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**The Demand-Side Politics of China's Global Buying Spree:  
Managers' Attitudes toward Chinese Inward FDI Flows in Comparative Perspective**

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**Abstract:** I investigate public opinion toward Chinese FDI inflows in advanced economies, comparing attitudes toward such investment with attitudes toward American and European FDI inflows. I am interested in whether concerns with technology transfer (and related job losses) commonly associated with Chinese FDI resonate among the key target audience, namely managers. Accordingly, I expect managers to less strongly support Chinese FDI inflows relative to FDI inflows from advanced economies when they are employed in high R&D industries. I expect both self-interested and socio-tropic motives to drive the split in how managers view Chinese FDI vs. European and American FDI. Because technology transfer occurs in acquisitions, I also expect industry-level exposure to Chinese acquisitions to reinforce the negative joint impact of being a manager and employment in high R&D industries on support for Chinese FDI. Using original survey data from Switzerland, I find robust evidence for my expectations. The findings point to occupational characteristics and the fear of technology transfer as key drivers of opposition to Chinese FDI in advanced economies, and suggest that the demand-side politics of Chinese inward FDI is unique.

*Keywords:* FDI preferences, advanced economies, occupations, public opinion, China, globalization backlash, political economy

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## **1. Introduction**

China's growing overseas engagement through foreign direct investment (FDI) over the past fifteen years has provoked mixed and often heated reactions around the world. Europe has taken a more lenient stance toward Chinese FDI compared to the United States, where high-profile deals were abandoned due to political opposition based on national security grounds (Frye & Pinto, 2009; Tingley et al., 2015). Yet, as China's buying spree intensified, the mood in Europe has cooled down. Politicians have started to openly criticize the acquisition of technology firms and leading brands, especially by Chinese state-owned enterprises (SOEs). Meanwhile, criticism has turned into protectionism. In 2017 and in 2018, Germany tightened its FDI law to increase its powers to block deals deemed to endanger national security, a law primarily aimed at Chinese takeovers (Chazan, 2018). Germany's tougher stance is part of a global backlash against Chinese acquisitions. In Europe alone, France, Hungary, Italy, Latvia, Lithuania, and the United Kingdom have strengthened or are in the process of strengthening their FDI screening regimes, while Belgium, the Czech Republic, the European Union, Greece, the Netherlands, Slovakia, Sweden and Switzerland are considering setting up or strengthening investment review mechanisms (Baker McKenzie, 2019).

Although protectionist sentiment toward Chinese takeovers in advanced economies has been growing in recent years, we know very little about what socio-economic and cultural factors drive individuals' opposition to Chinese FDI inflows. A key challenge has been data availability, since existing surveys typically do not interrogate the views individuals hold on Chinese inward FDI. To date, only a few studies have examined the determinants of individual attitudes toward FDI. Using observational data, scholars have found FDI preferences to be egocentric based on skill level (Pandya, 2010). Using survey experiments, others have shown that the country of origin of the investors is a significant determinant of levels of opposition,

with Chinese FDI most strongly opposed (Jensen & Lindstädt, 2013; see also Feng et al., 2019), and that FDI policies that other countries adopt shape attitudes toward inward FDI (Chilton et al., 2020). While the former group does not consider the possibility that the patterns of opposition to general and Chinese FDI might differ, the latter considers how attitudes vary depending on key features of the transactions but not on individual characteristics of the respondents.

According to economic theory, inward FDI has the same distributional consequences, including for local firms/managers, irrespective of the country of origin of FDI. However, I contend that individual attitudes toward Chinese FDI are distinct because of unique features of Chinese investment and of the underlying Chinese political economy (Meunier et al., 2014). I focus on the potentially negative economic consequences arising from Chinese FDI in advanced economies. By far the main concern that stands out is the fear of the transfer of technology and know-how to China, which may come with firm restructuring and even plant closures. I argue that top managers in high R&D intensity industries will be particularly preoccupied by this issue and therefore will less strongly support Chinese inward FDI relative to FDI from advanced economies. In terms of underlying motivations, I argue that top managers' opposition to Chinese FDI is driven by both self-interested and altruistic motives. Moreover, given that the transfer of technology only occurs in acquisitions, not greenfield FDI, I also expect the support for Chinese FDI by managers in high R&D industries to decrease as their (industry-level) exposure to Chinese mergers and acquisitions (M&As) increases.

To test my claims, I design a comparative study. The comparative dimension consists in comparing attitudes toward FDI from China, Europe, and the United States in one advanced industrial country. Specifically, I use original survey data from my topical module on Swiss foreign economic relations that was designed specifically for this study and fielded as part of a nationally representative survey in 2015. These data enable me to assess various material

explanations of FDI preferences, while controlling for respondents' socio-demographic and economic characteristics, group membership, ideology, pre-existing cultural dispositions, and their understanding of economic issues. In short, I have original data that allows me to systematically investigate and test arguments about the distinctiveness of the determinants of individual attitudes toward Chinese FDI in comparative perspective at a point in time when Chinese investment gained traction across advanced economies.

The empirical analysis confirms the prominent role of top managers in the politics of Chinese inward FDI. First, I find robust evidence that being a high-ranked manager, operating in a high-tech industry, and 'China-priming' of FDI jointly and significantly reduce the level of support for FDI. Second, my analysis and results preclude prominent alternative explanations while demonstrating that both socio-tropic (or altruistic) and self-interested considerations drive managers' attitudes towards Chinese FDI. Lastly, I find robust evidence that exposure to Chinese M&As reinforces the negative joint effect of being a manager in high R&D industries on support for Chinese FDI. In all, the findings are consistent with the claim that concerns with technology transfer are a significant driver of opposition to Chinese FDI in advanced economies. They also suggest that the demand-side politics of Chinese inward FDI is unique.

To my knowledge, this is the first study using observational data that investigates the determinants of citizens' attitudes toward FDI inflows from China in comparative perspective in an advanced economy. The paper makes three main contributions. First, it speaks to ongoing debates about whether foreign economic policy preferences are egocentric (e.g., Mansfield & Mutz, 2009, 2013; Fordham & Kleinberg, 2012; Rho & Tomz, 2017), and if so, on what basis – firms, factors or occupations (Melitz, 2003; Pandya, 2010; Owen & Johnston, 2017)? While the debate has mainly focused on trade, this paper focuses on inward FDI. Second, by systematically comparing attitudes toward FDI from China, Europe, and the US, I contribute to the debate on

whether China is unique among international investors. Finally, there is good reason to believe that public attitudes toward Chinese FDI are substantively important for broader outcomes of interest, such as actual restrictions on (Chinese) FDI. While public preferences do not directly translate into policy but are filtered through domestic political institutions which aggregate conflicting societal interests and condition the bargaining between opposing groups, in democracies due to electoral accountability there is a fair amount of consistency between public opinion and public policy in the medium to long term. The study suggests that the link between opinions and policy is well alive in the politics of FDI regulation.

## **2. Literature review**

While there is a plethora of studies on individual trade policy preferences (Scheve & Slaughter, 2001; Mayda & Rodrik, 2005; Baker, 2005; Hainmueller & Hiscox, 2006; Mainsfield & Mutz, 2009; Rho & Tomz, 2017), much less is known about FDI policy formation. Scholars have focused on how skills influence individual support for FDI inflows (Pandya, 2010; see also Kaya & Walker, 2012). Building on a specific factors model that assumes industry-specific capital and labor mobility, Pandya (2010) argues that workers will support FDI because it increases their wages via higher labor demand (or via lowers product prices), and that skilled workers will support it even more because they are the greatest beneficiaries of incoming FDI by firms that tend to be technology leaders. Using Latin American public opinion data at the turn of the century, the author finds that support for FDI increases with respondents' skills.

Chilton et al. (2020) examine whether the FDI policies that other countries adopt influence public support for inward FDI. Drawing on survey experiments in the US and in China, countries with relatively low and high barriers to FDI, respectively, they find that reciprocity is an important determinant of public opinion toward inward FDI. Specifically, the results suggest

that a significant driver of individual support for foreign acquisitions is whether the potential investments are from countries that allow reciprocal investments. Interestingly, Chinese and American respondents reacted to the reciprocity treatment in a similar way.

With the sharp rise of investment from emerging market economies into advanced economies, scholars have focused on the reactions to Chinese FDI by key (political) actors based on content analysis of newspaper articles and government documents and publications. Frye and Pinto (2009) examine the preferences and degree of opposition to Chinese FDI amongst American decision-makers and key stakeholders. They find that the motivation and form of entry by Chinese firms as well as the local economic conditions affect the disposition of economic and political actors toward Chinese FDI. Similarly, Tingley et al. (2015) examine (contextual) factors that influence political opposition to Chinese M&As in the US. The main results are that American policy-makers are more likely to oppose Chinese acquisitions when the target firm is in an industry that is sensitive to national security, when it is large, and when it is in an industry experiencing economic hardship and high unemployment.

Using survey experiments, recent studies have taught us that the country of origin of FDI affects FDI preferences. Jensen and Lindstädt (2013) find that American and British respondents were significantly more likely to say that German investment was good for their respective countries than was the case for Saudi Arabia investment, while American respondents were less likely to support Chinese investment than generic foreign investment (see also Chilton et al., 2020). Feng et al. (2019) corroborate the above finding regarding investment from China while showing that the gap in support for generic investment and foreign/Chinese investment rises with local trade-related job losses.

### 3. The argument

According to economic theory, irrespective of country of origin, FDI yields similar distributive effects in receiving countries. I start with the premise that the preferences of top managers over FDI inflows are a function of how they affect local firms. According to the specific-factors model of international trade applied to FDI, the entry of an MNC affiliate drives a wedge between capital and labor (Pandya, 2014). In contrast to local labor, local firms – and thus high-ranked managers (i.e., those with decision-making authority over corporate finance, strategy and personnel) – oppose FDI because the returns to domestic firms decline following FDI inflows.<sup>1</sup> Both market-oriented and export-oriented FDI inflows raise domestic firm's labor costs by increasing domestic labor demand. In other words, local firms' productivity declines because of higher product costs due to wage increases. Firms in industries exposed to market-oriented FDI also face heightened competition from more productive firms whose products often are of higher quality and of lower cost than those produced locally.

I argue that the risk of technology transfer that is associated with incoming Chinese FDI will more negatively influence managers' attitudes toward Chinese FDI relative to European FDI and American FDI. Chinese FDI gives rise to concerns among managers in advanced economies about potential or real strategic objectives the Chinese government might pursue through foreign investment, including gaining market dominance in key technologies. The perceived or real strategic motivations driving Chinese FDI are reflective of the nature of the Chinese political economy and of China's position in the international system.

While first-generation studies indicate that Chinese FDI in developed countries is motivated by market-seeking goals (Buckley et al., 2007; Kolstad & Wiig, 2012), recent research suggests that strategic asset-seeking FDI, whereby Chinese investors acquire advanced

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<sup>1</sup> Top and high-ranked managers are used interchangeably in this study. When the term manager is used, it refers to top managers.

technologies, managerial know-how, brand names, etc, is on the rise (Child & Rodrigues, 2005; Amighini et al., 2013; Curran et al., 2017). Compared to international investors, Chinese private investors buy firms with more patents, suggesting the importance of access to technology and knowledge in their investment decisions (Fuest et al., 2019). Moreover, the prevalence of M&As as a way of entering foreign markets further indicates that Chinese firms are acquiring technology and know-how (Deng, 2009; Hanemann & Huotari, 2015).

Chinese private and public firms alike may seek to acquire strategic assets in advanced economies to overcome their inherent disadvantage as late developers (Kedia et al., 2012). In their drive to catch up, these firms may face incentives to transfer technology and know-how back home to exploit home country locational advantages such as access to low-cost labor or less stringent social and environmental regulatory standards.

Furthermore, the Chinese state pursues an active industrial and innovation policy to promote economic development and the role of SOEs in that process cannot be overemphasized. Specifically, Chinese state-owned foreign acquisitions are an important part of China's economic development strategy. And Chinese SOEs represent a significant proportion of Chinese firms going abroad. Among the top 100 Chinese firms ranked by their OFDI stock in 2015, three in four (77) are SOEs (MOFCOM, 2016). Even some of the non-SOEs on the list, such as Huawei, have close connections with the Chinese government. In short, Chinese SOEs have a strong predisposition to seek host-country strategic assets, and their acquisitions are likely to involve the reorganization of operations according to industrial policy directives, which may well include moving assets back home.

Take the industrial policy program 'Made in China 2025' launched in 2015 with which the Chinese state aims to significantly increase China's global market share in ten high-tech industries and reduce its dependence on foreign technology imports. A study finds that Chinese

SOEs do adjust their investment activities in line with the government's intentions formulated in economic policy strategies like Made in China 2025 or the Belt and Road Initiative (Fuest et al., 2019). Another study finds that 64% of Chinese acquisitions of German firms in the period 2014-2017 occurred in the key ten industries in which China seeks to achieve technological leadership by 2050, with an overrepresentation of Chinese SOEs in those deals (Jungbluth, 2018). These findings suggest that foreign acquisitions by SOEs are an important vehicle through which the Chinese state is acquiring technology to reach its industrial policy objectives.

In short, concerns with technology transfer linked to Chinese FDI among managers are reflective of key features of China's state-controlled economic system, namely an active industrial policy and extensive control (direct or indirect) over Chinese MNCs, and of China's status as a 'late developer' seeking to close the economic gap with the West, against the background of a rivalry between the US and China for global leadership. FDI flows between advanced industrial economies are not associated with the same level of fear related to the transfer of technology because they tend to be driven by market considerations and fall less clearly under a 'catch-up' race between countries.

My argument leads to one testable claim about the country of origin effects on managers' FDI preferences. While I expect a split in how managers in advanced economies view Chinese FDI vs. European and American FDI, I expect it to be conditional on the level of R&D intensity of the industries in which managers are employed. The reason is straightforward: the concerns that the Chinese transfer know-how are concentrated in high R&D industries. Accordingly, I expect managers' support for FDI to be lowest when they are interrogated about Chinese FDI *and* when they are employed in a high R&D intensity industry. In methodological parlance, I expect a negative and statistically significant triple interaction term between being a manager, a dummy for Chinese FDI observations, and working in high R&D industries.

I (further) investigate the underlying causal mechanisms of managers' opposition to Chinese FDI in two ways. First, I focus on managers' motives. I take advantage of the richness of the survey data which has separate questions about whether respondents think FDI from country of origin is in the interest of their country (socio-tropic attitudes) and in their self-interest. Managers' concerns about technology transfer may reflect altruism. These concerns are twofold. On the one hand, the transfer of technology can have a destructive impact on the organization. Chinese acquisitions as asset stripping are accompanied by firm downsizing and even plant closure. Being at the helm of the acquired firm, high-ranked managers bear the ultimate responsibility for employment as well as firm's continued success and survival.

On the other hand, the theft and transfer of intellectual property is harmful for the country at large. High-tech jobs are well paid jobs and contribute a significant share of value added in advanced economies. Technological innovation encapsulates a country's future growth potential. Moreover, managers might perceive firms' technological assets as forming part of a country's national heritage. Intellectual property is not created in a vacuum, rather it is part and parcel of national innovation systems, which include the national education system, in particular state engagement in R&D funding, collective skill formation, start-up financing, tax incentives for innovation and research, etc (Patel & Pavitt, 1994). The state thus plays a crucial role in technological innovation through direct intervention but also as an enabler, which can create a sense of collective, national ownership of technology among managers.

But managers' concerns with technology transfer may also reflect self-interest. Managers fear for their personal position in terms of the potential loss of their own job and/or influence. Managers in the target organization fear they will be replaced shortly after the acquisition and/or have less power as agents and therefore might leave (Krug & Hegarty, 1997, 2001). However, retaining managers can be of considerable value, especially when the acquirer is unfamiliar with

the business and/or external regulatory environment, or when it is seeking managerial know-how. Chinese investors in the German metal industry tend to retain incumbent managers after the acquisitions (Müller, 2017). Cultural dissimilarities between the acquirer and the target is not necessarily a good predictor of management turnover post-acquisition. At the height of Japanese acquisitions of American firms, Japanese firms were no more likely to terminate American managers compared to other ‘Anglo’ foreign acquirers (Krug & Hegarty, 1997). In any case, I argue that both altruistic and self-interested motivations drive managers’ negative views on Chinese FDI and therefore expect the triple interaction to hold when respondents are queried about their socio-tropic and their self-interested attitudes towards FDI.

Second, the transfer of technology (or fear thereof) occurs in acquisitions, not greenfield FDI. Acquisitions involve direct control of local firms’ specific assets, including technology, production processes, managerial know-how, etc. If managers’ opinions on *Chinese FDI* are sensitive to variation in *exposure to Chinese M&As*, it will provide additional evidence about the posited causal mechanism. Specifically, I expect industry-level exposure to Chinese M&As to condition the relationship between being a manager in high R&D industries and attitudes towards Chinese FDI. In other words, I expect managers’ support for Chinese FDI to be lowest when they are employed in industries characterized by high R&D intensity *and* by high exposure to Chinese M&As. In statistical terms, I expect a negative and statistically significant triple interaction term between being a manager, working in high R&D industries, and exposure to Chinese M&A when the dependent variable is support for Chinese FDI. To be clear, for this second test of the causal mechanism, the dependent variable switches to support for Chinese FDI (and thus the comparison with European and American FDI is absent).

### *Alternate explanations*

It could be the case that a statistically significant triple interaction is driven less by characteristics of Chinese FDI than by distinct features of either European or American FDI (or both). Industry characteristics, such as positive productivity spillovers from MNCs to local firms, are likely to moderate, if not reverse, managers' opposition to FDI inflows (Pandya, 2014, p. 40). Positive spillovers occur via the introduction of highly productive technologies and therefore local firms in high-tech industries have a greater capacity to capture spillovers from MNCs. Consequently, managers in high-tech industries ought to less strongly oppose (or more strongly support) FDI because they anticipate increases in productivity due to positive spillovers.

The US is known for hosting many of the world's largest and most valuable technology companies. Managers employed in high-tech industries might thus see great potential for positive spillovers from American MNCs. The observable implication is that managers' support for FDI should be highest when they are questioned about American FDI *and* when they work in a high R&D industry. This mechanism could be hidden behind the theorized triple interaction effect. As I demonstrate below, I do not find empirical evidence for this mechanism.

Furthermore, other factors than the threat of the transfer of technology may lie behind managers' concerns with Chinese FDI in advanced economies. Specifically, managers may express concerns about reciprocity in FDI regulation when thinking about Chinese inward FDI. Top managers are well placed to know about the restrictions imposed on FDI in China. Since China opened its economy to foreign investors, it has pursued an active industrial policy which seeks to acquire state-of-the-art technology by requiring foreign investors to enter joint ventures with Chinese firms. Advanced economies are more open to foreign investment than China is (Zhang & van den Bulcke, 2014). Accordingly, managers' opposition to incoming Chinese FDI may reflect a sense of fairness about the lack of reciprocal market access by foreign investors.

A significant triple interaction between manager, high R&D industry and the China FDI dummy would cast doubt on concerns about reciprocity as an explanation for managers' attitudes toward (Chinese) FDI. If reciprocity was the main concern, one would expect managers' support for Chinese FDI to decrease as a function of their employment in high R&D industries only to the extent that investment restrictions in China are concentrated in high-tech industries. China maintains investment bans, investment caps or the obligation to set up joint ventures in several sectors (BDI, 2019, p. 3). While China does targets high-tech industries to force technology transfer (e.g., automotive sector), investment restrictions exist in low R&D industries as well. Examples include financial services and business support activities which are important for industrial companies in supporting their foreign business (BDI, 2019, p. 3).

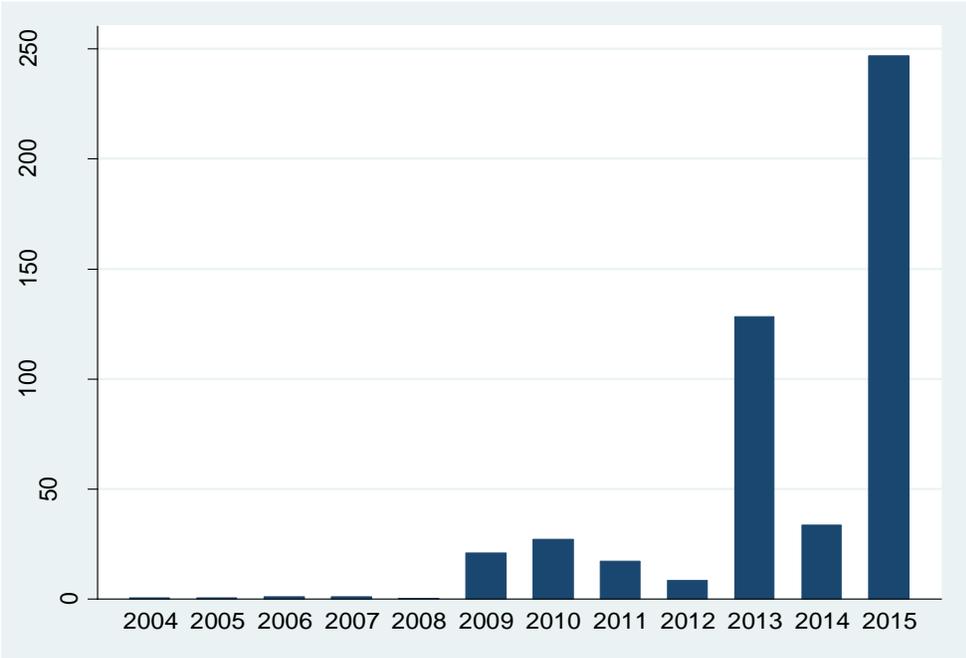
#### **4. Study design**

##### *Case selection/justification*

The empirical analysis uses original data from a representative survey in Switzerland. While the choice of Switzerland is data related, the country is a small open economy and a main destination of foreign investors and therefore a suitable case to address a question presented in a more general manner. The focus on the China-Europe-America comparison is justified by the relative importance of FDI originating in these parts of the world in Switzerland. The EU is by far the largest, the US the second largest, foreign investor in Switzerland while China is the fastest growing investor. According to figures from the Swiss National Bank (2016), European investors held 78% of FDI stocks (CHF 650 billion) in Switzerland in 2015, whereas American

investors held approximately 12% (CHF 98 billion).<sup>2</sup> Although official Swiss statistics are not available, official Chinese statistics show that Chinese outward FDI flows to Switzerland has been on the rise in recent years (Figure 1). While about 50 Chinese firms had a foothold in Switzerland in 2013/2014, more than 80 Swiss companies were Chinese-owned by 2018 (Kessler et al., 2014; Ammann, 2018). Chinese firms are located in different industries across the country, and are predominantly small and medium-sized companies (Kessler et al., 2014). Moreover, China is Switzerland’s main trading partner in Asia and its third-largest trading partner worldwide after the EU and the US. In 2013, Switzerland and China signed a free trade agreement, the second such agreement China entered with a European country (after China-Iceland FTA, signed earlier that year).

Figure 1. Chinese outward FDI to Switzerland (in million US\$), 2004-2015



Data source: MOFCOM (2008, 2016)

<sup>2</sup> In 2015, foreign companies invested CHF 68 billion in companies in Switzerland, of which CHF 51 billion originated in Europe. The single largest European investor was the UK (CHF 14 billion), followed by Luxembourg (CHF 14 billion), the Netherlands (CHF 9 billion), Austria (CHF 4 billion), Sweden and Belgium (CHF 2 billion each), and Germany and France (CHF 1 billion each).

In comparative European perspective, Switzerland, a non-EU country, receives neither exceptional nor particularly low levels of Chinese FDI. According to the Chinese Ministry of Commerce (MOFCOM, 2016), Chinese FDI stocks in Switzerland (in US\$ millions) as a percentage of Swiss GDP (in US\$ billions) was 0.91 in 2015. That same year, the ratio for comparable economies was 0.88 for Austria, 1.14 for Belgium, 1.21 for Czech Republic, 0.61 for Greece, 4.73 for Hungary, 0.36 for Portugal, and 6.86 for Sweden. The EU average (for 21 countries for which data is available) was 1.65, driven up by the big economies of France (5.79), Germany (1.75) and the UK (5.82) who receive larger shares of Chinese FDI due to their large internal markets.<sup>3</sup>

Chinese takeovers grab headlines not just in the US (Frye & Pinto, 2009), but also in Europe and in Switzerland. In Europe, the increased salience of Chinese FDI occurred concomitantly with the surge of Chinese investment, which can be dated back to 2009, with the European crisis contributing to that surge (Meunier, 2014). In Switzerland, Sinopec's acquisition of Geneva-based Addax Petroleum in the energy sector for (at the time) a record transaction of \$7.2bn in 2009 marked the beginning of a wave of Chinese investment. Chinese acquisitions in Switzerland have received extensive coverage in the digital and print media in the main linguistic regions (e.g., Jacolet, 2013; Tanda, 2014; Städeli, 2015; RTS, 2015).

These considerations suggest that the focus on Switzerland alone is not too narrow to make a general statement about attitudes toward Chinese FDI in advanced economies. If anything, the Swiss case is a conservative test. First, Switzerland receives slightly below (EU) average Chinese FDI. Second, while Switzerland has lower regulatory restrictions on inward FDI than does China, it has slightly higher barriers than the typical European or OECD country.<sup>4</sup>

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<sup>3</sup> The ratio of Chinese FDI stock to GDP was 0.74 and 2.26 in Japan and the US, respectively.

<sup>4</sup> The overall OECD FDI Regulatory Restrictiveness scores in 2015 were as follows (1=full restriction; 0=no restriction): 0.033 for the sample of 23 EU countries for which data is available; 0.066 for the OECD average; 0.083

Both factors could attenuate Swiss managers' opposition to Chinese FDI relative to their counterparts in other advanced economies. That said, Switzerland has no investment screening mechanism, whereas a dozen EU countries and all major advanced economies apply investment controls (Federal Council, 2019). Third, it has been argued that China's state-led capitalism is an important form of 'patient capital' (Kaplan, 2016), similar to bank lending in the traditional Swiss insider-oriented, bank-based system of corporate governance (Schnyder & Widmer, 2011). To the extent that Swiss managers perceive Chinese investors as 'patient capitalists' willing to engage in long-term relationships and concerned with long-term growth, Swiss managers, and by extension managers in coordinated market economies, should be more favorable to Chinese FDI than managers in the average advanced economy. In short, I expect the findings to travel beyond Switzerland.

It should be emphasized that the survey was fielded in 2015, that is, before some of the most high-profile (and controversial) cases of Chinese FDI in Europe happened (e.g., robotics manufacturer Kuka and chip equipment maker Aixtron in 2016, Huawei 5G becoming more prominent in 2019; see Meunier, 2019a). This also holds for the acquisition of Swiss biotech giant Syngenta by ChemChina for \$43bn in 2016, to date the largest Chinese deal in Europe. If anything, the awareness of the potential dangers of Chinese investment grew bigger after these cases, in Switzerland and beyond, again making this study a conservative test. This makes for an interesting discussion, however, of how opinions translate into policy over the medium term (see below).

## ***Data***

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for Switzerland; 0.089 for the US; and 0.386 for China. Data source is OECD.Stat, OECD FDI Regulatory Restrictiveness Index (database accessed on December 12, 2018).

I designed my own topical module on Swiss foreign economic relations which was selected for insertion in the MOSAiCH survey (Stähli et al., 2015). While the survey was administered using the computer-assisted personal interviewing technique, my module was part of the MOSAiCH 2015 drop-off which was delivered to all respondents of the face-to-face survey and conducted using paper and pencil mode. The drop-off questionnaire was collected from mid-February to early July 2015.<sup>5</sup> My module embedded in the MOSAiCH survey allows for a comprehensive assessment of Swiss citizens' attitudes toward Chinese, European, and American inward FDI. While the survey provides key (demographic, cultural, and socio-economic) information about the respondents, the module also includes items that allow me to control for other drivers of support for FDI, including firm heterogeneity and economic knowledge.

***The Dependent Variables.*** The six survey questions that served to construct the dependent variables derive from two sets of three questions each, as follows (English translation):<sup>6</sup>

1. 'Some foreign companies invest in Switzerland, for example by creating or buying companies. Do you think it is a good or bad thing for Switzerland that [Chinese (Q28a)], [European (Q28b)], [American (Q28c)] companies invest in Switzerland?'
2. 'With respect to your personal situation, do you think it is a good or bad thing that [Chinese (Q29a)], [European (Q29b)], [American (Q29c)] companies invest in Switzerland?'

These questions pick up attitudes toward both types of FDI, greenfield investment and M&As. Each item was scored on a five-point scale (very good; quite good; neither good nor bad; quite

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<sup>5</sup> 77.1% of the respondents to the main survey answered the drop-off questionnaire.

<sup>6</sup> Exact wording of the survey questions and answer responses in the three national languages are shown in Online Appendix Table A1.

bad; very bad). The highest (lowest) score of 5 (1) was assigned to respondents who believe that [Chinese], [European], [American] investment is very good (bad) for Switzerland/me. Individuals who expressed no opinion or refused to answer were assigned to the middle category (neither good/nor bad; score of 3).

First, I generate three variables calculated as the mean score for the two five-point items corresponding to a particular country of origin of investment. I label these three nine-point measures of FDI preferences Pro-Chinese FDI, Pro-European FDI, and Pro-American FDI.<sup>7</sup> By stacking the data (see below), I obtain the first dependent variable *Pro-FDI*.

Second, I generate three ordered trichotomous variables that equal 1 if a respondent believes Chinese (respectively European, and American) FDI is bad for Switzerland and for him, and 3 if she or he believes it is good for both Switzerland and her or him. All other respondents were scored as 2. I label these variables Pro-Chinese FDI trichotomous, Pro-European FDI trichotomous, and Pro-American FDI trichotomous. These variables regroup individuals based on whether they have a consistent preference for open FDI or protectionism, or whether their preferences are inconsistent. Combining items yields more reliable measures of the outcome variables than if the items were analyzed separately (see Mansfield & Mutz, 2009). I again stack the data, obtaining the second dependent variable *Pro-FDI trichotomous*.

Next, taking advantage of the richness of the data, I generate three five-point measures of ‘socio-tropic’ attitudes toward FDI calculated on the basis of respondents’ opinions on whether FDI is good or bad for Switzerland, namely Pro-Chinese FDI country (based on Q28a), Pro-European FDI country (Q28b), and Pro-American FDI country (Q28c). Similarly, I generate three five-point measures of ‘self-interested’ attitudes toward FDI, namely Pro-Chinese FDI self

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<sup>7</sup> For instance, if a respondent said Chinese companies investing in Switzerland is quite good for Switzerland (score of 4) and neither good/nor bad for her personally (score of 3), she gets a score of 3.5 (mean of 3+4) on the variable Pro-Chinese FDI. This variable ranges between 1 (if a respondent answered two times very bad) and 5 (if she answered twice very good).

(Q29a), Pro-European FDI self (Q29b), and Pro-American FDI self (Q29c). By stacking the data, I get the third and fourth dependent variables, *Pro-FDI country* and *Pro-FDI self*, respectively. Finally, for the analysis of preferences over Chinese FDI, I use the dependent variables *Pro-Chinese FDI* and *Pro-Chinese FDI trichotomous*, generated as describe above.

***The Independent Variables.*** The survey asks respondents about their current (or past) occupation, recorded according to ISCO-08 classification. The category ‘1) Managers’ is one of ten major groups.<sup>8</sup> Managers are individuals who plan, direct, coordinate and evaluate the overall activities of enterprises, governments and other organizations (or of units within them), and formulate and review their policies, laws, rules and regulations. Unlike supervisors, classified in other major groups, who are responsible only for the supervision of the activities of other workers, managers have responsibility for and authority to make decisions about the overall strategic and operational direction of a business (or organizational unit), and/or budgets, and/or the selection, appointment and dismissal of staff. Examples of tasks performed by managers include: formulating the policy, budgets and regulations of enterprises (or organizational units); establishing objectives and formulating and evaluating programs and policies for their implementation; selecting or approving the selection of staff and monitoring their performance; planning and directing daily operations; and representing and negotiating on behalf of the enterprise (or unit) managed in meetings and other forums. In short, we are talking here about top managers. Specifically, they include the following occupations: Managing Directors and Chief Executives (minor group 112); Administrative and Commercial Managers, including

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<sup>8</sup> The other groups are: 2) Professionals (e.g., science/health/teaching/business & administration/ICT/legal professionals); 3) Technicians and Associate Professionals (e.g., science/health/etc associate professionals); 4) Clerical Support Workers (e.g., customer services clerks); 5) Services and Sales Workers (e.g., personal care workers); 6) Skilled Agricultural, Forestry and Fishery Workers; 7) Craft and Related Trades Workers; 8) Plant and Machine Operators and Assemblers; 9) Elementary Occupations (e.g., cleaners); 0) Armed Forces Occupations.

finance, human resource, policy & planning, sales & marketing, advertising & public relations, and R&D managers (sub-major group 12); Production and Specialized Services Managers, including production, manufacturing, information and communication technology services, and professional services managers (sub-major group 13); and Hospitality, Retail and Other Services Managers, including hotel & restaurant, and retail & wholesale trade managers (sub-major group 14). To generate the dummy variable *Manager*, I retrain the minor group 111 Legislators and Senior Officials from the major group '1) Managers' and then assign the value of 1 to respondents who are a manager (0 otherwise).

To classify industries into high- vs. low-tech, I employ an OECD taxonomy of economic activities based on R&D intensity (Galindo-Rueda & Verger, 2016). The taxonomy, based on ISIC Rev. 4, covers manufacturing and services industries and includes five groups differentiated according to their level of R&D intensity: high, medium-high, medium, medium-low, and low. Because R&D intensity is calculated as the industry's *business* R&D expenditure divided by gross value added, the government sector broadly construed (ISIC 84-88 categories) is excluded. This is a general taxonomy. However, there is cross-country heterogeneity within economic activities. Careful cross-examination of a national official source and the taxonomy reveals that one industry is incorrectly coded. In Switzerland, R&D expenditure in the food industry, driven by a few corporations (e.g., Nestlé), is high (SERI, 2016, p. 76), well above the cross-national average (Galindo-Rueda & Verger, 2016, Annex 2). Therefore, I recode the food sector as medium-high tech, on par with machinery and (electrical) equipment.<sup>9</sup> Moreover, while Switzerland belongs to the countries in which the share of higher educational institutions in the total R&D expenditure exceeds 25% (only the Netherlands and Denmark have higher shares), it has the lowest level of R&D activity in the public sector, with a share of less than 1% (SERI,

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<sup>9</sup> The results are robust to coding the food industry as medium-low R&D industry as suggested in the OECD taxonomy (results available upon request).

2016, p. 76). Accordingly, I code education (ISIC 85) and human health (ISIC 86) as high-tech industries, and public administration (ISIC 84), residential care (ISIC 87) and social work (ISIC 88) as low-tech industries. *High R&D* is a dummy that gets the score 1 if the respondents' industry of employment, recoded at the 2-digit NACE Rev. 2 classification and which can be matched with ISIC Rev. 4, is either a high, medium-high, or medium R&D intensity industry (0 otherwise).

I measure respondents' exposure to Chinese M&As at the industry level during the period 2000-2015.<sup>10</sup> I consider deals in or after 2000, which marks the beginning of China's 'Go Out' policy and the accumulation of large foreign reserves. I combine data from several sources. I use Thomson Reuters SDC Platinum database, which has information on worldwide M&A transactions.<sup>11</sup> I complement this data with information from a secondary source (Rios-Morales et al., 2016) and from my own research based on an extensive analysis of newspaper articles both in the digital and print media. I end up with 22 acquisitions distributed over 8 industries (out of a total of 21) measured at the 1-digit NACE Rev. 2 industry classification. The *CN M&As* dummy gets the score 1 if respondents' industry of employment has experienced at least one Chinese acquisition over the period 2000-2015 (0 otherwise).

***The Control Variables.*** Previous studies have included a number of variables as determinants of foreign economic policy preferences. *Education* is a five-category variable that is equal to 0 for completed secondary school or elementary vocational training (1-2 years), 1 for completed vocational training (3-4 years), 2 for completed high school (or equivalent), 3 for completed higher vocational training (including degree from a University of applied sciences), and 4 for

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<sup>10</sup> The cut-off point is 13<sup>th</sup> February 2015, the date when the first interview took place.

<sup>11</sup> Database accessed April 16, 2019.

completed higher education. If FDI preferences are egocentric on the basis of factors, the coefficient for education should be positive and statistically significant.

*Female* is a dummy where female respondents equal 1. *Age* is the age of respondents in years. *Swiss-German* captures the linguistic region of the survey taker where 1 equals to Swiss-German or Romansh regions (0 if French- or Italian-speaking regions). This variable picks up differences that may exist in the phrasing of the survey questions in the various national languages as well as variation in perceptions rooted in different cultural identities.

*Partner* takes the score 1 if the respondent is living with her or his spouse/partner. *Urban residence* is five-category variable providing information about the respondents' dwelling place, with the highest value corresponding to a big city and the lowest to an isolated farm/house in the countryside. *Homeowner* equals 1 if the respondent is a homeowner.

*Union member* is equal to 1 if respondents (other than managers) are or have been a member of a trade union or of an employee association (0 otherwise). *Right ideology* is measured as self-placement on a left-right scale for political ideology ranging from 0 (Left) to 10 (Right), recoded as a trichotomous variable with 0=Left (scores of 0-3), 1=Centre (scores of 4-6), and 2=Right (scores of 7-10).

*% foreign business* is an ordinal variable capturing the importance of foreign business activities of the firm in which the respondent is employed, measured on a 4-point scale with 1=none; 2=some; 3=most; 4=all. This variable picks up within-industry firm heterogeneity, allowing me to test whether FDI preferences are egocentric on the basis of firms. I expect individuals employed in firms with a higher proportion of foreign business activities to more strongly support (outward and) inward FDI.

*Nationalism* measures opinions on 'open borders and the intermingling of populations endanger important characteristics of Swiss culture' (answers on a 5-point scale ranging from

1=fully disagree to 5= fully agree). *Isolationism* measures self-positioning on a 6-point scale ranging from a strong preference that ‘Switzerland takes into account other countries in its decisions’ (score of 1) to a strong preference that ‘Switzerland takes its decisions in an autonomous and independent way’ (score of 6). Nationalist and isolationist dispositions should negatively correlate with support for inward FDI.

I also control for self-perception of ability to understand (international) economics. *Economic knowledge* is measured as respondents’ answers to the proposition ‘I understand rather well questions relating to the economy and to commercial relations with other countries’, with answers on 5-point scale ranging from ‘fully disagree’ (1) to ‘fully agree’ (5).

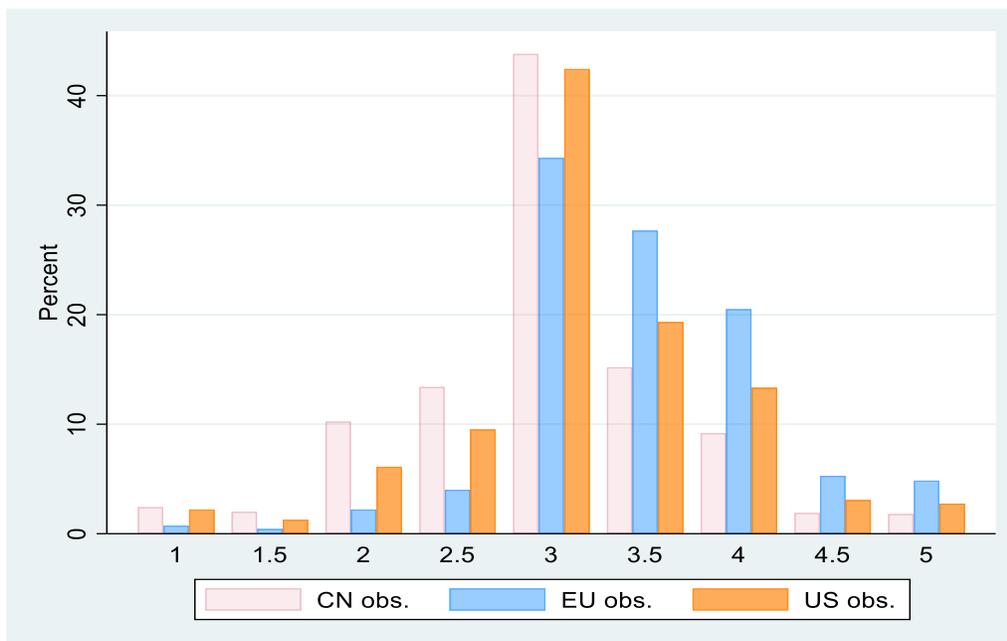
Due to lower coverage, I include self-reported income and perceived job insecurity only in fully-specified models reported in Appendix. *Income* is an individual’s annual (total) net income measured by 10 income brackets. *Job insecurity*, a measure of how worried respondents are about losing their job, is scored on a 4-point scale with the lowest score indicating ‘not at all worried’ and highest score ‘very worried’.

*Industry dummies* are included in all models. In the following empirical analysis, I stack the data, with dummies included for observations regarding views on FDI from China (*CN obs.*), FDI from Europe (*EU obs.*), and FDI from the US (*US obs.*). I use ordinary least squares to analyze my nine-point measure of FDI preferences. I use an ordered probit specification to analyze my ordered trichotomous measures of the consistency of FDI preferences and my five-point measures of FDI preferences. The results are identical if I use ordered logit models instead. All tests of statistical significance are based on robust standard errors, which account for any heteroscedasticity in the data and which are clustered by industry. Table A2 in the Online Appendix provides summary statistics for all the variables.

## 5. Results

In line with previous studies, the support for Chinese FDI in Switzerland is considerably lower than the support for FDI from developed countries. As shown in Figure 2, while the survey demonstrates a skew toward perceptions that American FDI and European FDI are a good thing, the same does not hold for Chinese FDI. The share of respondents that holds positive (score >3 on the variable *Pro-FDI*) and negative (score <3) views on Chinese FDI is identical (28.1%). And whereas twice as many respondents have positive attitudes towards American FDI than negative ones (38.4% vs. 19.1%), a significant majority (58.3%) has a positive attitude towards European FDI and only a small proportion a negative view (7.4%). Only one in ten (9.7%) Swiss citizens consistently support Chinese FDI (i.e., score of 3 on the *Pro-FDI trichotomous* variable) whereas one in seven (15.2%) and one in four (24.1%) consistently support American and European FDI, respectively (figure not shown).

Figure 2. Support for FDI by country of origin of investment (variable *Pro-FDI*)



Data source: MOSAiCH (2015)

Table 1 presents the results for the tests of the main argument. As triple interaction models are not the most intuitive, I start the analysis with models with *Pro-FDI* as the dependent variable that include the predictors and controls introduced above first without interaction terms and then with an interaction between *Manager* and *CN obs.* (Models 1 and 2, respectively). The main effect of being a manager is negative (Model 1), but it is not statistically significant. The coefficient *CN obs.* is negative and highly significant, suggesting that respondents' support for Chinese FDI is lower than support for European and American FDI, all else equal. The coefficient *Manager \* CN obs.* is negative and significant, albeit only at the 90% level (Model 2). China priming of FDI appears to reduce managers' support for FDI.

Turning to the model with the triple interaction (Model 3), the coefficient for the interaction term *Manager \* high R&D* is positive and significant, suggesting that managers are more likely to support inward FDI in high-tech sectors, in line with the positive spillover hypothesis. Most importantly, the triple interaction *Manager \* CN obs. \* high R&D* is negative and statistically significant at the 95% level, suggesting that managers' support for FDI is reduced when they assess Chinese FDI and when they operate in high R&D industries. This finding is in line with my argument.

Table 1. The determinants of FDI preferences

	(1)	(2)	(3)	(4)	(5)	(6)
		<i>pro-FDI</i>		<i>pro-FDI trichotomous</i>		
<b>Manager * CN obs. * high R&amp;D</b>			<b>-0.323** (0.137)</b>			<b>-0.711** (0.341)</b>
Manager * CN obs.		-0.148* (0.078)	-0.022 (0.071)		-0.193 (0.120)	0.095 (0.152)
Manager * high R&D			0.193** (0.083)			0.423** (0.186)
CN obs. * high R&D			0.046 (0.040)			0.039 (0.079)
Manager	-0.016 (0.112)	0.033 (0.131)	-0.042 (0.131)	0.015 (0.173)	0.077 (0.188)	-0.094 (0.214)
CN obs.	-0.310*** (0.028)	-0.297*** (0.027)	-0.312*** (0.035)	-0.451*** (0.043)	-0.435*** (0.051)	-0.448*** (0.064)

High R&D	-0.017 (0.054)	-0.017 (0.054)	-0.041 (0.052)	-0.059 (0.065)	-0.059 (0.065)	-0.092 (0.076)
Education	0.042** (0.018)	0.042** (0.018)	0.043** (0.018)	0.015 (0.032)	0.015 (0.032)	0.017 (0.032)
Female	-0.076 (0.079)	-0.076 (0.080)	-0.077 (0.079)	-0.136 (0.130)	-0.136 (0.130)	-0.138 (0.130)
Age	0.000 (0.002)	0.000 (0.002)	-0.000 (0.002)	0.001 (0.003)	0.001 (0.003)	0.001 (0.003)
Swiss-German	0.027 (0.087)	0.027 (0.087)	0.027 (0.087)	-0.031 (0.128)	-0.031 (0.128)	-0.029 (0.128)
Partner	-0.045 (0.086)	-0.045 (0.086)	-0.045 (0.086)	-0.017 (0.102)	-0.017 (0.102)	-0.016 (0.102)
Urban residence	0.056** (0.024)	0.056** (0.024)	0.056** (0.025)	0.061 (0.039)	0.061 (0.039)	0.061 (0.040)
Homeowner	0.001 (0.060)	0.001 (0.060)	0.001 (0.060)	-0.132 (0.100)	-0.132 (0.100)	-0.132 (0.101)
Union member	0.001 (0.074)	0.001 (0.074)	0.002 (0.075)	0.040 (0.170)	0.040 (0.170)	0.040 (0.171)
Right ideology	0.089*** (0.021)	0.089*** (0.021)	0.087*** (0.020)	0.085 (0.052)	0.085 (0.052)	0.080 (0.050)
% foreign business	0.127*** (0.037)	0.127*** (0.037)	0.125*** (0.037)	0.113* (0.058)	0.113* (0.058)	0.109* (0.059)
Nationalism	-0.126*** (0.022)	-0.126*** (0.022)	-0.125*** (0.022)	-0.155*** (0.048)	-0.155*** (0.048)	-0.153*** (0.047)
Isolationism	0.013 (0.015)	0.013 (0.015)	0.013 (0.015)	0.005 (0.030)	0.006 (0.030)	0.006 (0.030)
Economic knowledge	0.145*** (0.030)	0.145*** (0.030)	0.145*** (0.030)	0.229*** (0.062)	0.229*** (0.062)	0.230*** (0.062)
/cut1				-0.602*** (0.183)	-0.596*** (0.180)	-0.604*** (0.179)
/cut2				1.990*** (0.316)	1.996*** (0.312)	1.991*** (0.313)
Constant	2.322*** (0.123)	2.318*** (0.123)	2.324*** (0.125)			
Observations	1,575	1,575	1,575	1,575	1,575	1,575
R-squared	0.194	0.195	0.196			
Pseudo R-squared				0.084	0.084	0.085

Note: the dependent variable (DV) in Models 1-3 is the nine-point measure of FDI preferences (*pro-FDI*), with results from OLS regression models; the DV in Models 4-6 is the trichotomous measure of the consistency of FDI preferences (*pro-FDI trichotomous*), with results from ordered probit models. All models include industry dummies, but they are omitted from this table. Robust standard errors shown in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

The control variables tend to be correctly signed. The statistically significant controls are *Education*, *Urban residence*, *Right ideology*, *% foreign business*, *Nationalism*, and *Economic knowledge*. As expected, while highly educated individuals, those living in urban areas, those holding right-wing views, those in firms with more foreign sales, and those who are

knowledgeable about the economy are more supportive of inward FDI than their counterparts, individuals with nationalist dispositions less strongly support FDI than their counterparts.

Turning to the second dependent variable that measures consistent support/opposition to FDI, the main effect of *Manager* is now positive but it remains statistically insignificant (Model 4). The coefficient for *Manager \* CN obs.* in the simple interaction model is again negative but this time it is statistically insignificant (Model 5). China priming of FDI alone does not reduce managers' support for FDI. The result from Model 2 is thus not robust. The coefficient of interest *Manager \* CN obs. \* high R&D* is again negative and statistically significant at the 95% level. We thus have strong support for the main argument.

The substantive effects of these variables are large. Based on Model 6, managers are approximately 45% less likely to consistently support Chinese FDI when they are employed in high R&D industries compared to when they are in low R&D industries. Managers in high R&D industries are about 75% less likely to consistently support Chinese FDI than they do European and American FDI. And a change from not being a manager to being one in a high R&D industry yields about a 40% decrease in the probability to consistently support Chinese FDI.<sup>12</sup> Table A3 shows the predicted probabilities that the trichotomous dependent variable equals 3 (consistent support for FDI) across the main groups of interest.

I find mixed empirical evidence for the prediction of the specific factors model that skill level, proxied by educational attainment, is associated with support for FDI. The coefficients for *Education* are positive but they are statistically significant in only half the models. If I use years of schooling instead of the categorical education level variable, the coefficients are insignificant. However, if I use an alternative measure of return to FDI that captures dimensions of skill other than formal education, I find strong evidence that factor price effects influence support for FDI

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<sup>12</sup> All reported predicted probabilities, calculated with the remaining variables held at their means, are statistically significant.

inflows. The survey on the meaning of work has a question about the proportion of total work-time a respondent dedicates to ‘build, make something, carry things’. *Build & make*, a proxy for being a manual worker, is a continuous variable ranging from zero to 100 percent.<sup>13</sup> As reported in Table A4 (Models 1-2), the estimates for *Build & make* are negative and highly significant. Taken together with the main finding regarding managers and the finding regarding firm heterogeneity, the results point to a significant role for material sources of FDI preferences, in spite of the fact that the models control for nationalist disposition and understanding of international economic relations.

These variables (*Nationalism* and *Economic knowledge*) are rightly signed and significant at the 99% level, suggesting a role for nonmaterial sources of FDI preferences as well. Based on the results in Model 6, moving from a score of 3 (‘neither agree nor disagree’) to 4 (‘somewhat agree’) on *Nationalism* – that is moving from the fiftieth to the ninetieth percentile of the distribution of observations – predicts a decrease in the estimated probability of individuals’ consistent support for Chinese FDI by about 20%. A similar increase on the variable *Economic knowledge* yields a 40% increase in the probability of individuals to consistently support Chinese FDI. However, the results provide no confirmation of isolationism’s effects on foreign economic policy preferences. The effect of attitudes toward out-groups does not depend on a particular operationalization of these variables. As shown in Table A4 (Models 3-4), the coefficients for *Cosmopolitanism*, recording respondents’ opinions on the item ‘The opening of borders and the mixing of populations are an opportunity and an enrichment for Switzerland’,<sup>14</sup> are positive and statistically significant, while the coefficients for *Interventionism*, proxied by trust in the United Nations, are positive but insignificant. In any case, the result for triple interaction holds regardless of the skill and out-group anxiety measures used.

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<sup>13</sup> The correlation between *Education* and *Build & make* (-.35) indicates that they are conceptually different.

<sup>14</sup> The correlation coefficient between *Nationalism* and *Cosmopolitanism* is -.53.

Table 2 shows the results for a series of tests regarding the underlying mechanisms of managers' opposition to Chinese FDI. First, I re-run the main models in Table 1 by substituting the dummy for Chinese observations with the dummy for American observations (Models 1-2). While the coefficients for the triple interaction *Manager \* US obs. \* High R&D* are as expected positive, they are statistically insignificant. It is therefore not the case that the main result in Table 1 is driven by greater potential for positive spillovers related to American MNCs, as opposed to concerns with technology transfer related to Chinese MNCs.<sup>15</sup>

Turning to the motives of managers, the coefficient for the triple interaction is negative and statistically significant in models with *Pro-FDI country* and *Pro-FDI self* as dependent variables (Models 3-4, respectively). The conditional effects of *CN obs.* and of *high R&D* on managers' FDI preferences is thus driven by both managers' considerations about how Chinese FDI in high-tech sectors will affect Switzerland and how it will affect them personally, in line with expectations.

Table 2. The determinants of FDI preferences, (alternate) causal mechanisms

	(1) <i>pro-FDI</i>	(2) <i>pro-FDI</i> <i>tri.</i>	(3) <i>pro-FDI</i> <i>country</i>	(4) <i>pro-FDI</i> <i>self</i>	(5) <i>pro-</i> <i>Chinese</i> <i>FDI</i>	(6) <i>pro-</i> <i>Chinese</i> <i>FDI tri.</i>
<b>Manager * US obs. *</b> <b>high R&amp;D</b>	<b>0.280</b> <b>(0.307)</b>	<b>0.537</b> <b>(0.496)</b>				
<b>Manager * CN obs. *</b> <b>high R&amp;D</b>			<b>-0.330**</b> <b>(0.141)</b>	<b>-0.624**</b> <b>(0.285)</b>		
<b>Manager * CN M&amp;As *</b> <b>high R&amp;D</b>					<b>-0.654**</b> <b>(0.210)</b>	<b>-0.890**</b> <b>(0.365)</b>
Manager * US obs.	0.013 (0.103)	0.122 (0.205)				
Manager * CN obs.			-0.128 (0.135)	0.070 (0.124)		
Manager * CN M&As					0.444* (0.211)	0.597 (0.451)

<sup>15</sup> The result is not driven either by how managers perceive European FDI as being distinct from Chinese and American FDI. The coefficients for the triple interaction with a dummy for EU observations are all positive and statistically insignificant (results available upon request).

Manager * high R&D	-0.008 (0.123)	0.016 (0.229)	0.304 (0.221)	0.244 (0.238)	0.353*** (0.101)	0.494 (0.360)
US obs. * high R&D	-0.071 (0.052)	-0.126 (0.128)				
CN obs. * high R&D			0.102** (0.051)	0.025 (0.068)		
CN M&As * high R&D					0.232 (0.145)	0.210 (0.156)
Manager	-0.054 (0.114)	-0.104 (0.210)	0.018 (0.235)	-0.144 (0.166)	-0.381** (0.138)	-0.522 (0.409)
US obs.	-0.041 (0.028)	-0.030 (0.059)				
CN obs.			-0.532*** (0.037)	-0.370*** (0.066)		
CN M&As					-0.179** (0.061)	-0.136 (0.117)
High R&D	-0.002 (0.068)	-0.035 (0.095)	-0.032 (0.106)	-0.095* (0.048)	-0.131*** (0.017)	-0.289*** (0.032)
Education	0.043** (0.018)	0.017 (0.031)	0.064** (0.028)	0.051 (0.034)	0.076*** (0.020)	0.110*** (0.024)
Female	-0.077 (0.079)	-0.135 (0.127)	-0.096 (0.102)	-0.143 (0.146)	-0.165 (0.104)	-0.237 (0.166)
Age	-0.000 (0.002)	0.001 (0.003)	-0.001 (0.004)	-0.000 (0.003)	-0.001 (0.003)	-0.000 (0.005)
Swiss-German	0.027 (0.087)	-0.026 (0.125)	0.093 (0.113)	-0.038 (0.149)	0.103 (0.070)	0.139 (0.109)
Partner	-0.045 (0.086)	-0.014 (0.099)	-0.028 (0.149)	-0.107 (0.103)	-0.128 (0.120)	-0.231** (0.110)
Urban residence	0.056** (0.025)	0.059 (0.038)	0.109*** (0.038)	0.049 (0.035)	0.066 (0.041)	0.091 (0.065)
Homeowner	0.001 (0.060)	-0.130 (0.099)	0.086 (0.069)	-0.113 (0.114)	0.001 (0.076)	-0.100 (0.124)
Union member	0.002 (0.075)	0.038 (0.167)	0.005 (0.123)	0.019 (0.099)	0.032 (0.082)	0.054 (0.185)
Right ideology	0.087*** (0.020)	0.078 (0.049)	0.175*** (0.035)	0.085* (0.044)	0.087** (0.038)	0.102 (0.076)
% foreign business	0.125*** (0.037)	0.107* (0.058)	0.199*** (0.064)	0.157*** (0.058)	0.113* (0.054)	0.007 (0.106)
Nationalism	-0.125*** (0.022)	-0.150*** (0.047)	-0.207*** (0.023)	-0.156*** (0.043)	-0.139*** (0.023)	-0.155** (0.067)
Isolationism	0.013 (0.015)	0.007 (0.029)	0.019 (0.017)	0.018 (0.037)	0.038* (0.018)	0.076** (0.038)
Economic knowledge	0.145*** (0.030)	0.225*** (0.059)	0.234*** (0.043)	0.193*** (0.065)	0.076** (0.024)	0.186*** (0.058)
/cut1		-0.448** (0.199)	-0.651** (0.315)	-0.858*** (0.198)		-0.043 (0.296)
/cut2		2.089*** (0.310)	0.281 (0.280)	-0.188 (0.239)		2.573*** (0.411)
/cut3			1.662*** (0.307)	2.019*** (0.349)		
/cut4			2.870*** (0.291)	2.976*** (0.381)		
Constant	2.234*** (0.129)				2.188*** (0.255)	
Observations	1,575	1,575	1,575	1,575	525	525
R-squared	0.159				0.183	
Pseudo R-squared		0.067	0.086	0.066		0.086

Note: See Table 1 (and text for definition of the DVs in Models 3-6). \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Finally, I switch to the determinants of Chinese FDI preferences and reports results on whether respondents' exposure to Chinese M&As conditions the joint effects of being a manager and employed in a high-tech industry. Starting with the model with the nine-point index *Pro-Chinese FDI* as the dependent variable, the triple interaction term *Manager \* CN M&As \* high R&D* is negative and statistically significant at the 95% level (Model 5). This indicates that as exposure to Chinese M&As moves from low to high, managers in high R&D industries become less supportive of Chinese FDI. The results are similar for the model with the trichotomous index *Pro-Chinese FDI trichotomous* as the dependent variable (Model 6). These results increase our confidence in the posited mechanism. Based on the results in Model 6, moving from low to high exposure to Chinese M&As – like moving from 0 to 1 Chinese deal in respondents' sector of employment – predicts a decrease in the estimated probability of consistent support for Chinese FDI among managers in high R&D industries by about 30%.

## 6. Robustness checks

I ran several additional checks to see how robust the results are to particular decisions made in terms of model specification and operationalization of key variables. First, results for stripped-down models where I only control for key socio-demographic variables are shown in Table A5. The results are robust.

Second, results for fully-specified models are shown in Table A6. *Job insecurity* tends to be statistically significant and is, as expected, negatively correlated with the probability to support FDI. The inclusion of *Income* and *Job insecurity* do not affect the main results. In addition, the inclusion either stepwise or one at time of other controls, such as self-assessment of

one's own economic situation, self-perception of ability to understand political topics, opinions on the impact of trade on prices or on workers, do not affect the main results either. The exclusion of % *foreign business* or of *Economic knowledge*, which have among the lowest N, in the main models of Tables 1-2 also leaves the key results unchanged (all results available upon request).

Third, I tested whether the main results in Table 1 are robust to the use alternate measures of high R&D intensity industries. The first measure is a trichotomous variable (*low-, medium-, high-tech industry*) where low and medium-low R&D intensity industries get the score 1, medium and medium-high R&D intensity the score 2, and high R&D intensity the score 3. The second measure is a binary variable (*High R&D alt.*) calculated based on business R&D expenditure only, therefore ISIC industries 84-88 are set to missing. Table A7 shows that the main results hold up.

Fourth, I tested whether the results are robust to alternate measurement of the dependent variables. Table A8 replicates the main models in Tables 1-2, except that in the calculation of the dependent variables individuals who expressed no opinion or refused to answer are coded as missing. The main results hold, indicating that they do not depend on particular handling of the 'don't knows' and 'no responses'.<sup>16</sup>

Finally, in Table A9 I re-examine the determinants of Chinese FDI using fully-specified models (Models 1-2), an alternate measure of industry exposure to Chinese M&As (Models 3-4), and an alternative dependent variable (as just described) (Models 5-6). For the second test, I generated a trichotomous variable (*low, medium, and high CN M&As*) defined as low (no Chinese acquisition in a given industry, score of 1), medium (1-2 Chinese acquisitions, score of

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<sup>16</sup> The coefficient for the triple interaction term in Model 2 of Table A8 borders significance level (p-value=.104). In the fully-specified model, this coefficient is significant at the 95% level (results available upon request).

2) and high (>2 Chinese acquisitions, score of 3) exposure to Chinese M&As. The main results hold.

## **7. Discussion**

The patterns of Chinese FDI in Switzerland comport with key features of that investment expected to arouse managers' concerns. The drivers of Chinese FDI relate to strategic asset-seeking motives, such as access to skilled labor, technology, managerial know-how, established brands and the label 'Swiss made' (Kessler et al., 2014, p. 29; Rios-Morales et al., 2016, p. 100). Chinese FDI has tended to flow into renowned and traditional sectors, such as the technology sector, the watch-making industry, finance, business services, further suggesting that access to strategic assets is a key driver of Chinese FDI to Switzerland (Rios-Morales et al., 2016). These trends are confirmed by a report of the Swiss intelligence agency:

Chinese companies and investors have a particular interest in this country's industrial and financial sectors and in innovative companies, for Switzerland is a world leader in areas in which China still has some catching up to do. Through takeovers of Swiss companies and increasingly also Swiss hotels, China is attempting to secure the know-how that it desires and to acquire Swiss brands together with their good reputations (FIS, 2016, p. 31).

Furthermore, it appears that '[T]he Chinese government is a significant force behind the investment process of Chinese companies [in Switzerland]' (Kessler et al., 2014, p. 25).

Does the advocacy by business associations comport with this study's findings -- perhaps suggesting a link between managers' attitudes and policy? In its policy paper on China (BDI, 2019), the Federation of German Industries notes that from being a partner based on economic

complementary China is increasingly turning into a ‘systemic competitor’. The report refers to China’s industrial policy aimed at achieving technological supremacy as follows:

*[T]he state acts not only as a regulator but also as a central market actor that directs corporate and industry decisions. ... . With the help of state investments in future technologies, direct and indirect and often non-transparent subsidies for companies, forced technology transfer and strategic takeovers of foreign high-tech companies, China is rapidly developing into a technologically leading nation (emphasis added; BDI, 2019, p. 3).*

It mentions ‘Made in China 2025’ and its aim to reduce China’s dependence on foreign technology imports, including via state-sponsored acquisitions of foreign technology by means of targeted company takeovers abroad (BDI, 2019, p. 7). The BDI demands more controls for state-subsidized FDI to fight distortion of competition in takeovers. Clearly, the largest business association in Europe worries about the acquisition and transfer of technology by Chinese firms.

Powerful centre-right politicians in Germany have relayed these demands nationally and at the EU level, and the COVID-19 crisis appears to be operating as an incubator of further FDI policy restrictions. In April 2020, the German government agreed to tighten rules to protect domestic firms from unwanted takeovers from non-EU countries – the third tightening of its FDI laws in four years – and in May, Manfred Weber, a senior German conservative and head of the centre-right European People’s Party group in the EU Parliament, called for the EU to impose a temporary ban on Chinese takeovers to ward off another ‘Chinese shopping tour’ of companies that are undervalued or have business problems due to the crisis (Nienaber, 2020).<sup>17</sup> The arguments invoked by Mr Weber seem to be coming straight from the BDI’s paper: China as the

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<sup>17</sup> The EU launched internal discussions over the creation of a new mechanism for screening FDI at the EU level in 2017 (see Meunier, 2019b).

strategic competitor for Europe, and Chinese acquisitions of European companies carried out partly with the support of state funds.

In its recent position paper on *foreign* investments which rejects state control of FDI, Economiesuisse, the Swiss peak business association, acknowledges that *Chinese* acquisitions raise a number of concerns: ‘Particularly regarding *Chinese corporate takeovers*, there are *fears* of market distortions, *loss of know-how and jobs* as well as danger to public safety and order’ (emphasis added; Economiesuisse, 2019, p. 2). It further notes: ‘However, *there are neither signs nor evidence to support these fears* that would justify a severe intervention in constitutionally guaranteed property rights and entrepreneurial freedom’ (emphasis added; Economiesuisse, 2019, p. 2). By playing down the concerns with technology transfer, Economiesuisse pays lip service to the idea, which may well all be about political posturing, given its (neo-)liberal ethos. The more accommodating stance by the Swiss compared to the German business association may also have to do with differences in market power in relation to China.

The turn of events in Switzerland over the past twelve months have been unexpected and quite extraordinary, for Swiss standards in any case – a country that has historically been ruled uninterruptedly by a bourgeois bloc. In February 2019, the Swiss government rejected the introduction of any form of investment screening, be it a notification requirement or a control authority (Federal Council, 2019). After the upper house in June 2019, the lower house of Parliament adopted in early March 2020 a proposal to introduce investment controls, a law project widely dubbed ‘Lex China’ as the main target is foreign acquisitions by (Chinese) SOEs (Schöchli, 2020). This was made possible by the defection from the right-wing bloc of a great majority of MPs from the centre-right Christian Democratic Party and a handful of MPs from the far-right People’s Party (Schöchli, 2020). In short, as the examples of Germany and Switzerland (and to some extent the EU) show, managers’ concerns have made it into the agenda of

mainstream political parties of the centre-left and centre-right (and to some extent of the nationalist right), which are spearheading the backlash against Chinese acquisitions.

## **8. Conclusion**

This paper examines the demand-side politics of China's 'go global' strategy by focusing on attitudes individuals and especially managers in advanced economies hold toward incoming Chinese FDI in comparative perspective. Using original data embedded in a Swiss representative survey, I find strong evidence for my argument that Chinese FDI has idiosyncratic characteristics that unleash strong concerns about the transfer of technology among the group most affected by it, namely managers, fueling their skepticism of investment by Chinese firms. Specifically, I find robust evidence of a split in how managers view Chinese FDI vs. European and American FDI, a split however that is conditional on the degree of R&D intensity of managers' industry of employment. In other words, managers are most negative about FDI when they are interrogated about Chinese FDI *and* when they are employed in high R&D industries. Consistent with the posited mechanism, I find robust evidence that sectoral exposure to Chinese M&As reduces support for Chinese FDI among managers employed in high R&D industries. Regarding the motives of managers, in line with expectations I find that both socio-tropic and self-interested considerations underpin managers' attitudes toward Chinese FDI. The widespread skepticism about Chinese FDI among managers is fuelling a rethinking and repositioning among business associations and centre-right parties which helps explain the recent wave of FDI screening measures in advanced economies. China is walking on thin ice with its global buying spree.

While the study identifies a role for nonmaterial sources of FDI preferences, particularly nationalist dispositions and economic knowledge, those factors do neither overshadow nor suppress the impact of material factors. On the contrary, I find strong evidence that FDI

preferences are egocentric on the basis of occupations, firms, and skills. Interestingly, as far as the latter is concerned, the strongest effects are observed not in relation to formal education, but to broadly constructed, task-based categories that cut across broad classes of industries and occupations. I showed that individuals who make or carry things in their work have negative opinions on FDI. Further exploring how heterogeneity in production tasks within and across occupations and in managerial roles affect foreign economic policy preferences seems a promising line of future research. Also, the FDI-related question should distinguish between Chinese acquisitions and greenfield FDI, and between investment by Chinese high-tech vs. low-tech firms. Finally, building on Fordham and Kleinberg (2012), future research should consider whether managers' individual economic interests and the interests of their employees are linked in a way which shape managers' FDI policy preferences.

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## Online Appendix

### The Demand-Side Politics of China's Global Buying Spree: Managers' Attitudes toward Chinese Inward FDI Flows in Comparative Perspective

Table A1. Wording of the survey questions for the dependent variables and answer responses

#### A) In French:

Certaines compagnies étrangères investissent en Suisse, par exemple en créant ou en rachetant des entreprises.

Pensez-vous que cela constitue une bonne chose ou une mauvaise chose pour la Suisse que...

(Q28a) ... des compagnies chinoises investissent en Suisse?

(Q28b) ... des compagnies européennes investissent en Suisse?

(Q28c) ... des compagnies américaines investissent en Suisse?

Pour votre situation personnelle, pensez-vous que cela constitue une bonne chose ou une mauvaise chose que...

(Q29a) ... des compagnies chinoises investissent en Suisse?

(Q29b) ... des compagnies européennes investissent en Suisse?

(Q29c) ... des compagnies américaines investissent en Suisse?

Très bonne chose

Assez bonne chose

Ni bonne ni mauvaise

Assez mauvaise

Très mauvaise chose

Impossible de choisir

#### B) In German:

Es gibt ausländische Unternehmen, die in der Schweiz investieren, zum Beispiel indem sie neue Firmen gründen oder Firmen übernehmen.

Wie gut oder schlecht ist es Ihrer Meinung nach für die Schweiz, wenn...

(Q28a) ... chinesische Unternehmen in der Schweiz investieren?

(Q28b) ... europäische Unternehmen in der Schweiz investieren?

(Q28c) ... amerikanische Unternehmen in der Schweiz investieren?

Und wie gut oder schlecht ist es für Ihre persönliche Situation, wenn...

(Q29a) ... chinesische Unternehmen in der Schweiz investieren?

(Q29b) ... europäische Unternehmen in der Schweiz investieren?

(Q29c) ... amerikanische Unternehmen in der Schweiz investieren?

Sehr gut

Ziemlich gut

Weder gut noch schlecht  
Ziemlich schlecht  
Sehr schlecht  
Kann ich nicht sagen

C) In Italian:

Alcune società estere fanno investimenti in Svizzera, ad esempio creando o rilevando delle aziende.

In che misura ritiene che sia positivo o negativo per la Svizzera che...

(Q28a) ...società cinesi investano in Svizzera?

(Q28b) ...società europee investano in Svizzera?

(Q28c) ...società americane investano in Svizzera?

E per quanto riguarda la sua situazione personale, in che misura ritiene che sia positivo o negativo che.....

(Q29a) ...società cinesi investano in Svizzera?

(Q29b) ...società europee investano in Svizzera?

(Q29c) ...società americane investano in Svizzera?

Molto positivo  
Abbastanza positivo  
Né positivo né negativo  
Abbastanza negativo  
Molto negativo  
Non saprei

Source: Drop-off questionnaire, Stähli et al. (2015).

Table A2: Summary statistics

	N	Mean	Std. Dev.	Min	Median	Max
Pro-FDI	2,091	3.210	0.726	1	3	5
Pro-FDI trichotomous	2,091	2.098	0.480	1	2	3
Pro-FDI country	2,091	3.306	0.907	1	3	5
Pro-FDI self	2,091	3.115	0.727	1	3	5
Pro-Chinese FDI	697	3.012	0.714	1	3	5
Pro-Chinese FDI trichotomous	697	1.993	0.469	1	2	3
Manager	2,808	0.079	0.270	0	0	1
High R&D	2,781	0.290	0.454	0	0	1
CN obs.	2,826	0.333	0.471	0	0	1
US obs.	2,826	0.333	0.471	0	0	1
CN M&As	927	0.540	0.499	0	1	1
Education	2,823	2.812	1.299	1	2	5
Female	2,826	0.519	0.500	0	1	1
Age	2,826	42.502	12.964	19	43	65
Swiss-German	2,826	0.713	0.452	0	1	1
Partner	2,805	0.646	0.478	0	1	1
Urban residence	2,826	2.676	1.069	1	2	5
Homeowner	2,811	0.414	0.493	0	0	1
Union member	2,784	0.240	0.427	0	0	1
Right ideology	2,538	2.038	0.662	1	2	3
% foreign business	1,869	1.454	0.744	1	1	4
Nationalism	2,748	2.947	1.058	1	3	5
Isolationism	2,757	4.118	1.435	1	4	6
Economic knowledge	1,941	3.332	0.925	1	3	5
Income	2,352	5.642	2.671	1	6	10
Job insecurity	2,325	1.7677	0.908	1	2	4

Note: Regarding the *Industry dummies*, the industries are: 1) Agriculture; 2) Manufacturing; 3) Utilities; 4) Construction; 5) Retail and repair; 6) Transport and communication; 7) Hotel and restaurant; 8) Financial sector, real estate; 9) Industrial services; 10) Government sector; 11) Other services.

Table A3: Predicted probabilities that *pro-FDI trichotomous* equals 3 (in percent)

	Non-manager		Manager	
	European and American FDI	Chinese FDI	European and American FDI	Chinese FDI
Low R&D	22.7	12.2	20.1	12.2
High R&D	20.2	11.2	29.8	6.9

Note: calculated based on Model 6 in Table 1 with all remaining variables held at their means.

Table A4. The determinants of FDI preferences, alternate skill and out-group anxiety measures

	(1) <i>DV=pro-FDI</i>	(2) <i>DV=pro-FDI tri.</i>	(3) <i>DV=pro-FDI</i>	(4) <i>DV=pro-FDI tri.</i>
<b>Manager * CN obs. * high R&amp;D</b>	<b>-0.561**</b> <b>(0.198)</b>	<b>-1.066***</b> <b>(0.370)</b>	<b>-0.312*</b> <b>(0.143)</b>	<b>-0.705**</b> <b>(0.355)</b>
Manager * CN obs.	0.056 (0.075)	0.142 (0.200)	-0.038 (0.075)	0.103 (0.147)
Manager * high R&D	0.197* (0.108)	0.481 (0.315)	0.106 (0.116)	0.360** (0.177)
CN obs.* high R&D	0.055 (0.048)	0.082 (0.100)	0.059 (0.041)	0.070 (0.078)
Manager	-0.004 (0.128)	-0.068 (0.247)	-0.027 (0.119)	-0.095 (0.187)
CN obs.	-0.317*** (0.036)	-0.470*** (0.071)	-0.327*** (0.037)	-0.461*** (0.066)
High R&D	-0.012 (0.068)	-0.107 (0.091)	-0.056 (0.053)	-0.119 (0.080)
Build & make	-0.004*** (0.001)	-0.005*** (0.002)		
Education			0.042* (0.019)	0.019 (0.034)
Female	-0.105 (0.084)	-0.133 (0.146)	-0.077 (0.078)	-0.112 (0.131)
Age	0.000 (0.002)	0.000 (0.003)	-0.001 (0.002)	-0.001 (0.003)
Swiss-German	0.041 (0.093)	-0.044 (0.142)	0.018 (0.091)	-0.027 (0.142)
Partner	-0.081 (0.089)	-0.081 (0.100)	-0.024 (0.088)	-0.009 (0.102)
Urban residence	0.066** (0.027)	0.072 (0.044)	0.046* (0.025)	0.055 (0.046)
Homeowner	0.006 (0.071)	-0.120 (0.111)	-0.005 (0.061)	-0.143 (0.105)
Union member	-0.001 (0.085)	0.021 (0.192)	0.015 (0.057)	0.078 (0.144)
Right ideology	0.060* (0.027)	0.045 (0.059)	0.092*** (0.019)	0.068 (0.046)
% foreign business	0.148*** (0.046)	0.135* (0.078)	0.118*** (0.037)	0.099 (0.069)
Nationalism	-0.121*** (0.023)	-0.138*** (0.047)		
Isolationism	0.021 (0.017)	0.016 (0.034)		
Economic knowledge	0.164*** (0.032)	0.262*** (0.072)	0.148*** (0.031)	0.233*** (0.065)
Cosmopolitanism			0.116*** (0.032)	0.111* (0.059)
Interventionism			0.034 (0.037)	0.039 (0.054)
Constant	2.566*** (0.091)		1.629*** (0.186)	
/cut1		-0.917*** (0.331)		0.320 (0.331)
/cut2		1.713*** (0.451)		2.870*** (0.408)
Observations	1,395	1,395	1,506	1,506
R-squared	0.226		0.194	
Pseudo R-squared		0.104		0.082

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1

Table A5. The determinants of FDI preferences, stripped-down models

	(1)	(2)	(3)	(4)	(5)	(6)
		<i>Pro-FDI</i>			<i>Pro-FDI trichotomous</i>	
<b>Manager * CN obs. *</b>			<b>-0.288*</b>			<b>-0.713**</b>
<b>high R&amp;D</b>			<b>(0.131)</b>			<b>(0.288)</b>
Manager * CN obs.		-0.105	0.005		-0.130	0.158
		(0.076)	(0.058)		(0.141)	(0.133)
Manager * high R&D			0.322**			0.555**
			(0.128)			(0.220)
CN obs. * high R&D			0.046			0.051
			(0.031)			(0.050)
Manager	0.062	0.097	-0.029	0.070	0.112	-0.112
	(0.103)	(0.120)	(0.114)	(0.147)	(0.172)	(0.202)
CN obs.	-0.303***	-0.295***	-0.309***	-0.444***	-0.434***	-0.450***
	(0.025)	(0.023)	(0.026)	(0.029)	(0.034)	(0.043)
High R&D	-0.010	-0.010	-0.047	-0.051	-0.051	-0.099
	(0.068)	(0.068)	(0.071)	(0.098)	(0.098)	(0.112)
Education	0.088***	0.088***	0.089***	0.081***	0.081***	0.082***
	(0.021)	(0.021)	(0.021)	(0.029)	(0.029)	(0.029)
Female	-0.145*	-0.145*	-0.145*	-0.178	-0.178	-0.178
	(0.073)	(0.073)	(0.073)	(0.126)	(0.126)	(0.127)
Age	-0.001	-0.001	-0.001	-0.000	-0.000	-0.000
	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)
Swiss-German	0.067	0.067	0.070	0.031	0.031	0.036
	(0.097)	(0.097)	(0.098)	(0.137)	(0.137)	(0.139)
/cut1				-0.888***	-0.885***	-0.895***
				(0.163)	(0.165)	(0.170)
/cut2				1.661***	1.665***	1.658***
				(0.094)	(0.094)	(0.097)
Constant	2.775***	2.772***	2.780***			
	(0.098)	(0.099)	(0.103)			
Observations	2,067	2,067	2,067	2,067	2,067	2,067
R-squared	0.104	0.104	0.106			
Pseudo R-squared				0.046	0.046	0.048

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1

Table A6. The determinants of FDI preferences, fully-specified models

	(1)	(2)	(3)	(4)
	<i>pro-FDI</i>	<i>pro-FDI tri.</i>	<i>pro-FDI country</i>	<i>pro-FDI self</i>
<b>Manager * CN obs. * high R&amp;D</b>	<b>-0.496**</b>	<b>-1.011**</b>	<b>-0.639***</b>	<b>-0.839**</b>
	<b>(0.220)</b>	<b>(0.422)</b>	<b>(0.215)</b>	<b>(0.366)</b>
Manager * CN obs.	0.006	0.087	-0.055	0.064
	(0.081)	(0.116)	(0.145)	(0.099)
Manager * high R&D	0.135	0.287*	0.328*	0.032
	(0.100)	(0.171)	(0.195)	(0.252)
CN obs. * high R&D	0.034	0.014	0.086*	0.009
	(0.039)	(0.076)	(0.052)	(0.078)
Manager	-0.039	-0.032	-0.037	-0.065
	(0.134)	(0.227)	(0.255)	(0.181)
CN obs.	-0.310***	-0.430***	-0.529***	-0.374***
	(0.036)	(0.066)	(0.045)	(0.065)
High R&D	0.052	0.100	0.041	0.120**
	(0.045)	(0.075)	(0.064)	(0.054)
Education	0.030	0.014	0.059	0.021
	(0.023)	(0.032)	(0.048)	(0.022)
Female	-0.039	-0.095	-0.027	-0.116
	(0.081)	(0.128)	(0.096)	(0.178)
Age	0.002	0.0044	0.001	0.004
	(0.003)	(0.003)	(0.005)	(0.004)
Swiss-German	0.040	0.025	0.106	-0.008
	(0.059)	(0.090)	(0.078)	(0.113)
Partner	-0.050	-0.018	-0.040	-0.101
	(0.082)	(0.105)	(0.140)	(0.103)
Urban residence	0.056	0.060*	0.107**	0.059
	(0.032)	(0.035)	(0.048)	(0.047)
Homeowner	0.011	-0.128	0.094*	-0.083
	(0.050)	(0.103)	(0.056)	(0.108)
Union member	-0.040	0.023	-0.072	-0.017
	(0.086)	(0.194)	(0.136)	(0.121)
Right ideology	0.109***	0.167**	0.191***	0.142**
	(0.031)	(0.074)	(0.040)	(0.063)
% foreign business	0.140***	0.137**	0.225***	0.181***
	(0.041)	(0.069)	(0.072)	(0.065)
Nationalism	-0.116***	-0.137***	-0.187***	-0.158***
	(0.026)	(0.048)	(0.033)	(0.054)
Isolationism	0.007	0.004	0.014	0.004
	(0.017)	(0.031)	(0.021)	(0.036)
Economic knowledge	0.125***	0.212***	0.215***	0.162**
	(0.039)	(0.071)	(0.068)	(0.065)
Income	0.008	-0.003	0.011	0.006
	(0.010)	(0.014)	(0.024)	(0.020)
Job insecurity	-0.107**	-0.111	-0.171***	-0.130*
	(0.044)	(0.080)	(0.058)	(0.072)
/cut1		0.033	-0.684*	-0.550*
		(0.286)	(0.388)	(0.319)
/cut2		2.593***	0.318	0.093
		(0.398)	(0.290)	(0.340)
/cut3			1.671***	2.293***
			(0.319)	(0.428)
/cut4			2.938***	3.323***
			(0.297)	(0.421)
Constant	2.233***			
	(0.185)			
Observations	1,212	1,212	1,212	1,212
R-squared	0.213			

Pseudo R-squared	0.091	0.094	0.071
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\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A7. The determinants of FDI preferences, alternative high R&amp;D intensity measures

	(1) <i>pro-FDI</i>	(2) <i>pro-FDI tri.</i>	(3) <i>pro-FDI</i>	(4) <i>pro-FDI tri.</i>
<b>Manager * CN obs. * medium-tech</b>	<b>-0.441**</b> <b>(0.142)</b>	<b>-0.652**</b> <b>(0.332)</b>		
<b>Manager * CN obs. * high-tech</b>	<b>-0.218</b> <b>(0.254)</b>	<b>-1.003*</b> <b>(0.559)</b>		
<b>Manager * CN obs. * high R&amp;D alt.</b>			<b>-0.420**</b> <b>(0.138)</b>	<b>-0.773**</b> <b>(0.391)</b>
Manager * CN obs.	-0.022 (0.071)	0.096 (0.153)	-0.035 (0.081)	0.058 (0.156)
Manager * medium-tech	0.245** (0.091)	0.367*** (0.125)		
Manager * high-tech	0.107 (0.086)	0.508* (0.296)		
Manager * high R&D alt.			0.204* (0.103)	0.521** (0.233)
CN obs. * medium-tech	0.115** (0.048)	0.196*** (0.064)		
CN obs. * high-tech	0.016 (0.035)	-0.033 (0.081)		
CN obs. * high R&D alt.			0.100* (0.052)	0.115 (0.077)
Manager	-0.035 (0.133)	-0.079 (0.217)	-0.020 (0.161)	-0.153 (0.239)
CN obs.	-0.312*** (0.035)	-0.449*** (0.064)	-0.323*** (0.039)	-0.444*** (0.066)
Medium-tech	0.018 (0.113)	0.023 (0.117)		
High-tech	-0.063** (0.028)	-0.139* (0.078)		
High R&D alt.			0.005 (0.125)	-0.098 (0.153)
Education	0.042** (0.018)	0.017 (0.034)	0.057*** (0.015)	0.039 (0.031)
Female	-0.075 (0.080)	-0.133 (0.132)	-0.075 (0.104)	-0.145 (0.155)
Age	-0.000 (0.002)	0.001 (0.003)	0.001 (0.003)	0.000 (0.003)
Swiss-German	0.029 (0.087)	-0.026 (0.129)	0.079 (0.119)	0.045 (0.156)
Partner	-0.045 (0.086)	-0.017 (0.102)	-0.086 (0.117)	0.024 (0.138)
Urban residence	0.056** (0.025)	0.062 (0.039)	0.067* (0.032)	0.046 (0.047)
Homeowner	0.004 (0.060)	-0.128 (0.100)	-0.002 (0.087)	-0.165 (0.132)
Union member	0.003 (0.074)	0.043 (0.170)	-0.046 (0.095)	-0.060 (0.212)
Right ideology	0.086*** (0.020)	0.076 (0.050)	0.100*** (0.022)	0.085 (0.060)
% foreign business	0.122*** (0.037)	0.105* (0.061)	0.111** (0.036)	0.082* (0.049)
Nationalism	-0.125*** (0.022)	-0.153*** (0.047)	-0.139*** (0.028)	-0.181*** (0.054)
Isolationism	0.012 (0.015)	0.005 (0.030)	0.011 (0.020)	0.014 (0.041)
Economic knowledge	0.144*** (0.030)	0.228*** (0.064)	0.145*** (0.041)	0.196*** (0.065)

/cut1		-0.621***		-0.692***
		(0.187)		(0.172)
/cut2		1.979***		1.734***
		(0.319)		(0.241)
Constant	2.337***		2.294***	
	(0.122)		(0.165)	
Observations	1,575	1,575	1,110	1,110
R-squared	0.197		0.205	
Pseudo R-squared		0.087		0.082

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\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A8. The determinants of FDI preferences, alternate measures of the dependent variables

	(1) <i>pro-FDI alt.</i>	(2) <i>pro-FDI tri. alt.</i>	(3) <i>pro-FDI country alt.</i>	(4) <i>pro-FDI self alt.</i>
<b>Manager * CN obs. * high R&amp;D</b>	<b>-0.302*</b> <b>(0.161)</b>	<b>-0.587</b> <b>(0.361)</b>	<b>-0.337**</b> <b>(0.155)</b>	<b>-0.543*</b> <b>(0.313)</b>
Manager * CN obs.	-0.008 (0.085)	0.070 (0.158)	-0.093 (0.146)	0.029 (0.137)
Manager * high R&D	0.123 (0.077)	0.317* (0.176)	0.277 (0.214)	0.190 (0.244)
CN obs. * high R&D	0.038 (0.047)	0.007 (0.085)	0.088 (0.055)	-0.002 (0.073)
Manager	-0.036 (0.156)	-0.057 (0.226)	0.006 (0.230)	-0.143 (0.184)
CN obs.	-0.346*** (0.042)	-0.473*** (0.064)	-0.546*** (0.036)	-0.386*** (0.068)
High R&D	-0.023 (0.063)	-0.007 (0.053)	0.022 (0.115)	-0.053 (0.059)
Education	0.0457* (0.022)	0.002 (0.037)	0.057* (0.034)	0.042 (0.035)
Female	-0.078 (0.090)	-0.121 (0.124)	-0.078 (0.100)	-0.140 (0.140)
Age	0.001 (0.003)	0.001 (0.003)	-0.000 (0.004)	-0.000 (0.003)
Swiss-German	0.041 (0.099)	-0.039 (0.132)	0.093 (0.120)	-0.053 (0.154)
Partner	-0.086 (0.097)	-0.033 (0.109)	-0.036 (0.156)	-0.130 (0.117)
Urban residence	0.063* (0.032)	0.089* (0.052)	0.114*** (0.042)	0.072 (0.047)
Homeowner	-0.017 (0.077)	-0.171 (0.112)	0.061 (0.072)	-0.142 (0.126)
Union member	-0.025 (0.081)	0.047 (0.176)	-0.005 (0.128)	0.009 (0.094)
Right ideology	0.071** (0.026)	0.079 (0.050)	0.172*** (0.039)	0.081 (0.052)
% foreign business	0.136** (0.046)	0.100 (0.085)	0.197*** (0.068)	0.164** (0.081)
Nationalism	-0.146*** (0.025)	-0.184*** (0.048)	-0.227*** (0.026)	-0.180*** (0.045)
Isolationism	0.024 (0.017)	0.020 (0.033)	0.022 (0.017)	0.029 (0.040)
Economic knowledge	0.167*** (0.040)	0.261*** (0.072)	0.227*** (0.047)	0.215*** (0.075)
/cut1		-0.461* (0.256)	-0.695** (0.303)	-0.746*** (0.254)
/cut2		1.846*** (0.384)	0.278 (0.281)	-0.035 (0.298)
/cut3			1.455*** (0.311)	1.907*** (0.405)
/cut4			2.719*** (0.297)	2.930*** (0.437)
Constant	2.236*** (0.167)			
Observations	1,254	1,254	1,418	1,298
R-squared	0.204			
Pseudo R-squared		0.091	0.085	0.071

Robust standard errors in parentheses; \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A9. Exposure to Chinese M&amp;As and Chinese FDI preferences, robustness checks

	(1)	(2)	(3)	(4)	(5)	(6)
	<i>Pro-Chinese FDI</i>	<i>Pro-Chinese FDI tri.</i>	<i>pro-Chinese FDI</i>	<i>pro-Chinese FDI tri.</i>	<i>pro-Chinese FDI alt.</i>	<i>pro-Chinese FDI tri. alt.</i>
<b>Manager * CN M&amp;As * high R&amp;D</b>	<b>-0.772*</b> (0.379)	<b>-1.128**</b> (0.555)			<b>-0.854***</b> (0.257)	<b>-1.085***</b> (0.379)
<b>Manager * medium CN M&amp;As * high R&amp;D</b>			<b>-0.570**</b> (0.197)	<b>-0.355</b> (0.461)		
<b>Manager * high CN M&amp;As * high R&amp;D</b>			<b>-0.647*</b> (0.310)	<b>-1.059**</b> (0.486)		
Manager * CN M&As	0.482 (0.339)	0.602 (0.523)			0.594** (0.256)	0.677 (0.455)
Manager * medium CN M&As			0.464* (0.227)	0.434 (0.460)		
Manager * high CN M&As			0.399 (0.331)	0.611 (0.614)		
Manager * high R&D	0.203 (0.114)	0.201 (0.286)	0.350*** (0.099)	0.436 (0.350)	0.457*** (0.120)	0.651** (0.322)
CN M&As * high R&D	0.182 (0.137)	0.307*** (0.108)			0.372** (0.133)	0.384*** (0.104)
Medium CN M&As * high R&D			-0.034 (0.045)	-0.160* (0.090)		
High CN M&As * high R&D			0.315 (0.189)	0.168 (0.321)		
Manager	-0.334* (0.165)	-0.379 (0.391)	-0.377** (0.133)	-0.454 (0.392)	-0.494*** (0.149)	-0.603* (0.365)
CN M&As	-0.170* (0.093)	-0.194* (0.112)			-0.217*** (0.055)	-0.199* (0.114)
Medium CN M&As			0.023 (0.055)	0.387*** (0.119)		
High CN M&As			-0.190** (0.073)	-0.277*** (0.106)		
High R&D	-0.038 (0.030)	-0.122** (0.050)	-0.130*** (0.017)	-0.286*** (0.033)	-0.194*** (0.016)	-0.325*** (0.040)
Education	0.080** (0.030)	0.134*** (0.026)	0.077*** (0.020)	0.109*** (0.024)	0.087*** (0.025)	0.096*** (0.036)
Female	-0.140 (0.121)	-0.215 (0.205)	-0.163 (0.105)	-0.236 (0.166)	-0.186 (0.131)	-0.257 (0.162)
Age	-0.000 (0.004)	0.003 (0.006)	-0.001 (0.003)	-0.001 (0.005)	0.000 (0.004)	-0.000 (0.006)
Swiss-German	0.183** (0.059)	0.304*** (0.094)	0.102 (0.075)	0.121 (0.106)	0.135 (0.087)	0.098 (0.107)
Partner	-0.124 (0.119)	-0.234* (0.120)	-0.127 (0.119)	-0.222** (0.110)	-0.230 (0.130)	-0.270** (0.137)
Urban residence	0.053 (0.049)	0.079 (0.065)	0.065 (0.042)	0.094 (0.065)	0.089 (0.051)	0.128* (0.075)
Homeowner	0.013 (0.085)	-0.136 (0.164)	-0.004 (0.079)	-0.104 (0.129)	0.040 (0.100)	-0.086 (0.143)
Union member	0.000 (0.093)	0.041 (0.214)	0.029 (0.082)	0.047 (0.185)	0.002 (0.093)	0.065 (0.195)
Right ideology	0.107 (0.066)	0.198* (0.109)	0.088** (0.039)	0.094 (0.073)	0.084* (0.042)	0.116 (0.080)
% foreign business	0.136* (0.061)	0.064 (0.120)	0.111* (0.053)	0.008 (0.107)	0.100 (0.059)	-0.023 (0.121)
Nationalism	-0.151*** (0.032)	-0.157* (0.082)	-0.139*** (0.023)	-0.150** (0.066)	-0.167*** (0.027)	-0.188** (0.075)
Isolationism	0.025	0.065	0.038*	0.075*	0.058**	0.0912**

	(0.025)	(0.051)	(0.019)	(0.039)	(0.021)	(0.042)
Economic knowledge	0.057	0.182**	0.074**	0.188***	0.105***	0.251***
	(0.041)	(0.078)	(0.025)	(0.058)	(0.030)	(0.069)
Income	0.000	-0.022				
	(0.009)	(0.027)				
Job insecurity	-0.071	-0.099				
	(0.049)	(0.087)				
/cut1		0.496		-0.074		0.211
		(0.380)		(0.292)		(0.335)
/cut2		3.091***		2.546***		2.526***
		(0.450)		(0.405)		(0.462)
Constant	2.179***		2.200***		2.016***	
	(0.279)		(0.261)		(0.287)	
Observations	404	404	525	525	407	407
R-squared	0.203		0.184		0.213	
Pseudo R-squared		0.096		0.088		0.099

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Robust standard errors in parentheses< \*\*\* p<0.01, \*\* p<0.05, \* p<0.1