

Fickle Formulas

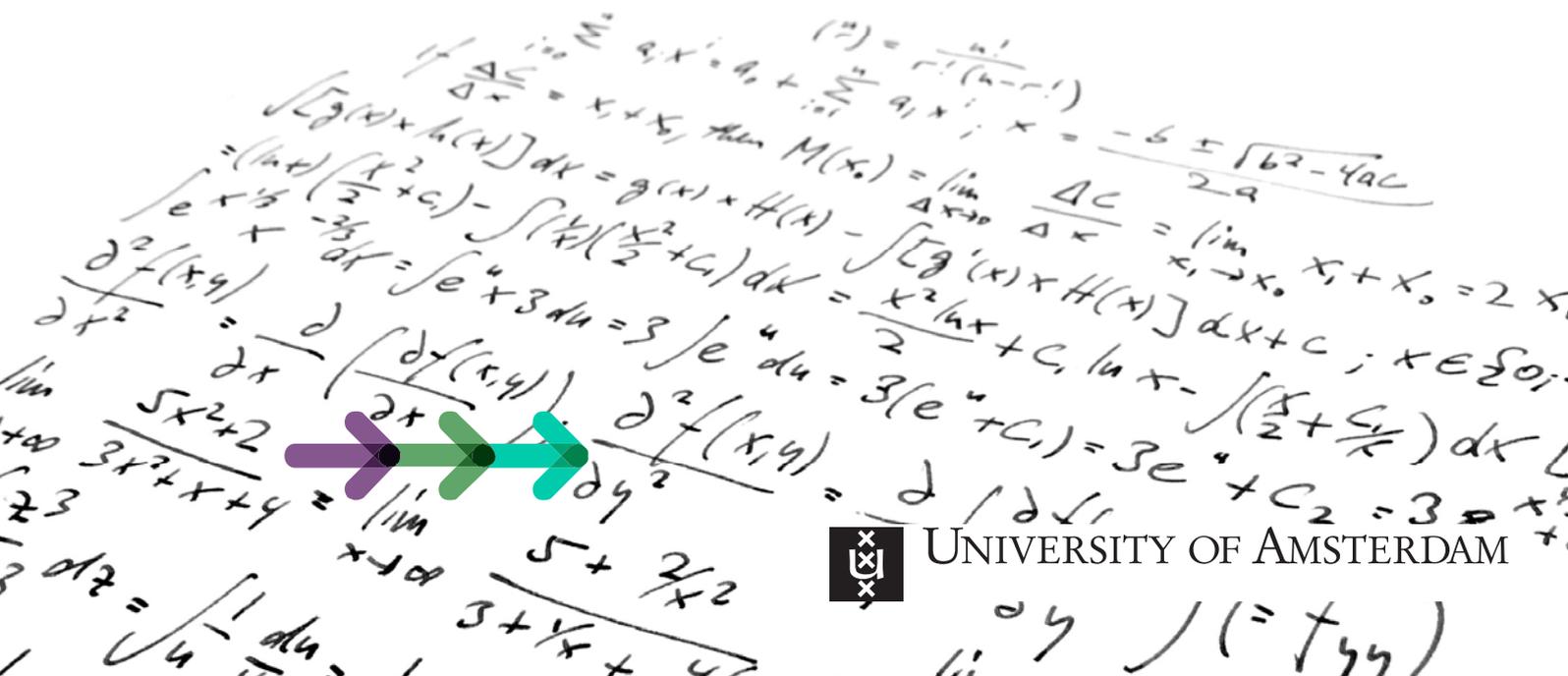
The Shadow of Socialization: Economic Narratives and the Intergenerational Divide in Attitudes Towards Foreign Takeovers

Working paper 1-2017.

Lukas Linsi

University of Amsterdam

November 2017



UNIVERSITY OF AMSTERDAM

Lukas Linsi

Department of Political Science

University of Amsterdam

l.a.linsi@uva.nl

Last update: 28 November 2017.

ABSTRACT. Dominant approaches to the study of mass attitudes towards economic globalization emphasize the role of self-interests, but pay little attention to how these interests are being constructed. This article argues that lay persons are frequently unable to directly observe the material implications of complex transnational economic processes. In order to 'see' globalization and define their interests towards it, they rely on economic narratives that describe these phenomena in a certain way. As a result, the configuration of economic narratives themselves can become important drivers of individual preferences. To test this argument, the article focuses on the impact of the differential changes in the portrayal of greenfield and mergers and acquisitions (M&A) inward foreign direct investments (IFDI) in dominant economic discourses in the United Kingdom. In line with the theoretical argument, I find that individuals who passed their early adulthood in a period in which the narrative of economic statism was prevalent hold notably more skeptical views of M&A IFDI - even though they are otherwise not more opposed to investments from abroad - and the effect is particularly strong among individuals who completed a university education during that period. A causal mediation analysis lends further empirical support to the argument.

Keywords: Globalization; foreign direct investments; public opinion; socialization.

Word count: 9,385



Introduction¹

Dominant approaches to the study of mass attitudes towards economic globalization and the most prominent interpretations of the backlash against it in contemporary politics - focus on the distributive consequences of more or less international economic integration. Yet, processes of economic globalization are utterly complex phenomena and there are good reasons to believe that the material implications of transnational economic transactions are frequently less visible to individuals than these theories seem to imply. More recently, sociotropic analyses have provided an important corrective to this materialist bias in globalization attitudes research. But at the same time these advances have left two critical questions unaddressed: on the one hand, their emphasis on how underlying psychological differences affect individuals' economic preferences is analytically largely static, providing little guidance on how to make sense of changes in economic attitudes over time. On the other hand, they leave the question where these differences in individual cognitive predispositions ultimately come from unanswered. Against this background, this article proposes a related but distinct argument. Building on previous work on the role of ideas² and 'everyday' narratives³ in political economy, I suggest that economic narratives circulated in public discourses play a critical role in the construction of individual preferences towards economic globalization through the provision of readily available scripts that respond to (and make sense of) individuals' economic hopes and anxieties. By doing so, economic

¹ Earlier versions of this article were presented at an International Relations Research Seminar at Harvard University and the 2017 Annual Conference of the Swiss Political Science Association. I thank Leonardo Baccini, Jeffrey Chwieroth, Theresa Kuhn, Lena Schaffer, Joep Schaper and Beth Simmons for very helpful comments and suggestions. Joshua Kertzer and Martin Hearson provided useful advice for the conduct of the survey. Financial support provided by the London School of Economics (LSE PhD Studentship) and the Netherlands Organisation for Scientific Research (Vidi grant 016.145.395) is gratefully acknowledged. All errors are mine.

² Abdelal, Blyth and Parsons (2010); Marsh, Akram and Birkett (2015).

³ Hobson and Seabrooke (2007); Stanley (2014); Stanley and Jackson (2016).



narratives influence how the public 'sees' the material consequences of economic integration for themselves and the in-groups they care about and, as a result, how they define their stance towards economic globalization.

To test this argument empirically, the article examines mass attitudes towards inward foreign direct investments (IFDI) in the United Kingdom (UK). To the extent that public attitudes towards foreign companies influence regulatory policy-making decisions and multinational companies' perceptions of political risk, they constitute important factors that can affect the structuring and smooth functioning of present-day economies⁴. And as such, they deserve being studied on substantive grounds. Furthermore, two more specific considerations make the case of IFDI attitudes in the UK particularly suitable for an examination of the theoretical hypothesis at hand: Firstly, in the late 1980s and early 1990s the framing of the costs and benefits of IFDI in British public economic discourses changed very sharply in a matter of a few years. Secondly, the phenomenon of IFDI consists of two distinct types of transactions greenfield and mergers and acquisitions (M&A) IFDI -, which have similar material consequences according to economic research, but were portrayed very differently in public economic discourses. In short: while greenfield IFDI was perceived rather favorably in public economic debates, throughout the 1950s-80s political groups from Left and Right repeatedly rang alarm bells about foreign takeovers of British firms (M&A IFDI), which were described as a threat risking to undermine the nation's long-term development prospects. In stark contrast, from the early 1990s onwards - when a narrative of globalization and competitiveness began taking a hold of British public economic discourses⁵ -, foreign takeovers were increasingly framed as an inevitable and on the whole economically beneficial phenomenon, which in some instances even came to be interpreted as a measure of success of the UK economy as a whole.

⁴ Cf. Marchik and Slaughter (2008).

⁵ Cf. Hay and Rosamond (2002); Watson and Hay (2003); Schmidt (2001).



To evaluate whether and to what extent this change in discourse affected mass attitudes towards IFDI, I leverage a well-established finding from previous research on socialization⁶, which has found the likelihood of individuals to absorb and internalize political-economic information and value judgments circulating in their social environment to be particularly great during late adolescence and early adulthood (corresponding roughly to the time span between 15 and 30 years) and rapidly decreasing thereafter. Accordingly I hypothesize that individuals who passed their prime period of political-economic socialization at a time in which the discourse of economic statism was prevalent will express more skeptical views of M&A IFDI than their peers who came of age at a time in which the economic narrative of globalization was prominent, independently from their material position in the economic structure and the broader cultural and political-ideological beliefs that they hold.

Using the results of one of the most fine-grained surveys of IFDI attitudes conducted to date, I find strong empirical support for the hypothesis of socialization. While earlier studies and public commentary have also observed higher levels of globalization-skepticism among older respondents, this article forwards a novel and more specific explanation, which emphasizes the social contingency of such patterns. Consistent with the hypothesis of socialization and contrary to notions of a ‘natural’ age-dependent trend towards conservatism, I find older cohorts in the UK to be more skeptical only of M&A IFDI and not of investments from abroad in general. Furthermore, I observe this effect to be particularly pronounced among the more highly educated individuals who were plausibly more strongly exposed to this shift in discourse. Finally, while other unobserved age-related dynamics may certainly also be at play, I am able to establish through a causal mediation analysis that about half of the sizable cohort-effect can indeed be explained by differences in the degree to which

⁶ Cf. Alwin, Cohen and Newcomb (1991); Giuliano and Spilimbergo (2014). Further references provided below.



individuals of each cohort (dis)agree with the ideology of economic statism (which is measured separately in the survey).

As a whole, the article thus encourages scholars of the political economy of mass attitudes towards the economy to pay closer attention to the constitutive role of narratives and other interpretive frameworks in the processes through which individual preferences are being constructed.

The formation of individual preferences towards economic globalization and IFDI

Early studies of mass attitudes towards economic globalization⁷ have focused on individuals' positioning within economic structures as the main driver of preferences towards economic openness. Building on variants of Heckscher and Ohlin's factor-endowment theory, they uncovered strongly suggestive evidence that individuals who possess the necessary skill set to take advantage of the opportunities that economic integration can provide are more likely to support the liberalization of regimes regulating cross-border flows of trade, capital and migration, while those at risk to incur a net income loss from greater factor mobility are opposed to it. The few existing studies of IFDI attitudes closely mirror these arguments and emphasize the association of higher (lower) levels of skills, income or education with more (less) favorable views of foreign companies⁸.

The conceptualization of the processes through which individual policy preferences are formed, which underlie the theoretical claims that these studies make, thus follow

⁷ Scheve and Slaughter (2001); O'Rourke (2003); Rodrik and Mayda (2005).

⁸ Scheve and Slaughter (2004); Pandya (2010); Kaya and Walker (2012). An interesting exception is the study by Raess and Burgoon (2014), which finds relatively less-skilled individuals to be *more* supportive of Chinese IFDI.



standard economic theory in portraying individuals as strongly rationalist and self-interested agents who carefully deliberate the personal income effects of more or less economic integration and strategically construct their interests accordingly. The assertion that individuals take the expected consequences of an economic transaction for their own personal material well-being into account when forming their preferences is almost certainly true and unproblematic *per se*. But the theoretical framework's simultaneous neglect of most other aspects intervening in processes of interest construction promotes an unrealistic and overly reductionist view of social reality, as many critics have pointed out. On the one hand, the portrayal of individuals as rationalist calculation machines is unrealistic in the context of the formation of globalization attitudes because it imposes informational demands, which are unlikely to be met in the real world⁹. In effect, transnational economic transactions are frequently so complex that even dedicated economic experts struggle to determine their macroeconomic consequences with some certitude; and accordingly it seems improbable that lay persons are able to 'see' the implications of the latter for themselves without relying to a significant extent on heuristics and cognitive shortcuts. On the other hand, the theoretical focus on self-interest in a monetary sense as the sole driver of individual preferences oversimplifies the nature and desires of human beings. As sociotropic critiques have lined out persuasively¹⁰, individuals do not care exclusively about themselves they are also concerned about the well-being of their imagined national community and other in-groups. Furthermore, cutting-edge research in political science and IR¹¹ as well as neurobiology¹² have forcefully argued that attempts to analytically isolate individuals' material interests from their emotions are flawed on

⁹ Cf. Rho and Tomz (2017); Bearce and Tuxhorn (2017).

¹⁰ Kinder and Kiewiet (1981); Mutz and Mansfield (2009, 2013).

¹¹ Hall and Ross (2015).

¹² Okon-Singer et al. (2015).



a more fundamental level because the satisfactions that individuals seek constitute intrinsic and inseparable combinations of the two.

To be clear, this is not to say that rationalist approaches are ‘wrong’. The dynamics that they emphasize certainly do exist and astute political analyses of the former have made critical contributions to our understanding of the popular support of economic globalization (or the lack thereof). But, on their own, rationalist analyses are relatively narrow pointers, which highlight only specific aspects of the processes under investigation, while leaving much else in the dark. If we are to further advance our understanding of public attitudes towards the economy it thus seems appropriate to take alternative and complementary mechanisms that may intervene in the processes through which economic preferences are constructed as systematically into account as rationalist analyses have done for individuals’ imputed (monetary) self-interests. Along these lines, innovative studies have analyzed the role of economic knowledge¹³, experimental framing effects¹⁴ or nationalist sentiments and other in-group orientations¹⁵. The present study forwards *economic narratives* as a related but distinct unit of analysis that can be fruitfully integrated into theories of economic preference formation in order to better understand the politics of globalization and the challenges it faces.

The role of narratives in the construction of economic preferences

By economic narratives I refer to common plot lines that circulate in public discourses about the economy, which prevail in a community at a specific point in time. In other words, they are the broad principles of the economic stories that politicians, the mainstream media and public intellectuals from across the political-ideological

¹³ Hainmueller and Hiscox (2006); Rho and Tomz (2017).

¹⁴ Hiscox (2006); Bearce and Tuxhorn (2017).

¹⁵ Mansfield and Mutz (2009, 2013).



spectrum share intersubjectively in order to make sense of a nation's macroeconomic situation and/or to recommend specific actions¹⁶. Unlike academic economics¹⁷ or policy paradigms¹⁸, the concept refers to less scientific bodies of economic knowledge, which are more akin to 'common-sensical' folk-theories than textbooks economics. And as such, they are more deeply imbued with meanings, symbolisms, desires and anxieties than the former. Economic narratives are thus also not simple informational frames, but specific formulations of more complex and deeper-going political-economic belief-systems that are widely shared throughout society.

The reason why they deserve being studied seriously as potential drivers of mass attitudes towards economic globalization is that they constitute the interpretive frameworks of choice on which lay persons rely in order to interpret and make sense of economic reality and their place within it. By doing so, narratives fulfill a crucial twofold function: Firstly, economic narratives serve as important heuristic devices, which help non-experts make sense of otherwise unintelligibly complex economic phenomena in a specific way through the provision of simplified and intuitively compelling but not necessarily empirically accurate accounts of the likely consequences of more or less economic integration for individual selves, their imagined national community and the other in-groups they care about. At the same time, they transmit not just 'cold' information, but integrate economic considerations into lively imaginaries. Economic narratives do not merely provide probabilistic projections of possible material consequences of certain economic actions; they wrap such assessments into affective and intuitively compelling (but oftentimes not empirically grounded) stories about past achievements and future ambitions of an imagined

¹⁶ Cf. Hobson and Seabrooke (2007); Stanley (2014); Stanley and Jackson (2016).

¹⁷ As in Hainmueller and Hiscox (2006).

¹⁸ As in Chwioroth (2007).



national community. And by doing so, they respond effectively to human beings' desire to ground their supposedly rational views in emotionally appealing sentiments¹⁹.

The principal theoretical claim that this study forwards thus consists of the contention that the prevailing economic narratives circulating in public discourses, by describing specific economic phenomena in a certain way, affect individual preferences towards them independently from respondents' positioning in the material economic structure because they influence how individuals 'see' these economic phenomena, how they interpret their economic meaning and what they judge to be their most likely consequence for themselves and their in-groups.

Empirical strategy

The difficulties faced by empirical research attempting to test ideational cause-effect relationships are significant²⁰. Survey-experimental techniques offer one potential avenue to address them, but are not ideal to test the narrative argument under consideration here: while the random assignment of frames is useful to study the effects of variations in readily available economic information on respondents' top of the mind²¹, it seems less appropriate to simulate the deeper and much more complex narrative socialization that underlies the theoretical argument at hand in a plausible manner. Instead, this study opts for an observational approach. In order to identify the effect of the exposure to an economic narrative on individuals' preferences, I focus on an empirical case in which the description of an economic phenomenon in dominant discourses has shifted abruptly at a roughly identifiable point in time and I leverage

¹⁹ Rodd and Hall (2015).

²⁰ Cf. Chwieroth (2007).

²¹ At least two very interesting papers using experimental approaches to study IFDI attitudes along these lines are currently under way; see Lindstaedt and Jensen (2012) and Chilton, Milner and Tingley (2016).



insights from socialization research to identify heterogeneities in the extent to which this discursive change is expected to affect the economic belief systems of different social groups. The following paragraph first briefly synthesizes the discursive shift in the portrayal of IFDI in the UK; the subsequent section elaborates the age-dependency of socialization processes in some more detail.

A Blessing or a Curse? IFDI in Public Economic Discourses in the UK

Many investigations have shown how dominant economic ideas and discourses have changed substantially over the course of the past six decades. While many of these studies have emphasized the shift in the discursive attribution of economic authority from state to market institutions in the 1970s and early 1980s²², the transformation that has been more consequential for the portrayal of M&A IFDI consists of the change in the perceived hierarchy of spatial scales in the world economy brought about by the rise of the globalization discourse in the late 1980s and early 1990s²³. Without doing any justice to the nuances of the more complex underlying processes, the subsequent paragraphs summarize these discursive developments in a stylistic fashion.

After the end of the Second World War, the authority of nation-states as the primary actors in international economic affairs remained uncontested in mainstream economic debates. Accordingly, dominant discourses portrayed the world economy as a system consisting of a set of partly autonomous national economic units exchanging (relatively modest amounts of) goods and capital with each other, while the principal drivers of economic growth and development were perceived to be clearly located at the national level. Among them, *nationally owned* firms and industries²⁴ in particular were described as all-important actors determining a nation's economic success or failure in

²² Cf. Hall (1989); Blyth (2002).

²³ Jessop (2003); Cameron and Palan (2004); Hay and Rosamond (2002); Watson and Hay (2004); Schmidt (2001).

²⁴ The term encompasses both public (i.e. state-owned) *and private* firms owned by domestic investors.



the long run; and in line with this reasoning, foreign acquisitions of domestic firms were described as economic ‘problems’ of some sorts.

Although this statist economic discourse was less pronounced in the United Kingdom (where liberal economic thought is exceptionally firmly embedded²⁵) than elsewhere, it structured public economic debates from the 1950s well into the 1980s in important ways. Both Conservative and Labour governments emphasized the primordial economic importance of ‘national’ industry, actively devised various programs to strengthen nationally-owned companies²⁶, and warned about the dangers of foreign takeovers of domestic firms²⁷. In particular the expansion of US multinationals (which started to accelerate from the early 1960s onwards) was met with great skepticism. Politicians and pundits from all parts of the political-ideological spectrum worried aloud about the economic consequences of foreign takeovers, including the editors of the otherwise so famously liberal *Financial Times* who called for greater regulatory action to protect British industry from US takeovers in an editorial published in 1965²⁸.

Importantly for the purposes pursued here, the discourse of economic statism in Britain was not just opposed to international economic integration *per se* or the presence of foreign economic actors in general. The worries focused to a large extent on the phenomenon of M&A IFDI specifically, which had been singled out as the most problematic aspect of economic internationalization (arguably due to the importance that the statist economic narrative assigned to *nationally* owned industries as the key driver of economic development). For instance, there was comparatively little discursive opposition to free trade in British economic discourses at the time, which was

²⁵ Cf. Hall (1986).

²⁶ Ranging from Wilson’s French-inspired national champions strategy in the automobile and computer industries to Thatcher’s deliberate attempts to expose British industry to foreign competition to make them internationally competitive.

²⁷ Hodges (1974); Safarian (1993); Bailey, Harte and Sugden(1994).

²⁸ *Financial Times*, 8 February (1965:p. 8).



portrayed in much more favorable terms. And also greenfield IFDI that is, the FDI that doesn't involve the direct takeover of domestic companies were considered in a much more positive light. Developing an implicit theory of 'good' (greenfield) and 'bad' (M&A) IFDI, Prime Minister Harold Wilson, for instance, suggested:

“[We must] distinguish between those forms of foreign investment which are and have always been welcomed, which ... lead to the creation of new industries or new factories ... for our people on the one hand, and, on the other, those which involve a partial or complete take-over of existing British firms which are already very well run...”²⁹

Survey evidence from British policy elites, collected independently by Fayerweather (1972) and Hodges (1974) in the late 1960s and early 1970s, strongly mirror such views: while greenfield IFDI were primarily seen as a source of technology and a valuable addition to the country's distressed balance of payments, M&A IFDI were widely considered as a 'problem'.

The political rise of Margaret Thatcher in the late 1970s was of course associated with an important change in British economic discourses, as is well known; yet, at the same time, although Thatcher strongly promoted the economic authority of market institutions vs. the state, she did not challenge the notion of nation-states as the primary units of analysis in international economic affairs. While her administration was undoubtedly more welcoming of international competition than her predecessors', she upheld the view that nationally owned firms and industries were the key actors in the economy; and she promoted the removal of barriers to foreign entry not primarily to attract foreign companies to British shores, but rather to make *British* firms stronger by forcing them to compete directly with their foreign rivals³⁰.

²⁹ In Hodges (1974: p. 175).

³⁰ Augar (2000); Kandiah (1999); Capie, Wood and Sensenbrenner (2005).



Only during the Major administration in the early 1990s, when a new discourse of globalization and national competitiveness gained hold in public debates, concerns about M&A IFDI began to dissipate. The discourse of globalization introduced to Britain by the Conservative Party and then enthusiastically embraced by 'New' Labour under Tony Blair and Gordon Brown³¹ - prominently claimed that the world economy constituted a transnationally integrated system in which the nationality of company ownership or any form of 'national' economic policy - was increasingly irrelevant. Rather than on the strength of nationally owned industries, the discourse claimed, the long-term success of a national economy depended primarily on its ability to attract the economic activities of globally mobile companies of any (or no) nationality³². Foreign takeovers and foreign ownership of domestic companies came to be described as a normal part of economic life - or even a symbol of economic strength demonstrating the UK's success to attract globally mobile companies rather than as a problem. Despite unprecedented increases in M&A IFDI in the UK in the 1990s and 2000s, foreign takeovers rapidly lost political salience and came to be predominantly framed as a 'normal' or 'good' thing, rather than a challenge or threat as before³³.

These developments have been mirrored in the framing of inward FDI in the British news media, policy documents and parliamentary debates³⁴. For the purposes of illustration, Figure 1 below reproduces the findings of an analysis of parliamentary speeches presented in Callaghan (2015)³⁵. Remarkably, the presented word-frequency

³¹ Watson and Hay (2004); Schmidt (2001).

³² Cf. Porter (1990); Reich (1992).

³³ In most recent years, increases in M&A IFDI from emerging markets companies and investment funds have led to a revival of some of the statist economic arguments, but reservations about the benefits of IFDI are typically strictly constrained to investment inflows from such 'non-traditional' sources, while concerns about IFDI from other advanced economies - the topic of debate in the 1960s-80s - remain quite rare.

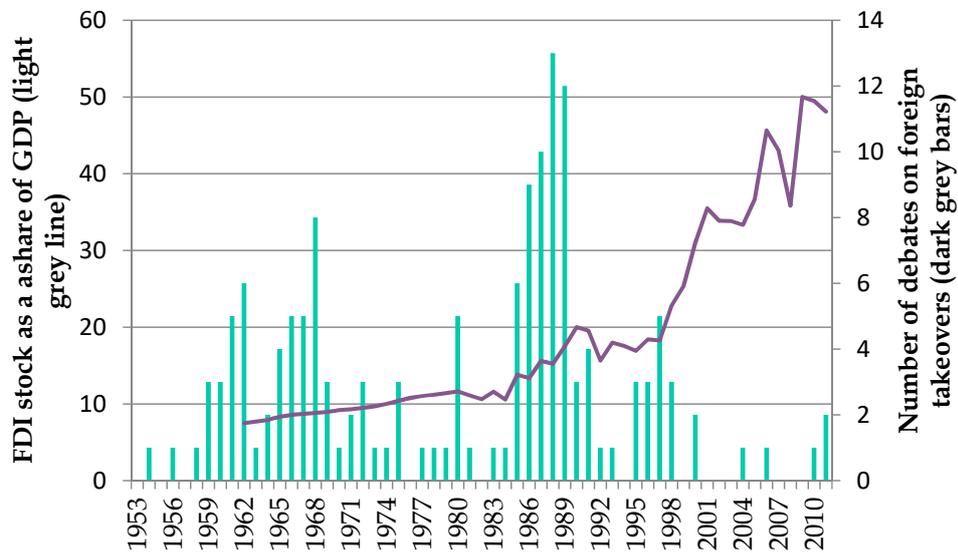
³⁴ Cf. Linsi 2016.

³⁵ Parliamentary speeches are of course only one - and in all likelihood not the most important - level of public economic discourse. The example is only chosen as a graphical illustration of broader discursive trends elaborated in Linsi (Ibid.).



analysis reveals that despite sustained increases in IFDI flows throughout the post-war period, political debates about M&A IFDI after a surge in interest in the topic in the context of the 'Big Bang' in the mid-1980s almost entirely disappeared from parliament in the 1990s, with the word 'takeover' barely even being mentioned in debates. In short: it had become a political 'non-issue'.

Figure 1. The number of debates on takeovers in UK parliament and the UK FDI stock over time



NOTE: The number of debates indicates the number of debates in the House of Commons and House of Lords that contained the term 'takeover' or 'take-over' at least five times. SOURCES: Number of debates from Callaghan (2015), based on UK Hansard; FDI stock from various sources (pre-1980) and UNCTAD (post-1980).

The essential discursive development that I leverage in the empirical analysis that follows thus consists of the clear shift in the 'average opinion' about the desirability of M&A - but not greenfield IFDI - in British discourses over time: while greenfield IFDI was described in positive terms throughout the period, M&A IFDI was described with strongly negative connotations in the 1950s-1980s, but neutral to positive terms in the 1990s and 2000s. The basic prediction that I aim to test is that cohorts who socialized in the first period and in particular those individuals completing a degree of higher



education during that period will have more negative views of M&A IFDI than younger peers, while there should be no such difference for the case of greenfield IFDI.

Age-dependent processes of economic socialization

As empirical research on socialization has shown for a great variety of issue areas, the likelihood of individuals to adapt their belief-systems in response to the exposure to external stimuli changes during one's life-course. During early years individuals are highly amenable to internalize social identities and behavioral norms that are circulated in their environment, but they become gradually more reluctant to do so as they grow older. This pattern has been established for a great variety of issue areas. Research about partisan attachment³⁶, broader political ideologies³⁷, religious beliefs³⁸ or views about the desirability of redistribution³⁹ all found that social attitudes are primarily shaped during early years and become less likely to change fundamentally after the completion of early adulthood.

Jon Krosnick and Duane Alwin list three potential reasons for this repeated observation⁴⁰: a neurobiologically driven process of cognitive transformations that makes the absorption of new information more difficult for older people; individuals' reliance on previous experiences as anchors that create psychological stability, which naturally decreases the proportional impact of new information as the total number of previous experiences grows; and the tendency of individuals to center their social networks around peers from the same age group, which reduces individuals' exposure to different norms and beliefs popular among other cohorts.

³⁶ Green, Palmquist and Schickler (2002); Dinas (2014).

³⁷ Alwin, Cohen and Newcombe (1991); Grasso, Farrall, Gray, Hay and Jennings (2017).

³⁸ Sherkat (1998).

³⁹ Giuliano and Spilimbergo (2014).

⁴⁰ Krosnick and Alwin (1989: p. 417).



Based on these insights, I suggest that the uptake of new economic ideas is likely to be particularly great among younger cohorts . In other words, I hypothesize that individuals who passed their late adolescence and early adulthood in a time period in which the statist economic discourse was prominent and in particular those groups completing a university education during that period - are likely to internalize these world-views and view M&A IFDI more skeptically than younger peers who grew up in a context in which public economic debates were shaped by the globalization narrative; at the same time, I expect no such difference for the case of greenfield IFDI where no similar change in framing has occurred.

In-depth survey of IFDI attitudes in the United Kingdom

To assess the drivers of mass attitudes toward IFDI systematically, I conducted an in-depth study of public attitudes towards IFDI with a sample of 700 respondents⁴¹ from the United Kingdom. The survey was fielded in October 2016 through the professional opinion research firm *Survey Sampling International*. The questionnaire included a variety of questions eliciting respondents' views of different types of IFDI and the perceived positive and negative aspects thereof.

Most importantly, the survey aims to distinguish between mass attitudes towards the two main *types* of FDI: greenfield and M&A IFDI. Although statistics measuring M&A and greenfield FDI flows are collected differently and are therefore not directly comparable, the available data indicate that - to the extent that this can be assessed M&A IFDI accounts for roughly half of total FDI inflows in OECD economies and about a quarter in developing countries (cf. Tables 01 and 09 in the Web Annex of UNCTAD,

⁴¹ The responses of 34 participants had to be excluded due to phony answering patterns, reducing the final sample size to 666 participants.

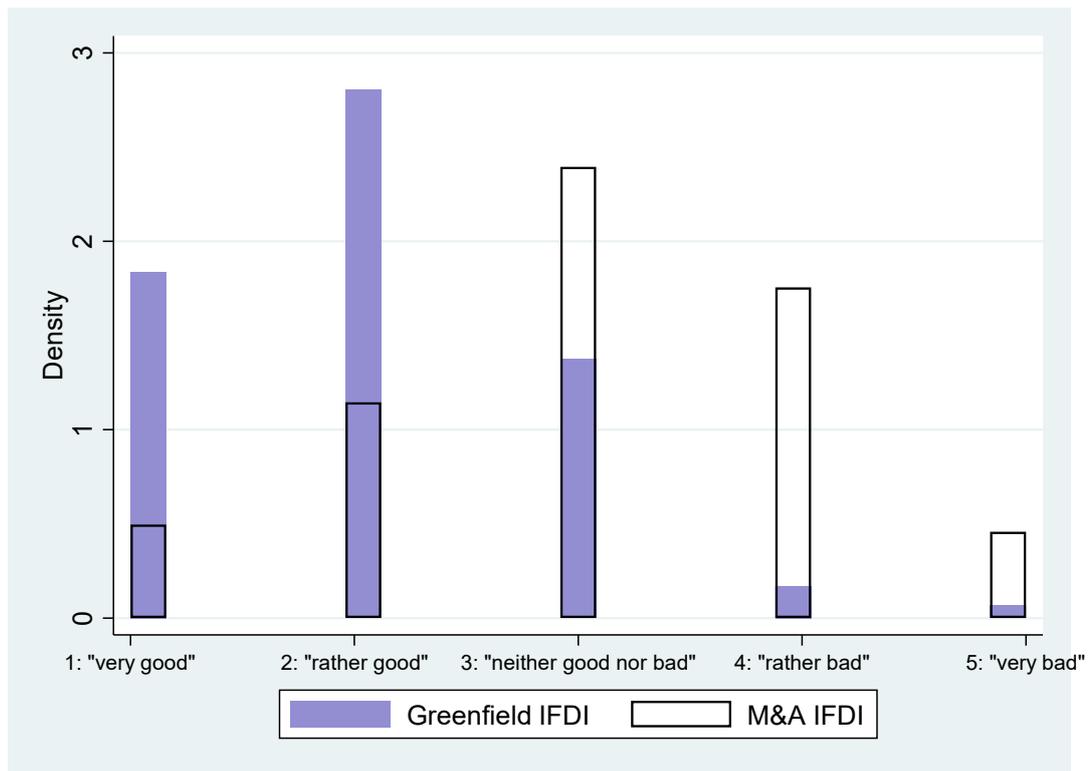


2014). Yet, existing academic research on IFDI attitudes has made no distinction between these two types of FDI⁴². To fill this gap, I asked respondents separately about their opinion about the ‘presence of foreign companies’ in the UK economy in general, their view of foreign companies ‘building new companies’ (greenfield IFDI) and their attitudes towards foreign companies ‘buying up already existing local companies’ (M&A IFDI). Interestingly, while responses about foreign investments in general correlated highly with views of greenfield IFDI, the patterns of distribution of attitudes towards greenfield vs. M&A IFDI, illustrated in Figure 2, are markedly distinct. This suggests, on the one hand, that respondents intuitively tend to equate ‘foreign investments’ with greenfield FDI (unless the M&A distinction is specified) and, on the other hand, that the findings of previous research about IFDI attitudes are likely to be related more specifically to attitudes towards greenfield than M&A IFDI.

⁴² Pandya (2010) and Jensen and Lindstaedt (2014) rely on questions eliciting respondents’ view of ‘foreign investment’ in general; Kaya and Walker (2012) on a question about the perceived negative impact of ‘large international companies’ for local businesses. To the best of my knowledge, the only study taking the distinction into account implicitly is the working paper by Chilton, Milner and Tingley (2017) who ask specific questions about M&A IFDI, but without simultaneously asking about respondents’ view of greenfield IFDI.



Figure 2. Distribution of responses to the questions 25 and 26: Do you think it is good or bad if foreign companies 'build new companies here' [greenfield IFDI] or 'buy up already existing local companies' [M&A FDI]



The distinction is particularly useful for the research question at hand. While both greenfield and M&A IFDI imply an increasing influence of foreign companies in a local economy and although economic research has found the material economic consequences of greenfield and M&A IFDI to be largely similar⁴³, the discourse of

⁴³ While some studies have argued that greenfield IFDI is more beneficial than M&A (for example, Wang and Wong 2009), many others have contested this claim. For instance: Conyon, Girma, Thompson and Wright (2002); Calderón, Loayza and Servén (2004); Huttunen (2007); Ashraf, Herzer and Nunnenkamp (2014). The most fine-grained among these analyses found evidence that M&A has a clear positive effect on wages. Cf. Conyon, Girma, Thompson and Wright (2002); Huttunen (2007). The analysis by Ashraf, Herzer and Nunnenkamp (2014) even suggests that the



economic statism was clearly much more skeptical of the latter than the former. A comparison of attitudes towards the two types of FDI are therefore a potentially useful first analytical strategy in order to distinguish the effect of socialization from other mechanisms.

Main analysis: Greenfield vs. M&A IFDI

To evaluate the role of economic socialization as a potential driver of these observed differences in greenfield and M&A IFDI attitudes, I divide respondents into various birth cohorts according to the historical time period in which they passed their prime period of socialization⁴⁴. While the previous literature on socialization has found strong evidence that political-economic core beliefs are primarily formed during late adolescence and early adulthood, the exact age-spans corresponding to these periods are less obvious to define. I operationalize them here as the period between 15 and 30 years. In line with the observation that the shift away from the narrative of economic statism occurred in the early 1990s in the UK, I divide respondents into three groups: individuals born after 1975 who had turned 15 after 1990 and who, accordingly, were presumably not strongly exposed to the narrative of economic statism during their formative years; individuals born between 1960 and 1975 who had passed their late adolescence/early adulthood in the 1980s-1990s and had thus likely been exposed to both the narrative of statism as well as the globalization narrative when coming of age; and, lastly, individuals born before 1960 who had turned 30 before 1990 who presumably had been strongly exposed to the economic statism narrative during their prime period of economic socialization. The main concern for identification is of course that the three specified cohorts may differ in their views of M&A IFDI for other reasons than economic

net economic benefits of M&A IFDI outstrip those of greenfield IFDI in an advanced-economy context.

⁴⁴ Note that the analysis pursued here only assesses cohort effects, without attempting to simultaneously disentangle them statistically from aging and period effects, which is technically challenging – cf. Bell and Jones (2013) – and only feasible if one disposes of several waves of the same survey.



socialization, such as differences in their labour market status or the strength of broader cultural (rather than strictly economic) nationalist sentiments.

I address these concerns in four ways: Firstly, the simultaneous comparison of greenfield and M&A IFDI attitudes is useful to adjudicate between these alternative mechanisms because the socialization hypothesis predicts a difference in cohort attitudes only for M&A IFDI but not greenfield IFDI, while distributional or cultural considerations should in principle be similarly relevant for respondents' views of greenfield and M&A IFDI. Secondly, I include a battery of control variables that proxy for individuals' labour market status and broader cultural and political-ideological beliefs. Thirdly, I test the prediction of the socialization hypothesis that this effect should be particularly strong for the highly educated who are most exposed to economic narratives. Lastly, I perform a causal mediation analysis in order to estimate the part of the cohort-differences that is systematically related to differences in economic beliefs.

Empirical model and main results

Respondents' answers to the questions about their views of greenfield and M&A IFDI as illustrated in Figure 2 above are the two dependent variables. Given the nature of the dependent variables, the models are specified as ordered probit models with robust standard errors.

The main independent variable is a categorical variable that divides respondents into the three socialization cohorts described above. To take theoretical arguments related to the distributive consequences of IFDI into account, I include information about respondents' level of education, household income, the skill-intensity of their current or (in the case of retirees former) employment as well as a dummy variable indicating whether they or an immediate family member are currently employed by a foreign MNC or have been so in the past. To account for alternative cultural or ideological drivers of



IFDI attitudes, information about respondents' national identity ('British' vs. 'English', 'Scottish' or 'Welsh'), partisan preferences, their stance on Brexit and the salience of nationalist views unrelated to economic issues⁴⁵. Furthermore, I also include a dummy variable indicating respondents' gender. All variables, their distribution and the theoretically expected relationships to IFDI attitudes are described in more detail in Table 4 in the appendix⁴⁶.

The regression results are presented in Table 1. Models 1-2 assess the determinants of public skepticism towards greenfield IFDI and models 3-4 attitudes towards M&A IFDI. Models 1 and 3 include only those control variables, which are unlikely to be directly affected by the outcome variable; models 2 and 4 the full set of controls. In line with previous findings, higher levels of household income and skills are associated negatively with individuals' skepticism towards greenfield as well as M&A IFDI. Interestingly, respondents with higher levels of education tend to have slightly more favorable views of greenfield IFDI, but more negative views of M&A IFDI. The female gender dummy is associated with less favorable views of greenfield as well as M&A IFDI, with the relationship being stronger for the former than the latter. The inclusion of alternative variables proxying for cultural and ideological beliefs substantively improves model fit: more centrist voters express somewhat more favorable views, while respondents with subnational identities and supporters of Brexit express significantly more skeptical views of IFDI. The expected positive association of the nationalism index

⁴⁵ Following Mansfield and Mutz (2009, 2013), the variable nationalism index is comprised of the aggregate score of individuals' level of agreement with the following three statements: "I would rather be a citizen of my country than of any other country in the world"; "In the United Kingdom, our people are not perfect, but our culture is superior to others"; and "[t]he world would be a better place if people from other countries were more like the British". The index ranges from 1 (respondent disagrees strongly with all three statements) to 13 (respondent agrees strongly with all three statements).

⁴⁶ Information on individuals' sector of employment was unfortunately not collected in the survey.



is weaker than expected for greenfield and negative for M&A IFDI when all other controls are included.

The results are consistent with the predictions of the socialization hypothesis: there is no statistically significant cohort-difference in greenfield IFDI attitudes, but cohorts born before 1960 express substantially more skeptical views of M&A IFDI than cohorts born after 1975, while the attitudes of the 'buffer' cohort of respondents born between 1960 and 1975 lie in between the preferences of these two groups. Calculations of the marginal effect suggest that, holding all else constant, individuals born before 1960 are about 9 percent more likely to see M&A IFDI as 'rather bad' and 6 percent more likely to see them as 'very bad' than respondents born after 1990. Furthermore, the size and significance of this effect is barely affected by the simultaneous inclusion of the variables controlling for respondents' broader political-ideological beliefs in various ways (Model 4 vs. Model 3). The latter, in conjunction with the observation that cohorts born before 1960 are only more opposed to M&A IFDI but not greenfield IFDI, strongly supports the argument that the observed intergenerational differences are not merely driven by a 'natural' trend towards conservatism or nationalism among older age groups.



Table 1. Main results from the UK survey analysis

	Skepticism towards Greenfield IFDI		Skepticism towards M&A IFDI	
	(1)	(2)	(3)	(4)
<i>Socialization</i>				
Post-1975 cohorts	Reference	Reference	Reference	Reference
1960-1975 cohorts	0.16 (0.13)	0.25 (0.14)	0.14 (0.12)	0.03 (0.14)
Pre-1960 cohorts	-0.08 (0.12)	-0.05 (0.14)	0.44*** (0.11)	0.41** (0.14)
<i>Education</i>				
GCSE	Reference	Reference	Reference	Reference
A-Levels	-0.18 (0.13)	-0.08 (0.14)	0.03 (0.12)	0.05 (0.13)
Undergraduate	-0.22 (0.12)	-0.02 (0.14)	0.05 (0.13)	0.16 (0.14)
Postgraduate	-0.32 (0.17)	-0.16 (0.19)	0.11 (0.15)	0.23 (0.19)
<i>Household income</i>				
<15k	Reference	Reference	Reference	Reference
15-25k	-0.24 (0.16)	-0.09 (0.18)	-0.19 (0.16)	0.02 (0.17)
25-35k	-0.32 (0.17)	-0.16 (0.19)	-0.27 (0.17)	-0.12 (0.18)
35-45k	-0.46** (0.17)	-0.29 (0.18)	-0.26 (0.16)	-0.08 (0.18)
45-65k	-0.48* (0.20)	-0.42 (0.22)	-0.23 (0.19)	-0.11 (0.21)
65-85k	-0.15 (0.21)	0.04 (0.24)	-0.51** (0.19)	-0.29 (0.21)
>85k	-0.51* (0.26)	-0.48 (0.31)	-0.24 (0.24)	-0.009 (0.29)
<i>Skills</i>				
Low	Reference	Reference	Reference	Reference
Medium	-0.02 (0.12)	-0.05 (0.13)	-0.13 (0.12)	-0.23 (0.13)
High	0.13 (0.13)	0.12 (0.14)	-0.19 (0.12)	-0.31* (0.13)
MNC employee		-0.14 (0.13)		-0.07 (0.13)
<i>Political ideology</i>				
Left		Reference		Reference
Centre-left		-0.25 (0.18)		-0.12 (0.20)
Centre-right		-0.40 (0.23)		-0.33 (0.24)
Right		-0.31 (0.17)		-0.07 (0.20)
Populist Right		0.03 (0.23)		0.06 (0.24)
Brexit support		0.17 (0.12)		0.39*** (0.12)
Local identity		0.24** (0.11)		0.18 (0.10)
Nationalism index		0.002 (0.02)		-0.06** (0.02)
Female	0.39*** (0.10)	0.38*** (0.11)	0.19* (0.09)	0.12 (0.11)



Pseudo-log-likelihood	-653.6	-529.7	-793.0	-645.9
Observations	567	471	559	469

NOTES: Probit coefficients displayed. Robust standard errors in parentheses. Constant omitted. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

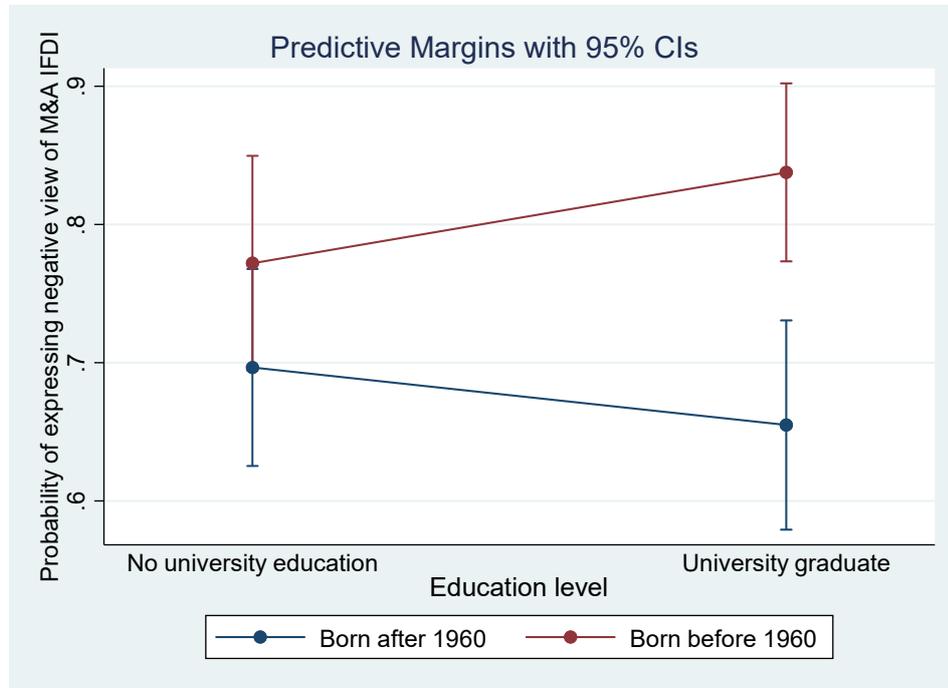
Interaction with education level

While economic narratives are shared throughout societal structures, they are particularly salient for highly educated groups who during their university education are more exposed to economic and political discourses than the rest of society, and typically remain among the most avid consumers of political and economic news later on⁴⁷. I thus test the interactive relationship of the pre-1960 cohort effect with respondents' level of education. As Figure 3 illustrates (the full results are presented in Table 3 in the appendix), I find a weakly significant positive interaction effect, which corroborates the socialization hypothesis: highly educated cohorts born before 1960 (who will normally have completed their university education before 1990) tend to be *more* skeptical of M&A IFDI, while cohorts pursuing a university education in later years appear to be slightly *less* skeptical than those without a university degree.

⁴⁷ Cf. Blendon et al. (1997); Caplan (2006).



Figure 3. Interaction of cohort effect with education level



NOTE: This graph is based on Model 8 in Table 3 (appendix), which uses a binarized dependent variable for ease of graphical illustration.

Causal mediation analysis

While the results so far are highly consistent with the hypothesis of socialization, it is possible that they are simultaneously driven by other factors, such as a cohort's employment situation (for example, retired cohorts may be less focused on IFDI effects on wages and employment), impactful shared cognitive experiences other than the change in narrative itself (such as the end of the Cold War), and so on. To disentangle the effect of the socialization mechanism from potential alternative channels through which age may affect IFDI attitudes, I thus perform a causal mediation analysis (CMA).



CMA methods offer ways to go beyond merely testing the theoretical consistency of patterns of association between a proximate cause X and an outcome variable Y by explicitly modeling the intermediate step M intervening in the hypothesized causal chain. To do so, they propose a set of techniques that aim to decompose a causal effect into its *indirect* and *direct* components, with the former relating to the proportion of the total effect that is mediated through the specific hypothesized causal mechanism and the latter to the part of the effect absorbed by all other mechanisms linking X and Y.

In the case at hand, the aim is to distinguish the (indirect) effect of socialization from other uncontrolled mechanisms through which being born before 1960 may affect individuals' skepticism towards M&A IFDI. To operationalize the hypothesized mediating variable, I included three questions in the survey, which asked respondents about their agreement with different statements that together aim to capture the main principles of the discourse of economic statism. Specifically, the questions asked respondents to indicate on a five-point scale how strongly they (dis-)agreed with the following suggestions: "To guarantee the long-term prosperity of our nation, we cannot just rely on the international economy. Our government has to think in national terms and defend our economic sovereignty"; "For the good of the national economy, it is essential to have strong domestic companies that are owned by UK nationals"; "Foreign companies cannot be trusted to act in our national interest." Based on the answers to these questions, I then created an 'economic statism index', which aggregates individual responses on a scale from 1 (respondent strongly disagrees with all three statements) to 13 (respondent strongly agrees with all three statements).

To evaluate the extent to which the M&A IFDI skepticism of pre-1960 cohorts is mediated by statist economic beliefs, I rely on the work by Imai et al. (2011), which



integrates the CMA logic in the potential outcomes framework and makes it possible to estimate average causal mediation effects (ACME) in nonlinear settings. The analysis is presented in Table 2 and Figure 4 below.

In the first step (Model 5 in Table 2), I run a linear regression to assess the strength of the correlation between the binary dummy variable identifying cohorts born before 1960 (X) and respondents' agreement with statist economic beliefs (M). To avoid post-treatment bias, only the variables that are not clearly endogenous to the economic statism index (M) are included⁴⁸. In the second step (Model 6 in Table 2), I run an ordered probit model as before but now include the economic statism index as the main independent variable. The economic statism index is strongly significant while the substantive and statistical significance effect of the pre-1960 dummy is much reduced, which is a clear sign of mediation. Finally, to estimate the degree of mediation more precisely I run the algorithm provided by Tingley et al. (2014), which identifies the ACME by systematically comparing "the outcome corresponding to a change in the mediator from the value that would be realized under the control condition ... to the value that would be observed under the treatment condition ... holding the treatment status at t."⁴⁹.

⁴⁸ Note, however, that the correlation between pre-1960 cohorts and the economic statism index remains strong also if all control variables from Models 2 and 4 are included.

⁴⁹ Imai, Keele, Tingley and Yamamoto (2011: p. 769).



Table 2. Results of the causal mediation analysis

	OLS predicting economic statism index (M)	Ordered probit predicting M&A IFDI skepticism
	(5)	(6)
Economic statism index	[=DV]	0.21*** (0.02)
Pre-1960 cohorts	0.82*** (0.19)	0.23* (0.10)
<i>Education</i>		
GCSE	Reference	Reference
A-Levels	-0.32 (0.23)	0.08 (0.12)
Undergraduate	-0.41(0.24)	0.14 (0.12)
Postgraduate	-0.23 (0.30)	0.13 (0.16)
<i>Household income</i>		
<15k	Reference	Reference
15-25k	-0.60 (0.31)	-0.08 (0.16)
25-35k	-0.72* (0.31)	-0.14 (0.17)
35-45k	-0.85** (0.31)	-0.10 (0.17)
45-65k	-0.49 (0.36)	-0.18 (0.19)
65-85k	-1.05** (0.40)	-0.36 (0.21)
>85k	-0.36 (0.43)	-0.17 (0.23)
<i>Skills</i>		
Low	Reference	Reference
Medium	0.51* (0.22)	-0.22 (0.12)
High	-0.12 (0.25)	-0.17 (0.13)
Female	-0.09 (0.18)	0.23* (0.10)
Model fit	R2: 0.09	AIC: 1525.1
Observations	555	555

NOTES: Probit coefficients displayed. Robust standard errors in parentheses. Constant omitted. * $p < 0.05$,

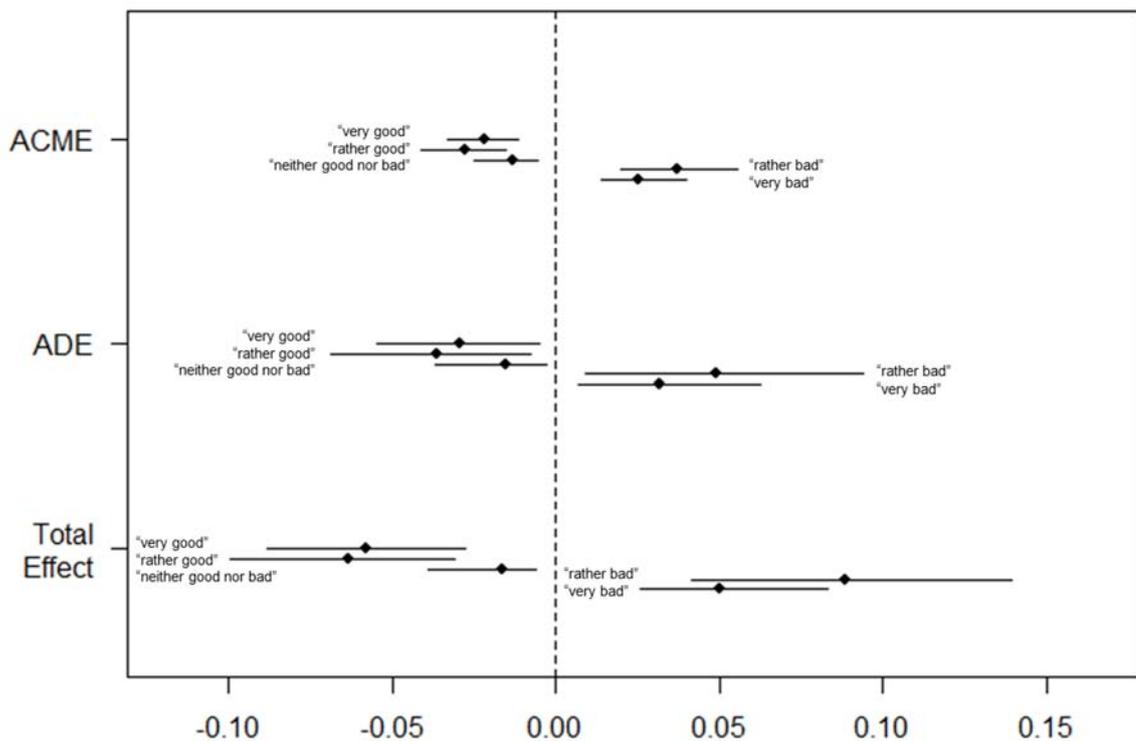
** $p < 0.01$, *** $p < 0.001$

The results are presented graphically in Figure 4 where *Total Effect* indicates the size of the effect of the pre-1960 cohort dummy as a whole, *ACME* the part of the effect that is mediated through economic statist beliefs and *ADE* the remaining part of the effect that can be explained by other mechanisms. The estimations suggest that close to half



of the total effect of the cohort variable is indeed due to differences in economic statist beliefs.

Figure 4. Estimation of the mediation of the pre-1960 cohort effect on M&A IFDI scepticism through economic statist beliefs (ACME)



Finally, I also assess the sensitivity of these results to a violation of any of the two sequential ignorability assumptions underlying the CMA framework⁵⁰. The results are presented in Figure 5 in the appendix.

⁵⁰ Ibid.



Conclusions and implications

Dominant theories in International Political Economy strongly emphasize the role of individuals' self-interest as the main driver of mass attitudes towards economic globalization. And the backlash against globalization in contemporary politics has accordingly been largely interpreted as a direct consequence of the material distributional implications of increased international economic integration. In contrast, the discussion presented in this article has suggested that the material consequences of economic globalization may in fact frequently not be as visible to individuals as such explanations imply. Instead, I highlighted the important role of economic narratives advocated in political discourses as crucial mediating forces that can critically affect the construction of individual preferences towards economic globalization by *describing* the consequences and implications of globalization in one way or another. The presented empirical results are highly consistent with this claim.

The implications of the presented findings for the prospects of economic globalization in the light of contemporary politics are rather mixed. Although I found consistent evidence that younger cohorts are less concerned about the nationality of economic ownership this does not imply that the success of anti-globalist political rhetorics in recent politics necessarily represent the "last gasp of protectionism" and that political resistance to economic globalization is bound to disappear over time through generational replacement effects⁵¹. Instead, the argument's broader suggestion is that the backlash against globalization may not merely be driven by the distributional consequences of the economic downturn in the aftermath of the Financial Crisis, but also by the success of anti-globalist discourses in making sense of the latter (in the

⁵¹ Sandbu (2016).



minds of voters at least). And in case that more optimistic interpretations of international economic integration fail to re-gain ground in political discourses in the years to come, the consequences of the current success of anti-globalist discourses for mass attitudes towards economic globalization may be just as consequential and long-lasting as the relative success of the narrative of globalization in the 1990s and early 2000s, but in the opposite direction.



References

- Abdelal, Rawi, Mark Blyth, and Craig Parsons. *Constructing the International Economy*. Ithaca and London: Cornell University Press, 2010.
- Alwin, Duane F., Ronald L. Cohen, and Theodore M. Newcomb. *Political Attitudes over the Life Span : The Bennington Women after Fifty Years*. Madison: University of Wisconsin Press, 1991.
- Ashraf, Ayesha, Dierk Herzer, and Peter Nunnenkamp. "The Effects of Greenfield FDI and Cross-Border M&As on Total Factor Productivity." *Kiel Working Papers*, no. No. 1941 (2014). https://www.ifw-members.ifw-kiel.de/publications/the-effects-of-greenfield-fdi-and-cross-border-m-as-on-total-factor-productivity/KWP_1941.pdf.
- Augar, Philip. *The End of Gentlemanly Capitalism: The Rise and Fall of London's Investment Banks*. New York; London: Penguin, 2000.
- Bailey, David, George Harte, and Roger Sugden. *Transnationals and Governments : Recent Policies in Japan, France, Germany, the United States, and Britain*. London: Routledge, 1994.
- Bearce, David H., and Kim-Lee Tuxhorn. "When Are Monetary Policy Preferences Egocentric? Evidence from American Surveys and an Experiment." *American Journal of Political Science* 61, no. 1 (2017): 178-93.
- Beckert, Jens. *Imagined Futures : Fictional Expectations and Capitalist Dynamics*. Cambridge, MA: Harvard University Press, 2016.
- Bell, Andrew, and Kelvyn Jones. "The Impossibility of Separating Age, Period and Cohort Effects." *Social Science & Medicine* 93 (2013): 163-65.
- Blendon, Robert J., John M. Benson, Mollyann Brodie, Richard Morin, Drew E. Altman, Daniel Gitterman, Mario Brossard, and Matt James. "Bridging the Gap Between the Public's and Economists' Views of the Economy." *Journal of Economic Perspectives* 11, no. 3 (1997): 105 18.
- Blyth, Mark. *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century*. New York: Cambridge University Press, 2002.
- Calderón, César, Norman Loayza, and Luis Servén. "Greenfield Foreign Direct Investment and Mergers and Acquisitions: Feedback and Macroeconomic Effects." *World Bank Policy Research Working Paper WPS3192* (2004): 1-31.



Callaghan, Helen. "Something Left to Lose? Network Preservation as a Motive for Protectionist Responses to Foreign Takeovers." *Review of International Political Economy* 22, no. 2 (2015/03/04 2015): 391-418.

Cameron, Angus, and Ronen Palan. *The Imagined Economies of Globalization*. London: SAGE Publications Ltd, 2004.

Cantwell, John. "The Globalisation of Technology: What Remains of the Product Cycle Model?" *Cambridge Journal of Economics* 19, no. 1 (1995): 155-74.

Capie, Forrest, Wood Geoffrey, and Frank Sensenbrenner. "Foreign Direct Investment in the UK: Flows, Attitudes, and Implications." *Journal of Interdisciplinary Economics* 16, no. 1 (2005): 5-30.

Caplan, Bryan. "How Do Voters Form Positive Economic Beliefs? Evidence from the Survey of Americans and Economists on the Economy." *Public Choice* 128 (2006): 367-81.

Chilton, Adam S., Helen V. Milner, and Dustin Tingley. "Reciprocity and Public Opposition to Foreign Direct Investment." 2017. <https://scholar.harvard.edu/files/dtingley/files/cmt-mergers.pdf>

Chwieroth, Jeffrey M. "Neoliberal Economists and Capital Account Liberalization in Emerging Markets." *International Organization* 61, no. 2 (2007): 443-63.

. "Testing and Measuring the Role of Ideas: The Case of Neoliberalism in the International Monetary Fund." *International Studies Quarterly* 51, no. 1 (2007): 5-30.

Conyon, Martin J., Sourafel Girma, Steve Thompson, and Peter W. Wright. "The Productivity and Wage Effects of Foreign Acquisition in the United Kingdom." *Journal of Industrial Economics* 50, no. 1 (2002): 85-102.

Davies, William. *The Limits of Neoliberalism: Authority, Sovereignty and the Logic of Competition*. London: Sage Publishing, 2014.

DiMaggio, Paul J., and Walter W. Powell. "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields." *American Sociological Review* 48, no. 2 (1983): 147-60.

Dinas, Elias. "Why Does the Apple Fall Far from the Tree? How Early Political Socialization Prompts Parent-Child Dissimilarity." 44, no. 4 (2014): 827-52.

Fayerweather, John. "Elite Attitudes toward Multinational Firms: A Study of Britain, Canada, and France." *International Studies Quarterly* 16, no. 4 (1972): 472-90.

"The General Makes One Valid Point." *Financial Times*, 8 February 1965, 8.

Finnemore, Martha, and Kathryn Sikkink. "International Norm Dynamics and Political



Change." *International Organization* 52, no. 4 (1998): 887-917.

Fougner, Tore. "The State, International Competitiveness and Neoliberal Globalisation: Is There a Future beyond 'the Competition State'?" *Review of International Studies* 32, no. 1 (2006): 165-85.

Giuliano, Paola, and Antonio Spilimbergo. "Growing up in a Recession." *The Review of Economic Studies* 81, no. 2 (2014): 787.

Grasso, Maria Teresa, Stephen Farrall, Emily Gray, Colin Hay, and Will Jennings. "Thatcher's Children, Blair's Babies, Political Socialization and Trickle-down Value Change: An Age, Period and Cohort Analysis." *British Journal of Political Science* (Early View), 2017. doi:<https://doi.org/10.1017/S0007123416000375>.

Green, Donald P., Bradley Palmquist, and Eric Schickler. *Partisan Hearts and Minds: Political Parties and the Social Identities of Voters*. New Haven: Yale University Press, 2002.

Hainmueller, Jens, and Michael J. Hiscox. "Learning to Love Globalization: Education and Individual Attitudes toward International Trade." *International Organization* 60, no. 2 (2006): 469-98.

Hall, Peter A. *Governing the Economy: The Politics of State Intervention in Britain and France*. New York: Oxford University Press, 1986.

. *The Political Power of Economic Ideas: Keynesianism across Nations*. Princeton University Press, 1989.

. "Policy Paradigms, Social Learning, and the State: The Case of Economic Policymaking in Britain." *Comparative Politics* 25, no. 3 (1993): 275-96.

Hall, Todd, and Andrew Ross. "Affective Politics after 9/11." *International Organization* 69, no. 4 (2015): 847-79.

Hay, Colin, and Ben Rosamond. "Globalization, European Integration and the Discursive Construction of Economic Imperatives." *Journal of European Public Policy* 9, no. 2 (2002): 147-67.

Hiscox, Michael J. "Through a Glass and Darkly: Attitudes toward International Trade and the Curious Effects of Issue Framing." *International Organization* 60, no. 03 (2006): 755-80.

Hobson, John M., and Leonard Seabrooke. *Everyday Politics of the World Economy*. London and New York: Cambridge University Press, 2007.

Hodges, Michael. *Multinational Corporations and National Government: A Case Study of the United Kingdom's Experience, 1964-1970*. Lexington, Mass.: Saxon House, 1974.

Huttunen, Kristiina. "The Effect of Foreign Acquisition on Employment and Wages:



Evidence from Finnish Establishments." *The Review of Economics and Statistics* 89, no. 3 (2007): 497-509.

Imai, Kosuke, Luke Keele, Dustin Tingley, and Teppei Yamamoto. "Unpacking the Black Box of Causality: Learning About Causal Mechanisms from Experimental and Observational Studies." *American Political Science Review* 105, no. 4 (2011): 765-89.

Jensen, Nathan M., and Rene Lindstaedt. "Globalization with Whom: Context-Dependent Foreign Direct Investment Preferences." 2012.

Jessop, Bob. *The Future of the Capitalist State*. Capitalist State. Malden, MA: Polity, 2003.

Kandiah, Michael David. "Witness Seminar II: The October 1987 Stock Market Crash." *Contemporary British History* 13, no. 1 (1999): 141-65.

Kaya, Ayse, and James T. Walker. "The Legitimacy of Foreign Investors: Individual Attitudes toward the Impact of Multinational Enterprises." *Multinational Business Review* 20, no. 3 (2012): 266-95.

Kim, Hun Joon, and Jason C. Sharman. "Accounts and Accountability: Corruption, Human Rights and Individual Accountability Norms." *International Organization* 68, no. 2 (2014): 417-48.

Kinder, Donald R., and D. Roderick Kiewiet. "Sociotropic Politics: The American Case."

British Journal of Political Science 11, no. 2 (1981): 129-61.

Krosnick, Jon A., and Duane F. Alwin. "Aging and Susceptibility to Attitude Change." *Journal of Personality and Social Psychology* 57, no. 3 (1989): 416-25.

Linsi, Lukas. *How the Beast Became a Beauty: The Social Construction of the Economic Meaning of Foreign Direct Investment Inflows in Advanced Economies, 1960-2007*. LSE Theses Online. The London School of Economics and Political Science (LSE), 2016. <http://etheses.lse.ac.uk/3389/>.

Mansfield, Edward D., and Diana C. Mutz. "Support for Free Trade: Self-Interest, Sociotropic Politics, and out-Group Anxiety." *International Organization* 63, no. 3 (2009): 425-57.

Mansfield, Edward D., and Diana Carole Mutz. "Us Versus Them: Mass Attitudes toward Offshore Outsourcing." *World Politics* 65, no. 4 (2013): 571-608.

Marchik, David M., and Matthew J. Slaughter. *Global FDI Policy: Correcting a Protectionist Drift*. New York: Council on Foreign Relations, 2008.

Marsh, David, Sadiya Akram, and Holly Birkett. "The Structural Power of Business: Taking Structure, Agency and Ideas Seriously." *Business and Politics* 17, no. 3 (2015): 577-601.



Mayda, Anna Maria, and Dani Rodrik. "Why Are Some People (and Countries) More Protectionist Than Others?". *European Economic Review* 49, no. 6 (2005): 1393-430.

O'Rourke, Kevin. "Heckscher-Ohlin Theory and Individual Attitudes Towards Globalization." In *IDEAS Working Paper Series from RePEc*. St. Louis, 2003.

Okon-Singer, Hadas, Talma Hendler, Luiz Pessoa, and Alexander J. Shackman. "The Neurobiology of Emotion-Cognition Interactions: Fundamental Questions and Strategies for Future Research." *Frontiers in human neuroscience* 9, no. 58 (2015): 1-14.

Pandya, Sonal S. "Labor Markets and the Demand for Foreign Direct Investment." *International Organization* 64, no. 03 (2010): 389-409.

Porter, Michael E. *The Competitive Advantage of Nations*. London: MacMillan Press Ltd, 1990.

Raess, Damian, and Brian Burgoon. "Chinese Investment and European Labor: Should and Do Workers Fear Chinese FDI?" *Asia Europe Journal* 12 (2014): 179-97.

Reich, Robert B. *The Work of Nations: Preparing Ourselves for 21st Century Capitalism*. New York: Vintage Books, 1992.

Rho, Sungmin, and Michael Tomz. "Why Don't Trade Preferences Reflect Economic Self-

Interest." *International Organization* 71, no. S1 (2017): S85-108.

Safarian, A. E. *Multinational Enterprise and Public Policy : A Study of the Industrial Countries*. Aldershot, Hants, England: E. Elgar, 1993.

Sandhu, Martin. "Trump Success Could Be Populism's High-Water Mark." *Financial Times*, 9 November 2016 2016.

Scheve, Kenneth, and Matthew J. Slaughter. "Economic Insecurity and the Globalization of Production." *American Journal of Political Science* 48, no. 4 (2004): 662-74.

. "What Determines Individual Trade Policy Preferences?". *Journal of International Economics* 54, no. 2 (2001): 267-92.

Schmidt, Vivien A. "The Politics of Economic Adjustment in France and Britain: When Does Discourse Matter?". *Journal of European Public Policy* 8, no. 2 (2001): 247-64.

Sherkat, Darren E. "Counterculture or Continuity? Competing Influences on Baby Boomers' Religious Orientations and Participation." *Social Forces* 76, no. 3 (1998): 1087-114.

Stanley, Liam. "'We're Reaping What We Sowed': Everyday Crisis Narratives and Acquiescence to the Age of Austerity." *New Political Economy* 19, no. 6 (2014): 895-917.



Stanley, Liam, and Richard Jackson. "Introduction: Everyday Narratives in World Politics." *Politics* 36, no. 3 (2016): 223-35.

Tingley, Dustin, Teppei Yamamoto, Kentaro Hirose, Luke Keele, and Kosuke Imai. "Mediation : R Package for Causal Mediation Analysis." *Journal of Statistical Software* 59, no. 5 (2014): 1-38.

UNCTAD. *World Investment Report 2014: Investing in the Sdgs: An Action Plan*. New York and Geneva: United Nations, 2014.

Wang, Miao, and Sunny M. C. Wong. "What Drives Economic Growth? The Case of Cross-Border M&A and Greenfield FDI Activities." *Kyklos: International Review for Social Sciences* 62, no. 2 (n.d.): 316-30.

Watson, Matthew, and Colin Hay. "The Discourse of Globalisation and the Logic of No Alternative: Rendering the Contingent Necessary in the Political Economy of New Labour." *Policy and Politics* 30, no. 4 (2004): 289-305.



Appendix

Table 3. Interaction analysis

	DV: ordered (7)	DV: binary# (8)
Interaction: Pre-1960*Graduate	0.37 [^] (0.18)	0.64 (0.42)
Pre-1960 cohorts	0.22 [^] (0.12)	0.41 (0.30)
Graduate	-0.09 (0.13)	-0.20 (0.26)
<i>Household income</i>		
<15k	Reference	Reference
15-25k	-0.23 (0.16)	-0.51 (0.41)
25-35k	-0.33* (0.16)	-0.85 (0.42)
35-45k	-0.29 [^] (0.16)	-0.56 (0.41)
45-65k	-0.28 (0.19)	-0.50 (0.46)
65-85k	-0.53** (0.19)	-0.94 (0.47)
>85k	-0.23 (0.24)	-0.45 (0.52)
<i>Skills</i>		
Low	Reference	Reference
Medium	0.13 (0.11)	-0.82** (0.25)
High	-0.21 (0.12)	-0.76** (0.28)
Female	0.20* (0.09)	0.19 (0.11)
Model fit	PsR2: 0.03	LPsL: -311.6
Observations	574	574

NOTES: Probit coefficients displayed. Robust standard errors in parentheses. Constant omitted. [^]p<0.1, *p < 0.05, **p < 0.01, ***p<0.001; #M&A skepticism variable transformed to dummy variable equal to 0 if M&A IFDI considered to be 'neither good nor bad', 'bad' or 'very bad'.



Table 4. Description of variables used for UK analysis

Variable	Definition	Descriptives	Expected relationship
Greengoba (DV1)	Thinking about these two types of investment separately, do you think it is rather a good or a bad thing for the UK economy if foreign companies build new companies here? (Q25) 1: very good thing; 2: rather good thing; 3: neither good nor bad thing; 4: rather bad thing; 5: very bad thing	Number of respondents per category: 1=194; 2=296; 3=145; 4=18; 5=7. Missing observations: 6	NA
Magoba (DV2)	Keeping in mind this distinction and thinking about the two types of investments described above separately, do you think it is rather a good or a bad thing for the UK economy if foreign companies buy up already existing local companies? (Q26) 1 = very good thing; 2 = rather good thing; 3 = neither good nor bad thing; 4 = rather bad thing; 5 = very bad thing	Number of respondents per category: 1=52; 2=120; 3=251; 4=184; 5=48. Missing observations: 11	NA
Socialization	Categorical variable indicating prime period of political-economic socialization based on year of birth (see text for further explanations): 0=born after 1975; 1=born between 1960 and 1975; 2=born before 1960	Number of respondents per category: 0=189; 1=176; 2=301. Missing observations: 0	Positive: older generations more hostile towards IFDI due to exposure to economic statism narrative



Education	<p>What is the highest degree of education that you have completed so far?</p> <p>1=GCSE; 2=A-Levels; 3=Undergraduate (Bachelor's degree or Graduate certificate or diploma); 4=Postgraduate (Postgraduate certificate ore diploma, Master's degree or Doctorate)</p>	<p>Number of respondents per category:</p> <p>1=208; 2=162; 3=180; 4=94.</p> <p>Missing observations: 22</p>	<p>Negative: more educated less hostile towards globalization (eg. Hiscox and Hainmueller)</p>
Household income	<p>How much is the combined total annual gross income before tax of all members of your household together?</p> <p>2=less than £15,000; 3=between £15,000 and £25,000; 4=between £25,000 and £35,000; 5=between £35,000 and £45,000; 6=between £45,000 and £65,000; 7=between £65,000 and £85,000; 8=more than £85,000</p>	<p>Number of respondents per category:</p> <p>2=92; 3=129; 4=117; 5=122; 6=63; 7=53; 8=39.</p> <p>Missing observations: 51</p>	<p>Negative: wealthier people more in favour of globalization (eg. Rodrik and Mayda; Pandya)</p>
Skills	<p>More specifically, which of the following occupational classification categories best describes your current or most recent job?</p> <p>27 categories transfored into skill-levels according to ONS guidelines:</p> <p>2=low-skilled; 3=medium-skilled; 4=high-skilled</p>	<p>Number of respondents per category:</p> <p>2=281; 3=189; 4=159.</p> <p>Missing observations: 37</p>	<p>Negative: more skilled people more in favour of globalization (eg. Rodrik and Mayda; Pandya)</p>
MNC employee	<p>Have you ore one of your immediate family members ever been employed by a foreign multinational company operating in the UK.</p> <p>1=Yes, 0=No</p>	<p>Number of respondents per category:</p> <p>1=148; 0=506.</p> <p>Missing observations: 12</p>	<p>Negative: people benefiting from presence of MNCs less likely to be hostile towards them</p>



Political ideology	Adapted from Q11, Which political party did you support at the 2015 UK General Election? 1=Left (SNP, Greens, Plaid Cymru, Sinn Fein, SDLP); 2=Centre-left (Labour); 3=Centre-right (LibDems, Ulster); 4=Right (Conservatives, DUP); 5=Populist right (UKIP)	Number of respondents per category: 1=47; 2=166; 3=47; 4=229; 5=75. Missing observations: 102	Supporters of centrist parties less hostile than at extremes
Brexit support	Adapted from Q12, Which side did you support in the referendum vote on Britain's membership of the EU held on 23 June 2016? 1=Leave; 0=Remain or 'Neither of the two'	Number of respondents per category: 1=333, 0=324. Missing observations: 9	Positive: supporters of Brexit more likely to be hostile towards MNCs
Local identity	Adapted from Q14, Which of the following best describes your national identity? 1=subnational (English, Scottish, Northern Irish or Welsh), 0=British	Number of respondents per category: 1=263; 0=373. Missing observations: 30	Positive: more local identity associated with stronger feelings of nationalism
Nationalism index	Aggregate score of answers to questions 15, 16 and 17: How much do you agree or disagree with the following statements? Q15: "I would rather be a citizen of my country than of any other country in the world."	Mean: 8.18 (std dev = 2.67) Median=8 Missing observations: 7	



	<p>Q16: "In the United Kingdom, our people are not perfect, but our culture is superior to others."</p> <p>Q17: "The world would be a better place if people from other countries were more like the British"</p> <p>Aggregate index ranges from 1=least nationalistic (strongly disagree with all three statements) to 13=most nationalistic (strongly agree with all statements)</p>		
Female	Dummy variable; 1=female gender	<p>Number of respondents per category: 1=328; 0=338.</p> <p>Missing observations: 0</p>	<p>Positive: 'curious case of female protectionism' (Burgoon and Hiscox; Mutz and Mansfield)</p>
Economic statism index	<p>Aggregate score of answers to questions 29, 30 and 31:</p> <p>How much do you agree or disagree with the following statements?</p> <p>Q29: "To guarantee the long-term prosperity of our nation, we cannot just rely on the international economy. Our government has to think in national terms and defend our economic sovereignty."</p> <p>Q30: "For the good of the national economy, it is essential to have strong domestic companies that are owned by UK nationals."</p> <p>Q31: "Foreign companies cannot be trusted to act in our national interest."</p>	<p>Mean: 9.15 (std dev 2.11)</p> <p>Median: 9</p> <p>Missing observations: 12</p>	<p>Positive: people with statist economic views more likely to be opposed to IFDI</p>



	Aggregate index ranges from 1=least statist (strongly disagree with all three statements) to 13=most statist (strongly agree with all statements)		
--	---	--	--



Table 5. Correlation Matrix (UK analysis)

	Gre	M&A	Soc	Edu	Inc	Ski	MNC	Ideo	Bre	Iden	Nat	Fem	Sta
Greenfield		0.28	-0.02	-0.08	-0.11	-0.04	-0.09	0.02	0.13	0.12	0.02	0.19	0.14
M&A	0.28		0.15	-0.01	-0.14	-0.12	-0.06	0.07	0.17	0.07	-0.04	0.07	0.38
Socialization	-0.02	0.15		-0.07	0.3	-0.04	-0.01	0.14	0.01	0.12	0.26	-0.15	0.23
Education	-0.08	-0.01	-0.07		0.25	0.43	0.18	-0.01	-0.16	-0.01	-0.19	-0.13	-0.06
Income	-0.11	-0.14	0.3	0.25		0.29	0.2	0.06	-0.14	-0.01	-0.04	-0.11	-0.13
Skills	-0.04	-0.12	-0.04	0.43	0.29		0.16	0	-0.06	-0.04	-0.06	-0.21	-0.06
MNC	-0.09	-0.06	-0.01	0.18	0.2	0.16		-0.01	-0.07	0.02	-0.06	-0.18	0.06
Ideology	0.02	0.07	0.14	-0.01	0.06	0	-0.01		0.35	0.03	0.31	-0.09	0.25
Brexit	0.13	0.17	0.01	-0.16	-0.14	-0.06	-0.07	0.35		0.13	0.33	0.05	0.23
Identity	0.12	0.07	0.12	-0.01	-0.01	-0.04	0.02	0.03	0.13		0.01	-0.02	0.11
Nationalism	0.02	-0.04	0.26	-0.19	-0.04	-0.06	-0.06	0.31	0.33	0.01		-0.08	0.26
Female	0.19	0.07	-0.15	-0.13	-0.11	-0.21	-0.18	-0.09	0.05	-0.02	-0.08		-0.07



45

Statism	0.14	0.38	0.23	-0.06	-0.13	-0.06	0.06	0.25	0.23	0.11	0.26	-0.07	
----------------	------	------	------	-------	-------	-------	------	------	------	------	------	-------	--



Sensitivity analysis for causal mediation analysis

The performed sensitivity analysis follows the procedures described in Imai et al. (2011: 774-779). In essence, the analysis simulates the effect of omitted pre-treatment confounders under various scenarios in which the sequential ignorability assumption is violated to different degrees in terms of a correlation between the error terms of the mediation and outcome models, denoted ρ , that is not taken into account in the main analyses.

Because ordered outcome models cannot be handled by current version of the associated R package, the dependent variable of the outcome model has to be transformed into a binary dummy variable where 1 indicates that a respondent considers M&A IFDI to be a 'rather bad' or 'very bad thing' to perform the analyses.

The results are presented in Figure 4. The two figures on top illustrate the plot under control and treatment condition. The dashed line shows the ACME when the sequential ignorability assumption holds; the solid line illustrates the ACME under various degrees of unobserved correlations between the mediator and outcome model. The grey zones indicate the 95% confidence intervals. The two figures below translate these same relationships to a R^2 framework, indicating the ACME under various levels of explanatory power of unobserved pre-treatment confounders.

Note that these analyses do not assess the validity of the results against an objective benchmark, but their sensitivity to a possible violation of the sequential ignorability assumption. The results show that we can be 95% confident that there is evidence of causal mediation through statist economic beliefs holds as long as ρ is smaller than 0.35.



Figure 5. Sensitivity analysis for causal mediation

