



# Public Opinion On U.S. Investment In Foreign Countries: Survey Evidence From 11 Southern States In The United States


By: **Hye-Sung Kim**, Youngchae Lee, and Scott Huffmon

## Abstract

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# Public opinion on U.S. investment in foreign countries: Survey evidence from 11 southern states in the United States

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**Conclusions:** Individuals' preferences toward U.S. FDI outflows are not shaped by biases toward investment destinations but by their concerns regarding the economic and security consequences of American overseas investment.

## KEYWORDS

foreign direct investment, public opinion, information

## INTRODUCTION

Global flows of foreign direct investment (FDI) have continued to fall in recent years, from a peak of \$1.7 trillion in 2015 to \$1.39 trillion in 2019. We have also seen globalization increasingly clashing with the forces of populism and economic nationalism. This tension is reflected in the rhetoric of major American

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politicians on both sides of the political aisle. For example, Bernie Sanders said at a town hall meeting in Ohio (April 14, 2019), “If entities like General Motors think that they can throw workers out on the street while they’re making billions of profit, and then move to Mexico and pay starvation wages and then line up for federal contracts, they’ve got another thing coming” (Richardson, 2019). Meanwhile, after imposing tariffs on Chinese imports, President Donald Trump remarked at a political rally (May 20, 2019), “Anyone who doesn’t want to pay the tariffs has a simple solution: build your product in America, bring your factories back to Pennsylvania, where you want to be anyway” (Politi, Wong, and Edgecliffe-Johnson, 2019). With comments such as these, politicians emphasize the loss that Americans supposedly suffer due to U.S. firms investing abroad in countries such as China and Mexico. Do Americans in general have similarly negative feelings about U.S. firms investing in China and Mexico? If so, are these negative feelings mitigated when people are told that firms from the host country invest in equal measure in the U.S. economy?

To address these questions, we conducted a survey experiment on attitudes toward FDI outflows, embedded in the November 2017 Winthrop Poll, which was conducted in 11 southern U.S. states using a telephone interviewing system. We examine whether public opinion is biased against U.S. FDI outflows to China and Mexico when compared to other unspecified host countries. We also examine whether the respondents’ support of FDI outflows to China and Mexico is influenced by information on bilateral FDI flows between the United States and these countries. Contrary to expectations, our findings did not show that residents from these 11 southern states are biased against U.S. FDI outflows to China or Mexico when compared to an unspecified host country. We also did not find that providing respondents with information on bilateral FDI flows between United States and the host country affected their support of U.S. FDI in that country. However, we did find robust evidence showing that both (a) personal-level economic interests and well-being and (b) sociotropic concerns for the overall economy and national security affected the respondents’ attitudes toward U.S. FDI outflows.

Our study is unique in that it examines public attitudes toward FDI *outflows*, whereas previous literature has focused primarily on attitudes toward FDI *inflows*. We believe that public opinion on FDI outflows is an important component in the discussion of globalization, because FDI outflows are often linked in public discourse to domestic unemployment (as opposed to FDI inflows, which at least have the advantage of creating jobs, even when they increase competition in the marketplace). Major politicians support these perceptions as well; for example, promising to protect American jobs by preventing companies from moving their factories overseas was a cornerstone of President Donald Trump’s campaign platform (Cassella, 2018).

Interestingly, several of our findings stand in contrast to the existing literature. First, unlike studies of Americans’ perception of FDI inflows such as Jensen and Lindstädt (2013) and Feng, Kerner, and Sumner (2021), which showed that Americans’ negative feelings toward certain countries strongly color their perception of FDI inflows from these countries, we did not find that FDI outflows to China and Mexico were more negatively perceived than FDI outflows to an unspecified “foreign” country.

Second, our results are also at odds with the literature that examines how political actors use information to update their preferences. Implications from these previous studies have been that both voters (Gomez and Wilson, 2006; Alt, Marshall, and Lassen, 2016; Weitz-Shapiro and Winters, 2016) and political elites (Böhmelet et al., 2016; Vis, 2019) utilize information to update their beliefs and change their behavior. Our findings, however, suggest that individuals do not necessarily alter their preferences when information is provided to them.

## **PUBLIC OPINION OF FDI OUTFLOWS**

### **How the destination of FDI outflows affects public opinion**

The literature on public attitudes toward FDI has been growing in recent years, particularly those regarding FDI inflows (Feng, Kerner, and Sumner, 2021; Jensen and Lindstädt, 2013; Li and Zeng, 2017; Zeng

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and Li, 2019). Jensen and Lindstädt (2013) implemented a survey experiment in the United States and the United Kingdom, through which they found a statistically significant difference in public opinion on the economic benefits of FDI inflows depending on the different nationalities of the investors. While respondents viewed FDI inflows as good for their nation's economy if the investments were made by companies from favorably perceived countries (Germany and Japan), they were less likely to think so if the investments were made by companies from unfavorably perceived countries (Saudi Arabia and China). Similarly, Feng, Kerner, and Sumner (2021) found through a survey experiment that Americans are much more likely to think of investment as bad for the United States when the investment originates in China, as opposed to investment from an unspecified foreign country.

Although the literature on individual preferences and public attitudes toward FDI inflows has been growing, the literature on FDI outflows has been sparse, despite frequent political rhetoric by politicians suggesting negative implications of U.S. FDI abroad. We expected that Americans' negative perceptions of U.S. FDI outflows will be particularly strong with regard to investments made in China and Mexico. China in particular has often been seen in the United States as engaging in unfair practices that facilitate U.S. firms' investments in China. For example, the issue of currency manipulation has long been politically contentious (Palmer, 2008), with President Trump tweeting in 2019 that "China has always used currency manipulation to steal our businesses and factories" (Trump, 2019a, 2019b). While Mexico is less frequently accused of deliberately engaging in unfair practices, North American Free Trade Agreement (NAFTA) has become an increasingly controversial issue over time. Senator Elizabeth Warren said in a speech in 2018 that "There's no question we need to renegotiate NAFTA. The federal government has certified that NAFTA has already cost us nearly a million good American jobs – and big companies continue to use NAFTA to outsource jobs to Mexico to this day" (Gerber, 2018). President Trump used similar rhetoric, claiming that U.S. jobs and factories moved to Mexico due to globalization, and sought to renegotiate NAFTA (Lukinovich, Nurullayev, and Garand, 2020). He also consistently used negative and divisive language against Mexico, describing Mexican immigrants as criminals (Green, 2016). If politicians' frequent use of negative and divisive rhetoric against China and Mexico generates negative public attitudes toward investing in these countries, we may predict that U.S. residents will disapprove of U.S. FDI outflows when the destination is Mexico or China, compared to when the host country is unnamed. This gives us the following hypothesis:

Hypothesis 1. Respondents are less likely to support U.S. FDI outflows when the host country is China or Mexico, compared to when the host country is unspecified.

## **How information on bilateral FDI flows affects support of FDI outflows**

Previous survey research has shown that individuals use information from various sources to update their political preferences and beliefs (Alt, Marshall, and Lassen, 2016; Weitz-Shapiro and Winters, 2016). Our study examines whether people's support of U.S. FDI in China or Mexico is affected when they are provided with information regarding FDI flows to and from these countries. In 2012, Mexican firms invested \$2.8 billion in the United States, while U.S. firms invested \$12.6 billion in Mexico; meanwhile, the United States received \$1.4 billion of investment from China, while U.S. investors *withdrew* \$3.5 billion of investment from China. In other words, Chinese FDI in the United States exceeded U.S. FDI in China in 2012, whereas Mexican FDI in the United States was lower than U.S. FDI in Mexico. Nevertheless, we think it is unlikely that the average survey respondent is aware of the volume of FDI flows between these countries and the United States. Given that people have been shown to update their beliefs and behavior when presented with new information, we propose that providing respondents with figures of FDI flows between the United States and Mexico/China will affect their support of U.S. FDI in these countries. We expect that when people are informed of bilateral FDI flows between the United States and China, they will be less likely to believe that the American economy is being disadvantaged when U.S. firms invest in China, because that investment is being matched in turn by Chinese investment (and job creation) in the United

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States. More broadly, they will see the economic relationship between the two countries as being more equitable than they previously perceived (or perhaps even advantageous for the United States). Such perceptions matter because people value reciprocity in relationships: a study by Chilton, Milner, and Tingley (2020) found that U.S. survey respondents are more likely to say that the U.S. government should block the acquisition of an American company by a foreign company when the foreign company is based in a country that restricts acquisitions by American companies. In a similar vein, we argue that reducing perceptions of unfairness will improve Americans' attitudes toward the economic relationship between the United States and China. We predict that when people are informed of the bilateral FDI flows between the United States and China, they will be more likely to look favorably upon U.S. FDI in China.

Hypothesis 2a. When the respondents are provided information on the bilateral FDI flows between the United States and China, indicating that the flow of Chinese FDI into the U.S. exceeded the flow of U.S. FDI to China in 2012, they will be more likely to support U.S. FDI in China.

On the other hand, being informed of the relatively low levels of Mexican investment in the United States will only serve to reinforce people's negative perceptions of the economic relationship between the United States and Mexico. Therefore, when provided with the figures on bilateral FDI flows between the United States and Mexico, respondents will be less likely to support U.S. FDI in Mexico.

Hypothesis 2b. When the respondents are provided information on the bilateral FDI flows between the United States and Mexico, indicating that the flow of U.S. FDI to Mexico exceeded the flow of Mexican FDI into the U.S. in 2012, they will be less likely to support U.S. FDI in Mexico.

## **Economic self-interest and support of FDI outflows**

We believe that certain individual characteristics of the respondents will also affect their support of FDI outflows. Existing research suggests that FDI outflows will affect unskilled workers more negatively than skilled workers of the (developed) home country. Choi (2001) examined manufacturing industries in the United States and found that FDI outflows decreased the bargaining power of workers whose education ended at the high school level, whereas workers with postsecondary education were unaffected. Head and Ries (2002) found in a study of Japanese firms that increasing FDI outflows lead to a higher share of the wage bill for nonproduction (i.e., skilled) workers at home. Hung and Hammett (2016) found that when U.S. companies offshored low-skilled jobs, this increased the pay for high-skilled jobs retained at parent companies. Based on this empirical evidence, we predict that respondents with high-skilled labor will be more likely to support FDI outflows than respondents with low-skilled labor. We use education level as a proxy for a respondent's skill level, as is done in Pandya (2010).

Hypothesis 3. Respondents with higher education levels will be more likely to be supportive of FDI outflows.

Economic insecurity, which has a significant effect on the well-being of individuals and families, has been on the rise in recent years (Richiardi and He, 2020). Empirical evidence from Scheve and Slaughter (2004) found that FDI is a contributing factor to economic insecurity: survey data gathered from the United Kingdom showed that perceived economic insecurity increased with the level of FDI presence in an individual's industry of employment (measured as the sum of inward and outward FDI stocks). We argue that individuals with higher levels of economic security will have a financial buffer that will provide a degree of protection against increasing economic insecurity arising from potential job losses. This will make them more likely to support FDI outflows, since this may result in economic benefits such as access

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to cheaper consumer goods. Following previous studies which have shown that income is a predictor of economic insecurity (Abeyta et al., 2017), we use an individual's income level as a proxy measure for economic insecurity.

Hypothesis 4. Respondents with higher income levels will be more likely to be supportive of FDI outflows.

## **Sociotropic concerns and support of FDI outflows**

Public opinion toward economic policies and trends might not be determined solely by individual economic self-interest. Sociotropic considerations, which refer to “perceptions of the collective national interest” (Mansfield and Mutz, 2009: 427), could also be a determinant of people's attitudes. Previous research in this area has been carried out largely in the context of international trade policies. The groundbreaking study by Mansfield and Mutz (2009) argued that Americans' attitudes toward trade are informed less by economic self-interest and more by how they think the national economy will be affected by international trade. However, this was contested by studies that found that individuals' preferences toward trade were triggered primarily by “egocentric” considerations rather than sociotropic ones (Fordham and Kleinberg, 2012; Schaffer and Spilker, 2019).

The research on the effect of sociotropic considerations on individual preferences toward FDI has been relatively limited. One survey implemented in Mexico found that individuals who thought NAFTA was good for the Mexican economy were more likely to have favorable attitudes toward FDI inflows (Kocher and Minushkin, 2006). Interestingly, this study also found that sociotropic considerations were stronger regarding FDI inflows than trade. However, attitudes toward FDI outflows were not considered. Our study investigates whether sociotropic considerations shape individual preferences on FDI outflows, using three potential sociotropic considerations: national or aggregate-level job losses, price levels, and national security threats.

The influence of sociotropic considerations regarding national-level job numbers on individual preferences has been demonstrated in the context of trade. One study examined voting patterns of the 1996 U.S. presidential election and found that voters who were worried about the availability of good jobs for American workers were more likely to favor the third-party candidate, Ross Perot (for whom opposition to free trade was a cornerstone of his platform) than otherwise (Mughan and Lacy, 2002). Similarly, in a survey implemented in Australia, individuals were more likely to endorse limitations on imports if they were worried about the future of jobs for Australians in general (Mughan, Bean, and McAllister, 2003). We expect that similar concerns regarding job creation and loss in the United States will apply to preferences over FDI outflows. The idea that FDI outflows lead to job destruction in the United States is a prevalent (if not necessarily accurate) perception, one that has been exploited by politicians across the spectrum over decades. Long before populists like Sanders and Trump became national political figures, Ross Perot (in)famously said of NAFTA, “If you're paying \$12, \$13, \$14 an hour for factory workers and you can move your factory South of the border... there will be a giant sucking sound going south.” We therefore predict that individuals who believe that increasing FDI outflows will result in job losses in the United States may oppose FDI outflows.

Hypothesis 5. Respondents who believe that increasing FDI outflows will lead to decreasing number of jobs in the United States will be less likely to support FDI outflows.

Previous research has found that concern over consumer prices plays a role in shaping attitudes toward trade liberalization. In one survey implemented in Brazil, “lower-priced goods and services” was the most frequently mentioned reason for supporting free trade, exceeding other considerations such as “generates jobs” or “spurs economic growth” (Baker, 2003: 440). We believe that individuals will apply this concern over price levels to their preferences over FDI outflows as well. FDI outflows could contribute

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to lower price levels for consumer goods in the United States through the import of cheaper goods that have been produced by foreign affiliates (Lipsey, 2004). Securing sufficient product quantities is also made possible through FDI outflows, keeping the price of consumer goods low (Bolling, Neff, and Handy, 1998). We predict that this dynamic will shape individual preferences, with those who believe that FDI outflows lower the prices of consumer goods in the United States being more supportive of FDI outflows.

Hypothesis 6. Respondents who believe that increasing FDI outflows will lower price levels of goods in the United States will be more likely to support FDI outflows.

Existing research has found that concerns over national security influence individuals' preference formation regarding FDI inflows. For example, a recent survey experiment in the United States showed that when respondents were primed with information that highlighted security threats posed by China, they were less likely to support FDI inflows from China (Zeng and Li, 2019). We believe that these concerns should be applicable to FDI outflows as well because the security implications of American investment in China have been increasingly under the spotlight in recent years. For decades, American companies were encouraged to invest in China because the U.S. government believed that if China was more integrated into the global economy it would eventually liberalize in other aspects as well. However, President Trump pivoted to viewing China as a major competitor and started to label certain economic ties with China as potential national security threats (Korte, 2017). We predict that these concerns will be reflected in our survey responses, with respondents that are concerned about the national security implications of U.S. outward investment being less likely to support FDI outflows.

Hypothesis 7. Respondents who believe that increasing FDI outflows will lead to a rise in security threats to the United States will be less likely to support FDI outflows.

## RESEARCH DESIGN

Our survey experiment was embedded in the 2017 Winthrop Poll, which conducted a public opinion survey in 11 southern U.S. states: Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia. The survey was conducted between October 22, 2017 and November 5, 2017. A total of 830 respondents across the 11 states completed the survey. To test Hypotheses 1 and 2, a vignette experiment was included as part of the longer survey. We will briefly describe the survey's sampling method and survey design.

### Survey and sampling design

The survey was conducted using a telephone survey and had a margin of error of approximately  $\pm 3.4$  percent at the 95 percent confidence level for all respondents. The survey used (1) random digit dialing (RDD) and (2) wireless phone number sampling to ensure no adult in the geographic location of our study was systematically excluded from the sample. For the RDD sample, once a household was reached, we employed another random sampling procedure to select one respondent from the selected household. For the wireless phone number sampling, we did not use computerized autodialers to fully ensure the survey of wireless phones complied with the Telephone Consumers Protection Act and Federal Communications Commission regulations. Seventy percent of the respondents who completed the survey came from the wireless sample. Sampled numbers were redialed up to 5 times. We have purchased our samples from Survey Sampling International (SSI) now called Dynata, and the surveys were conducted in English.

**TABLE 1** Experimental design

	Host country	Information on FDI inflows and outflows between the United States and host country
<i>Control</i>	Unspecified	N/A
<i>MexicoNoInfo</i>	Mexico	No information provided
<i>MexicoInfo</i>	Mexico	Provided figures of FDI outflows from the United States to Mexico and FDI inflows to the United States from Mexico, where the former exceeds the latter
<i>ChinaNoInfo</i>	China	No information provided
<i>ChinaInfo</i>	China	Provided figures of FDI outflows from the United States to China and FDI inflows to the United States from China, where the latter exceeds the former

## Experimental design

To examine whether respondents were biased against Mexico and China as host countries for U.S. FDI outflows and whether the provision of information on bilateral FDI flows would affect their opinions, we randomly assigned five conditions to respondents. The treatment conditions randomized the host country of U.S. FDI outflows (Mexico, China, and an unspecified “foreign” country). When the host country was specified as Mexico or China, the treatment also randomized the information about FDI flows, with some respondents receiving information about bilateral FDI flows between the United States and the host country and the others receiving no additional information. This latter treatment will test whether provision of information will decrease biases toward Mexico and China, in the case that such biases exist.

Table 1 summarizes the different treatment assignments. All five conditions include common information about the definition of FDI, and the overall inflows and outflows of U.S. FDI as of 2012. The respondents were told where U.S. firms are investing (“foreign,” “Mexico,” or “China”), and of the respondents who were told “Mexico” or “China,” a randomly selected subset were also told the figures for the bilateral FDI flows between the United States and that country. We then asked the respondents whether they support U.S. firms investing in that country. The [Online Appendix](#) shows the exact wording of the vignette experiment for each of the five conditions.

## Variables and estimation strategy

To test whether the respondents’ individual characteristics affect their attitudes toward U.S. FDI outflows, we included a set of questions that measure each respondent’s income, education level, and perceptions of the national economy and security. The variable *Income* measures the respondent’s total annual household income and is recorded on an ordinal scale. We have 11 categories for the income measure: (1) under \$15,000; (2) \$15,000–\$20,000; (3) over \$20,000–\$30,000; (4) over \$30,000–\$40,000; (5) over \$40,000–\$50,000; (6) over \$50,000–\$75,000; (7) over \$75,000–\$100,000; (8) over \$100,000–\$125,000; (9) over \$125,000–\$175,000; (10) over \$175,000–\$250,000; (11) over \$250,000. The variable *Education* measures the highest level of education completed by the respondent and is also recorded on an ordinal scale. We have six categories for the education measure: (1) less than high school; (2) high school graduate/GED; (3) some college, no degree; (4) 2-year associate degree; (5) 4-year college or university degree; (6) some postgraduate education. The variable *JobEffect* records the respondent’s answer to the following statement: *If U.S.-owned firms do not invest in foreign countries/Mexico/China, more jobs in the United States market will be created.* The variable *PriceLevel* records the respondent’s answer to the following statement: *If U.S.-owned firms do not invest in foreign countries, prices of goods in the United States will increase.* The variable *SecurityThreat* records the respondent’s answer to the following statement: *If U.S.-owned firms do not invest in foreign countries, security threats to the United States will decrease.* The respondents’ answers to these statements are measured on a five-point Likert-style response ranging from (1) “Agree strongly” to (5) “Disagree strongly.”



**TABLE 2** Support of U.S. outward FDI

Dependent Variable: Favor	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Mexico	0.024 (0.208)		0.064 (0.219)	-0.002 (0.215)	-0.293 (0.228)	0.020 (0.208)	0.011 (0.212)	-0.274 (0.246)	
China	-0.135 (0.207)		-0.078 (0.219)	-0.111 (0.216)	-0.215 (0.230)	-0.148 (0.207)	-0.148 (0.211)	-0.212 (0.246)	
MexicoNoInfo		0.028 (0.233)							-0.264 (0.278)
MexicoInfo		0.077 (0.250)							-0.172 (0.296)
ChinaNoInfo		0.064 (0.238)							0.088 (0.279)
ChinaInfo		-0.316 (0.243)							-0.477 (0.292)
Income			0.162*** (0.030)					0.097*** (0.036)	0.099*** (0.036)
Edu				0.246*** (0.053)				0.070 (0.065)	0.076 (0.066)
JobEffect					-1.928*** (0.178)			-1.840*** (0.188)	-1.849*** (0.189)
PriceLevel						0.263* (0.157)		0.583*** (0.183)	0.592*** (0.183)
SecurityThreat							-0.839*** (0.204)	-0.460** (0.221)	-0.454** (0.222)
Constant	-0.060 (0.169)	-0.078 (0.169)	-1.002*** (0.254)	-1.022*** (0.271)	1.241*** (0.219)	-0.208 (0.191)	0.112 (0.177)	0.119 (0.376)	0.052 (0.377)
Log likelihood	-468.528	-467.263	-452.677	-456.803	-401.966	-467.118	-459.545	-387.657	-385.656
AIC	943.057	944.525	913.353	921.607	811.9324	942.235	927.091	791.314	791.311
Observations	678	678	678	678	678	678	678	678	678

Note. Robust standard errors in parentheses; \*\*\* $p < 0.01$ , \*\* $p < 0.05$ , \* $p < 0.1$ ; the respondents who refused to answer the questions on education and income levels are not included in the estimation sample.

The outcome variable, *Favor*, measures the respondent's answer to the following question: *Do you favor or oppose U.S.-owned firms continuing to invest in the foreign/Mexican/Chinese market?* It is coded as a binary variable with a value of 1 if the respondent favors United States investment in foreign countries, and 0 otherwise. We use logistic regression analysis to evaluate our hypotheses.

## RESULTS

Table 2 summarizes our logistic regression results. Columns (1) and (2) show the experimental results to evaluate Hypotheses 1 and 2. Columns (3)–(7) each include an independent variable to test Hypotheses 3 through 7. Columns (8) and (9) include all independent variables. With the exceptions of columns (2) and (9), the treatment variables that measure a respondent's bias toward particular host countries are *China*

and *Mexico*, which are pooled treatments where we inform the respondents that the name of the host country is China or Mexico, respectively. That is to say, the pooled treatments include the instances where we do not provide respondents with additional information (*ChinaNoInfo* or *MexicoNoInfo*) and also the instances where we inform respondents of the FDI flows between the U.S. and the host country (*ChinaInfo* or *MexicoInfo*).

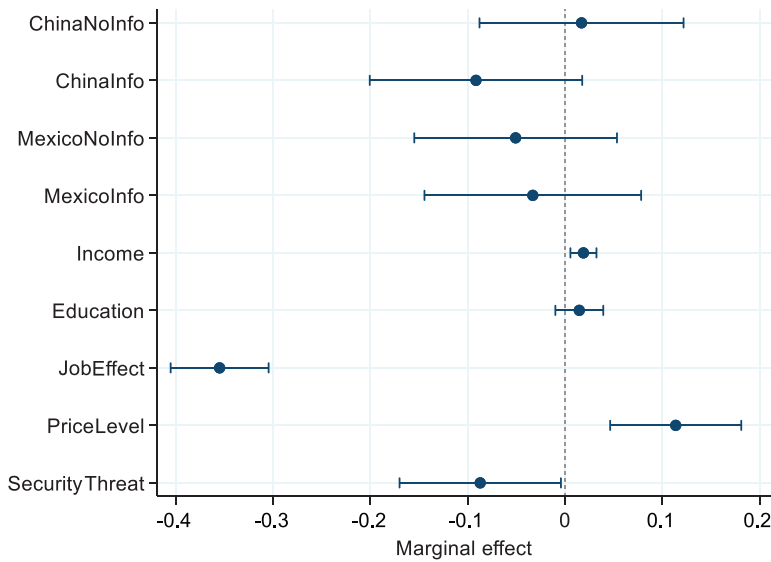
Column (1) shows the results of the analysis in which we do *not* differentiate between the treatments where respondents received information regarding bilateral FDI flows between the United States and the host country and those where respondents did not receive that information. We found that respondents were more likely to favor FDI outflows if the host country is Mexico and less likely to favor FDI outflows if the host country is China compared to an unspecified “foreign” host country, but these effects were not statistically significant. Therefore, Hypothesis 1, which predicted that respondents would be less likely to support U.S. FDI outflows when the host country is specified as China or Mexico, is not supported.

Column (2) shows the effects of providing respondents with information regarding bilateral FDI flows between the United States and the host country. As indicated by the coefficient for *MexicoNoInfo*, the effect of informing respondents that Mexico is the host country (with no additional information on FDI flows) was statistically insignificant. The coefficient for *MexicoInfo* shows that the effect of informing respondents of the FDI flow levels between the United States and Mexico is also statistically insignificant, when compared to the control condition. A Wald test showed no statistically significant difference between these two effects. Similarly, we found that the estimates of *ChinaNoInfo* and *ChinaInfo* were statistically insignificant, and we found no statistically significant difference between these two estimates at conventional significance levels. These results are again at odds with Hypotheses 2a and 2b, in which we predicted that respondents’ support for U.S. FDI outflows would be affected by information regarding FDI flows between the United States and the host country. We found that provision of such information had little effect on respondents’ preferences.

However, these null findings for Hypotheses 2a and 2b are only suggestive, particularly regarding the respondents’ bias against China. It also suggests, as we can see from column (9) that when controlling for all five independent variables, the estimate of *ChinaInfo* is negative ( $-0.09$ ) and weakly significant ( $p = 0.1$ ), and the difference between the coefficient for *ChinaInfo* ( $-0.48$ ) and *ChinaNoInfo* ( $0.09$ ) is statistically significant at the 95 percent confidence level ( $\chi^2_1 = 3.95, p = 0.0467$ ). This suggests that the respondents’ negative feelings toward China are activated or reinforced when they are informed of the high volume of Chinese FDI in the United States.

Columns (3)–(7) show that the respondent’s likelihood of favoring U.S. FDI outflows increases with their income (*Income* in column (3)) and education level (*Education* in column (4)); decreases with the strength of their belief that increasing U.S. FDI outflows will decrease jobs in the United States (*JobEffect* in column (5)); increases with the strength of their belief that increasing U.S. FDI outflows will decrease price levels in the United States (*PriceLevel* in column (6)); and decreases with the strength of their belief that increasing U.S. FDI outflows will increase security threats to the United States (*SecurityThreat* in column (7)). All estimates were statistically significant at the 95 percent confidence level, with the exception of the estimate of the variable *PriceLevel* in column (6) which was statistically significant at the 90 percent confidence level. Columns (8) and (9) show the results of estimation models where all the independent variables are included, and we see that most results maintain their direction of influence and statistical significance. The only exception is the estimate of the variable *Education*, which is no longer statistically significant, suggesting that other variables such as *Income* may have a confounding effect that affect its significance. These results confirm Hypotheses 4–7, while offering less evidence to support Hypothesis 3 (on the effects of education). Overall, our findings indicate that respondents are less likely to support U.S. FDI outflows when they perceive U.S. FDI outflows as being threatening to their personal economic security, national economy, or national security.

To understand the magnitude of the influence of each independent variable, we present the marginal effect of changing each treatment and independent variable by one level on the likelihood of the respondent favoring U.S. FDI outflows (Figure 1). The marginal effect plot is based on the estimation model in column (9), which allows us to examine all hypotheses. In addition, this model’s predictability



**FIGURE 1** Marginal Effects on the likelihood of favoring U.S. FDI Outflows.  
*Notes:* The point estimate and 95 percent confidence intervals are shown. The estimation is based on column (9) in Table 2.

outperformed all other models according to the Akaike information criterion (AIC). All independent variables are held at their average levels. The plot shows that each income level increase is expected to increase the probability of favoring U.S. FDI outflows by 2 percentage points; each level increase in the *PriceLevel* variable increases the probability by 11 percentage points; each level increase in the *SecurityThreat* variable decreases the probability by 9 percentage points; and each level increase in the *JobEffect* variable decreases the probability by 35 percentage points.

## DISCUSSION AND CONCLUSION

The existing literature investigating public attitudes toward economic globalization focuses primarily on trade and FDI inflows. This paper builds on insights from this previous literature to examine preferences toward FDI outflows, which thus far have been relatively overlooked. We examined whether individual preferences toward U.S. FDI outflows are affected by the destination of the investment and whether these preferences are affected by information provision regarding bilateral FDI flows between the United States and the host country. We also examined how preferences toward FDI outflows are affected by individual perceptions of the economic and security consequences of FDI outflows. This was done through a combination of a vignette experiment and opinion survey conducted on 830 respondents living in 11 southern states in the United States.

Our results show that specifying the name of the host country as China or Mexico has no statistically significant effect on individual preferences, nor does providing figures on bilateral FDI flows between the United States and these countries. Instead, we found that preferences toward U.S. FDI outflows are strongly shaped by the respondents' concerns regarding the economic and security consequences of American overseas investment. Those with higher income levels and those who believe that increasing FDI outflows lead to lower price levels in the United States are more likely to support FDI outflows. Those who believe that increasing FDI outflows will lead to fewer jobs available in the U.S. economy and those who believe that increasing FDI outflows will lead to more security threats in the United States are less likely to support FDI outflows. These findings contribute to our understanding of public attitudes toward U.S. FDI outflows, a topic which had previously received only limited attention, by showing that

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individual's preferences toward U.S. FDI outflows are not shaped by biases toward investment destinations but by their concerns regarding the economic and security consequences of American overseas investment.

Interestingly, we found no evidence that respondents were biased against China or Mexico as destinations for U.S. FDI outflows. This is in contrast to the findings of previous studies focusing on FDI inflows such as Jensen and Lindstädt (2013) and Feng, Kerner, and Sumner (2021), which found that Americans had relatively unfavorable views of Chinese investment in the United States when compared to “foreign” investment from an unspecified country. Our null findings might be attributable to the relatively small sample size, and it is possible that a statistically significant bias against China could be detected with a larger sample. However, we note that when *Income*, *Education*, *JobEffect*, *PriceLevel*, and *SecurityThreat* are all controlled for, the negative coefficient of a treatment condition, *ChinaInfo*, becomes weakly significant at the 90 percent confidence level. This may suggest that when all else is equal, negative feelings toward China as a destination for United States investment might be activated or reinforced in respondents when they are informed of the large volume of Chinese FDI in the United States.

Our study leaves open several potential avenues for future research. First, the survey and experiment used in this study were conducted between October 2017 and November 2017. The relationship between the United States and China has become increasingly strained since then, suggesting that a repeated survey experiment might now find statistically significant biases against China as a recipient of U.S. FDI. Second, our sample is a representative random sample of 830 residents 18 or older from 11 southern states, so the results from this study do not represent those residing outside those states. Given that the empirical research on the public opinion of U.S. FDI outflows is only in its nascency, replicating this study at different time periods and in different regions will be a fruitful area of future study. This will further contribute to our understanding of how individuals form their preferences for FDI outflows and more generally, economic globalization.

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## SUPPORTING INFORMATION

Additional supporting information can be found online in the Supporting Information section at the end of this article.

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