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**Research Report**

## Explaining globalization scepticism

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**EXPLAINING GLOBALIZATION  
SCEPTICISM**

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## EXECUTIVE SUMMARY

This report examines explanations for scepticism towards economic globalization within and across countries, focusing on factors that help to situate the extent of globalization scepticism in Denmark alongside experiences in France and Germany. The report is based on a review of academic literature dealing with attitudes towards globalization and the linkages between globalization and national politics.

Globalization is an umbrella term for a broad range of phenomena and has economic, political and cultural dimensions. The diverse expressions of globalization present a challenge when it comes to identifying sources of globalization scepticism because the latter may be directed at different targets, including multinational corporations or the national governments that influence how international economic integration is managed. In addition, perceived consequences of globalization may reflect other changes that are difficult to isolate from globalization, with technological development providing a prominent example.

Many studies of individual attitudes towards economic globalization take the distribution of economic gains or losses due to free trade within societies as a starting point. In economies where highly skilled labour is abundant, benefits from free trade are likely to flow towards workers with a higher level of education while low-skilled workers may be disadvantaged. Certain sectors of economic activity may also be more exposed to competition from increasing international economic integration, leaving workers more vulnerable. Employment-related categories are not the only way of distinguishing winners and losers of globalization. For example, low-income consumers may benefit more from free trade than high-income consumers. Gains or losses from globalization may also vary by geographical location, depending on the nature of economic activity in different regions.



Although the distributional consequences of globalization provide a useful foundation for understanding variations in attitudes, this report emphasises that focusing strictly on economic explanations neglects the multifaceted nature of influences on individual preferences. Education is an important predictor of support for free trade. Its relevance can be interpreted either as a confirmation of an economic explanation or as an indication that individual attitudes are informed by ideational factors such as a knowledge base on the advantages of trade, or the possession of a globally-minded worldview. Analyses of the transformation of political dynamics in advanced economies highlight the utility of situating preference formation along two core dimensions: one that references economic views and another that reflects sense of attachment to national identities.

To explain variations in globalization scepticism across European countries, this report draws attention to differences in institutions and policies influencing how countries engage in globalization and how they manage its domestic consequences. National approaches to economic management include a combination of measures to invest in individuals and firms to enable them to gain from economic globalization, and measures to cushion populations from the potentially negative consequences of economic integration. The review of Danish, German and French experiences with globalization suggests that Denmark's tradition of offering a strong system of social protection alongside investments in upgrading workers' skills while giving employers flexibility to respond to international competitive pressures provides one explanation for the robust support for globalization among Danes that is consistently higher than public support for globalization in Germany and France. For all three countries, attention to how the mix of policies and investments enabling globalization benefits and guarding against its negative effects serves the interests of both potential winners and losers from globalization will be essential to maintaining a strong basis of support for advancing international economic integration.



Introduction:  
**CONTEXTUALISING GLOBALIZATION  
SCEPTICISM**

Recent national election campaigns in continental Europe have provided a stage for the expression of sceptical views towards globalization. The political consequences of this scepticism in these contexts have thus far seemingly been mild in comparison to the effects of the United Kingdom's vote to leave the European Union (EU) or the election of Donald J. Trump as president of the United States. Even so, election campaigns in diverse national settings have raised similar concerns about the value of economic integration and the appropriate political responses to it.

This report examines scepticism towards economic globalization within and across countries, focusing on explanations that help to situate the extent of globalization scepticism in Denmark alongside experiences in France and Germany. It does so primarily through a review of academic literature dealing with attitudes towards globalization and the linkages between globalization and national political processes. To structure this review, the report starts by defining globalization and providing an indication of general trends in the international economy associated with it. It then outlines key indicators of support or opposition to globalization and compares trends in Denmark, France and Germany using these measures. After describing these trends, the report identifies and discusses variables influencing scepticism towards globalization identified in academic studies. A focused treatment of possible drivers of globalization scepticism in Denmark, France and Germany supplements the broad review of explanatory factors. A concluding section of the report presents implications of this analysis.

The term 'globalization' provides a shorthand label for a variety of phenomena. On a broad level, globalization refers to: 'the expanding scale, growing magnitude, speeding up and deepening impact of interregional flows and patterns of social interaction' (Held and McGrew, 2003: 4). Economic globalization relates to the integration of international markets and firms' value chains, reflected in increases in cross-border production, trade and investment (Prakash and Hart, 2000). Alongside advancing market integration, political globalization signifies an expanded political role for actors beyond the state such as non-governmental organisations, firms and international organisations as well as the dispersion of political authority across different levels of governance (Matthews, 2003). Finally, the term cultural globalization emphasises how the growing ease of cross-border communication and mobility enables the diffusion of ideas and shared cultural reference points (Robins, 2003). A common thread across these different dimensions of globalization is the rising fluidity of boundaries between markets, states and societies.

In spite of this underlying commonality across globalization dimensions, countries vary in the extent to which they embrace and benefit from the economic, political, or cultural aspects of global integration (Böhmer et al. 2016). As a foundation for analysing how nations have fared in the context of globalization, the Bertelsmann Stiftung provides a globalization index describing variations in economic, social and political globalization across countries (see table 1).<sup>1</sup> In this analysis Denmark appears as one of the world's most globalized countries following the Bertelsmann Stiftung measures of economic and social globalization, while it falls behind France and Germany on the measure of political globalization. The overall index indicates that Denmark is more globalized than France and that Germany is the least globalized of the three. The report notes that the size of the national economy provides one explanation for the differences across countries. If Germany appears to be less globalized than Denmark or France, this is attributable in part to its larger domestic economy.

**Table 1. Three dimensions of globalization in Denmark, France and Germany**

GLOBALIZATION INDEX			ECONOMIC GLOBALIZATION		
1	IRELAND	88.87	1	IRELAND	85.5
6	DENMARK	75.83	7	DENMARK	64.8
13	FRANCE	70.07	19	FRANCE	53.1
20	GERMANY	65.66	25	GERMANY	48.9
42	INDIA	31.08	42	ARGENTINA	7.5

SOCIAL GLOBALIZATION			POLITICAL GLOBALIZATION		
1	AUSTRIA	97.6	1	ITALY	99.3
7	DENMARK	92.1	2	FRANCE	99.3
8	FRANCE	91.7	16	GERMANY	93.1
13	GERMANY	88.5	18	DENMARK	92.7
42	INDIA	25.2	42	LATVIA	53.1

Source: Böhmer et al. 2016: 10

Globalization is considered an outgrowth of the international economic agenda formulated at Bretton Woods at the conclusion of the Second World War to avoid a return to the economic protectionism characteristic of the inter-war period. The end of the Cold War and developments including China's growing international orientation and the rise of other emerging economies signalled an era of accelerating trade, making the 1990s a globalization decade (Huwart and Verdier, 2013).

Although the extent of global economic integration has varied across world regions and with respect to the flows that are markers of intensified exchange – capital and labour do not move across borders as freely as goods – economic globalization has advanced steadily since then. In its advance, it has also changed in character. Focusing on trade integration, Subramanian and Kessler (2013) point to a rising emphasis on services, wider geographical participation in world trade, the growing weight of China as a trading partner and the increase in regional and preferential trade agreements as salient features of the evolution of trade through the first decade of the 21st century. The inevitability of continued economic integration has been debated, with some observers suggesting that the globalization era is ending. While there have been signs of a slowdown in the pace of global economic integration in the aftermath of the global financial crisis, this does not imply that globalization processes have reversed course (Chandy and Seidel, 2016).

Numerous potential benefits and drawbacks are associated with economic globalization. Increases in trade and investment can stimulate economic development and lead to rising wealth, as well as enabling the diffusion of technology and ideas. Although international economic integration has contributed to a diminishing wealth gap between affluent countries and emerging economies in particular, the distribution of benefits of globalization across countries varies alongside differences in national economic and political characteristics. Even as globalization reduces some inequalities across countries, it may also be a source of rising inequalities within countries. Increased global competition creates opportunities for workers in competitive sectors and places others at risk, contributing to inequalities among social groups (Huwart and Verdier, 2013).

The role of economic integration in spurring a global 'race to the bottom' leading to lower social, labour and environmental standards has been the subject of debate. Increases in trade and investment may actually have the effect of raising regulatory standards (Urpelainen, 2010), with multinational firms helping to diffuse the standards prevailing in their home countries. As Gilpin (2003) notes, economic globalization may be difficult to isolate as a driver of such outcomes, given that other factors including national policy choices in relation to economic or environmental management remain influential. The challenge in disentangling the social, economic and environmental consequences of technological change from international economic integration provides one example of the complexity of assessing globalization's effects.

This brief overview of globalization definitions and trends suggests several difficulties in understanding the sources of globalization scepticism. First, varied phenomena may provoke criticism of globalization because it is a broad concept describing processes of intensified economic, political and cultural exchange. In a similar manner, criticism of globalization processes may stem from opposition to specific agents of globalization, whether countries advocating or benefiting from greater economic integration or multinational firms. Second, globalization sceptics may be reacting to varied consequences of globalization. Finally, forces other than economic integration may drive the outcomes attributed to globalization that spawn criticism. For example, technological change is a process that is related to globalization but not driven purely by it. In line with a general narrative on the effects of globalization, technological change can increase opportunities for certain individuals and disadvantage others (OECD, 2017b). Distinguishing between and characterising the different sources of economic change and uncertainty within national settings may lead to a better understanding of the strength of globalization scepticism in relation to other explanations for individual economic anxiety.





**EXAMINING ATTITUDES TOWARDS  
GLOBALIZATION IN DENMARK AND EUROPE**



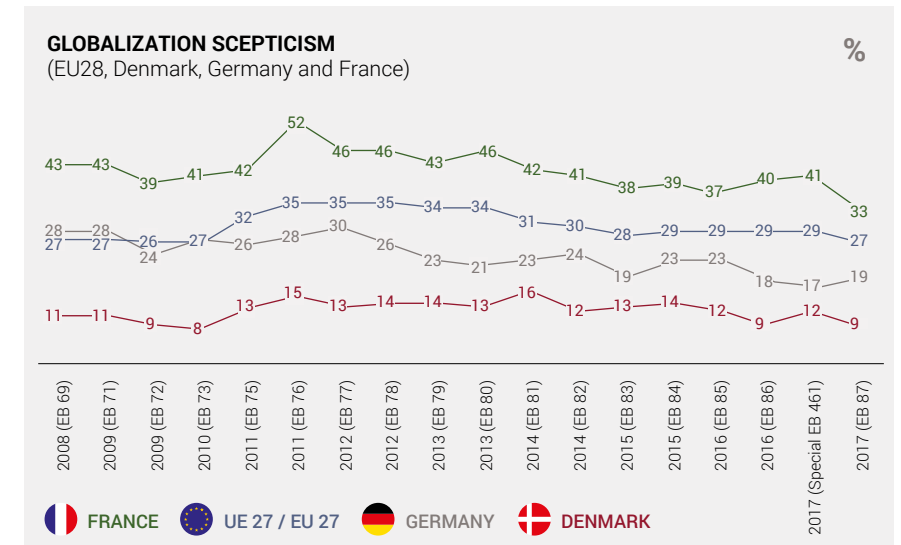
## GENERAL ATTITUDES TOWARDS ECONOMIC GLOBALIZATION

This section provides an overview of trends related to individual attitudes towards globalization in Denmark, France and Germany based on data from 17 Standard Eurobarometer surveys and one Special Eurobarometer survey on globalization covering the period 2008 to 2017 (European Commission, 2008–2017b). The negative response to the statement ‘Globalization is an opportunity for economic growth’, an identical question used across the 18 surveys, provides an indicator for reviewing the evolution of scepticism towards economic globalization (European Commission, 2017a: 28; Batsaikhan and Darvas, 2017). In this report globalization scepticism is measured as the sum of the two categories ‘tend to disagree’ and ‘totally disagree,’ the same categorisation used in Eurobarometer’s special survey 461 on globalization (European Commission, 2017b). The measure intends to capture respondents’ perceptions of their home country’s prospects of benefitting from globalization.

### Denmark, Germany and France all displayed a slight increase in scepticism in the years following the financial crisis.

According to this measure, globalization scepticism appears to have increased in the late 2000s and declined again a few years later (see figure 1). Denmark, Germany and France all displayed a slight increase in scepticism in the years following the financial crisis. There nevertheless seem to be stable cross-national variations in the level of scepticism across these countries, with France appearing to be the most sceptical and Denmark the least sceptical of the three. In France, the percentage of respondents expressing negative views of globalization ranged from a high of 52 per cent in 2011 to a low of 33 per cent in 2017. As figure 1 indicates, the negative responses in France are generally about 10 per cent higher than in Germany, where close to one third of the survey respondents displayed scepticism towards globalization across this period. The German public has seemingly become less sceptical towards globalization over time, falling reliably below the EU average.<sup>2</sup> Nevertheless, German respondents show a consistently higher level of scepticism in comparison to the Danish public. The gap between German and Danish attitudes on this measure was highest in 2010 (19 per cent) and lowest in 2017 (5 per cent).

Figure 1. Globalization scepticism in Europe (2008–2017)



Source: Eurobarometer

Q: Please tell me to what extent you agree or disagree with each of the following statements:  
Globalisation is an opportunity for economic growth.

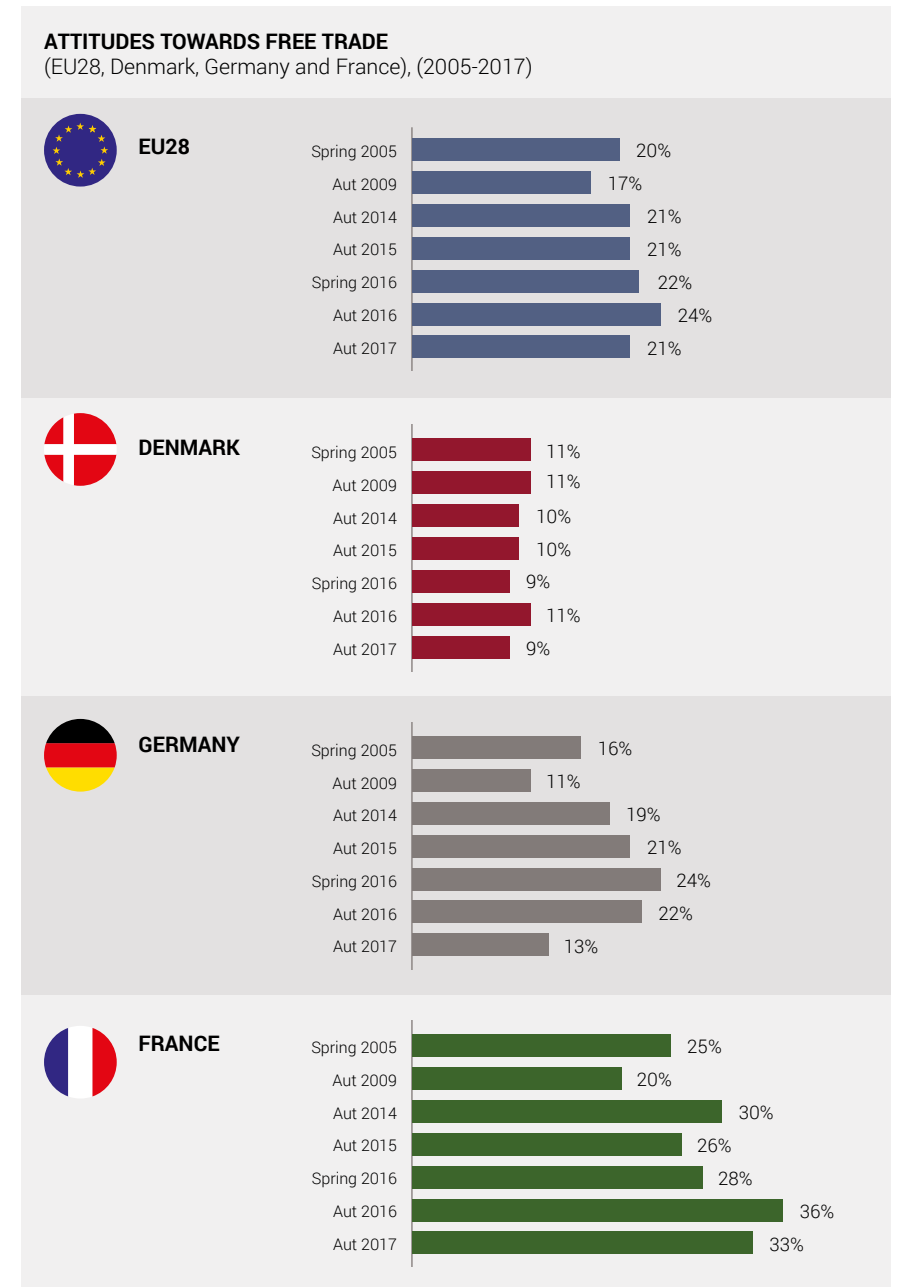
## ATTITUDES TOWARDS FREE TRADE

As the measure of globalization attitudes reported above may reflect perceptions of the opportunities associated with diffuse phenomena, reviewing trends in public attitudes towards free trade arguably provides a more concrete indicator of the extent of scepticism towards economic globalization across national settings.<sup>3</sup> The attitudes towards free trade reported here stem from six standard Eurobarometer surveys and one special Eurobarometer survey on globalization covering the period from 2005 to 2017. A question asking respondents whether they attach ‘very positive, fairly positive, fairly negative, or very negative’ associations to free trade provides a basis for exploring public attitudes across countries (European Commission, 2005; 2009b; 2014b; 2015b; 2016a-b; 2017b). Figure 2 reports the combined percentage of respondents with ‘fairly negative’ or ‘very negative’ views of free trade in Denmark, France and Germany and across the EU.

This indicator suggests that a large majority of respondents attach positive associations to free trade across these countries. However, a stable difference in the balance of positive and negative attitudes across the three countries is apparent. The Danish public expresses a consistently low level of negative sentiment towards free trade, while a larger share of the German and French publics have negative views of trade. This indicator thus largely confirms the picture presented with reference to the broader measure of globalization attitudes. An exception is that the trend line related to French attitudes towards free trade follows a different pattern compared to the responses on perceptions of globalization as an economic opportunity. Whereas the broader indicator points to declining globalization scepticism over time in France, a gradual increase in negative sentiments towards free trade is visible in figure 2, even though the percentage figures at the end of the period studied are identical for both indicators. The trend line for views of the Transatlantic Trade and Investment Partnership (TTIP) mirrors the pattern for negative free trade attitudes in France (European Commission, 2014b; 2015a-b; 2016a-b; 2017b). Thus, one possible explanation for the difference between the indicators is that the political salience of TTIP as a specific free trade initiative influenced public perceptions of free trade in this period.

**The Danish public expresses a consistently low level of negative sentiment towards free trade, while a larger share of the German and French publics have negative views of trade.**

**Figure 2. Negative attitudes towards free trade in Denmark, Germany and France**



Source: Eurobarometer  
Q: "Could you please tell me for each of the following, whether the term brings to mind something very positive, fairly positive, fairly negative or very negative? **Free trade**".

## ATTITUDES TOWARDS EUROPEAN INTEGRATION

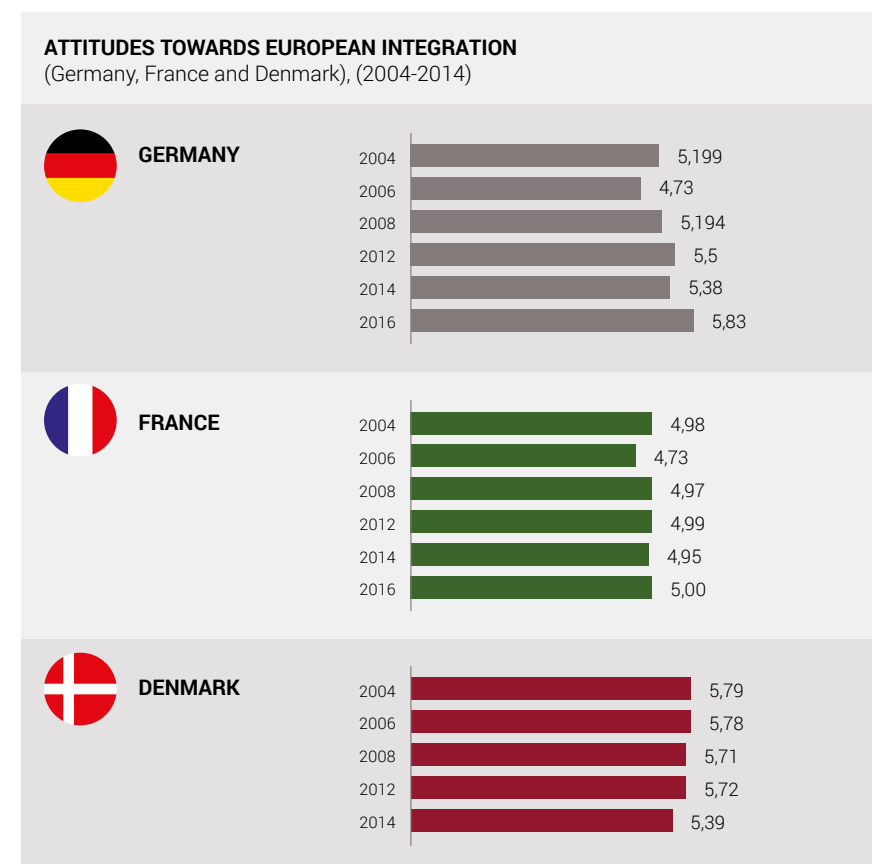
Apprehension towards further integration of the European Union serves as another, alternative, measure for globalization scepticism that incorporates both the economic and political dimensions of globalization.<sup>4</sup> The European Social Survey measures attitudes towards European integration. In this survey respondents were asked to situate their attitudes to the question of whether the EU should go further or whether it has gone too far along a ten-point scale, with zero indicating that the EU has 'gone too far' and ten indicating that the EU should 'go further' (ESS, 2004; 2006; 2008; 2012; 2014; 2016; Dustmann et al., 2017: 29). Lower scores thus reflect greater scepticism towards integration. The results reported in figure 4 display the mean of the country samples across the five rounds of the European Social Survey. This data exhibits parallels to the other indicators of scepticism towards economic globalization presented above. According to this measure the French public is the most sceptical of European integration, while the Danish public is the least sceptical. The persistence of the same pattern across these measures is notable in light of Denmark's EU opt-outs in relation to the European Monetary Union, cooperation in the area of Justice and Home Affairs, and the Common Foreign and Security Policy. The Eurobarometer opinion survey suggests that a majority of Danes favour a stronger role for the EU in policy areas such as dealing with terrorism, combating tax evasion and protecting the environment, while displaying more scepticism with respect to an expanded EU role in agricultural and industrial policy, or economic policy (Europa-Parlamentet, 2017). At the same time, Danish attitudes towards European integration do not appear to be as favourable as attitudes towards globalization and free trade.

**By investigating the overall trends in globalization scepticism it becomes clear that Denmark is the least sceptical, followed by Germany.**

By investigating the overall trends in globalization scepticism it becomes clear that Denmark is the least sceptical, followed by Germany. The Danish public has displayed stable and overwhelmingly positive views of globalization over the last decade. France stands out as the most sceptical of all three countries. This trend

seems similar across different data sources and measures. While scepticism towards economic globalization appears to have diminished in all three countries over time, France's increasing scepticism towards free trade underlines its distinctiveness in relation to Denmark and Germany.

**Figure 3. Public attitudes to European integration in Denmark, France and Germany (2004–2016)**



Source: European Social Survey Round 2-7 (minus round 5)  
Q: European Union: European Union has gone too far or should go further (0-10)



## LIMITATIONS OF MEASURES OF GLOBALIZATION ATTITUDES

There are several limitations in using the indicators above to identify the extent of globalization optimism or scepticism within countries. One challenge is that the aggregated view of globalization may not account for specific expressions of international economic integration that generate insecurity for individuals and thereby influence their perception of globalization as an opportunity or a threat. Balestrini (2015) suggests, for example, that European publics appear more sceptical towards globalization when survey responses related to perceptions of globalization's impacts on individuals, inequalities and prices are considered. Findings from a cross-national Pew Research Center survey on attitudes towards trade and foreign direct investment note a link between a country's recent economic performance and respondents' perceptions of the impact of trade on wages (Pew Research Center, 2014). This highlights the relevance of situating attitudes in a broader economic context to identify how individuals gauge globalization's personal impacts. Analysing data from the United Kingdom, Scheve and Slaughter (2004) indicate that foreign direct investment (FDI) provides a more direct source of worker insecurity than international trade in light of the prospect that multinational corporations can reorganise economic activity, potentially benefitting some wage earners while disadvantaging others. These alternative emphases reflect a general challenge in interpreting survey data given that responses depend on how questions are formulated and the nature of associated questions posed.

A final limitation of the aggregate view of globalization scepticism is that it may gloss over relevant variations within countries related to the distribution of benefits from globalization across regions or areas of employment, among other factors. For example, recent findings from YouGov opinion research asking respondents whether globalization is a force for good revealed a large gap between the responses to this question in the German federal state of Saarland (41 per cent of respondents) and the federal state of Bremen (78 per cent of respondents) (YouGov, 2016a: 4). In Denmark, respondents in the Capital Region answered affirmatively at a higher rate in comparison to residents of the region of Southern Denmark (74 per cent versus 61 per cent) (YouGov, 2016b: 1). In France, the survey indicates a more positive view of globalization in greater Paris in relation to other regions, though even in Paris only 47 per cent of respondents provided an affirmative answer to the question (YouGov, 2016c: 1). These examples point to the value of disaggregating opinion data to examine the characteristics of respondents in order to identify factors shaping attitudes. The potential for doing this depends on how the sample is constructed.





**EXPLAINING GLOBALIZATION SCEPTICISM**

**NOS Y EL PLANETA NO SOMOS MERCANCÍA**  
**niCETAniTTIP**





This section reviews findings from academic literature examining attitudes towards economic globalization and the relationship between these attitudes and political preferences. The section identifies two broad areas of research associated with this topic. The first focuses on the determinants of individual attitudes and the second examines how the response of individuals or political actors is filtered through the domestic political context, drawing attention to the linkages between globalization and the welfare state. Although many of the studies reviewed have a similar disciplinary orientation, they differ with respect to the data and methods used, and generate conclusions based on a mixture of cross-country and within-country analysis covering a variety of national settings. The purpose of this analysis is to outline main conclusions from the literature rather than to engage in a substantive critique of individual studies.

### EXPLANATIONS DERIVED FROM TRADE THEORY

International trade theory provides one influential entry point for understanding differences in attitudes towards globalization within and across countries. A common way of framing the consequences of economic globalization is that it produces winners and losers. Following neoclassical economic theory, the distribution of gains and benefits of trade liberalisation reflects a short-term adjustment process linked to economic specialisation across countries, whereas structural theoretical approaches emphasise the long-term consequences of economic reorganisation (O'Brien and Leichenko, 2003).

The Heckscher-Ohlin theorem explaining trade effects on the basis of relative factor endowments across countries provides an analytical foundation for numerous studies of individual attitudes towards trade that adopt assumptions from neoclassical economics. While Heckscher-Ohlin theory explains the evolution of trade patterns, an implication of the theory associated with the Stolper-Samuelson theorem is that trade has different consequences for skilled and unskilled labour, depending on the relative abundance or scarcity of human capital across and within countries. These theories imply that increased trade should benefit high-skilled labourers in countries where high-skilled labour is abundant, while disadvantaging low-skilled labour in the same countries. Consistent with these theoretical expectations, O'Rourke (2003), Mayda and Rodrik (2005), and Sanz and Coma (2008) find evidence that levels of educational attainment or membership in given professional categories influence attitudes to globalization, with higher skills linked to greater support for globalization.

An alternative entry point for examining the linkage between an individual's economic status and their attitudes towards trade focuses on the sector in which they are employed independent of their skill levels. Following the Ricardo-Viner trade model, a sector-specific approach to understanding individual trade policy preferences suggests that certain sectors are more vulnerable to short-term effects of trade either because they are beneficiaries of protectionist policies or more easily delocalised. Scheve and Slaughter (2001) assess this possibility alongside an explanation focusing on skill levels using data for the United States for a single year and find skill levels to be a stronger predictor of individual trade preferences.

**A common way of framing the consequences of economic globalization is that it produces winners and losers.**

In contrast, Mayda and Rodrik (2005) offer support for both explanations based on cross-national data, noting that individuals in sectors that face comparative disadvantages via trade are most likely to hold protectionist views, while individuals in non-traded sectors are more likely to support trade. Jobs in non-traded sectors require geographic proximity and therefore face lower risks in terms of outsourcing. For Mayda and Rodrik (2005), economic factors represent only a partial explanation for individual attitudes, however. Demographic variables such as gender and age also shape trade attitudes, while cultural factors such as the strength of sentiments of national attachment further explain support for trade or greater protectionism. A basic conclusion from their analysis is that accounting for differences in trade preferences among individuals and across countries requires a multidimensional approach.

The multifaceted character of individual trade preferences is clear even when the focus is restricted to economic factors. Individuals are economic agents not only as workers but also as consumers. Trade theory implies that some consumers stand to gain from trade liberalisation while others face higher prices. Baker (2005) examines the influence of consumer preferences on beliefs about trade policy and argues that variations in consumer preferences stem from differences in skill abundance across countries, suggesting that lower income populations in skill-abundant countries should be less protectionist in comparison to their wealthier compatriots.

While Baker's argument is derived from the Heckscher-Ohlin theorem and draws on the same assumptions as studies linking trade preferences to the distribution of income among skilled or unskilled workers, it signals that advantages to poor consumers may mitigate protectionist sentiment driven by trade impacts on income. Other researchers point to the limitations in understanding trade policy preferences as an expression of consumer interests. The persistence of broad public support for agricultural protectionism in OECD economies is one puzzle exposing these limitations, leading researchers to argue that factors such as the projection of individual insecurities on agricultural producers (Naoi and Kume, 2011) or the political framing of the issue (Jensen and Shin, 2014) account for the misfit between economic interests and policy preferences. In the United States, the paradox that many individuals hold political views that appear to go against their own economic interests has encouraged reflection on different ways of interpreting self-interest that take factors such as identities and feelings of alienation into account (Hochschild, 2016).

#### **QUALIFYING ECONOMIC INTEREST-BASED ARGUMENTS**

An individual's level of education recurs as an important explanatory factor shaping support for free trade or protectionism in the literature emphasising economic drivers of trade preferences. The observation that individuals with a higher level of education tend to view economic globalization in more positive terms than less-educated individuals underlines a challenge in attributing trade preferences to the economic benefits or losses that accrue to workers with differing skill levels. As Hainmueller and Hiscox (2006) argue, education may influence trade preferences because it introduces individuals to ideas about potential gains from trade, highlighting that individuals differ not only in the way they participate in the economy but also with respect to the knowledge base that informs their views.

Mansfield and Mutz (2009) similarly question whether the consistent finding that education is a strong predictor of trade attitudes reflects that individual perceptions of trade are based on personal economic interests or whether they derive from a broader worldview that is informed by their educational background. Using data from the United States, these authors argue that education supports the formation of a more cosmopolitan worldview that diminishes isolationist sentiment and the anxiety related to the prospect that other countries might benefit from trade at the expense of an individual's home country. The argument points to the importance of understanding the broader social context in which individual preferences take

shape. In considering the effects of education on attitudes, it is relevant to keep in mind that sociologists have debated whether educational attainment is itself driven by socioeconomic factors, familial background, or the characteristics of national education systems (Marks, 2005).

**Individual values such as views on the desirability of a free market economy, consumerism, or understanding of modernity are among the many determinants of globalization attitudes.**

A social approach to explaining attitudes towards trade can provide insight into why individuals do not form opinions based directly on the distributional consequences of trade for their own personal wellbeing. In this spirit, Lü, Scheve and Slaughter (2012) emphasise that individuals' concerns about the inequities that trade may generate for others help to account for support for protectionism for industries that employ workers with lower skill levels and incomes. An implication of this argument is that inequality linked to trade can stimulate interest in economic policy choices that address the more equitable distribution of wealth within countries beyond the groups of individuals who are most adversely affected by economic changes that increased trade contributes to. In a study built on evidence from a survey-based experiment, Nguyen (2017) offers a contrasting view, cautioning that an awareness of the impact of free trade in promoting inequality does not necessarily lead to greater support for protectionist attitudes. Instead, an acceptance of trade's contribution to inequality can reveal differing perceptions of fairness, which may vary across national settings. Other negative consequences of trade that have been identified as influential in shaping trade preferences include environmental effects (Bechtel et al. 2012) and cultural dislocation (Margalit, 2012).

Even though these research findings appear to point in different directions, together they present a view that the economic consequences of globalization for individuals are not alone responsible for determining their preferences for free trade or protectionist policies. Individual values such as views on the desirability of a free market economy, consumerism, or understanding of modernity are among the many determinants of globalization attitudes reported in cross-national analysis (Edwards, 2006). One lesson to draw from this discussion is that attitudes to globalization are associated with individuals' views of broader economic and political developments within countries. Challenging the argument that skill levels determine globalization attitudes, Balestrini's (2015) analysis of survey data from



France, Germany, Italy, Spain and the United Kingdom suggests that individual perceptions of the direction the country is headed in, satisfaction with democratic governance and perceptions of benefits from EU membership outweigh education as an explanation for sceptical attitudes towards globalization. One interpretation of this finding is that economic globalization may provide a target for scepticism because it is a diffuse concept that can absorb discontent directed at other policy areas. However, such perceptions may themselves be influenced by individuals' economic situations, underlining the challenge in isolating determinants of globalization attitudes.

Economic explanations are not rejected entirely by the literature offering qualifications to explanations for variations in globalization attitudes derived from an analysis of the distributional consequences of trade. Rather, this literature encourages analysts to supplement an understanding of the economic correlates of individual attitudes with an appreciation of the diverse sources of influence on how individuals form perceptions about the effects of free trade and its relationship to other issues that individuals consider important. In short, economic circumstance and ideas both matter as a determinant of individual attitudes.

Combining different dimensions of influence over attitudes may sharpen the analysis of the distribution of support for or opposition to globalization within societies. Teney et al. (2014) stress this point by emphasising the relevance of profiling winners and losers of globalization on the basis of their subjective threat perceptions and collective identities alongside economic characteristics such as education and employment status. In their analysis based on evidence from Western Europe and Central and Eastern Europe, individuals who are unemployed, less educated, have stronger national or subnational identities and feel subjectively deprived display a greater propensity for opposition to globalization.

## **GLOBALIZATION AND THE WELFARE STATE**

Research on the consequences of economic globalization for the systems of social protection associated with welfare states adds another dimension in contextualising how individuals experience globalization and form attitudes related to it. This area of study presents two main alternative understandings of the linkage between international economic integration and the welfare state. One line of argument suggests that strengthened welfare states are a response to economic insecurities created by international competition, while the other draws attention

to the constraints that globalization places on national economic management, focusing on globalization's negative consequences for welfare states (Walter 2010). The first camp tends to highlight the persistence of national distinctiveness in terms of policy responses to globalization, while the second camp – associated with the notion of a 'competition state' – focuses on the convergence of national policies to encourage the market integration of individuals (Genschel and Seelkopf, 2015).

**A conclusion that the overall scope of the welfare state has not been affected by globalization may neglect a shift in policy priorities that favours some domestic actors over others.**

One classical understanding of the strategy of small states in the face of international economic integration is that domestic compensation constitutes an important element of national efforts to respond to the volatilities created by liberalisation's competitive pressures (Katzenstein, 1985). Although the character of compensation approaches has varied across small economies, key elements of the policy mix relate to income protection, the provision of social welfare and the maintenance of a substantial public sector. Such policies have, in turn, been enabled by political systems promoting cooperation among different political groupings and negotiation between business and labour organisations. These compensation mechanisms are only one dimension of government spending to enhance citizens' economic security in the context of liberalisation. As Beramendi et al. (2015) indicate, investments in areas including education, research, childcare, labour market activation and public infrastructure that enable economic participation represent another important dimension of government spending.

Economic globalization has been associated with numerous pressures on welfare states, which can stem from phenomena such as the potential erosion of tax bases through exiting capital or wage and employment pressures driven by competition with low-wage countries. One analytical challenge in understanding the consequences of globalization for welfare states is that both globalization and welfare state regimes consist of multiple dimensions. As Burgoon (2001) suggests, there are diverse beneficiaries of welfare policies just as there are diverse economic actors within countries that gain or benefit from international openness. A conclusion that the overall scope of the welfare state has not been affected by globalization may neglect a shift in policy priorities that favours some domestic

actors over others. For example, globalization pressures may create growing pressure on social expenditure related to pensions and healthcare that support individuals with a diminished role in the labour force, while leading to increased investment in education as a means of securing competitiveness.

Consistent with the insight that there are distributional consequences of globalization pressures within national economies, welfare states may be considered both a mediating factor in shaping how individuals experience the effects of globalization and an arena for the articulation of individual preferences for the management of globalization. Individual demands for welfare state protections can result from individual vulnerability to globalization's negative effects. Using data from Switzerland, Walter (2010) argues that the skill levels of individuals and the extent of their exposure to international competition must be considered together in understanding why certain domestic actors experience greater economic insecurity in response to globalization. The analysis provides a confirmation of the classical view that the demand for domestic compensation is a consequence of international openness.

Some policy areas associated with the welfare state can be considered to enable countries to participate more actively in a liberalised international economy, while others may experience more direct strain as a result of international competition. Downes et al. (2004) take note of this dynamic in indicating that labour market policies that encourage adjustment through education and assistance with job searches or social protection schemes that limit individuals' resistance to change by providing a safety net can facilitate national adaptation to globalization. This is the essence of a 'flexicurity' approach designed to increase security for individuals with short-term employment contracts while also giving employers leeway (Bredgaard and Madsen, 2015). In a similar vein, Margalit (2011) finds that measures such as job training and income assistance can diminish the economic frustrations of individuals made insecure by foreign competition. At the same time, competition for investment from multinational corporations may place downward pressure on regulations that limit the flexibility of employers. The balance of welfare state changes in response to globalization may reflect the extent to which welfare protections are considered advantageous for both workers and employers in maintaining international competitiveness (Downes et al. 2004).

## GLOBALIZATION AND PARTY PREFERENCES

In addition to being filtered through domestic welfare state institutions, individual attitudes towards globalization take shape within a broader political context in which other issues attract voter attention and where political parties compete for voter support.

Like the research explaining attitudes towards free trade and protectionism and individual preferences for welfare protection cited above, analysis of the transformation of political cleavages in the wake of globalization accepts that the economic interests of voters provide an important starting point for understanding voter demands. However, one key insight from comparative research on the evolution of party politics is that an emphasis on economic attributes alone neglects other dimensions of political preference formation that are relevant in understanding political change.

Beramendi et al. (2015) position core groups of political actors along two dimensions. The first dimension represents the economic status of group members and denotes varied preferences for state intervention in the economy, while the second dimension reflects variations in attitudes expressing support for a universalistic or particularistic view of the world. The second dimension can be considered a cultural dimension of preference formation, as it serves to distinguish individuals and groups with a stronger notion of national or local identity from individuals that display greater openness to accepting supranational political authority (Kriesi et al. 2008; Beramendi et al. 2015). Globalization may produce both feelings of economic insecurity and concern about the loss of national identity, implying that there are different types of losers of globalization that do not share the same political motivations (Kriesi et al. 2008).

The multidimensional political space influenced by global economic changes creates opportunities for the emergence of new coalitions that can be distinguished from a traditional left-right divide in which class provided a key determinant of political preferences (Beramendi et al. 2015). The programmatic convergence of mainstream parties within this context presents another element of the changing opportunity structure for varied political forces. Political parties can exploit the fragmentation of voter attitudes and themselves influence the attitudes that voters adopt through the political platforms that parties supply.

The manner in which parties stimulate demand among voters through their framing of issues represents one element of a growing body of research on populism, a concept denoting the cultivation of anti-elite and anti-outsider sentiment that can cover a range of positions on economic policy (Reinemann et al. 2017). In line with the conceptualisation of the emergence of a multidimensional political space, both economic insecurity and cultural identity have been put forward as core explanations for increasing support for populist parties in Europe and elsewhere.

**Globalization may produce both feelings of economic insecurity and concern about the loss of national identity, implying that there are different types of losers of globalization that do not share the same political motivations.**

Consistent with an economic argument, Funke et al. (2016) study the impact of financial crises on national political dynamics and find that polarisation and fragmentation follow from such crises and that support for far-right parties tends to find particularly fertile ground in these periods. The anti-immigration orientation of such parties suggests that economic insecurity may be expressed in concerns about the preservation of national identity, implying a complex relationship between these issues. Multiculturalism may also just be one aspect of broader societal value changes that voters express unease with by supporting populist parties. As Inglehart and Norris (2016) argue, placing weight on cultural explanations for populist support can help to address challenges in explaining populism purely through the lens of economic insecurity.





Explaining globalization scepticism within countries:  
**INSIGHTS FROM DENMARK, FRANCE  
AND GERMANY**

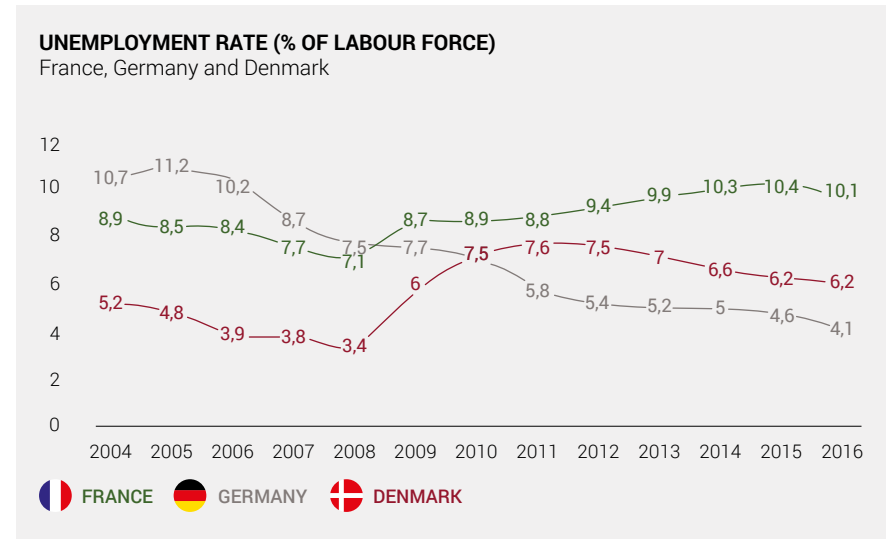


This section outlines key features of the experiences of Denmark, France and Germany with economic globalization, and factors at the national level that can inform the analysis of the variations in optimism or scepticism across these countries. As the review of trends in attitudes towards globalization earlier in the report indicated, Danish public attitudes towards globalization appear to be consistently more positive than in Germany or France, with France displaying the highest level of scepticism of the three countries. The discussion of potential factors explaining these trends extends the general insights presented in the literature review above by highlighting factors related to globalization's economic implications for each country, national institutional factors that may reinforce or mitigate globalization challenges and other political factors that indicate what concerns about globalization are expressed in these countries.

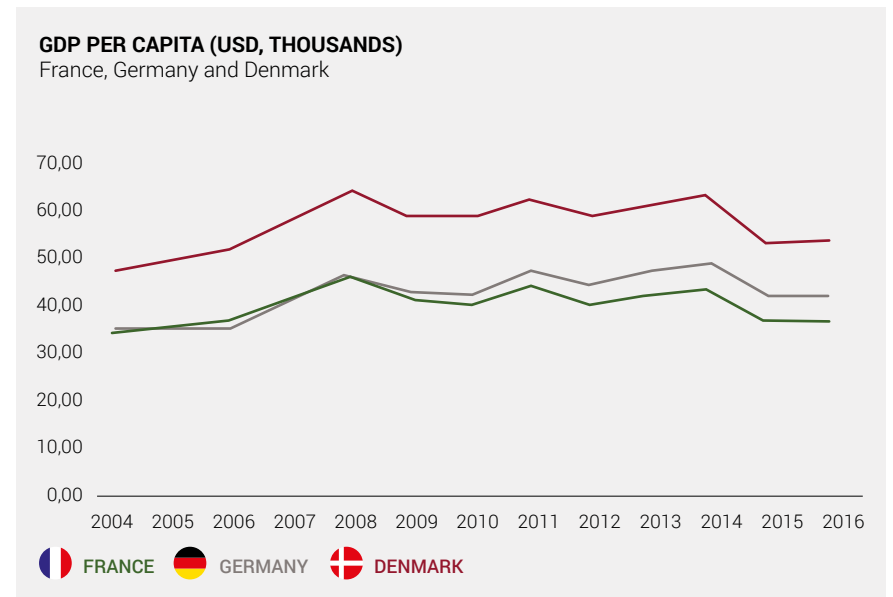
Figure 4.



Source: World Bank, 2017a-c



Source: World Bank, 2017a-c



Source: World Bank, 2017a-c

## DENMARK

### General context and economic factors

On a global level, Denmark has experienced the fourth biggest increase in national income due to globalization, leading the Bertelsmann Stiftung to name Denmark as one of the world's greatest winners of globalization (Böhmer et al. 2016). The country's long tradition of being an open economy with a commitment to economic equality has enabled Denmark to prosper from economic integration while managing its distributional consequences (Katzenstein, 1985). Measurements of trade inequality also suggest that the low-income group in Denmark has experienced greater benefits from trade than comparable groups in France and Germany (Fajgelbaum and Khandelwal, 2016). However, inequality in Denmark has also increased over time as figure 4 indicates (World Bank, 2017a).<sup>5</sup> Thus, distributional issues may still be relevant in explaining variations in Danish attitudes towards globalization.

As a consequence of globalization, many jobs have been outsourced from Denmark to other countries (Rasmussen, 2016). The number of outsourced jobs in the manufacturing sector fell markedly from 2011 to 2016, but it is still the sector that has lost the most jobs to outsourcing over time and remains the sector that is most vulnerable to globalization (Danmarks Statistik, 2016a; 2016b; 2016c). In comparison, the trade and transport sector, the financial and insurance sector, and the construction sector have lost fewer jobs as a result of outsourcing (Danmarks Statistik, 2016a). Considering that foreign owned enterprises created almost 13,000 Danish jobs in the trade and transport sector between 2014 and 2015, this sector seems to have benefited from globalization (Danmarks Statistik, 2016c).

**On a global level, Denmark has experienced the fourth biggest increase in national income due to globalization, leading the Bertelsmann Stiftung to name Denmark as one of the world's greatest winners of globalization.**

Consistent with the literature, low-skilled labour seems to be more vulnerable to globalization's effects than high-skilled labour (Danmarks Statistik, 2016a). In total, only 26% of the 8,462 outsourced jobs in 2016 involved high-skilled labour (Danmarks Statistik, 2016a; Økonomi- og Indenrigsministeriet, 2017). In the past ten years, the decline in manufacturing jobs has led to a relatively large fall in the employment rate

in peripheral areas of Denmark compared to urban areas, encouraging people to move to urban areas (Danmarks Statistik, 2016d). As a result, the consequences of globalization may become especially visible in localities where production sites that used to be a part of the local identity close down and never reopen.

**Low-skilled labour seems to be more vulnerable to globalization's effects than high-skilled labour.**

While this report limits itself to describing survey responses and does not demonstrate the correlation between unemployment, regions of residence and attitudes towards globalization, survey findings suggest that the regions in Denmark that have experienced the largest decreases in employment over time (southern Denmark and Zealand) are also the regions where globalization scepticism is highest. At the same time, it is worth noting that northern Jutland appears as the least sceptical region in Denmark even though it has not experienced the largest employment gains (YouGov, 2016b). Other survey findings point to higher scepticism among the unemployed, unskilled labourers and individuals with lower incomes, while higher education levels and income seem to be associated with more positive views of globalization (YouGov, 2016b).

### Institutional explanations

The literature connecting distributional consequences of globalization to attitudes seems to be consistent with the Danish case to some extent. Nevertheless, institutional factors moderating negative consequences of globalization can also help to account for Denmark's generally low level of globalization scepticism. Despite the outsourcing of jobs, there is still a high rate of job rotation due to upgrading of skills and a minimal difference in unemployment between lower-skilled and highly educated work forces resulting from globalization (Økonomi- og Indenrigsministeriet, 2017). At the same time, globalization does not seem to have resulted in a big wage gap between highly educated and less-educated groups (Økonomi- og Indenrigsministeriet, 2017).

Many welfare scholars have described the flexicurity model as a special institutional set-up that moderates the consequences of economic integration (Campbell and Pedersen, 2007; Daemmerich and Bredgaard, 2013). The flexicurity model is a triangle consisting of: (1) flexibility for employers to adjust staffing levels according to the state of market, (2) unemployment security in the form of high unemployment

benefits, and (3) an active labour market policy consisting of skill upgrading and job training (Campbell and Pedersen, 2007; Bredgaard, 2015; AE, 2017). With its three pillars, the flexicurity model educates workers to shift to new industries when jobs are lost (Økonomi- og Indenrigsministeriet, 2017; AE, 2017). According to the Economic Council of the Labour Movement (Arbejderbevægelsens Erhvervsråd), almost 25% of Danes have been in their current job for less than 12 months, making Denmark the country in Europe with the largest job rotation (AE, 2017).

Danish labour unions have played an important role in mitigating the level of globalization scepticism. Instead of fighting globalization, labour unions have embraced the flexicurity model as an institution to protect the employment level (Daemmrigh and Bredgaard, 2013). The unions educate members to understand which sectors could be exposed to shifts in employment and to be aware of the advantages from trade (LO, 2008).

In spite of these positive views towards economic integration, migration from Eastern Europe could trigger rising scepticism in the labour unions and among the general population, since the share of foreign labour has increased rapidly since 2008 (Økonomi- og Indenrigsministeriet, 2017; Cevea, 2014). However, Danish unions have stated that Eastern European migration is only a problem if it is unregulated and on unfair terms (LO, 2017a). The majority of the Danish population seems concerned about Eastern European labour (Cevea, 2014). Furthermore, researchers note that development of the platform economy can challenge the labour market in a way that leads to a rise in globalization scepticism in Denmark (Greve, 2017; LO, 2017b).

### **Political parties**

Consistent with the literature, attitudes towards globalization in the Danish population are reflected in the supply side of the political parties. In Denmark most parties hold a positive attitude towards globalization but two of the parties – the Danish People's Party (Dansk Folkeparti) and Enhedslisten – emphasise two different facets of globalization concern. Dansk Folkeparti expresses concern that migration to Denmark linked to globalization will lead to a loss of Danish jobs (Sørensen, 2017). People voting for Dansk Folkeparti in the last election represent one of the groups most sceptical towards globalization (YouGov, 2016b). At the same time, the party has encouraged the government to work for an ambitious free trade agreement between the EU and the United States (TTIP agreement) even though this is an indicator of further economic globalization (Folketinget, 2015; Folketinget, 2014). When speaking of globalization, Enhedslisten focuses on the

dimensions of free trade and social dumping rather than on the cultural dimension (Enhedslisten, 2017). The party believes that outsourcing as a response to increasing free trade could play countries and workers against each other in a 'downward social spiral' (Enhedslisten, 2017). It is also the only party consistently working against a TTIP agreement (Enhedslisten, 2015; Folketinget, 2014; Folketinget, 2015).

The remaining parties represented in the parliament primarily focus on the advantages of globalization. For over ten years shifting governments have embraced globalization and at the same time tried to manage its consequences, e.g. through welfare reforms and a new globalization strategy (Regeringen, 2006). The globalization strategy of 2006 consisted of 350 specific initiatives aiming to reform the Danish education system from the primary schools to the universities in order to improve the conditions for growth and innovation in all areas of society (Udenrigsministeriet, 2006). To complement this the Danish government proposed a welfare reform package, focusing on getting students to complete their studies faster, postponing the average retirement age and improving integration of immigrants (Regeringen, 2006; Udenrigsministeriet, 2006). In 2017 a new foreign and security policy was launched by the liberal government, focusing on economic diplomacy and free trade to maintain globalization's advantages (Udenrigsministeriet, 2017).

## **GERMANY**

### **General context and economic factors**

Germany is a distinctive case due to its reunification process, which involved the absorption of a planned economy into a market economy in a short period of time. Key consequences of the integration of the formerly West and East German economies were a swift loss of competitiveness and profitability for East German industries and a change in the structure of the economy as well as a rising fiscal burden on the German state to support the political and economic transition (Matthes et al. 2008). Even though nearly three decades have passed since reunification, the legacy of a divided Germany is still visible in variations in economic profiles and political dynamics across formerly East and West German federal states. The domestic economic integration process took place alongside deepening European integration and advancing globalization, highlighting challenges in separating international factors that stimulate economic change from national drivers.

In spite of the economic constraints generated by reunification, Germany has enjoyed a long period of economic prosperity while other European countries have faced difficulties. Germany's economic success is linked to strong export performance, with German industrial production in areas such as specialised machinery benefiting from growing demand from emerging economies and other markets (Matthes et al. 2008). As figure 4 indicates, the German unemployment rate has declined since the financial crisis. Nevertheless, economic gains have not benefited all segments of the work force, as unemployment rates among workers with low levels of qualifications remain substantially higher than for well-educated individuals, and have risen even as the overall unemployment rate has declined (IAB, 2016).

**Economic gains have not benefited all segments of the German work force, as unemployment rates among workers with low levels of qualifications remain substantially higher than for well-educated individuals.**

Using data from 2000–2007, Arndt et al. (2009) noted that foreign ownership of firms in Germany remained at a low level and federal states with stronger economies were more attractive for foreign investors than, for example, the new federal states in the East. Their analysis indicated that this investment contributed to increasing export intensity, but its consequences for employment or productivity were less clear. At the same time, Germany's role as a source of investment has expanded. Although German firms have increasingly internationalised their production networks, the maintenance of a strong industrial sector has been attributed to several characteristics of the German economy: the strength of small and medium-sized enterprises, intensive domestic business networks, a technological orientation, reliance on qualified labour, and substantial investment in research and development as well as innovation (Lang et al. 2015). In this respect, the maintenance of Germany's status as an attractive home base for firms and continued support for further internationalisation of German industry are understood to represent complementary objectives.

The overall positive economic trends in Germany offer one explanation for declining scepticism towards globalization. Factors such as individual income, educational attainment, employment status, or area of residence also remain plausible explanations for variations in sentiments towards globalization within Germany.

### **Institutional explanations**

In spite of Germany's globalization achievements, the German public generally holds a more cautious view of globalization in comparison to its Danish neighbours. Both countries have been characterised as coordinated market economies with a tradition of concertation between business and labour organisations. As Jackson and Thelen (2015) argue, the institutional setting for economic policy has evolved in both countries to support liberalisation processes, but the character of this process in each country reveals key differences in the nature of corporate governance and industrial relations. Whereas the role of foundations and pension funds in providing corporate financial capital fosters stability by insulating Danish corporations from short-term competitive pressures and lowering pressure to cut employment, banks have traditionally been more important capital sources for German firms.

Liberalisation has given rise to more diverse financing approaches in Germany and provided industrial firms with the flexibility to consolidate existing advantages. While sector and firm-specific collective bargaining remains important in Germany, Jackson and Thelen (2015) indicate that the scope of collective bargaining outside of the core industrial economy has declined, leaving many low-wage workers in a more precarious employment position and with limited access to opportunities for skill development. This presents a contrast to the Danish experience, where the interests of low-skilled and high-skilled workers have been advanced together through stronger unions (Jackson and Thelen, 2015).

The German government introduced a package of reforms in 2005 with the objective of addressing persistently high unemployment. The so-called Hartz reforms combined changes to the unemployment benefits system with measures to promote job activation and job creation. These reforms provided a stimulus for the expansion of the low-wage sector (Jackson and Thelen, 2015). Although the reforms have resulted in increasing labour market participation, rates of long-term unemployment remain high (Sperrmann, 2015). In addition to the challenges in implementing the labour activation approaches that the reforms promote due to capacity constraints in the public agencies responsible for facilitating employment searches, another difficulty in addressing the long-term unemployment challenge relates to the need for upgrading the skills of individuals with low levels of qualifications (Sperrmann, 2015). Germany has long been known for its system of occupation-based training, which along with employment protections provides an



explanation for the stability of skilled employment in German firms (Estevez-Abe et al. 2001). While beneficial for the maintenance of a highly skilled labour force within certain industries, the education deficits of the long-term unemployed suggest that increasing flexibility in training opportunities could enable wider work force participation.

### **Political parties**

Concerns about economic globalization have appeared on the left and right of the German political spectrum. On the left, the socialist party Die Linke has, for example, voiced strong opposition to the TTIP agreement and other regional free trade agreements. The party stresses the potentially negative consequences of trade deals in relation to the privatisation of public services and lowering of social and environmental standards. This form of scepticism towards globalization reflects a desire to advance an economic model that places ecological and social protection concerns above profit considerations (Die Linke, 2017). The German Green Party (Bündnis 90/Die Grünen) similarly criticised these trade agreements in its recent election platform, emphasising the importance of promoting fair trade through regulation advancing environmental, labour and human rights protections (Bündnis 90/Die Grünen, 2017). In Germany, opposition to TTIP has extended beyond partisan cleavages in spite of Germany's export-driven economic success. Jedinger and Schoen (2017) attribute this to anti-American sentiments, underlining the possible role of values in shaping economic policy preferences.

**In Germany, opposition to TTIP has extended beyond partisan cleavages in spite of Germany's export-driven economic success.**

Scepticism towards international economic integration on the German right has focused on criticism of the European Union and the policies promoted by the German government within it. The management of the Eurozone crisis under Chancellor Angela Merkel's leadership was a key issue leading to the establishment of the Alternative für Deutschland party in 2013 (Fawzi et al. 2017). As the party developed, it adopted a stronger anti-immigration profile and attracted voters on this issue.

## **FRANCE**

### **General context and economic factors**

The analysis of globalization scepticism in France reveals some contradictions. On the one hand, French anti-globalization activists have enjoyed a high level of visibility in national and international globalization debates. One prominent expression of globalization scepticism was the dismantling of a McDonald's restaurant under construction in rural France in 1999 by the farmer José Bové and other protestors. This protest encapsulated different elements of anti-globalization sentiment, including concerns about the environment, the fate of small-scale agriculture and the loss of a distinctive national identity, in addition to the direct discontent resulting from retaliatory tariffs placed on agricultural products in light of European bans on American genetically-modified foods. On the other hand, French economic policy over the last decades has pursued a course embracing increased liberalisation, indicating a commitment to adapt to rather than to resist globalization (Gordon and Meunier, 2001). France displays the highest level of scepticism towards globalization of the three countries examined in this report but is sheltered by a large domestic economy. France has also historically sought global influence across political, economic and cultural domains (Lundsgaarde, 2013), suggesting that globalization might fit with the project of promoting universalist ideas that has long shaped France's understanding of its place in the world.

**French economic policy over the last decades has pursued a course embracing increased liberalisation, indicating a commitment to adapt to rather than to resist globalization.**

The French economy is regularly compared unfavourably to the German one. This does not necessarily indicate an economic decline but rather reflects that France has experienced a slower rate of growth. As the Bertelsmann Stiftung's globalization index suggests, French national income has increased as a result of international economic integration. However, it has also experienced a relative loss of competitiveness when compared to emerging economies and has similarly seen its share of global exports decline (Böhmer et al. 2016). The consequences of internationalisation for employment have been difficult to measure, given that job losses can, for example, stem from competition from imports, or firms' decisions to outsource work. Barlet et al. (2009) estimated that internationalisation was

responsible for the loss of 36,000 jobs annually in France between 2000 and 2005, with the agricultural sector appearing to be particularly affected in light of the high volume of employment and a large percentage decline compared to other sectors. This calculation does not take into account employment creation resulting from internationalisation.

Consistent with expectations from trade theory, Carluccio et al. (2017) indicate that the offshoring of production increased the demand for skilled workers in the French manufacturing sector between 1995 and 2007, even though French firms vary in their capacities to make use of offshoring to lower costs. These authors propose redistributive policies and training to raise skill levels as means of ensuring that benefits from globalization are more widely shared.

### **Institutional explanations**

France has a substantial welfare state and governments with varied partisan affiliations have supported social protections as an accompaniment to liberal reforms. The continued commitment to income preservation through social transfers provides one explanation for why France has not experienced rising income inequality similar to other continental European countries. At the same time, labour market reforms have encouraged the expansion of short-term or less regulated working arrangements intended to promote employment (Beramendi et al. 2015). This development points to a duality in the labour market and the welfare system, where workers with less secure employment status also have distinct social protections. The trend towards flexibility in the labour market that particularly affects low-wage workers is similar to the situation described with reference to Germany above. However, the German approach has displayed a stronger emphasis on shifting the focus of welfare expenditure towards investments in workers, for example via training or retraining support (Beramendi et al. 2015).

The German system of vocational training relies on firm-level training to upgrade skills within given professions. Culpepper (2001) notes that France has had difficulty pursuing reforms in vocational training because of the structure of cooperation among firms and between employers and employees. Large French firms have tended to pursue firm-specific training that does not necessarily imply transferability of skills to other enterprises, in part because of the lack of coordination evidenced by weak employer organisations. Firms have also had freedom to select the type of training that fits with their individual strategies because of limited pressure from trade unions (Culpepper, 2001). Trade union membership in France is

low in comparison to other European countries. Over time a diminishing connection to the state and the rise of decentralised collective bargaining have provided further challenges to unions in representing broad employee interests (Groux, 2009).

**Scepticism towards globalization may reflect a lack of confidence in the national political elite and the long-term liberalisation strategy it has advanced.**

The institutions shaping the regulation of the French labour market represent only one element of a political system that offers other explanations for citizens' scepticism towards economic integration. One example is that the French public displays low levels of trust in the country's political institutions in general (Rouban, 2009). Thus, scepticism towards globalization may reflect a lack of confidence in the national political elite and the long-term liberalisation strategy it has advanced.

### **Political parties**

Adjustment pressures to internationalisation have contributed to shifts in the French political landscape. As Bornschier (2008) indicates, the growing similarity of large mainstream parties due to the acceptance of liberalisation and deepened European integration is among the factors that have enabled the rise of the right-wing Front National, which has distinguished itself from other French political parties due to its anti-foreigner rhetoric. The anti-immigration emphasis of the party signals that cultural views, such as perceptions of loss of national identity, may outweigh economic concerns in explaining support for the party. In this narrative of political transformation, economic globalization represents an underlying driver of change because de-industrialisation provoked by greater openness disadvantaged individuals with low skill levels (Bornschier, 2008). The economic dimension of the Front National's political platform in the last presidential election included the objective of promoting re-industrialisation in France with the support of a stronger state. Reclaiming sovereignty by exiting the European Union and re-establishing a national currency underline the general message of seeking to recapture lost authority in the face of economic integration (Front National, 2017). However, the term globalization (mondialisation in French) appears only once in this election manifesto, in the context of promoting environmental preservation by taming globalization and reducing the scope of economic exchange.

Several French presidential candidates advanced the theme of reasserting sovereignty in the face of economic integration in the 2017 election. The leftist candidate Jean-Luc Mélenchon – who received the fourth highest score (19.56%) in the first round of the presidential election – offered voters remedies to perceived ills of liberalisation such as loss of industries in particular localities, pressures on public services, the distribution of benefits to large corporations, and environmental decay. Mélenchon’s campaign proposals included pulling France out of the World Trade Organization and free trade agreements, reinstating capital controls and re-enacting national tariff barriers (La France Insoumise, 2017). Although the positions of this movement on other issues differ markedly from those of the Front National, the strong performance of both parties in the last election cycle points to individual insecurities in the face of societal change and solid support for the view that economic liberalisation has led to a loss of control.

## LESSONS FROM THE COUNTRY CASES

Denmark, Germany and France differ with respect to the extent of their exposure to international economic integration, the benefits and losses they have experienced as a result of globalization, and in their approaches to adapting to liberalisation. They also vary with respect to a number of political institutions that are not considered in this report. Denmark’s tradition of minority government, Germany’s federalism, or France’s presidential system are among the features of these countries that shape political dynamics and policy choices within them.

This brief review of experiences with globalization in these countries and the discussion of factors that might account for variations in levels of scepticism within the countries and across them nevertheless reveals some common themes. In spite of their differences, one generalised narrative across the countries is that advancing economic integration and liberalisation have disadvantaged lower-skilled workers. While a mix of interventions can contribute to reducing economic insecurities, the discussion of institutional explanations for globalization scepticism in this report draws attention to the investments governments and firms make in upgrading the skills of vulnerable workers to enable participation in an economy facing increased international competition. In Denmark, opportunities for retraining in the event of job loss represent one element of the flexicurity approach that enables firms and workers to adapt to competitive pressures. The German system of vocational training similarly emphasises upgrading worker skills and provides one explanation

for the strong performance of German firms in the face of globalization. However, occupation-based training may not benefit all workers and this limitation could provide an explanation for the persistence of scepticism towards liberalisation among low-wage earners. Upgrading skill levels has seemingly been more challenging in the French context, reflecting the nature of firm relationships with the state and the characteristics of social partners.

**One generalised narrative across the countries is that advancing economic integration and liberalisation have disadvantaged lower-skilled workers.**

There are political parties that articulate sceptical views towards globalization in all three countries. These parties vary in the emphasis they place on different dimensions of globalization, with some linking globalization to cultural issues such as a loss of national identity and others focusing more on the consequences of liberalisation for economic, social and environmental outcomes. Although these perspectives seem to have in common an appeal for increased regulation as a means of asserting national control, the differences in the complexes of issues that parties advocate should introduce a note of caution in interpreting the weight of anti-globalization sentiment in party platforms and the extent to which these positions motivate voters to support a given party.





**CONCLUSION**

Recent political developments in Europe have drawn attention to the prospect of a 'globalization backlash' that has raised concerns among governments that view international economic integration as a path to increasing prosperity and wellbeing. While factors such as rising inequality or alienation due to broader economic change provide explanations for sceptical attitudes towards globalization, there are many unknowns in determining the sources of economic uncertainty and identifying political and policy implications in order to address the causes of globalization concerns (OECD 2017a).

This report emphasises the complexity of explaining attitudes towards economic globalization and suggests that future analysis can benefit from a multilayered approach in understanding globalization scepticism. The analysis points to three core dimensions to consider in further exploring sources of globalization scepticism. The first dimension relates to identifying the aspects of globalization that generate the most concern among citizens. One basic challenge in isolating drivers of globalization scepticism is that the term globalization provides an umbrella for diverse phenomena. Although expressions of economic globalization such as free trade or investment from multinational corporations may produce similar effects that influence individuals' perceptions of the advantages and drawbacks of international economic integration, globalization is also associated with political changes such as the delegation of sovereignty or intensified cultural exchange that potentially stimulate concerns related to questions of national identity. At the same time, globalization's large umbrella may provide cover for other political and economic developments within countries that provoke discontent. Distinguishing citizens' attitudes towards different facets of globalization and how these perceptions of varied sources of change influence one another remains an important area for further research and policy reflection.

The second dimension providing a foundation for the analysis of attitudes to globalization focuses on how benefits of economic globalization are distributed within societies. International economic integration has the potential to create opportunities for certain groups at a higher rate than others. The impacts of globalization can vary in relation to where individuals live, their sectors of employment and their skill levels. These differences can, in turn, shape citizens' attitudes towards the value of globalization. While the report suggests that economic explanations for scepticism towards globalization should be supplemented with ideational explanations such as individuals' worldviews, attention to the consequences of economic integration for specific regions, occupational groups and individuals with different levels of educational attainment should be relevant in identifying the

potential for rising scepticism about globalization. In this context, it is important to recall that individuals possess multiple traits that influence their attitudes. As the literature review has highlighted, the vulnerability of low-skilled workers to globalization pressures may be linked to their sector of employment, while individual political preferences can reflect a combination of economic interests and feelings of national attachment.

The third dimension providing a basis for understanding the prevalence of globalization scepticism relates to the institutions and policies that influence how citizens and firms can benefit from globalization while being shielded from its negative consequences. In light of the Danish public's high level of positive sentiment towards globalization, the report has drawn attention to the advantages of the Danish approach combining unemployment protection, flexible regulation of employers and investment in skills development. Although Germany and France have also promoted policies to compensate citizens for vulnerability linked to economic liberalisation and invest in their workforces, the process of upgrading skills through vocational training has a longer tradition in Germany than in France. Variations in broader political forces such as the strength of trade unions shape the character of policy priorities enacted to manage globalization and provide another indication of the importance of thinking about how different elements of the political and institutional landscape interact to enable citizens to benefit from international economic integration.

These examples provide an indication of directions for governments to pursue in order to enable benefits from globalization to be distributed more widely within societies. However, the discussion in this report does not assess a broad spectrum of specific policy choices that may be relevant in shaping how individuals' experience the changes related to globalization that inform their attitudes. Governments interested in maintaining support for globalization should examine how the mixture of policies to enable individual and firm participation in a competitive global economy and guard against potentially negative effects benefits society at large and different societal groups within it. In this spirit, the perception of rising globalization scepticism can be a healthy stimulus for reflection on the choices that governments have made in managing international economic integration and how they can improve their performance in this area in the future.



## NOTES

- 1 The measure of economic globalization consists of an index on transaction variables (trade in goods and services, foreign direct investment, portfolio investments) and transaction restrictions (import barriers, import duties, taxes on international trade [as % of tax receipts] and capital controls). Social globalization includes indicators on personal contacts, information flows and cultural proximity (Böhmer et al. 2016: 36). Political globalization includes indicators such as the number of diplomatic representations abroad, international treaties, membership in international organisations and participation in UN Security Missions (Böhmer et al. 2016: 36). The KOF Globalization Index managed by the Swiss Federal Institute of Technology (ETH) provides another resource for comparing national experiences with globalization over time across multiple dimensions (KOF, 2017).
- 2 These trends also hold when the question of whether globalization is seen as an opportunity or a threat to employment is used as an alternative indicator of scepticism towards globalization (European Commission, 2009a; 2009b; 2012a; 2017a).
- 3 Other possible indicators of sentiments towards globalization include attitudes towards foreign investment, multinational corporations, or immigration. While the balance of positive or negative views towards immigration is relevant in understanding attitudes to economic globalization to the extent that it reflects opinions on the desirability of the freedom of movement of labour, immigration also has a strong cultural dimension. This report acknowledges that attitudes towards immigration or other cultural factors may interact with attitudes towards economic globalization; however a substantive review of attitudes towards immigration is beyond the scope of the report.
- 4 European integration can, alternatively, be understood as a regional project with an aim of intensifying economic exchange and political cooperation within a restricted geographical area rather than as an expression of globalization. Attitudes towards European integration are presented as an indicator of sentiment towards globalization here because of the emphasis the EU places on promoting the free movement of goods, services, capital, and labour that is consistent with an understanding of globalization focusing on increasing economic integration across borders.
- 5 The Gini index goes from 0–100, where 0 suggests full equality and 100 suggests full inequality (World Bank, 2017a)

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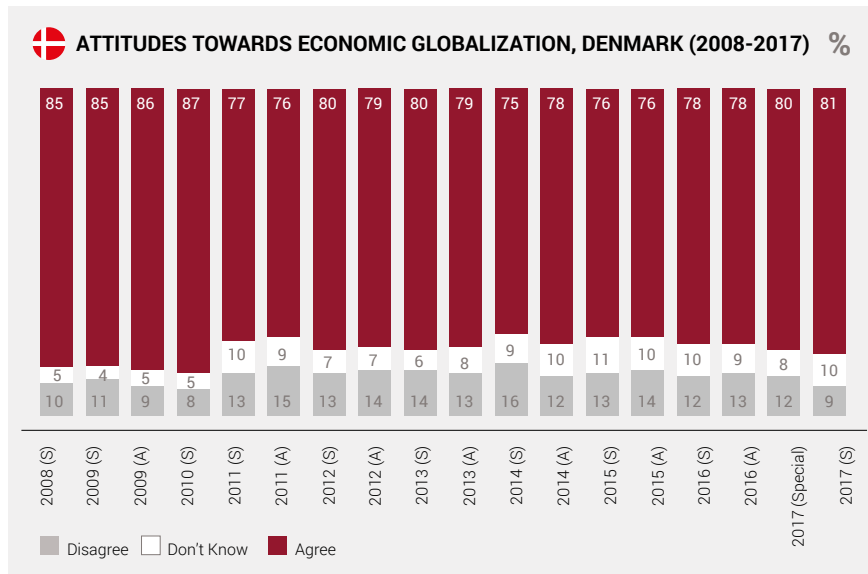
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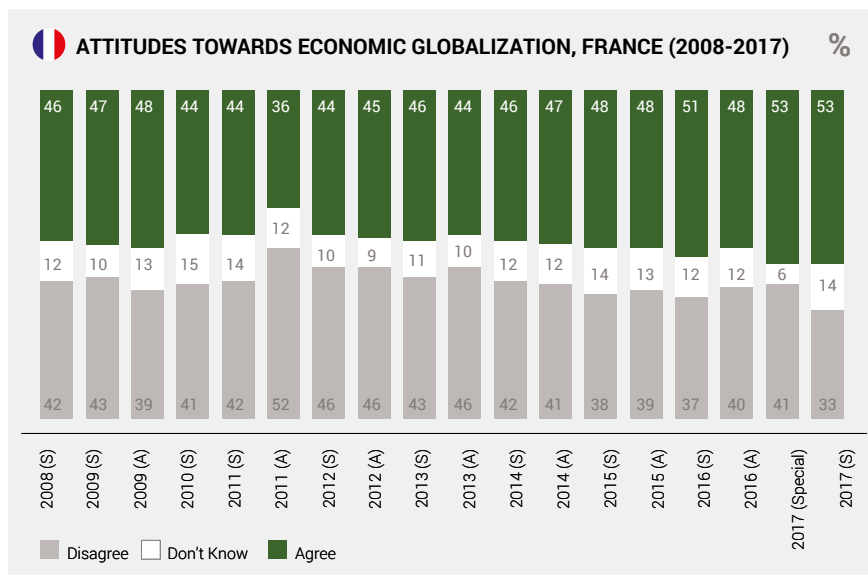
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**APPENDIX**

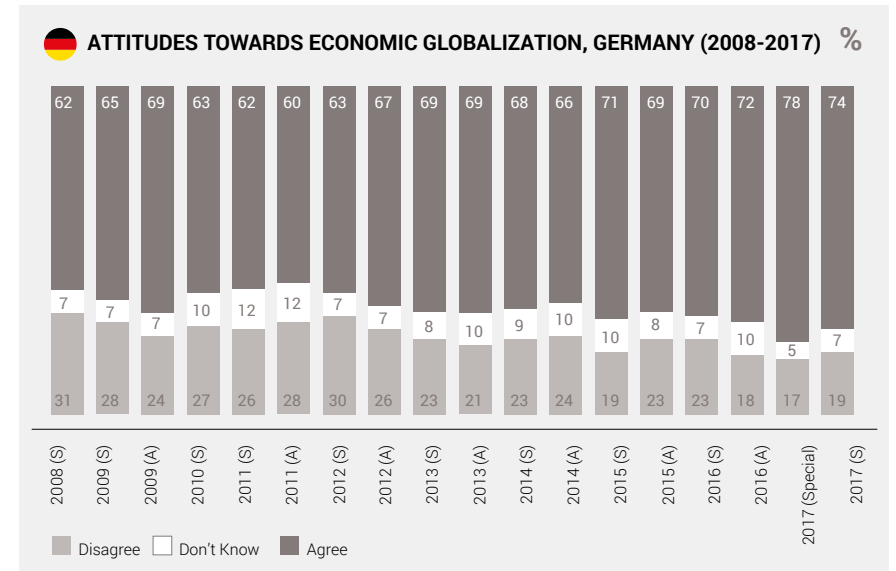
Public attitudes towards economic globalization in Denmark, France and Germany (2008–2017) as reflected in responses to the statement: ‘Globalization is an opportunity for economic growth’ (See text figure 1).



Source: European Commission, 2008–2017b



Source: European Commission, 2008–2017b



Source: European Commission, 2008–2017b



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