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# Influential but Unwanted: Chinese and US FDI in Africa

**Xiaonan Wang**[1] · **John F. McCauley**[2] · **Margaret M. Pearson**[2]

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**Abstract**
Comparative studies of foreign direct investment (FDI) infrequently consider how FDI projects from rival powers are evaluated by local citizens. Research also does not explicitly distinguish the influence from the affinity that accrues to investing countries. Recognizing the importance of both influence and affinity, this study examines how citizens react when firms from major foreign powers – and from their prominent rival – invest locally. Using a dataset of over 750 geolocated Chinese and US FDI projects in 23 African countries and connecting those projects to geolocated survey responses, we demonstrate that citizens assign greater influence to a major power whose firms invest locally and reduce the influence they extend to its rival. Most importantly, however, for both Chinese and US FDI, proximity decreases citizens' affinity for the respective country's development approach. The findings suggest that citizens often view investing powers more as heavy-handed intruders than supportive partners.

**Keywords** Foreign Direct Investment (FDI) · Influence · Affinity · Africa · China · United States

How does foreign direct investment (FDI) alter local views of the foreign powers in which those projects originate? One would expect foreign investments to bolster the perceived influence of the FDI-sending country, by dint of both the impact of

✉ Xiaonan Wang
xiaonan.wang@baruch.cuny.edu

✉ John F. McCauley
mccauley@umd.edu

Margaret M. Pearson
mpearson@umd.edu

[1] Department of Political Science, City University of New York, Baruch College, New York, NY, USA

[2] Department of Government and Politics, University of Maryland, College Park, MD, USA

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the projects and the associated projection of strength. Indeed, international political economy scholarship has long posited that influence accrues to countries whose firms invest abroad (Baldwin 2020; Norris 2016), especially insofar as investment brings tangible benefits that local populations link to the investing country (Pandya 2016; Nye 1990). Yet, two important questions persist. First, in the context of increasing global competition for influence in low-income countries, how is the perceived influence of a country affected not just by its firms' investments but also by the investments from a competing power's firms? Second, even if investment projects increase the perceived influence of a foreign power, do they also increase local citizens' affinity for the sending state's economic approach and, implicitly, for that foreign power itself?

This study recognizes that firms from foreign powers do not operate in a vacuum. Instead, firms maneuver in investment climates that are shaped not only by domestic economic and political considerations, but also by competition from other investing powers. It also underscores the distinction between influence and affinity, reminding that states with the most power and perceived influence may not mechanically be the most accepted or beloved, especially in local communities within low-income countries.

In this context, we develop a theory to explain local citizens' reactions to investment from competing foreign powers. First, we argue that the visibility of nearby projects prompts citizens to associate those projects with the country of origin and to evaluate that country accordingly (Leeds and Mattes 2022; Strange et al 2024). Next, because a foreign power's overseas economic activities do not occur in a vacuum but rather amidst projects from other countries, we argue that substitution effects shape citizens' relative views of competing powers. We thus expect that citizens assign influence based not solely on the FDI originating from one country, but also on the "competing" FDI to which they are exposed from other powers. Finally, we theorize that local citizens' affinity for a foreign power can differ from the influence they perceive that country to have. Investment from foreign powers brings not just potential benefits and a projection of strength, but also adverse effects like inflated expectations, concerns over exploitation and corruption, and apprehension over perceived expansionist ambitions. Those consequences can detract from local citizens' affinity for investing powers, despite those powers' perceived influence. Specifically, we outline four possible theoretical scenarios regarding the impact of FDI on affinity toward two competing source countries: FDI may either increase or decrease affinity toward the source country, regardless of which country it is, or it may increase affinity for one investing power yet decrease it for the other.

To test these claims, we compare the effects of FDI projects from Chinese and US firms in Africa. We have multiple motives for focusing on investments from these two foreign powers in this particular region. Primarily, China and the United States represent the leading global economic powers, and both the expansion of China's economic activities abroad (Blair et al. 2022; Broz et al 2020) and the increasing competition between the two powers (Zhao 2019) have become sources of extensive recent study. Second, the availability of rich, geocoded data provides an opportune data environment in which to test the theory. Finally, while numerous studies evaluate the effects of investment from a single foreign power (e.g., Eichenauer et al. 2021;

McCauley et al. 2022), a comparative study of investment projects from competing countries in the same political context offers an opportunity for improved theoretical and empirical understanding of the effects of FDI on foreign powers' standing among local citizens. In particular, it aids our understanding of whether outcomes reported in studies of China alone are indeed unique to China or generalizable to other countries.

We conduct our analyses by assembling a dataset of Chinese and US FDI projects in Africa and connecting those data to African citizens' perceptions of China and the US. Specifically, we geolocate over 750 FDI projects from Chinese and US firms and then determine how African citizens living in proximity to those projects rate the influence and affinity of China and the US. By comparing the views of those living in proximity to actual, functioning projects to the views of respondents who live in locations that will eventually have FDI projects from China and the US but that do not at the time of their survey response, we are able to determine the effects of proximity to foreign investments while accounting for the time-invariant factors that may have influenced project location.

The results regarding influence indicate that the influence citizens in Africa assign to a foreign power increases as its firms invest locally and decreases where that power's prominent rival invests. First, proximity to US FDI projects increases perceptions that the US is the most influential country, a determination that comes at the expense of Chinese influence. Next, respondents who live near Chinese investment projects – most of which are co-located with US FDI projects – report ambiguous relative influence for the two countries, our hypothesized outcome given that the presence of Chinese projects is generally offset by US projects. We demonstrate in secondary analyses, in which we ask respondents about their independent views of China's influence, that proximity to Chinese FDI does bolster that perceived influence. Furthermore, for both proximity to Chinese and US FDI, this substitutive effect is especially prominent for large projects.

Most strikingly, however, while proximity to foreign investments generally increases perceptions of the FDI-sending country's influence while undermining that of its counterpart, the influence does not convey affinity. In fact, respondents who live close to Chinese (US) FDI projects are *less* likely to view the China (US) model as the best approach for development in their country and *more* likely to view the US (China) approach as such. Previous research has shown that proximity to Chinese FDI weakens support for the China model (McCauley et al. 2022). Our results show that it is not just Chinese FDI that weakens affinities, but also US FDI. We provide suggestive evidence that this skepticism is related to localized experiences with FDI rather than a broader opposition to what might be perceived as great power expansionism.

The study makes several contributions to our understanding of the political impact of FDI in host countries. First, we expand the theoretical conception of external influence to include the views of citizens on the ground. In contrast to analyses of foreign power influence that focus on whether state elites feel beholden to foreign powers in exchange for economic expenditures (e.g., Wang et al 2023; Strüver 2016), we recognize that citizens understand where foreign-funded projects come from and alter their views accordingly (see Leeds and Mattes 2022; Bush and Prather 2020; Strange et al 2024).

Second, we consider not just the level of perceived influence that citizens extend to foreign investing powers, but also the direction of their affinities. Building on studies that see economic activities as a tool for potential relationship-building (Blair et al. 2022; Norris 2016; Nye 1990; Yang et al. 2022), we explore theoretically and empirically how investment activity can shape the attractiveness with which citizens see foreign powers. In contrast to the common logic that FDI from one power might increase both influence and affinity at the expense of the other power, we consider how affinity may be differently impacted.

Finally, this study represents, to our knowledge, the first that directly and empirically compares citizens' reactions to FDI from China and the US. When studies evaluate the effects of Chinese or US investment alone, it is not possible to say whether citizens are reacting to the foreign power as a distinct identity or simply to its nature as a major foreign power. In particular, we substantially extend McCauley et al. (2022)'s work on Chinese FDI alone. By combining geocoded data on Chinese and US FDI and examining their co-location, we place the FDI from these two foreign powers in direct comparison. Moreover, instead of focusing solely on affinity, we analyze both influence and affinity while highlighting their differences.

A few studies compare the effects of Chinese and US foreign aid, either directly or relative to multilateral aid (Blair et al. 2022; Findley et al. 2017; Huang and Cao 2023; Strange et al 2024; Zhang and Huang 2023). We are unaware of studies that similarly engage in the comparative study of FDI – a channel of economic activity that is highly consequential for low-income countries.[1] In contrast to the aid literature, which finds that citizens in recipient countries react to Chinese and US aid differently, our findings show that reactions to Chinese and US FDI are in fact quite similar, with both associated with negative effects on affinity.

## Related Literatures

For decades, scholars have recognized the cultivation of influence as a central objective of "great powers" (Holsti 2004), including through economic activities in lower-income or "peripheral" countries. Coercive applications of economic power, characterized as tools of economic statecraft (Baldwin 2020) or imperialism (Chase-Dunn 1975), represent one mechanism for achieving such influence, but other scholars underscore the capacity of major powers to achieve favorable outcomes in bilateral relationships via the attractiveness of their economic and development models (Gallarotti 2011; Nye 1990).

Following this logic, numerous studies have treated foreign aid as a means to cultivate both influence and goodwill abroad (Blair et al. 2022; Dietrich et al. 2018; Goldsmith et al 2014). Similarly, scholars often posit foreign direct investment as a tool to

[1] We note, too, that FDI is important to study discretely, as the impacts of different channels of economic activity (aid, investment and trade) have been shown to differ in important ways (Kim-Leffingwell et al. 2024; Morgan 2019; Pandya 2016; Wang et al 2023). FDI is associated with more sustained economic growth and job creation, as opposed to the aid-funded construction of infrastructure projects that tends to produce a burst of one-time jobs. Moreover, whereas both governments and firms generally participate in aid projects, firms are the main actors in investment.

advance the interests of home governments (Baldwin 2020; Norris 2016; Strange 1991). Numerous recent studies demonstrate that people in receiving countries link both foreign investment and aid projects to the sending state (Morgan 2019; Ferry and O'Brien-Udry 2024; Strange et al. 2024; Wellner et al. 2025). Yet, the political consequences, and the extent to which economic engagement successfully shapes the standing of foreign powers among local citizens, represent less frequently studied phenomena.

While classic international relations scholarship frames state reactions as the most important metric of overseas influence, scholars widely recognize that states also routinely target host country populations as subjects of influence, making those populations valuable subjects of social scientific inquiry (Kertzer 2023). As a result, scholars have recently begun to link economic activities to influence via their impact on public opinion in low-income recipient countries (Blair et al. 2022; Baldwin and Winters 2020; Dietrich et al. 2018; Goldsmith et al. 2014; Mattingly et al. 2025; McCauley et al. 2022; Winters et al. 2017). Leeds and Mattes (2022) argue that the views of people routinely exposed to foreign powers' activities must account for a portion of the political influence assigned to those powers.

Studies that draw conclusions regarding the impact of foreign investment on the perceptions of local citizens toward the investing power come to mixed results and are therefore inconclusive, particularly with respect to China; some see positive outcomes (Bulman et al. 2025; Eichenauer et al 2021; Xu and Zhang 2020), some negative (Blair et al. 2022; McCauley et al. 2022), and some mixed (Morgan 2019). Moreover, although a small number of studies compares aid from multiple countries or from multilateral lenders (Blair et al 2022; Dreher et al 2022; Findley et al. 2017; Strange et al 2024), studies on the effects of FDI more typically focus on only a single source of capital – often either the US or China separately. Yet the study of a single country makes it difficult to know whether popular opinions reference the resource-sending country specifically or foreign engagement generally. This gap underscores the importance of comparative studies of FDI sources.

Moreover, studies of foreign powers' standing abroad emphasize their perceived influence but pay less attention to their attractiveness as a model for other countries. An exception is the literature on assimilation in the colonial context, particularly regarding the French colonial model (Betts 1960; Childers 2016). A more recent strand of literature considers citizens' preferences among competing international powers in low-income countries, although with an emphasis on broader narratives around political economic systems and autonomy as opposed to local consequences from economic investment (Cumming et al. 2022; Soulé 2020).

## FDI, Influence, and Affinity

The theory we advance to explain how local communities evaluate FDI-sending countries builds on these literatures. The underlying question remains the extent to which investment from foreign powers alters how local communities perceive those powers. We argue that citizens answer this question by considering FDI from multiple sources and by weighing their affinities alongside their perceptions of foreign power influence.

### Citizens' Awareness of Foreign Power Investment

The first of our theoretical claims is that local citizens are keenly aware of the foreign investment activities around them and use those activities to evaluate not only the FDI-sending country but other competing powers, as well. This depends, of course, on the assumption that citizens know the countries of origin of the investment projects that emerge around them. Studies indicate that, indeed, resource-sending countries and firms – including firms from China (Knoerich 2024) – typically brand their products aggressively (Dietrich et al. 2018). China is highly proactive in announcing its ties to investment projects, while US projects often benefit from international brand recognition. Local media reports on foreign investment in the region can further reinforce awareness of the FDI-sending country even in the absence of explicit branding efforts. Indeed, the findings we present below suggest unambiguous local awareness of the origins of FDI. In this light, foreign investment may bolster either the positive or negative perceptions of investing countries. In either case, the FDI-sending country would gain a measure of local relevance.

We further add that public opinion can reinforce perceptions of foreign power influence as knowledge of investment projects spreads through communities (Strange 2022). We note also that local patronage of foreign businesses can affect both the perceived influence of and the affinity for those firms' home countries by entrenching their models of development and enterprise.

### The Degree of Perceived Influence

Unsurprisingly, we expect that citizens who live in proximity to FDI projects assign greater influence to the investing firm's home country. Primarily, this is a function of greater visibility and awareness: foreign investments in technology centers, real estate, resource mills, and store fronts all signal a foreign power's robust international economic engagement to the communities hosting those projects. Irrespective of the ultimate benefits or costs to those communities (Christensen 2019; Owen 2019), the presence of foreign firms conveys relevance and should enhance the perceived influence of their home countries.

Importantly, in the context of investing firms from multiple major powers, substitution effects should shape the influence that accrues to FDI-sending countries. Building on Blair et al. (2022) work on foreign aid and soft power, we argue that citizens tend to be keenly aware of broader narratives of competition among foreign powers. For example, in the US context, areas under pressure from Chinese manufacturing competition are more inclined to view the US as losing a global competition (Autor et al. 2020). Insofar as narratives of global preeminence are relative, we thus expect that FDI projects from one foreign power's firms reinforce the narrative that that foreign power is ascendant or dominant and undercut perceptions that other prominent foreign powers are keeping pace in a geopolitical competition. The logic of substitution effects would suggest that in areas that receive both Chinese and US FDI projects, the influence from one would offset that of the other, leaving neither with a decided advantage in local perceptions.

To theorize further about the mechanisms linking Chinese and US FDI to perceived influence, we suggest that the pathways may differ modestly even as the tendency remains consistent. In the case of Chinese FDI in local African communities, the emerging narrative of a dynamic new global power melds with the quotidian experiences and observations of community members to contribute to the perception that China is on the rise (Brautigam 2011) while US involvement has become staid and reactionary (Large 2021), provoking its waning influence. Anecdotal evidence supports this interpretation: Thembinkosi Madlala, a South African political observer, stated, "If the USA were to wake up tomorrow and tell South Africa that they are pulling off their direct investments…China can easily intervene."[2] The GenZWire suggests that, "For many Africans, their perception of China has changed because they can see the tangible results of China entering the continent, [while] the primary objective of the US is lecturing African leaders on the dangers of working with China."[3] These commentaries reinforce the idea that China's investment in local communities would both fuel China's perceived influence and undermine perceptions of the US as the preeminent investing power.

Conversely, the mechanism linking US FDI to stronger US and weaker Chinese influence turns on the reliability of the US as a longstanding partner, the popular cultural impact of the US, and the perceived risk that comes with Chinese investment. A 2023 GeoPoll report suggests that Africans under age 35 (accounting for three-quarters of the population) count popular culture as the primary driver of their views and preferences, with US popular culture leading the way.[4] Further, as Africa observer Xuan-Ce Wang notes, "US engagement in Africa…can contribute to the strengthening of institutions and the promotion of human rights in African countries…while [citizens in Africa] are concerned about the lack of transparency and accountability in some Chinese-led projects, and…the debt burden for Africa's countries."[5] Thus, FDI from US firms may reinforce the narrative locally of the US as a reliable partner while suggesting to community members that the broader discourse around China's rise may be short-lived, simplistic, or less relevant.

In either case, the implication is that the influence citizens assign to China or the US is shaped not just by FDI from that country's firms, but also – adversely – by FDI from the other power's firms. We refrain from describing the relationship as zero-sum, given the persistent presence of former colonial powers (Mamdani 2001) and the emergence of relative newcomers, such as Turkey and Russia, seeking influence in the region. Nevertheless, citizens in Africa are attuned to the broader narratives and filter those narratives through their own lived experiences as they evaluate those major powers' investment activities in their communities. In this context, we argue that one foreign power's gains in influence come at the expense of the other's.

[2] https://twitter.com/Madlala_TM/status/1651868627837112321.

[3] https://www.tiktok.com/@genzwire/video/7200688876136992043?lang=en&q=china%20investment%20in%20africa&t=1703812906731.

[4] https://africanofilter.org/pop-culture-is-the-biggest-influencer-of-african-youth-according-to-new-report.

[5] Wang, Xuan-Ce. 2023. "Opportunities and Risks in the Game between China, the United States, and Europe in Africa." Delta Resources Group Newsletter. https://www.linkedin.com/pulse/opportunities-risks-game-between-china-united-states-europe-wang/.

### The Direction of Affinity

We are interested not simply in perceptions of influence but more generally in how local citizens view foreign powers following investments in their communities. Thus, we wish to understand how those projects affect the appeal or attractiveness of foreign powers to community members in Africa. In light of the presence of both US and Chinese FDI, we imagine, theoretically, three largely conventional scenarios for positive and negative affinity, followed by a fourth that runs counter to conventional wisdom but that, we argue, plausibly explains the perceptions of community members exposed to FDI projects from China and the US.

**Both Positive** First, it might be that FDI enhances local affinity toward any major power, in our case the US and China. Many simple public opinion polls suggest this to be the case. For example, in a 2023 Pew Center poll, Kenyan and Nigerian respondents indicated that both Chinese and US investments benefit their countries, and the majority also view both countries relatively favorably.[6] FDI may enhance affinity in numerous ways. Primarily, FDI may provide job opportunities and higher wages for local community members (Pandya 2016; Waldkirch et al 2009; Owen 2019), eliciting goodwill for the firm's home country. FDI may also contribute to improved local public goods provision through enhanced tax revenues (Farole and Winkler 2014). These socioeconomic benefits are likely to enhance the attractiveness of FDI projects to local citizens, and in turn elevate citizens' affinity for the investing power's economic model.

Investment might also differentially affect local affinity for China or the US. We see plausible scenarios under which either China or the US could be considered more favorably than the other following investment.

**China Positive, US Negative** Firms are the central actors in investment, and whether FDI enhances affinity towards the source country depends largely on how the specific behavior of these foreign firms affects the socioeconomic conditions of local communities. Lee (2018) finds that Chinese state capital operates differently from Western private capital; insofar as Chinese state-owned firms are less constrained by short-term profit motives, they are more likely to address local needs and maintain stable employment. If true, we should expect Chinese investment, including projects led by state-owned firms, to generate greater affinity compared to US investment. Local citizens may also form their perceptions through information shortcuts. In this context, they might view China's investments more positively, given China's status as a newer, more exciting presence (Large 2021). In contrast, US investments might represent an older, staid power and elicit stronger associations with Western colonialism. Any bias in favor of China's recency may be enhanced by investments in highly visible projects, such as stadiums and bridges, often accompanied by extensive publicity efforts (Lindlacher and Pirich 2025). A recency bias may therefore cast a positive light on all investment from China.

[6] https://www.pewresearch.org/global/2023/11/06/comparing-views-of-the-us-and-china-in-24-countries/#favorable-views-of-the-us-and-china

**China Negative, US Positive** Conversely, FDI from US firms might be viewed more favorably than projects funded by Chinese firms. The US may be considered a safer investing power given the greater longevity of its investments in Africa, and the widely known brands with which they are associated. These features could mitigate uncertainty surrounding the intentions, reputations, and practices of foreign firms. Affinity for the US relative to China might also be a spillover effect from the negative externalities sometimes associated with Chinese investment, such as corruption and pollution. For example, Chinese firms may be more willing to collaborate with corrupt host governments if doing so allows them to operate under less stringent regulations or to place less emphasis on ethical standards (Brazys and Kotsadam 2020). Moreover, at least among African democracies, it is plausible that considerations about expansive Chinese state involvement and investment from Chinese state-owned enterprises, compared to private US investments, could lead to greater affinity for US investments.[7] Finally, the well-documented "China shock" to many African economies, in which cheap, low-quality goods flood the market and undermine local businesses, may chip away at the affinity residents feel toward China's economic model in ways that do not affect affinity toward the US (Morgan 2019).[8]

Those theoretical scenarios each receive some degree of support from scholars. We offer a competing, fourth scenario that less commonly appears in scholarship on the consequences of FDI in low-income contexts.

**Both Negative** We return to the initial theoretical point above, that community members in Africa are aware of foreign investments around them and sensitive to the effects of those projects on their own wellbeing. In this context, there are reasons to expect that FDI undermines local affinity for investing powers, irrespective of the particular country funding the projects. Two specific mechanisms may operate under this scenario.

First, local citizens are particularly sensitive to the negative socioeconomic consequences from FDI, especially related to corruption. Sweetheart deals extended to foreign firms crowd out local firms (Robertson and Teitelbaum 2011), while opaque employment contracts introduce volatility to the local labor market (Scheve and Slaughter 2006). Foreign firms that escape regulatory scrutiny also create local environmental costs (Polloni-Silva et al 2022) and exacerbate quid pro quo relationships (Owen 2019; Tawiah et al. 2024). Indeed, evidence suggests that proximity to Chinese development projects predicts higher perceived corruption among African respondents (Zhu et al. 2025), and the link to corruption is comparable across both Chinese and US investments in Africa (Tawiah et al. 2024).

Second, and beyond these tangible risks, scholars argue that FDI in Africa can resurface or create anew perceptions of uneven bilateral relationships that favor the major investing power at the expense of local advancement (Okolo and Akwu 2016;

[7] A shortcoming to this argument, however, is the lack of convincing evidence that African citizens differentiate between state-owned and private enterprises (Fung et al. 2023).

[8] We are grateful to an anonymous reviewer for drawing our attention to this point. McCauley et al (2022) find that respondents living close to Chinese FDI are actually more likely to identify the quality of Chinese goods as a factor contributing to China's positive image.

Rich and Recker 2013). The risk of entrenched inequalities rises where investments entail local land acquisition by foreign firms (Robertson and Pinstrup-Anderson 2010), triggering feelings of exploitation and attachments to national identity that can cast foreign investment in a negative light.

Critically, these adverse mechanisms do not depend on whether the foreign investment originates from China or the US but would instead be a general function of FDI and its associated results. Regarding the socioeconomic consequence of corruption, for example, one study finds that Chinese and Western companies do not behave very differently in terms of their engagement with local labor (Shi and Seim 2021).

Because we expect local citizens in Africa to be sensitive to foreign-induced corruption and to take a dim view of foreign power exploitation regardless of the FDI sending country, we favor a logic that leads to lower affinity toward both China and the US when those powers invest locally in Africa. We also note that affinity may be subject to substitution effects in the same manner that we expect influence to be.

## Data and Model Specifications[9]

### Data Sources

The initial data for our key independent variables, Chinese and US FDI projects in Africa, come from the Financial Times' *fDi Markets* database.[10] We selected projects financed by Chinese or US firms in Africa for the period 2010–2019. Using a precision coding scheme modeled on the AidData approach (see Table A.5), we identified geocoordinates for each project, dropping from the analysis those projects for which we were unable to determine a precise geolocation. The resulting dataset includes 208 Chinese FDI projects (51.6% of all Chinese FDI in the original data) and 550 US FDI projects (64.6% of all US FDI); see Figure A.1 for a map. As Table A.1 illustrates, the projects for which we could not identify a precise location are similar to the precisely located projects on a number of observable covariates, assuaging concerns that they may differ systematically.[11] Notably, the regime type of recipient countries does not appear to drive investment decisions: as Table A.2 indicates, where there is more US FDI there is also more Chinese FDI.

We draw data for the outcomes of interest from the Afrobarometer. We use data from Round 6 of the survey (conducted in 2014–2015), given the need for both geocoded data on perceptions of China and US influence (absent in Round 7) and, for purposes of causal inference, an adequate number of respondents in locations that we know will eventually receive FDI projects but that had not at the time of the survey (which precludes Rounds 8 and 9). In Round 6, there are 23 countries with Chinese

[9] Pre-registration information is available at https://osf.io/8s9un/?view_only=c28ae85e03314427962528f6d9546b02. We only pre-registered hypotheses for perceived influence and were agnostic regarding affinity.

[10] The database has been used in numerous recent studies (e.g., Brazys and Kotsadam 2020; Owen 2019; Wang et al. 2022).

[11] See the distribution of Chinese and US FDI by country, sector, and year in Tables A.2–4.

or US FDI, with responses from 37,150 respondents. The timing of the survey data leaves us with FDI projects that were operational at the time of the survey as well as projects that did not yet exist but that would enter the dataset in subsequent years, creating a sufficient set of "eventual" project locations. This is critical to the identification strategy we describe below.

Our first dependent variable addresses perceptions of influence. The question asks, "Which of the following do you think has the most influence on [respondent's country], or haven't you heard enough to say?" Response options include the United States, China, former colonial power, India, South Africa, and alternative answers (e.g., none of these). In the analyses, we use three dummy variables indicating the choice of China, the US, or the former colonial power in the respondent's country. It should be noted that the Afrobarometer, while asking regularly about perceptions of influence, does not ask respondents how they understand it. Indeed, this is an issue all studies using Afrobarometer or similar survey data face (e.g., Ishiyama 2025; Liu and Ding 2024; Ma and Shi 2025; Morgan 2019). Sheehy and Asunka (2021) suggest that questions about influence reflect "an overall sense of whether external powers are generally contributing to the well-being of the respondent's country." Strange (2025) similarly associates the positive views of large, visible projects from China with influence. In other words, firms from China and the U.S., as perhaps the most visible reflection of great powers in local communities, signal influence.[12]

Next, we include a dependent variable to address the respondent's affinity for foreign powers. To measure this outcome, we rely on a question that asks respondents which country they believe offers the best model of development for their own country. Response options include China, the US, other countries (former colonial powers, Russia, etc.), and their own country's model. Though imperfect as a proxy for general affinity for a major power, the question captures how respondents view that country in political-economic terms, which we view as a centerpiece of public opinion regarding foreign powers.[13] The survey question also conveniently allows us to compare views of China and the US. We refer to the outcome as affinity throughout the paper.

### Connecting FDI Projects to Individual Respondents

We first locate the FDI projects in time and space. To determine the operative date and geolocation of the FDI projects, we searched English, French, and Chinese news sources for address information on the projects and used Google Maps to obtain GPS point coordinates for each. Projects with a precise location, "in the area" of or within 25 km of a precise location, and residing within a precisely located industrial zone (even if the project itself was not precisely located) were included in the analyses.

The Afrobarometer respondents are also located in time and space, using the date of the survey response and the GPS coordinate of the enumeration area for the respondent. We treat respondents as living near a Chinese or US FDI project if one or more projects lies within a 25 km circular buffer of the centroid coordinate of their enumer-

[12] Other works that assume firms and economic projects will be the "leading edge" of a foreign power include, e.g., Blair et al (2022), Kim-Leffingwell et al (2024), and Yang et al (2022).

[13] Ishiyama (2025) and Ratigan (2021) similarly proxy the appeal of a "China model" to gauge affinity.

ation cluster. In keeping with studies using a similar research design (Knutsen et al. 2017; Wang et al. 2022), we theorize that 25 km is a reasonable distance over which to see the effects of FDI, and we additionally report results at variable spatial distances.

The data indicate that 2,955 respondents, or 8.5% of the dataset, live within 25 km of a Chinese FDI project, and 6,104 respondents (16.5%) live near a US FDI project. Overall, 34% of respondents who live near an active US project are proximate to both US and Chinese FDI projects, whereas 69% of those near Chinese FDI live near co-located US and Chinese projects, a fact that we exploit in subsequent analyses to evaluate our theoretical claims. See Table A.6 and Table A.7 for additional descriptive statistics.

## Empirical Strategy

Our objective is to test the effects of proximity to Chinese and US FDI projects on the influence and affinity that citizens in Africa assign to each of those foreign powers. A critical point to consider, however, is that the locations of Chinese and US FDI projects are not randomly distributed in Africa: firms choose investment locations for particular reasons having to do with profitability, politics, or other factors, and the same determinants that drive project location decisions may also correlate with the types of individuals who live in those areas, thus introducing the risk of bias to our analyses.

To overcome this potential threat to inference, we adopt an identification strategy that is increasingly commonplace in studies of location-based phenomena (see, Kotsadam and Tolonen 2016; Knutsen et al 2017; Knutsen and Kotsadam 2020). Given that some Chinese and US FDI projects were operational in the period leading up to the collection of survey data, while other FDI projects did not enter the dataset until after the collection of survey data, we are able to exploit the timing of the investment projects and the survey to address the potential bias. We code individuals as living in proximity to an *active* Chinese or US project; an *eventual* project location, where no project yet exists but where Chinese or US investment will occur and enter the dataset at some point after the survey; or *not close* to any Chinese or US investment at any stage (that is, more than 25 km away). Those living not close to any project serve as the baseline category, and we then compare the effects of living near active projects versus the effect of living near eventual projects. The intuition is that respondents living near active projects and eventual project locations are very similar in expectation, given that each of these two location categories ultimately meets the standards for Chinese or US investment.[14] Notwithstanding the fact that the preferred locations for FDI may differ in character over time (a point we address in the robustness tests), this strategy provides advantages over using as a counterfactual neighboring

[14] Respondents interviewed in the same year in which a project is implemented are coded as living in a location with an eventual FDI project. We use this as our preferred coding because it may take time for an active project to influence public opinion. With a 25 km cutoff, 20 respondents live close to Chinese FDI and 496 to US FDI operational in the same year of the interview. In a robustness test, we alternatively code these respondents as *active*. Both the coefficient sizes and statistical significance are largely similar, though they are slightly weaker for some outcome variables (see Figures 2–5 in the Appendix). The small number of same-year observations prevent us from distinguishing in-progress with pre-operation and post-operation.

or very similar locations that do not receive FDI at the same moment. The eventual investments in the counterfactual locations we use confirm their similarity (see Table A.9), whereas unobservable differences always pose a threat to contemporaneous counterfactual locations – even seemingly very similar ones – in research settings with pronounced non-randomness. Table A.8 reports the number of respondents by category and country.

We estimate the effects of proximity to FDI projects using OLS models to facilitate the interpretation of differences in the coefficients. The baseline regression model is

$$Y_{iv} = \beta_1 \bullet active_v + \beta_2 \bullet eventual_v + \lambda \bullet \boldsymbol{X}_i + \alpha_c + \varepsilon_{iv}$$

where *Y* represents the response of individual *i* living in enumeration area v. *Active* denotes responses from individuals living within 25 km of an operational Chinese or US FDI project, and *eventual* signifies residence in a location that does not yet have a Chinese or US investment project but that will in the near future. $\boldsymbol{X}_i$ is a vector of individual-level characteristics, including a dummy for urban vs. rural residence, age, age squared, gender, and education (coded on a 10-point scale). We include subnational fixed effects at the ADM-1 level ($\alpha_c$). Standard errors are clustered at the enumeration area level.

The parameter of interest is the difference in the effects of living near an active project and an eventual project; that is, ($\beta_1 - \beta_2$). Positive outcomes indicate that citizens living near an FDI project assign greater influence (or affinity, depending on the analysis) to the foreign power in question, whereas negative outcomes indicate that citizens' views of the foreign power in question decline among individuals living near FDI projects. As a robustness test, we also present the results of models in which we drop respondents not close to any project location and use those near eventual projects as the baseline against which to measure the effects of proximity to active projects.[15]

The baseline models consider whether a project from the foreign power in question exists in that location, irrespective of FDI projects from the other foreign power. We also present results for proximity to only Chinese or US FDI, with no investment present in that location from the other power.

## Main Results

### The Effects of FDI on Perceived Influence

Figure 1 presents the effects of US and Chinese FDI on the influence that citizens in Africa assign to those (and other) countries; see Table A.10 for associated results. The

[15] Dropping respondents not close to any projects requires having observations for both *active* and *eventual* within each country; otherwise, we would lose countries with only *active* or only *eventual*. As Table A.8 shows, only half of the countries have observations in both categories, so dropping *not close* would also drop many *active* and *eventual* observations. The model-based approach presented in the main analysis preserves all information and uses the estimator of *eventual* (as compared to *not close*) to correct for the FDI location selection bias. However, it relies on model extrapolation for countries with only *active* or only *eventual*.

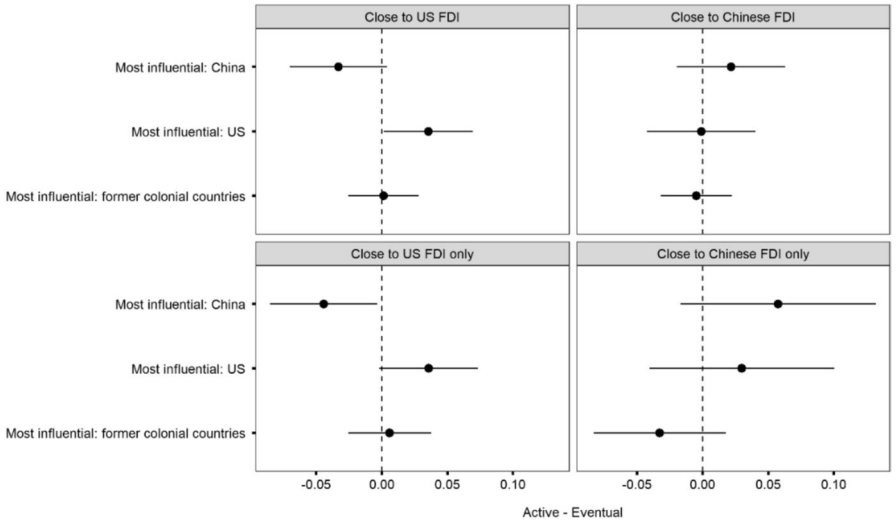


**Fig. 1** The effects of US and Chinese FDI on perceived influence. Note: The left-hand panels show the effects of living close to US FDI (irrespective of nearby Chinese projects) and US FDI only. The right-hand panels illustrate the effects of living close to Chinese FDI and Chinese FDI only. The y-axis presents three separate dummy variables of interest, capturing respondents' selection of the most influential country

top-left panel includes respondents living within 25 km of a US investment project irrespective of the presence of Chinese FDI. As the figure indicates, the (actual – eventual) difference in respondents' views that the US is the most influential country is positive ($p = 0.042$), indicating that living in proximity to US FDI projects increases the influence that citizens assign to the US. Meanwhile, the results for Chinese influence are negative, suggesting that proximity to US FDI projects undermines the influence that citizens assign to China. Restricting the analyses to respondents who live in proximity to only US FDI, with no nearby Chinese FDI (bottom-left panel), tells a similar story: US influence increases in proximity to US FDI, whereas Chinese influence decreases in those locations.

The right-side panels illustrate the effects of Chinese FDI on citizen-assigned influence in Africa (see Table A.11). Importantly, we reiterate that over twice as many US FDI projects populate the dataset compared to Chinese FDI projects. Moreover, whereas 34% of respondents living close to US FDI projects are co-located with Chinese investments, over two-thirds (69%) of the respondents living close to Chinese FDI co-locate with US investments. If the theoretical claims are valid, we should expect to see a different pattern in the results for Chinese FDI, as much of the Chinese investment is offset by nearby US investments. This is indeed the case.

As the upper-right panel shows, living within 25 km of a Chinese investment project does result in a positive-signed (active – eventual) outcome, suggesting that respondents living near Chinese FDI projects are more prone to see China as the most influential country. However, the magnitude of the coefficient is somewhat smaller, and the result is not statistically significant ($p = 0.304$). The middle bar in the panel,

representing respondents who select the US as most influential, reflects a negative but substantively negligible and statistically insignificant coefficient. Chinese FDI also does not affect the influence that citizens assign to the former colonial countries.

The effects of proximity to Chinese FDI presented in the upper-right panel are largely offset by co-located US FDI. In the bottom-right panel, the results are restricted to respondents who live near only Chinese FDI, with no nearby US investment. As anticipated, the (active-eventual) difference for Chinese influence (top bar) is positive and substantively strong, though it falls short of conventional statistical significance ($p = 0.130$). The influence that citizens assign to the US in proximity to only Chinese FDI is positive but not statistically significant.

As an alternative inferential strategy, we use permutation inference by randomly assigning *active* and *eventual* to enumeration areas, the geo-clusters that define proximity. In each permutation, we first randomly assign enumeration areas as *active* using the same proportion as in the observed sample. From the remaining enumeration areas, we then randomly assign some as *eventual*, again using the observed proportion. We repeat this procedure 5000 times. The purpose is to examine whether the observed effects are unusual relative to randomly assigned *active* and *eventual* projects with the same ratio. Figure 2 plots the observed effects for perceived influence of China and the US alongside the distributions of placebo effects from 5000 permutations. The pattern is similar to that observed in Fig. 1.

While respondents living close to Chinese FDI only are expected to assign greater influence to China and less influence to the US, we suspect that the number of respondents living close to Chinese FDI only is too small (as 69% of respondents living close to Chinese FDI co-locate with US projects), which may lead to the ambiguous results. We address this issue further in the robustness tests using a secondary outcome measure that directly evaluates China's economic influence and exploring the heterogenous effects of project size.

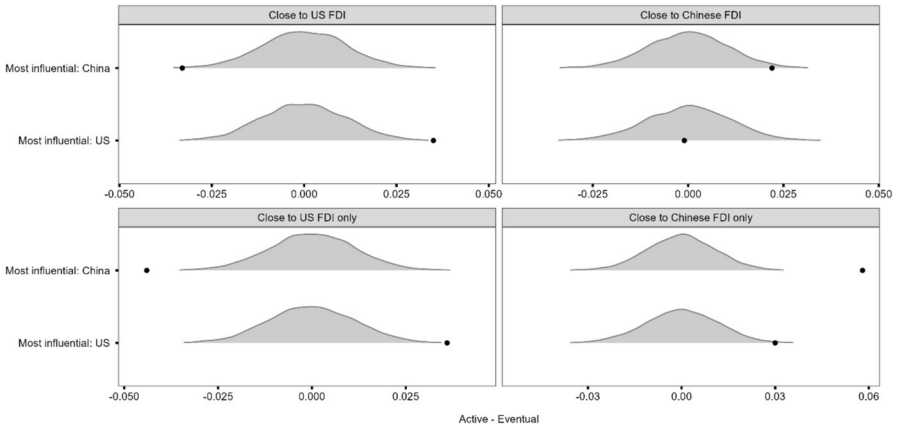


**Fig. 2** Randomization inference on perceived influence. Note: The distributions are drawn from "Active—Eventual" after 5000 randomizations with active and eventual status randomly assigned to enumeration areas. The dots are observed effects of "Active—Eventual" from regression analysis. Table A.51 in the Appendix reports the two-sided *p*-values

### The Effects of FDI on Affinity

Next, we consider how nearby FDI affects the attractiveness of Chinese and US development efforts to local respondents. In outlining the theoretical expectations above, we stressed that influence is not to be equated with affinity; even as an investing power's influence may be widely acknowledged, the affinity that local residents extend to source countries can differ according to the theoretical perspectives outlined above. FDI may simultaneously enhance or diminish affinity for both China and the US, or it may increase affinity for one investing power but decrease affinity in proximity to the other power's FDI projects. How does nearby FDI affect citizens' affinity for Chinese and US approaches to development?

We rely on a survey question that asks respondents which country they believe offers the best model of development for their own country. Figure 3 shows striking results. In proximity to US FDI (left-side panels), citizens are less likely to view the US model as the best for their country and significantly more likely to view the China model as most appealing. Meanwhile, the converse holds true in proximity to Chinese FDI (right-side panels): nearby citizens are less likely to indicate that the China model is the best for their country and more likely to favor the US model. Proximity to US and Chinese FDI has no bearing on preferences for their former colonial countries' development model. See Tables A.12 and A.13 in the Appendix for additional details. The randomization inference shows a similar pattern (Fig. 4).

The results support the theoretical scenario in which FDI decreases affinity toward the investing power, regardless of whether the FDI originates from China or the US.

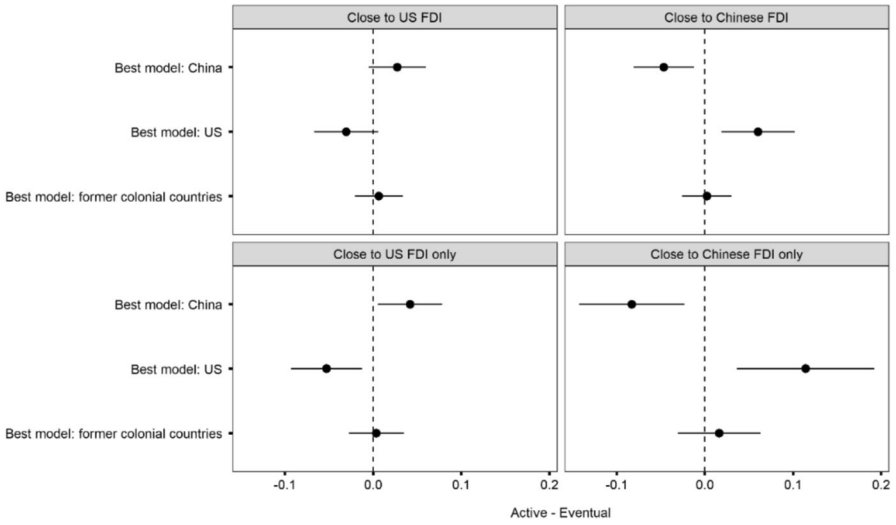


**Fig. 3** The effects of US and Chinese FDI on affinity. Note: The left-hand panels show the effects of living close to US FDI and US FDI only. The right-hand panels refer to the effects of living close to Chinese FDI and Chinese FDI only. The y-axis presents the three dummy variables of interest

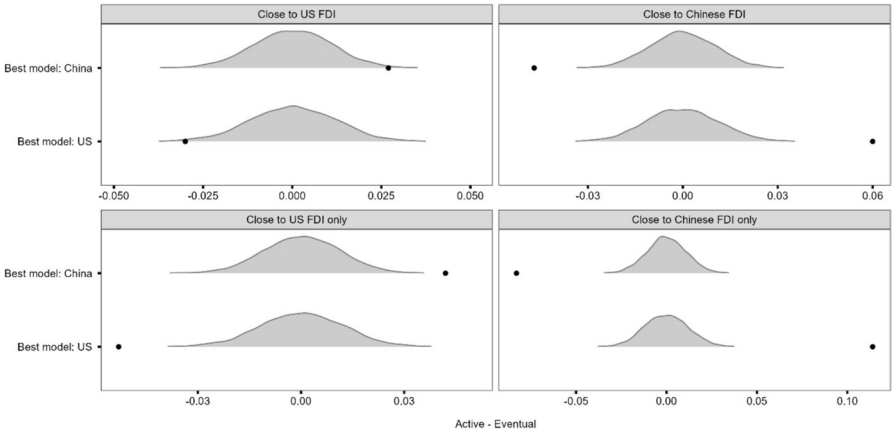


**Fig. 4** Randomization inference on affinity. Note: The distributions are drawn from "Active—Eventual" after 5000 randomizations with active and eventual status randomly assigned to enumeration areas. The dots are observed effects of "Active—Eventual" from regression analysis. Table A.51 in the Appendix reports the two-sided *p*-values

Much has been made in the literature of the insalubrious effects of Chinese FDI and aid in Africa (Christensen 2019; Isaksson and Kotsadam 2018). The results we present here suggest that skepticism of foreign powers' nearby projects is not unique to China; rather, US FDI also seems to work at cross purposes to affinity for the US model. Furthermore, to return to the discussion above, there indeed seems to be a substitution effect for affinity as there is for influence.

We next test the effects over variable distances. As Fig. 5 illustrates, living in proximity to only Chinese FDI projects decreases the affinity that respondents

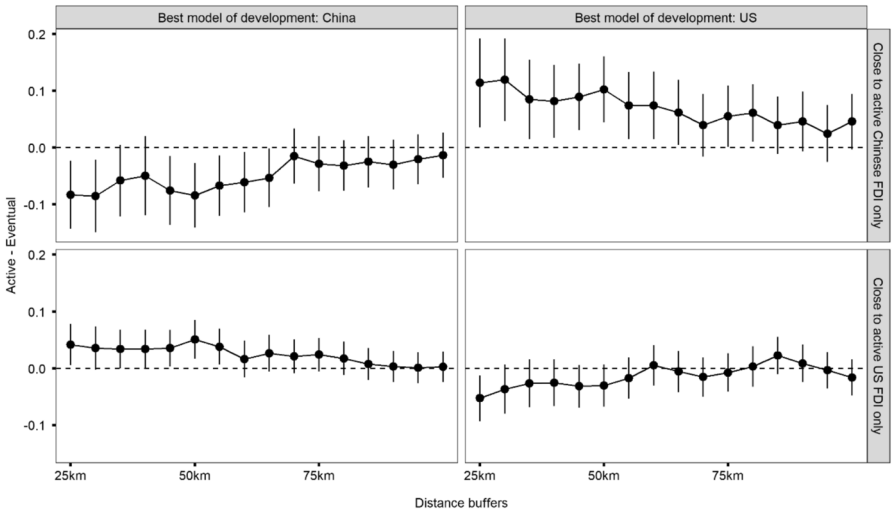


**Fig. 5** The effects of FDI on affinity at variable distances. Note: For full regression tables for effects at each distance cut-off, see Tables C.1-C.8

express for the China model of development, and that skepticism persists up to approximately 75 km before attenuating to zero. Meanwhile, those respondents living in proximity to Chinese FDI only are consistently more inclined to indicate that the US model of development is the best model for their country, a pattern that remains statistically significant up to nearly 100 km away. The bottom panels reveal a similar trend in proximity to US FDI projects only: respondents are modestly more likely to indicate that the China model is the best model for development up to 50 km and modestly less likely to favor the US model over that same range.

### Mechanisms Explaining the Declines in Affinity

Why might affinity for the Chinese and US development approaches decline rather than increase in proximity to their respective FDI projects? Since the negative perceptions do not differ across Chinese and US investments, the results cannot be attributed to distinctive patterns in Chinese versus US investment projects. Instead, we return to the two theorized mechanisms that may generate common negative perceptions towards FDI from both countries: socioeconomic concerns, especially related to corruption, and concerns of foreign power expansion. First, nearby residents may be disheartened by negative socioeconomic outcomes and behaviors that are similarly associated with both Chinese and US FDI. We test two separate socioeconomic concerns: 1) citizens may be frustrated by economic opportunities that fail to materialize, or 2) they may perceive corruption in the engagements between the investing firms and local officials, perhaps in terms of favorable deals and permits, access to land and resources, or limited oversight (see Atitianti and Asiamah 2023).

To gauge the importance of failed economic opportunities, we consider whether respondents report having a job, as well as how they view their country's present economic condition, measured on a five-point scale from "very bad" to "very good." To test concerns about corruption, we examine the results of questions that ask respondents whether they think certain key leaders are involved in corruption, coded on a four-point scale from "none" to "all of them."

Among these socioeconomic concerns, the results, illustrated in Figs. 6 and 7, favor concerns about corruption. As Fig. 6 indicates, living in proximity to FDI projects, either from China or the US, has no effect on respondents' reported likelihood of having a job, and it does not affect their views of the national economy (see associated Tables A.14–15). Meanwhile, Fig. 7 shows spikes in perceived corruption among those living in proximity to Chinese and US investment projects: in proximity to Chinese projects, respondents report significant upticks in corrupt engagements among the president and presidential officials, parliament, judges and magistrates, and traditional and religious leaders.[16] Those living near US FDI projects report higher levels of corruption among local government councilors and officials and

[16] This is in keeping with the idea that politicians in Africa seek to use Chinese projects to build their own prestige, which may foster perceptions of corruption (see Strange 2024).

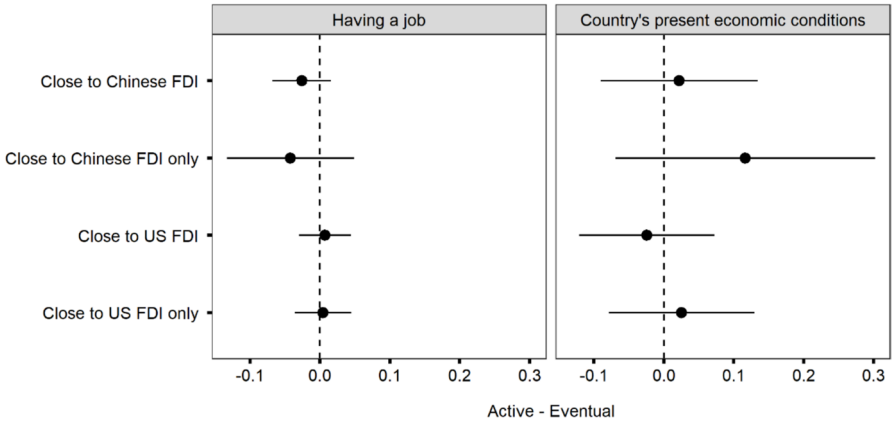


**Fig. 6** Failed economic opportunities as mechanisms for decreased affinity

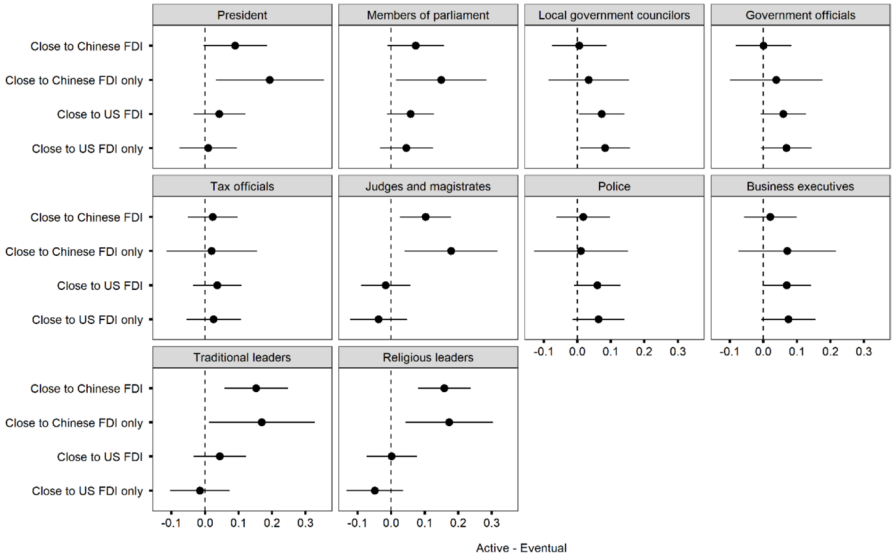


**Fig. 7** Corruption mechanisms for decreased affinity

business executives (see Tables A.16–19).[17] Why respondents report higher levels of corruption among different segments of leadership when they live near Chinese versus US investment is beyond the scope of this paper, though we speculate that investing firms from different countries may take approaches that call upon distinct sources

[17] While analyses of affinity disaggregated by sector do not show statistically significant heterogeneous effects (Tables B.5 and B.6), the substantive magnitude of these effects lends some support to the corruption mechanism. Given the nature of the projects, corruption is expected to be more prevalent in the resources and manufacturing sectors. For US FDI, the substantive negative effects are particularly large for the resource sector; for Chinese FDI, while all three sectors show negative effects, the substantive sizes are larger for manufacturing and resource sectors.

of local "administrative support." Interestingly, these results differ from studies on Chinese aid in which citizens perceive increased corruption among their local councilors and government officials (Cha 2024). In addition, contrary to the expectation that source countries evoke varied concerns over graft (Brazys and Kotsadam 2020), proximity to both Chinese and US FDI increases the level of perceived corruption. In any case, respondents who live near Chinese and US FDI projects seem to perceive greater levels of corruption, which may explain their skepticism about those powers' development approaches in their countries. We are unable to test socioeconomic concerns related specifically to landgrabs or resource extraction due to an absence of suitable survey questions, though it is plausible that such concerns would be woven into perceptions of corruption.

Anecdotally, numerous cases lend support to concerns about corruption as a driver of dislike for both the China and US development models among FDI-receiving communities in Africa. Among the data used for this study, a Huawei Technologies support center in Harare, Zimbabwe ranked among the most influential FDI projects but also scored in the bottom 10 percent in terms of generating affinity for China's economic model. On its face, the project may seem to suggest concerns about a China shock or lower quality goods coming from China. Yet, when the center was established in 2013, widespread concerns of graft surrounding Huawei in Zimbabwe emerged, owing to both an irregular procurement deal with the government-owned telecommunications company[18] and an alleged kickback scheme involving Huawei and a former Zimbabwean government minister.[19] US-based Chevron's petroleum operation in Liberia, which began in 2011, also registers as a highly influential project in the dataset but scores in the bottom six percent in terms of generating affinity for the US model. In that case, potential environmental concerns alone cannot be blamed: Liberia's General Auditing Commission (GAC) uncovered a trail of corruption that tainted the image of both Chevron and the government.[20] Foreign firms, the data suggest, too frequently benefit from a tilted playing field when investing in Africa. When they do, local residents lose affinity for the economic approach of the foreign power behind those investments, irrespective of which power that may be.

Regarding the second category of possible mechanisms, foreign investors, regardless of whether they come from China or the US, may induce concerns related to great power expansionism. To address this mechanism, we first note that the main analyses above already cast doubt on this explanation in the following way. In addition to selecting the US model or the China model as the best option for the country, respondents were given the option to indicate that their country should "follow our own model." In proximity to US and Chinese FDI projects, respondents expressed

[18] TechZim. 2016. "NetOne prejudiced of $78 million in overpriced Huawei deal as shadow of suspicion is raised over other projects." April 12. https://www.techzim.co.zw/2016/04/netone-prejudiced-78-million-overpriced-huawei-deal-shadow-suspicion-raised-projects/.

[19] Pindula. 2018. Supa Mandiwanzira Being Investigated For $4 Million Corruption Scandal." January 2. https://news.pindula.co.zw/2018/01/02/supa-mandiwanzira-investigated-4-million-corruption-scandal/.

[20] ProPublica. 2012. "Follow the Money: Payment Trail Reveals Challenges of Ridding Liberia of Corruption." February 22. https://www.propublica.org/article/follow-the-money-payment-trail-reveals-challenges-of-ridding-liberia-of-cor.

greater affinity for the competing power,[21] but they did not express a renewed preference for their own country's development approach (see Table A.20). If the mechanism driving antipathy for the US and China models in proximity to new investment projects were concerns over great power expansion, then residents living near either of those powers' FDI projects would have shifted their preference to their own country's model. As the data indicates, they did not.

To further explore this mechanism, we test if proximity to FDI leads citizens to feel that their countries are exploited and whether nearby FDI increases attachments to their national identity. The feeling of exploitation is difficult to measure; we use perceptions of a country's future economic conditions in 12 months' time as a proxy. The rationale is that those who feel that their countries are exploited by US or Chinese investors should view their own country's future economic conditions in a more pessimistic way. The variable is measured on a five-point scale from "much worse" to "much better." We measure attachments to national identity using the question that asks respondents to choose between their ethnic identity and national identity. The variable is coded in a five-point scale from "ethnic identity only" to "national identity only."

Using these measures, the results illustrated in Fig. 8 do not support this mechanism (see associated results in Tables A.21–22). The left panel shows that while proximity to either Chinese or US FDI makes citizens less enthusiastic about their country's future economic conditions, none of the effects are statistically significant. The right panel shows that rather than heightening the national identity, FDI projects from both China and US actually make national identity less salient, but again, the results are not statistically significant.

Overall, our preliminary analyses lend more support to the corruption mechanism as an explanation for decreased affinity. The results suggest that while the broader geopolitical narrative does shape how FDI affects local citizens' perceptions of influence, the direction of affinity depends more on foreign investors' practices on the ground, regardless of the firms' country of origin. Again, these mechanisms should be interpreted as exploratory and suggestive.

## Robustness Tests

We expose the findings to a series of robustness tests. First, we have suggested that as the perceived influence of one foreign power increases in proximity to its FDI projects, the influence of its rival decreases. However, we note that the compositional nature of the key survey question on the most influential country means that as one major power's influence increases, the reported influence of other powers necessarily declines. Thus, to further test the substitution effect of US and Chinese influence, we analyze a secondary outcome measure on the degree of China's economic influence;

[21] As discussed in the theoretical section, local citizens may be more likely to associate Chinese state-owned investment with foreign power expansionism. However, the results show that investment from both Chinese state-owned and private firms reduces affinity towards China (Table B.7), suggesting that either these firms are perceived to operate in similar ways or that local citizens lack the information needed to distinguish between them.

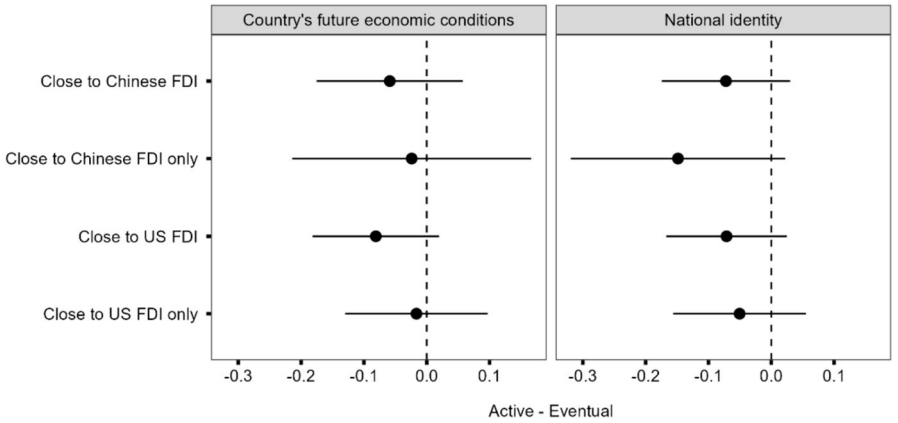


**Fig. 8** Great power expansion mechanism for decreased affinity

it asks: "How much influence do you think China's economic activities in [respondent's country] have on our economy, or haven't you heard enough to say?" The variable is coded on a four-point scale from "none" to "a lot;" we use a dichotomous version of the variable coded one for respondents who answered "a lot."

As Table A.23 in the appendix reports, living in proximity to Chinese FDI results in positive, substantively strong, and statistically significant ($p=0.008$) effects on China's perceived economic influence domestically. When we restrict the sample to respondents living near only Chinese FDI (Column 2 in Table A.23), the outcome is substantively even stronger (with $p=0.053$). Conversely, living near only US FDI produces substantively strong negative results ($p=0.065$). Thus, living near Chinese FDI projects makes respondents more likely – and living near US FDI projects makes them less likely – to state that Chinese economic activities have an important influence on the domestic economy, accounting for the potential nonrandom location of those investments. We view this as additional evidence supporting the substitutive nature of influence. Unfortunately, the Afrobarometer survey does not include a similar question to gauge how citizens see US economic activities influencing their country's economy.

To reinforce this point, we exploit the co-location of Chinese and US FDI projects. Table A.24 reports the results comparing respondents who live close to both active Chinese and US FDI, close to both eventual Chinese and US FDI, and not close to any projects. Here, we should expect to see near complete offsetting of Chinese and US investments on the extent to which citizens assign influence to either country. Indeed, as the results in Table A.24 show, living proximate to co-located Chinese and US FDI projects produces null results in terms of citizens viewing China or the US as most influential, as the investments from each country likely bolster that country's influence and undermine the other's. However, as the number of respondents close to both eventual Chinese and US FDI is small ($n=432$), the results should be interpreted with caution.

Next, we address the alternative explanation that Chinese FDI has insignificant effects on perceived influence not because those projects are located in areas where

US firms also invest, but rather because Chinese projects are less visible or impactful to citizens. We note, first, that Chinese firms typically do more rather than less signposting of their projects (Ojo 2022). Additionally, we point again to the results in Table A.23 which analyze the secondary question on the perceived extent of China's influence on the domestic economy. Given that those perceptions increase significantly in proximity to Chinese FDI projects, we find it unlikely that citizens would be unaware of or unmoved by Chinese projects.

We further explore heterogenous effects using estimated project size from the *fDi Markets* data. As an observable implication, we expect the results, particularly the perceived influence, to be driven by larger projects. For Chinese and US FDI, we define large projects as those with an estimated investment amount above their respective medians. We then compare respondents close to active large projects, close to eventual large projects, and not close to any projects (Tables A.25–26). For Chinese FDI, both perceived influence and negative affinity are driven by large projects. In particular, proximity to large Chinese FDI leads to an unambiguously positive effect on selecting China as the most influential country. For US FDI projects, proximity to large projects leads to a stronger effect on perceived influence and more negative effect on affinity.

An alternative means of accounting for the potential nonrandom location of Chinese and US FDI projects is to drop from the analyses all individual respondents not close to a Chinese or US project at any stage; that is, we remove those living more than 25 km from either an active or an eventual Chinese or US investment location. The baseline category then becomes those respondents living near eventual project locations, where no project yet exists (for the country under analysis), and the coefficient directly reveals the effect of living in proximity to an active FDI project. We report the results using this approach in Appendix Tables A.27-A.30, first for influence in proximity to US and Chinese FDI projects and then for affinity. The results are largely consistent with the main findings, if somewhat weaker. As we have noted, this approach effectively drops countries with only *active* or only *eventual*. We thus lose half of the countries and many observations, which might explain the somewhat weaker results.

Next, unobserved contextual factors could explain the effects of FDI projects if conditions changed notably in the study environment from the time projects enter the dataset as eventual to the point at which they are operational. We thus run the analyses with restricted time windows of one, two, and three years for eventual projects, dropping those whose existence is further in the future at the time of each survey response. The results, reported in Tables A.31–42, generally remain consistent with expectations, though weaker on some outcome variables.[22] The weaker results may reflect the sparse distributions of *active* and *eventual* when we restrict them to tighter time windows.

To address potential concerns of spatial dependence, we report the results using Conley standard errors (Conley 1999) in Tables A.47–50. This adjustment changes some previous significance levels from 5 to 10%. The impact of US FDI on reduc-

[22] The results also hold when we restrict the dataset to the 18 countries that have both Chinese and US FDI (see Tables A.43–46).

ing China's perceived influence becomes ambiguous. However, the effects of US and Chinese FDI on perceived affinity remain strong, particularly when focusing on respondents close to US or Chinese FDI only.

Figures A.2-5 summarize these robustness tests by plotting the coefficients from various alternative specifications alongside those from the main analysis. The cross-sectional data and relatively small number of observations of *active* and *eventual*, especially under some more restrictive specifications, present limitations for causal identification. We acknowledge this as a limitation of the study.

## Conclusion

Scholars, and indeed governments, typically assume that overseas investment enhances the standing of the FDI-sending country among citizens locally. That perspective overlooks three important considerations for local citizens: that other foreign powers are also known to promote investment abroad in competitive fashion, that these investments may be co-located, and that local FDI projects may bring as much potential burden as benefit, thereby undermining the attractiveness of investing foreign powers. This study aims to add theoretical and empirical nuance to the study of local reactions to FDI by addressing these shortcomings. It asked: does FDI from firms representing a foreign power increase perceptions of that power's influence among local populations and, if so, at the expense of a foreign rival's influence? And how does FDI affect the affinity that nearby residents attach to those countries' approaches? We build on prior work of McCauley et al (2022) that finds that proximity to Chinese firms reduces respondents' affinity for a China model of development. This research adds cumulatively to that study in four ways. First, we use somewhat different research parameters for the present analysis of Chinese FDI's impact on affinity, finding that the earlier results hold.[23] Second, and more importantly, based on the understanding that China's FDI does not come to Africa in a vacuum, and that local citizens may intuitively compare Chinese investment with projects from its main rival, we explicitly compare reactions to Chinese FDI with that from US firms. Third, we recognize that the co-location of projects from Chinese and U.S. firms may impact reactions. Finally, we add an additional outcome variable: how proximity to FDI from either country affects perceptions of that country's influence. Given the amount of attention devoted to China's rising influence, this addition helps scholars build a broader picture of local citizen reactions to China.

The results suggest that, in the ongoing competition between China and the US in Africa, investment from one foreign power's firms does increase the influence that citizens assign to that country, especially when those projects are larger

[23] McCauley et al. (2022) focuses on the question of how proximity to Chinese FDI affects attitudes toward a China model of development, a proxy for affinity, using 2003–2018 investment data. The present analysis considers FDI data from 2010 through 2019, expanding the data by one year, and restricting to 2010 in order to only consider projects that are active around the time of the R6 survey (2014/2015). The present study also uses subnational fixed effects rather than country fixed effects throughout. We recovered the same pattern and similar effect sizes (although not identical given the data changes) in our analysis.

in size. Furthermore, it tends to undermine the influence that citizens assign to the competing major power. Illustrating our hypothesized substitutive effect, we showed that citizens are more likely to call the US the most influential country when they live near a US investment project, an effect that persists out to nearly 75 km, and they are less likely to call China the most influential country in those circumstances. We also showed that respondents who live near Chinese investment projects, most of whom also live near US FDI projects, do not assign significantly more influence to either country, since the effects of Chinese and US projects offset one another. Extending McCauley et al. (2022), which found that proximity to Chinese projects weakened support for the China model, we find that the same holds true for investments from the US. In other words, the perceived influence that FDI-sending countries derive from their firms' overseas investments in Africa does not translate to greater affinity for *either* major power. We theorized four potential scenarios relatedly to FDI's impact on affinity: investments may increase affinity for both China and the US; undermine affinity for the FDI-sending power, irrespective of which specific power; increase affinity for China but not the US; or conversely, enhance affinity for the US but not for China. Consistent with the theorized "negative-negative" scenario, proximity to both Chinese and US FDI projects decreases rather than increases preferences for the respective country's development approach.

The study has both theoretical and practical implications. From a theoretical standpoint, it adds to the collective understanding of economic levers of foreign power influence. We by no means suggest that citizens' experiences constitute the only or the central channel through which foreign powers like China and the US accumulate influence, or that public opinion is the only source of foreign policy. We note, however, that citizens' views are often overlooked in discussions of influence, though they may bear importantly on the standing of their domestic political leaders, particularly in democratic settings.

Furthermore, this research may offer useful theoretical insights into foreign powers' construction of soft power. In Nye's (1990) conceptualization, soft power hinges on achieving favorable outcomes through enhanced attraction, rather than having to rely on the hard power mechanisms of coercion or payment. Thus, common values and shared priorities – typically conveyed via public diplomacy – form the conventional foundation of major powers' soft power tactics. More recently, scholars have argued that tools of economic engagement such as foreign aid or investment can similarly encourage behavior change among other countries by enhancing the major power's relevance and attractiveness (Blair et al. 2022; Dietrich et al 2018; Morgan 2019). In this study, we demonstrate that foreign investment indeed enhances influence, but that attractiveness does not follow, thus undermining the extent to which FDI projects serve as a viable theoretical pathway to soft power, at least insofar as local citizens' views are relevant.

From a practical perspective, the findings should be meaningful to decision-makers interested in great power competition through economic engagement. The lessons are fairly clear: FDI can strengthen the status of foreign countries as pre-eminent powers abroad, a potentially worthwhile investment so long as generat-

ing goodwill is not also an objective. Furthermore, FDI can undercut the power of competing powers, generating multiple dividends in strategic political terms. Yet, if major powers seek to encourage changes in other states through enhanced popular attraction, FDI represents a counterproductive strategy. Rather than signaling helpful partnerships, FDI projects appear to evoke the skepticism reserved for heavy-handed, unwelcome intruders.

This research may serve as a foundation for subsequent studies. With more refined data, scholars might test the effects of investment from multiple other FDI sending countries and in other parts of the world. Exceptionally promising would be to expand that analysis to FDI from former colonial powers. Studies could also be designed to more rigorously explore the mechanisms that drive perceived influence and affinity, using experimental manipulations at the individual or community levels. Finally, we see an opportunity for scholars to explore the relative place that citizens' views of foreign power investment occupy in their evaluations of their own political leaders.

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**Xiaonan Wang (PhD, University of Maryland, College Park)** Xiaonan Wang is an Assistant Professor of Political Science at Baruch College, City University of New York. He studies the political economy of China, with a focus on both domestic governance and international engagement. During 2022-2023, he was a postdoctoral fellow at the Columbia-Harvard China and the World Program.

**John McCauley (PhD, University of California, Los Angeles)** John McCauley is Professor of Government and Politics and the Director of the minor program in International Development and Conflict Management (IDCM). He is also a Research Affiliate at the Consortium for the Study of Terrorism and Responses to Terrorism (START) and in the Center for International Development and Conflict Management (CIDCM). His research focuses on the political economy of development, conflict and terrorism, and informal institutions. He has conducted research in Benin, Burkina Faso, Cambodia, Chad, Côte d'Ivoire, Democratic Republic of Congo, Ghana, Madagascar, Niger, Nigeria, and Uganda. He is the author of The Logic of Ethnic and Religious Conflict in Africa (2017, Cambridge University Press). Prior to joining the faculty at Maryland, he was a post-doctoral research fellow in the Kennedy School of Government at Harvard University.

**Margaret Pearson (PhD, Yale University)** Margaret Pearson is Dr. Horace E. and Wilma V. Harrison Distinguished Professor, and Distinguished Scholar-Teacher in the Department of Government and Politics, University of Maryland, College Park. She also is a Non-Resident Senior Fellow in the John L. Thornton China Center of the Brookings Institution.