'If Foreign, then Cleaner':

Individual Corruption Perceptions and Support for Free Trade in Developing Nations¹

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April 1, 2024

<u>Acknowledgements</u>

The authors would like to thank Niccolò Bonifai, Dino Christenson, Joseph Hanna, Antonia Januszewicz, Marko Klašnja, Nabila Mella Garip, Nita Rudra, and Yuhki Tajima for their help and insights. The authors are very grateful to the journal editors and reviewers for comments and advice.

¹ This article has been accepted for publication in *International Studies Quarterly* published by Oxford University Press (doi: 10.1093/isq/sqae079). The data underlying this article are available on the ISQ Dataverse, at https://dataverse.harvard.edu/dataverse/isq. Please direct all questions regarding replication to Dihan Shi (dihan@wustl.edu).

ABSTRACT

Extant literature on public opinion in international political economy documents the role that domestic corruption perceptions play in the formation of mass attitudes toward a range of integration-related foreign policies. Based on this precedent, we conjecture that corruption perceptions also affect opinions toward free trade. We build on a heuristic approach to attitude formation where individual perceptions of corruption among the political elite trigger positive attitudes toward foreign countries, firms, and products, what we refer to as a "foreignness cue". This cue drives individuals with high perceptions of corruption to be more supportive of free trade. Based on survey data from eighteen Latin American countries, we demonstrate that higher levels of perceived domestic corruption are associated with greater support for free trade. Causal mediation analysis provides additional evidence that positive attitudes toward foreign countries and firms are a conduit through which the corruption perceptions effect operates. We also offer evidence of external validity of the main effect by analyzing additional surveys on a distinct set of less and more developed countries. Our heuristic-based model of support for free trade complements theories based on material self-interest as a basis for attitude formation in the realm of trade policy.

Corruption — the misuse of public office for private gain (Bardhan 1997; Rose-Ackerman and Palifka 2016, 9) — remains an insidious concern in the developing world (Olken and Pande 2012). Corruption directly distorts economic activity and thwarts opportunities for development, but it also impacts the pathways through which individuals form attitudes and beliefs about policy matters. More specifically, the *perception* that public officials and employees engage in corruption shapes the policy preferences of individuals (Hauk, Oviedo, and Ramos 2022). In the realm of mass opinions on foreign policy, scholarly work has furthered the notion that corruption perceptions can motivate the public to support international efforts to eradicate corruption (Gephart 2009; Ivanov 2007), to extend foreign aid (Bauhr, Charron, and Nasiritousi 2013; Bauhr and Charron 2018) and to support political integration within supranational institutions (Bauhr and Charron 2018; Sánchez-Cuenca 2000). Common to many of these processes of attitude formation, we submit, is a belief that domestic problems can be partially alleviated by increasing interactions with other countries.

In this study, we argue that a similar dynamic pushes individuals that are highly attuned to the extent of corruption in their countries to develop favorable views on foreign trade. Admittedly, it is not at all obvious that individuals would connect perceptions of corruption with attitudes toward trade. In contrast to international anti-corruption campaigns and regional integration, whose role in remedying perceived domestic failures is more evident to any observer, ordinary citizens may not readily see a connection between trade openness and domestic corruption. We build on a heuristic approach to attitude formation to posit that corruption perceptions activate a "foreignness cue" that triggers positive feelings toward foreign nations, foreign firms, and foreign products, particularly from more economically-developed countries. As individuals benchmark other countries against perceived failures in their own country, they view open trade more favorably as well. In short, attitudes toward foreignness acts as a crucial mediator between corruption perceptions and attitudes toward trade.

Using Latinobarómetro survey data from eighteen countries, we document that citizens who perceive extensive corruption among officials, representatives, and bureaucrats are more likely to declare higher levels of support for free trade. This correlation obtains even after accounting for potential demographic, socioeconomic, or cultural confounders like sex, age, education, employment status, wealth, political ideology, and citizenship status, and also in the presence of country fixed effects. In addition, we carry out a mediation analysis that supports the idea that part of the corruption perceptions effect on trade support operates through attitudes toward foreign countries and foreign firms. More specifically, we estimate that up to one-third of the corruption perceptions effect is mediated through attitudes toward the United States, which in the Latin American context is an obviously influential "foreign" role model. We also find some evidence that attitudes toward international companies mediate the corruption perceptions effect, though the magnitude of this mediation is much smaller (about 4%). We do not find evidence of mediation through attitudes toward imported products.

Our analysis dispels the possibility that the association between corruption perceptions and support for trade is explained by other factors, such as a belief that trade can revert or ameliorate domestic corruption, or by the possibility that perceptions of corruption are really tied to some deeper sense of malaise that respondents may have about structural domestic problems, such as concerns about the status of democracy or economic dissatisfaction. We also consider the possibility that our main finding is inexorably dependent on the measurements that we employ to capture corruption perceptions and trade support, but find this not to be the case. Finally, we purport to assess the external validity of our main finding by replicating our analysis on a completely different set of general-purpose mass opinion surveys from the Pew Research Center that are fielded in a set of less and more developed countries. Despite the information unearthed by our multi-pronged empirical approach, we cannot argue that available evidence is fully dispositive in favor of a heuristic theory of corruption perception effects on attitudes toward trade. For one, our analysis is based on general-purpose surveys, with questions worded in ways that do not quite correspond to the idea of benchmarking of foreign countries, firms, and products that cues individuals into developing positive attitudes toward foreign trade. Furthermore, ours remains a correlational analysis of selfreported attitudes and beliefs. Stronger evidence in favor of our interpretation would require, for example, that we trace the attitude-formation processes with regards to free trade that individuals would engage in following randomly-assigned revelations of widespread corruption in their country. Despite these obvious limitations, this article contributes a tentative theory and examination of the understudied impact of corruption on public support for trade openness to literature on public opinion. We also complement the predominant focus on trade support in rich economies by highlighting the role of corruption, a salient domestic political issue in the developing world, on processes of attitude formation.

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The study is organized in the following manner. We first set up our theory of corruption perception effects on support for free trade within the framework of heuristic approaches to attitude formation, developing the idea that "foreignness cues" are triggered among individuals that perceive broad corruption among political elites. We then consider a number of implications derived from these arguments; specifically, we set up our expectations regarding the mediating potential of attitudes toward foreign countries, firms, and products. Our empirical analysis follows, and that section is itself complemented by additional empirical work that accounts for alternative explanations and assesses the external validity of the main finding.

Public Support for Free Trade: Heuristic Attitude Formation

Extensive psychological research distinguishes between systematic and heuristic models of attitude formation (Chaiken and Ledgerwood 2012; Todorov, Chaiken, and Henderson 2002; Chaiken and Maheswaran

1994). Systematic attitude formation involves attempts to develop and justify opinions through careful attention, deep thinking, and intensive reasoning (Chaiken and Ledgerwood 2012, 247). Much of the canonical public opinion research on trade relies exclusively on the channel of systematic attitude formation, focusing on the assumption of economic self-interest to generate expectations about trade preferences (Mayda and Rodrik 2005; Scheve and Slaughter 2001). Whether on account of their skill levels, their sector of employment, or the nature of their job tasks, individuals are hypothesized to support or oppose trade based on its impact on their own material well-being.

More recent scholarship holds, however, that the public does not formulate trade policy preferences based exclusively on material self-interest (Guisinger 2009; Rho and Tomz 2017). Consistent with this view, the political psychology literature states that individuals are unlikely to engage in systematic attitude formation unless they have the motivation and cognitive capacity to do so (Chaiken and Ledgerwood 2012, 249). Systematic attitude formation necessitates both that the distributive effects of trade are clearly communicated to the public, and that the public has the necessary knowledge and level of comprehension, such that individuals readily associate trade policy with improved material well-being. These two conditions are hardly, if ever, met. Trade policy is a complex and unfamiliar issue for the public. On the one hand, trade policy is rarely the subject of intense political debate or media coverage (Medrano and Braun 2012, 451); even when it is, proponents and opponents of trade openness tend to talk past each other by emphasizing different facets of the issue, and the discussion involves difficult technical questions unfamiliar to most citizens (Steiner 2018, 261). On the other hand, even sophisticated individuals with general political knowledge are usually ignorant of policy-specific information (Gilens 2001, 380). Indeed, citizens generally fail to understand the economic consequences or distributive effects of free trade or protectionism (Mansfield and Mutz 2013; Rho and Tomz 2017). Their beliefs about the consequences of free trade are seldom grounded in serious reflection (Medrano and Braun 2012, 458).

Against this backdrop, scholars have argued that citizens frequently form attitudes based on heuristics because this is significantly less demanding in terms of mental resources and cognitive capacity (Aarøe and Petersen 2014, 687; Lau and Redlawsk 2006, 25; Sniderman, Brody, and Tetlock 1991, 19). Citizens rely on heuristics as simple judgmental shortcuts to form opinions about complex policy issues.² In the realm of public opinion formation regarding foreign policy, sentiments towards foreign entities often serve as mental shortcuts that allow individuals the ability to make complex judgments quickly (Jedinger and Schoen 2018; Steiner 2018). "Foreignness"

² Similarly, investors use heuristics in higher-stakes decisions regarding sovereign debt (Brooks, Cunha, and Mosley 2015; Gray 2013, 8; Gray and Hicks 2014).

has gained salience as a heuristic due to the intricacies of trade policies in a globalized economy which, we argue, most citizens are neither equipped nor inclined to scrutinize in depth.

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We argue that *foreignness heuristics* — general sentiments towards foreign nations, foreign companies, and foreign consumer goods — can serve as shortcuts in public opinion formation on the issue of free trade. When it comes to foreign nations, if dominant trade partners are viewed favorably, the public should then be more inclined to support trade liberalization measures, implicitly associating positive attributes such as trustworthiness and reliability with trade relations. Conversely, negative sentiment towards main trade partners can engender skepticism and caution, prompting the public to favor protectionist policies that prioritize domestic industries. Similarly, foreign companies can serve as flag-bearers for the benefits of open trade if they are perceived in a more positive light than domestic firms. Such perceptions can allay public fears about exploitation and cultural erosion, shifting the narrative towards the mutual benefits of economic collaboration and international exchange. In contrast, comparatively unfavorable predispositions toward foreign companies can severely tarnish attitudes toward trade openness, catalyzing public support for protectionist policies that aim to restrict foreign corporate activities. Lastly, the accessibility and prevalence of imported goods in daily life offer a tangible point of reference for individuals who may otherwise lack detailed knowledge of complex trade policies and economic theories. A favorable disposition towards imported consumer goods as compared with domestic products — often in terms of quality — can also serve as a cognitive shortcut that leads to a more positive general outlook on open trade policies.

In sum, *foreignness heuristics* relating to nations, firms, and products offer cognitive shortcuts for the public to quickly evaluate the multifaceted issue of free trade. They serve to simplify an otherwise complicated set of economic, social, and political factors, allowing the public the possibility of forming attitudes and opinions toward commerce without having to engage in a systematic introspection effort to calibrate how their self-interest as consumers, producers, or workers depends on their country's trade policies.

"If Foreign, then Cleaner"

The heuristic-systematic model of attitude formation proposes that individuals might sometimes rely on quick, efficient cognitive shortcuts to make judgments about the validity of information they encounter. Thus, rather than carefully scrutinizing any and all available information, people might instead draw on simple if/then associations learned through repeated experience to inform their attitude judgments. For instance, given that experts tend to be correct, individuals might develop a learned association between experts and correctness that allows them to easily and efficiently infer that a subsequently encountered expert is likely to be right ("if expert,

then correct") (Chaiken and Ledgerwood 2012, 253). In a similar way, repeated experience with a corrupt domestic system fosters an association between foreignness and honesty (as opposed to corruption; that is, "if foreign, then cleaner"). When citizens regularly encounter or hear about corruption at home, they are more likely to develop idealized perceptions of foreign entities, glamourizing foreign nations and systems as inherently more competent or less corrupt and perceiving higher integrity and quality in foreign goods and companies. Thus, the more corruption individuals see in their home country, the more likely they will be to support free trade through the operation of a *foreignness heuristic*. This reasoning supports our main conjecture:

Hypothesis 1. Individuals who perceive more domestic corruption will show higher support for free trade.

It is important to note that although *foreignness heuristics* are about predispositions towards foreign entities, citizens are more likely to form these predispositions based on their perceptions of the domestic system rather than foreign systems for reasons grounded in psychological, informational, and experiential factors. First, the domestic system is the immediate environment in which individuals operate; it is what they know and experience on a day-to-day basis. This closer psychological proximity to the domestic system makes it more salient in shaping attitudes and opinions. Second, information about domestic systems is usually more abundant and accessible. Media outlets, discussions within social circles, and education systems are predominantly geared towards national rather than international issues. The relative ease with which information about domestic corruption can be accessed and understood makes it more influential in forming opinions. Third, the emotional stakes are often higher in domestic matters. Perceptions of corruption within one's own country can evoke strong emotional responses such as indignation or disillusionment. These emotional investments can significantly shape how individuals perceive external entities, as the domestic context serves as the lens through which they evaluate foreign nations and companies.

We hypothesize that heuristics on foreign nations, international companies, and product quality differentiation, all of which are shaped by domestic corruption perceptions, inform public opinion on free trade. As such, *foreignness heuristics* mediate the effect of perceived domestic corruption on trade support. First, the perception of corruption within one's own country can shape trade support through predispositions towards foreign countries, particularly those that are most influential. A perception of domestic corruption often comes with the idealization of foreign countries as better managed, less corrupt, and more fair (Kondos 2009; Sánchez-Cuenca 2000; Simić 2016; Pereira 2021). This idealization effect aligns well with psychological research on outgroup favorability bias, which suggests that such biases often reflect negative evaluations of the ingroup (Calanchini et al. 2022). In this context, when individuals grow critical towards their country over corruption, they would develop more favorable views toward foreign countries, which are the outgroup. The idealization of foreign countries can

manifest as outright xenophilia, a condition arguably prevalent among emerging-market consumers (Ger and Belk 1996). From a feeling of idealization of foreignness, individuals may become invested in the idea that policies, such as free trade, that involve greater interaction with "superior" foreign entities will be positive. The belief that "foreign nations are more honest" thus serves as a simple heuristic that individuals wield to justify the attitude that international interactions through free trade will be beneficial. The mediation effect of this heuristic is likely to be especially strong when it comes to supporting trade with foreign nations, particularly those that are more influential within the domestic country, as such countries are often perceived as enjoying better governance. These arguments suggest the following implication:

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Hypothesis 2. The effects of domestic corruption perception on trade support are mediated by perceptions about foreign nations, particularly those that hold influence over the domestic country.

Second, we submit that the more an individual perceives their own country to be corrupt, the more likely they will have a positive predisposition towards international companies, which they will use as a heuristic to inform their support for free trade. If an individual perceives widespread corruption, they probably infer that domestic companies either benefit from corrupt practices or are hindered by them in ways that compromise their integrity and efficiency (Renkema and Hoeken 1998; Amujo et al. 2012; Hoeken and Renkema 1998). In contrast, international companies that operate domestically may be perceived as operating under a more stringent or transparent set of ethical and legal standards due to international regulations and internal norms enforced by headquarters (Kostova, Roth, and Dacin 2008; Spencer and Gomez 2011; Sun et al. 2015).

The perception that international companies enjoy better corporate governance suggests that they are also less likely to be tainted by the corruption pervasive in the individual's own country. We conjecture that this predisposition can extend to a general support for policies that favor market openness and free trade. The underlying reasoning is that if international companies are superior due to their detachment from domestic corruption, then policies that facilitate entry of their products into the domestic market — such as free trade agreements — are desirable, leading to a third testable implication:

Hypothesis 3. The effects of domestic corruption perception on trade support are mediated by perceptions about international companies.

Third, we make an analogous argument regarding the favorability of views about the quality of imported products which, in our logic, would increase if individuals perceive their own nation to be steeped in corruption. When individuals perceive their home country as highly corrupt, their confidence in domestic industries, processes, and products often diminishes. Corruption is frequently associated with compromised quality control, nepotism, and other inefficiencies that can impact the quality of domestically-produced goods. Under such circumstances,

consumers see that domestic producers channel their profits into bribes and corrupt exchanges, rather than into improving the quality of their products (Lambsdorff 1999). Perceived corruption also reinforces the impression that domestic regulatory agencies that are supposed to ensure the quality and safety of nationally-produced goods can be easily bribed, which means regulations can be bypassed and licenses can be granted without rigorous inspection (Sukhtankar 2015). These together reinforce the perceived deficiency of the domestic industry in terms of supplying quality products.

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In contrast, imported products would seem untainted by these issues, giving rise to the belief that they are of higher quality. Imported consumer goods usually need to pass quality checks in their country of origin or acquire prequalification from international institutions (Bate and Mathur 2018, 6), which serves as a reliable, alternative form of quality insurance and thus generate confidence among import-consuming individuals. The quality of imported products becomes not just a matter of consumer preference but also a symbol of integrity, reliability, and fairness that is thought to be lacking in domestic products. This perception of imports being of higher quality again serves as a heuristic that simplifies complex decisions about free trade. If imported goods are viewed as superior, it stands to reason that free trade policies — which facilitate easier access to these imported goods — are beneficial, suggesting a final implication:

Hypothesis 4. The effects of domestic corruption perception on trade support are mediated by perceptions about imported products.

Empirical Analysis

Leveraging surveys of Latin American residents, we first examine whether individuals that perceive high levels of domestic corruption are also more likely to support free trade, and then inspect whether the proposed foreignness heuristics are at play. We reject alternative explanations suggesting that trade is seen as a panacea for domestic corruption, that other structural factors correlated with corruption perceptions can account for the effect on trade support, and that uncovered effects are specific to our choice of outcome variable. For a theoretically motivated test of external validity, we consider a separate Pew survey on a broader set of developing and developed economies to show that a corruption effect on trade is not detectable among the latter. Together, our results demonstrate that individuals in less-developed nations that perceive greater domestic corruption are more prone to support free trade, and that this effect is mediated by their views on influential foreign nations and international companies. The mediation effect of foreign nation perception is particularly strong when considering trade with foreign nations of dominant influence.

Our main analysis is based on data from the 2020 wave of Latinobarómetro surveys in 18 Latin American countries (Latinobarómetro Corporation 2022).³ While this analysis focuses on a single region, we believe our case selection is appropriate for two reasons. First, Latin American countries are relatively homogenous, which reduces the variability that might arise from differing cultural perspectives on corruption and trade. Second, there is at the same time considerable variation in levels of perceived corruption among Latin American individuals and ample cross-country variation in assessments of the overall level of corruption (right panels of Figures A1 and A2 in the Supplemental Information (SI) appendix contains pooled and country-specific density plots of corruption perceptions). Admittedly, regional specificities of Latin America might suggest that our findings lack external validity. ⁴ However, consider that Latin American countries have a history of colonialism, post-colonial development patterns, and political and economic transitions that is not wholly dissimilar from other developing regions in the world.

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The main outcome in this analysis is an individual's level of agreement with a statement about how free trade of goods and services benefits consumers, which we dub "support for free trade". This four-category variable ranges from strong disagreement to strong agreement, and responses are not bundled within the extreme categories, easing worries of floor or ceiling effects (left panels of Figures A1 and A2 in the Supplemental Information (SI) appendix contains pooled and country-specific histograms of the outcome variable).

As for individuals' corruption perceptions, we record whether respondents think that each of five groups of public officials — the president and their officials, members of Congress, public employees, local government councilors, and judges and magistrates — is "involved in corruption". These five groups capture the main perceived participants in public corruption in Latin America. First, high-level political figures, including the President and Members of Parliament, are at the apex of political power and decision-making. Their involvement in corruption can have significant ramifications due to their high level of influence and the substantial resources they control. Second, corruption among public employees can be pervasive and have a direct impact on the daily lives of citizens, whether through bribes for services or nepotism in public employment. Third, local government is often the administrative layer closest to the citizens and where they interact most frequently with the state. Corruption at this level, therefore, can significantly affect community development, allocation of local resources, and the quality of basic services. Lastly, judges and magistrates are responsible for upholding the law and ensuring justice, including

³ Countries included are Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, México, Nicaragua, Panamá, Paraguay, Perú, Uruguay, Venezuela.

⁴ We examine the external validity of our main findings across a broader spectrum of global economies later in the article.

⁵ The question is "Please tell me whether you strongly agree, agree, disagree or strongly disagree with the following statement: 'In general consumers are benefited from free trade of goods and services.'"

in cases of corruption; when they themselves are corrupt, they undermine the rule of law and perpetuate cycles of impunity.

We could simply count the total number of groups that an individual believes to be involved in corruption as an ordinal measure of corruption perceptions. However, a concern is that not all combinations of two groups (or any other number) are necessarily equivalent in terms of the severity of perceived corruption.⁶ Consequently, our measure of corruption perceptions is simply the first latent dimension of a principal-components decomposition of the five above-mentioned groups (president, members of Congress, public employees, local government councilors, judges). Figure A3 in the SI appendix confirms graphically that a single principal component captures a large amount of the information (41%) contained in the five input variables.⁷ Importantly, by using this measure of corruption perceptions we reduce the risk of bias produced by assigning weights to different input variables based on their perceived importance or other subjective criteria. However, we also replicate main findings using an additive measure of corruption perceptions and do not find substantive differences (Table B1 in the SI appendix).

To account for salient alternative explanations, we incorporate in our analysis a full set of individual-level factors that are found to influence corruption perceptions and trade opinions, including sex (male, female), age, education (no formal schooling, basic education, secondary education, college education), employment status (self-employed, salaried employee in a state company, salaried employee in a private company, not employed), wealth (ten levels from poorest to richest), political ideology (self-placement on a left-right scale from 0 to 10), and citizenship status (citizen versus non-citizen). All models include country fixed effects to account for time-invariant economic and social conditions of different countries.

Individual Corruption Perceptions and Support for Free Trade

We begin by examining the main hypothesis (H1) that individuals who perceive more domestic corruption will show a higher level of support for free trade. We fit a linear model at the respondent level of self-reported support for free trade as the outcome variable, with perceptions of domestic corruption as the main predictor of interest. The model accounts for salient confounders (sex, age, education, employment status, wealth, political ideology, and citizenship status) and includes country fixed effects. Coefficient estimates appear in Table B1 in the

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⁶ We thank one of our reviewers for raising this concern.

⁷ We adopt the additive inverse of the first principal component as a measure of corruption perceptions to correct for the fact that the first principal component has negative loadings for all five variables: president (-0.35), members of parliament (-0.48), public employees (-0.41), local government councilors (-0.5), judges (-0.49). For the sake of simplicity, we use "PC1" to refer to the additive inverse of the first principal component. Therefore, greater values of corruption perceptions (PC1) indicate higher levels of perceived domestic corruption.

⁸ This analysis does not include a control for industry/sector of employment due to the lack of related items in the original survey.

SI appendix. Consistent with H1, corruption perception is positively associated with support for openness (p = 0.01). The model predicts greater trade support at higher values of perceived corruption, as can be seen in Figure 1.9

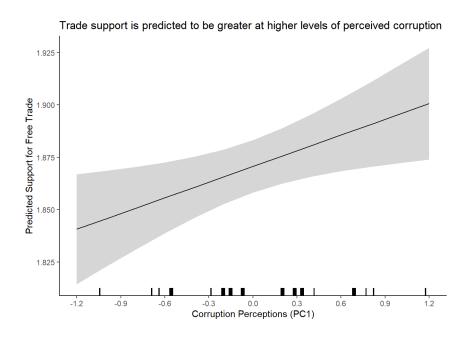


Figure 1. Predicted trade support conditional on corruption perceptions (with 95% confidence envelope)

Testing the Foreignness Heuristics Mechanisms

Our theory holds that public opinion on free trade is influenced by perceptions of domestic corruption through views on foreign nations, international companies, and product quality. Specifically, we examine whether *foreignness heuristics* based on influential foreign nations (H2), international companies (H3), and imported products (H4) mediate the relationship between domestic corruption perception and support for trade.

To test H2, which states that the corruption perceptions effect on trade support is mediated by perception towards influential foreign nations, we employ a Latinobarómetro survey item that gauges the respondent's opinion toward the United States (0: negative, 1: positive). While this indicator may not capture the full spectrum of opinions towards all foreign countries, it is particularly apt to consider the United States as a stand-in for influential foreign nations in the context of Latin America. The United States has historically been and continues to be the dominant foreign influence in Latin America, both economically and politically. Furthermore, the United States is often seen as a barometer for global economic and political trends that greatly affect Latin American countries, and

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⁹ These results also hold in an ordered logistic model that accounts for the categorical nature of the outcome variable, and they hold as well when using an alternative, additive measure of domestic corruption perception as the main predictor (Table B1). We also find positive associations between trade support and separate indicators of corruption by different political elites (Table B2). Additionally, we examine differential effects of the "level" of perceived corruption on support for free trade (Table B2).

it is the major trading and investment partner for many Latin American countries. Positive or negative perceptions of the U.S. can thus reflect broader attitudes towards foreign countries.

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We regress the attitudes toward the US mediator on corruption perceptions plus controls and country fixed effects. As expected, domestic corruption perceptions are positively associated with attitudes towards the United States (p = 0.02), as can be seen in Table C1 and Figure C1 in the SI appendix. We then conduct a model-based causal mediation analysis using the approach of Tingley et al. (Tingley et al. 2014). The top left panel of Figure 2 presents the average causal mediation effects, average direct effects, and total effects with 95% quasi-Bayesian confidence intervals. An estimated 16% of the total effect of domestic corruption on trade support is due to the mediated pathway through attitudes toward the United States (p = 0.04). The inclusion of the mediator in the outcome model renders the direct effect no longer statistically significant. Overall, in support of H2, these results suggest that there is a significant, substantive mediation effect through the foreign nation heuristic.

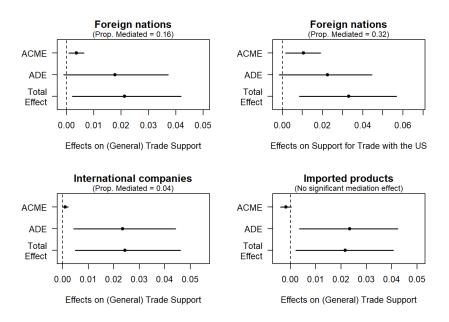


Figure 2. Model-based causal mediation analysis results (with 95% confidence intervals)

For a further observable implication in the spirit of H2, consider an individual's perception about progress of the home country. Consistent with the logic we have developed, it should follow that the foreignness heuristic should be strongest among individuals that perceive their country as declining. Among such individuals, high perceptions of domestic corruption would more easily lead to an idealization of foreign countries, especially those seen as more influential or successful, activating the "foreign is better" shortcut that justifies support for free trade. In short, the perception of a country's decline should amplify the effects of corruption perception on the support for trade with foreign nations. We examine this theoretically-motivated proposition by breaking down our sample among respondents that perceive their country as "progressing" (19.7% of the sample), "at a standstill" (49.9%), or

"in decline" (30.4%). We regress trade support on corruption perceptions plus controls and country fixed effects in each of the three subsets, and compare coefficients to the original results in the pooled sample in Table C2 and Figure 3. Consistent with our expectations, the marginal effect of corruption perceptions on general trade support is greater for individuals that consider the home country to be in decline, compared to the "progressing" and "standstill" groups. This difference suggests that the psychological mechanisms posited in H2 are particularly salient among those who perceive their nation as declining. This group's heightened sense of decline, exacerbated by the perception of widespread domestic corruption, may drive them to more fervently idealize foreign countries and, consequently, to more strongly support free trade policies.

Effect of corruption perceptions on trade support

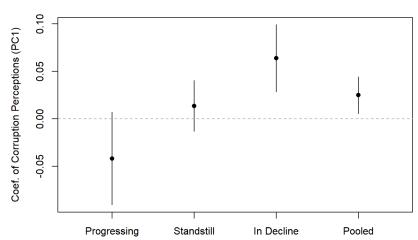


Figure 3. Estimated effect of corruption perceptions on trade support conditional on beliefs about progress of the home country (with 95% confidence intervals)

An extension of the causal argument of H2 is that when considering free and open trade relations with influential foreign countries in particular, rather than with international actors generally, the mediation effect of the foreign nations heuristic on the corruption perception—trade support nexus should be especially pronounced. This is supported by evidence shown in the top right panel of Figure 2, where we perform the same analysis in the top left panel but with a new outcome variable that measures the individual's opinion on trade with the United States in particular, which also ranges from strongly oppose (0) to strongly support (3). 10 The proportion mediated

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¹⁰ The survey question is "What is your opinion on trade between the United States and (respondent country)? Is it very favorable, somewhat favorable, somewhat unfavorable, or very unfavorable for the economic development of the country?" We regress this measure of support for trade with the United States against corruption perceptions and find a positive and significant correlation (Table C1 and Figure C1).

is now estimated to be 32% (p = 0.02), twice as large as the mediation effect estimated in the general trade support model.

We now turn to H3, which suggests that the foreignness heuristic mediation can occur through attitudes towards international companies. We speculate that respondents will see domestic companies as either beneficiaries or victims of corruption, but in any case less efficient or ethical when compared with international firms, influencing individuals to support policies promoting market openness and free trade. We build an indicator of relative perceptions of international companies by comparing individual trust in national and international companies (0-6; 0: strongly favors domestic firms, 3: neutral, 6: strongly favors international firms). This indicator is comparative and it better isolates trust specifically related to the foreignness of companies from broader ideological stances such as general anti-capitalist sentiments. As before, after ascertaining that domestic corruption perception is positively associated with attitudes towards international companies (p < 0.05) (Table C1 and Figure C1), we carry out a mediation analysis, whose results appear in the bottom left panel of Figure 2. The figure reveals that an estimated 4% of the total effect of domestic corruption on trade support is due to the mediated pathway through perceptions of international companies (p = 0.06). 12

Lastly, we examine H4 which states that effects of domestic corruption perception on trade support are mediated by perception towards imported products. Analogous to our previous arguments regarding foreignness heuristics, we posit that those that perceive high levels of corruption would see imported goods as symbols of integrity and reliability, simplifying the attitude-formation process regarding free trade. We construct the mediator that measures perceptions of product quality differentiation using a question that asks respondents to give their opinion on the quality of national versus imported products (0-3; 0: strongly favors domestic products, 3: strongly favors imported products). We again regress the product quality differentiation mediator on corruption perceptions of domestic corruption perception plus controls and country fixed effects, but this time we find that corruption perceptions are not a statistically-significant predictor of attitudes toward imported products (Table C1 and Figure

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¹¹ This indicator is built from two survey items that ask respondents "how much trust" they have in "national companies" and "international companies", respectively. Response options are "a lot", "some", "a little" or "no trust". For the final indicator, we assign a value of 6 (strongly favors international firms) if the respondent responds "a lot" to the "international companies" question and "no trust" to the "national companies" question, and 0 if the response is "a lot" to national companies and "no trust" in "international companies".

¹² A number of respondents report identical answers to questions on trust in national and international companies; these individuals obtain the same score (3) in our constructed variable (which ranges from 0 to 6). Therefore, we risk ignoring the potentially confounding role of "general trust in firms". To alleviate this concern, we include an additional variable on trust in big firms ("companies like Facebook") alongside our "differential trust in international and national companies" variable, and we find that our conclusions mostly remain unchanged, though the magnitude of the mediation effect diminishes slightly. We then repeat the mediation analysis with an additional interaction term between our differential trust variable and general trust in firms and find that the magnitude of the mediation effect remains roughly unchanged. See Figure C2 in the SI appendix. We thank one of our reviewers for suggesting this robustness check.

C1). Similarly, a causal mediation analysis yields no evidence of a significant mediation effect (bottom right panel of Figure 2).

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Why do we observe differences in the strength of mediation effect among the three foreignness heuristics? The political psychology literature underscores that heuristics can vary in their availability and accessibility, as well as in their perceived reliability (i.e., the extent to which a heuristic is perceived to be a valid guide for judgment in a given situation) (Chen and Chaiken 1999; Darke et al. 1998). In the context of free trade opinions, we posit that the foreign nations heuristic is the most available, accessible, and reliable for most individuals. The concept of foreign nations as a whole is more ubiquitous and prominent in public discourse and media compared to international companies or products. The ubiquity of this concept makes the heuristic more readily available and easily accessible in the cognitive process. Furthermore, foreign nations, as broad entities, are often perceived as more stable and consistent compared to the more dynamic and varied nature of international companies and products. This perception enhances their reliability as a heuristic. In addition, foreign nations, representing collective entities with cultural, economic, and political dimensions, provide a more comprehensive and holistic basis for judgment compared to the more segmented and specific perspectives offered by international companies or products. As such, the foreign nations heuristic offers a more straightforward cognitive pathway for individuals to form opinions on free trade. It is easier for individuals to base their opinions on a generalized perception of a country as a whole, rather than to differentiate among various international companies or assess the quality of multiple imported products. We hasten to add that our observational data does not allow for a direct examination of these propositions. Future research should purport to determine the relative strengths and characteristics of these heuristics in shaping public opinion on trade support in the context of perceived domestic corruption.

Alternative Explanations

In this section, we conduct a series of robustness checks to eliminate potential alternative explanations for our finding that corruption perceptions are associated with support for open trade. These alternative accounts consider the possibility that trade openness is perceived as a remedy for corruption, that perceptions of corruption are in fact indicators of broader concerns beyond malfeasance, and that our indicator of trade support is a limited and invalid measure of the outcome of interest.

Open Trade as Panacea

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It may be possible that the observed association between corruption perceptions and support for free trade obtains because the public sees increasing trade openness as a panacea for corruption at home. To some extent, this concern is not unfounded. A body of scholarly work finds that the public's foreign policy opinions in response to domestic corruption center around rectifying flawed political institutions. This includes support for international efforts against corruption (Gephart 2009; Ivanov 2007), and a preference for supranational institutions over national political systems (Bauhr and Charron 2018; Sánchez-Cuenca 2000). These studies suggest that when citizens perceive their national institutions as corrupt or ineffective, they tend to look favorably upon international mechanisms that promise reform and accountability. It is not unreasonable to think that the public may expect free and open international trade to work the same magic.

Yet, this discourse presents a contrasting perspective when it comes to the role of international anticorruption campaigns and regional integration. These initiatives are often seen as either augmenting or entirely substituting failed national political institutions. Their role and objectives are generally clear and straightforward to the observer. In contrast, the connection between trade openness and its potential as an institutional remedy for domestic corruption remains ambiguous to ordinary citizens for two reasons. First, there is a lack of consensus among scholars and policy experts on a definitive mechanism by which free trade might curb corrupt activities. A number of studies find that trade itself does not reduce corruption (Knack and Azfar 2003; Majeed 2014; Tavares 2007). Second, the potential impact of trade openness on domestic political institutions has not been a focal point of intense political debate or widespread media coverage (Medrano and Braun 2012). This observation suggests a gap in public discourse and understanding regarding the trade-corruption nexus. Consequently, it is reasonable to expect the average citizen to be relatively uninformed about potential connections between increased trade openness and reductions in domestic corruption. To address this competing explanation, we estimate conditional associations between corruption perceptions and support for free trade based on whether the respondent thinks domestic corruption is "curable" at all. The logic is that if trade openness is indeed seen as a panacea for corruption in the home country, the association between domestic corruption perceptions and trade support will be greater for those who believe in the corrigibility of corruption. We split the Latinobarómetro data into those who think "it is possible to eradicate corruption from politics" (56.1% of the sample) and those who do not (43.9% of the sample), and re-estimate the main model of support for free trade on both samples. Table D1 and Figure 4 show that, contrary to the alternative explanation, the effect of corruption perceptions is not statistically significant when estimated solely among those that believe that "eradication of corruption is possible".

Effect of corruption perceptions on trade support

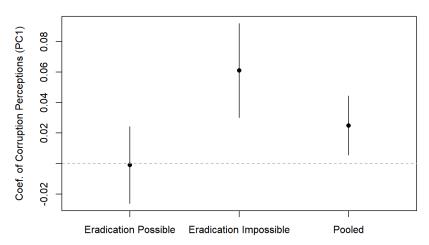


Figure 4. Estimated effect of corruption perceptions on trade support conditional on beliefs about whether eradication of corruption is possible (with 95% confidence intervals)

Perceived Corruption as an Indicator for Broader Structural Issues

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Another argument that runs counter to our main findings is that perceived corruption in the home nation is potentially correlated with perceptions of other structural problems — such as issues pertaining to the working of democracy or economic performance — and that these issues are the ones that drive individual support for free trade. To assess the merits of this claim, we leverage two additional Latinobarómetro survey items that gauge the respondent's satisfaction with the status of democracy and economy in their home country. The coded variables range from high satisfaction (0) to high dissatisfaction (3). Interestingly, corruption perceptions are not strongly correlated with dissatisfactory attitudes towards either the status of democracy (Pearson's r = 0.205) or the economic situation (Pearson's r = 0.207). These weak correlations suggest that corruption perceptions do not fully capture citizens' assessments of broader structural challenges their nation faces. Nevertheless, we add the two dissatisfaction variables as controls to our main model to assess the robustness of the marginal effect of corruption perceptions on trade support. In Table D2 and Figure 5, we report the corruption perceptions coefficient from a regression model of trade support that also includes controls and country fixed effects, and where dissatisfaction variables are added separately first, then together. The coefficients of corruption perceptions remain robust and do not vary much across specifications. With both dissatisfaction variables added to the model, the foreign nations heuristic continues to mediate effects of domestic corruption perception on integration support (p < 0.01), with 13% of the total effect

¹³ The questions are: "In general, would you say you are very satisfied, quite satisfied, not very satisfied, or not at all satisfied with the working of the democracy in (country)? And with the economy?"

mediated (left panel of Figure 6). Thus, it is unlikely that perceptions of other structural factors can account for the marginal effect of domestic corruption perception on trade support.

Effect of corruption perceptions on trade support

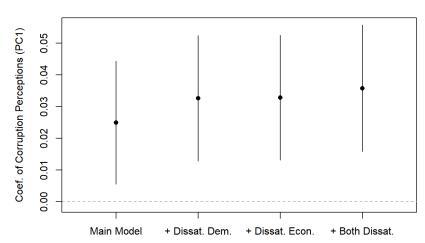


Figure 5. Estimated effects of corruption perceptions on trade support from the main model and from models where dissatisfaction variables are added separately and then simultaneously (with 95% confidence intervals)

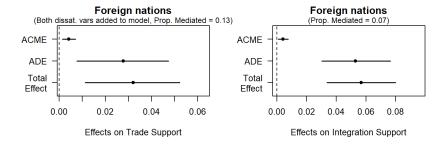


Figure 6. Model-based causal mediation analysis results (with 95% confidence intervals)

Alternative Choice of Outcome Variable

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Since our main construct for trade support is based on a singular survey item, there might be concerns that the corruption perception coefficients we estimate are an artifact of our outcome indicator of choice. To assuage these concerns, we switch the outcome variable in our main model to a broader measure of support for "integration with other countries", while preserving all other model specification details. This alternative outcome variable ranges from strongly oppose (0) to strongly support (3). While this support measure captures international integration in both economic and political realms, free trade plays a vital role in integration by contributing to economic growth, cultural exchange, political stability, global standardization, poverty reduction, consumer

benefits, and efficient resource allocation. These factors collectively make trade openness a salient component of international integration.

When we regress support for integration on corruption perceptions plus controls and country fixed effects, we find that domestic corruption perception is positively associated with support for integration (p < 0.001). The new model predicts greater integration support at higher values of perceived corruption (Table D3 and Figure D1). Similarly, the foreign nations heuristic continues to mediate effects of domestic corruption perception on integration support (p = 0.02), albeit with a smaller proportion (7%) of the total effect mediated (right panel of Figure 6). Overall, it is unlikely that the association between corruption perceptions and trade support that we uncover is specific to our choice of indicators.

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External Validity of the Corruption Perceptions Association with Trade Support

Our theory of individual perceptions of domestic corruption influencing attitudes towards free trade is built with the scope of developing countries in mind and empirically examined on a Latin America sample. In this section, we extend our analysis to examine the external validity of our findings across a diverse spectrum of global economies. Utilizing data from a broader Pew survey, we aim to uncover whether the observed relationship between corruption perceptions and support for free trade in Latin America is mirrored in the rest of the developing world; simultaneously, we do not expect to find a similar relationship in the context of more developed nations. This exploration tests the robustness of our primary results and seeks to understand the nuanced dynamics of trade perceptions in different economic contexts.

We use the Spring 2018 wave of the Global Attitudes and Trends survey conducted by the Pew Research Center in 27 developing and developed nations worldwide (Pew Research Center 2019). ¹⁴ We construct the main outcome variable in this analysis, individual-level trade support, using a survey item that gauges opinions on trade openness on a four-point scale that ranges from strongly opposed to strongly supportive of trade. ¹⁵ The main predictor of interest is individual corruption perception, taken from a survey question that asks if the respondent thinks the statement that "most politicians are corrupt" describes the survey country very well, somewhat well, not too well, or not well at all.

¹⁴ Countries included are Argentina, Australia, Brazil, Canada, France, Germany, Greece, Hungary, India, Indonesia, Israel, Italy, Japan, Kenya, Mexico, Netherlands, Nigeria, Philippines, Poland, Russia, South Africa, South Korea, Spain, Sweden, Tunisia, United Kingdom, United States.

¹⁵ The question is "What do you think about the growing trade and business ties between (survey country) and other countries – do you think it is a very good thing, somewhat good, somewhat bad, or a very bad thing for our country?"

Corruption Perception and Trade Support in Developing and Developed Economies

We showed evidence of a positive correlation between individual domestic corruption perception and support for free trade using survey data from Latin America. Does this result extend to the rest of the developing world and does it also obtain among developed economies? To answer this question, we subset the Pew sample based on the International Monetary Fund's classifications of "emerging and developing economies" and "advanced economies" (International Monetary Fund 2022). We fit a linear model at the respondent level based on the two subsets and the pooled sample using trade support as the outcome variable and corruption perceptions as the main predictor of interest. The model accounts for sex, age and country fixed effects. ¹⁶ As shown in Table E1 and Figure 7, the effect of corruption perceptions on trade support is positive in the sample of developing economies and negative for developed economies. To further understand the discrepancy between less and more developed nations, we run an additional suite of models on each country separately and plot the corruption perception coefficients, along with 95% confidence intervals, in Figure 8. Among the countries where the association between corruption perceptions and support for free trade is largest are India, Nigeria, Argentina, and the Philippines. In these economies, consistent with our main findings, perceiving high levels of corruption at home leads to a strong, statistically significant increase in an individual's support for free trade. The opposite is true in developed economies such as Australia, Canada, Greece, the Netherlands, Germany, and Sweden that yield the largest negative corruption perception coefficients.

A final analysis at the country level suggests that the effect of domestic corruption on support for trade openness decreases as a country's per capita income increases. To obtain this result, we simply regress the estimated perceived corruption coefficients from the above-mentioned country-specific models against per capita GDP (logged), while controlling for trade dependency (trade-to-GDP ratio). GDP per capita and trade-to-GDP ratio data are taken from the World Bank Group's World Development Indicators (World Bank Group 2024). The results of this multilevel model appear in the added-variable plot of Figure 9 as well as Table E2 in the SI appendix. Controlling for trade dependency (p = 0.21), an increase in GDP per capita is associated with a decrease in the perceived corruption coefficient (p < 0.01).

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¹⁶ Other controls we have found in the Latinobarómetro data are not available in the Pew survey.

¹⁷ Data are for the year 2017, the year before the Pew survey was conducted (Spring 2018). GDP per capita is in constant 2015 US dollars.

Effect of corruption perceptions on trade support

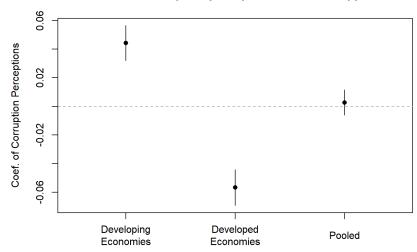


Figure 7. Effect of corruption perceptions on trade support conditional on IMF's classification of developing and developed economies (with 95% confidence intervals)

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Effect of corruption perceptions on trade support

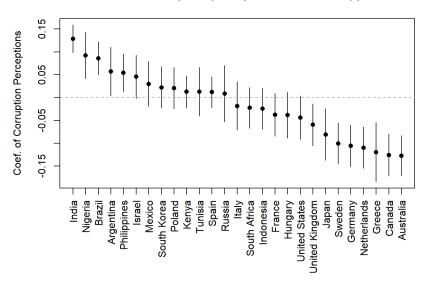


Figure 8. Completely-unpooled country-specific effects of corruption perceptions on trade support (with 95% confidence intervals)

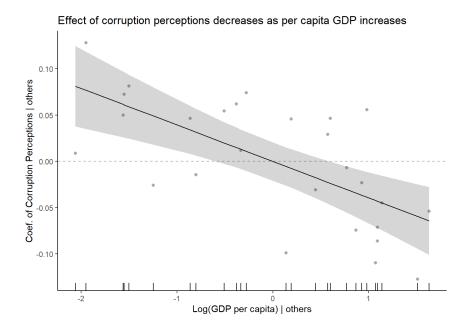


Figure 9. Added-variable plot of the partial estimated effect of per capita GDP (log scale) on country-specific corruption perception coefficients (with 95% confidence intervals)

We learn from these exercises that strong, positive marginal effects of corruption perception on trade support are also obtained in developing economies around the globe, just as they did in the main findings based on Latin American data. In less-developed economies, perceptions of domestic corruption often compound a sense of malaise regarding governance, rule of law, and societal structures that makes foreign countries appear superior. This perceived superiority can manifest as a form of idealization or xenophilia, where foreign entities are seen as better managed, less corrupt, and fairer. As a result, individuals in developing nations, influenced by *foreignness heuristics*, may become more supportive of policies like free trade that involve greater interaction with foreign entities. Simply put, the more corrupt they perceive their own country to be, the more they may support trade with foreign nations perceived as less corrupt.

We speculate that a different dynamic obtains in developed economies, where citizens typically have higher expectations of efficient and transparent governance. When these expectations are not met, and corruption is perceived, there may be a tendency to assume that other countries, especially those with different political or economic systems, might be equally or more corrupt. This process would involve a projection effect whereby individuals extrapolate their experiences and perceptions onto others. In the context of developed economies, citizens might unconsciously assume that the corruption they perceive at home is a universal problem, affecting other countries as well, perhaps even to a greater extent. Unlike in developing economies, where domestic corruption can lead to an idealization of foreign, particularly Western, governance systems, in developed countries, this idealization is absent or significantly reduced. Instead, the projection of domestic issues onto foreign entities

leads to increased skepticism and critical evaluation of foreign nations, resulting in a risk-averse stance towards international trade among residents of developed economies. Therefore, while perceptions of domestic corruption can enhance trade support through idealization of foreign systems in developing nations, in developed economies the projection of domestic corruption perceptions onto foreign nations may lead to the opposite effect. Future research should further examine the divergent impacts of domestic corruption perception on trade support in different socio-political contexts.

530 Conclusion

Existing studies have explored how corruption perceptions shape attitudes toward a number of foreign policy issues, including political integration, foreign aid, and regional wealth redistribution. However, the association between corruption perceptions and opinions on free trade — a policy issue that has gained attention in the wake of the populist backlash against globalization — remains unexplored. This study takes a cautious first step in filling out this gap in our knowledge. We have argued that individuals who perceive a higher level of corruption in their country are more likely to support trade openness. We reasoned that this effect obtains because perceptions of domestic corruption potentially trigger *foreignness heuristics* that lead respondents to infer that foreign countries, firms, and products, especially those from more developed economies, are less likely to be affected by corruption. In other words, we posit that individuals that perceive high levels of corruption "benchmark" foreign entities positively. In turn, positive attitudes toward foreignness drive support for open trade.

Admittedly, we are unable to directly test all aspects of this exact causal chain because we lack access to appropriately-worded survey questions. We do show, in the context of mass opinions in Latin America, that those that perceive corruption among representatives, bureaucrats, and officials are also more likely to support open trade, thus providing direct evidence on the main implication of our argument. We also show that perceptions of corruption correlate with more positive attitudes toward "foreignness", be it toward foreign countries, foreign firms, or foreign products. More importantly, we compare the proportion of the corruption-perception effect on trade support that is mediated by such positive attitudes, and we are able to conclude that estimated magnitudes are consistent with the heuristic model of attitude formation toward trade policy that emphasizes the notion of foreignness as an important cue. To round up the evidence that we bring to bear on our theory, we show that

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¹⁸ The negative association between corruption perceptions and support for free trade in developed nations could also be the product of persistent right-wing nationalist calls that decry establishment politicians as corrupt and foreigners as "out to get" the country's native population, a point made by one of our reviewers. This is an intriguing proposition, though at first sight it does not seem that the election of right-wing nationalist heads of government correlates closely with the magnitude of the corruption effect on support for free trade in Figure 8. This alternative account points into a new direction for further research.

perceptions of corruption are not simply proxying for individuals' perceptions of other structural problems, like suboptimal economic performance or an unsatisfactory democratic regime. Finally, we are also able to ascertain that the link between corruption perceptions and support for trade is evident in other less-developed countries outside Latin America. As a sort of placebo test, we also inspect whether a direct link between corruption perceptions and support for trade exists in developed countries, and find stark confirmation that the association between these attitudes is in fact reversed in those settings: respondents in developed economies that perceive ample corruption are *less* likely to support free trade.

Our study responds to Tussie and Chagas-Bastos's call for non-WEIRD (Western, Educated, Industrialized, Rich, and Democratic) perspectives in the field of international political economy (Tussie and Chagas-Bastos 2022, 894). Instead of asking "what can Western IPE do to incorporate the rest" (Deciancio and Quiliconi 2020, 252), we seek to understand how publics in Latin America might form attitudes about complex policy areas such as trade. In closing, it is worth noting that the findings of this article may have implications for why the globalization backlash appears to be less salient in developing countries even as it roils rich industrialized countries (Rudra, Nooruddin, and Bonifai 2021). Strong support for economic openness persists in many regions of the developing world, including Latin America. About three in four Latinobarómetro respondents in 2020 considered "free trade of goods and services" to be beneficial, a result that did not vary much from 2018, when 76.6% of survey respondents favored "increasing trade with other countries". Such high levels of support for free trade are remarkable at a moment in history in which populist reactions in favor of strengthening protection against globalization continue to grow. This makes our contribution more germane, as we deem it important to explore mechanisms of attitude formation that go beyond self-interest, either from workers in tradable sectors of the economy or from consumers that seek to increase the panoply of goods that they can acquire.

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 $^{^{19}}$ Raw survey data from Latinobarómetro 2018 and 2020; percentages are the authors' calculation.

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