1) Support	(2) Support Autocracy	(3) Agree with Churchill	(4) Strongly agree with Churchill	(5) Agree with Churchill
Log Total Chinese Aid pc <sub>t-1</sub>	0.056*** (0.022)	-0.007 (0.012)	-0.027 (0.021)	-0.033 (0.027)	-0.024 (0.019)
Log DAC ODA pc <sub>t-1</sub>	0.035** (0.015)	-0.012 (0.010)	-0.024* (0.013)	-0.019 (0.017)	-0.020 (0.012)
Satisfaction with Democracy	0.146*** (0.008)				0.129*** (0.005)
Democracy	-0.055 (0.034)	0.055* (0.029)	-0.027 (0.022)	-0.074** (0.037)	-0.018 (0.021)
Age	0.001*** (0.000)	-0.001*** (0.000)	0.000*** (0.000)	0.001*** (0.000)	0.000*** (0.000)
Female	-0.022*** (0.003)	0.023*** (0.002)	-0.020*** (0.002)	-0.020*** (0.003)	-0.018*** (0.002)
Highly Educated	0.078*** (0.006)	-0.064*** (0.004)	0.037*** (0.004)	0.040*** (0.005)	0.039*** (0.004)
Household Wealth	0.012*** (0.001)	-0.012*** (0.001)	0.011*** (0.001)	0.011*** (0.001)	0.010*** (0.001)
Unemployed	-0.007 (0.006)	0.009* (0.005)	-0.008 (0.005)	-0.002 (0.005)	-0.005 (0.005)
Democratic Capital	0.001 (0.000)	0.000 (0.000)	0.001*** (0.000)	0.002*** (0.000)	0.001*** (0.000)
Opinion China Good	0.023*** (0.004)	-0.029*** (0.003)	0.041*** (0.003)	0.028*** (0.003)	0.037*** (0.003)
Opinion USA Good	-0.008 (0.006)	0.004 (0.004)	0.041*** (0.004)	-0.001 (0.005)	0.039*** (0.004)
Approve Own President	0.041*** (0.006)	-0.046*** (0.004)	0.110*** (0.006)	0.047*** (0.006)	0.079*** (0.005)
Trust People	0.014** (0.006)	-0.055*** (0.004)	0.025*** (0.005)	0.020*** (0.006)	0.012*** (0.005)
Log GDP pc <sub>t-1</sub>	0.100** (0.051)	-0.086** (0.038)	0.132*** (0.051)	0.064 (0.067)	0.125*** (0.048)
GDP growth pc <sub>t-1</sub>	-0.134** (0.066)	0.041 (0.048)	-0.084 (0.066)	0.067 (0.101)	-0.092 (0.064)
GDP deflator <sub>t-1</sub>	0.000 (0.001)	-0.000 (0.001)	-0.003** (0.001)	-0.003* (0.002)	-0.003*** (0.001)
Urbanisation <sub>t-1</sub>	-0.009 (0.006)	0.005 (0.004)	-0.007 (0.005)	0.005 (0.008)	-0.006 (0.004)
Log Exports China <sub>t-1</sub>	-0.019** (0.009)	-0.003 (0.007)	-0.000 (0.008)	-0.002 (0.011)	0.000 (0.008)
Log Exports DAC <sub>t-1</sub>	0.084*** (0.030)	-0.030 (0.019)	0.010 (0.029)	-0.058 (0.045)	0.009 (0.027)
Log Imports China <sub>t-1</sub>	0.045 (0.033)	-0.001 (0.020)	-0.093*** (0.035)	-0.108** (0.044)	-0.079** (0.033)
Log Imports DAC <sub>t-1</sub>	-0.139** (0.070)	0.054 (0.042)	0.084 (0.072)	0.113 (0.099)	0.060 (0.067)
Log OFDI stock China <sub>t-1</sub>	-0.009 (0.011)	-0.001 (0.008)	0.009 (0.011)	0.033** (0.013)	0.007 (0.010)
Log OFDI stock DAC <sub>t-1</sub>	0.004 (0.016)	-0.023* (0.012)	0.014 (0.017)	0.005 (0.019)	0.011 (0.017)
First-stage estimate					
Aid Probability x Log Chinese Steel Production <sub>t-3</sub>	2.540*** (0.694)	2.539*** (0.694)	2.539*** (0.694)	2.539*** (0.694)	2.540*** (0.694)
Observations	160080	160080	160080	160080	160080
CountryFE	yes	yes	yes	yes	yes
TimeFE	yes	yes	yes	yes	yes
Cluster	country-year	country-year	country-year	country-year	country-year
Number of Clusters	162	162	162	162	162
Adj. R <sup>2</sup>	0.0823	0.0570	0.0596	0.0702	0.0796
Kleibergen-Paap F	13.40	13.39	13.39	13.39	13.40

Notes: Dependent variable displayed as model name. All models cover years 2004-2011, 2013. Clustered standard errors are reported in parentheses (\* p<0.1, \*\* p<0.05, \*\*\* p<0.01).

The survey question on which our dependent variable is based on includes three options: "Democracy is preferable to any other kind of government", "In certain situations, an authoritarian government can be preferable to a democratic one", and "It doesn't matter to people like me whether we have a democratic government or a non-democratic government". Since our dependent variable is zero when individuals are choose "In certain situations, an authoritarian government

<sup>23</sup>See tables 2 and 4.

<sup>24</sup>See table 6.

can be preferable to a democratic one" and "It doesn't matter to people like me whether we have a democratic government or a non-democratic government", the dependent variable may mask a polarization of opinions on democracy. Our dependent variable does not preclude and increase in number of people that may also support autocracies, given an increase in Chinese aid flows. For this reason an alternative dependent variable is an indicator variable showing whether individuals agree with the statement that "In certain situations, an authoritarian government can be preferable to a democratic one", and zero otherwise. In model 2 the estimate of our variable of interest is negative and insignificant providing evidence that there is no polarization of opinions on democracy at play. Consistent with our baseline model, individuals who have a good opinion of China are less likely to support authoritarian government.

In models 3-5 the dependent variable is sourced from a different question in the survey. The dependent variable is coded as one if respondents agree with the Churchill quote "Democracy may have problems but it is still the best form of government". The answer options are based on a scale from Strongly Agree, Agree, Disagree, to Strongly Disagree. There are several differences to the survey question on which the dependent variable of our baseline model is based on. First, in the survey question from the baseline respondents in have the choice between two systems, while the Churchill quote offers no alternative form of government. Since the backdrop of this research question is the increasing system competition between democracies and autocratic China, the dependent variable from the baseline model translates better. Second, the Churchill quote contains a specific negative priming towards democracy. Over all years in our sample, more individuals responded to the question on the Churchill quote than on the democracy.<sup>25</sup>

All three models using the alternative measure of support for democracy show an insignificant relationship between support for democracy and Chinese aid. Similarly, DAC ODA commitments are also insignificant. This indicates that the same explanation drives the change in results for both aid flows. There are several potential sources for this variation in results. The survey question from the baseline dependent variable implicitly asks respondents to order democracy versus autocracy, while the Churchill quote is an ordering on the preference of democracy alone. In this way, it may be easier for the respondent to answer the Churchill question. While only 62% of the respondents agree with the statement that "Democracy is preferable to any other kind of government," 77% strongly agree or agree with the statement that "Democracy may have problems, but it is still the best form of government" based on the same sample (model 5). This may indicate that a lack of variation drives the insignificant result. In model 4 the dependent variable is only one if and only if respondents strongly agree with the Churchill quote. While only 24% agree strongly that democracy has problems but is the best form of government, the estimated marginal effect remains insignificant. Overall these results indicate that Chinese aid has a non-negative effect on support for democracy. Nonetheless, Chinese aid seems to affect support for democracy when framed as system competition positively.

## **5 Regional Aid Flows**

Since Chinese aid isn't split evenly over different regions for each country, it is plausible that individuals that live in the same administrative area as an aid project have a different reaction towards

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<sup>25</sup>These results are robust to a specification with country-year averages, as seen in table 21 in the appendix.

aid projects than individuals living in different regions. The hypothesis remains that we expect Chinese aid to reduce support for democracy and Western aid to increase it. To test the regional impact of Chinese aid, we match the regional location of each individual in the Latinobarometer to the first administrative division for each country<sup>26</sup> and allocate the geocoded aid flows from AidData on this level. Since DAC aid flows are only available on the country level, we use geocoded World Bank projects (AidData 2017) to control leverage effects.

Table 3 shows the relationship between regional Chinese aid flows and individual support for democracy in a linear probability model using OLS with different levels of fixed effects. Models 1-3 include country and year fixed effects, with an increasing number of individual-level controls. For all models, the marginal effect of Chinese aid flows is positive. However, in contrast to DAC ODA commitments, regional aid commitments from the World Bank project are insignificant. This is consistent with country-level flows, as seen below in table 5, and is likely to be caused by complicated history between the World Bank and many Latin American countries (Tuozzo, 2004; Brown, 2009). Including country-year fixed effects in model 4 and controlling for region fixed effects in model 5, shows this relationship is significant on the 10% and 5% level, respectively. Altogether, the breaking down of Chinese aid on the regional level does not change the main results. However, the estimated marginal impact is smaller than in the baseline model.<sup>27</sup> This goes against our intuition that the impact of Chinese aid on a regional level should be more pronounced.

Table 3: Regional Aid Flows

	(1) Baseline		(2) Socio-Economic		(3) Attitudes		(4) Country-Year FE		(5) Region FE	
Log Total Chinese Aid $_t - 1$	0.002**	(0.001)	-0.001**	(0.000)	0.000	(0.001)	0.001	(0.001)	0.000	(0.000)
Log World Bank Projects $_t - 1$	0.000	(0.001)	0.000	(0.000)	0.001*	(0.000)	-0.000	(0.000)	0.001	(0.000)
Age	0.001***	(0.000)	-0.001***	(0.000)	0.000***	(0.000)	0.001***	(0.000)	0.000***	(0.000)
Female	-0.024***	(0.003)	0.025***	(0.002)	-0.022***	(0.002)	-0.019***	(0.003)	-0.020***	(0.002)
Highly Educated	0.077***	(0.005)	-0.065***	(0.004)	0.044***	(0.004)	0.048***	(0.004)	0.045***	(0.004)
Household Wealth	0.013***	(0.001)	-0.013***	(0.001)	0.011***	(0.001)	0.010***	(0.001)	0.011***	(0.001)
Unemployed	-0.003	(0.006)	0.004	(0.005)	-0.010**	(0.005)	-0.006	(0.005)	-0.007	(0.005)
Democratic Capital	0.001	(0.000)	0.000	(0.000)	0.001**	(0.000)	0.002***	(0.000)	0.001**	(0.000)
Opinion China Good	0.025***	(0.004)	-0.032***	(0.003)	0.040***	(0.003)	0.022***	(0.003)	0.036***	(0.003)
Opinion USA Good	-0.005	(0.006)	0.002	(0.004)	0.036***	(0.004)	-0.000	(0.004)	0.034***	(0.004)
Approve Own President	0.039***	(0.006)	-0.046***	(0.004)	0.111***	(0.005)	0.054***	(0.005)	0.082***	(0.004)
Trust People	0.014**	(0.005)	-0.048***	(0.004)	0.021***	(0.004)	0.015***	(0.005)	0.010***	(0.004)
Observations	162399		162399		162399		162399		162399	
CountryFE	no		no		no		no		no	
RegionFE	yes		yes		yes		yes		yes	
TimeFE	no		no		no		no		no	
Country-YearFE	yes		yes		yes		yes		yes	
Cluster	country-year		country-year		country-year		country-year		country-year	
Number of Clusters	167		167		167		167		167	
Adj. $R^2$	0.105		0.0730		0.0785		0.104		0.0957	

Notes: Dependent for all models is Supports Democracy. All models include years 2003-2011, 2013. Clustered standard errors are reported in parentheses (\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ ).

To test the robustness of the differential impact Chinese aid flows have on different measures of democratic support, we test the effect of regional disaggregation, as in table 2. Table 4 shows that regional aid flows do not alter the results on the country level. Individuals in regions with Chinese aid flows are more likely to prefer democracy than autocracy but do not necessarily view it as the best system. In both tables, 3 and 4, we see that the positive relationship between a good opinion on

<sup>26</sup>Data on the the first administrative division is gathered from the GeoNames database (GeoNames2021) and searched with the developed R API package 'geonames' from Barry Rowlingson.

<sup>27</sup>Compare to table 15 in the appendix.

China and support for democracy remains very strong. In contrast, the relationship between a good opinion of the USA and democracy is only positive and significant when the outcome variable is 'agree with the statement is that democracy is the best system' (model 3 in table 4).

Table 4: Regional Aid Flows and Concepts of Democratic Support

	(1)		(2)		(3)		(4)		(5)	
	Support Democracy		Support Autocracy		Agree with Churchill		Strongly agree with Churchill		Agree with Churchill	
Log Total Chinese Aid $_t - 1$	0.002**	(0.001)	-0.001**	(0.000)	0.000	(0.001)	0.001	(0.001)	0.000	(0.000)
Log World Bank Projects $_t - 1$	0.000	(0.001)	0.000	(0.000)	0.001*	(0.000)	-0.000	(0.000)	0.001	(0.000)
Satisfaction with Democracy	0.141***	(0.007)							0.125***	(0.005)
Age	0.001***	(0.000)	-0.001***	(0.000)	0.000***	(0.000)	0.001***	(0.000)	0.000***	(0.000)
Female	-0.024***	(0.003)	0.025***	(0.002)	-0.022***	(0.002)	-0.019***	(0.003)	-0.020***	(0.002)
Highly Educated	0.077***	(0.005)	-0.065***	(0.004)	0.044***	(0.004)	0.048***	(0.004)	0.045***	(0.004)
Household Wealth	0.013***	(0.001)	-0.013***	(0.001)	0.011***	(0.001)	0.010***	(0.001)	0.011***	(0.001)
Unemployed	-0.003	(0.006)	0.004	(0.005)	-0.010**	(0.005)	-0.006	(0.005)	-0.007	(0.005)
Democratic Capital	0.001	(0.000)	0.000	(0.000)	0.001**	(0.000)	0.002***	(0.000)	0.001**	(0.000)
Opinion China Good	0.025***	(0.004)	-0.032***	(0.003)	0.040***	(0.003)	0.022***	(0.003)	0.036***	(0.003)
Opinion USA Good	-0.005	(0.006)	0.002	(0.004)	0.036***	(0.004)	-0.000	(0.004)	0.034***	(0.004)
Approve Own President	0.039***	(0.006)	-0.046***	(0.004)	0.111***	(0.005)	0.054***	(0.005)	0.082***	(0.004)
Trust People	0.014**	(0.005)	-0.048***	(0.004)	0.021***	(0.004)	0.015***	(0.005)	0.010***	(0.004)
Observations	162399		162399		162399		162399		162399	
CountryFE	no		no		no		no		no	
RegionFE	yes		yes		yes		yes		yes	
TimeFE	no		no		no		no		no	
Country-YearFE	yes		yes		yes		yes		yes	
Cluster	country-year		country-year		country-year		country-year		country-year	
Number of Clusters	167		167		167		167		167	
Adj. $R^2$	0.105		0.0730		0.0785		0.104		0.0957	
Kleibergen-Paap F										

Notes: All models include years 2003-2011, 2013. Clustered standard errors are reported in parentheses (\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ ).

## 6 Robustness

As a first robustness test we replace the variable that controls for different leverages of conditional aid. The results are reported in table 5. In model 1, we use an instrumental variable approach to also instrument aid commitments from DAC countries. Since democracy-promoting aid is given non-random, there may be selection effect at hand, which may not only distort the estimate for DAC aid but also total Chinese aid.<sup>28</sup> To instrument the sum of DAC aid, we follow Brazys and Vadlamannati (2021), Ahmed (2016), and Dreher and Langlotz (2020) use the sum over all interactions between the probability of receiving aid from DAC country  $k$  with the government  $k$ 's fractionalization of the legislature.<sup>29,30</sup>

<sup>28</sup>The rationale is that aid from granted by China and DAC respectively depends on the institutional environment. This is seen in table 12. While socialist Venezuela receives the least DAC aid, it is one of the top recipients of Chinese aid. Since the institutional environment determines support for democracy, there is likely to be a distorting correlation between Chinese aid, DAC aid, and support for democracy.

<sup>29</sup> $aid_{DAC,j,t} = \sum_k Frac_{k,t} * p_{j,k}$ .

<sup>30</sup>This approach is equivalent to an approach where the instrumental variable is constructed by running a regression where bilateral flows are predicted for each DAC country and then averaged (Dreher & Langlotz, 2020, p.1173).

Table 5: Leverage

	(1) DAC IV		(2) DAC Disbursements		(3) DAC ODA+OOF		(4) US Aid		(5) World Bank Projects	
Log Total Chinese Aid pc <sub>t-1</sub>	0.051**	(0.024)	0.055**	(0.025)	0.051**	(0.022)	0.079***	(0.029)	0.057**	(0.026)
Log DAC ODA pc <sub>t-1</sub>	0.097*	(0.050)								
Log DAC ODA Disbursements pc <sub>t-1</sub>			0.006	(0.021)						
Log DAC ODA+OOF Disbursements pc <sub>t-1</sub>					0.015	(0.010)				
Log ODA US Aid pc <sub>t-1</sub>							0.019	(0.020)		
Log World Bank Projects pc <sub>t-1</sub>									0.006	(0.006)
Democracy	-0.095**	(0.044)	-0.051	(0.035)	-0.054	(0.035)	-0.058	(0.036)	-0.048	(0.035)
Age	0.001***	(0.000)	0.001***	(0.000)	0.001***	(0.000)	0.001***	(0.000)	0.001***	(0.000)
Female	-0.024***	(0.003)	-0.025***	(0.003)	-0.025***	(0.003)	-0.025***	(0.003)	-0.025***	(0.003)
Highly Educated	0.076***	(0.006)	0.077***	(0.006)	0.077***	(0.006)	0.077***	(0.006)	0.077***	(0.006)
Household Wealth	0.012***	(0.001)	0.012***	(0.001)	0.012***	(0.001)	0.012***	(0.001)	0.012***	(0.001)
Unemployed	-0.010	(0.006)	-0.011*	(0.006)	-0.009	(0.006)	-0.011*	(0.006)	-0.011*	(0.006)
Democratic Capital	0.000	(0.001)	0.001*	(0.000)	0.001**	(0.000)	0.001**	(0.001)	0.001*	(0.000)
Opinion China Good	0.028***	(0.004)	0.027***	(0.004)	0.029***	(0.004)	0.027***	(0.004)	0.027***	(0.004)
Opinion USA Good	-0.005	(0.006)	-0.005	(0.005)	-0.005	(0.006)	-0.006	(0.006)	-0.004	(0.005)
Approve Own President	0.076***	(0.007)	0.076***	(0.007)	0.078***	(0.007)	0.077***	(0.007)	0.076***	(0.007)
Trust People	0.029***	(0.006)	0.029***	(0.006)	0.031***	(0.006)	0.028***	(0.006)	0.029***	(0.006)
Log GDP pc <sub>t-1</sub>	0.148**	(0.066)	0.088*	(0.049)	0.073	(0.053)	0.108*	(0.060)	0.096*	(0.052)
GDP growth pc <sub>t-1</sub>	-0.090	(0.083)	-0.140**	(0.070)	-0.138**	(0.069)	-0.116	(0.080)	-0.147**	(0.072)
GDP deflator <sub>t-1</sub>	0.001	(0.001)	0.000	(0.001)	-0.001	(0.001)	0.001	(0.001)	0.000	(0.001)
Urbanisation <sub>t-1</sub>	-0.006	(0.007)	-0.012**	(0.006)	-0.013**	(0.006)	-0.010	(0.007)	-0.013**	(0.006)
Log Exports China <sub>t-1</sub>	-0.016*	(0.009)	-0.020**	(0.009)	-0.020**	(0.010)	-0.024**	(0.011)	-0.019**	(0.009)
Log Exports US <sub>t-1</sub>							0.002	(0.019)		
Log Exports DAC <sub>t-1</sub>	0.096***	(0.033)	0.082**	(0.032)	0.088***	(0.031)			0.083***	(0.032)
Log Imports China <sub>t-1</sub>	0.005	(0.039)	0.042	(0.037)	0.041	(0.035)	0.026	(0.038)	0.038	(0.035)
Log Imports US <sub>t-1</sub>							-0.109**	(0.055)		
Log Imports DAC <sub>t-1</sub>	-0.067	(0.085)	-0.134*	(0.078)	-0.123*	(0.072)			-0.135*	(0.077)
Log OFDI stock China <sub>t-1</sub>	-0.011	(0.012)	-0.005	(0.012)	-0.006	(0.012)	-0.003	(0.015)	-0.006	(0.013)
Log OFDI stock US <sub>t-1</sub>							-0.008	(0.009)		
Log OFDI stock DAC <sub>t-1</sub>	-0.007	(0.020)	0.015	(0.017)	0.014	(0.017)			0.013	(0.018)
Aid Probability x Log Chinese Steel Production <sub>t-3</sub>	2.754***	(0.837)	2.355***	(0.745)	2.629***	(0.697)	2.157***	(0.656)	2.357***	(0.730)
Aid Probability x Avrg. Gov. Fractionalization <sub>t-3</sub>	-1.740	(3.395)								
Observations	160080		160080		155855		160080		160080	
CountryFE	yes		yes		yes		yes		yes	
TimeFE	yes		yes		yes		yes		yes	
Cluster	country-year		country-year		country-year		country-year		country-year	
Adj. R <sup>2</sup>	0.0625		0.0635		0.0631		0.0572		0.0633	
Kleibergen-Paap F	6.105		9.997		14.23		10.81		10.44	

Notes: Dependent for all models is Supports Democracy. All models include years 2004-2011, 2013. Clustered standard errors are reported in parentheses (\* p<0.1, \*\* p<0.05, \*\*\* p<0.01).

The instrument is weak, as the Kleibergen-Paap F statistic is less than 10. In this way, there is not much gained compared to the baseline model. In model 2, we include ODA disbursements from DAC countries. The results show that actual DAC disbursements are not positively correlated with higher support for democracy compared to commitments. Our variable of interest remains robust, indicating that this relationship is not affected when Chinese commitments are measured up against actual disbursements from DAC countries. To assess the leverage effect of DAC countries compared to our variable interest, which captures all official financial commitments from China, we include OOF flows in model 3. In model 4, we include ODA commitments only from the US. Using only ODA commitments from the USA, the relationship between Chinese Aid flows and support for democracy remains unchanged. In contrast to Chinese aid flows, ODA commitments from the USA are not associated with higher support for democracy. The insignificant estimator of US aid mirrors the insignificant relationship between a good opinion of the US and support for democracy. Both are likely a result of complicated history between the US and several Latin American countries. These results highlight the importance of reexamining results from Blair et al. (2021) for the Latin American case: The positive relationship between Chinese aid and support for democracy is not likely explained by an alignment with Western value but is likely driven by something different. Model 4 includes aid volumes in current US dollars from World Bank projects on the country level with robust results.<sup>31,32</sup> The effect of our variable of interest remains the same.

<sup>31</sup>In models 3 and 4 of table 5 only Chinese aid flows are instrumented, as in the Baseline table.

<sup>32</sup>Geocoded data on World Bank projects come from AidData (2017)



We control for additional country-level variables to account for the dynamic domestic political economy, which is shown in table 22 of the appendix. We include an election year indicator<sup>33</sup> as can be given to swing elections (Anaxagorou et al., 2020, as cited by Dreher et al., 2021), and elections years are also likely to affect how individuals assess democracy. While the election-year indicator has, as expected, a positive effect on the support for democracy, the results remain unchanged. The results also remain unchanged when controlling for Economic Freedom Index<sup>34</sup>, which is negatively impacted by Chinese aid (Brazys & Vadlamannati, 2021) and an index of ethnic fractionalization<sup>35</sup>, which is can be a determinant of public goods provisions (Ejdemyr et al. 2018). Since Chinese aid projects are in large part going into Energy Generation and Supply sector, the positive aid effect we have seen could in fact be due to large natural resource rents. While the effect of natural resource rents is positive, the positive relationship between Chinese aid and support for democracy remains unchanged.

Next, we control for additional individual characteristics and attitudes. Table 6 shows the results from our full baseline model for four additional individual controls. We include the self-reported individual positioning on the left-right political spectrum in model 1, as individuals political leanings may impact how they assess the consequences of aid from the Chinese government. In model 2, we include the average number of days respondents self-report consuming the news through media such as newspapers, radio, and TV. We include this variable because we expect that individuals who consume news regularly are more likely to be aware of Chinese aid projects and are more informed about the government at home and in China.

In models 3 and 4, we control the individuals' assessment of their current economic and life circumstances. As discussed above, Chinese aid has been found to increase local economic activity (Dreher et al., 2021; Marchesi et al., 2021). Since many Chinese projects are in infrastructure and energy supply, Chinese aid may improve the assessment of the functioning of the economy and improve life quality, for example, by reducing traveling time to work or increasing the access and reliability of electricity. We include an indicator of whether the individuals assess their current economic situation as bad. We expect that if Chinese aid is assessed as effective by citizens, fewer would state that their current economic situation is bad and more individuals would be more likely to support democracy. In model 4, we control for the life satisfaction of individuals. This model tests whether the positive relationship between Chinese aid and support for democracy is channeled through life satisfaction. If Chinese aid projects increase the perceived quality of individuals' lives, enhancing life satisfaction, this may increase the probability of supporting democracy. However, including variables that control for the current personal situation of individuals does not impact the significance of the estimate, suggesting these are not pathways.

It may be that the relationship between Chinese aid and support for democracy is impacted by the change in individuals' assessment of the future economic situation instead of their current. In this way, Chinese aid would generate optimism about the personal and national economic future, increasing support for democracy. This is what we test in models 5 and 6. In model 5, we include an indicator of whether individuals state that they believe their future economic situation will be

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<sup>33</sup>Data from the DPI (2017).

<sup>34</sup>Data comes from the Fraser Institute (2020).

<sup>35</sup>Data comes from Historical Index of Ethnic Fractionalization Dataset (HIEF) by Dražanová (2020).

better, in model 6, we include the variable that individuals stated that the country’s future economic situation would be better. The inclusion of each variable does not alter the results.

Lastly, we are interested in whether the experience with corruption interferes with the positive relationship. It has been well documented that Chinese aid has been linked to corruption (Isaksson & Kotsadam, 2018), and corruption is linked to an erosion of regime legitimacy (Seligson, 2002). Model 7 includes an indicator of whether they or their family member have witnessed corruption. The marginal effect is, as expected, negative, however, the variable of interest remains unchanged. The results replicate on the regional level, see table 23 in the appendix.

Table 6: Additional Individual Controls

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Left-Right	News	Econ. Bad	Life-Satisfaction	Future Econ. Better	Future Econ. Cty. Better	Corruption
Log Total Chinese Aid $pc_{t-1}$	0.070*** (0.025)	0.053** (0.026)	0.058** (0.027)	0.050** (0.022)	0.052** (0.022)	0.052** (0.022)	0.055** (0.023)
Log DAC ODA $pc_{t-1}$	0.035* (0.018)	0.037** (0.019)	0.023 (0.016)	0.030** (0.014)	0.030** (0.014)	0.030** (0.014)	0.031** (0.015)
Democracy	-0.066* (0.037)	-0.086** (0.042)	-0.044 (0.038)	-0.065* (0.034)	-0.065* (0.033)	-0.065** (0.033)	-0.064* (0.035)
Left-Right Scale	0.004*** (0.001)						
News Consumption (days)		0.004*** (0.001)					
Personal Economic Situation Bad			-0.033*** (0.006)				
Life Satisfaction				0.044*** (0.004)			
Future Econ. Better					0.027*** (0.004)		
Future Econ. Cty. Better						0.040*** (0.004)	
Corruption							-0.013** (0.006)
Age	0.002*** (0.000)	0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)
Female	-0.025*** (0.003)	-0.024*** (0.003)	-0.026*** (0.003)	-0.024*** (0.003)	-0.025*** (0.003)	-0.024*** (0.003)	-0.026*** (0.003)
Highly Educated	0.081*** (0.006)	0.071*** (0.006)	0.077*** (0.006)	0.075*** (0.006)	0.076*** (0.006)	0.077*** (0.006)	0.077*** (0.006)
Household Wealth	0.012*** (0.001)	0.012*** (0.001)	0.011*** (0.001)	0.011*** (0.001)	0.012*** (0.001)	0.012*** (0.001)	0.012*** (0.001)
Unemployed	-0.009 (0.007)	-0.008 (0.007)	-0.009 (0.007)	-0.006 (0.006)	-0.010* (0.006)	-0.010 (0.006)	-0.010* (0.006)
Democratic Capital	0.001 (0.000)	0.001 (0.000)	0.001* (0.000)	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)	0.001 (0.000)
Opinion China Good	0.030*** (0.004)	0.027*** (0.004)	0.026*** (0.004)	0.027*** (0.004)	0.027*** (0.004)	0.026*** (0.004)	0.027*** (0.004)
Opinion USA Good	-0.014** (0.006)	-0.008 (0.006)	-0.006 (0.006)	-0.006 (0.006)	-0.005 (0.006)	-0.005 (0.006)	-0.006 (0.005)
Approve Own President	0.073*** (0.007)	0.072*** (0.008)	0.073*** (0.007)	0.072*** (0.007)	0.071*** (0.007)	0.068*** (0.007)	0.076*** (0.007)
Trust People	0.029*** (0.006)	0.023*** (0.006)	0.027*** (0.006)	0.027*** (0.006)	0.028*** (0.006)	0.027*** (0.006)	0.030*** (0.006)
Log GDP $pc_{t-1}$	0.125*** (0.055)	0.085 (0.052)	0.099** (0.050)	0.106** (0.049)	0.107** (0.049)	0.112** (0.049)	0.109** (0.051)
GDP growth $pc_{t-1}$	-0.156** (0.071)	-0.138** (0.063)	-0.146** (0.070)	-0.124* (0.065)	-0.123* (0.065)	-0.128** (0.065)	-0.117* (0.067)
GDP deflator $t-1$	0.001 (0.001)	0.001 (0.001)	0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	0.000 (0.001)
Urbanisation $t-1$	-0.008 (0.006)	-0.010 (0.006)	-0.010 (0.006)	-0.010* (0.006)	-0.010* (0.006)	-0.010* (0.006)	-0.010 (0.006)
Log Exports China $t-1$	-0.016* (0.010)	-0.021* (0.011)	-0.019* (0.010)	-0.018** (0.009)	-0.018** (0.009)	-0.018** (0.009)	-0.019** (0.009)
Log Exports DAC $t-1$	0.086*** (0.033)	0.079** (0.032)	0.084*** (0.029)	0.081*** (0.029)	0.083*** (0.030)	0.080*** (0.030)	0.085*** (0.031)
Log Imports China $t-1$	0.034 (0.036)	0.027 (0.042)	0.036 (0.033)	0.029 (0.031)	0.030 (0.032)	0.031 (0.031)	0.027 (0.033)
Log Imports DAC $t-1$	-0.137* (0.074)	-0.065 (0.087)	-0.100 (0.076)	-0.110 (0.069)	-0.112 (0.069)	-0.114* (0.069)	-0.114 (0.071)
Log OFDI stock China $t-1$	-0.011 (0.013)	-0.005 (0.013)	-0.010 (0.012)	-0.005 (0.012)	-0.005 (0.011)	-0.004 (0.011)	-0.006 (0.012)
Log OFDI stock DAC $t-1$	0.003 (0.018)	0.011 (0.018)	0.002 (0.016)	0.009 (0.016)	0.010 (0.016)	0.011 (0.016)	0.008 (0.017)
First-Stage Estimates							
Aid Probability x Log Chinese Steel Production $t-3$	2.575*** (0.697)	2.182*** (0.755)	2.178*** (0.745)	2.538*** (0.694)	2.539*** (0.694)	2.538*** (0.694)	2.534*** (0.691)
Observations	128194	121183	142119	160080	160080	160080	155918
CountryFE	yes	yes	yes	yes	yes	yes	yes
TimeFE	yes	yes	yes	yes	yes	yes	yes
Cluster	country-year	country-year	country-year	country-year	country-year	country-year	country-year
Number of Clusters	162	144	144	162	162	162	162
Adj. R <sup>2</sup>	0.0630	0.0647	0.0641	0.0662	0.0651	0.0657	0.0641
Kleibergen-Paap F	13.66	8.365	8.543	13.38	13.40	13.39	13.45

Notes: Dependent for all models is Supports Democracy. All models include years 2004-2011, 2013. Clustered standard errors are reported in parentheses (\* p<0.1, \*\* p<0.05, \*\*\* p<0.01).

The inclusion of additional individual-level controls aimed at not only checking the robustness of the positive and significant relationship between Chinese aid and support of democracy but also to learn about potential channels. Specifically whether Chinese aid has increased the number of individuals who have a positive outlook on the current and future economy or a positive evaluation of the current administration and institutions, increasing their support for democracy. The inclusion of these variables has not changed the positive relationship found in the baseline, which leads to the conjecture that this mechanism is not at play on a national level. To check this conjecture, we replace our dependent variable with the following variables: Support for the current president, satisfaction with democracy, current economic situation, life satisfaction, and beliefs on the personal future and economic situation. The results in table 24 of the appendix provide further evidence that the positive relationship between Chinese aid is not explained by a change in the satisfaction with current institutions or expectations for improvement in the future.

To better understand who supports democracy conditional on Chinese aid, we split the sample across different individual characteristics. Table 7 shows the results of 8 sample splits based on the

baseline model, including individual- and country-level controls. The first sample split is across age differences. We split the sample into individuals born before and after 1985. The underlying logic is that younger individuals will not have personal memories from the Cold War and thus may view donors differently. The sample split shows that the estimated marginal effect for younger individuals is positive but insignificant, while the sample based on older individuals is positive and significant. As the following sample split shows, individuals with above mean democratic capital show a positive and significant effect of Chinese aid on support for democracy while individuals with below-average democratic capital do not. Along the urban/rural split, individuals living in cities with a population above 50,000 are more likely to support democracy than rural-based individuals. A sample split along education shows that more educated individuals exhibit a significant change in support for democracy when with an increase in Chinese aid. Left-leaning individuals show a significant and positive relationship between Chinese aid commitments and their support for democracy, while right-leaning individuals do not.

Table 7: Sample Splits

	Log Total Chinese Aid $pc_{t-1}$	Log DAC ODA $pc_{t-1}$	Observations	Controls	CountryFE	TimeFE	Cluster	Number of Clusters	Adj. $R^2$	Kleibergen-Paap F	Median
birthyear after 1985	0.0443 [-0.00852,0.0972]	0.0382* [0.00873,0.0677]	47585	yes	yes	yes	country-year	162	0.0513	11.78	
birthyear before1985	0.0585* [0.0134,0.104]	0.0277 [0.00316,0.0586]	112495	yes	yes	yes	country-year	162	0.0688	13.61	
City	0.0854* [0.0137,0.157]	0.0371 [0.00147,0.0756]	97240	yes	yes	yes	country-year	162	0.0588	7.17	5.487
No City	0.0239 [-0.0181,0.0660]	0.0268 [-0.00764,0.0612]	62840	yes	yes	yes	country-year	161	0.0692	15.88	5.487
Highly Educated	0.100** [0.0260,0.174]	0.0646* [0.0105,0.119]	28035	yes	yes	yes	country-year	162	0.0247	8.822	
Highly Educated	0.0404 [0.00291,0.0837]	0.0253 [0.00165,0.0523]	132045	yes	yes	yes	country-year	162	0.064	14.2	
Wealth Above Median	0.0684* [0.0160,0.121]	0.0411 [-0.00209,0.0843]	68051	yes	yes	yes	country-year	162	0.0581	9.639	5
Wealth Below Median	0.0454* [0.00186,0.0889]	0.0295* [0.00203,0.0569]	92029	yes	yes	yes	country-year	162	0.0567	14.06	5
DemCap Above Median	0.0625** [0.0150,0.110]	0.0579* [0.0127,0.103]	82319	yes	yes	yes	country-year	129	0.0587	9.833	12.26
DemCap Below Median	0.085 [-0.00524,0.175]	0.0226 [-0.00817,0.0535]	77761	yes	yes	yes	country-year	142	0.0492	8.539	12.26
Right	0.0338 [0.00996,0.0776]	0.0174 [0.00861,0.0435]	78838	yes	yes	yes	country-year	162	0.0598	12.66	5
Left	0.0708** [0.0182,0.123]	0.0440* [0.00503,0.0829]	81242	yes	yes	yes	country-year	162	0.0737	13.82	5
News Above Median	0.0524* [0.00297,0.102]	0.0264 [-0.00352,0.0562]	98378	yes	yes	yes	country-year	162	0.0685	14.66	4.5
News Below Median	0.0503* [0.00172,0.0990]	0.0354* [0.00222,0.0686]	61702	yes	yes	yes	country-year	144	0.0589	9.172	4.5
Witnessed Corruption	0.0614** [0.0190,0.104]	0.035 [-0.00350,0.0735]	28444	yes	yes	yes	country-year	162	0.0632	17.47	0.187
Not Witnessed Corruption	0.0577* [0.00577,0.110]	0.0357* [0.00192,0.0695]	127474	yes	yes	yes	country-year	162	0.0652	11.32	0.187

Notes: Dependent for all models is Supports Democracy. All models include years 2004-2011, 2013. Individual-level and country-level control-variables included. Confident Intervals (95%) are presented in parenthesis (\* p<0.1, \*\* p<0.05, \*\*\* p<0.01).

These differences in significance hint that there may be heterogeneity in the reaction toward Chinese aid. However, all estimators of the sample split suggest a positive relationship between Chinese aid and support for democracy. In addition, overlapping confidence bands (at the 95% level) indicate that the estimators are not significantly different. In the case of differences in wealth, news consumption, and experiences with corruption, neither confidence bands nor the significance of the positive estimator indicate any difference. Overall, the sample split suggests that a broad coalition of society in Latin America doesn't decrease their support for democracy in the face of increasing aid from China.

## 7 Conclusion

As strategic competition of the USA with China has become a foreign policy focus of the US, the debate around Chinese international economic engagement has become more centered around democratic values. This paper adds to the growing literature on the effects of Chinese foreign aid and attitudes. We find that for Latin America, Chinese aid has no negative effect on individual's support for democracy. In fact, in a question directed at competition between democracy and autocracy, Chinese foreign aid positively affects individuals' attitudes towards democracy. While

ODA commitments from DAC countries are positively correlated with support for democracy, ODA disbursements DAC countries, ODA commitments from the US and World Bank projects are not.

This effect is mirrored in the relationship between individual-level attitudes on China and the US and support for democracy, respectively. There is a strong, robust relationship between a positive opinion on China and support for democracy across all specifications. A positive opinion on the US does not translate into higher support for democracy. In conjunction with our main results, this evidence is a hint that there is no "role model effect" of China promoting an autocratic development strategy. Our results may provide relief for policy-makers concerned about the current impact of Chinese aid on civil society.

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## Appendix

Table 8: Chinese Aid in current million US \$ by Country

Recipient	Sum m US \$	Number of Projects
VEN	10206	23
ECU	6882.654	20
BRA	6458.395	15
ARG	1959.969	4
BOL	1506.413	28
CHL	1253	5
CRI	935.2	17
MEX	380	7
PER	192.7491	20
COL	79.69712	20
URY	48.89161	11
NIC	30	1

*Notes:* Includes years 2002-2013.

Table 9: Chinese Aid in current million US\$ by Aid Class

Aid Class	Sum m US\$	Number of Projects
OOFV-like	28930.35	94
ODA-like	1002.62	77

*Notes:* Includes years 2002-2013.

Table 10: Top 15 Chinese Aid Projects in current million US\$

Recipient	Year	Intent	Amount m US\$	Class	Sector	Title
VEN	2013	Commercial	4020	OOF-like	Energy Generation and Supply	CDB funds \$4 billion PDVSA and CNPC joint venture Sinovensa in Orinoco belt
VEN	2011	Mixed	4000	OOF-like	Other Social infrastructure and services	ICBC loans Venezuela oil firm 4 billion USD for construction of housing projects (linked to #37918)
BRA	2010	Commercial	3500	OOF-like	Energy Generation and Supply	China Development Bank extends \$3.5 billion USD loan to Petrobras from \$5 billion line of credit
ECU	2011	Mixed	2000	OOF-like	Other Multisector	Ecuador Signs \$2B loan with CDB for renewable energy purposes
ARG	2011	Mixed	1500	OOF-like	Transport and Storage	China provides \$1.5 bil to build the Cordoba Metro project
ECU	2013	Mixed	1400	OOF-like	General Budget Support	Ecuador receives \$1.4 billion from China for budget
BRA	2010	Commercial	1230	OOF-like	Transport and Storage	\$1.23 bln Joint China Exim Bank and Bank of China Loan for Shipbuilding in Brazil
ECU	2009	Commercial	1200	OOF-like	Energy Generation and Supply	China invests \$1.2 billion in Ecuador's Ishpingo-Tambococha-Tiputini (ITT) oil field
ECU	2010	Commercial	1000	OOF-like	Energy Generation and Supply	China Development Bank signs 1 billion USD loan for oil agreement with Petroecuador
CHL	2012	Commercial	900	OOF-like	Energy Generation and Supply	China agrees to invest 900 million USD in solar energy projects in Chile
BRA	2008	Commercial	750	OOF-like	Energy Generation and Supply	CDB loans \$750 million USD for GASCAC Pipeline
VEN	2012	Mixed	691	OOF-like	Industry, Mining, Construction	China committed \$691M USD loan to Venezuela for geological survey
BRA	2007	Commercial	577.7947	OOF-like	Energy Generation and Supply	China to finance construction of Candiota 3 power plant in Brazil
ECU	2010	Mixed	571	OOF-like	Energy Generation and Supply	China Ex-Im bank loans Ecuador 621.7 million USD to build Sopladora hydroelectric plant
VEN	2013	Development	391	Vague (Official Finance)	Transport and Storage	EXIM Bank loans 391 million USD for construction of the Paquiven maritime terminal

*Notes:* Includes years 2002-2013.

Table 11: Chinese Aid per Sector in current m US\$

Sector	Sum m US\$	Count
Energy Generation and Supply	13463.56	22
Transport and Storage	4598.41	17
Other Social infrastructure and services	4111.87	8
Other Multisector	2145.70	12
Communications	1792.15	9
General Budget Support	1400.00	1
Industry, Mining, Construction	1278.50	13
Government and Civil Society	249.59	15
Agriculture, Forestry and Fishing	232.00	5
Business and Other Services	218.59	6
Unallocated / Unspecified	214.31	3
Banking and Financial Services	200.00	1
Health	10.84	7
Emergency Response	9.47	15
Water Supply and Sanitation	4.50	1
Education	3.47	34

Notes: Includes years 2002-2013.

Table 12: Ranked Countries by Dependent and Key Variables

Support Democracy	Agree with Churchill	Opinion China Good	Opinion USA Good	Log Total Chinese Aid per Capita	Log DAC ODA per Capita
URY (0.8)	URY (0.9)	HND (0.7)	DOM (0.9)	ECU (1.9)	NIC (4.4)
VEN (0.8)	VEN (0.9)	DOM (0.7)	SLV (0.8)	BOL (1.6)	BOL (4.1)
CRI (0.8)	DOM (0.8)	CHL (0.7)	HND (0.8)	VEN (1.6)	HND (3.7)
DOM (0.7)	ARG (0.8)	VEN (0.7)	PAN (0.8)	CRI (1.1)	SLV (3.6)
ARG (0.7)	CRI (0.8)	PER (0.6)	CRI (0.8)	BRA (0.8)	GTM (3.3)
BOL (0.7)	BRA (0.8)	CRI (0.6)	COL (0.8)	ARG (0.6)	COL (3.1)
PAN (0.6)	PAN (0.8)	PRY (0.6)	NIC (0.7)	URY (0.5)	PER (3.0)
NIC (0.6)	CHL (0.8)	NIC (0.6)	ECU (0.7)	CHL (0.5)	DOM (2.8)
CHL (0.6)	COL (0.8)	BRA (0.6)	PER (0.7)	PER (0.2)	CRI (2.8)
SLV (0.6)	BOL (0.8)	SLV (0.6)	GTM (0.7)	NIC (0.2)	PAN (2.8)
ECU (0.6)	NIC (0.8)	ECU (0.6)	CHL (0.7)	MEX (0.1)	ECU (2.8)
COL (0.6)	HND (0.7)	BOL (0.6)	BRA (0.6)	COL (0.1)	PRY (2.8)
PER (0.6)	ECU (0.7)	COL (0.6)	PRY (0.6)	DOM (0.0)	URY (2.3)
BRA (0.5)	SLV (0.7)	GTM (0.6)	MEX (0.6)	HND (0.0)	CHL (1.9)
HND (0.5)	MEX (0.7)	MEX (0.6)	BOL (0.5)	PRY (0.0)	MEX (1.5)
MEX (0.5)	PER (0.7)	URY (0.5)	URY (0.5)	PAN (0.0)	BRA (1.2)
PRY (0.5)	PRY (0.7)	ARG (0.5)	VEN (0.5)	SLV (0.0)	ARG (1.2)
GTM (0.4)	GTM (0.6)	PAN (0.5)	ARG (0.4)	GTM (0.0)	VEN (0.9)

Notes: Average for each country based on years 2003-2011,2013.

Table 13: Sample Support for Democracy

Recipient	Year										Total
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2013	
ARG	1,137	1,125	1,056	1,133	1,112	1,146	1,076	1,150	1,159	1,133	11,227
BOL	1,143	1,018	1,036	1,066	1,116	1,041	1,101	1,077	1,043	1,064	10,705
BRA	1,058	1,012	952	1,017	1,030	1,048	1,077	1,058	1,043	1,061	10,356
CHL	1,124	1,133	1,074	1,114	1,108	1,118	1,120	1,136	1,158	1,115	11,200
COL	1,012	1,055	1,054	1,095	1,105	1,091	1,005	1,091	1,117	1,127	10,752
CRI	941	904	895	848	897	877	905	890	877	868	8,902
DOM	0	876	839	838	819	919	818	942	932	922	7,905
ECU	1,164	1,138	929	1,098	1,126	1,051	1,066	1,089	1,123	1,096	10,880
GTM	724	716	841	823	742	760	890	860	852	868	8,076
HND	797	789	560	714	622	789	802	833	871	782	7,559
MEX	1,138	1,143	1,098	1,024	1,073	1,047	1,050	1,089	1,077	1,070	10,809
NIC	862	770	836	820	910	862	870	841	811	873	8,455
PAN	872	909	807	889	841	834	881	877	794	875	8,579
PER	1,108	1,085	996	1,063	1,042	1,015	1,036	1,052	1,098	1,060	10,555
PRY	579	571	1,124	1,085	1,044	1,135	1,148	1,089	1,098	1,144	10,017
SLV	856	771	851	872	796	848	844	859	926	865	8,488
URY	1,125	1,115	1,105	1,118	1,113	1,120	1,114	1,057	1,115	1,131	11,113
VEN	1,143	1,142	1,116	1,095	1,079	1,130	1,141	1,122	1,144	1,173	11,285
Total	16,783	17,272	17,169	17,712	17,575	17,831	17,944	18,112	18,238	18,227	176,863



Table 14: Summary Statistics

Variables	count	mean	sd	min	max
Support Democracy	176863	0.618417	0.485777	0	1
Agree with Churchill	176863	0.76548	0.4237	0	1
Strongly Agree with Churchill	176863	0.259031	0.438104	0	1
Log Total Chinese Aid $pc_{t-1}$	176863	0.415483	1.008409	0	4.662047
Log DAC ODA $pc_{t-1}$	176863	2.600677	1.072613	0.71133	5.529504
Age	176863	39.39818	16.18251	16	99
Female	176863	0.504882	0.499978	0	1
Highly Educated	176863	0.174983	0.379954	0	1
Household Wealth	176863	4.984904	2.330198	0	9
Unemployed	176863	0.061064	0.239449	0	1
Democratic Capital	176863	13.11952	6.551363	0.78681	36.27732
Opinion China Good	176863	0.598373	0.490229	0	1
Opinion USA Good	176863	0.671118	0.469808	0	1
Approve Own President	176863	0.509326	0.499914	0	1
Trust People	176863	0.193167	0.394784	0	1
Log GDP $pc_{t-1}$	176863	8.310623	0.698411	6.80708	9.638972
GDP growth $pc_{t-1}$	176863	0.065173	0.186452	-1.7795	0.363131
GDP deflator $t_{-1}$	176863	8.820304	7.772573	-2.4199	45.94327
Urbanisation $t_{-1}$	176863	72.1577	13.51266	46.005	94.739
Log Exports China $t_{-1}$	176863	19.57169	2.667699	12.28568	24.6799
Log Exports DAC $t_{-1}$	176863	22.87157	1.550427	19.37058	26.57549
Log Imports China $t_{-1}$	176863	20.97634	1.550556	17.71069	24.7652
Log Imports DAC $t_{-1}$	176863	22.79611	1.376028	20.15886	26.42401
Log OFDI stock China $t_{-1}$	160080	0.8479	1.042125	0	4.256612
Log OFDI stock DAC $t_{-1}$	176863	5.972053	1.348064	2.048093	8.547034

Figure 1: Parallel Trends, Probability to receive aid and Support for Democracy

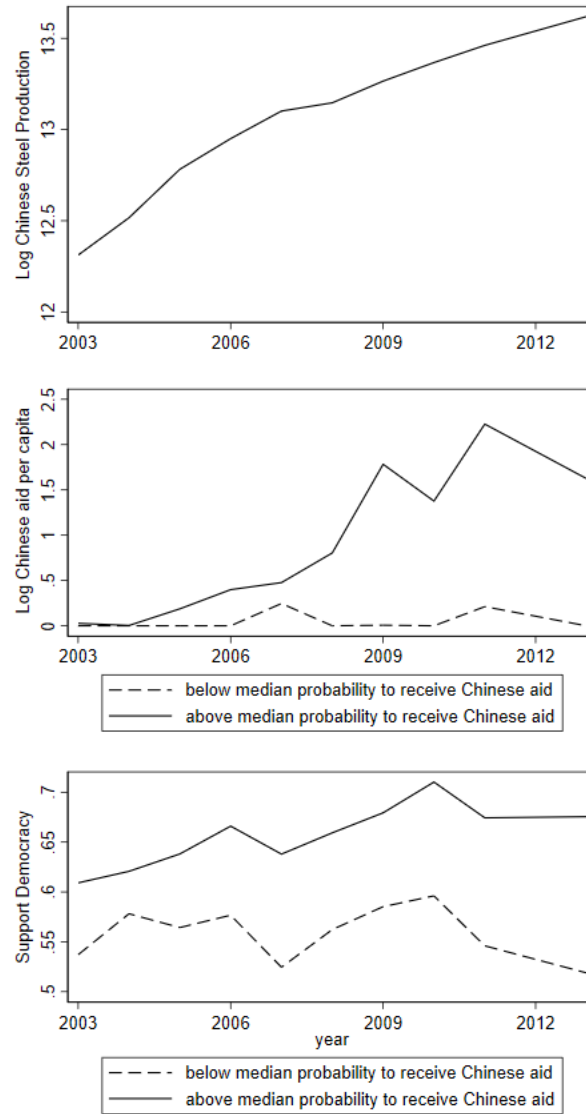


Table 15: OLS Main Results

	(1)	(2)	(3)	(4)	(5)
	Baseline	Socio-Economic	Attitudes	Country-Level	Integration
Log Total Chinese Aid $pc_{t-1}$	0.019*** (0.005)	0.018*** (0.005)	0.020*** (0.005)	0.016*** (0.005)	0.016*** (0.005)
Log DAC ODA $pc_{t-1}$	0.009 (0.013)	0.008 (0.012)	0.011 (0.012)	0.010 (0.011)	0.015 (0.011)
Democracy	-0.016 (0.024)	-0.022 (0.023)	-0.024 (0.024)	-0.046* (0.025)	-0.065** (0.033)
Age		0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)
Female		-0.029*** (0.003)	-0.026*** (0.003)	-0.026*** (0.003)	-0.025*** (0.003)
Highly Educated		0.073*** (0.005)	0.072*** (0.005)	0.073*** (0.005)	0.075*** (0.006)
Household Wealth		0.013*** (0.001)	0.013*** (0.001)	0.012*** (0.001)	0.012*** (0.001)
Unemployed		-0.014** (0.006)	-0.013** (0.006)	-0.011* (0.006)	-0.010 (0.006)
Democratic Capital		0.001* (0.000)	0.001* (0.000)	0.001** (0.000)	0.001 (0.000)
Opinion China Good			0.025*** (0.004)	0.026*** (0.004)	0.027*** (0.004)
Opinion USA Good			-0.003 (0.005)	-0.004 (0.005)	-0.003 (0.005)
Approve Own President			0.072*** (0.006)	0.073*** (0.006)	0.074*** (0.007)
Trust People			0.029*** (0.006)	0.029*** (0.006)	0.029*** (0.006)
Log GDP $pc_{t-1}$				0.093*** (0.031)	0.085* (0.045)
GDP growth $pc_{t-1}$				-0.062*** (0.018)	-0.098* (0.059)
GDP deflator $t-1$				-0.000 (0.001)	-0.000 (0.001)
Urbanisation $t-1$				-0.013*** (0.004)	-0.011** (0.005)
Log Exports China $t-1$					-0.011 (0.008)
Log Exports DAC $t-1$					0.058** (0.024)
Log Imports China $t-1$					0.005 (0.024)
Log Imports DAC $t-1$					-0.027 (0.043)
Log OFDI stock China $t-1$					0.002 (0.011)
Log OFDI stock DAC $t-1$					0.015 (0.017)
Observations	176863	176863	176863	176863	160080
CountryFE	yes	yes	yes	yes	yes
Number of Clusters	yes	yes	yes	yes	yes
TimeFE	country-year	country-year	country-year	country-year	country-year
Cluster	179	179	179	179	162
Adj. $R^2$	0.0477	0.0584	0.0651	0.0667	0.0674

Notes: Dependent for all models is Supports Democracy. Model 5 include years 2004-2011, 2013. Clustered standard errors are reported in parentheses (\* p<0.1, \*\* p<0.05, \*\*\* p<0.01).

Table 16: IV Moving Average

	(1)	(2)	(3)	(4)	(5)
	Baseline	Socio-Economic	Attitudes	Development	Integration
Log Total Chinese Aid $pc_{[t-1, t-2]}$	0.075*** (0.019)	0.070*** (0.019)	0.072*** (0.018)	0.051*** (0.018)	0.050*** (0.018)
Log DAC ODA $pc_{[t-1, t-2]}$	0.052*** (0.021)	0.048** (0.021)	0.047** (0.021)	0.041** (0.018)	0.052*** (0.016)
Democracy	-0.061** (0.028)	-0.063** (0.028)	-0.064** (0.028)	-0.075*** (0.028)	-0.084*** (0.032)
Age		0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)
Female		-0.029*** (0.003)	-0.026*** (0.003)	-0.026*** (0.003)	-0.025*** (0.003)
Highly Educated		0.074*** (0.005)	0.073*** (0.005)	0.073*** (0.005)	0.076*** (0.006)
Household Wealth		0.013*** (0.001)	0.012*** (0.001)	0.012*** (0.001)	0.012*** (0.001)
Unemployed		-0.015*** (0.006)	-0.013** (0.006)	-0.012** (0.006)	-0.011* (0.006)
Democratic Capital		0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)	0.001* (0.000)
Opinion China Good			0.025*** (0.004)	0.026*** (0.004)	0.027*** (0.004)
Opinion USA Good			-0.004 (0.005)	-0.005 (0.005)	-0.004 (0.005)
Approve Own President			0.072*** (0.006)	0.073*** (0.006)	0.074*** (0.007)
Trust People			0.029*** (0.006)	0.030*** (0.006)	0.029*** (0.006)
Log GDP $pc_{t-1}$				0.097*** (0.034)	0.122*** (0.045)
GDP growth $pc_{t-1}$				-0.061*** (0.021)	-0.140** (0.060)
GDP deflator $t-1$				0.000 (0.001)	-0.000 (0.001)
Urbanisation $t-1$				-0.006 (0.005)	-0.008* (0.005)
Log Exports China $t-1$					-0.013* (0.007)
Log Exports DAC $t-1$					0.101*** (0.029)
Log Imports China $t-1$					0.012 (0.028)
Log Imports DAC $t-1$					-0.088 (0.057)
Log OFDI stock China $t-1$					-0.008 (0.010)
Log OFDI stock DAC $t-1$					0.018 (0.014)
First Stage Estimate					
Aid Probability x Log Chinese Steel Production $t-3$	2.314*** (0.419)	2.304*** (0.418)	2.303*** (0.418)	2.314*** (0.444)	2.828*** (0.572)
Observations	176863	176863	176863	176863	160080
CountryFE	yes	yes	yes	yes	yes
TimeFE	yes	yes	yes	yes	yes
Cluster	country-year	country-year	country-year	country-year	country-year
Adj. $R^2$	0.0446	0.0559	0.0625	0.0657	0.0671
Kleibergen-Paap F	30.53	30.38	30.39	27.18	24.43

Notes: Dependent for all models is Supports Democracy. Model 5 includes years 2004-2011, 2013. Clustered standard errors are reported in parentheses (\* p<0.1, \*\* p<0.05, \*\*\* p<0.01).

Table 17: Number of Chinese Projects

	(1)		(2)		(3)		(4)		(5)	
	Baseline		Socio-Economic		Attitudes		Country-Level		Integration	
Number Chinese Projects <sub><i>t</i>-1</sub>	0.007*	(0.004)	0.008*	(0.004)	0.010**	(0.004)	0.010**	(0.005)	0.005	(0.004)
Log DAC ODA pc <sub><i>t</i>-1</sub>	0.001	(0.012)	0.000	(0.012)	0.002	(0.012)	0.003	(0.010)	0.008	(0.011)
Democracy	-0.005	(0.025)	-0.012	(0.024)	-0.013	(0.025)	-0.039	(0.026)	-0.065*	(0.033)
Age			0.001***	(0.000)	0.001***	(0.000)	0.001***	(0.000)	0.001***	(0.000)
Female			-0.029***	(0.003)	-0.026***	(0.003)	-0.026***	(0.003)	-0.025***	(0.003)
Highly Educated			0.072***	(0.005)	0.072***	(0.005)	0.073***	(0.005)	0.075***	(0.006)
Household Wealth			0.013***	(0.001)	0.013***	(0.001)	0.013***	(0.001)	0.012***	(0.001)
Unemployed			-0.015**	(0.006)	-0.013**	(0.006)	-0.011*	(0.006)	-0.010	(0.006)
Democratic Capital			0.001	(0.000)	0.001	(0.000)	0.001**	(0.000)	0.001	(0.000)
Opinion China Good					0.025***	(0.004)	0.026***	(0.004)	0.027***	(0.004)
Opinion USA Good					-0.002	(0.006)	-0.004	(0.005)	-0.003	(0.006)
Approve Own President					0.072***	(0.007)	0.072***	(0.007)	0.073***	(0.007)
Trust People					0.029***	(0.006)	0.029***	(0.006)	0.029***	(0.006)
Log GDP pc <sub><i>t</i>-1</sub>							0.094***	(0.033)	0.078*	(0.047)
GDP growth pc <sub><i>t</i>-1</sub>							-0.065***	(0.018)	-0.087	(0.062)
GDP deflator <sub><i>t</i>-1</sub>							-0.001	(0.001)	-0.001	(0.001)
Urbanisation <sub><i>t</i>-1</sub>							-0.016***	(0.004)	-0.012**	(0.005)
Log Exports China <sub><i>t</i>-1</sub>									-0.008	(0.009)
Log Exports DAC <sub><i>t</i>-1</sub>									0.043	(0.027)
Log Imports China <sub><i>t</i>-1</sub>									-0.005	(0.025)
Log Imports DAC <sub><i>t</i>-1</sub>									0.005	(0.046)
Log OFDI stock China <sub><i>t</i>-1</sub>									0.005	(0.012)
Log OFDI stock DAC <sub><i>t</i>-1</sub>									0.018	(0.018)
Observations	176863		176863		176863		176863		160080	
CountryFE	yes		yes		yes		yes		yes	
Number of Clusters	yes		yes		yes		yes		yes	
TimeFE	country-year		country-year		country-year		country-year		country-year	
Cluster	179		179		179		179		162	
Adj. R <sup>2</sup>	0.0469		0.0576		0.0643		0.0663		0.0669	

Notes: Dependent for all models is Supports Democracy. Model 5 include years 2004-2011, 2013. Clustered standard errors are reported in parentheses (\* p<0.1, \*\* p<0.05, \*\*\* p<0.01).

Table 18: BL IV Country Averages

	(1)		(2)		(3)		(4)		(5)	
	Baseline		Socio-Economic		Attitudes		Development		Integration	
Log Total Chinese Aid pc <sub>[t-1, t-2]</sub>	0.073***	(0.018)	0.072***	(0.021)	0.078***	(0.023)	0.065***	(0.020)	0.063***	(0.022)
Log DAC ODA pc <sub>[t-1, t-2]</sub>	0.050**	(0.020)	0.041**	(0.018)	0.040**	(0.019)	0.037**	(0.017)	0.055***	(0.016)
Democracy	-0.063**	(0.027)	-0.087***	(0.028)	-0.098***	(0.030)	-0.103***	(0.031)	-0.099***	(0.034)
Age			0.002	(0.004)	0.002	(0.005)	0.002	(0.004)	0.000	(0.005)
Female			0.148	(0.270)	0.229	(0.275)	0.211	(0.260)	0.260	(0.302)
Highly Educated			-0.065	(0.113)	-0.033	(0.121)	-0.014	(0.109)	0.077	(0.117)
Household Wealth			0.036	(0.022)	0.041*	(0.022)	0.036*	(0.020)	0.035*	(0.021)
Unemployed			-0.385	(0.245)	-0.380	(0.246)	-0.185	(0.281)	0.057	(0.283)
Democratic Capital			0.019***	(0.006)	0.021***	(0.006)	0.022***	(0.005)	0.016**	(0.007)
Opinion China Good					-0.099	(0.072)	-0.049	(0.068)	-0.033	(0.065)
Opinion USA Good					-0.012	(0.070)	-0.070	(0.066)	-0.120*	(0.073)
Approve Own President					0.083**	(0.033)	0.082***	(0.030)	0.083**	(0.036)
Trust People					0.118	(0.114)	0.140	(0.107)	0.120	(0.106)
Log GDP pc <sub>t-1</sub>							0.092**	(0.038)	0.144***	(0.054)
GDP growth pc <sub>t-1</sub>							-0.061***	(0.019)	-0.157**	(0.065)
GDP deflator <sub>t-1</sub>							-0.000	(0.001)	-0.001	(0.001)
Urbanisation <sub>t-1</sub>							-0.005	(0.004)	-0.012**	(0.005)
Log Exports China <sub>t-1</sub>									-0.013	(0.008)
Log Exports DAC <sub>t-1</sub>									0.108***	(0.031)
Log Imports China <sub>t-1</sub>									0.028	(0.034)
Log Imports DAC <sub>t-1</sub>									-0.125*	(0.067)
Log OFDI stock China <sub>t-1</sub>									-0.014	(0.011)
Log OFDI stock DAC <sub>t-1</sub>									0.020	(0.015)
First-Stage Estimates:										
Aid Probability x Log Chinese Steel Production <sub>t-3</sub>	2.356***	(0.440)	2.067***	(0.471)	2.040***	(0.480)	2.232***	(0.490)	2.586***	(0.647)
Observations	179		179		179		179		162	
CountryFE	yes		yes		yes		yes		yes	
TimeFE	yes		yes		yes		yes		yes	
Cluster	no		no		no		no		no	
Adj. R <sup>2</sup>	0.698		0.712		0.701		0.743		0.753	
Kleibergen-Paap F	28.61		19.25		18.10		20.78		15.97	

Notes: Dependent for all models is Supports Democracy. Model 5 include years 2004-2011, 2013. Robust standard errors are reported in parentheses (\* p<0.1, \*\* p<0.05, \*\*\* p<0.01).

Table 19: Number of Projects Country Averages

	(1)		(2)		(3)		(4)		(5)	
	Baseline		Socio-Economic		Attitudes		Country-Level		Integration	
Number Chinese Projects <sub><i>t</i> - 1</sub>	0.008	(0.005)	0.006	(0.004)	0.008*	(0.005)	0.009*	(0.005)	0.004	(0.005)
Log DAC ODA pc <sub><i>t</i> - 1</sub>	0.004	(0.013)	0.005	(0.012)	0.006	(0.012)	0.004	(0.012)	0.012	(0.014)
Democracy	-0.013	(0.026)	-0.043	(0.028)	-0.055*	(0.030)	-0.058*	(0.030)	-0.079**	(0.036)
Age			0.003	(0.004)	0.002	(0.004)	0.002	(0.004)	0.002	(0.005)
Female			-0.109	(0.291)	-0.009	(0.286)	0.084	(0.282)	0.323	(0.318)
Highly Educated			-0.134	(0.106)	-0.100	(0.106)	-0.068	(0.105)	-0.013	(0.122)
Household Wealth			0.072***	(0.018)	0.078***	(0.019)	0.065***	(0.019)	0.053**	(0.020)
Unemployed			-0.281	(0.283)	-0.264	(0.283)	-0.007	(0.306)	0.346	(0.357)
Democratic Capital			0.009	(0.008)	0.008	(0.009)	0.012	(0.007)	0.010	(0.010)
Opinion China Good					-0.105	(0.082)	-0.043	(0.076)	-0.057	(0.085)
Opinion USA Good					0.069	(0.067)	-0.018	(0.069)	-0.032	(0.078)
Approve Own President					0.075**	(0.035)	0.072**	(0.033)	0.072	(0.044)
Trust People					0.083	(0.115)	0.142	(0.111)	0.125	(0.122)
Log GDP pc <sub><i>t</i> - 1</sub>							0.068*	(0.040)	0.068	(0.063)
GDP growth pc <sub><i>t</i> - 1</sub>							-0.067***	(0.019)	-0.083	(0.075)
GDP deflator <sub><i>t</i> - 1</sub>							-0.001	(0.001)	-0.001	(0.001)
Urbanisation <sub><i>t</i> - 1</sub>							-0.015***	(0.004)	-0.014**	(0.006)
Log Exports China <sub><i>t</i> - 1</sub>									-0.009	(0.011)
Log Exports DAC <sub><i>t</i> - 1</sub>									0.045	(0.034)
Log Imports China <sub><i>t</i> - 1</sub>									-0.000	(0.033)
Log Imports DAC <sub><i>t</i> - 1</sub>									0.012	(0.058)
Log OFDI stock China <sub><i>t</i> - 1</sub>									0.003	(0.015)
Log OFDI stock DAC <sub><i>t</i> - 1</sub>									0.016	(0.020)
Observations	179		179		179		179		162	
CountryFE	yes		yes		yes		yes		yes	
TimeFE	yes		yes		yes		yes		yes	
Cluster	no		no		no		no		no	
Adj. <i>R</i> <sup>2</sup>	0.731		0.756		0.762		0.782		0.771	
Kleibergen-Paap F										

Notes: Dependent for all models is Supports Democracy. Model 5 include years 2004-2011, 2013. Robust standard errors are reported in parentheses (\* p<0.1, \*\* p<0.05, \*\*\* p<0.01).

Table 20: Moving Average Country Averages

	(1)		(2)		(3)		(4)		(5)	
	Baseline		Socio-Economic		Attitudes		Development		Integration	
Log Total Chinese Aid pc <sub>[t-1, t-2]</sub>	0.073***	(0.018)	0.071***	(0.021)	0.077***	(0.022)	0.064***	(0.020)	0.066***	(0.023)
(mean) ml12_flog_commitments_dac_pc	0.050**	(0.020)	0.040**	(0.018)	0.039**	(0.018)	0.037**	(0.017)	0.055***	(0.016)
Democracy	-0.063**	(0.027)	-0.087***	(0.028)	-0.097***	(0.030)	-0.103***	(0.031)	-0.099***	(0.034)
Age			0.002	(0.004)	0.002	(0.005)	0.002	(0.004)	0.000	(0.005)
Female			0.146	(0.269)	0.226	(0.273)	0.210	(0.260)	0.257	(0.307)
Highly Educated			-0.066	(0.112)	-0.033	(0.120)	-0.015	(0.108)	0.081	(0.119)
Household Wealth			0.036*	(0.022)	0.041*	(0.022)	0.036*	(0.020)	0.034	(0.022)
Unemployed			-0.385	(0.244)	-0.379	(0.245)	-0.184	(0.280)	0.042	(0.286)
Democratic Capital			0.019***	(0.006)	0.021***	(0.006)	0.022***	(0.005)	0.016**	(0.007)
Opinion China Good					-0.099	(0.072)	-0.049	(0.068)	-0.032	(0.065)
Opinion USA Good					-0.011	(0.070)	-0.069	(0.066)	-0.124*	(0.075)
Approve Own President					0.083**	(0.033)	0.082***	(0.030)	0.084**	(0.036)
Trust People					0.118	(0.113)	0.140	(0.107)	0.120	(0.107)
Log GDP pc <sub>t-1</sub>							0.091**	(0.038)	0.147***	(0.055)
GDP growth pc <sub>t-1</sub>							-0.061***	(0.019)	-0.161**	(0.066)
GDP deflator <sub>t-1</sub>							-0.000	(0.001)	-0.001	(0.001)
Urbanisation <sub>t-1</sub>							-0.005	(0.004)	-0.012**	(0.005)
Log Exports China <sub>t-1</sub>									-0.013*	(0.008)
Log Exports DAC <sub>t-1</sub>									0.111***	(0.032)
Log Imports China <sub>t-1</sub>									0.029	(0.034)
Log Imports DAC <sub>t-1</sub>									-0.131*	(0.070)
Log OFDI stock China <sub>t-1</sub>									-0.014	(0.012)
Log OFDI stock DAC <sub>t-1</sub>									0.020	(0.015)
First-Stage Estimates:										
Aid Probability x Log Chinese Steel Production <sub>t-3</sub>	2.215***	(0.412)	1.945***	(0.433)	1.928***	(0.442)	2.070***	(0.451)	2.323***	(0.600)
Observations	179		179		179		179		162	
CountryFE	yes		yes		yes		yes		yes	
TimeFE	yes		yes		yes		yes		yes	
Cluster	no		no		no		no		no	
Adj. R <sup>2</sup>	0.698		0.713		0.703		0.744		0.746	
Kleibergen-Paap F	28.94		20.19		18.99		21.03		15.00	

Notes: Dependent for all models is Supports Democracy. Model 5 include years 2004-2011, 2013. Robust standard errors are reported in parentheses (\* p<0.1, \*\* p<0.05, \*\*\* p<0.01).

Table 21: Concepts of Democratic Support Country Averages

	(1)		(2)		(3)		(4)	
	Support Democracy		Support Autocracy		Agree with Churchill		Strongly Agree with Churchill	
Log Total Chinese Aid $pc_{t-1}$	0.060**	(0.024)	-0.008	(0.011)	-0.013	(0.017)	-0.014	(0.017)
Log DAC ODA $pc_{t-1}$	0.038**	(0.015)	-0.018**	(0.008)	-0.013	(0.010)	-0.012	(0.016)
(mean) dem_satisfaction	0.168*	(0.099)						
Democracy	-0.060*	(0.036)	0.039	(0.025)	-0.020	(0.021)	-0.075**	(0.031)
Age	0.003	(0.006)	-0.004	(0.003)	-0.007**	(0.004)	-0.007	(0.005)
Female	0.001	(0.486)	-0.116	(0.222)	0.301	(0.250)	-0.139	(0.301)
Highly Educated	0.160	(0.138)	-0.018	(0.068)	-0.119	(0.090)	-0.222**	(0.101)
Household Wealth	0.032	(0.022)	-0.056***	(0.011)	0.067***	(0.015)	0.050***	(0.018)
Unemployed	0.136	(0.324)	-0.352	(0.216)	-0.033	(0.222)	0.529*	(0.319)
Democratic Capital	0.009	(0.009)	-0.003	(0.006)	0.012**	(0.005)	0.029***	(0.008)
Opinion China Good	0.028	(0.081)	0.014	(0.046)	0.092	(0.060)	0.280***	(0.090)
Opinion USA Good	-0.169*	(0.092)	0.138***	(0.048)	0.016	(0.065)	-0.112	(0.078)
Approve Own President	0.052	(0.056)	-0.040	(0.025)	0.094***	(0.030)	-0.030	(0.034)
Trust People	0.038	(0.119)	-0.406***	(0.054)	0.142**	(0.071)	0.212**	(0.093)
Log GDP $pc_{t-1}$	0.145**	(0.066)	-0.103***	(0.035)	0.113**	(0.049)	0.094	(0.058)
GDP growth $pc_{t-1}$	-0.150**	(0.074)	0.035	(0.049)	-0.084	(0.059)	0.118	(0.094)
GDP deflator $t-1$	-0.000	(0.001)	0.000	(0.001)	-0.003***	(0.001)	-0.002**	(0.001)
Urbanisation $t-1$	-0.013**	(0.006)	0.012***	(0.003)	-0.010***	(0.004)	-0.002	(0.005)
Log Exports China $t-1$	-0.019**	(0.009)	-0.001	(0.006)	-0.000	(0.006)	0.003	(0.008)
Log Exports DAC $t-1$	0.088***	(0.033)	-0.042**	(0.020)	0.018	(0.023)	-0.068*	(0.039)
Log Imports China $t-1$	0.053	(0.037)	0.005	(0.019)	-0.079***	(0.028)	-0.072**	(0.036)
Log Imports DAC $t-1$	-0.176**	(0.087)	0.058	(0.039)	0.050	(0.062)	0.023	(0.081)
Log OFDI stock China $t-1$	-0.015	(0.013)	0.006	(0.008)	-0.004	(0.010)	0.032***	(0.012)
Log OFDI stock DAC $t-1$	0.004	(0.017)	-0.019*	(0.011)	0.007	(0.014)	0.002	(0.016)
First-Stage Estimates:								
Aid Probability x Log Chinese Steel Production $t-3$	2.582***	(0.781)	2.583***	(0.778)	2.583***	(0.778)	2.583***	(0.778)
Observations	162		162		162		162	
CountryFE	yes		yes		yes		yes	
TimeFE	yes		yes		yes		yes	
Cluster	no		no		no		no	
Number of Clusters								
Adj. $R^2$	0.688		0.820		0.730		0.779	
Kleibergen-Paap F	10.93		11.02		11.02		11.02	

Notes: Dependent for is shown as model name. All models include years 2004-2011, 2013. Robust standard errors are reported in parentheses (\* p<0.1, \*\* p<0.05, \*\*\* p<0.01).



Table 22: Additional Country-Level Controls

	(1) Election Year		(2) Economic Freedom		(3) Ethnic Fractionalization		(4) Resource Rents	
Log Total Chinese Aid pc <sub>t</sub> - 1	0.052**	(0.022)	0.061**	(0.029)	0.049*	(0.028)	0.053**	(0.022)
Election Year	0.033***	(0.011)						
Economic Freedom Index			-0.001	(0.001)				
Ethnic Fractionalization					-0.571	(1.422)		
Natural Resource Rents							0.007*	(0.004)
Age	0.001***	(0.000)	0.001***	(0.000)	0.001***	(0.000)	0.001***	(0.000)
Female	-0.025***	(0.003)	-0.025***	(0.003)	-0.025***	(0.003)	-0.024***	(0.003)
Highly Educated	0.076***	(0.006)	0.077***	(0.006)	0.076***	(0.006)	0.076***	(0.006)
Household Wealth	0.012***	(0.001)	0.012***	(0.001)	0.012***	(0.001)	0.012***	(0.001)
Unemployed	-0.011*	(0.006)	-0.010*	(0.006)	-0.010*	(0.006)	-0.010*	(0.006)
Democratic Capital	0.001	(0.000)	0.001	(0.000)	0.001	(0.000)	0.001	(0.000)
Opinion China Good	0.028***	(0.004)	0.028***	(0.004)	0.027***	(0.004)	0.028***	(0.004)
Opinion USA Good	-0.005	(0.005)	-0.005	(0.005)	-0.004	(0.006)	-0.004	(0.006)
Approve Own President	0.075***	(0.007)	0.076***	(0.007)	0.075***	(0.007)	0.075***	(0.007)
Trust People	0.029***	(0.006)	0.029***	(0.006)	0.029***	(0.006)	0.029***	(0.006)
Log GDP pc <sub>t</sub> - 1	0.112**	(0.048)	0.109**	(0.051)	0.107**	(0.048)	0.114**	(0.049)
GDP growth pc <sub>t</sub> - 1	-0.094	(0.064)	-0.133*	(0.070)	-0.125**	(0.064)	-0.115*	(0.063)
GDP deflator <sub>t</sub> - 1	0.000	(0.001)	0.001	(0.001)	0.000	(0.001)	-0.000	(0.001)
Urbanisation <sub>t</sub> - 1	-0.009	(0.006)	-0.012**	(0.006)	-0.009*	(0.005)	-0.012**	(0.005)
Log Exports China <sub>t</sub> - 1	-0.018**	(0.008)	-0.022**	(0.011)	-0.019**	(0.009)	-0.016**	(0.008)
Log Exports DAC <sub>t</sub> - 1	0.075**	(0.029)	0.094***	(0.035)	0.083***	(0.031)	0.065**	(0.027)
Log Imports China <sub>t</sub> - 1	0.022	(0.032)	0.033	(0.035)	0.035	(0.032)	0.043	(0.035)
Log Imports DAC <sub>t</sub> - 1	-0.104	(0.069)	-0.137	(0.087)	-0.112	(0.069)	-0.126*	(0.074)
Log OFDI stock China <sub>t</sub> - 1	-0.002	(0.011)	-0.005	(0.012)	-0.005	(0.013)	0.000	(0.011)
Log OFDI stock DAC <sub>t</sub> - 1	0.013	(0.015)	0.008	(0.017)	0.008	(0.016)	0.004	(0.017)
Observations	160080		160080		160080		160080	
CountryFE	yes		yes		yes		yes	
TimeFE	yes		yes		yes		yes	
Cluster	country-year		country-year		country-year		country-year	
Adj. R <sup>2</sup>	0.0650		0.0630		0.0649		0.0648	
Kleibergen-Paap F	13.43		9.803		7.317		14.96	

Notes: Dependent for all models is Supports Democracy. All models include years 2004-2011, 2013. Clustered standard errors are reported in parentheses (\* p<0.1, \*\* p<0.05, \*\*\* p<0.01).

Table 23: Additional Individual-Level Controls on Regional Level

	(1) Left-Right		(2) News		(3) Econ. Bad		(4) Life-Satisfaction		(5) Future Econ. Better		(6) Future Econ. Cty. Better		(7) Corruption	
Log Chinese Aid <sub>t</sub> - 1	0.001*	(0.001)	0.002**	(0.001)	0.002**	(0.001)	0.002**	(0.001)	0.002**	(0.001)	0.002**	(0.001)	0.002**	(0.001)
Log World Bank Projects <sub>t</sub> - 1	0.000	(0.001)	0.000	(0.001)	-0.000	(0.001)	0.000	(0.001)	0.000	(0.001)	0.000	(0.001)	0.000	(0.001)
Left-Right Scale	0.002*	(0.001)												
News Consumption (days)			0.003***	(0.001)										
Personal Economic Situation Bad					-0.025***	(0.005)								
Life Satisfaction							0.039***	(0.004)						
Future Econ. Better									0.023***	(0.004)				
Future Econ. Cty. Better											0.035***	(0.004)		
Corruption													-0.009	(0.005)
Age	0.002***	(0.000)	0.001***	(0.000)	0.001***	(0.000)	0.001***	(0.000)	0.001***	(0.000)	0.001***	(0.000)	0.001***	(0.000)
Female	-0.027***	(0.003)	-0.025***	(0.003)	-0.027***	(0.003)	-0.025***	(0.003)	-0.026***	(0.003)	-0.025***	(0.003)	-0.027***	(0.003)
Highly Educated	0.079***	(0.005)	0.071***	(0.005)	0.075***	(0.006)	0.075***	(0.005)	0.076***	(0.005)	0.076***	(0.005)	0.077***	(0.005)
Household Wealth	0.013***	(0.001)	0.013***	(0.001)	0.013***	(0.001)	0.012***	(0.001)	0.013***	(0.001)	0.013***	(0.001)	0.013***	(0.001)
Unemployed	-0.005	(0.007)	-0.006	(0.006)	-0.005	(0.006)	-0.003	(0.006)	-0.007	(0.006)	-0.006	(0.006)	-0.007	(0.006)
Democratic Capital	0.001	(0.000)	0.001	(0.000)	0.001*	(0.000)	0.001	(0.000)	0.001	(0.000)	0.001	(0.000)	0.001	(0.000)
Opinion China Good	0.031***	(0.004)	0.028***	(0.004)	0.029***	(0.004)	0.029***	(0.004)	0.029***	(0.004)	0.029***	(0.004)	0.029***	(0.004)
Opinion USA Good	-0.011*	(0.006)	-0.006	(0.006)	-0.002	(0.006)	-0.003	(0.005)	-0.003	(0.005)	-0.003	(0.005)	-0.003	(0.005)
Approve Own President	0.071***	(0.007)	0.070***	(0.007)	0.072***	(0.007)	0.068***	(0.006)	0.068***	(0.006)	0.065***	(0.006)	0.071***	(0.006)
Trust People	0.027***	(0.006)	0.024***	(0.006)	0.026***	(0.006)	0.025***	(0.006)	0.026***	(0.006)	0.025***	(0.006)	0.028***	(0.006)
Observations	129360		125869		145413		162399		162399		162399		158591	
CountryFE	no		no		no		no		no		no		no	
RegionFE	yes		yes		yes		yes		yes		yes		yes	
TimeFE	no		no		no		no		no		no		no	
Country-YearFE	yes		yes		yes		yes		yes		yes		yes	
Cluster	country-year		country-year		country-year		country-year		country-year		country-year		country-year	
Number of Clusters	167		150		150		167		167		167		167	
Adj. R <sup>2</sup>	0.0912		0.0886		0.0884		0.0899		0.0892		0.0896		0.0892	
Kleibergen-Paap F														

Notes: Dependent for all models is Supports Democracy. All models include years 2003-2011, 2013. Clustered standard errors are reported in parentheses (\* p<0.1, \*\* p<0.05, \*\*\* p<0.01).

Table 24: Dependent Change Channels

	(1)		(2)		(3)		(4)		(5)	
	Approve Own President		Satisfaction Democracy		Econ. Bad		Future Econ. Better		Future Econ. Cty. Better	
Log Total Chinese Aid pc <sub>t</sub> - 1	-0.005	(0.061)	-0.023	(0.026)	-0.012	(0.018)	0.026	(0.034)	0.033	(0.034)
Log DAC ODA pc <sub>t</sub> - 1	-0.014	(0.044)	-0.032**	(0.016)	0.018	(0.012)	0.011	(0.020)	0.033*	(0.019)
Democracy	0.068	(0.093)	-0.065**	(0.027)	0.005	(0.025)	0.031	(0.045)	0.017	(0.035)
Age	0.000	(0.000)	0.000***	(0.000)	0.003***	(0.000)	-0.001***	(0.000)	-0.004***	(0.000)
Female	-0.009***	(0.003)	-0.017***	(0.002)	0.004*	(0.002)	-0.018***	(0.003)	-0.007***	(0.003)
Highly Educated	-0.028***	(0.007)	-0.010*	(0.005)	-0.011***	(0.003)	0.002	(0.004)	0.010**	(0.005)
Household Wealth	-0.006***	(0.002)	0.001	(0.001)	-0.027***	(0.001)	0.005***	(0.001)	0.013***	(0.001)
Unemployed	-0.022***	(0.006)	-0.026***	(0.005)	0.073***	(0.006)	-0.010**	(0.005)	0.002	(0.005)
Democratic Capital	-0.001	(0.001)	0.001***	(0.001)	-0.002***	(0.001)	-0.000	(0.001)	0.000	(0.001)
Opinion China Good	0.053***	(0.007)	0.030***	(0.004)	-0.017***	(0.003)	0.029***	(0.004)	0.035***	(0.004)
Opinion USA Good	0.001	(0.016)	0.020***	(0.007)	-0.023***	(0.004)	0.004	(0.007)	0.014**	(0.006)
Trust People	0.076***	(0.006)	0.099***	(0.006)	-0.012***	(0.004)	0.044***	(0.005)	0.025***	(0.005)
Log GDP pc <sub>t</sub> - 1	-0.085	(0.116)	0.053	(0.057)	-0.024	(0.030)	-0.096	(0.060)	0.023	(0.061)
GDP growth pc <sub>t</sub> - 1	0.545***	(0.196)	0.063	(0.073)	0.024	(0.051)	0.093	(0.102)	-0.040	(0.102)
GDP deflator <sub>t</sub> - 1	-0.003	(0.003)	-0.001	(0.001)	-0.001	(0.001)	0.001	(0.002)	0.001	(0.002)
Urbanisation <sub>t</sub> - 1	-0.012	(0.017)	-0.007	(0.006)	0.005	(0.005)	-0.003	(0.007)	-0.002	(0.009)
Log Exports China <sub>t</sub> - 1	0.012	(0.026)	-0.001	(0.010)	0.009	(0.007)	-0.020	(0.013)	-0.012	(0.013)
Log Exports DAC <sub>t</sub> - 1	0.004	(0.078)	0.007	(0.035)	-0.075***	(0.025)	0.116***	(0.043)	0.086*	(0.048)
Log Imports China <sub>t</sub> - 1	-0.155*	(0.086)	-0.109***	(0.034)	0.012	(0.027)	-0.039	(0.047)	-0.019	(0.047)
Log Imports DAC <sub>t</sub> - 1	-0.004	(0.200)	0.186**	(0.082)	-0.027	(0.062)	0.074	(0.097)	0.029	(0.094)
Log OFDI stock China <sub>t</sub> - 1	0.027	(0.034)	0.019	(0.016)	0.022**	(0.009)	-0.046**	(0.021)	-0.039*	(0.020)
Log OFDI stock DAC <sub>t</sub> - 1	-0.054	(0.051)	0.028*	(0.016)	-0.027***	(0.010)	-0.061**	(0.026)	-0.064***	(0.020)
Approve Own President			0.240***	(0.010)	-0.094***	(0.005)	0.196***	(0.010)	0.175***	(0.007)
First-Stage Estimates:										
Aid Probability x Log Chinese Steel Production <sub>t</sub> - 3	2.539***	(0.694)	2.539***	(0.694)	2.178***	(0.745)	2.539***	(0.694)	2.539***	(0.694)
Observations	160080		160080		142119		160080		160080	
CountryFE	yes		yes		yes		yes		yes	
TimeFE	yes		yes		yes		yes		yes	
Cluster	country-year		country-year		country-year		country-year		country-year	
Number of Clusters	162		162		144		162		162	
Adj. R <sup>2</sup>	0.0587		0.140		0.0975		0.139		0.0903	
Kleibergen-Paap F	13.29		13.39		8.544		13.39		13.39	

Notes: Dependent for is shown as model name. All models include years 2004-2011, 2013. Clustered standard errors are reported in parentheses (\* p<0.1, \*\* p<0.05, \*\*\* p<0.01).

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