Online Appendix

A Conjoint Task: Vignettes and Outcome Questions

Introduction:
We are now going to show you five hypothetical profiles of foreign investment projects that could happen in your community. After each profile, we are going to ask you a few follow-up questions about them. So, please read these profiles carefully.
Profiles: (Repeated 5 times)
Please carefully review the options detailed below, then answer the questions (see table A.1 below).

Outcome Questions:

1. How likely do you think it is that this investment project will improve the living standards for you and your community?

   (a) Very unlikely

   (b) Somewhat unlikely

   (c) Neither unlikely nor likely

   (d) Somewhat likely

   (e) Very likely

2. If your local government council had decided to give a reduction in property taxes to attract this investment, would you support the local government council's decision?

   (a) Strongly oppose

   (b) Somewhat oppose

   (c) Neither oppose nor support

   (d) Somewhat support

   (e) Strongly support

Table A.1: Description of Attributes

Investment Characteristics	
Investor Country	• Germany • China • Singapore
Investment Value	• $40 million • $100 million • $450 million
Industry	• Logistics Industry • Pharmaceutical Industry • Automotive Industry
Type of Investment	• Warehouse • Regional Headquarters • Manufacturing Facility (Not shown for Logistics Industry)
Size of Investor Company	• 50,000 employees • 5,000 employees • 1,000 employees
Reputation of Investor Company	• One of most innovative companies in its industry • Company close to filing bankruptcy • Company known for bribing officials in other locations
Wages	• Same as domestic firms • 10% higher than domestic firms • 30% higher than domestic firms
Expected Number of Jobs	• 40 new jobs • 200 new jobs • 500 new jobs
Community Endorsement	• Local union welcomes the new jobs • Local small business association opposes the investment • Local small business association supports the investment
Hiring of Locals	• Company only hires locals • Management comes from company's home country • Locals only hired for low-paid jobs

B Conjoint Attributes and Quality

In this section, I define the seven attributes and describe in more detail how they are theoretically connected to quality.

1. *Investment Size*: Defines the amount of dollars invested in a location. Larger projects should be of higher quality because they produce more economic benefits in a community. The construction of the project will create more local jobs, larger projects tend to hire more people, and larger facilities pay more property taxes.

2. *Size of Investor*: Defines the size of the investor using its total number of employees. According to firm-level theory of trade, large multinationals are seen as the most productive companies.[95] This means that investment projects by larger firms are more likely to survive in the long-run. Moreover, these large investors have many resources to hire the best project managers which means that it is more likely that an investment project is successfully implemented. Both of these characteristics imply that larger firms propose higher quality buildings.

3. *Reputation of Investor*: This includes information about the company's public perception. For example, is a company known for being very innovative or for more negative issues, such as corruption? People may use this type of information as a heuristic short-cut to assess the quality and future behavior of a company. A company with a positive reputation is more likely to be a good corporate citizen and engage in behavior that does not create significant negative externalities. In contrast, a company with a negative reputation may signal that it is willing to take short cuts at the expense of residents.

4. *Wages*: Indicates whether the company pays better wages than domestic companies and, if so, by how much. Wages are a direct indicator of whether a project will be effective in improving people's lives. Higher wages mean that people can afford more and that the government can generate more tax revenue to invest in the provision of public goods.

5. *Expected Number of Jobs*: Defines how many new jobs are expected. The number of jobs is a key metric that most politicians emphasize. I expect that higher quality projects are correlated with more jobs because it means that more people in the community can get jobs. The main mechanism through

95. E.g., Helpman 2014.

which FDI projects are effective in improving people's livelihoods is the creation of new jobs. Jobs will generate income for families and also tax revenue for the government. Thus, FDI projects that create a higher number of jobs will score higher on the benefit dimension of quality than projects that create only a small number of jobs.

6. *Community Endorsements*: Describes whether local labor unions or small business associations (SBAs) support the FDI project. The inclusion of these attributes is based on the idea that people use cues from elites to make inferences about a certain policy or project. Specifically, these endorsements can give voters a sense of whether a project will produce net benefits to a community. Cues from labor unions and SBAs are important to voters because they provide credible information about the potential effect of an FDI project on two central actors in a community.

7. *Hiring of Locals*: Defines for what type of jobs local workers are hired. A necessary condition for a project to have any effect on the livelihoods of people is that people have access to that pay well. If an investor reserves all its manager position to people from its country of origin, the effect of a project will be attenuated. This is why I expect that FDI projects are or of higher quality when they hire a higher share of locals.

C Replication Task: Vignettes and Outcome Questions

Exact wording Vignette:
Consider now a situation in which your municipality competes with a number of other of municipalities from other states for the investment described below. As part of the offer to attract the investor, your local government council has decided to include a tax incentive package that is [**larger | smaller**] than the packages of the other municipalities.

Table C.1: Profiles in Experiment

	Attributes
Investor Country	Germany
Investment Value	$100 million
Industry	Pharmaceutical Industry
Type of Investment	Manufacturing Facility
Size of Investor Company	50,000 employees
Reputation of Investor Company	One of the most innovative companies in the industry
Expected Number of Jobs	200 new jobs
Wages	30% more than domestic firms
Hiring of Locals	Only locals are hired
Community Endorsement	Local small business association supports the project

High Quality Profile

	Attributes
Investor Country	China
Investment Value	$40 million
Industry	Logistics Industry
Type of Investment	Warehouse
Size of Investor Company	1,000 employees
Reputation of Investor Company	Known to bribe officials in other locations
Expected Number of Jobs	40 new jobs
Wages	Same as domestic firms
Hiring of Locals	Locals only hired for low-paid jobs
Community Endorsement	Local small business association opposes the project

Low Quality Profile

Imagine the investor [**decides | decides not**] to invest in your municipality, how do you rate your local government's tax incentive package to the investor on a scale from 0 to 10 where 0 is terrible and 10 is excellent? (scalar below)

Figure C.1: Example Vignette of Factorial Experiment

Consider now a situation in which your municipality competes with a number of other of municipalities from other states for the investment described below. As part of the offer to attract the investor, your local government council has decided to include a tax incentive package **that is larger than the packages of the other municipalities**.

	Investment Profile
Investor Country	Germany
Investment Size	$100 million
Industry	Pharmaceutical Industry
Type of Investment	Manufacturing Facility
Size of Investor Company	50,000 employees
Reputation of Investor Company	One of the most innovative companies in the industry
Wages	30% Higher than Domestic Firms
Expected Number of Jobs	200 new jobs
Community Endorsement	Local small business association supports the investment
Hiring of Locals	Only locals are hired

Imagine the investor **decides to invest** in your municipality, how do you rate your local government's tax incentive package to the investor on a scale from 0 to 10 where 0 is terrible and 10 is excellent?

0 1 2 3 4 5 6 7 8 9 10

D Demographics Respondents Summary

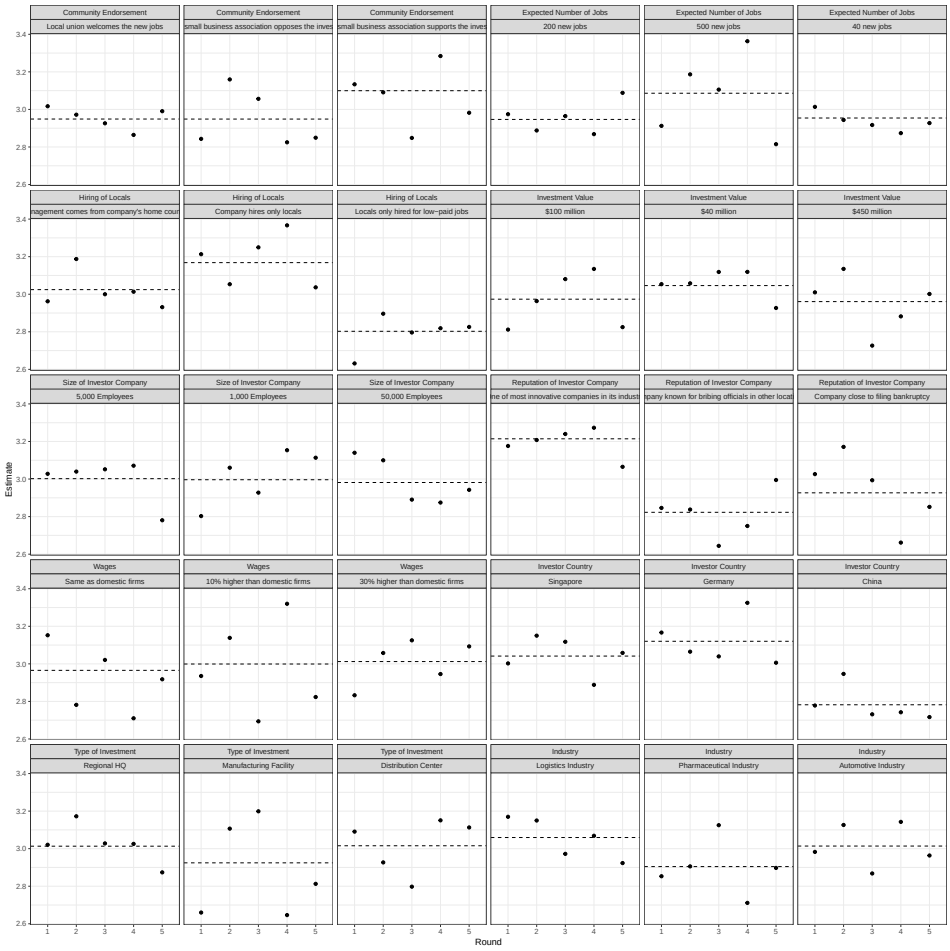
Table D.1: Survey Demographics

Statistic	N	Mean	St. Dev.	Min	Pctl(25)	Pctl(75)	Max
Party ID	1,962	−0.233	1.968	−3.000	−2.000	1.000	3.000
Income Category	1,948	8.531	6.667	1.000	3.000	13.000	24.000
Above Median Income	1,948	0.327	0.469	0.000	0.000	1.000	1.000
Age	1,999	45.379	16.819	18	31	59	94
Male	1,996	0.481	0.500	0.000	0.000	1.000	1.000
At least College Degree	1,990	0.487	0.500	0.000	0.000	1.000	1.000
FDI Employment In County	1,460	0.048	0.022	0.007	0.033	0.056	0.215
TI Preferences	1,868	0.223	1.161	−2.000	−1.000	1.000	2.000
White	1,960	0.731	0.443	0.000	0.000	1.000	1.000
Black	1,960	0.118	0.323	0.000	0.000	0.000	1.000
Hispanic	1,968	0.121	0.327	0.000	0.000	0.000	1.000
Asian	1,960	0.060	0.238	0.000	0.000	0.000	1.000

E Validate Assumptions of Experiments

E.1 Conjoint Experiment Assumptions

Figure E.1: Checking Carry-Over Assumption



Note: Graph shows marginal means estimates for each attribute level across all five rounds. The dashed line represents the pooled marginal means estimate for each attribute level.

Figure E.2: Balance Test Conjoint Task

E.2 Factorial Survey Experiment Assumptions

Table E.1: Omnibus Balance Test for Replication Task

	Bad w/o II	Bad with II	Good w/o II	Good with II
Intercept	0.19^{***}	0.14^{**}	0.38^{***}	0.29^{***}
	(0.05)	(0.05)	(0.05)	(0.05)
Party	−0.00	0.01	−0.00	−0.00
	(0.01)	(0.01)	(0.01)	(0.01)
Income	−0.00	−0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)
Education	−0.00	0.02^{*}	−0.02	−0.00
	(0.01)	(0.01)	(0.01)	(0.01)
Age	0.00	−0.00	−0.00	−0.00
	(0.00)	(0.00)	(0.00)	(0.00)
Male	0.01	0.03	−0.03	−0.01
	(0.02)	(0.02)	(0.02)	(0.02)
TI Pref.	0.00	−0.00	0.01	−0.01
	(0.01)	(0.01)	(0.01)	(0.01)
White	0.00	0.05	−0.05	−0.00
	(0.03)	(0.03)	(0.03)	(0.03)
Black	−0.01	0.05	−0.03	−0.02
	(0.04)	(0.04)	(0.04)	(0.04)
Hispanic	−0.02	0.04	−0.03	0.01
	(0.04)	(0.04)	(0.04)	(0.04)
p-Value Omnibus F-Test	0.87	0.33	0.45	0.97
R^2	0.00	0.01	0.00	0.00
Num. obs.	1756	1756	1756	1756

$^{***}p < 0.001$; $^{**}p < 0.01$; $^{*}p < 0.05$

F Results Conjoint Experiment

F.1 AMCE Results

Figure F.1: AMCE Results Support for Tax Incentives

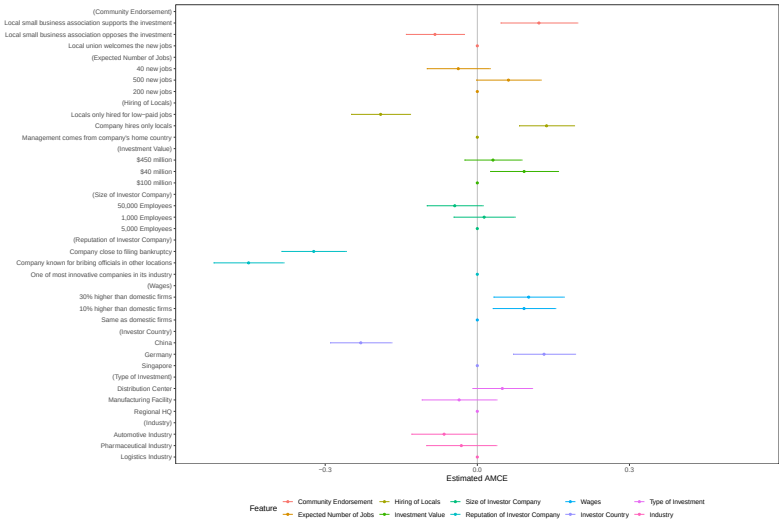
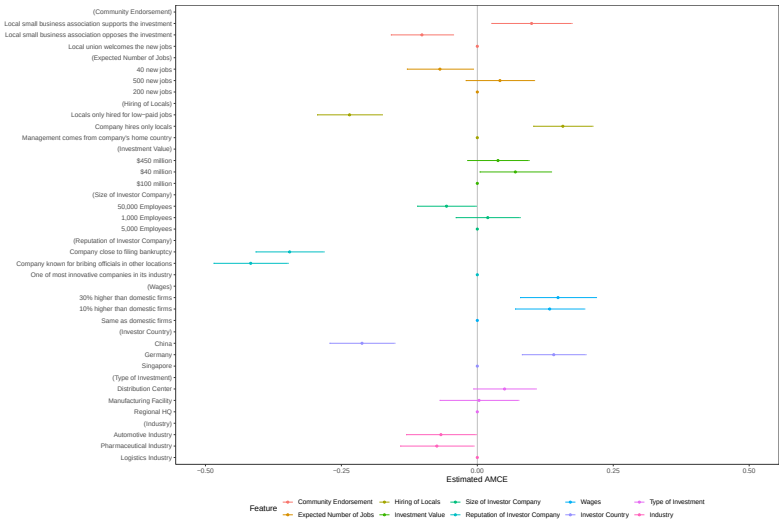


Figure F.2: AMCE Results Quality of Invest



F.2 Robustness Test

Figure F.3: Robustness of Result Conditional on Outcome Question Order

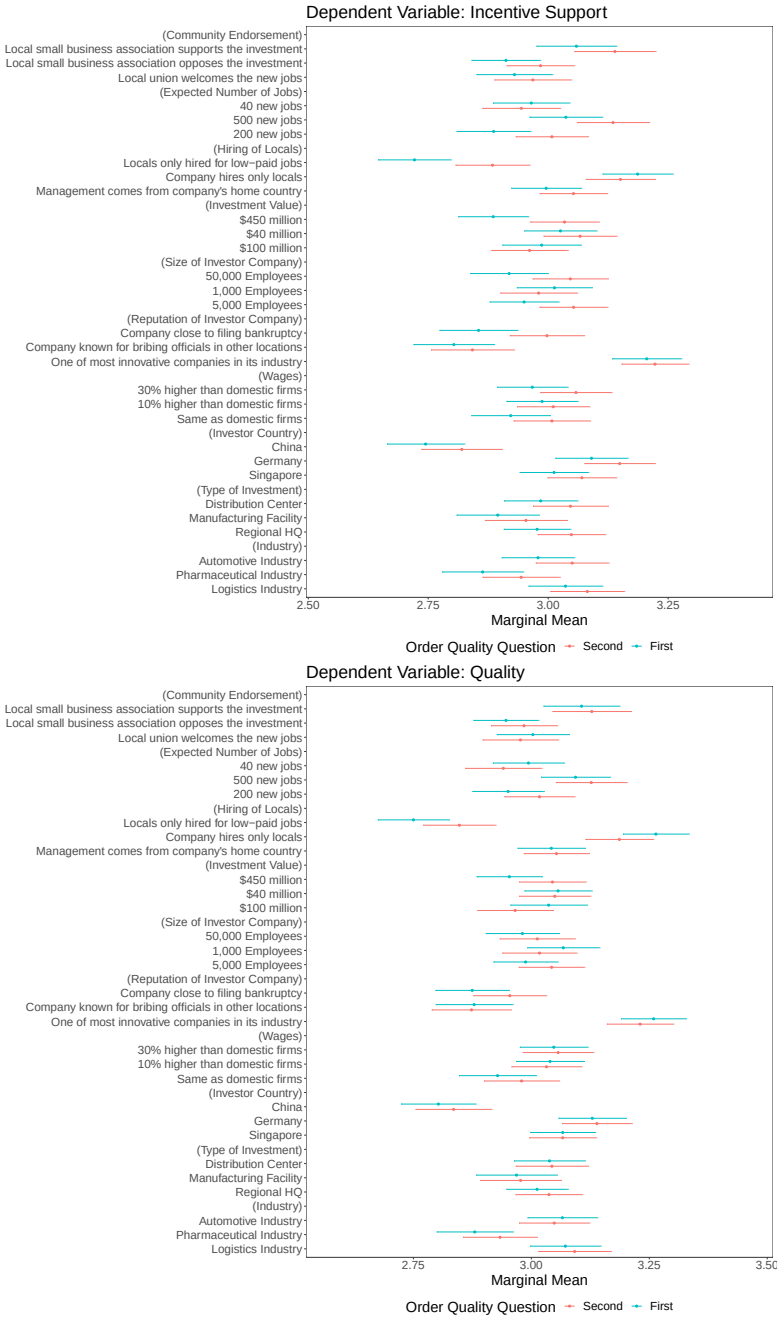
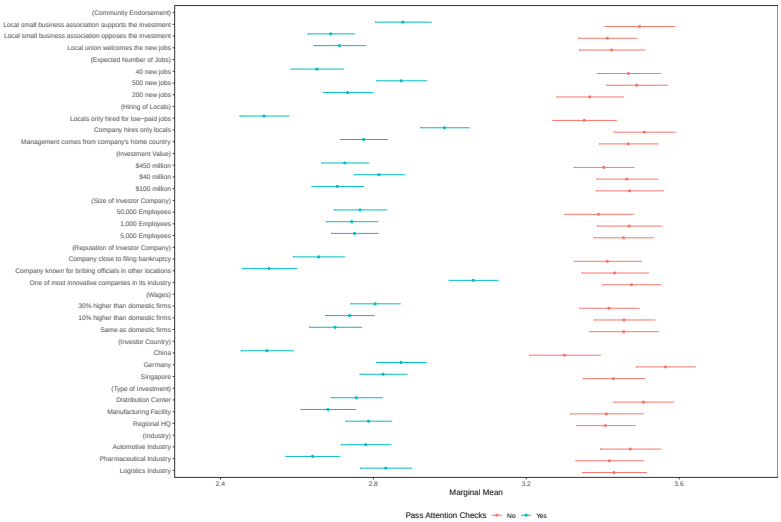


Figure F.4: Results Conditional on Attention Check



G Results Factorial Survey Experiment

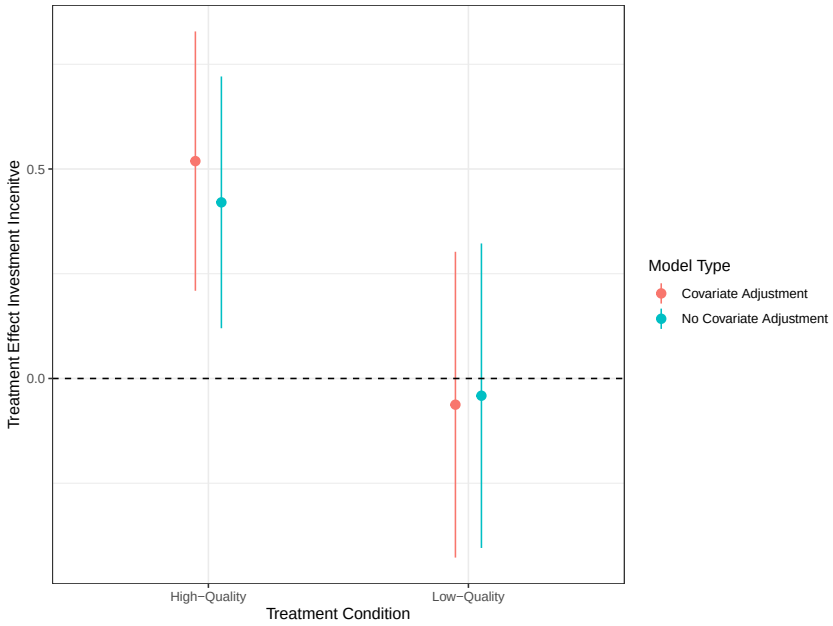
G.1 Main Results

Table G.1: Regression Results for Replication Task (Full)

	W/O Covariate Adj.	With Covariate Adj.
Intercept	4.38^{***}	5.49^{***}
	(0.13)	(0.32)
II	-0.04	-0.06
	(0.19)	(0.19)
Quality	1.81^{***}	1.72^{***}
	(0.17)	(0.17)
II X Quality	0.46	0.58^{*}
	(0.24)	(0.24)
Party		-0.06
		(0.03)
Income		0.02^{*}
		(0.01)
Education		-0.05
		(0.06)
Age		-0.03^{***}
		(0.00)
Male		0.17
		(0.12)
II Preferences		0.53^{***}
		(0.06)
White		-0.07
		(0.19)
Black		0.06
		(0.25)
Hispanic		0.09
		(0.22)
R^2	0.13	0.23
Num. obs.	1999	1756

$^{***}p < 0.001; ^{**}p < 0.01; ^{*}p < 0.05$

Figure G.1: Graphical Display Hypotheses 2 and 3



Note: Figure displays the treatment effect of offering larger tax incentives than the competition conditional on the type of investment. The coefficient is displayed with a 95% confidence interval. Covariate adjustment includes the following variables: party ID, income, education, age, gender, tax incentive preferences, White dummy, Black dummy, and Hispanic Dummy

Table G.2: Average Approval of Tax Incentive Decision By Treatment Group

	Received	Not Received
Large Inc.	7.04	6.14
Small Inc.	6.73	5.68

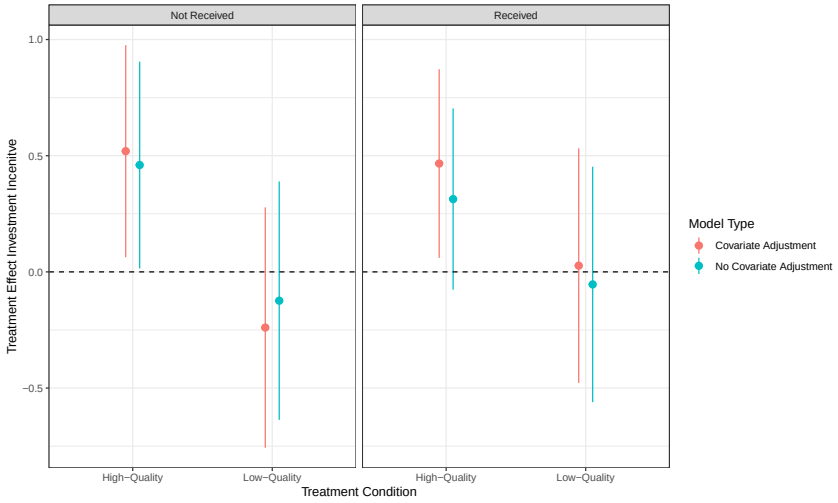
High Quality FDI

	Received	Not Received
Large Inc.	3.92	4.73
Small Inc.	3.97	4.85

Low Quality FDI

Note: Results show mean approval of tax incentive package given by the local government council to a foreign company. Higher values mean higher levels of approval for the decision.

Figure G.2: Exploring the Mechanism of Investment Incentive Benefits



Note: Figure displays the treatment effect of offering larger tax incentives than the competition conditional on the type and implementation of investment. The coefficient is displayed with 95% confidence interval. Covariate adjustment includes following variables: party ID, income, education, age, gender, tax incentive preferences, White dummy, Black dummy, and Hispanic Dummy.

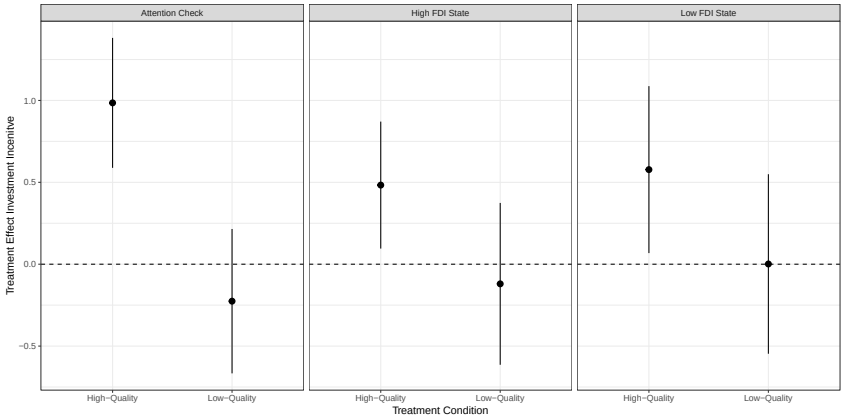
G.2 Robustness Tests

Table G.3: Robustness Tests of Factorial Experiment

	Attention	High FDI States	Low FDI States
Intercept	4.64^{***}	5.37^{***}	5.71^{***}
	(0.40)	(0.45)	(0.47)
II	-0.23	-0.12	0.00
	(0.22)	(0.25)	(0.28)
Quality	1.90^{***}	1.74^{***}	1.67^{***}
	(0.21)	(0.23)	(0.26)
II X Quality	1.21^{***}	0.60	0.58
	(0.30)	(0.32)	(0.38)
Party	-0.09^{*}	-0.07	-0.04
	(0.04)	(0.04)	(0.05)
Income	0.02	0.03	0.01
	(0.01)	(0.01)	(0.02)
Education	-0.04	-0.02	-0.10
	(0.07)	(0.07)	(0.09)
Age	-0.02^{***}	-0.02^{***}	-0.03^{***}
	(0.00)	(0.01)	(0.01)
Male	0.11	0.10	0.29
	(0.15)	(0.16)	(0.19)
II Preferences	0.49^{***}	0.55^{***}	0.49^{***}
	(0.08)	(0.08)	(0.09)
White	0.21	-0.22	0.08
	(0.24)	(0.29)	(0.25)
Black	0.12	0.09	-0.01
	(0.34)	(0.35)	(0.36)
Hispanic	0.07	-0.20	0.38
	(0.30)	(0.33)	(0.29)
R^2	0.26	0.23	0.22
Num. obs.	1130	1011	745

$^{***}p < 0.001; ^{**}p < 0.01; ^{*}p < 0.05$

Figure G.3: Effect of Investment Incentives across Different Sub-Groups



Note: Figure displays the treatment effect of offering larger tax incentives than the competition conditional on the quality of investment. The left panel only includes a subset of respondents that passed both attention checks. The sample used to run the models in the central panel includes respondents in states that receive FDI above the median state. Data for this variable comes from the US Bureau of Labor Statistics (https://www.bls.gov/fdi/tables/). The right panel focuses on respondents that live in states with below median inflow of FDI. The coefficient is displayed with 95% confidence interval. All models include covariate adjustments. The adjustment includes the following variables: party ID, income, education, age, gender, tax incentive preferences, White dummy, Black dummy, and Hispanic Dummy.

H Results FDI and Incentives

Table H.1: Definition Variables Analysis Figure 5

Variable	Definition	Type	Source
Received Incentives	Did an FDI project receive investment incentive deal?	Binary	Wavteq's IncentivesFlow
Number of Jobs	Jobs created by FDI project	Cont.	fDi Markets
Value of Capital Investment	Total investment value in million USD	Cont.	fDi Markets
Capital Intensity	Ratio of capital inputs over the total cost of production	Cont.	Bauerle Danzman and Slaski (2022b)
Revenue Missing Dummy	No company revenue listed	Binary	fDi Markets
Revenue Company (log)	Log of company's total revenue	Cont.	fDi Markets
Project Manufacturing	Investment into manufacturing activity	Binary	fDi Markets
Project HQ	Investment into HQ activity	Binary	fDi Markets
Project Logistics	Investment into logistics activity	Binary	fDi Markets
Investor German	Investor's home country is Germany	Binary	fDi Markets
Investor Japanese	Investor's home country is Japan	Binary	fDi Markets
Investor UK	Investor's home country is the UK	Binary	fDi Markets
Investor South Korean	Investor's home country is South Korea	Binary	fDi Markets
Investor French	Investor's home country is France	Binary	fDi Markets
Investor Canadian	Investor's home country is Canada	Binary	fDi Markets
Investor Chinese	Investor's home country is China	Binary	fDi Markets
Sector Automotive	Investment in the automotive sector	Binary	fDi Markets
Sector Pharmaceuticals	Investment in the pharmaceuticals sector	Binary	fDi Markets
Sector Transportation	Investment in the transportation sector	Binary	fDi Markets
State Log GDP per Capita	State's logged GDP per capita	Cont.	U.S. Bureau of Economic Analysis
County Ruralness	Degree of urbanization and adjacency to a metro area	Ordinal	USDA, Economic Research Service
County Unemployment Rate	Unemployment rate in a county (in %)	Cont.	U.S. Department of Labor
State Governor Republican	Is state's governor a republican?	Binary	Kaplan (2021)
State Purple	Margin of victory in previous presidential election less than 5	Binary	MIT Election Lab

Table H.2: Descriptive Statistics of Variables Used in Figure 5

Statistic	N	Mean	St. Dev.	Min	Max
Received Incentives	11,318	0.078	0.269	0	1
Number of Jobs	11,318	75.623	157.600	0	4,000
Value of Capital Investment	11,318	36.035	252.052	0	18,500
Capital Intensity	11,318	0.656	0.165	0.430	0.970
Revenue Missing Dummy	11,318	0.357	0.479	0	1
Revenue Company (log)	11,318	4.115	4.113	0.000	12.886
Project Manufacturing	11,318	0.141	0.348	0	1
Project HQ	11,318	0.104	0.305	0	1
Project Logistics	11,318	0.051	0.221	0	1
Investor German	11,318	0.100	0.300	0	1
Investor Japanese	11,318	0.064	0.245	0	1
Investor UK	11,318	0.185	0.388	0	1
Investor South Korean	11,318	0.018	0.132	0	1
Investor French	11,318	0.063	0.243	0	1
Investor Canadian	11,318	0.098	0.297	0	1
Investor Chinese	11,318	0.045	0.206	0	1
Sector Automotive	11,318	0.010	0.099	0	1
Sector Pharmaceuticals	11,318	0.017	0.128	0	1
Sector Transportation	11,318	0.031	0.174	0	1
State Log GDP per Capita	11,318	10.760	0.105	10.449	11.103
County Ruralness	10,733	1.415	1.132	1.000	9.000
County Unemployment Rate	10,733	5.916	2.534	1.200	27.700
State Governor Republican	11,318	0.473	0.499	0	1
State Purple	11,318	0.153	0.360	0	1

Table H.3: Determinants of Investment Incentives to FDI Projects

	Model 1	Model 2	Model 3
(Intercept)	-0.2042^{***}	0.6243	
	(0.0359)	(0.7269)	
Log Jobs	0.0522^{***}	0.0550^{***}	0.0501^{***}
	(0.0101)	(0.0104)	(0.0098)
Log Capital Investment	-0.0245^{**}	-0.0264^{**}	-0.0197^{**}
	(0.0070)	(0.0079)	(0.0067)
Capital Intensity	0.0988^{**}	0.0767^{**}	0.0526^{*}
	(0.0228)	(0.0224)	(0.0184)
Revenue Missing Dummy	0.0102	0.0085	0.0081
	(0.0060)	(0.0063)	(0.0063)
Revenue Company (log)	0.0042^{**}	0.0034^{*}	0.0024
	(0.0010)	(0.0012)	(0.0011)
Project Manufacturing	0.2845^{***}	0.2669^{***}	0.2288^{***}
	(0.0313)	(0.0290)	(0.0271)
Project HQ	0.0825^{**}	0.0779^{**}	0.0719^{**}
	(0.0211)	(0.0226)	(0.0218)
Project Logistics	0.0311^{*}	0.0284	0.0086
	(0.0140)	(0.0139)	(0.0118)
Investor German	0.0252^{*}	0.0233^{*}	0.0243^{*}
	(0.0096)	(0.0100)	(0.0110)
Investor Japanese	0.0118	0.0217	0.0158
	(0.0164)	(0.0164)	(0.0150)
Investor UK	0.0106	0.0134^{*}	0.0116^{*}
	(0.0051)	(0.0049)	(0.0049)
Investor South Korean	-0.0118	-0.0149	0.0013
	(0.0198)	(0.0210)	(0.0186)
Investor French	0.0141	0.0175	0.0153
	(0.0078)	(0.0079)	(0.0087)
Investor Canadian	0.0279^{*}	0.0268	0.0260
	(0.0118)	(0.0129)	(0.0124)
Investor Chinese	0.0293	0.0308	0.0267
	(0.0231)	(0.0248)	(0.0228)
Sector Automotive	0.0433	0.0512	0.0614
	(0.0387)	(0.0378)	(0.0332)
Sector Pharmaceuticals	-0.0145	0.0054	0.0093
	(0.0214)	(0.0219)	(0.0192)
Sector Transportation	-0.0304	-0.0326^{*}	-0.0264
	(0.0143)	(0.0148)	(0.0139)
State Log GDP per Capita		-0.0782	0.1174
		(0.0663)	(0.1576)
County Ruralness		0.0206^{**}	0.0156^{*}
		(0.0068)	(0.0055)
County Unemployment Rate		-0.0016	0.0048
		(0.0023)	(0.0043)
State Governor Republican		0.0036	0.0003
		(0.0179)	(0.0123)
State Purple		0.0531	0.0247
		(0.0290)	(0.0138)
State + Year FE	No	No	Yes
R^2	0.2039	0.2256	0.2751
Num. obs.	11318	10733	10733
N Clusters	50	50	50

$^{***}p < 0.001; {}^{**}p < 0.01; {}^{*}p < 0.05$

Note: Standard errors represent cluster robust standard errors clustered at the US state-level.