

DOES CAPITAL PREFER STABILITY TO DEMOCRACY? A HISTORICAL INQUIRY INTO INVESTOR PRAGMATISM ACROSS REGIMES

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ABSTRACT

This paper challenges the prevalent "liberal script" that links liberal democracy to peace, prosperity, and an inherently attractive environment for foreign direct investment (FDI). Through a comprehensive historical inquiry, we comparatively analyze investor behavior across diverse political regimes and historical epochs, from post-WWII to the contemporary "multiplex world order." Examining cases in Southeast Asia, the Middle East, Africa, and Latin America, we demonstrate how non-democratic or hybrid systems consistently attract substantial capital. Investors, driven by "investor pragmatism" or an "ideology-agnostic calculation," consistently prioritize strategic factors: speed of decision-making, policy continuity, and control over political and labor costs. These pragmatic considerations frequently outweigh adherence to democratic ideals or human rights standards in investment decisions. Our findings critically reassess development models, highlighting global capital's adaptability to stable, predictable, and cost-effective conditions, irrespective of a political system's democratic credentials.

Keywords: Investor Pragmatism, Political Regimes, Foreign Direct Investment, Ideology-Agnostic Calculation, Historical Political Economy

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