Foreign Borrowing, Sovereignty, and Public Opinion in the Global South: Traditional Lenders or China?

Supplementary Materials

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A. Survey instrument details

We contracted with TGM Research, an internationally recognized and reputable panel survey company that has been successfully used by social scientists, to field the full survey. TGM provided census-representative samples along major demographic variables including age, gender, education, and region.

Based on preliminary power calculations, we aimed to recruit 900 respondents per country, or 450 respondents for each of our two conjoint experiments, which would yield 2250 observations for each of our two conjoint experiments (6750 per region and 20,250 total). In the end, to ensure country-level representativeness, and after removing respondents who failed simple attention checks (see below), we ended up exceeding 900 respondents in every country (see Table A1).

The survey instrument included two attention check questions to ensure data quality. First, we asked a post-treatment question to ensure that respondents could correctly identify that the conjoint paired choices asked them to compare foreign loans. Second, we asked a question near the end of the survey that asked respondents to correctly identify the real country (France) from a list.[1] After removing all respondents who failed quality controls, we ended up with a sample of 8,762 respondents.

Table A1. Demographic statistics

	Sub-Saharan Africa			Southeast Asia			South America		
	Kenya	*Nigeria*	*South Africa*	*Indonesia*	*Malaysia*	*Philippines*	*Argentina*	*Colombia*	*Peru*
Total	981	974	945	993	982	911	967	973	1,036
Age									
18-29	431	422	336	346	354	341	322	352	375
30-44	346	339	372	412	384	333	352	342	388
45+	204	213	237	235	244	237	293	279	273
Gender									
Female	522	490	474	559	506	399	471	473	546
Male	458	484	470	432	474	510	493	497	486
Education									
Non-college	825	679	791	684	746	596	696	595	718
College	156	295	154	309	236	315	271	378	318

[1] In our pre-registration plan, we proposed also dropping respondents with inordinately short response times, which we defined as two minutes. However, after removing respondents who failed the two attention checks, this was no longer a concern, as no remaining respondents completed the survey in less than 140 seconds.

B. Conjoint experiment details

Figure B1. Project loan conjoint example

Borrowing money from foreign entities can help fund government activities and projects, but such borrowing may come with risks depending on loan characteristics.

The following questions will ask you to review five pairs of potential foreign loans for infrastructure projects that will aid in your country's development. You will be asked to choose which loan you would prefer from each pair.

→

Please closely examine the following two foreign loans, which differ across several characteristics.

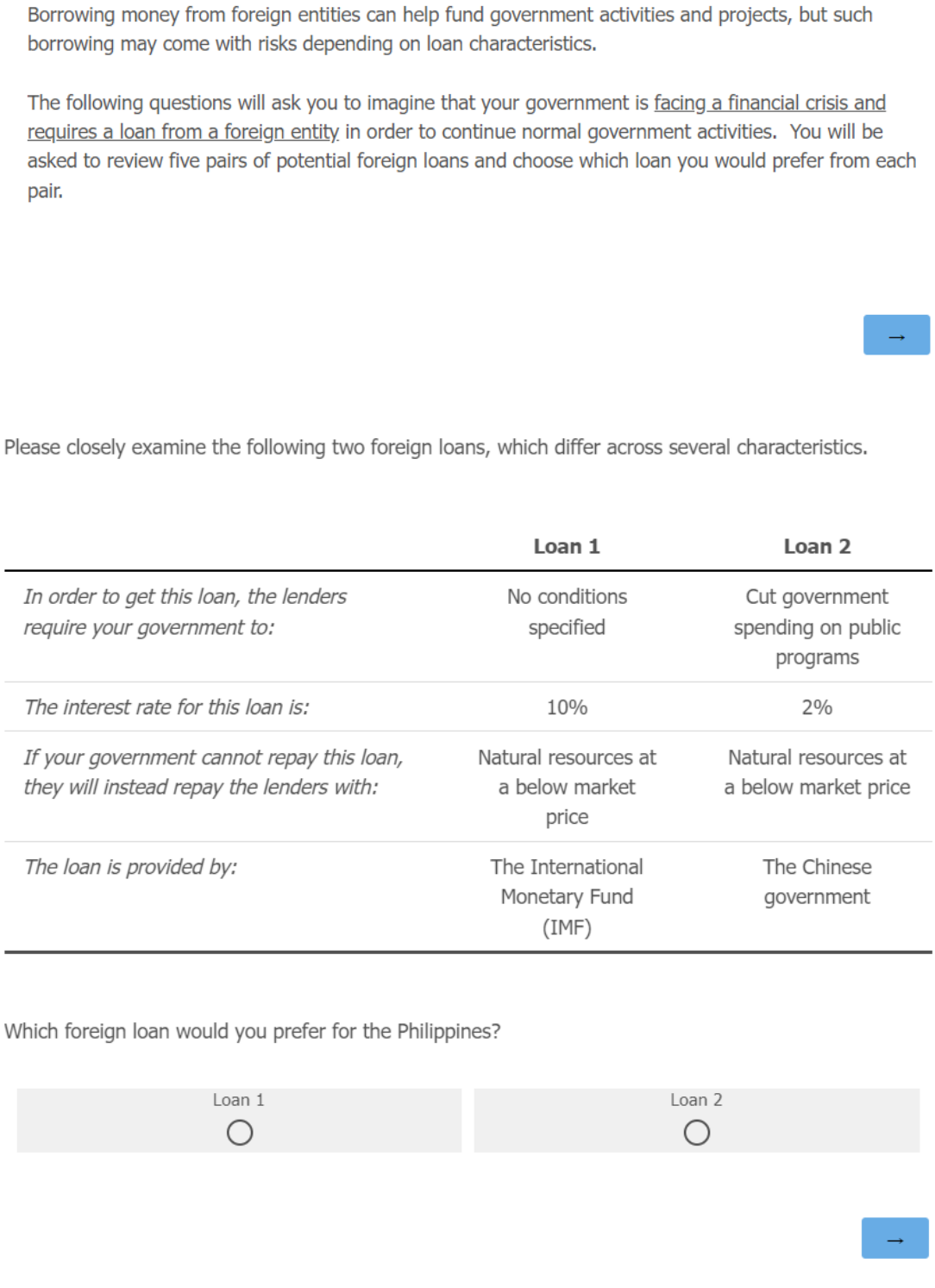
	Loan 1	**Loan 2**
This loan is for:	Highway network	Highway network
The interest rate for this loan is:	2%	2%
If your government cannot repay this loan, they will instead repay the lenders with:	Natural resources at a below market price	Exclusive rights to a large area of land
The loan is provided by:	The World Bank	Private commercial banks
In order to get this loan, the lenders require your government to:	No conditions specified	Cut government spending on public programs

Which foreign loan would you prefer for the Philippines?

Loan 1 ○ Loan 2 ○

→

Figure B2. Bailout loan conjoint example



Borrowing money from foreign entities can help fund government activities and projects, but such borrowing may come with risks depending on loan characteristics.

The following questions will ask you to imagine that your government is facing a financial crisis and requires a loan from a foreign entity in order to continue normal government activities. You will be asked to review five pairs of potential foreign loans and choose which loan you would prefer from each pair.

→

Please closely examine the following two foreign loans, which differ across several characteristics.

	Loan 1	**Loan 2**
In order to get this loan, the lenders require your government to:	No conditions specified	Cut government spending on public programs
The interest rate for this loan is:	10%	2%
If your government cannot repay this loan, they will instead repay the lenders with:	Natural resources at a below market price	Natural resources at a below market price
The loan is provided by:	The International Monetary Fund (IMF)	The Chinese government

Which foreign loan would you prefer for the Philippines?

Loan 1 ○ Loan 2 ○

→

C. Further details on country case selection

We focus our analysis on nine middle-income democracies across three regions: Africa, South America, and Southeast Asia. Our cross-regional design provides two advantages. Methodologically, the large sample size enables within-country, cross-country, and cross-regional analysis. In situations where we need a larger sample size to increase power (e.g., in calculating interaction effects or the effect of colocation), we can draw on regional or cross-regional samples.

We then narrow our middle-income case selection to large democracies. Most middle-income countries are democracies (82 of 108 countries, according to Polity scores). More importantly, although the public matters in autocracies as well, literature on the policy importance of public opinion has tended to focus on democracies.[2] In addition, it is more feasible to run population-representative surveys in democratic countries. Finally, we choose to look at relatively large countries, given both China's prioritization of these countries as well as the practical difficulties of fielding representative samples in small countries: in the three regions we focus on, we select among the five largest countries by both population and GDP.

Within regions, we sought internal variation to enable a degree of representativeness. In particular, we looked for variation across income (within the middle-income bracket); indebtedness to the IFIs and to China; and favorability towards China. In Africa, with many more countries over a much larger geographic area than the other two regions, we also sought a degree of subregional geographic representation, selecting one country each from Southern Africa, West Africa, and East Africa.

Consequently, we selected Argentina, Colombia, and Peru in South America; Kenya, Nigeria, and South Africa in Africa; and Indonesia, Malaysia, and the Philippines in Southeast Asia. The nine countries' World Bank (IBRD/IDA) borrowing history is as follows, demonstrating wide variation:

- Argentina, 189 projects $41B, $0.7B in FY24
- Colombia, 227 projects $30B, $1.1B in FY24
- Peru, 150 projects $15B, $0.6B in FY24
- Indonesia, 398 projects, $64B, $3.0B in FY24
- Malaysia, 86 projects, $4B, 0 in FY24
- Philippines, 198 projects, $27B, $2.4B in FY24
- Kenya, 209 projects, $24B, $2.4B in FY24
- Nigeria, 187 projects, $36B, $3.7B in FY24
- South Africa, 19 projects, $7B, $1B in FY24

Further variation across the nine sample countries is demonstrated in Figures C1 and C2, which visually present the variation across our sample countries in terms external debt to the IFIs, external debt to China, and favorability towards China. In these charts, the external debt data comes from the World Bank's International Debt Statistics database. The level of unfavorability towards China is from Pew, as cited in the text.

[2] For example, Daniel Y. Kono, "Does Public Opinion Affect Trade Policy?," *Business and Politics* 10, no. 2 (August 2008): 1–19, https://doi.org/10.2202/1469-3569.1224.

Figure C1. Share of debt owed to IMF and World Bank versus total external debt stock

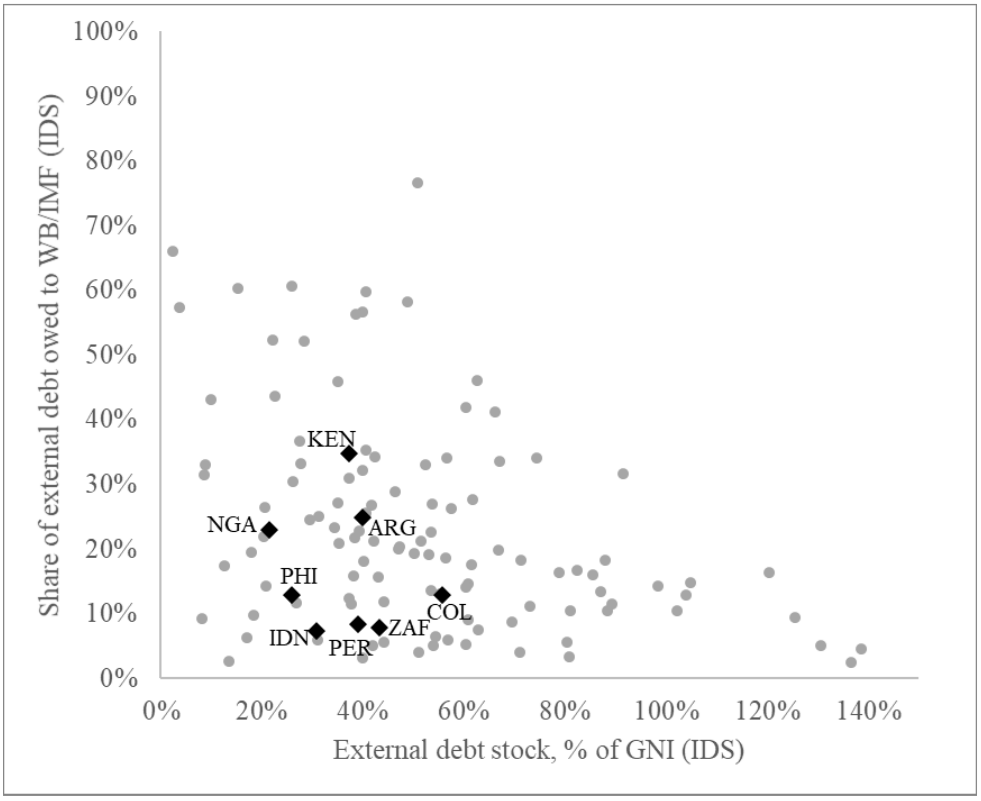
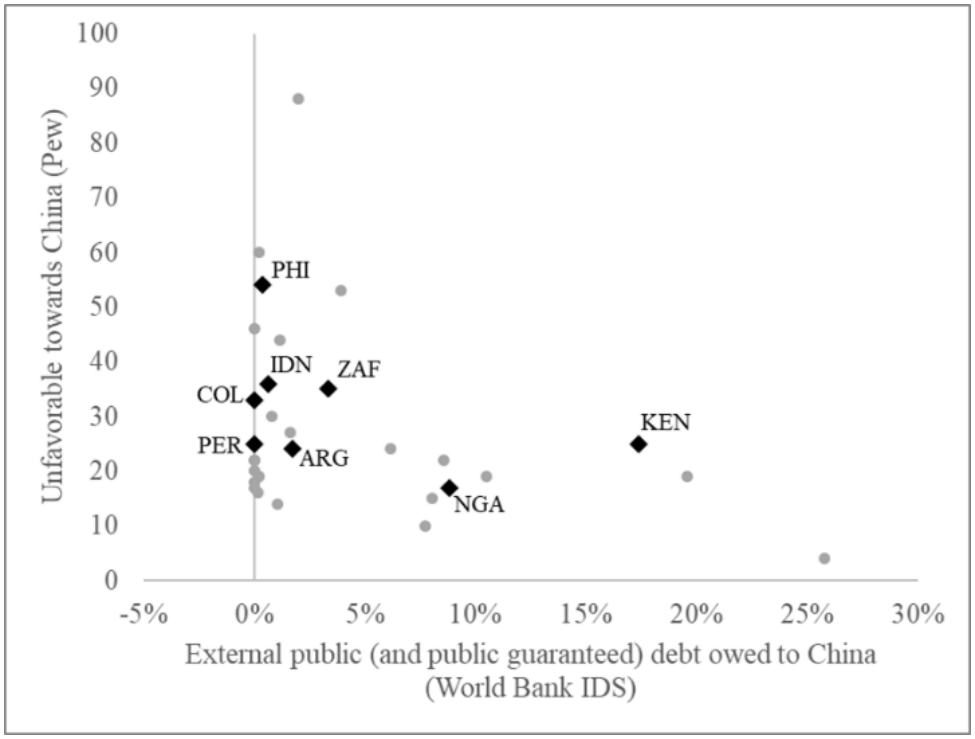


Figure C2. Unfavorability towards China and share of external debt owed to China



D. Knowledge and importance details

Question wording for our four "knowledge" question was as follows:

- *Conditionality*. "Which of the following global lenders do you think is most likely to require the recipient government to cut public spending or commit to governance reforms when accepting a loan?"
- *Collateral arrangement*. "Which of the following global lenders do you think is most likely to require natural resources as repayment if the recipient government cannot repay the loan?"
- *Interest rates*. "Which of the following global lenders do you think generally charges the highest (most expensive) interest rates?"
- *Top lender*. "Which of the following global lenders do you think your government currently owes the most money to?"

Figures D1-D4 report country-level results for these four "knowledge" questions.

Figure D1. Lender most associated with conditionality, by country

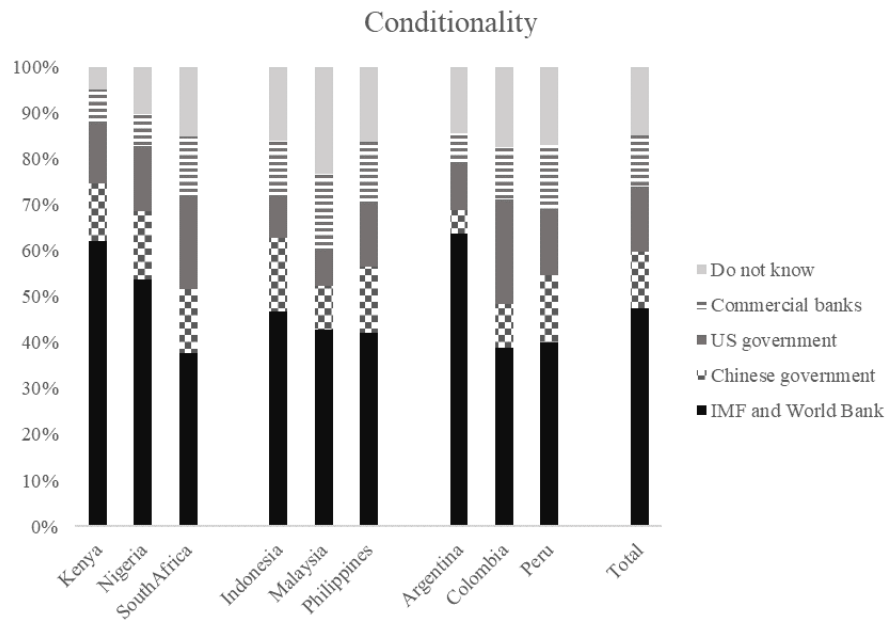


Figure D2. Lender most associated with resource collateral arrangements, by country

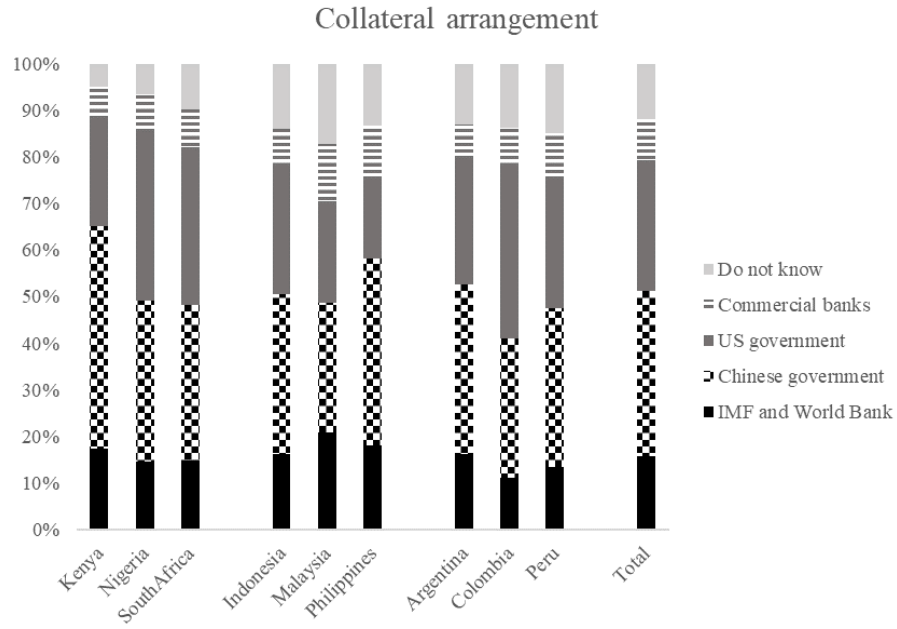


Figure D3. Lender most associated with high interest rates, by country

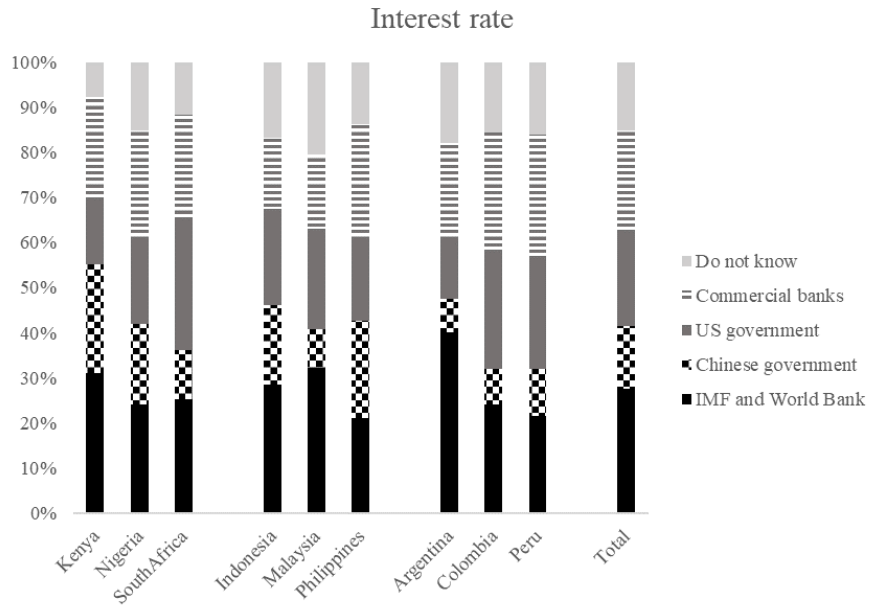
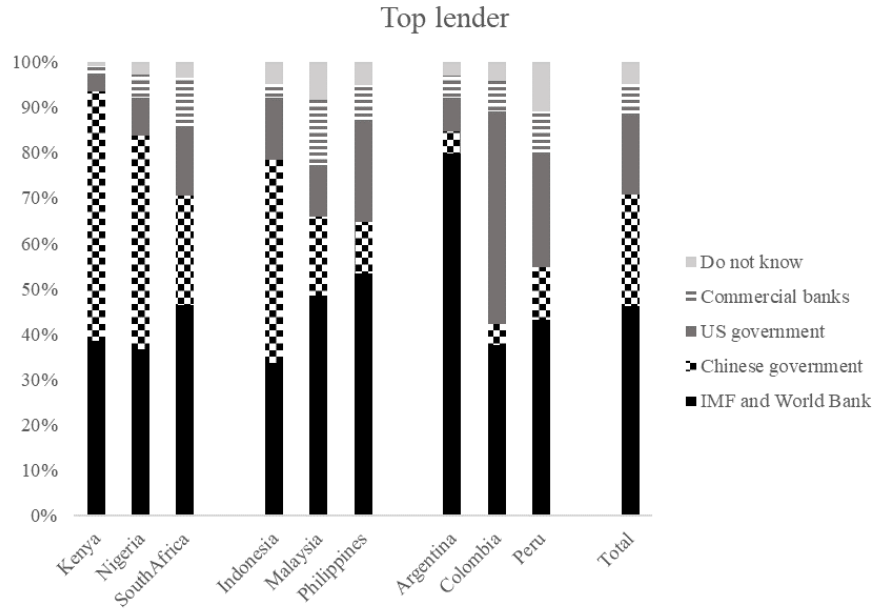


Figure D4. Lender most associated as a country's largest creditor, by country



Figures D5-D8 report debt importance by country, with results grouped by region

Figure D5. Debt importance, across regions

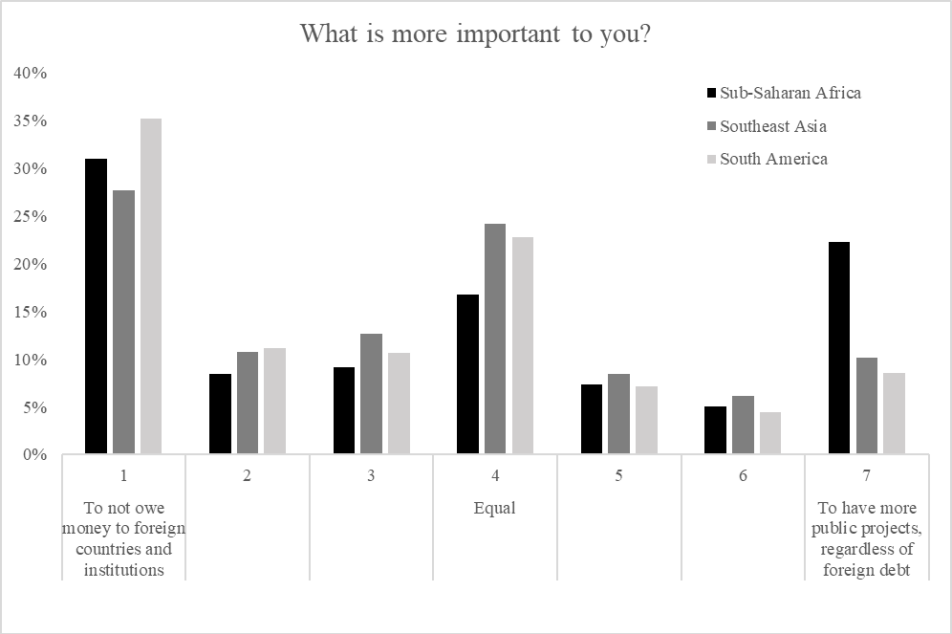


Figure D6. Debt importance, South America

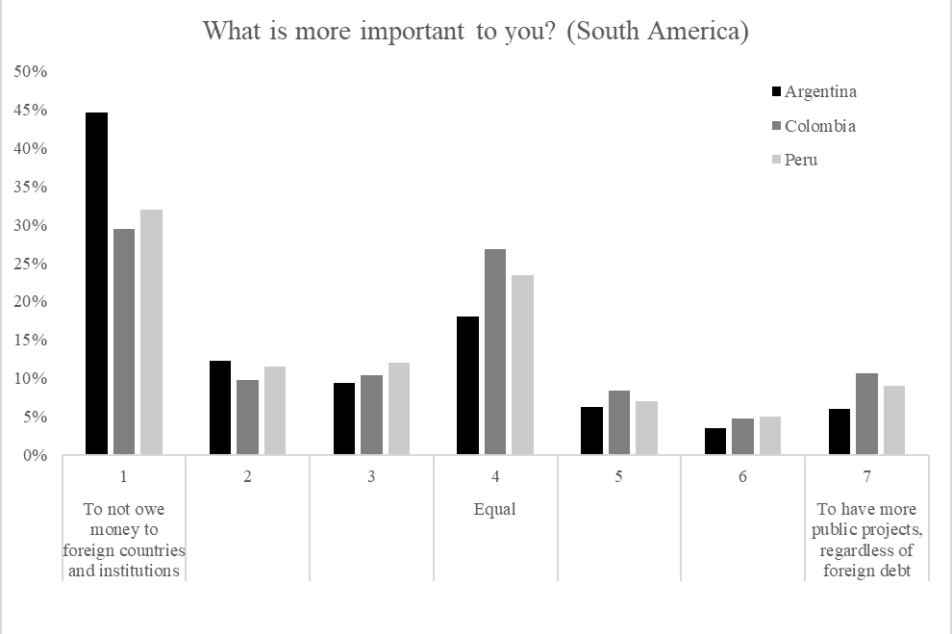


Figure D7. Debt importance, Southeast Asia

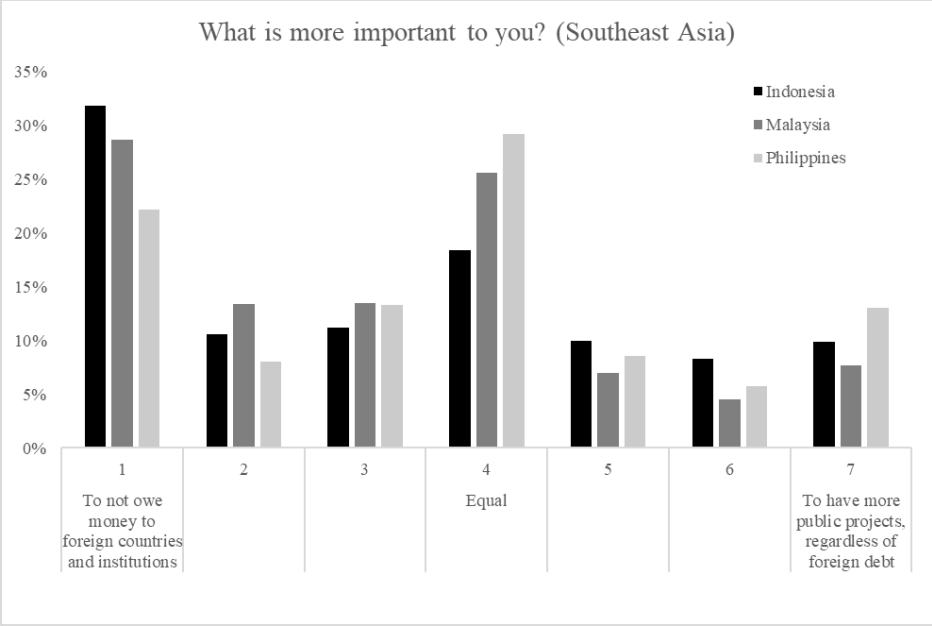


Figure D8. Debt importance, Sub-Saharan Africa

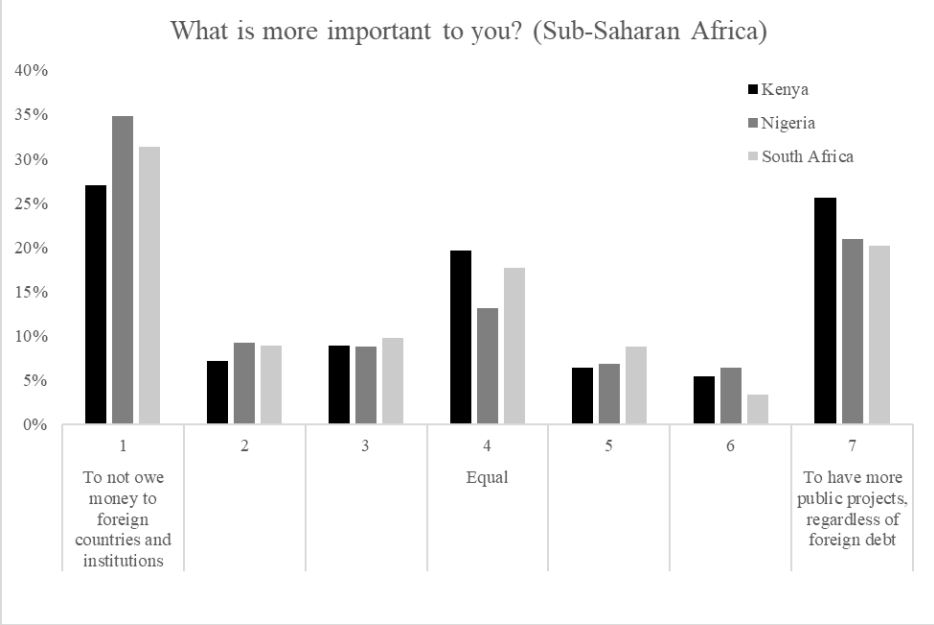
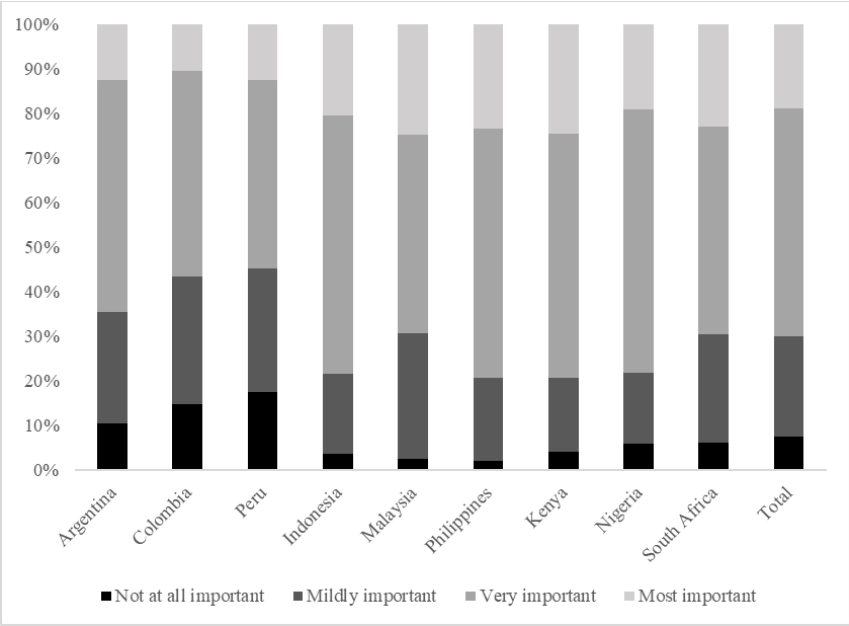


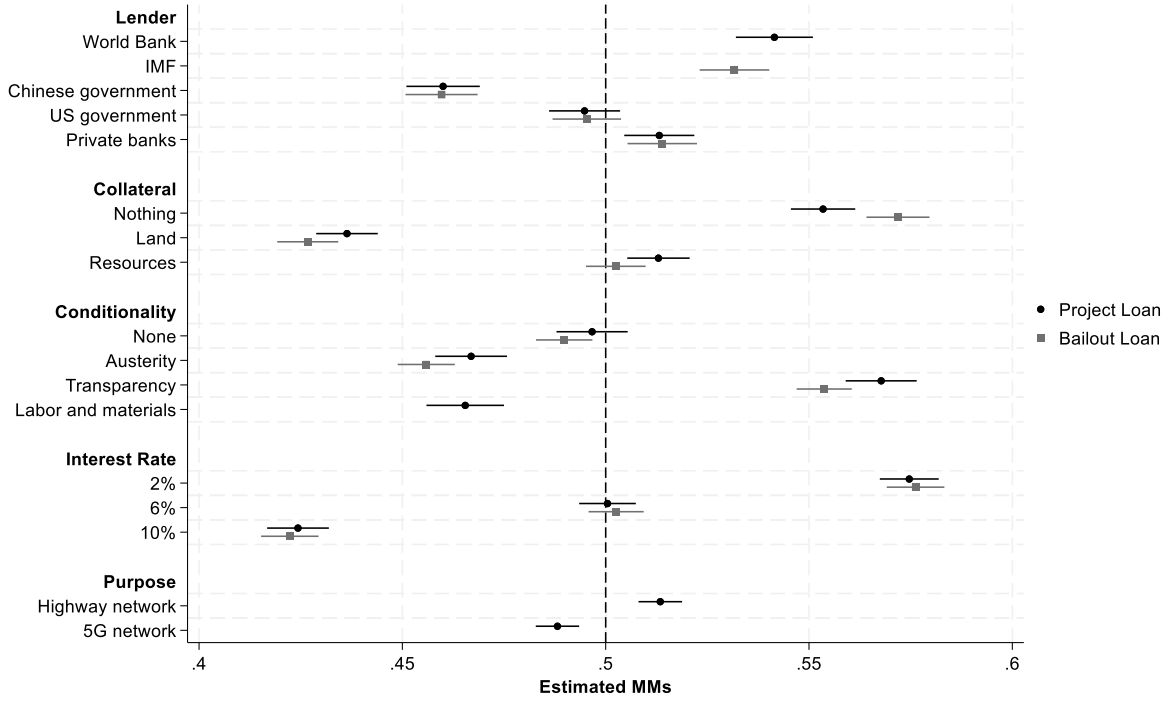
Figure D9 presents disaggregated country results for the importance of debt in the last national election.

Figure D9. Importance to vote in last national election



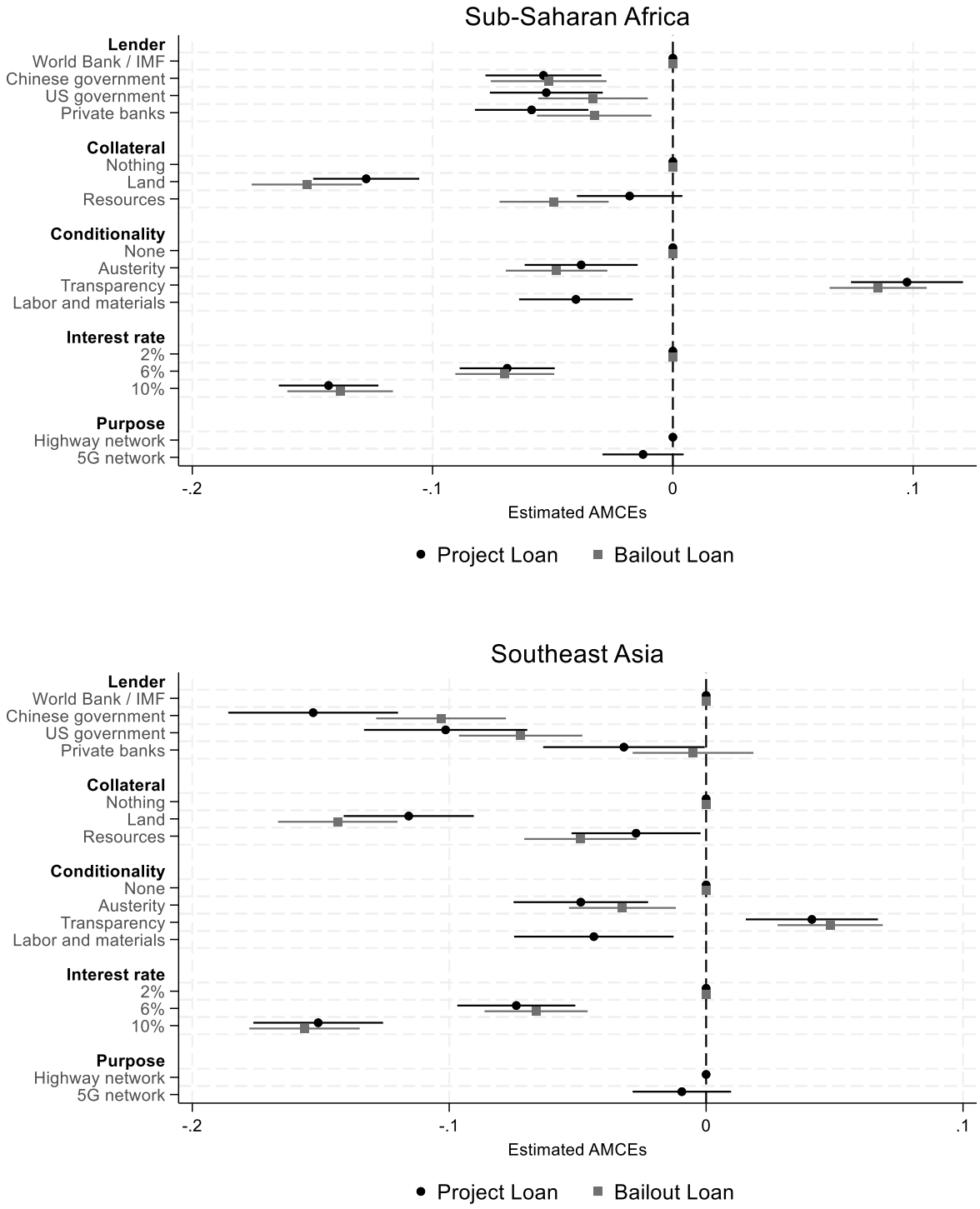
E. Conjoint analysis: Additional tables

Figure E1. Conjoint experiment results, marginal means, pooled sample



Note. Figure E1 reports marginal means from conjoint analysis for project loans (black circles) and bailout loans (gray squares). Estimations cluster standard errors by respondent. Error bars represent 95% confidence intervals.

Figure E2. Conjoint experiment results, by region (pooled)



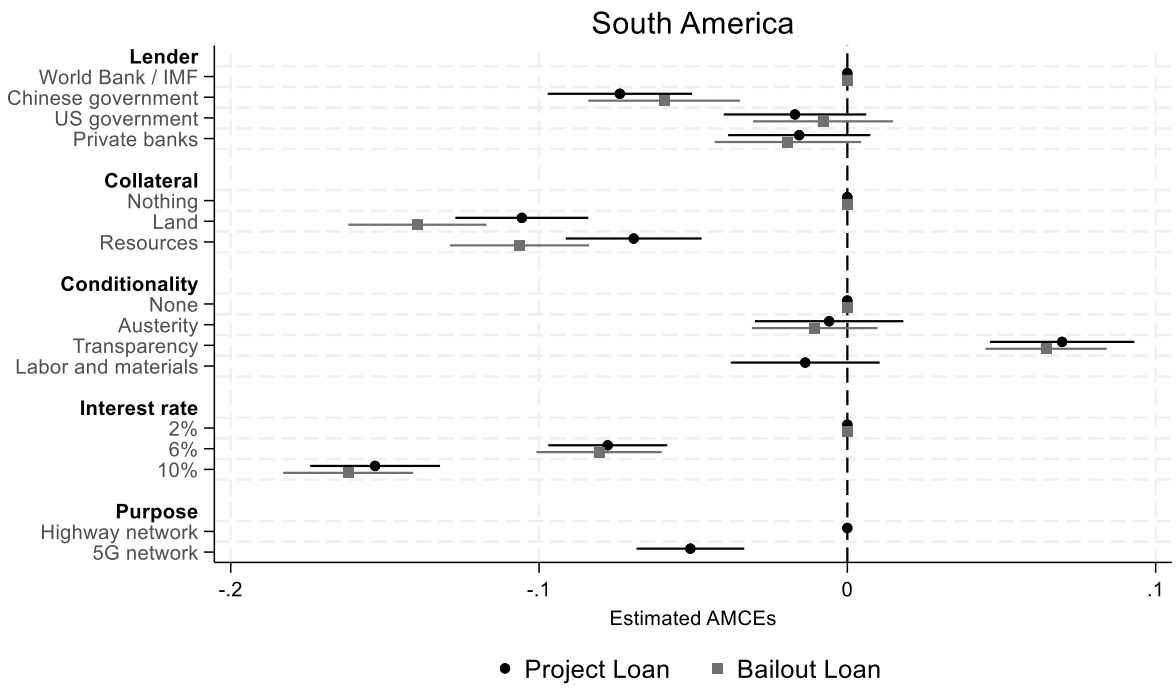
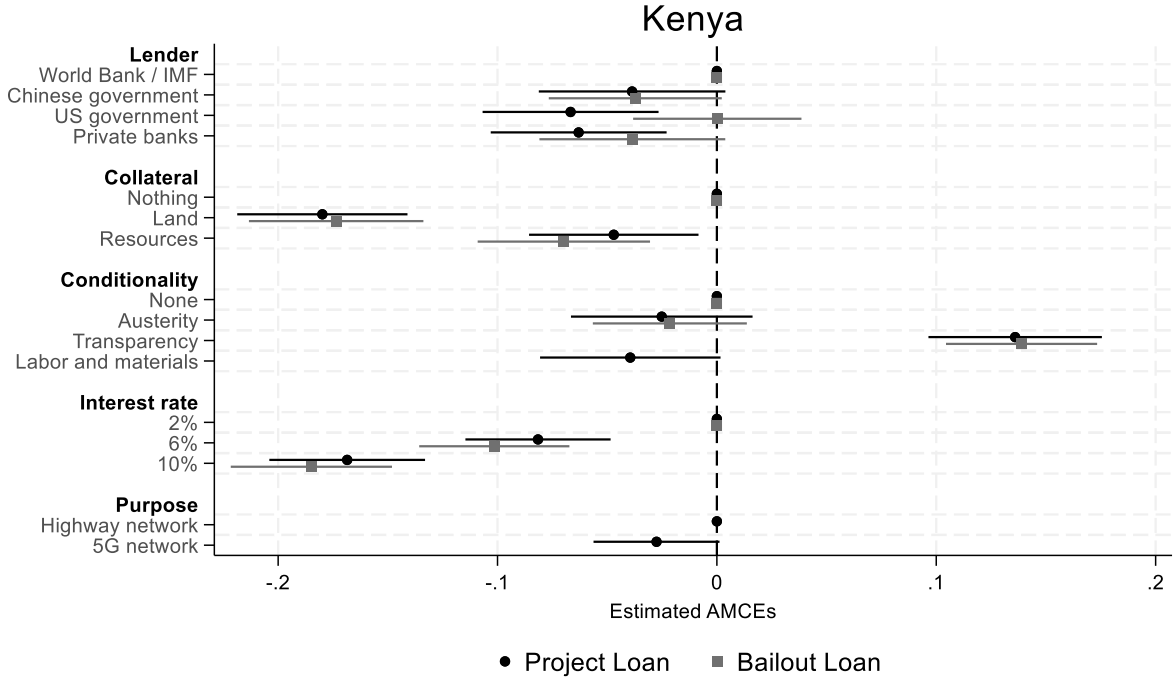
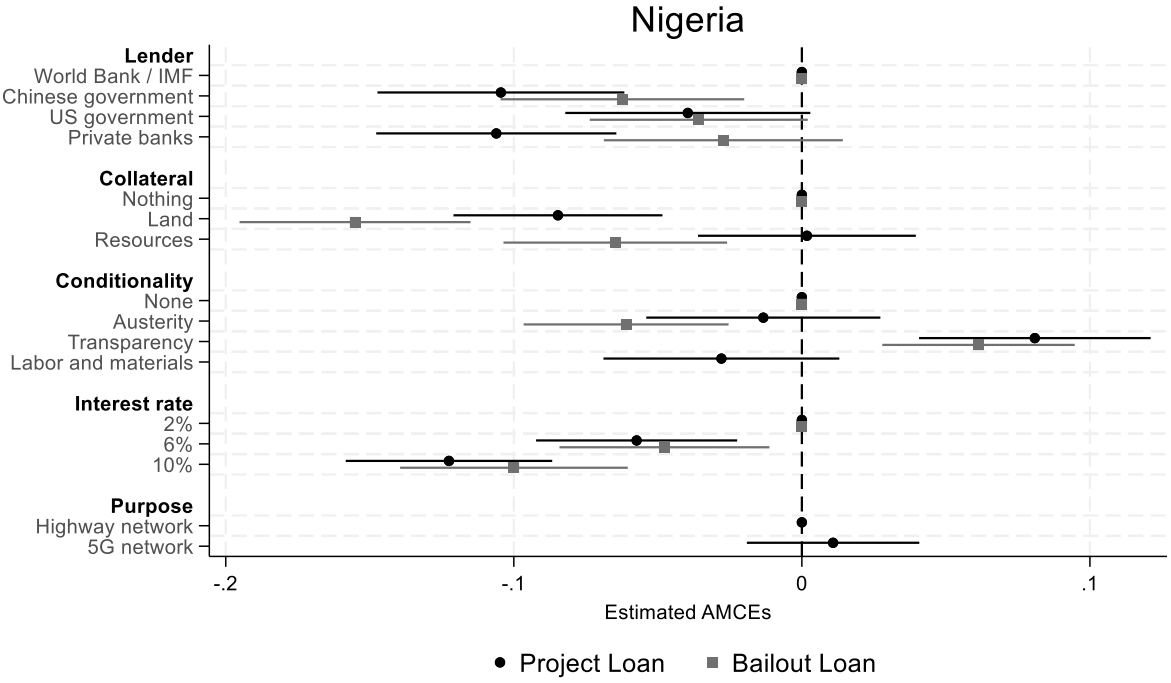
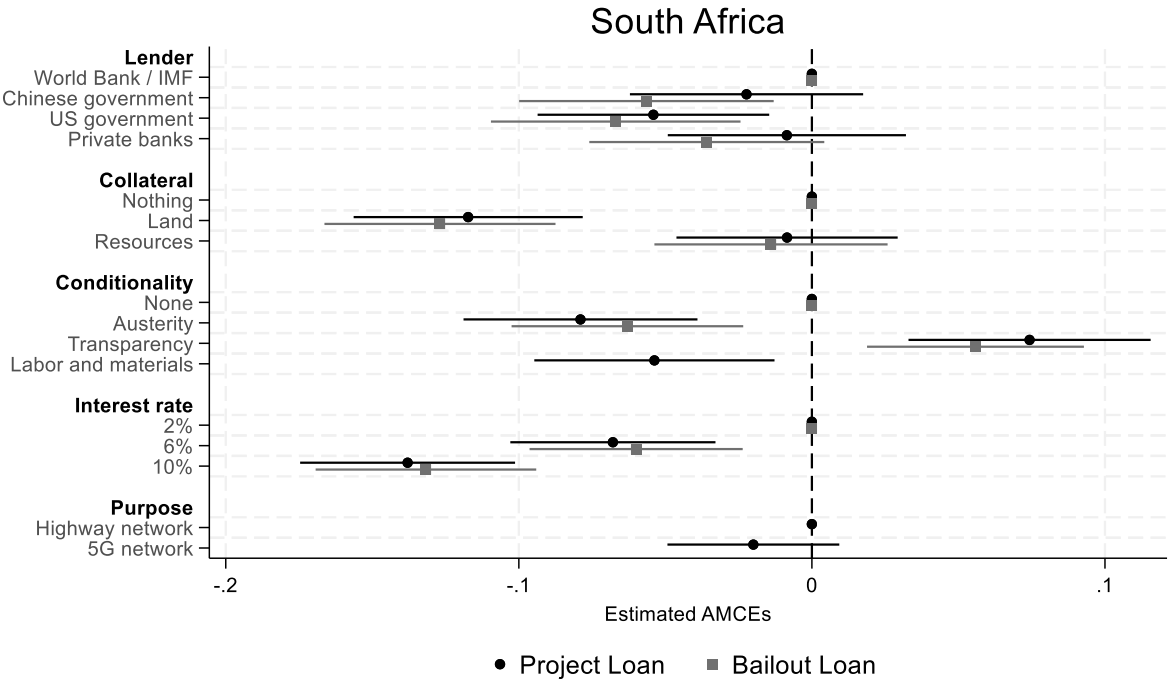
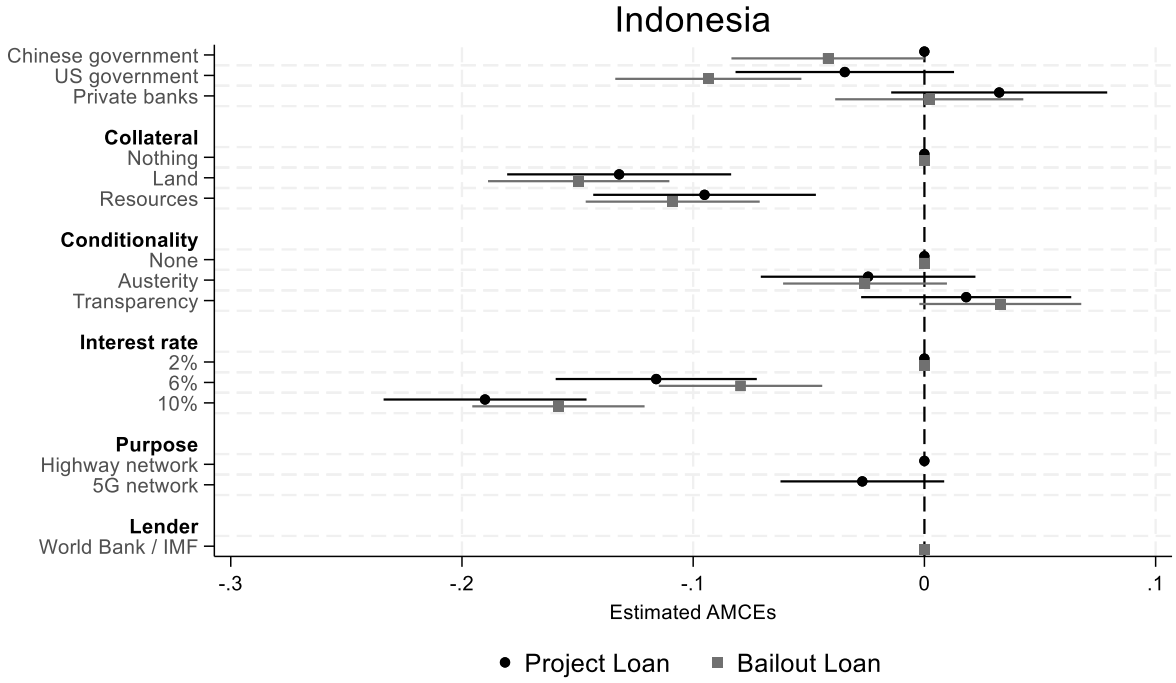


Figure E3. Conjoint experiment results, by country




Nigeria
Lender
World Bank / IMF
Chinese government
US government
Private banks
Collateral
Nothing
Land
Resources
Conditionality
None
Austerity
Transparency
Labor and materials
Interest rate
2%
6%
10%
Purpose
Highway network
5G network
-.2
-.1
0
.1
Estimated AMCEs
Project Loan
Bailout Loan


South Africa
Lender
World Bank / IMF
Chinese government
US government
Private banks
Collateral
Nothing
Land
Resources
Conditionality
None
Austerity
Transparency
Labor and materials
Interest rate
2%
6%
10%
Purpose
Highway network
5G network
-.2
-.1
0
.1
Estimated AMCEs
Project Loan
Bailout Loan


Indonesia
Chinese government
US government
Private banks
Collateral
Nothing
Land
Resources
Conditionality
None
Austerity
Transparency
Interest rate
2%
6%
10%
Purpose
Highway network
5G network
Lender
World Bank / IMF
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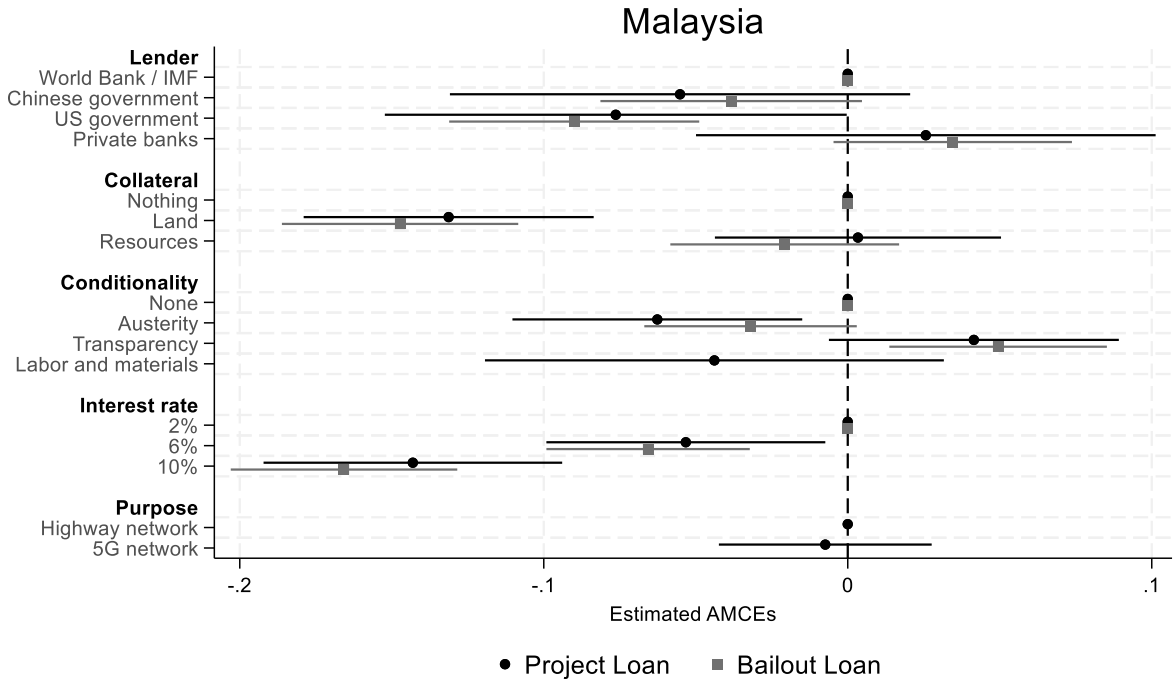
Estimated AMCEs
Project Loan
Bailout Loan


Malaysia
Lender
World Bank / IMF
Chinese government
US government
Private banks
Collateral
Nothing
Land
Resources
Conditionality
None
Austerity
Transparency
Labor and materials
Interest rate
2%
6%
10%
Purpose
Highway network
5G network
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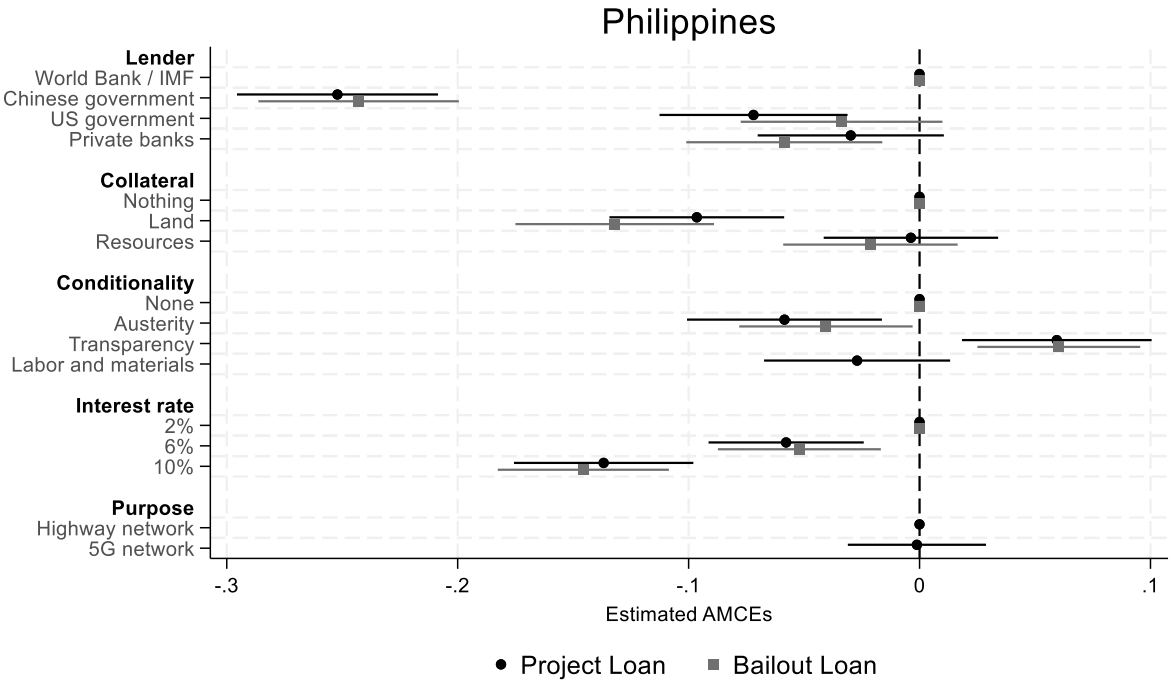
Estimated AMCEs
Project Loan
Bailout Loan


Philippines
Lender
World Bank / IMF
Chinese government
US government
Private banks
Collateral
Nothing
Land
Resources
Conditionality
None
Austerity
Transparency
Labor and materials
Interest rate
2%
6%
10%
Purpose
Highway network
5G network
-.3
-.2
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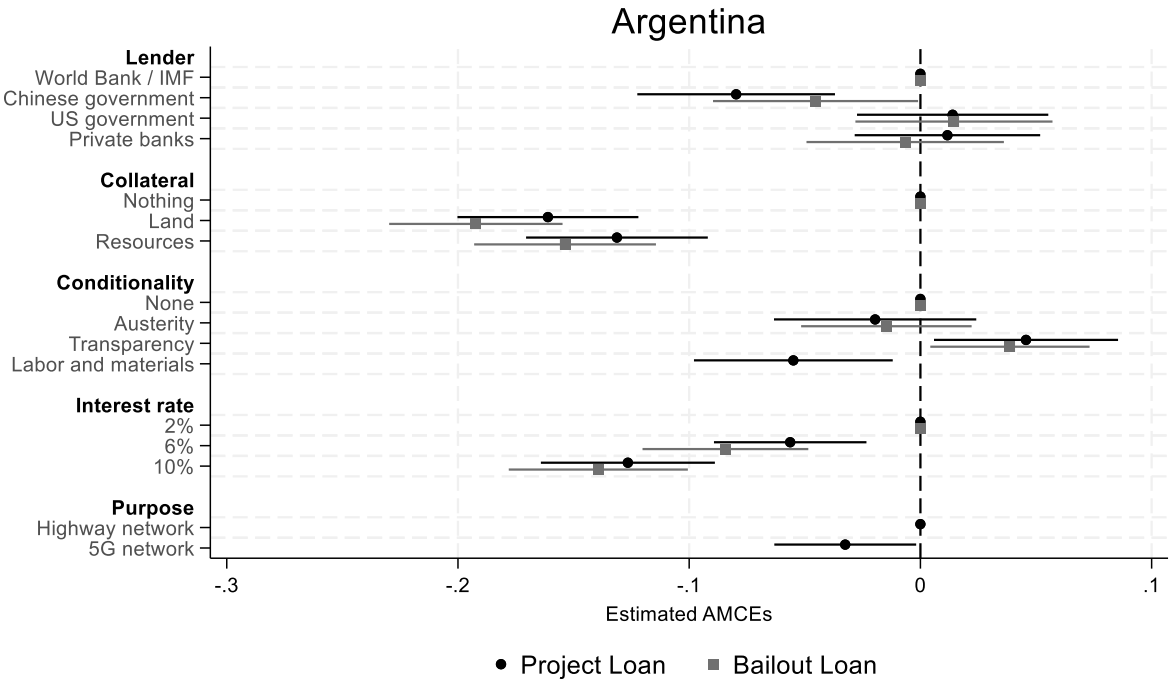
0
.1
Estimated AMCEs
Project Loan
Bailout Loan


Argentina
Lender
World Bank / IMF
Chinese government
US government
Private banks
Collateral
Nothing
Land
Resources
Conditionality
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Austerity
Transparency
Labor and materials
Interest rate
2%
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Purpose
Highway network
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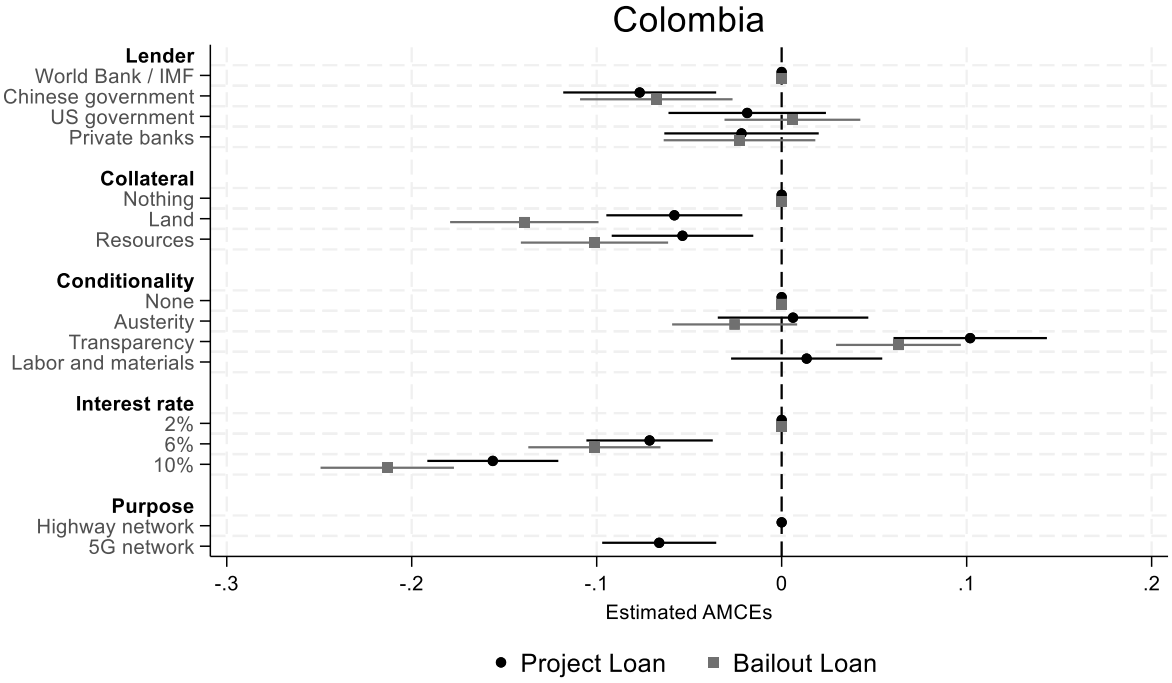
Estimated AMCEs
Project Loan
Bailout Loan


Colombia
Lender
World Bank / IMF
Chinese government
US government
Private banks
Collateral
Nothing
Land
Resources
Conditionality
None
Austerity
Transparency
Labor and materials
Interest rate
2%
6%
10%
Purpose
Highway network
5G network
-.3
-.2
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0
.1
.2
Estimated AMCEs
Project Loan
Bailout Loan

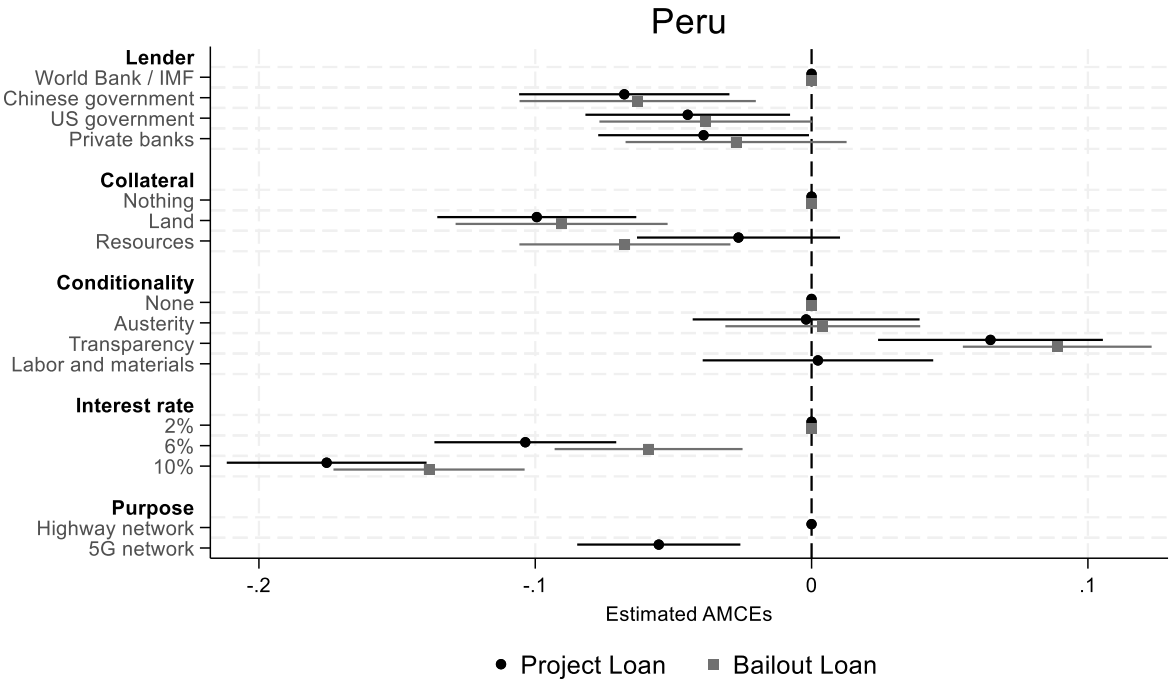
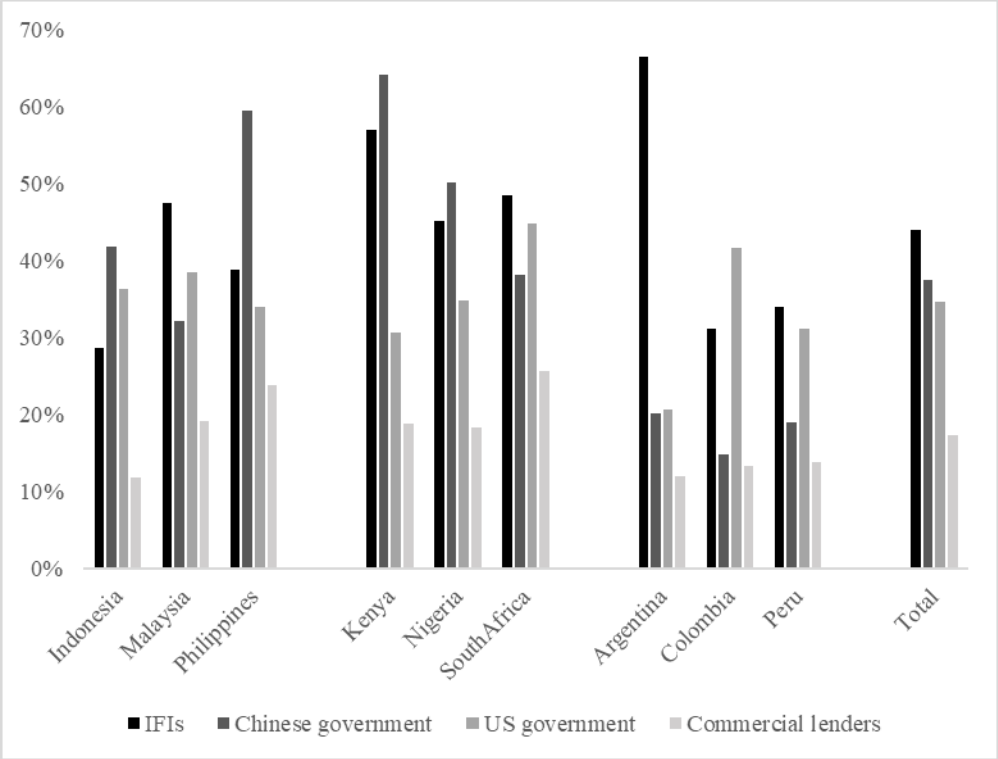

Peru
Lender
World Bank / IMF
Chinese government
US government
Private banks
Collateral
Nothing
Land
Resources
Conditionality
None
Austerity
Transparency
Labor and materials
Interest rate
2%
6%
10%
Purpose
Highway network
5G network
-.2
-.1
0
.1
Estimated AMCEs
Project Loan
Bailout Loan

Figure E4. Percent of respondents indicating that a particular lender has caused past harm to their country's economic development, by country



Note: Doesn't sum to 1 because of multi-select option. "None" option not reported.

Figure E5a. Conjoint results, conditional on whether respondents believe that lending from the Chinese government has caused past economic harm

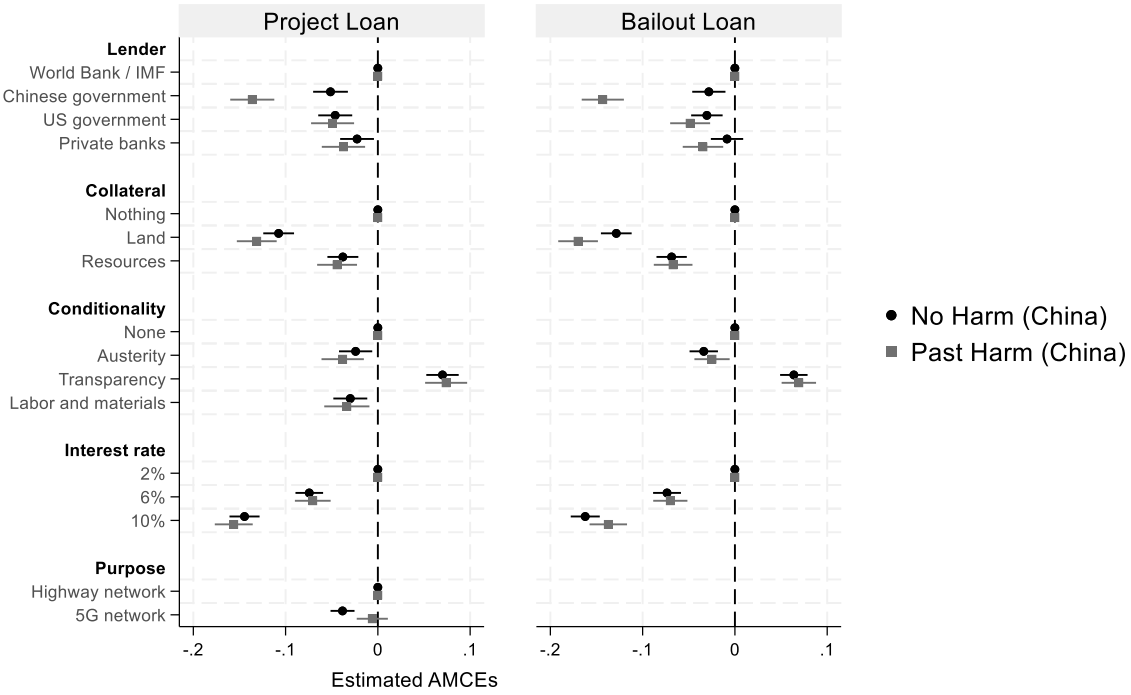


Figure E5b. Conjoint results, conditional on whether respondents believe that lending from the US government has caused past economic harm

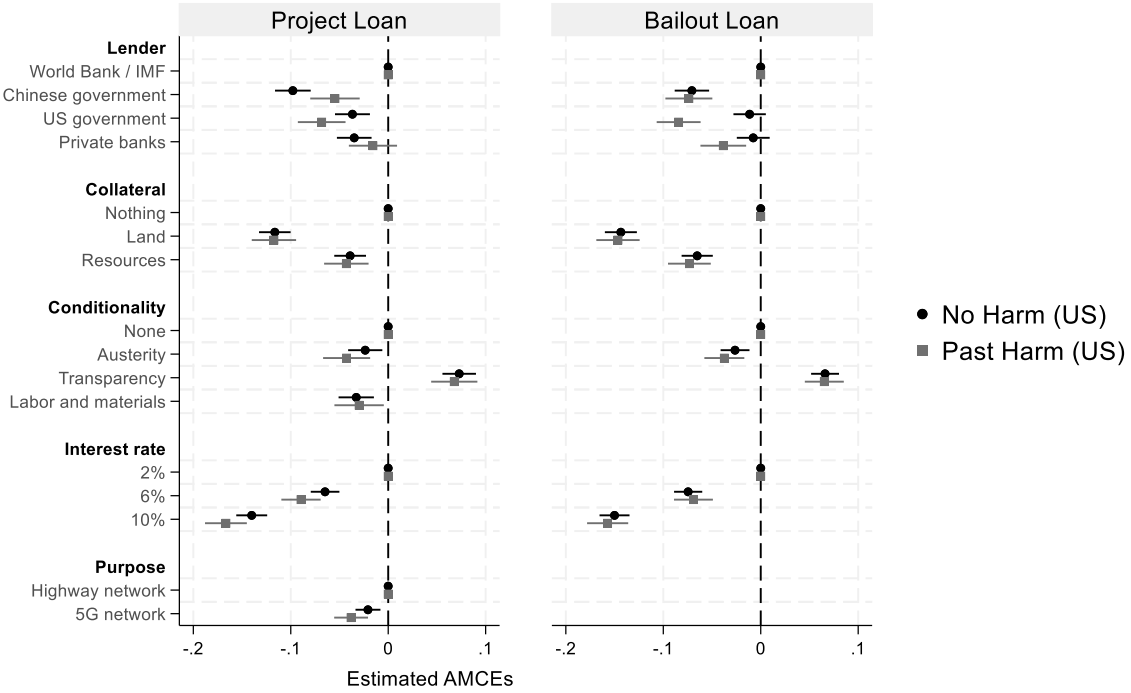


Figure E5c. Conjoint results, conditional on whether respondents believe that lending from private commercial banks has caused past economic harm

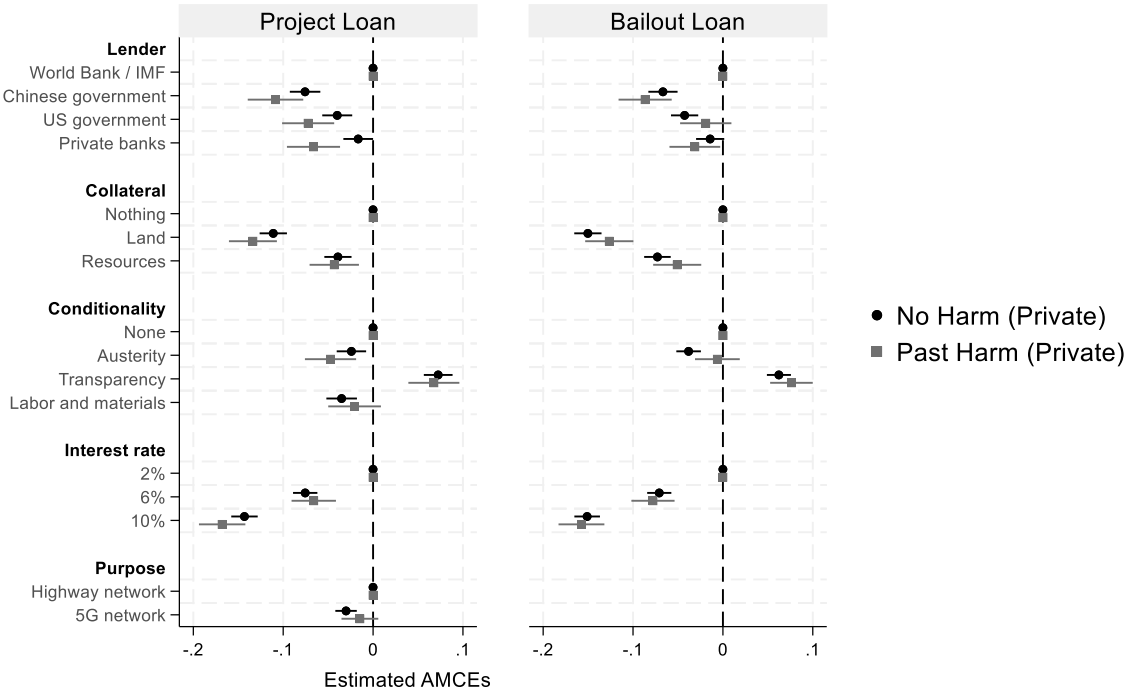


Figure E6. Interaction of creditor and loan characteristics on foreign loan preferences, marginal means

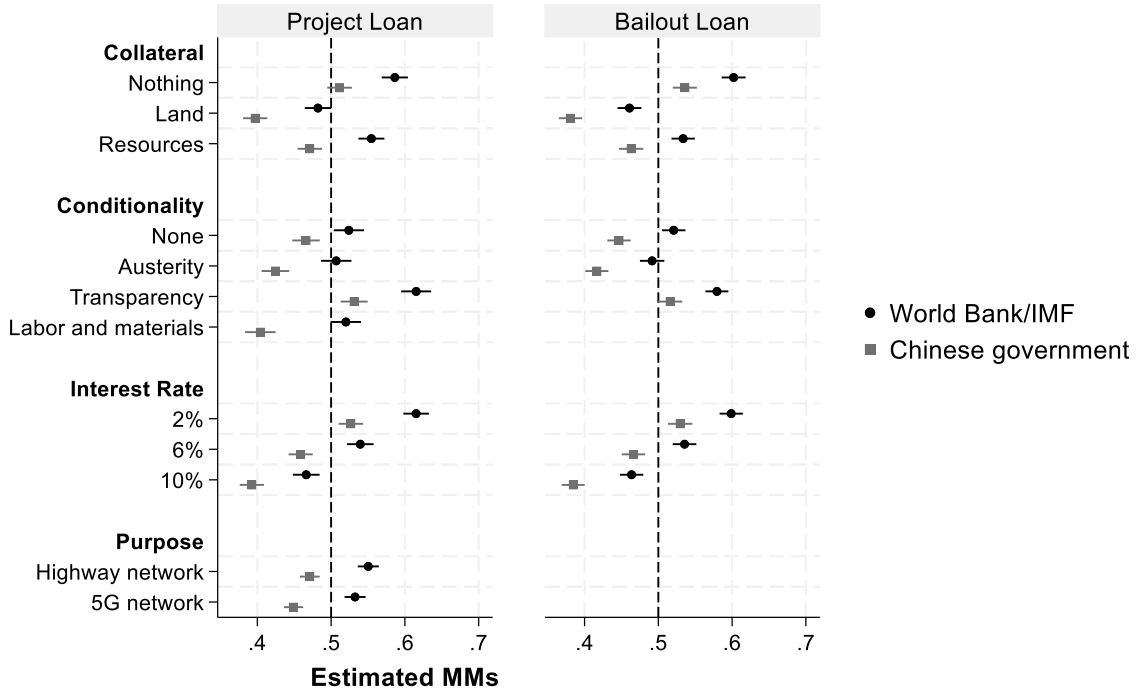
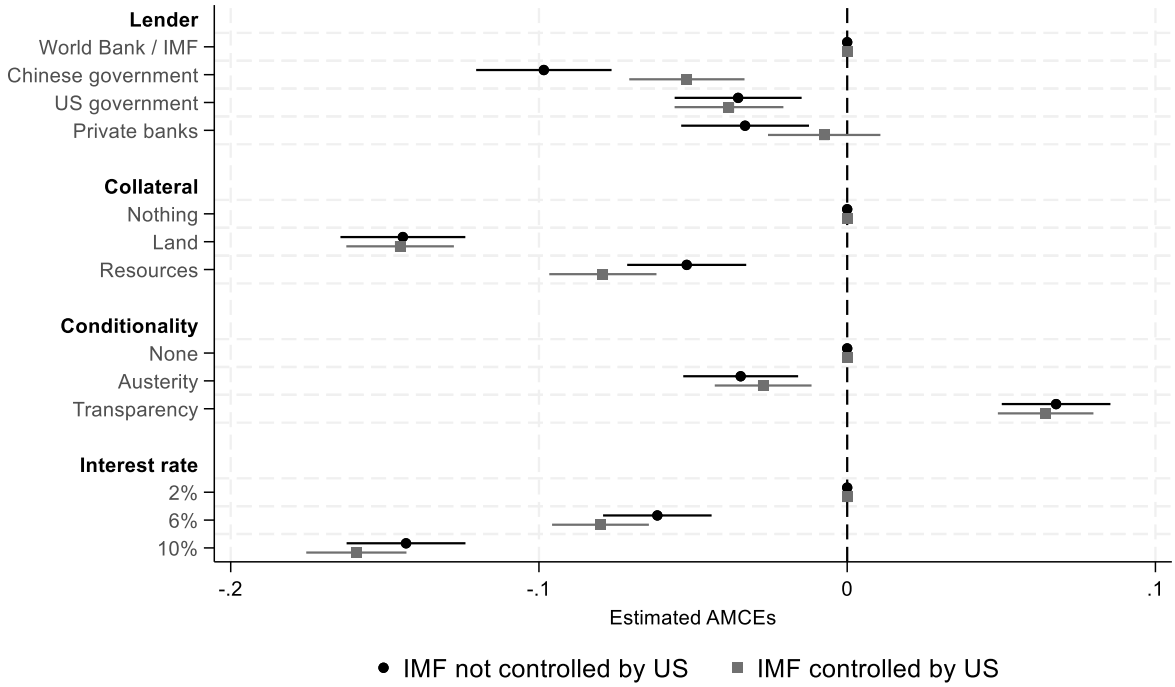


Figure E7. Conjoint results, conditioned on agreement that the IMF is controlled by the US



F. Sovereignty and debt trap concerns

Figure F1. Agreement that foreign borrowing poses sovereignty concerns, by country

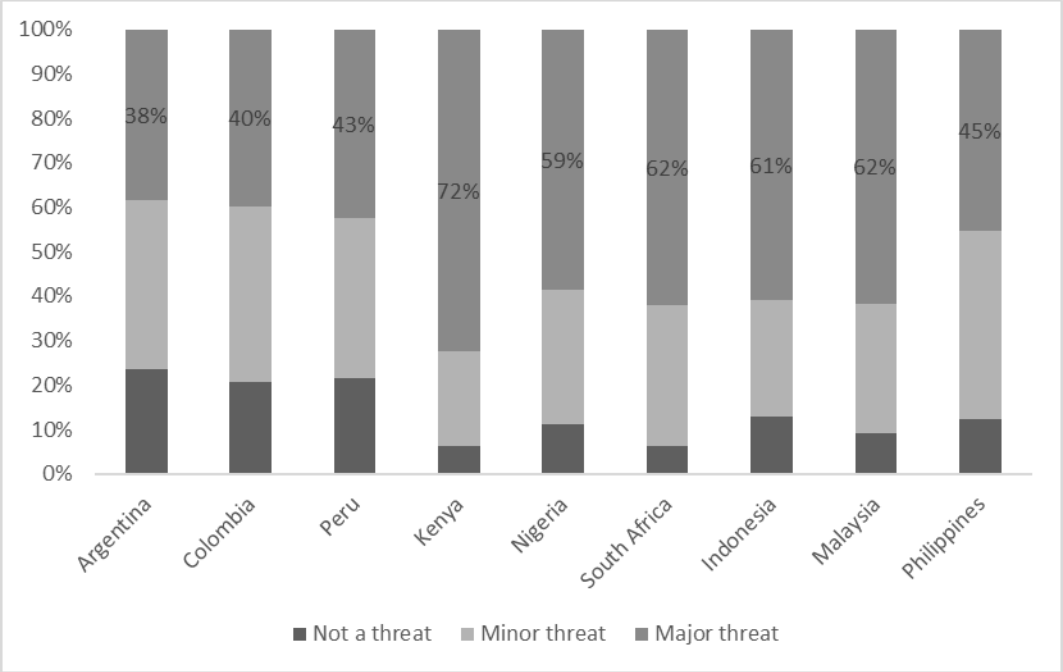


Figure F2. Among those with sovereignty concerns, which lender poses the greatest threat:

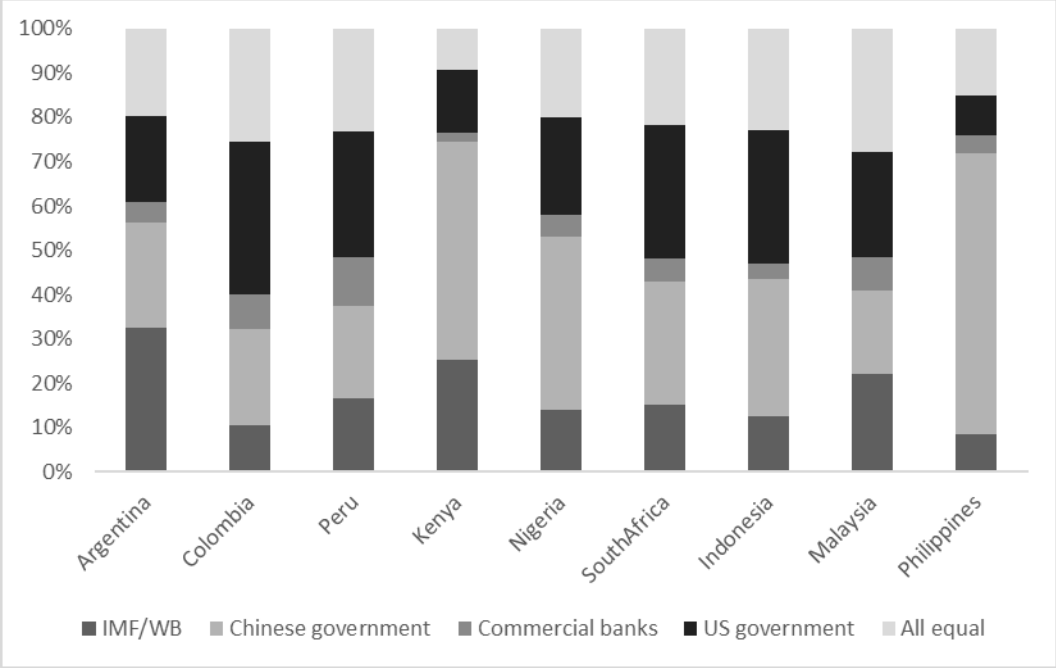


Figure F3. Estimated AMCEs, conditioned on sovereignty threat perception

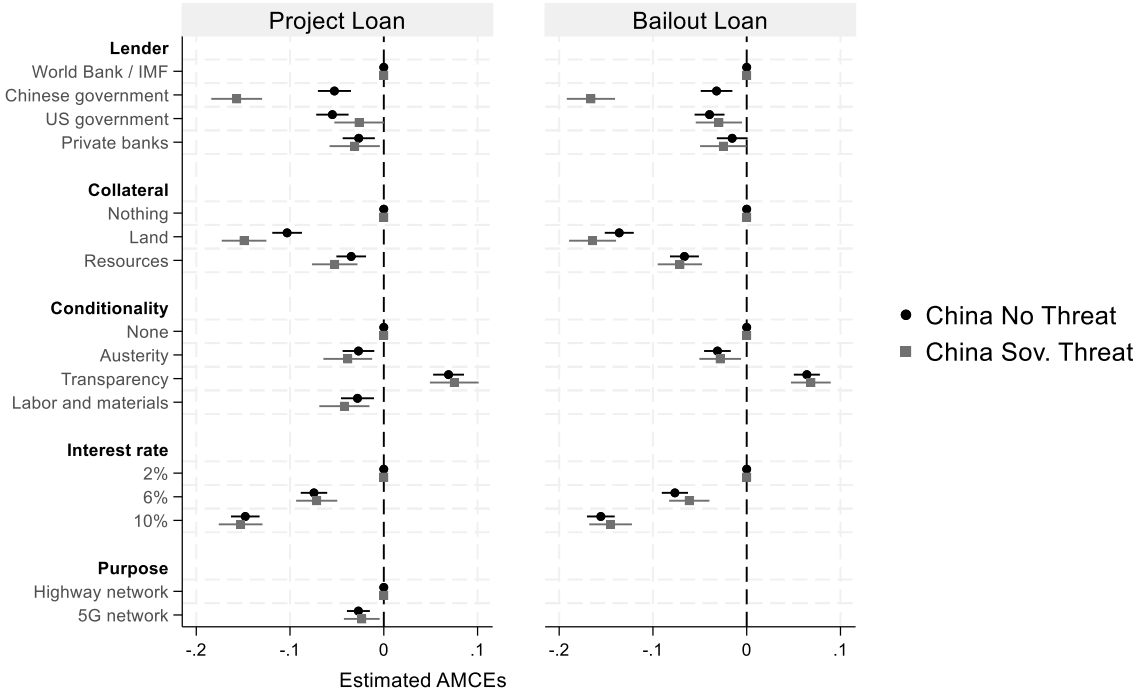


Figure F4. Google trends results (12-month moving average, worldwide search terms):

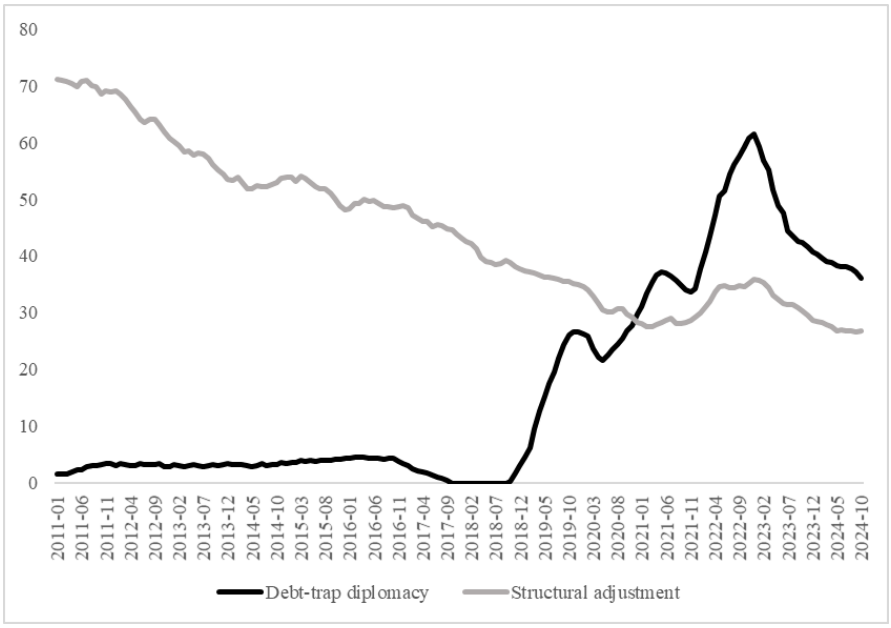


Figure F5. Aware of term "debt trap diplomacy"

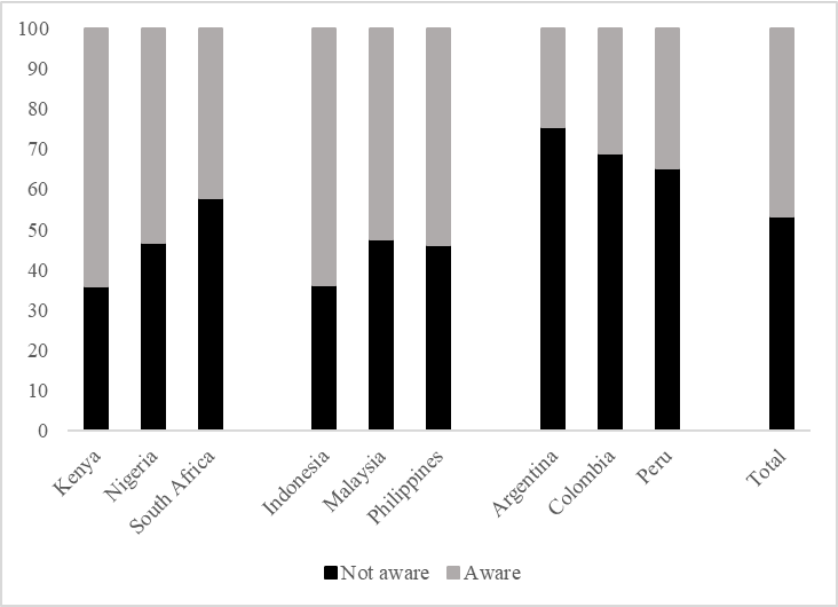


Figure F6. Which lender does "debt trap diplomacy" refer to?

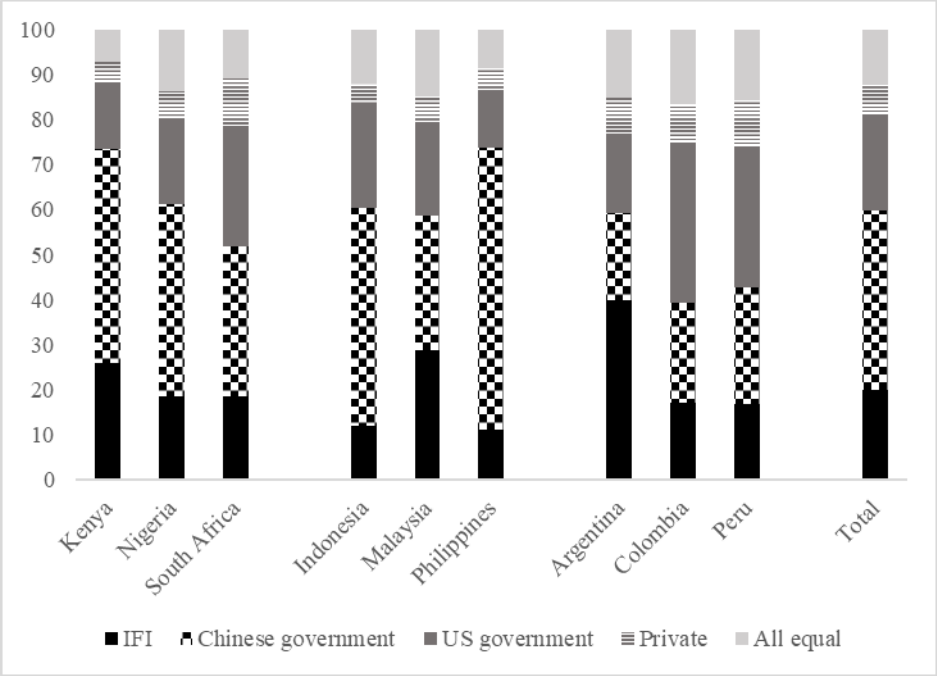
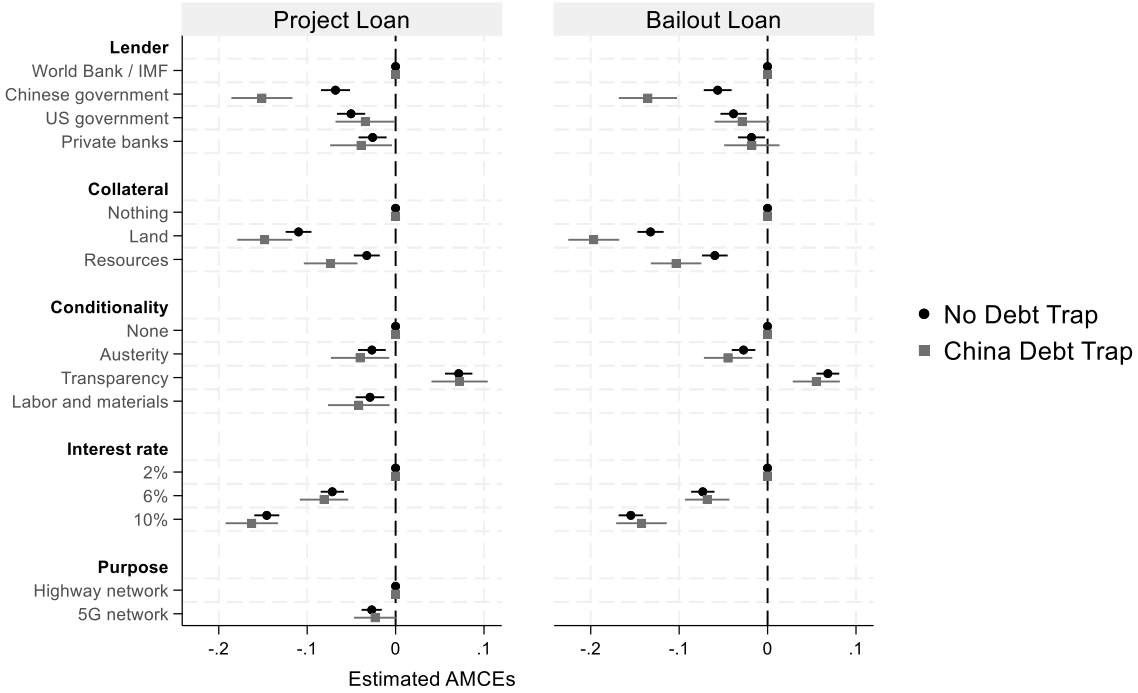



Figure F7. Estimated AMCEs, conditioned by associating China with "debt trap diplomacy"