Appendix A: OLS Robustness Tests

In this Appendix, we describe and report robustness tests for the OLS tests of the main model (see Figure 4). For comparison, we show estimate for personalist regime from the baseline model reported in the main text, with the full set of covariates. This is the top estimate in Figure A-1. The second estimate is from a specification that drops control variables. The third estimate is from a specification with the full set of covariates but a dependent variable that is simply Primary FDI, without GDP in the denominator, given the debate on the operationalization of the FDI variable (Choi, 2009; Jensen and McGillivray, 2005; Li, 2009*b*; Li, Owen and Mitchell, 2016). The fourth estimate is from a specification that adds a non-linear time trend to ensure that an unobserved global trend in FDI and personalist regimes is not driving the relationship. The fifth estimate adds other sectoral FDI (i.e. secondary and tertiary FDI) to the specification.

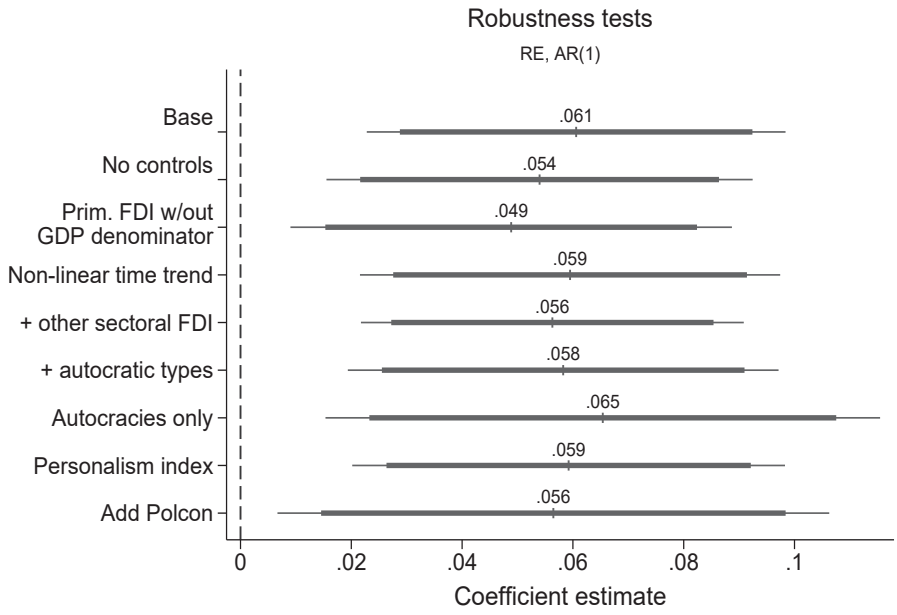


Figure A-1: ***OLS robustness tests for primary sector FDI***.

The sixth estimate adds other autocratic regime types to the specification, leaving democracy as the omitted regime category. We find that, as shown, personalist regimes attract more primary FDI than democracies but that other types of autocracies such as party regimes

and monarchies attract less primary FDI than democracies. The seventh estimate returns to the baseline specification but drops all democracies from the sample. This shows that personalist regimes attract more primary FDI than other autocratic regime types.

The final estimate is from a specification that uses a continuous (bounded) index of personalism described in the section on corruption in the main text.

In all OLS robustness tests, the main coefficient estimate of interest is positive and statistically different from zero at the 0.05 level.

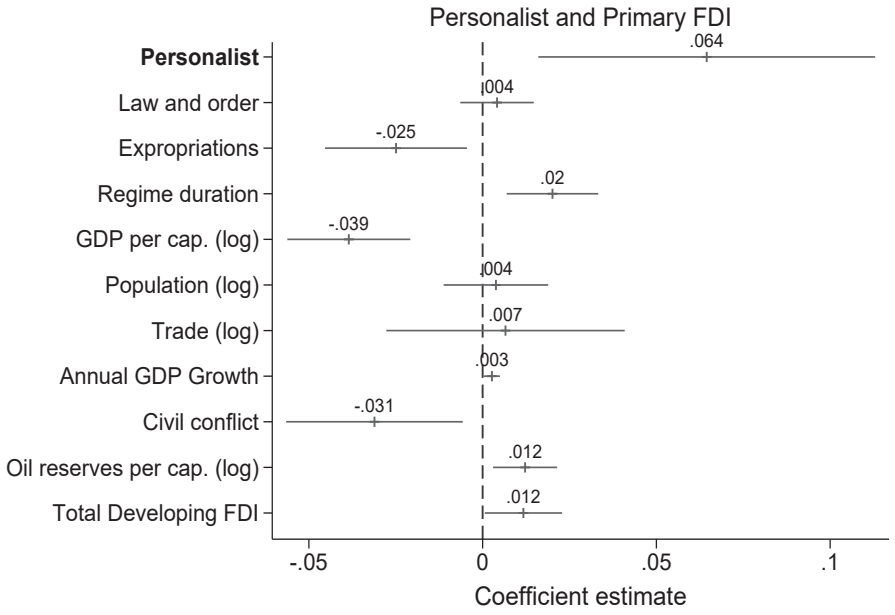


Figure A-2: ***Control for PRS 'Law and Order' in primary sector FDI OLS test.***

Finally, Figure A-2 shows the main OLS model with an additional control for the Political Risk Service's (PRS) 'Law and Order' variable. We again impute missing data for the sample period used in this analysis, which is restricted to the years for which this variable is available from the PRS: 1984-2010. The Law and Order variable is an index that ranges from 0 (low) to 6 (high). The main result for Personalist reigme remains positive and significant, while the estimate for the Law and Order variable is not statstically different from zero.

Appendix B: Transformations of Primary Sector FDI

In this Appendix, we address the skewed distribution of the dependent variable. In the main manuscript, we employed the cube root transformation of the main dependent variable: *Primary sector FDI/GDP*. In this transformation, we account for negative values and those less than zero by using the following formula: $FDIGDP_{p,i,t} = (|FDI_{p,i,t}/GDP_{i,t}|)^{1/3}$ where p refers to the primary sector, i is the country, and t is the calendar year. We then multiply $FDIGDP_{p,i,t}$ by -1 when $FDI_{p,i,t}$ is less than zero. This is a standard, easily-interpretable transformation. The upper left panel of Figure B-1 shows the untransformed Primary sector FDI variable; the upper right plot shows the distribution of the log transformation of this variable. The lower panels show the cube and quadratic roots of the untransformed Primary sector FDI variable.

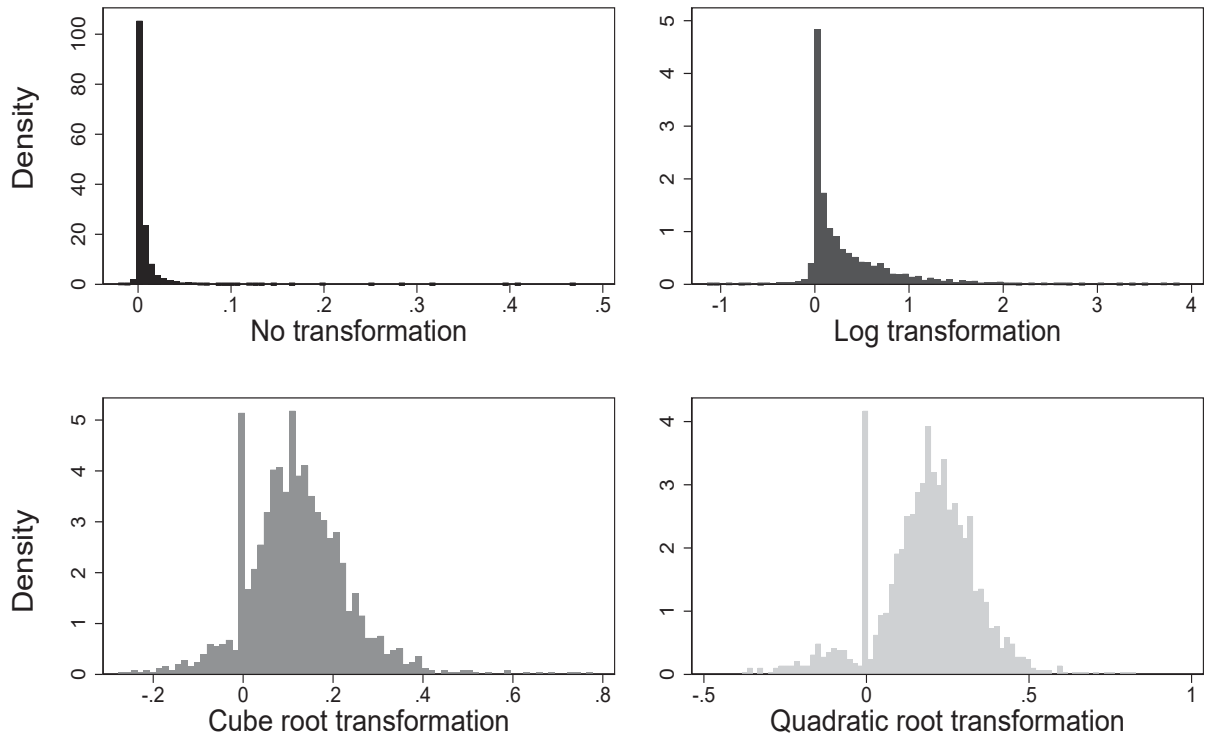


Figure B-1: ***Raw and transformed distributions of Primary Sector FDI***.

Figure B-2 shows the mean level of primary FDI (as a share of GDP) by regime type, for

each of the transformations.[1] Note that the more normal distributions (cube and quadratic roots) show more equal levels of primary FDI across regime type. However, in all four cases, primary FDI is, on average, higher in personalist regimes. Overall, the cube root transformation is likely to push estimates for personalist regime towards zero relative to the log transformation, making this transformation a more conservative test of the argument.

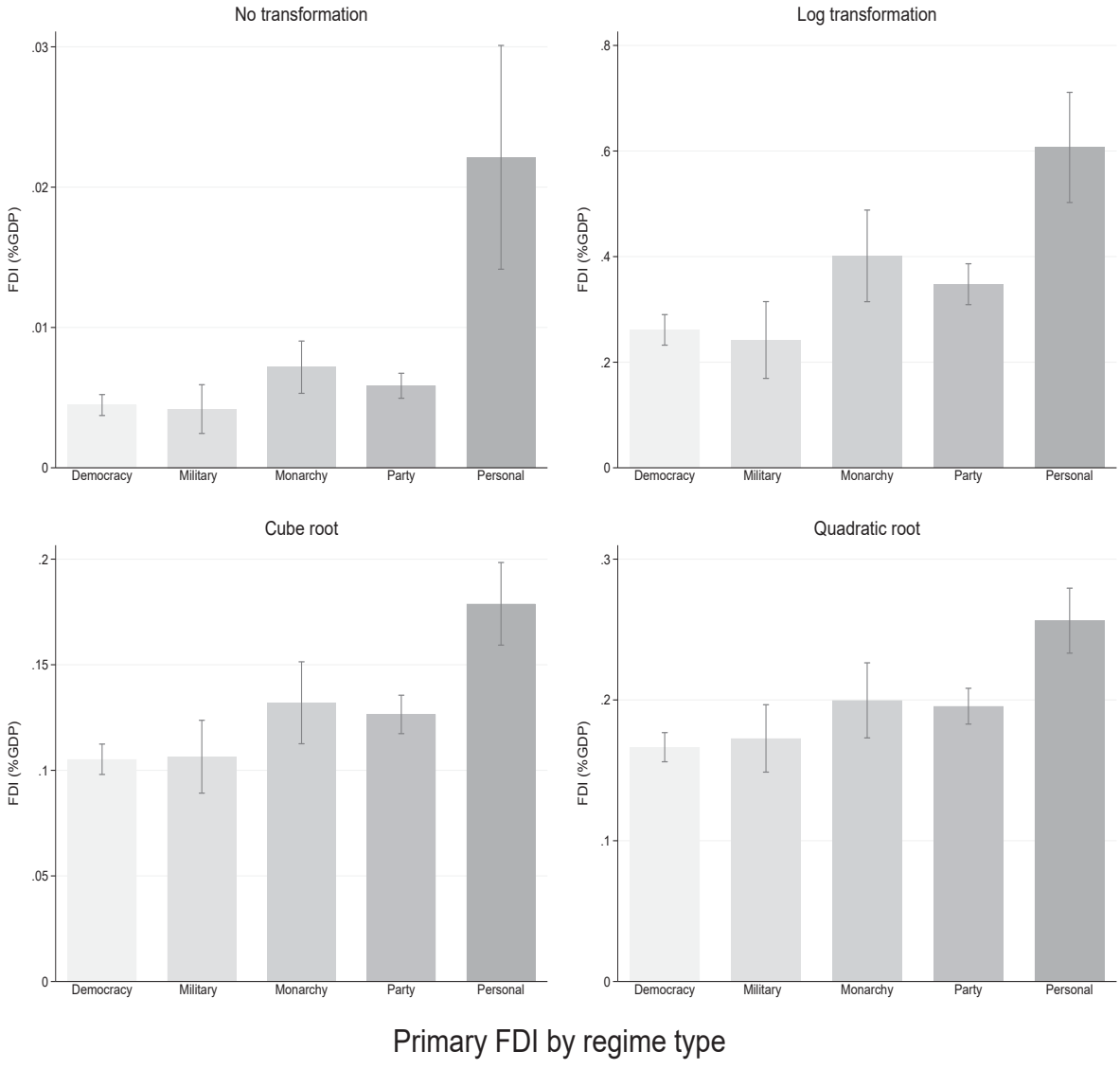


Figure B-2: ***Raw and transformed distributions of Primary Sector FDI, by regime type***.

[1]Data in this figure uses data with multiply imputed values for missing observations. Using observed data with no imputated data yields similar differences of means analysis.

Table B-1: Shapiro-Wilk tests for normality

Transformation	W	V	z
No transformation	0.26	789	16.9
Log	0.75	268	14.2
Cube root	0.97	36.9	81
Quadratic root	0.98	23.2	7.9

Table B-1 shows tests for normality for primary sector FDI and various transformations. If the test statistic W is statistically different from 1, then we can reject the null that the distribution is normal. Lower V values and z-scores indicate closer to normal distributions. The untransformed variable is very far from normal; and the log transformation used in the main text is slightly better. Taking the cube or quadratic root of the (absolute value of the) variable prior to applying the log transformation yields even closer to normal distributions. Again, these tests were performed on averages from the multiply imputed data sets. However, analysis of the observed data yields a similar pattern.

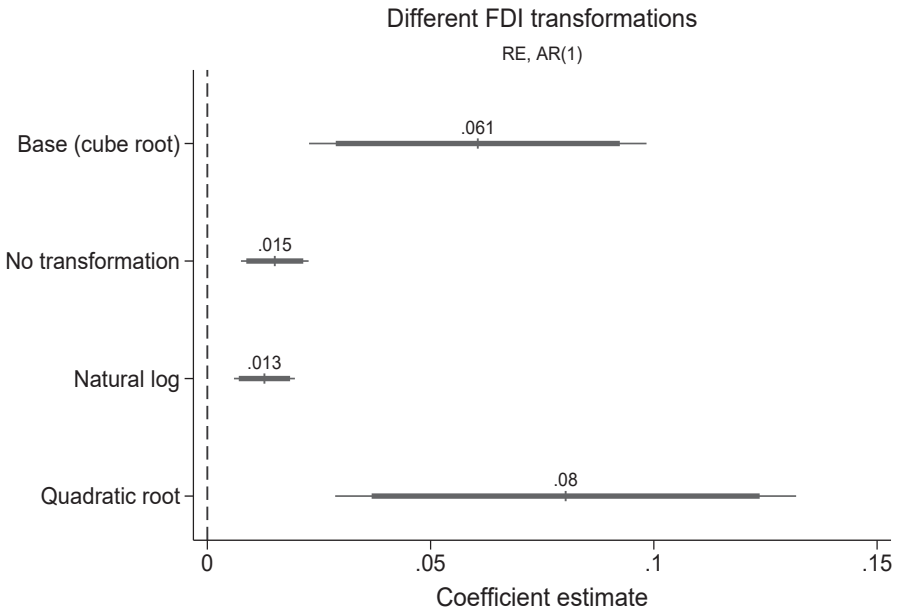


Figure B-3: ***Robustness tests with different transformations of Primary FDI***.

Figure B-3 reports estimates from OLS models with random effects (and AR(1) error

correction) that employ each of the these distributions. The first estimate is from a specification that uses the cube root of primary FDI, which is the base model reported in the main text. The next three estimates are from specifications with no transformation, the natural log transformation and a quadratic root transformation of primary FDI as the outcome variable. Given the different scales of the transformed dependent variables, the size of the coefficient estimates are not directly comparable. Nonetheless, all estimates are positive and statistically significant.

Appendix C: Modeling Oil and Resource Variables

The specifications in the main text use a cross-sectional measure of pre-1980 oil reserves to account for variation in resource endowments. By design, this variable cannot be endogenously determined by observed FDI during the sample period and does not reflect a post-treatment effect because it measures reserves prior to the observation of regime type. Figure C-1 reports estimates from specifications that incorporation resource endowments in a different ways.

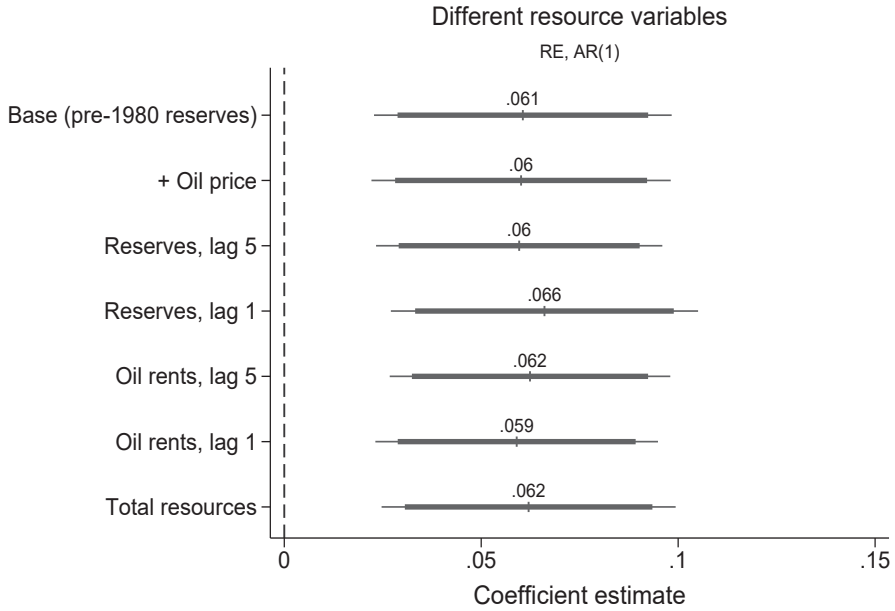


Figure C-1: ***Different approaches to modeling oil and gas resources***.

The top estimate is the baseline model that uses pre-1980 oil researves. The second estimate is from a specification that keeps the oil reserves measure and adds oil price (in constant dollars). The third drops the initial oil reserves variable and substitutes the five-year lag for oil reserves. The fourth estimate uses a one-year lag on reserves. The fifth and sixth estimates include the five-year and one-year lags of oil production, respectively, from Ross and Mahdavi's data set (Ross and Mahdavi, 2015). The final estimate uses all resource production (including mining) from Haber and Menaldo's data (Haber and Menaldo, 2011); this variable is lagged one-year to increase sample size. All of these changes to the specification yield similar results to those reported in the main text.

Appendix D: 2SLS-IV Diagnostics and Robustness Tests

This Appendix first introduces the excluded instrument in the two-stage least squares instrumental variables (2SLS-IV) tests, then demonstrates the correlation between the excluded instrument and the potentially endogenous variable, and finally reports the results of 2SLS-IV robustness tests.

Estimates from a naive model testing the influence of political regimes on foreign investment may be biased from reverse causation because investors may shape autocratic behavior, such as the appointment of family relatives to positions of high office or corrupt resource management. If FDI inflows facilitate this behavior and we then use this information to distinguish personalist dictatorship from other types of autocratic rule, a correlation between personalism and FDI may be biased. To address this issue we turn to a 2SLS-IV approach.

The excluded instrument uses information about how the first leader of the autocratic regime seized power to construct a binary indicator of whether he seized power in: an uprising or was a democratically-elected leader who later closed political intuitions to establish an autocracy—what we call 'power-grabs.' An autocratic regime that seized power in one of these ways is coded as a *Divided seizure*. Since all democracies are not dictatorships, this variable is coded 0 for these observations. Importantly, the coding of how a dictatorship

arose in the first place does not use any information from the behavior of the dictator or regime once in power. The seizure of power information is chronologically and causally prior to the behavior of the dictator once in power. To the extent that features of the seizure event do not independently influence the composition of subsequent investment—except through its effect on regime type—the excluded instrument is can be treated as plausibly exogenous to investment.

The logic for using this variable stems from an argument about how dictatorships become personalist regimes: more initial bargaining power for a dictator leads to the subsequent concentration of political power in his hands. As Svolik shows, a high level of initial bargaining power for a dictator means he has more information about when he reneges on a power-sharing agreement by taking more power than promised from elites in his coalition: while the dictator knows how much he's taking from the elites, the elites with which he bargains can only imperfectly observe his actions (Svolik, 2012, Chapter 3). Thus the dictator can renege on a power-sharing deal and the ruling coalition will not know for sure if he's reneging or complying. Svolik's model shows how successful power-grabs by the dictator can endogenously yield what he calls an established dictatorship, where the elite cannot credibly threaten to oust the dictator and thus cannot deter his opportunistic behavior. While Svolik names these dictatorships "established," they are analytically equivalent to personalist regimes: the leader has successfully consolidated power over elites in the military and the supporting political party. The key parameter for whether an "established" dictatorship endogenously emerges from repeated bargaining between the leader and the elites in his coalition is the *initial level of power*: more initial power in the hands of the leader makes it more likely he successfully grabs power in the next iteration of the game.

Our excluded instrument attempts to capture this *initial level of bargaining power*. Uprisings and power-grabs indicate situations in which the dictator is likely to initially bargain over power-sharing with a divided military or a weak political party (Geddes, Wright and Frantz, 2016). In contrast, leaders of dictatorships that seize power as part a senior-officer coup or an

armed rebellion are more likely to bargain with a unified military or a cohesive revolutionary party.

Table D-1 shows the bivariate correlation between the endogenous explanatory variable, Personalist, and a binary indicator of *Divided seizure*. In the main estimating sample of 1,782 observations, 42 percent of observations in which the regime seized power in an uprising or post-election power-grab were personalist dictatorships. In contrast, for regimes that did not come to power in one of these ways (including democracies), only 11 percent of observations are personalist. These percentages suggest a strong correlation between these two variables. This can also be seen in an added-variable plot from a random effects linear probability model, reported in Figure 5. Figure D-1 shows the conditional correlation, given the other explanatory variables in the model.

Table D-1: Personalist regime and seizure type

	Divided Seizure = 0	Divided Seizure = 1
Not Personalist	1,471	74
	(89%)	(57%)
Personalist	182	55
	(11%)	(42%)
Column total	1653	129
	(100%)	(100%)

A final analysis of the instrument examines whether regimes that came to power in a divided seizure received more or less FDI prior to 1980. If high prior FDI is associated with divided seizures and the latter are correlated with subsequent FDI, then the instrument – and 2SLS estimates – could be picking up this selection. To assess this possibility, we look at the first year in which the 104 regimes (for which there is pre-1980s total FDI data) appear in the estimating sample. The left plot in Figure D-2 shows that the mean level of pre-1980 total FDI (%GDP) for regimes with a *Divided seizure* is lower than the mean level for regimes without one. The right plot in Figure D-2 shows this bivariate relationship

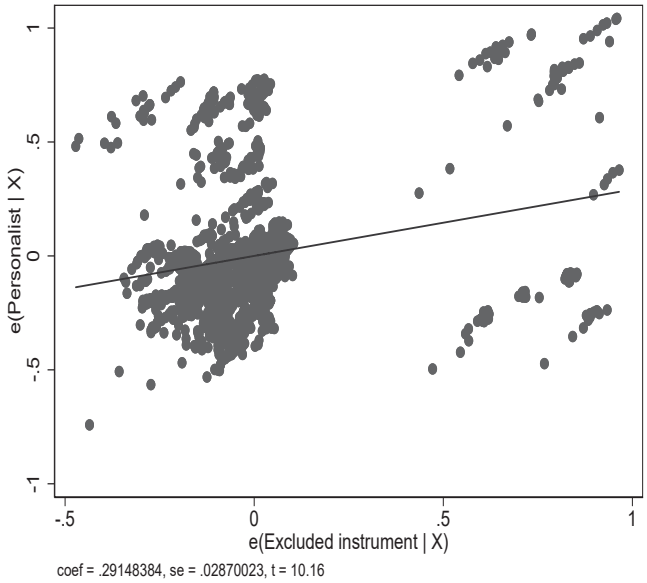


Figure D-1: ***Conditional correlation between excluded instrument and Personalist regime***.

between *Divided seizure* and pre-1980s FDI from a logit model (top estimate). Next we add structural covariates (GDP per capita, population and oil reserves) to the specification. While the estimate for *Pre-1980 FDI* turns positive, it is small and not signficant. The final specification substitutes lagged oil rents instead of reserves and the estimate of interest is roughly zero. These tests provide little indication that countries with more pre-1980 FDI are more likely to select into divided seizure events.

2SLS robustness tests

Figure D-3 reports results from 2SLS robustness tests: the left plot shows the EC2SLS tests while the right panel shows the tests with FE and HAV errors. In each plot, the top estimate is the main baseline 2SLS estimate reported in the main text in Figure 6.

The sceond estimates in each plot contain results from a model that adds other types of autocratic seizure events to the specification: coup, invasion, and rebellion. The third estimates add covert operations from the U.S. and the Soviet Union, with data from Berger, Corvalan, Easterly and Satyanathr (2013). This model addresses the possibility that

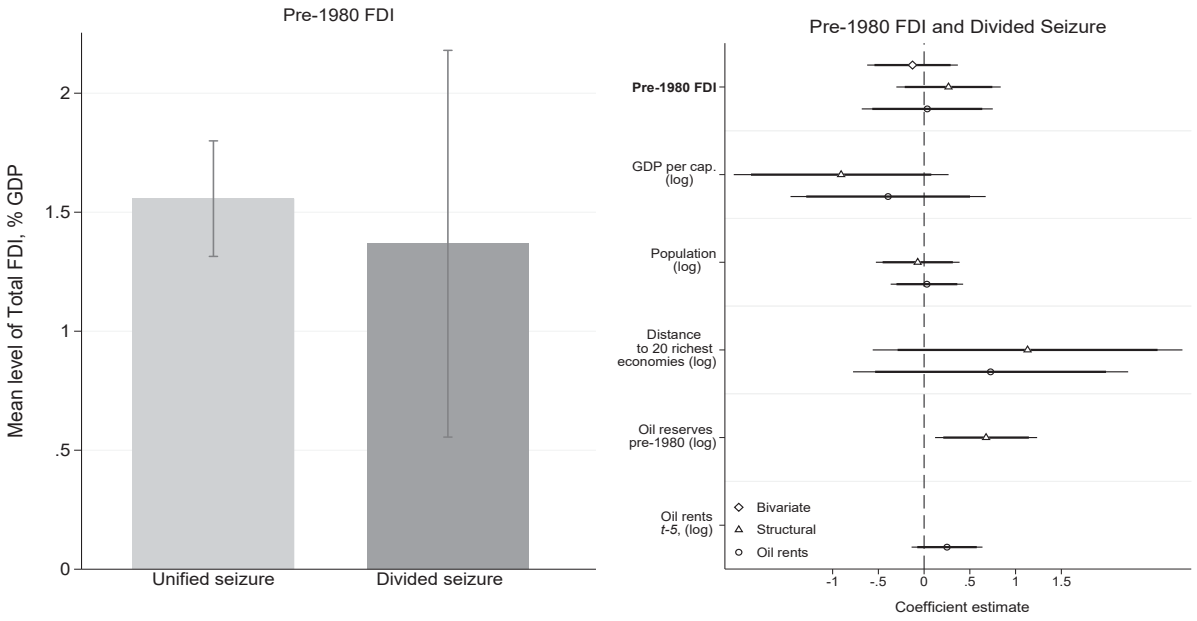


Figure D-2: ***Pre-1980 total FDI and*** *Divided seizures.*

covert interventions to prop up personalist dictatorships that are friendly to foreign investors might bias estimates in the IV models. That is, accounting for how the regime seizes power may not capture covert foreign support friendly to foreign investors. In this specification, we add variables for U.S. and Soviet covert support for a regime. In the estimating sample, 10 regimes are coded as having U.S. covert support at some point. These include reliable U.S. allies such as Egypt, Jordan, and Saudi Arabia but also some democracies, such as Colombia and Panama after 1989. Soviet covert support is coded for only three regimes in the sample.

The fourth estimate drops most control variables, save expropriations and regime duration. The fifth estimate uses the quadratic root of primary FDI instead of the cube root. The sixth estimate adds a non-linear time trend, while the seventh estimate adds other autocratic regime types to the specification. The final estimate uses the personalism index instead of a dummy variable for personalist regime.

The size of the estimates for *Personalist* are stable across these robustness tests, though the errors bands for a few of the tests are larger than the ones reported in the main text (e.g. Personalism index in the bottom estimates).

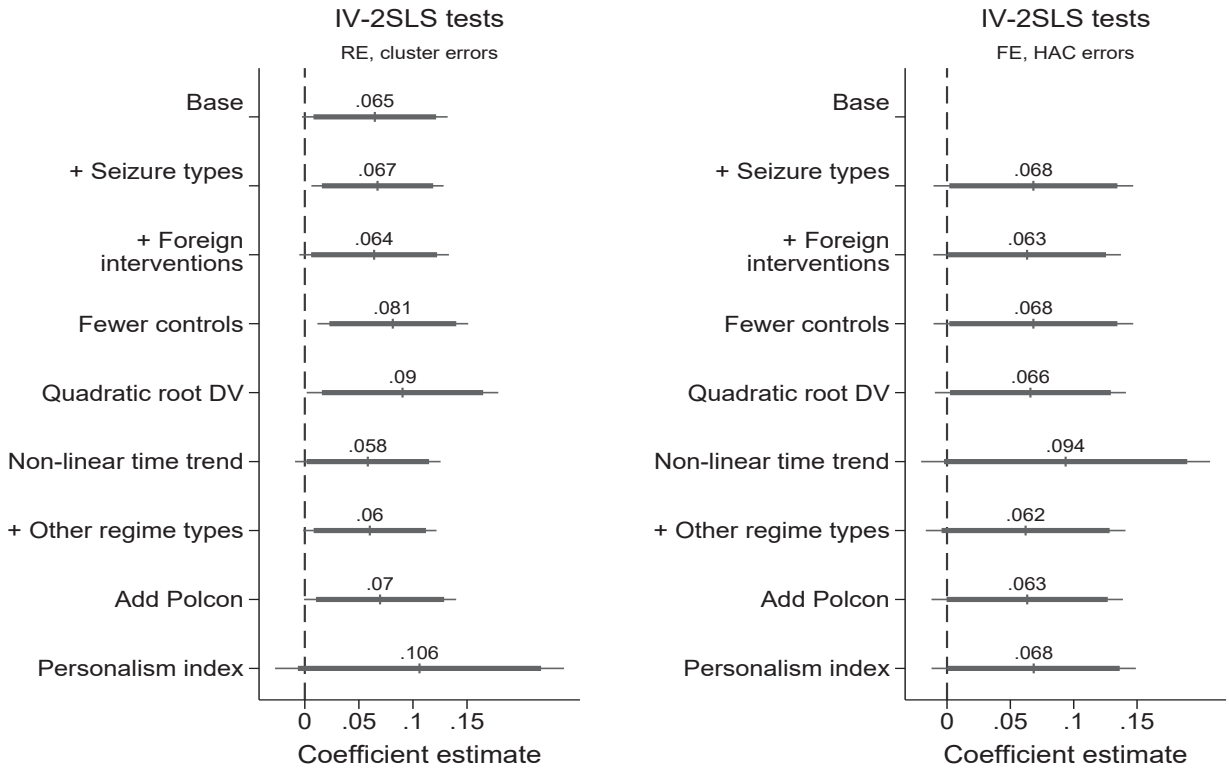


Figure D-3: ***2SLS Robustness tests***.

Finally, Figure D-4 shows the main 2SLS model with an additional control for the Political Risk Service's (PRS) 'Law and Order' variable. We again impute missing data for the sample period used in this analysis, which is restricted to the years for which this variable is available from the PRS: 1984-2010. The Law and Order variable is an index that ranges from 0 (low) to 6 (high). The main result for Personalist reigme remains positive and significant at the 0.10 level, while the estimate for the Law and Order variable is not statstically different from zero.

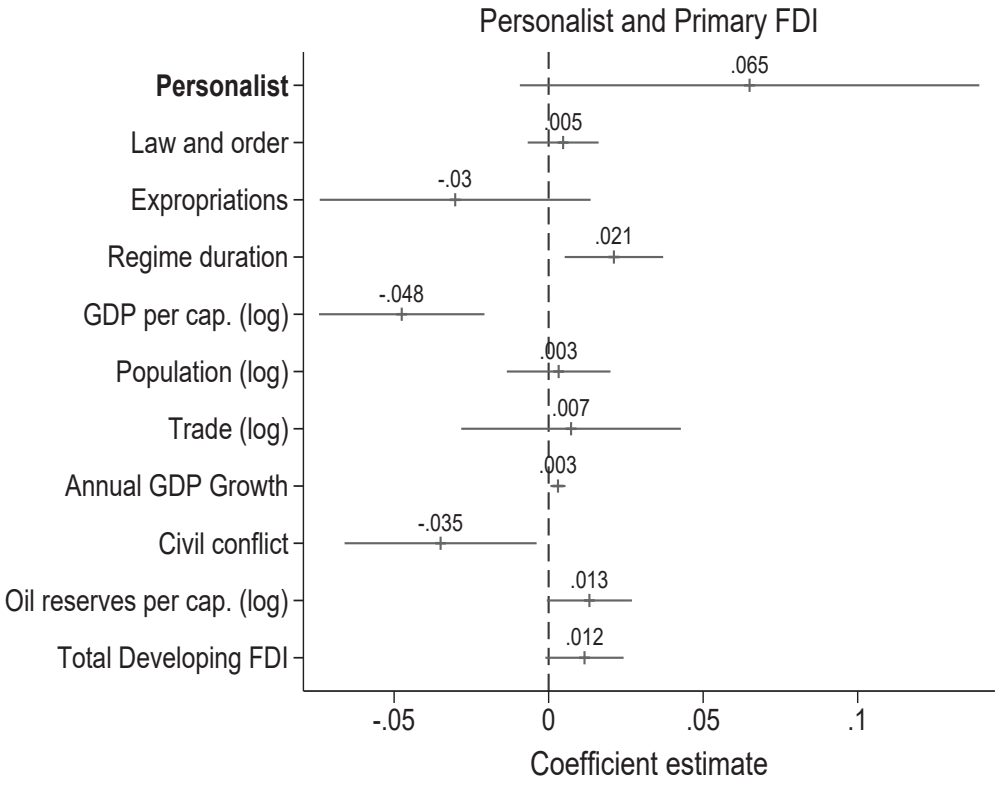


Figure D-4: ***2SLS test with PRS 'Law and Order' control.***

Appendix E: Influential and Outlier Observations

In this appendix, we consider three approaches for probing the robustness of the main results for Primary FDI: (1) the Hadi and (2) Bacon methods for detecting influential observations, and (3) dropping one geographic region at a time. The first two approaches, Hadi and Bacon, help to identify influential observations in the multi-dimensional covariate space; that is, they do not focus on any particular variable.

We use the distribution of the Hadi distances to identify the (overall) most influential observations, drop them from the sample and then re-estimate the model. To compare to the full sample estimate, we show readers the estimate for *Personalist* in the top estimate in the left plot in Figure E-1.

The next three estimates in the left plot report results from a models that drop the 0.1, 0.25 and 0.5 percent most influential observations, respectively. The last estimate in left plot reports a model that drops observations identified as (overall) influential by the Bacon method. This approach excludes some observations from resource rich countries such as Azerbaijan, Kazakhstan, Madagascar, Mozambique, Russia, and Venezuela.

Finally, we re-estimate the main model dropping one geographic region at a time. The right plot of Figure E-1 shows estimates from these tests. Dropping countries from any one geographic region does not appreciably alter the main finding.

Appendix F: Missing Data

In the main text we report estimates from a sample that uses multiply imputed data for missing values of the primary FDI (cube root, share of GDP) data. For the data imputations, we consider the 61 countries listed in Table F-1 with at least one observation of sectoral data. We chose not to impute data for the 48 countries without *any* sectoral data. In this Appendix, we first report additional tests that show the excluded sample of 48 countries without sectoral FDI data do not differ along key dimensions from the 61 countries for which we imputed missing data. Then we report results from tests that use listwise deletion and thus only

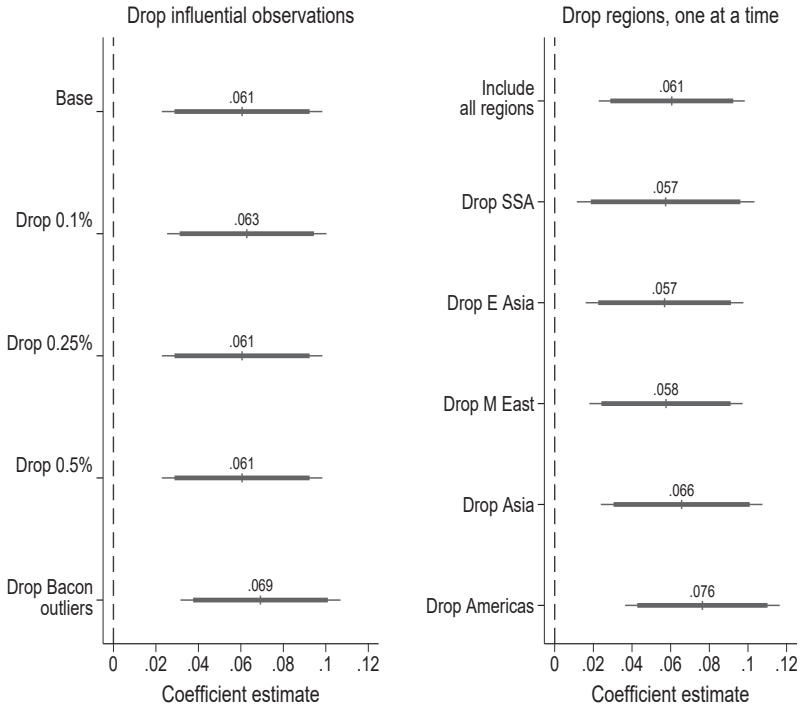


Figure E-1: ***Robustness tests for influential observations***.

employ observed data on Primary FDI.

We imputed 10 data sets using the Amelia II package (Honaker and King, 2010; King et al., 2001). In the imputation, in addition to all variables in the model, we also include two variables—total FDI inflows as a share of GDP and oil rents—as well as a cubic polynomial of time. Figure F-1 shows the distribution of the imputed data and the observed data for each of the 10 data sets. The shaded area is the density of the imputed primary FDI data, while the dashed line depicts the distribution of the observed data. The latter is the same in each of the 10 plots, while the former differ in each.

Differences in included vs. excluded countries The multiply imputed data tests use a sample of 61 *included* countries with at least some sectoral FDI data. There are 48 countries, which we call *excluded* countries, for which there is no sectoral data. This section reports two tests using total FDI—instead of sectoral FDI—to show that: (a) personalist

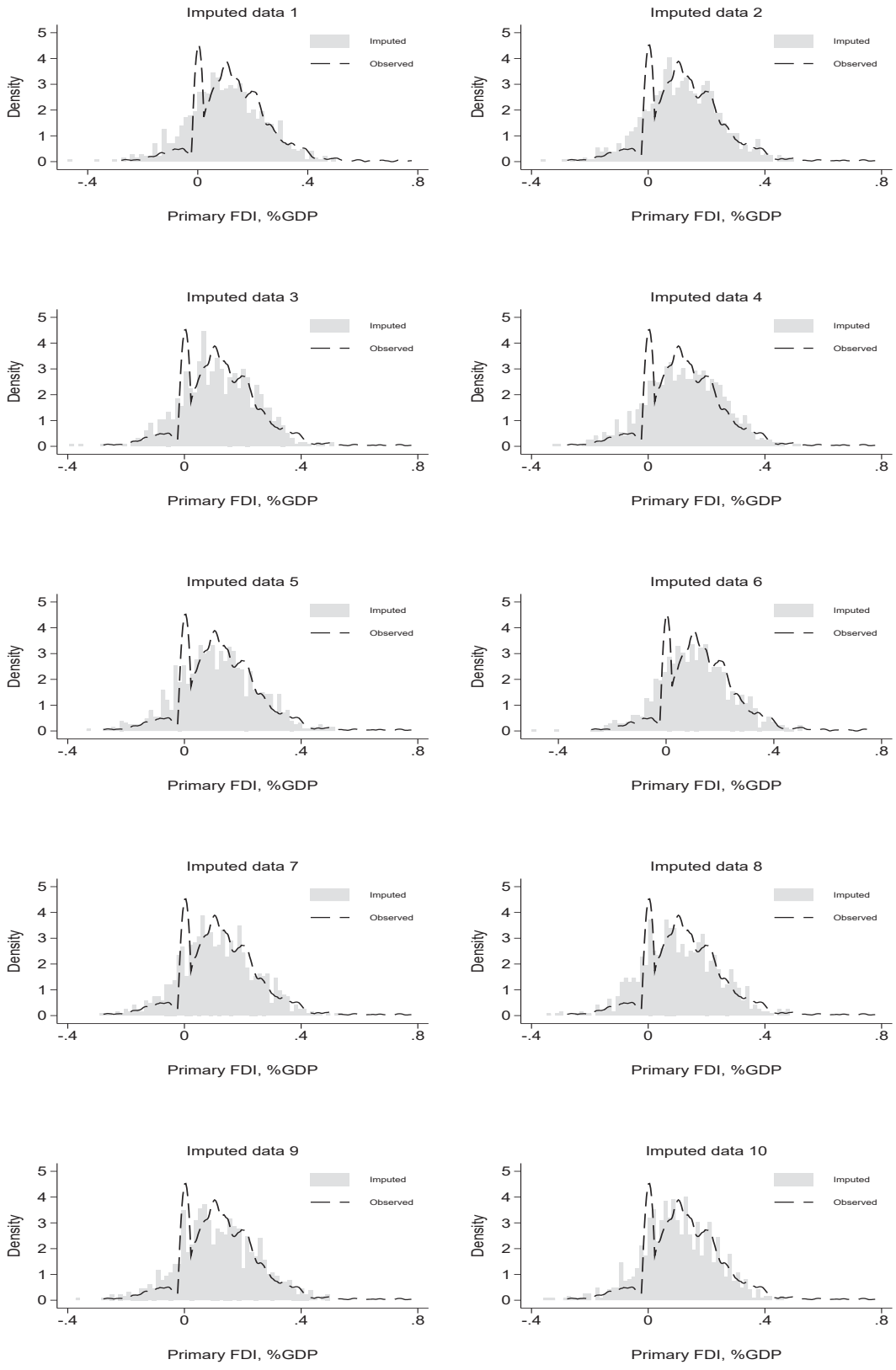


Figure F-1: ***Distribution of multiply imputed Primary FDI data.***

Table F-1: Coverage of Sectoral FDI Data by Country between 1980–2010

Country	Obs	Country	Obs
Albania	7	Mauritania	12
Argentina	27	Mauritius	23
Armenia	16	Mexico	31
Azerbaijan	16	Morocco	15
Bangladesh	16	Mozambique	10
Benin	1	Nicaragua	20
Bolivia	31	Nigeria	21
Brazil	15	Oman	11
Cambodia	16	Pakistan	26
Chile	5	Panama	21
China	14	Paraguay	29
Colombia	17	Peru	31
Costa Rica	31	Philippines	31
Dominican Republic	18	Moldova	5
Ecuador	25	Russia	13
Egypt	4	Saudi Arabia	21
El Salvador	12	Singapore	12
Ethiopia	8	Sri Lanka	10
Guatemala	6	Syria	4
Honduras	18	Macedonia	14
India	16	Tajikistan	6
Indonesia	7	Thailand	31
Iran	7	Tunisia	31
Jordan	4	Turkey	16
Kazakhstan	17	Uganda	11
Korea, Republic of	31	Ukraine	2
Kyrgyzstan	15	Tanzania	10
Laos	3	Uruguay	10
Madagascar	6	Venezuela	31
Malawi	5	Zambia	6
Malaysia	12		

regimes have similiar levels of total FDI in both groups of countries; and (b) being in the group of included countries is not systematically correlated with personalism or with total FDI inflows. The tests examine a total of 108 developing countries in the cross-section.

The first set of tests, shown in Figure F-2, examine models similar to the sectoral FDI tests reported in the main text. The only difference is the that dependent variable is Total

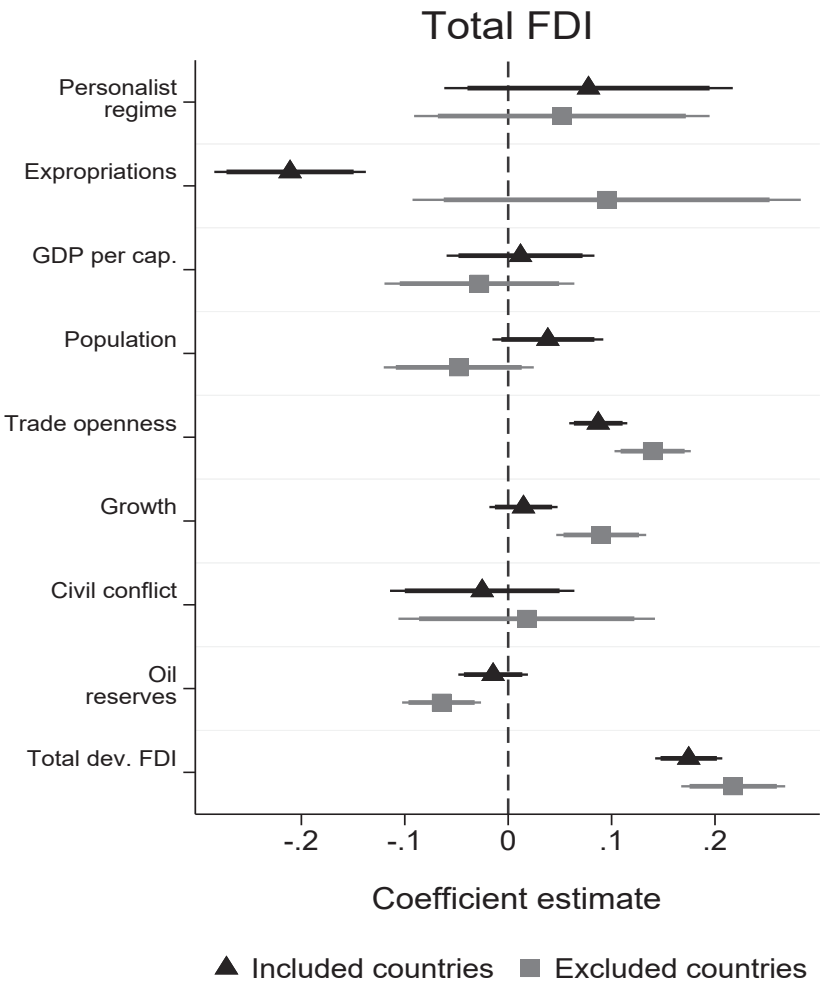


Figure F-2: ***Personalism and Total FDI***.

FDI, not Primary FDI. The top estimate is from a specification that includes oil rents while the bottom estimate is from a specification with oil reserves. The estimates for Personal regime are similar for each group of countries.[2] This suggests that there is little systematic difference across these two groups of countries in how personalism affects total FDI inflows.

Figure F-3 shows the results of tests designed to see if the group of included countries differs systematically from the excluded countries in key variables—Total FDI and personalist regime—after conditioning out the co-variance with structural variables: GDP per capita, population, and resource wealth. The left panel shows that a binary indicator for *included country* is not correlated with Total FDI. Smaller population countries, however, have more total FDI, on average, than larger countries. The right panel shows a similar set of tests, but with personalist regime as the outcome variable. Again, the included countries do not, on average, have systematically higher personalism. GDP per capita is negatively associated with personalist regimes while resource wealth is positively associated with personalism. This suggests that personalist dictatorships are more likely to be found in poorer, more oil dependent countries.

Model with no imputed data Table F-1 lists the coverage of data for the 61 countries in the estimating sample. In all results reported in the main text we use multiply imputed data sets to estimate the models. The multiple imputation for missing data fills in missing values in the time series panel for these 61 countries, making complete panels of 31 years (19 years for post-Soviet countries).

In this subsection we report results from OLS (RE with AR(1) errors) and 2SLS (RE EC2SLS with cluster robust errors) estimators. The sample consists of 891 observations in 60 countries, with listwise deletion for observations with missing data on sectoral FDI. Note that the first stage F-statistic for the excluded instrument in the 2SLS model is 16.

Figure F-4 shows the results for Primary FDI for the two models. The estimate for

[2]The full sample estimate (n=2,890) is 0.031, the estimate for the included countries is 0.074 and that for excluded countries is 0.052.

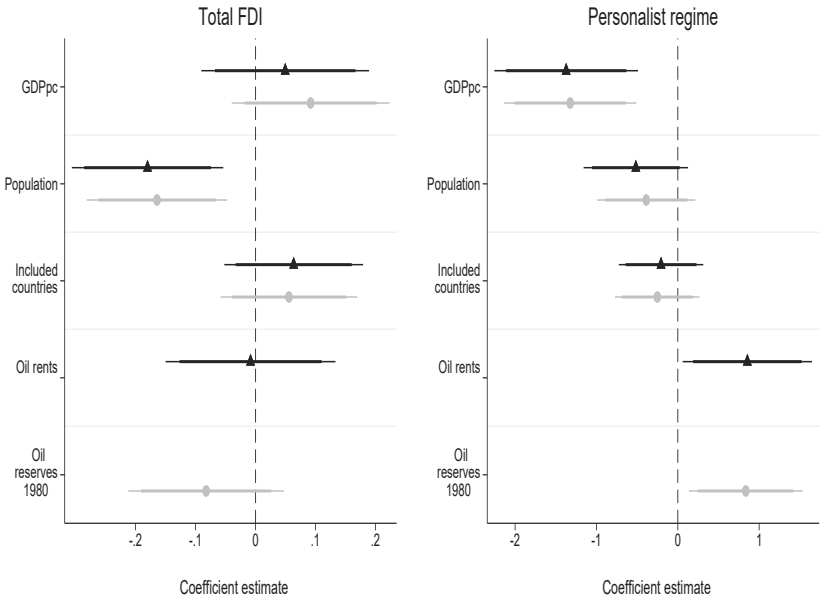


Figure F-3: ***Correlates of Total FDI and personalist regime.***

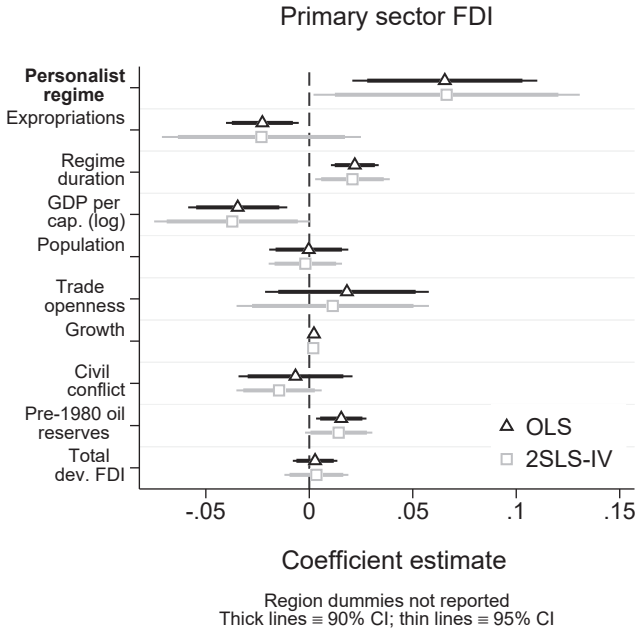


Figure F-4: ***Models with no imputed data.***

Personalist with the OLS estimator is 0.0657 and the estimate with the 2SLS estimator is nearly identical (0.0660). Both point estimates are statistically significant at the 0.05 level. In replication files we show that the OLS estimate is robust to various approaches to modeling the errors: HAC errors with no RE; RE with clustered errors; panel-corrected common AR(1) errors with no RE; and panel-corrected panel-specific AR(1) errors with no RE. Earlier versions of the paper report a full appendix with robustness tests for non-imputed data.

Appendix G: Industry-Level FDI

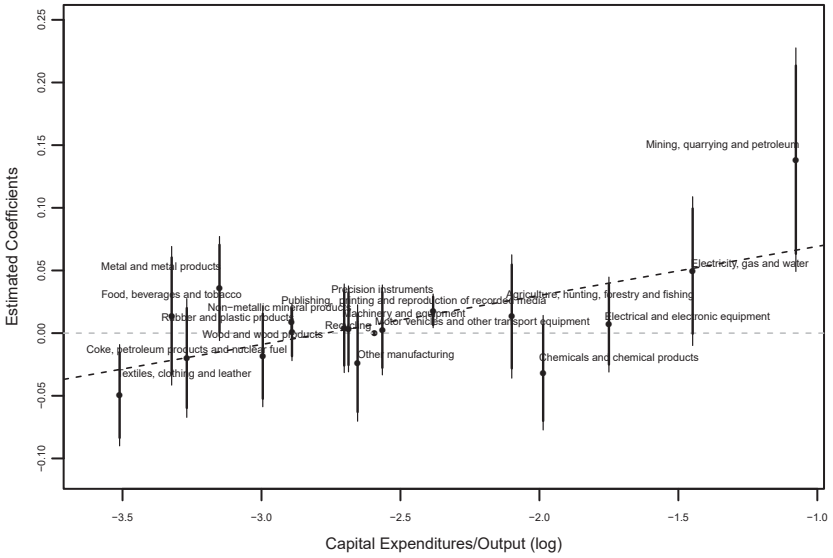
In the paper, we show that the positive association between personalism and FDI holds in general in fixed-asset intensive industries but disappears in non-fixed-asset intensive industries. Table G-1 reports regression coefficients for the 18 industries based on non-imputed and imputed data sets. As in Figure 8, we visualize the coefficients of personalism from the non-imputed data in Figure G-1. We can see that the results with imputed data and non-imputed data are consistent. The correlation between the coefficients of personalist regime and industry-level capital intensity (log) is approximately 0.65 in both the non-imputed and imputed data set. Overall, the results show that the coefficient of personalist regime is positive and significant in fixed-asset intensive industries such as mining, quarrying and petroleum, and electricity, gas and water. The coefficient becomes insignificant or negative in industries with low levels of fixed assets.

Table G-1: Industry-Level FDI

Industry	Non-Imputed Data			Imputed Data			
	Coef	SE	*N*	Coef	SE	*N*	Cap. Exp./ Output
Textiles, clothing and leather	-0.050*	(0.021)	431	-0.124*	(0.018)	1782	0.030
Food, beverages and tobacco	0.014	(0.028)	443	0.017	(0.023)	1782	0.036
Coke, petroleum products and nuclear fuel	-0.020	(0.024)	427	-0.009	(0.015)	1782	0.038
Metal and metal products	0.036	(0.021)	434	0.029	(0.025)	1782	0.043
Wood and wood products	-0.018	(0.021)	413	-0.021	(0.019)	1782	0.050
Publishing, printing and reproduction of recorded media	0.009	(0.006)	387	0.010*	(0.003)	1782	0.055
Rubber and plastic products	0.001	(0.011)	401	0.004	(0.009)	1782	0.056
Machinery and equipment	0.004	(0.018)	444	-0.005	(0.012)	1782	0.067
Non-metallic mineral products	0.003	(0.017)	428	0.006	(0.012)	1782	0.068
Other manufacturing	-0.024	(0.024)	425	-0.003	(0.020)	1782	0.070
Recycling	0.000	(0.000)	377	0.001	(0.001)	1782	0.075
Motor vehicles and other transport equipment	0.003	(0.018)	404	0.000	(0.019)	1782	0.077
Precision instruments	0.018*	(0.007)	377	0.023*	(0.010)	1782	0.092
Agriculture, hunting, forestry and fishing	0.013	(0.025)	915	0.013	(0.022)	1782	0.123
Chemicals and chemical products	-0.032	(0.023)	441	-0.023	(0.017)	1782	0.137
Electrical and electronic equipment	0.007	(0.019)	434	-0.003	(0.014)	1782	0.174
Electricity, gas and water	0.049	(0.030)	838	0.058*	(0.025)	1782	0.235
Mining, quarrying and petroleum	0.138*	(0.046)	917	0.117*	(0.046)	1782	0.341

* $p<0.05$. Estimates on covariates are not shown. Random effects OLS with AR(1) errors.

Figure G-1: Estimated Coefficients of Personalism across Industries (Non-Imputed)



Plot of regression coefficients of personalism across industries. Vertical lines represent 95% and 90% confidence intervals. The dark dashed line is the fitted regression line of estimated coefficients over fixed asset intensity (fixed capital expenditures/ouput, log) at the industry level.

Appendix H: Resource Governance

The left plot in Figure H-1 show the added-variable plot for *Personalism* from an OLS estimate similar to the GLM estimate in the left plot of Figure 9. The sample includes all 45 resource rich developing countries covered by the RGI. Here we can see that Turkmenistan is an outlier. This case can be partly explained by the unique family story of Turkmenistan's first independence leader, Saparmurat Niyazov (Niyazow). He inherited the job at independence because the Soviet leaders selected him to be the First Secretary of the Turmken Communist Party in late 1985. The Soviet leadership selected Niyazov, in part, because "he had no significant patronage network in Turkmenistan itself; he was an orphan with no moral obligations to elevate his own relatives and cronies." (Horák, 2012, 375).

In coding personalism for Turkmenistan, two of the three variables that indicate more personalism are coded zero because: (1) Niyazov inherited a political party at independence and did not create his own support party;[3] and (2) Niyazov was an orphan and therefore did not have an extended family (father, uncle, cousins, nephews) to appoint to positions of elite power in the regime. To our knowledge, Niyazov is a unique autocratic leader in the post-1946 era because he both inherited a political party and was an orphan without an extended family at the time he took office. The right plot in Figure H-1 is the same added-variable plot but without Turkmenistan; it shows an even stronger negative cross-sectional relationship between personalism and resource governance.

The plot in Figure H-2 show the bivariate relationship between personalism and the sub-components of the resource governance measure. The GLM estimates for personalism—after controlling for hydrocarbon extraction, GDP, and oil wealth—are the following for each sub-component of the RGI score (43 cross-section observations). The negative conditional correlation between personalism and the RGI score is therefore not driven by any particular subcomponent but rather is present for all four sub-components.

[3]This is true for all initial post-independence leaders in former Soviet Central Asia.

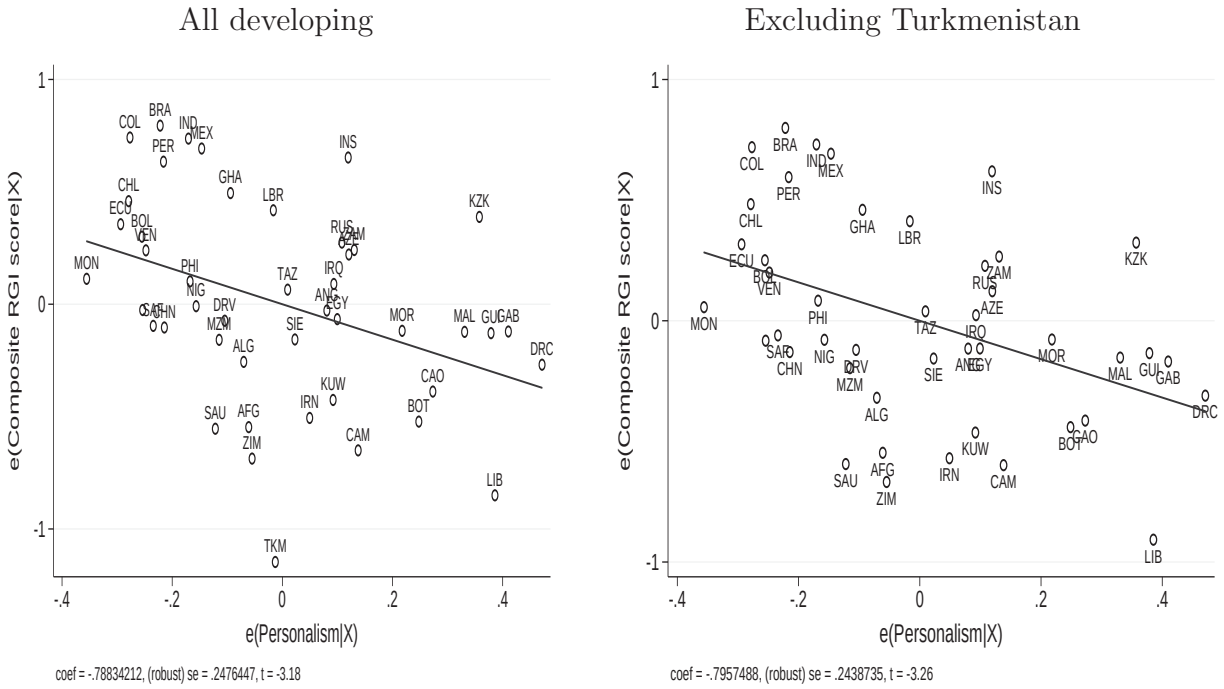


Figure H-1: ***Personalism and resource governance (RGI), conditional correlation***.

Dependent variable	$\beta_{Personalism}$	s.e.
Institutional, legal setting	-1.068	(0.57)
Reporting practices	-0.785	(0.47)
Safeguards, quality control	-1.156	(0.65)
Enabling environment	-0.784	(0.65)

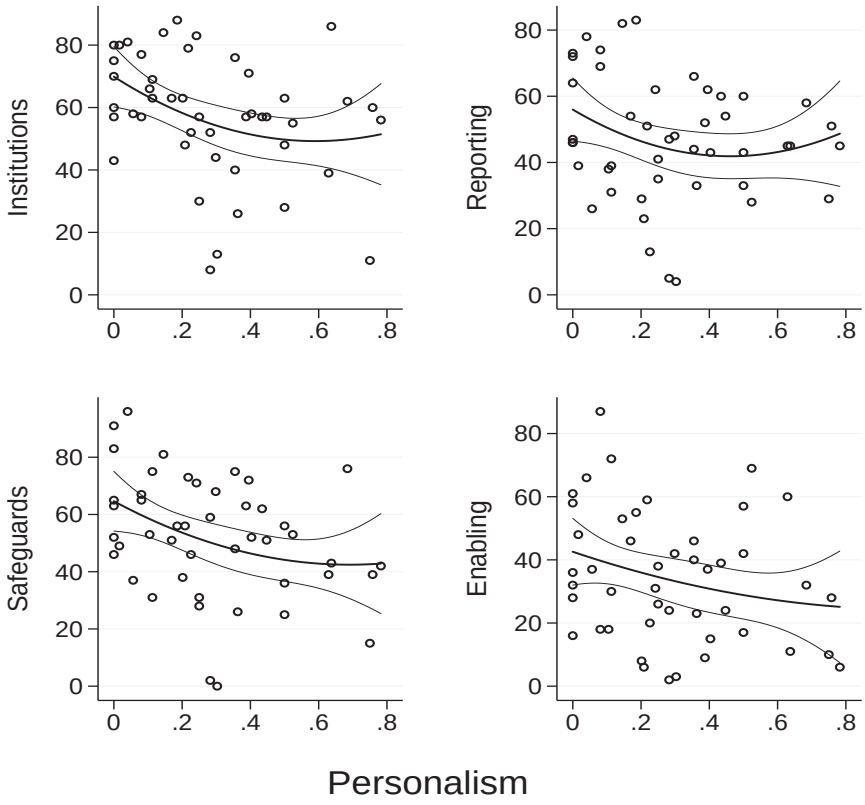


Figure H-2: ***Personalism and resource governance (RGI), sub-components***.

Appendix I: FCPA corruption

In the main text, we reported estimates from a test of personalism and corruption prosecutions for the year 1997 to 2010, the time period during which 33 of 35 prosecutions occurred. Here we report estimates from time-varying models that look at all years from 1981 to 2010, using both a random effects logit estimator and a conditional logit. Figure I-1 reports these results. The left panel reports the random effects logit estimates while the right panel shows the conditional logit results. In all six models the estimate for Personalism is positive and significant—similar to the finding for personalism in the kernal regression tests reported in the main text.

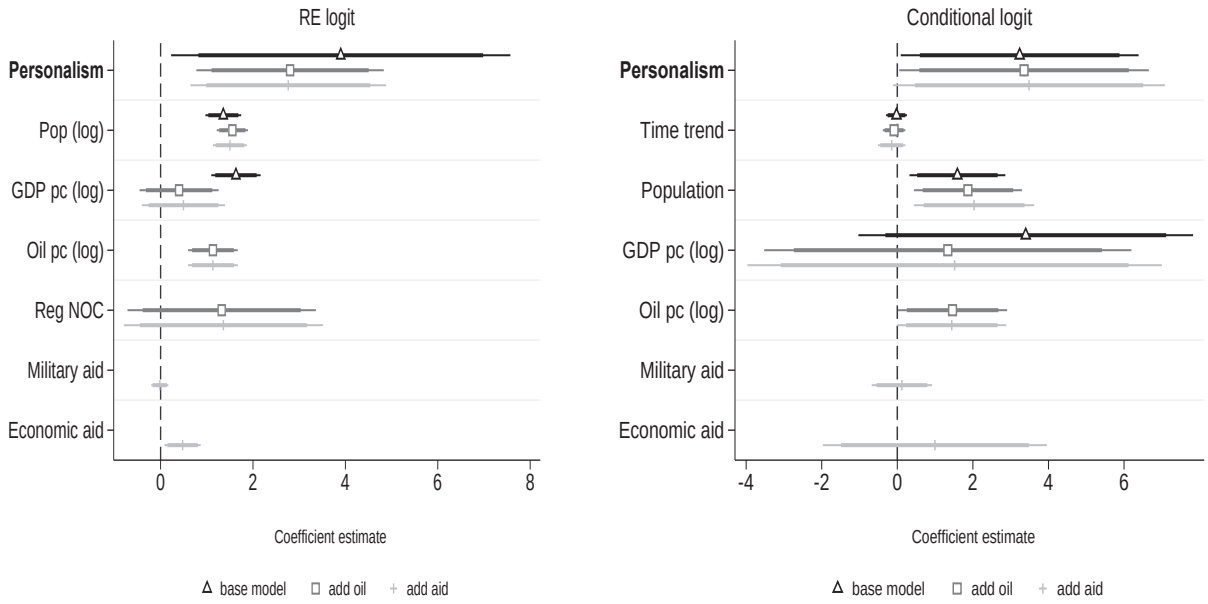


Figure I-1: ***Personalism and resource governance (RGI), conditional correlation.***

The replication files also report tests from a Firth logit models that are designed to account for the rarity of the occurrence of these corruption prosecutions. These results are also consistent: personalism is positively associated with prosecutions.

Finally, the tests in the main text report estimates from kernal regressions. The estimates from these models are the average point-wise marginal effects of the explanatory variables. Figure I-2 shows the distribution of these marginal effects for personalism for two groups of

resource-rich developing countries: those with a regulatory nationalized oil company (NOC) and those without. The estimated pointwise derivatives come from the second and third models reported in the right panel of Figure 9 in the main text. The distribution of the pointwise derivatives from Model 2 are plotted in the left panel of Figure I-2. The average marginal effect for personalism among countries with a regulatory NOC is 0.038; for countries without a regulatory NOC it is 0.132. The same pattern is found in the right panel, which plots the distribution of pointwise derivatives for personalism from Model 3. These distributions indicate that the positive marginal effect of personalism is larger in countries without a regulatory NOC. Thus, while the results in the main text show that regulatory NOC's result in more corruption prosecutions, the results here show that the positive effect of personalism persists even in countries without a regulatory NOC.

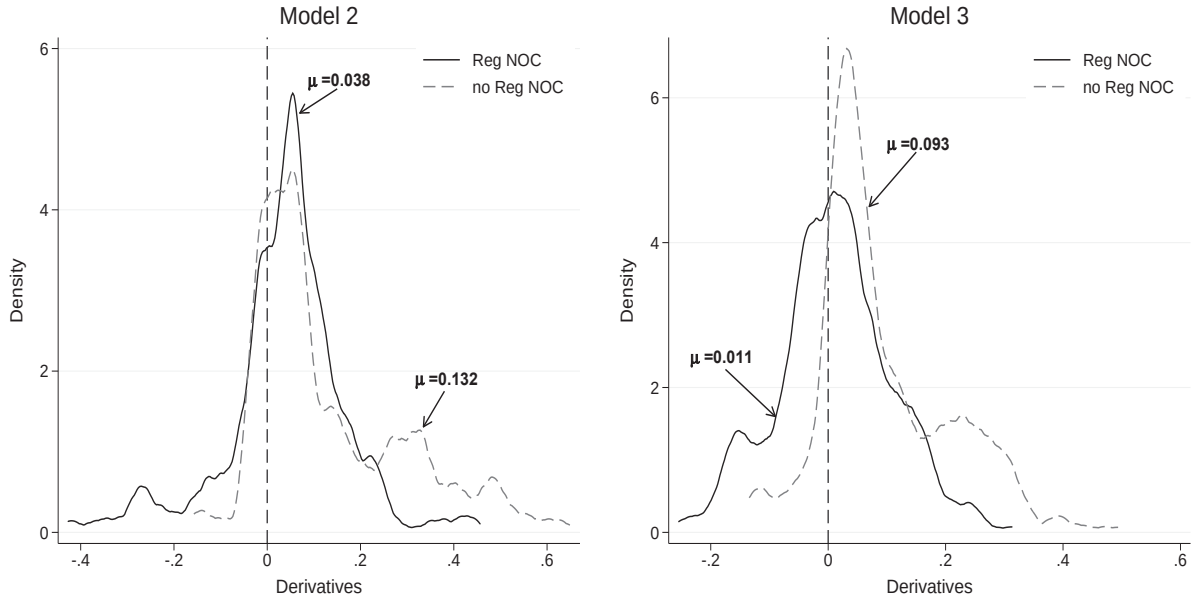


Figure I-2: ***Personalism and resource governance (RGI), pointwise derivatives for personalism.***

Appendix J: Chinese FDI

In this section we address the possibility that the main finding is driven by Chinese FDI. Much of China's FDI, mostly undertaken by state-owned enterprises, has poured into resource-rich developing countries to secure energy supply for its high-growth economy. Some studies suggest that Chinese investors tend to be more rent-seeking and less deterred by political risks in host countries compared to their Western counterparts (Buckley, Clegg, Cross, Liu, Voss and Zheng, 2007; Kolstad and Wiig, 2012; Stone, Wang and Yu, 2016). Thus, it might the be case that Chinese FDI accounts for the correlation between personalism and primary sector FDI.

We take two approaches. First, since Chinese FDI starts increasing substantially after 2000, we create an indicator variable for the decade from 2001 to 2010. We include this variable and the interaction between this variable and *Personalist* in the main model specification. The coefficient for *Personalist*, which estimates the marginal effect of *Personalist* prior to 2001, is 0.053 (se=0.021). The interaction term estimate is 0.027 and not statistically different from zero (se=0.023). The linear combination of the estimates is 0.080 and is statistically significant at the 0.01 level. These estimates suggest that the effect of *Personalist*, while slightly larger in the post-2000 period, is still positive and significant prior to the rise of Chinese FDI.

A second approach tests the baseline model on the period with data available for Chinese FDI (2001-2010). This reduces the sample coverage substantially. First we test the main specification on the observations with available Chinese FDI data, shown in the left panel of Figure J-1. This allows us to compare the estimate for *Personalist* once we add the Chinese FDI variable, shown in the right panel. The estimate for personalist regime is 0.1195 (se=0.0234). The estimate of interest after we add the Chinese FDI variable is 0.1201 (se=0.0326). This test indicates that adding Chinese FDI to a specification does not change main result. However, this conclusion must be taken with caution given the paucity of available Chinese FDI data over the entire sample period (1980-2010).

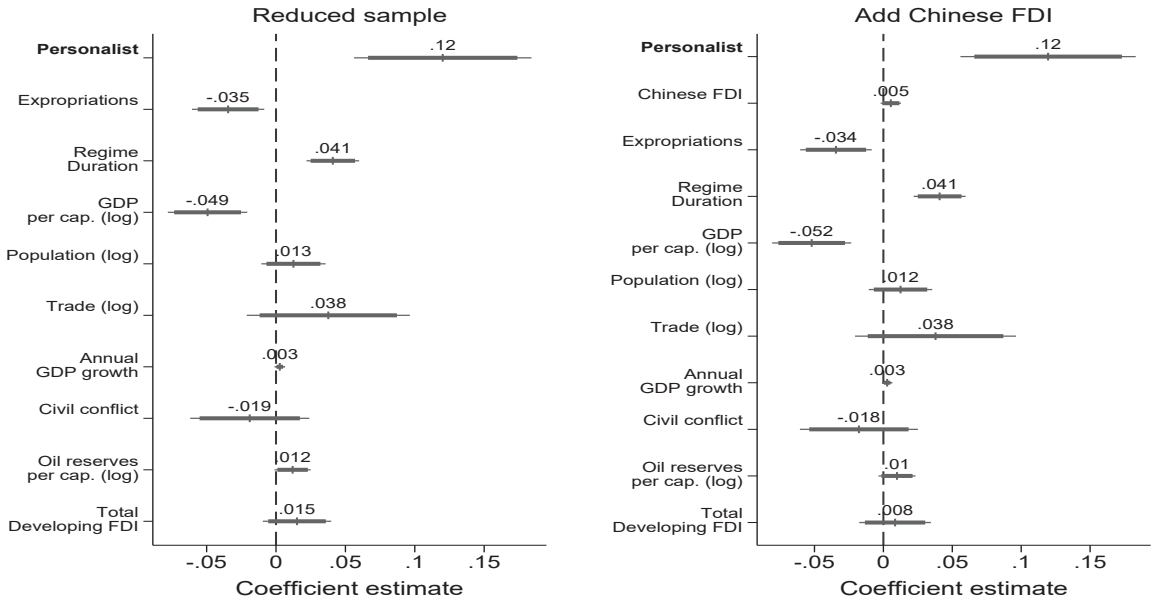


Figure J-1: ***Chinese FDI in the specification.***

Appendix K: Political Risk

This Appendix shows that personalist regimes have, on average, higher political risk than other regimes, including democracies. The political risk data is from Crecendo, a political risk insurance agency formerly known as Office Nationale du Ducroire (ONDD) or the Belgian Export Credit Agency (Graham, Johnston and Kingsley, 2017; Jensen, 2008). The agency rates countries in each year on a scale of 1 (low risk) to 7 (high risk). From 1992 to 2002, ONDD combine risk from conflict and adverse government action (or 'creeping expropriation'). After 2002, the ONDD separates these two types of risk. In the analysis reported here we pool all years 1992-2010 but show in replication files that results hold for the years 2002 to 2010 only.

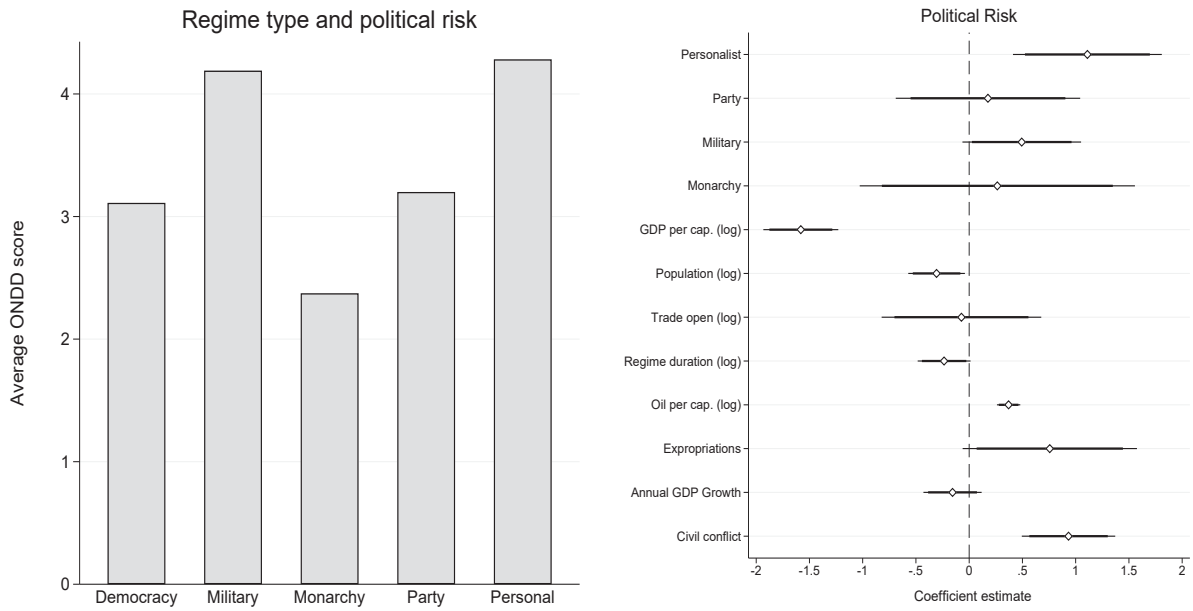


Figure K-1: ***Regime types and political risk.***

The left panel of Figure K-1 shows the mean level of political risk, by regime type. Personalist dictatorships have the highest average level, followed by military regimes. Party regimes and democracies have roughly similar average levels, while monarchies have the lowest. The right panel shows a similar result from an ordered logit model with geographic

region controls and year fixed effects (not reported).[4] Importantly, this analysis includes past expropriation as a confounder. Thus the personalist regimes have higher political risk than other regimes even after accounting for recent direct expropriation. This suggests there still exists a threat of adverse government action in personalist regimes – and that foreign investors still seek out these countries despite the risk.

[4]This finding is robust to numerous additional tests shown in the replication files (random effects, OLS, 2002-2010 only, panels with more than 3 years).

Appendix L: Primary FDI in oil rich and oil poor countries

The left panel of Figure 7 in the main text shows that the main results holds in both oil rich and in oil poor countries. This finding addresses concerns that some omitted relationship between oil wealth and personalist rule is driving the results. We complement this analysis by examining *high oil, non-personalist* regimes and *low oil, personalist* regimes.[5] This reduced sample therefore focuses on *least likely* cases. This leaves 11 *low oil, personalist* cases and 55 *high oil, non-personalist* cases. The *low oil, personalist* regimes can be found in Armenia, Bangladesh, Madagascar, Malawi, Mauritania and Uganda. The *high oil, non-personalist* regimes can be found in (among others) Bolivia, Brazil, Chile, Indonesia, Iran, Malaysia, Nigeria, Oman, Tunisia, and Saudi Arabia.

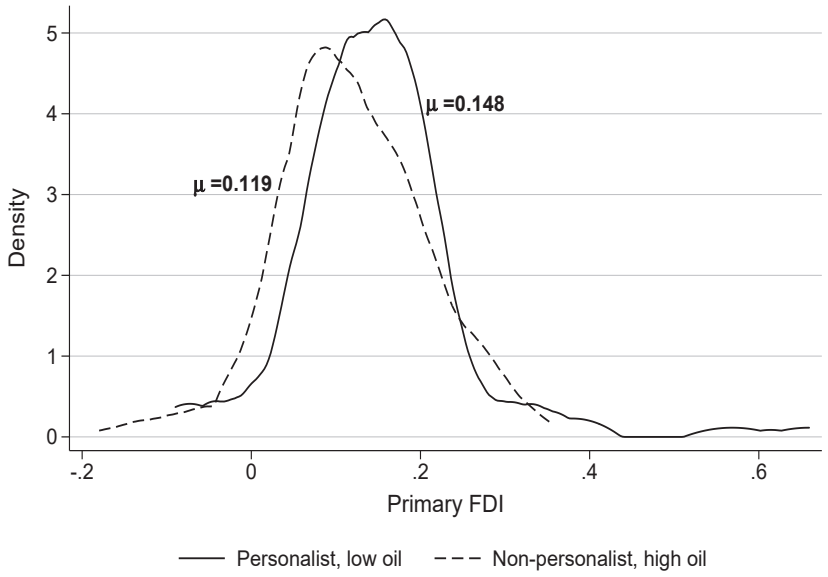


Figure L-1: ***Regime types and political risk.***

Figure L-1 shows the distribution of (cubed) primary sector FDI is each set of cases. The distribution depicted with a solid line (*low oil, personalist* cases) is further to the right than the distribution depicted with a dashed line (*high oil, non-personalist* cases). A t-test of the difference in mean level of primary FDI indicates that there is statistically more

[5]This analysis therefore *excludes* oil-rich personalist regimes and oil-poor non-personalist regimes. As in the main text, we divide countries into two bins: those with a maximum logged oil reserves greater than 1 (oil rich) and those with maximum reserves less than 1 (oil poor).

primary FDI in the *low oil, personalist* cases (0.148) than in the *high oil, non-personalist* cases (0.119). The Armenian personalist regime (1998 –), for example, has higher average primary FDI levels (0.122) than the oil-rich Iranian theocratic regime (0.072) or the oil-rich Saudi monarchy (0.039).

Appendix M: U.S. Fixed Asset Investments

In this section, we provide additional results based on U.S. MNCs. In the paper, we use sector of investment (primary vs secondary) as proxies for fixed-asset intensive and non-fixed-asset intensive FDI. The BEA reports comprehensive information about the activities of U.S. MNCs. We utilize annual capital expenditures in property, plant, and equipment (PPE) by U.S. majority-owned foreign affiliates to capture U.S. investments in fixed assets. The data are from Kerner (2014), covering the period from 1997 to 2010. In a given country, if U.S. FDI flows mainly into fixed-asset intensive industries, we should observe a high level of U.S. investments in fixed assets. This variable is normalized by host countries' GDP. To deal with the skewed distribution, we take the cube root of this variable. According to our theory, we expect a positive relationship between personalism and U.S. investments in fixed assets.

Alternatively, we could examine the industrial distribution of U.S. FDI across regimes. Due to confidentiality, however, many data at the country-industry level are suppressed to avoid disclosure of data of individual companies. This results in a large amount of missing values and only three personalist regimes in the sample.

We test a random effect OLS estimator that models serial correlation (AR(1)), as suggested by a Woolridge test. Model 1 in Table M-1 reports the regression results based on the 10 imputed data sets. Personalism is strongly correlated with a high level of U.S. investments in fixed assets. Models 2 and 3 show the results from the non-imputed data. Given the small number of observations, three extreme observations have a large influence on the results: Liberia 2005, 2006, and 2007. In these three years (especially in 2005 and

2006), Liberia received much higher U.S. investments in fixed assets as a percentage of GDP compared with other countries in the sample. The surge of U.S. fixed asset investments in Liberia follows the end of the Second Liberian Civil War (1999-2003) and the gradual lifting of U.N. sanctions against this country. In 2006, the Bush Administration designated Liberia as eligible for trade benefits under the African Growth and Opportunity Act. In 2007 U.S. and Liberia signed a Trade and Investment Framework Agreement. If we drop these three extreme observations, the coefficient of personalism becomes statistically significant.

Table M-1: U.S. Fixed Asset Investments

	Imputed	Non-imputed	
	(1)	(2)	(3)
Personalist	0.024**	0.008	0.017**
	(0.011)	(0.007)	(0.007)
Expropriations	-0.008	-0.002	-0.002
	(0.006)	(0.002)	(0.002)
Regime duration	-0.002	-0.001	-0.000
	(0.003)	(0.002)	(0.002)
GDP per cap. (log)	0.011**	0.016**	0.019***
	(0.005)	(0.007)	(0.006)
Population (log)	0.024***	0.016***	0.016***
	(0.004)	(0.005)	(0.005)
Trade (log)	0.062***	0.016**	0.014**
	(0.011)	(0.007)	(0.007)
Annual GDP Growth	0.001*	-0.000	0.000
	(0.001)	(0.000)	(0.000)
Civil Conflict	0.009	-0.003	-0.001
	(0.010)	(0.004)	(0.004)
Oil reserves per cap. (log)	0.008***	0.006*	0.005*
	(0.002)	(0.003)	(0.003)
Total Developling FDI	0.002	-0.006	-0.008**
	(0.012)	(0.004)	(0.004)
Asia	-0.008	0.014	0.016
	(0.018)	(0.025)	(0.024)
Americas	0.114***	0.097***	0.098***
	(0.014)	(0.020)	(0.019)
East Asia	0.061***	0.089***	0.091***
	(0.021)	(0.030)	(0.028)
Sub-Saharan Africa	0.058***	0.066***	0.067***
	(0.013)	(0.020)	(0.019)
Constant	-0.715***	-0.329***	-0.329***
Observations	1602	987	984

Note: Standard errors in parentheses;
*** p <0.01, ** p <0.05, * p <0.1.

Appendix N: Summary Statistics

Table N-2: Summary Statistics

Variable	Mean	Std. Dev.	Min.	Max.
Primary FDI/GDP (cube root)	0.12	0.13	-0.38	0.79
Personalist	0.13	0.34	0	1
Expropriations	0.1	0.39	0	6.31
Regime duration (log)	2.62	1.11	0	5.59
GDP (log)	7.33	1.17	4.34	10.46
Population (log)	16.64	1.5	13.78	21.01
Trade open (log)	4.1	0.58	2.31	6.09
Annual GDP Growth	3.77	5.7	-41.8	34.5
Civil conflict	0.25	0.43	0	1
Pre-1980 oil reserves per cap. (log)	1.53	2.17	0	9.14
Total developing FDI	11.52	1.3	8.91	13.45
Asia	0.14	0.34	0	1
Americas	0.31	0.46	0	1
East Asia	0.12	0.33	0	1
Sub-Saharan Africa	0.19	0.39	0	1
Observations		1782		
Countries		61		
Years		1980-2010		

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