

The Political Consequences of Foreign Land Investment

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Abstract

Despite the extensive scholarship devoted to understanding the consequences of globalization and subsequent domestic policy responses, scholars have largely ignored the surprising effects of foreign land investment on rural voters. Foreign investors currently own almost 3% of U.S. farmland (about the size of Iowa!), a contentious issue for rural Americans. How does foreign land investment (FLI) for agricultural production create distributional conflict and affect domestic political outcomes? I argue that FLI benefits large landowners and agribusinesses at the expense of small farmers and agricultural workers, who subsequently demand increased regulation and shift their vote to Democratic candidates. I test my hypotheses using untapped data on 26,721 FLI projects collected through the USDA's Agricultural Foreign Investment Disclosure Act (AFIDA), spanning 1978-2020. My work points to FLI as an overlooked component of globalization and connects it to puzzling patterns of political backlash that existing theories cannot explain.

1 Introduction

Despite the extensive scholarship devoted to understanding the consequences of globalization and subsequent domestic policy responses, scholars have largely ignored the surprising effects of foreign land investment (FLI) on rural voters. According to official records, foreign investors currently own almost 3% of U.S. farmland (about the size of Iowa!), with FLI doubling from 2009 to 2019 Lutz & Welsh (2021).¹ Foreign ownership of agricultural land and the downstream effects on factor and product markets has sparked an intense political debate in rural communities. How does FLI create distributional conflict and affect domestic political outcomes? To answer these questions, this paper focuses on the change in county-level support for President Barack Obama between 2008 and 2012 as a function of county exposure to FLI.

There is no shortage of research on the relationship between the domestic distributive consequences of globalization and subsequent political responses – both top-down and bottom-up – yet the debate is far from settled. To summarize numerous important contributions, “compensation hypotheses” linking welfare to public support for economic openness have given way to findings that globalization losers experiencing material hardship turn to far-right populist parties for protection or because of cultural concerns. However, the findings are mixed on whether economic openness moves individuals right or left and whether globalization losers are responding to material or cultural concerns. FLI is completely absent from these discussions, with most work focusing on the effects of trade liberalization and manufacturing FDI. My research not only addresses how FLI is distinct from other FDI flows, but also demonstrates that the distributive consequences lead to unexplained political behavior. Specifically, in contrast to extant theories, FLI increases support for the left among previously right-leaning voters who are hurt by foreign capital, and these individuals vote according to their material self-interest and against their cultural interests.

I argue that FLI creates winners and losers within the agricultural sector, benefiting large landowners and agribusinesses at the expense of small landowners and agricultural workers. Foreign capital inflows increase returns to land and agricultural inputs. Small producers, many of whom do not own land, have difficulty competing and are driven out of the market. These FLI losers will demand increased regulation of foreign capital, but FLI winners may be able to simultaneously avoid regulatory hurdles and insulate politicians from backlash. Pro-FLI interest groups can support politicians who promote their preferred legislation with financial contributions and lobbying efforts. Because Democratic politicians are more likely to support an increase in FLI restrictions than Republicans, I predict that voters in counties exposed to FLI will be more likely to support Democratic candidates after exposure.

To test my theory, I use 2008 and 2012 presidential election results, along with untapped data on 26,721 FLI projects collected through the USDA's Agricultural Foreign Investment Disclosure Act (AFIDA), spanning 1978-2018.

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¹These figures are almost certainly an undercount. The USDA's AFIDA regulation notably has a self-reporting requirement, low monitoring of non-compliance and weak enforcement of financial penalties.

However, for my question of interest in this paper, I restrict the FLI data to projects that occurred between 2006 and 2012 ($n = 6337$), since they are the most relevant for explaining the change in Obama’s vote share from 2008-12. Although it will be interesting to observe whether voters reward Democrats for anti-FLI positions in state and local elections, the case of Obama’s reelection is a useful test of my hypotheses.² During his first term, President Obama took an explicit stance against big agricultural interests, proposed anti-trust legislation to regulate the industry, and tried to win the support of rural voters harmed by competition with MNCs. His proposed regulations would have benefitted small farmers and hurt multinational agricultural investors. Although the restrictions were never implemented, Obama’s support of small farmers and clear anti-FLI stance likely won some anti-FLI votes between 2008 and 2012. During the same period, the commodity price shock led to a massive increase in FLI (see Figure 1) that made the issue especially salient to small American producers. This shock is plausibly exogenous and therefore orthogonal to other economic conditions that explain shifts in support for Obama. I predict that some conservative voters that felt harmed by the FLI inflow shock shifted to support Obama in his reelection because they viewed him as sympathetic to their plight.

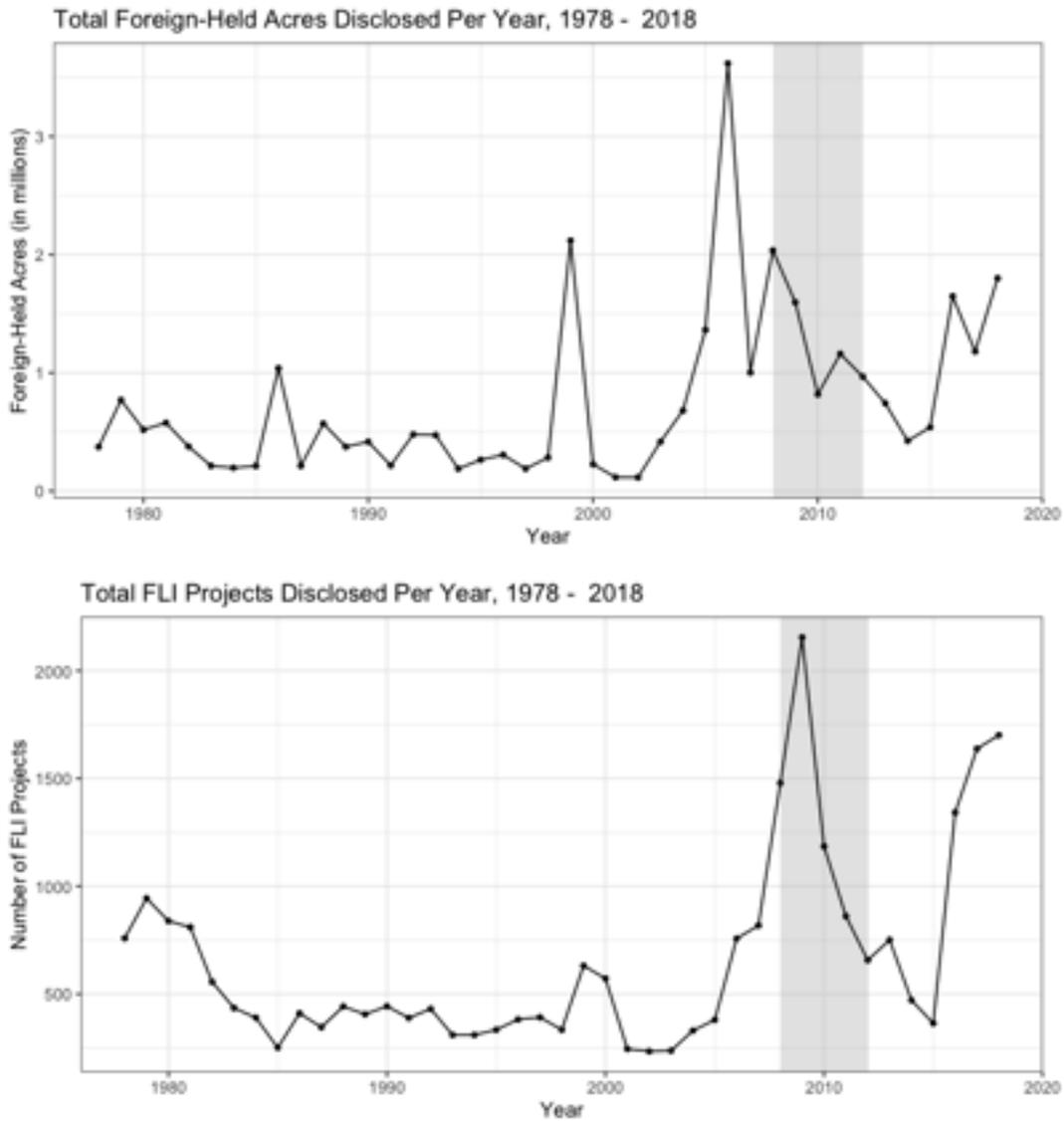


Figure 1: Source: USDA AFIDA. Figure 1 shows the temporal distributions of total area of reported FLI projects and total number of FLI projects in the United States from 1978 to 2018, aggregated by year. The shaded gray region highlights 2008-12, Obama’s first term and the commodity price shock. Interestingly, the most large-scale period of FLI in the U.S. occurred prior to the price shock (note the spike in area in 2006), although FLI projects are most common in 2009.

²Future versions of this paper will test the effect of FLI on vote shares for Democratic politicians in state and local elections. FLI is regulated at the state-level and voters likely see a direct connection between state and local politicians, FLI and their material hardship.

Using linear models, I assess the county-level relationship between exposure to foreign land investment from 2008 to 2012 and the change in Barack Obama’s two-party vote share change between the 2008 and 2012 presidential elections. I measure exposure to FLI with: a.) an indicator variable that takes the value of 1 if a county was exposed to any FLI projects between 2008 and 2012 and 0 otherwise; b.) an indicator variable that takes the value of 1 if a county was exposed to any FLI projects between 2005 and 2012 and 0 otherwise; and c.) the log total area of the county acquired through FLI projects between 2008 and 2012. The results support my hypothesis. Exposure to FLI between 2008 and 2012 (or 2005-12) is associated with an average 0.004 percentage point increase in Obama’s 2012 county-level vote share.³ Similarly, on average, a 1% increase in area acquired for FLI projects (2008-12) is associated with a 0.001 percentage point increase in Obama’s vote share. These findings are encouraging and suggest that exposure to FLI does make voters more likely to move left.

My findings speak to an important IPE debate about the conditions under which globalization benefits the left vs. the right. Although many scholars have found that material hardship leads to rightward shifts in the electorate (Autor et al., 2020; Colantone & Stanig, 2018; Dal Bo et al., 2018; Dippel et al., 2015; Margalit, 2012), I show that the opposite holds true for globalization losers in the agricultural sector. The consequences of integration in global markets can be advantageous to the left, not only through winners’ preferences (as shown by Pinto 2013) but also through mobilization by those who lose. Moreover, in contrast to previous evidence Margalit (2012); Mutz (2018), FLI may increase support for the left among previously right-leaning voters who are hurt by foreign capital, and these individuals vote according to their material self-interest and against their cultural interests. Taken together, my work calls attention to land as an overlooked and theoretically distinct dimension of globalization and FLI as a determinant of rising inequality in the U.S. My research also has important implications for scholars of rural politics and democratic representation.

2 Background

Iowa’s 4th congressional district, which comprises the entire northwest quadrant of the state, is one of the most solidly conservative districts in the country. For nearly two decades, it was represented by Steve King, who was described as “the Congressman most openly affiliated with white nationalism” Zauzmer (2018). Yet in 2018, the then-8-term incumbent nearly lost to a young, former minor league baseball player, Democrat J.D. Scholten. King beat Scholten by only 3.4 percentage points, after defeating his last Democratic challenger by 22.6 percentage points. What changed? Perhaps it was because Scholten had won the votes of many lifelong Republicans in agricultural communities by advocating for regulation of multinational agribusinesses. Many farmers cannot compete in increasingly concentrated markets and as farm incomes decline, so do ag-dependent regions Kelloway (2019).⁴ Do voters who feel harmed by exposure to foreign land investment shift their support to anti-FLI politicians? In the U.S., does backlash against lead to increased Democratic vote shares?

There is no shortage of research on the relationship between the domestic distributive consequences of globalization and subsequent political responses – both top-down and bottom-up – yet the debate is far from settled. To summarize numerous important contributions, “compensation hypotheses” linking welfare to public support for economic openness Burgoon (2001); Margalit (2011); Walter (2010) have given way to findings that globalization losers experiencing material hardship turn to far-right populist parties for protection Autor et al. (2020); Colantone & Stanig (2018); Dal Bo et al. (2018); Dippel et al. (2015). In particular, FDI has been shown to increase returns to labor Beesley (2019); Pandya (2010) but also economic insecurity Beesley (2019); Scheve & Slaughter (2004). Pro-labor left parties try to attract FDI in order to cater to their constituents because workers benefit Pandya (2010, 2013, 2014); Pinto & Pinto (2008); Pinto (2013) and workers exposed to the effects of FDI express demands for expanded welfare programs Beesley (2019). Yet bundled globalization “treatments” including FDI are associated with a rightward shift in the electorate (Burgoon, 2009; Milner, 2018).

However, scholars remain undecided on whether economic openness moves individuals right or left and whether globalization losers are responding to material or cultural concerns. FLI is completely absent from these discussions, with most work focusing on the effects of trade liberalization and manufacturing FDI. Yet the case of Iowa’s 4th district suggests that the backlash against foreign investment in land should not be ignored in this conversation, especially since investors currently own an Iowa-sized chunk of U.S. farmland. My research not only addresses how FLI is distinct from other FDI flows, but also demonstrates that the distributive consequences lead to unexplained political behavior. I argue that FLI increases support for the left among previously right-leaning voters who are hurt by foreign capital, and these individuals vote according to their material self-interest and against their cultural interest.

³The minimum vote share change (vote share loss) for Obama was -0.217 percentage points in Boone, WV and the maximum vote share change (vote share gain) was 0.152 percentage points in Kalawao, HI, with a mean of -0.03 percentage points (*S.D.* = 0.03).

⁴In 2015, more than half of all farm households lost more money than they made farming.

3 Theoretical Framework

To understand how FLI may affect voting outcomes, I must explain first how FLI induces distributional consequences and creates domestic winners and losers; and second how these winners and losers shift their political behavior as a consequence. I argue that FLI divides the agricultural sector, benefitting large landowners and capitalists (agribusiness) at the expense of small landowners and agricultural workers (“family” farmers). FLI losers will demand increased regulation of foreign capital, which is more likely to be supplied by left-leaning governments. In the case of the U.S., this is likely to advantage the Democratic party as rural constituents who would otherwise vote Republican shift their support to Democratic candidates.⁵ I describe the theory in detail below, and Figure 2 illustrates the overall mechanism.

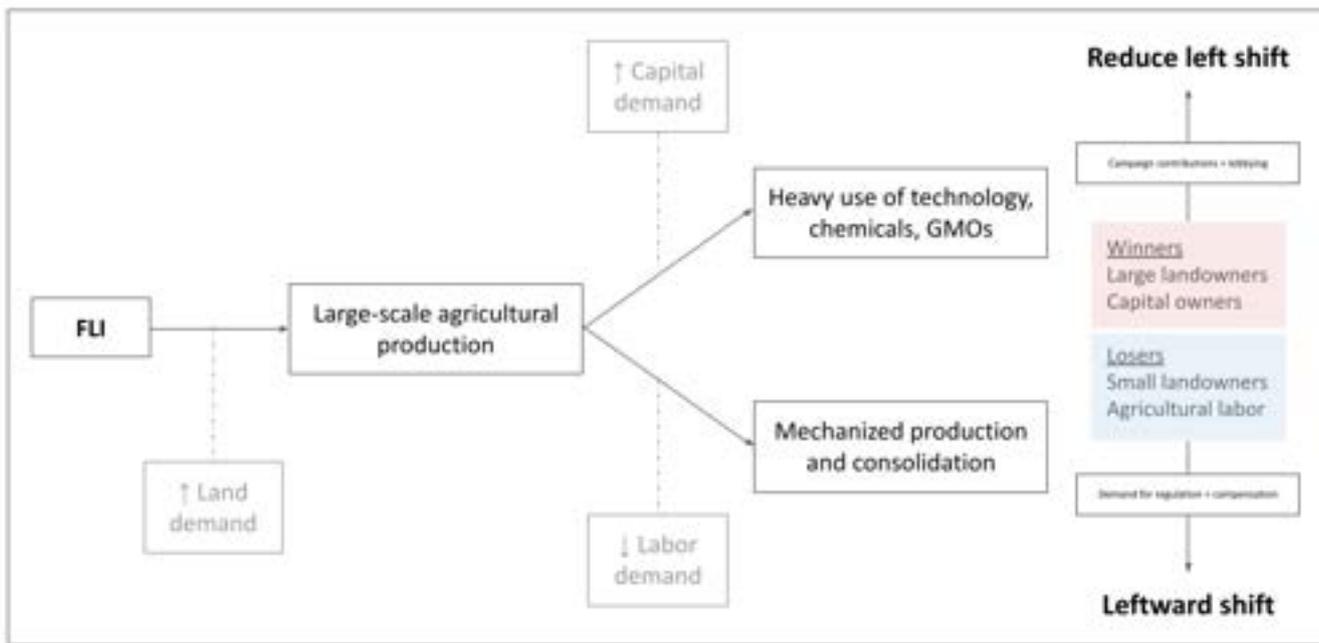


Figure 2: FLI’s Distributional Consequences

Distributive Consequences

The distributive consequences of FLI lead to winners and losers both in the agricultural sector. Foreign capital inflows increase the demand for land and returns to landowners, but these returns are not evenly distributed among all landowners. In order to maximize the land’s earning potential, investors would like to use it for large-scale agricultural production and this disproportionately benefits large landowners, especially those that already have infrastructure for mass production.⁶ Small landowners, unlike large corporate operations, tend to live and work on their land and subsequently do not benefit from an increase in land’s rental rate in the same way. Large multinationals may also pressure small landowners into selling and coerce those that cause hold-up problems. Besides, many small producers who make a living from agriculture do not own land at all, and are unequivocally worse off in an inflated land market.

However, this is not the only difficulty facing small farmers. FLI targets large-scale industrial agriculture, leading to high concentration in the agricultural industry and land consolidation. Disproportionate market power allows companies upstream in the supply chain to set prices and dominate the market. In comparison, small farmers are price takers forced to sell their products in a monopsony market - few or one buyers and many sellers.⁷ At the same time, FLI benefits domestic agricultural capital owners by increasing the demand for agricultural machinery, chemical

⁵In future work, I will explore the behavior of FLI winners using FEC campaign contributions data. Pro-FLI interests can provide a monetary advantage to politicians who support their preferred policies despite the demands of FLI losers.

⁶In these situations, FLI takes the form of a merger with a domestic agribusiness.

⁷In 2016, Smithfield stated (perhaps foolishly) that its record profits were due to a fourteen-year low in the prices paid to hog farmers (while consumers paid higher prices for packaged pork products) Kelloway (2019)

inputs, genetically modified seeds and even crop insurance.⁸ Small agricultural producers must now pay more for these inputs – the average American farmer spends more than 3 times on inputs per acre now than in the 1990s, yet the price of corn has only increased by 3 cents between 1978 and 2017 Kelloway (2019).⁹

Lastly, FLI reduces agricultural labor demand because it encourages highly-mechanized production that requires few unskilled agricultural workers and drives small-scale operations out of business. In reality, many small landowners are also agricultural workers, and going out of business means losing both their land and their job. Strong rural identities may also lead to labor market frictions, and displaced FLI losers may have trouble finding new employment opportunities. Taken together, foreign capital investment in land benefits large landowners and capitalists and harms small landowners and agricultural workers. Put another way, FLI advantages large domestic agricultural firms and weakens small-scale producers.

Electoral Consequences

Small landowners and agricultural workers experience material hardship as a result of increased FLI flows. They will demand increased regulation of foreign capital, which is more likely to be supplied by left-leaning governments. Losers may also be attracted to the left because of a demand for welfare. In the case of the U.S., this is likely to advantage the Democratic party as rural constituents who would otherwise vote Republican shift their support to Democratic candidates. This shift may be the result of bottom-up mobilization from FLI losers or top-down party strategy trying to win rural votes.¹⁰ And those directly impacted in the agricultural sector may not be the only ones to move left. When small producers suffer, agriculturally-dependent communities also suffer.¹¹ The political realignment induced by FLI is particularly interesting because rural voters who shift to vote for Democratic candidates are voting because of their material self-interest, despite their conservative position on social issues like abortion and gun control.

In future work, I will explore the behavior of FLI winners using FEC campaign contributions data. Pro-FLI interests can provide a monetary advantage to politicians who support their preferred policies despite the demands of FLI losers. FLI winners can also support friendly politicians through lobbying, informational campaigns designed to generate good publicity, or even public works projects. Though I do not discuss this mechanism in depth here, these contributions may mitigate the left-ward shift in exposed communities.

Although some federal legislation has been proposed (with minimal traction), FLI is largely regulated at the state-level. Therefore it is likely that voters reward Democrats for anti-FLI positions in state and local elections. However, I test my theory in the case of President Barack Obama’s 2012 reelection outcomes. In his first term, Obama notably took an explicit stance against big agricultural interests, proposed anti-trust legislation to regulate the industry, and tried to win the support of rural voters harmed by competition with MNCs Pollan (2016). His proposed regulations would have benefitted small farmers and hurt multinational agricultural investors. Although the restrictions were never implemented, Obama’s support of small farmers and clear anti-FLI stance likely won some anti-FLI votes between 2008 and 2012. During the same period, the commodity price shock led to a massive increase in FLI that made the issue especially salient to small American producers. This shock is plausibly exogenous and therefore orthogonal to other economic conditions that explain shifts in support for Obama. I predict that some conservative voters that felt harmed by the FLI inflow shock shifted to support Obama in his reelection because they viewed him as sympathetic to their plight.

Theorem 1 *Counties exposed to FLI between 2008 and 2012 will be more likely to vote for Obama in 2012 than counties that did not receive investment.*

⁸Because of concentration in the seed industry driven by MNC activity, the per-acre cost of soybean seed increased by 351% between 1995 and 2014, and per-acre cost of corn seed increased by 321% during the same period. The price of agricultural chemicals has nearly tripled between 1990 and 2019, with the steepest spike following the 2007-08 commodity price shock, according to the USDA Kelloway (2019)

⁹In 1973, corn sold for \$3.30 a bushel and \$3.33 in 2017 Kelloway (2019).

¹⁰There is evidence of both bottom-up mobilization and top-down political strategizing. For ex. consider the rise of grassroots organizations like Rural America 2020, founded by Chris Gibbs, an Ohio soybean grower who voted for Trump in 2016 and Biden in 2020. Rural America 2020 and other organizations like it are trying to swing Republican farmers to the left in hopes of increased regulation of FLI and agricultural market concentration. Meanwhile, politicians like J.D. Scholten and 2020 Democratic congressional candidate Julie Oliver from Texas have said they will tackle these issues in their appeals to rural voters Kelloway (2019); Barth (2020).

¹¹In a 2020 poll conducted by Family Farm Action to gauge the issues that matter to rural voters, 96% of respondents agreed with the statement: “We need to halt the takeover of our farms by foreign corporations” ?.

4 Data and Methods

In order to test my hypothesis, I use 2008 and 2012 county-level presidential election results, along with untapped data on 26,721 FLI projects collected through the USDA's Agricultural Foreign Investment Disclosure Act (AFIDA), spanning 1978-2018. However, for my question of interest in this paper, I restrict the FLI data to projects that occurred between 2006 and 2012 ($n = 6337$) since they are the most relevant for explaining the change in Obama's vote share from 2008-12. The analysis covers all 3,114 U.S. counties for which voting data are available. Alaska is excluded because electoral districts do not map correspond with county boundaries. I discuss the dependent and independent variables in more detail below.

Dependent Variable: Change in Obama's Vote Share 2008-12

Data on presidential voting returns come from the Harvard Dataverse's MIT Election Data. The primary dependent variable, *Change in Obama's Two-Party Vote Share, 2008-12* is measured as the difference in Obama's share of the two-party vote share between 2008 and 2012. Negative (positive) values indicate vote share losses (gains). Figure 3 shows the geographic distribution of changes in Obama's support, with darker blues representing counties with higher vote share gains (or smaller vote share losses).

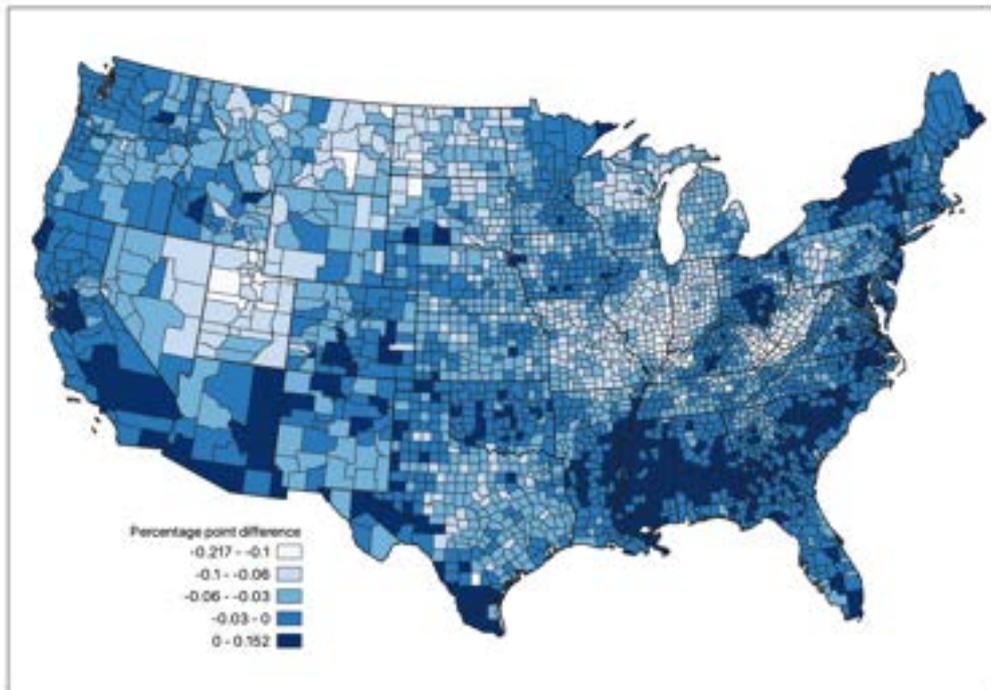


Figure 3: Change in Obama's Two-Party Vote Share

Explanatory Variables: Exposure to FLI

The main explanatory variables measure exposure to FLI. Data on FLI comes from the USDA's AFIDA data. The Agricultural Foreign Investment Disclosure Act went into effect in 1978 to establish a nationwide system for the collection of information pertaining to foreign ownership in U.S. agricultural land. The regulations require foreign investors who acquire, transfer or hold an interest in U.S. agricultural land to report such holdings and transactions to the Secretary of Agriculture. The data are publicly available, containing information on 28,841 projects in 2,368 counties from 1900-2018. However, I only consider the 26,721 FLI projects recorded in the post-1978 period after the legislation went into effect because these records are likely more complete than post-hoc project registrations. For my question of interest in this paper, I restrict the FLI data to projects that occurred between 2006 and 2012 ($n = 6337$) since they are the most relevant for explaining the change in Obama's vote share from 2008-12. The AFIDA data records the total area of each project, as well as the acreage reported for crops, pasture, forest, non-agricultural, and other. I only consider the crop area in this analysis, because FLI in cropland is theoretically the most salient for FLI losers in the agricultural industry. It is unlikely that foreign acquisition of forest or land for wind farms will have

the same effect on small agricultural producers compared to acquisition of cropland. I use 3 measures of county-level exposure to FLI.

- **Exposed to FLI 2008-12** is an indicator variable that takes the value of 1 if a county was exposed to any FLI projects between 2008 and 2012 and 0 otherwise. This measure is designed to capture the exogenous FLI shock that occurred during the commodity price shock.
- **Exposed to FLI 2006-12** is an indicator variable that takes the value of 1 if a county was exposed to any FLI projects between 2006 and 2012 and 0 otherwise. This measure is designed to capture both the exogenous FLI shock that occurred during the commodity price shock and the flow that began even before the price shock (see Figure 1). FLI projects in 2006 could affect Obama’s 2012 vote share if the negative welfare shock to FLI losers intensified over time.
- **Log FLI Crop Area 2008-12** is the log total area of the county acquired between 2008 and 2012 for FLI projects, or aggregate county area purchased by foreigners during Obama’s first term.

Most counties, even most rural counties, do not receive any FLI projects. 2,705 counties did not experience FLI between 2008 and 2012 and 2,313 rural counties in my analysis (out of 2,682, or 86%) were not exposed to FLI.¹² Garfield, WA received the most FLI during this period, almost 170,000 acres (688 square kilometers).

Since I use the log of FLI area, I also control for the county’s **Log Agricultural Land Area** in 2007, since bigger counties are more likely to be exposed to more FLI. Data on agricultural land area comes from the 2007 Agricultural Census published by the USDA’s National Agricultural Statistics Service (NASS).

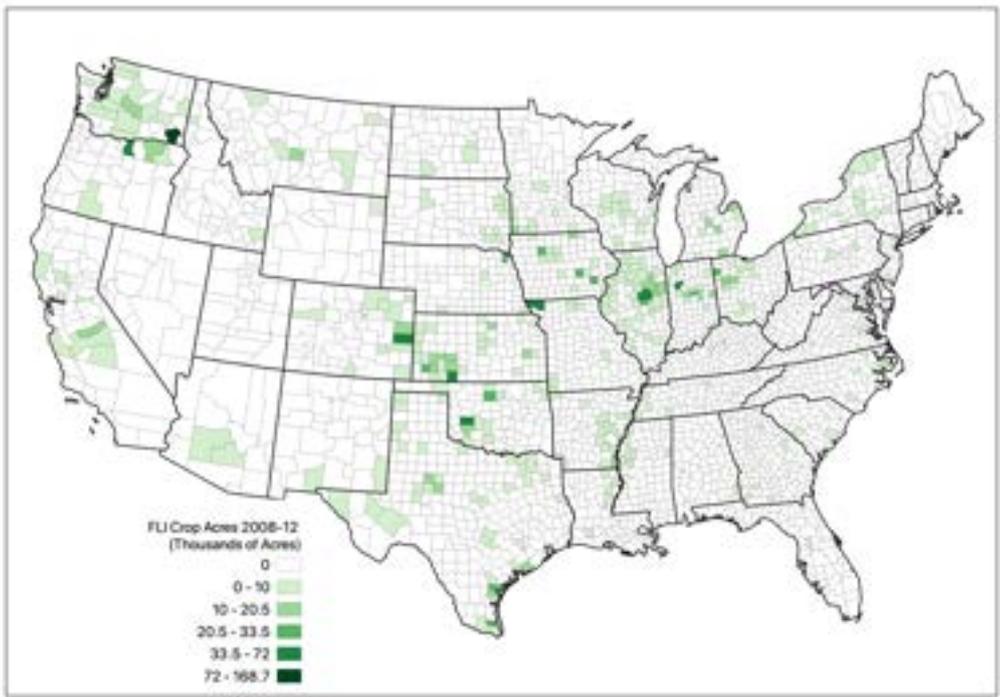


Figure 4: FLI crop acres purchased between 2008 and 2012

Control variables

To control for the alternative explanation that changes in Obama’s vote share may simply be explained by economic hardship caused by concentration in the agricultural sector, and not FLI specifically, I also include a measure of the **Change in Large Farm Proportion 2007-11**. This variable measures the overall change in the percentage of county agricultural land occupied by farms over 10,000 acres between 2007 and 2012. Although this is not a perfect representation of agricultural sector concentration, it is plausible that agricultural consolidation (driven by

¹²I welcome suggestions on more appropriate modeling choices for explanatory values with a high proportion of 0s). Figure ?? shows the geographic distribution of county area targeted by FLI from 2008-2012

both foreign and domestic investors) would lead to an increase in the share of agricultural area owned by large farms. These data come from the 2007 and 2012 Agricultural Censuses published by the USDA's NASS.

I also control for county-level factors that may explain the variation in voting outcomes: unemployment, personal income per capita growth, population, white percentage of the population, and the 2004 Republican party vote share. All models use Rural-Urban Continuum Codes (RUCC) and state fixed effects.

Unemployment

I use the county's *Average 2008 - 2012 Unemployment Rate* to control for the electoral effect of unemployment on Obama's 2012 vote share. Unemployment is a measure of how well the labor market is functioning and has direct implications for voters' material welfare. Moreover, higher unemployment has been shown to increase vote shares for Democratic presidential candidates, even in the case of a Democratic incumbent.¹³ Unemployment data are obtained from the Local Area Unemployment Statistics (LAUS) program of the Bureau of Labor Statistics (BLS). As noted, I take the unemployment rate in each county for each year 2008 to 2012 and take the average.¹³

Personal Income Growth

As an additional measure of economic conditions that may affect the Democratic vote share, I also control for *Average 2008 - 2012 Personal Income Per Capita Growth*. Previous research demonstrates a robust linkage between individuals' income and vote choice Gelman (2010). I use personal income per capita as opposed to GDP per capita because it measures direct income received by voters instead of the value of the goods and services produced. For example, a county where a highly productive agribusiness operates may have high GDP per capita while personal income for most individuals remains low. Personal income is thus a more appropriate measure of individual wealth. Data are obtained from the U.S. Bureau of Economic Analysis (BEA). I average the personal income (PI) growth in each county for each year of Obama's first term (i.e. the mean of Δ Personal Income 2008-09, Δ Personal Income 2009-10, and so forth).

Demographic Variables

I use *Log 2010 Population* and *White Proportion of 2010 Population* as standard demographic controls. More populous counties, especially those that contain metropolitan areas and a higher share of non-white voters, are more likely to be Democratic. Although I filter the primary analysis to exclude counties in metro areas of 1 million population or more in order to more precisely capture patterns among voters in more rural counties, it is likely that counties with higher (non-white) populations are a solid support base for Democratic candidates. Population variables are retrieved from the Centers for Disease Control and Prevention (CDC). The results are robust to using either the white proportion of the 2010 population or the logged 2010 white population.

Republican Support Base

In order to hold the prior "conservatism" of each county constant, I also control for the *2004 Republican Two-Party Vote Share* from the Harvard Dataverse's MIT Election Data MIT Election Data and Science Lab (2018). Counties that voted solidly for Republican incumbent George W. Bush in the 2004 presidential election are less likely to shift Democratic on average. By including this control measure, I am able to compare the differential effect of FLI exposure on counties that previously had similar voting behavior. I use the 2004 election because the re-election race of a Republican incumbent is an appropriate baseline to juxtapose voting outcomes during a re-election race of a Democratic incumbent.

Fixed Effects

I also include RUCC and state fixed effects for each model. The RUCC scheme classifies counties by their degree of rurality. I restrict the analysis to counties with a RUCC classification of 2 or above, excluding metropolitan counties with a population of more than 1 million.¹⁴ Excluding densely populated metropolitan counties is appropriate because FLI is unlikely to occur in highly urbanized counties.¹⁵ Even if FLI does target these counties, the electoral effects are

¹³Future specifications will include as controls: the unemployment rate in the year of the election (2012), the change in unemployment rate in the year preceding the election (2011-12), and the change in unemployment rate between the two election years (2008-12).

¹⁴Note that metropolitan counties with populations under a million are included in the analysis, but results are robust to both including all counties and excluding counties with metro populations between 250,000 and 1,000,000.

¹⁵49 metropolitan counties with a population of more than 1 million were exposed to an FLI project between 2005 and 2012 but are excluded from the analysis, most of which are in Texas, Illinois and Indiana. Simple regressions using Metro Counties with Population > 1 million (RUCC = 1) as the base category demonstrate that RUCC classifications are significant predictors of FLI exposure and the degree of FLI exposure.

likely to be distinct compared to the effects in more rural counties. RUCC classification data comes from the USDA’s Economic Research Service (ERS).

State fixed effects are standard practice in the literature and capture unobserved state-level effects that are uniform across counties. In the case of FLI, state fixed effects are also important because they partially control for state-level FLI regulatory policy. Although no U.S. state has an absolute prohibition on foreign land ownership, they restrict FLI to varying degrees Johnson (2018). Therefore, state FE reflect FLI policies that uniformly affect all counties in that state, among other characteristics.

Using linear models, I assess the county-level relationship between exposure to foreign land investment from 2008 to 2012 and the change in Barack Obama’s two-party vote share change between the 2008 and 2012 presidential elections. All models contain state and RUCC fixed effects, as mentioned previously. The findings presented in Table 1 do not report robust standard errors, but estimations with robust HC2 standard errors are consistent. The results are also robust to various modeling choices, such as including all counties or excluding all metropolitan counties.

5 Findings

The results shown in Table 1 support my hypothesis. Exposure to FLI between between 2008 and 2012 (or 2005-12) is associated with an average 0.004 percentage point increase in Obama’s 2012 county-level vote share.¹⁶ Similarly, on average, a 1% increase in area acquired for FLI projects (2008-12) is associated with a 0.001 percentage point increase in Obama’s vote share. The change in the proportion of area occupied by large farms is not significant, indicating the change in Obama’s vote share is not simply an artifact of economic hardship caused by general competition in the agricultural sector. These findings are encouraging and suggest that exposure to FLI does make voters more likely to move left.

6 Discussion

My findings speak to an important IPE debate about the conditions under which globalization benefits the left vs. the right. Although many scholars have found that material hardship leads to rightward shifts in the electorate, I show that the opposite holds true for globalization losers in the agricultural sector. The consequences of integration in global markets can be advantageous to the left, not only through winners’ preferences (as shown by Pinto Pinto (2013)) but also through mobilization by those who lose. Moreover, in contrast to previous evidence, FLI may increase support for the left among previously right-leaning voters who are hurt by foreign capital, and these individuals vote according to their material self-interest and against their cultural interests. Interestingly, FLI does not benefit labor the same way that manufacturing FDI does, and therefore our existing theories about who wins and loses from FDI and how they respond politically is not appropriate for analyzing the domestic consequences of FLI. Taken together, my work calls attention to land as an overlooked and theoretically distinct dimension of globalization and FLI as a determinant of rising inequality in the U.S. My research also has important implications for scholars of rural politics and democratic representation.

¹⁶The minimum vote share change (vote share loss) for Obama was -0.217 percentage points in Boone, WV and the maximum vote share change (vote share gain) was 0.152 percentage points in Kalawao, HI, with a mean of -0.03 percentage points (*S.D.* = 0.03).

Table 1: Linear Predictors of Obama Vote Share Change 2008 - 2012

	<i>Dependent variable:</i>		
	Obama Vote Share Change 2008-12		
	(1)	(2)	(3)
Exposed to FLI 2008-12	0.004*** (0.001)		
Exposed to FLI 2006-12		0.004*** (0.001)	
Ln FLI Crop Area 2008-12			0.001*** (0.0002)
Ln Agricultural Land Area	-0.0002 (0.001)	-0.0002 (0.001)	-0.0002 (0.001)
Change in Large Farm Proportion 2007-11	0.002 (0.005)	0.002 (0.005)	0.002 (0.005)
Avg. Unemployment 2008-12	0.001*** (0.0002)	0.001*** (0.0002)	0.001*** (0.0002)
Avg. Personal Income/Capita Growth 2008-12	0.037* (0.020)	0.037* (0.020)	0.037* (0.020)
Ln 2010 Population	0.0001 (0.001)	0.0001 (0.001)	0.0002 (0.001)
Percent 2010 White Pop	-0.057*** (0.005)	-0.057*** (0.005)	-0.057*** (0.005)
Republican Vote Share 2004	-0.007 (0.006)	-0.007 (0.006)	-0.007 (0.006)
Constant	0.040*** (0.010)	0.041*** (0.010)	0.041*** (0.010)
State Fixed Effects	Yes	Yes	Yes
RUCC Fixed Effects	Yes	Yes	Yes
Observations	2,183	2,183	2,183
R ²	0.594	0.593	0.594
Adjusted R ²	0.582	0.581	0.582
Residual Std. Error (df = 2120)	0.019	0.019	0.019
F Statistic (df = 62; 2120)	49.970***	49.890***	49.952***

Note:

*p<0.1; **p<0.05; ***p<0.01

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