

Dissertation: Mass Media and the Domestic  
Politics of Economic Globalization

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# Chapter 1

## Introduction

The central argument of this dissertation is that the mass media have played a critical but misunderstood role in the variety of national political responses to economic globalization around the world since the 1960s. Specifically, the studies collected here suggest that the mass media have played a variety of *anti-democratic* roles in national liberalization processes since the 1960s, in ways which have gone largely unnoticed by political scientists. It is the view of this dissertation that variation across domestic media environments can help us to explain broad empirical patterns in global and comparative political economy, such as why some states in some periods have liberalized in broadly inclusive ways, (for instance, the “embedded liberalism” of post-war Europe (Ruggie 1982), while others have liberalized far less inclusively (for instance, the many neoliberal economic openings of the late 1980s). Although this is the general pattern to which the following studies testify, each study disaggregates and “operationalizes” distinct dimensions of variation and tests distinct causal

mechanisms to approach this broad thesis in the most grounded and tractable ways possible.

As a result, the broad theoretical argument which motivates and unites the individual studies is rarely obvious within any particular article. The following section, therefore, provides a stylized and somewhat sociological narrative of the literatures on media and globalisation in modern social science, highlighting the gaps which this dissertation seeks to fill. In doing so, I also gesture to some broad historical observations on the social sciences more generally insofar as it contextualizes and foreshadows my arguments, given that contemporary social science bears some political traces of both globalization and the transformation of media environments since the 1960s.

## **1.1 The Lost Tradition of Media as Propaganda**

From the 1920s until the end of World War II, the conventional wisdom was that the role of mass media in modern society was, and ought to be, an instrument of propaganda for the optimal functioning of the state (Bernays 2004; Lippmann 1922). With the rise of information theory, which would become a basis for modern computing (Shannon 1948; Gleick 2011), in the post-war period there was a flowering of social-scientific efforts to link the propaganda-role of media to the burgeoning framework of information theory (Wiener 1961;

Deutsch 1953, 1966; McLuhan 1994; Ellul 1965).<sup>1</sup>

Today, these incipient social-scientific theories of the media appear remarkably cynical: given the longstanding conventional wisdom of elites that the media were mere tools of propaganda, the emergence of legitimately scientific models of information quite naturally led social theorists to conceptualize the media as instruments of social control. Thus, these early efforts are laden with surprisingly sinister vocabularies, the most recurring themes revolving around the control, monitoring, and shaping of mass publics.

These early social scientists of the media, most of whom were writing within democratic states, had surprisingly little to say about the media having anything to do with the empowerment of the masses. This is puzzling given that, today, scholars and schoolchildren alike are most immediately inclined to think of the media as a “watchdog” over government, the main purpose of which is to ensure popular sovereignty through the free flow of information. Today, even those social scientists most critical of media effects are exceptions which prove the rule, as they typically frame their findings as raising questions about the media’s well-known function as government watchdog.

If the earliest and most influential social-scientific models of the media were so cynical, then why, when and, how did contemporary social scientists develop such a sanguine view of the media? I do not pretend to offer any definitive answer to such questions, as the present volume is a social- scientific study of media effects in international political economy, not an intellectual history or sociology of ideas. Yet, it is necessary to float some short and provisional

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<sup>1</sup>To say nothing of concurrent and parallel movements in radical, continental theory. See Horkheimer and Adorno (2009), Adorno (1991), Debord (1967).

answers to these questions because the studies which follow are motivated and informed by certain intuitions and provisional hypotheses regarding this peculiar puzzle in the history of the social sciences. And substantively, the studies here do begin to fill the gap between the early cynicism of media scholars and the sanguinity of contemporary social scientists. However, as is necessary in social science, to make the general, overarching hypotheses analytically tractable, each of the studies in this volume have so narrowly operationalized them that they literally would be invisible were I to not state them up front. Thus, to provide helpful background but also to adequately situate the importance of this volume, it is worthwhile to sketch some of the more general and ambitious hypotheses for which this volume does offer some provisional evidence, however much it is only a beginning.

So where did our benign democratic notions of the media come from, when for several decades the conventional wisdom on the role of media was expressly anti-democratic and the very nature of information was now becoming understood scientifically? This intersection in intellectual history would seem to predict a future in which the various media would become all the more powerful tools for small national elites to control and manipulate mass publics, the vision largely shared by so many incipient post-war social scientists. But yet, the notion of propaganda recedes from the social sciences from its high point around 1950, while the study of information continues increasing and the social scientific study of media begins in earnest.

In some sense, these social-scientific currents which are only just beginning to theorize the mass media with an emphasis on propaganda and information

control are absorbed by government and the private sector. It appears as if this incipient social-scientific perspective is adopted and *put into practice* by various branches of the state, as in the rise of “counterinsurgency” abroad and government “public relations” at home, or otherwise the private commercial development of communications engineering and “operations management.” As the new sciences of information control are put into practice by the state and the private sector, it is at this time that the curiously mild-mannered attitude toward the media is elevated into a baseline for political science research (Lazarsfeld 1944; Berelson 1954; Campbell et al. 1960).<sup>2</sup> This baseline conventional wisdom of “limited effects” from media would no doubt be challenged within political science, but it nonetheless has remained dominant (Katz; Bartels 2008). That research funding distributed by the U.S. government and the private sector played a prominent role in the mainstreaming and institutionalization of the Columbia and Michigan models of political science research approaches, at the very same time that information theory is being rapidly mo-

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<sup>2</sup>The Columbia group around Lazarsfeld, from the beginning, was really only interested in what was already a highly narrow and market-oriented type of behavioral variation. Bartels notes how they only turned to electoral behavior when they could not find grant money to study consumer behavior (Rossi 1959, 15-16, as cited in Bartels 2008). The point for our purposes is that these pioneering studies which would become baselines for the modern study of political behavior rose to prominence with a view of the media that already abstracted away from the more “sinister” media effects predicted by the group discussed above. Thus, by the 1954 *Voting: A Study of Opinion Formation in a Presidential Campaign*, the Columbia group finds little evidence for the role of parties and media in presidential campaigns. The later Michigan group, whose election studies would become an increasingly institutionalized backbone of American political science research, also had a view of the media which is puzzlingly inane and conservative read alongside work of roughly the same period by someone such as Karl Deutsch. Of course, I do not here take issue with the validity of these early findings as far as they go; my point is only to flag that these foundational studies in American political science adopted an approach which generated strikingly inane findings on the political effects of media, especially when read alongside those who were grappling with the more general historical functions of media as institutions of social control.

bilized in actual state and corporate operations and logistics, further tempts one to the hypothesis that perhaps the greatest achievement of state and corporate media control was to have ensured that social scientists would never quite succeed in understanding or demonstrating the media's function in social control.

This is why the present detour through intellectual history is not merely an overly general literature review; rather, this somewhat sociological review of the literature is itself suggestive empirical evidence, however circumstantial, regarding a crucial transformation in our thinking and practices of media politics. I have traced in the record of the social sciences the transformation of media-as-propaganda to media-as-transparency to outline a general gap in the literature which this volume contributes to filling, but also to present some provisional evidence, very close to home, of precisely how media-as-propaganda may shape certain institutional political outcomes in ways which have hardly been noticed. Indeed, if the media are most importantly propaganda tools then, to the very degree they are politically effective, we would expect them to go unnoticed by institutional social science. Indeed, even the exceptions suggest evidence for this rule, for the most popular intellectual inheritors of the media-as-propaganda tradition today remain marginal to dominant mainstream social science.<sup>3</sup>

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<sup>3</sup>For instance, see Herman and Chomsky 1988; McChesney 2000; Luhmann 2000



## 1.2 Globalization and its Variable Discontents

These peculiar transformations in the study and practice of media politics curiously precede the period of remarkable, worldwide economic integration which has come to be known as “globalisation.” Globalisation typically refers to the period from the early 1970s to the present, when countries around the world saw large increases in the flows of goods, services, and capital across borders. It is widely thought by political economists that economic integration is welfare-improving on net and in the long-run, yet even staunch “free market” economists acknowledge that economic integration raises the incomes of certain domestic groups and lowers the incomes of other groups, at least in the short-run. For this reason, globalisation has brought with it many notable examples of political protest and social unrest. Yet, discontent around economic globalisation has varied across time and space and there remains much debate regarding the conditions under which domestic political processes respond to economic globalisation in different ways.

Both the concept and the processes of globalization have had a dubious impact on the popular political imagination. The ideology which this very concept bears witness to is that globalisation is a process, a noun, something which has descended on the system of nation-states from the outside, causing rather than being caused by the actions of policymakers. As such, the very concept represents a political bias because the casting of human actions as a process, the replacement of verbs with nouns ending in “-ation”, is a tendency highlighted by critical discourse analysts of authority figures seeking to obscure

the reality of their power (Fowler 1979, 33-41).<sup>4</sup> It is well documented that politicians strategically deploy the rhetoric of globalization to justify economic reform (Hay and Rosamond 2011), and it has also been shown that the rise of economic globalization weakens the tendency of voters to hold politicians accountable for economic performance (Hellwig and Samuels 2007; Hellwig 2007a).

Thus, the economics, rhetoric, and politics of economic globalisation since the 1970s appear at first glance quite consistent with the economics, rhetoric, and politics of the media at that time. If the disappearance of propaganda theories during and after the war represented, as I argued above, not the decline of that idea but rather its implementation, then it would stand to reason that the role of media in promoting state interests appears to have played a role in the popular and scholarly narrative of economic globalisation since the 1970s. Specifically, the overarching thesis of this volume—which remains too abstract and provisional to permit rigorous direct testing, but which the present studies begin to make tractable—is that the rise of modern media around the world has, in different ways, helped state elites to promote certain perceptions of international integration to fundamentally undemocratic ends.

## 1.3 Chapter Summaries

This volume contains three independent efforts to operationalise this stylised macro-historical hypothesis within a few different but well-established literatures and theoretical frameworks in contemporary political science, using

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<sup>4</sup>Interestingly, it is also a tendency of social scientists (Billig 2013, 117).

quantitative as well as qualitative evidence.

### **1.3.1 Mass Media and the Domestic Politics of Economic Globalization**

Some scholars argue that the spread of mass media around the world will enable the political mobilization of previously disengaged domestic groups: increased access to information and reduction of communication costs should increase the ability of groups to mobilize around political decisions that affect them. Others argue that mass media only empowers the already empowered. In the latter case, the spread of mass media should not have an egalitarian effect on distributive outcomes, and could potentially increase pre-existing inequalities. I test these competing conjectures in the context of the globalization-welfare literature, asking whether mass media makes welfare-state effort more or less responsive to the income losses of domestic groups facing increased international exposure. I find that on the whole, in most countries between 1960 and 2000, mass media depresses the positive effect that globalization has on domestic welfare-state effort. To supplement my interpretation of the cross-national findings, I also employ individual-level survey data with unique measures of economic blame attribution, including attribution of blame to international forces. The survey data, from France in 1992 and 1993, shows that mass media tends to diffuse perceptions of responsibility and in turn shapes vote intentions accordingly.

### **1.3.2 Why are the Most Trade-Open Countries More Likely to Repress the Media?**

Why are more trade-open countries more likely to repress the media, even though media freedom is positively correlated with most other components of economic globalization? To explore and understand this little-known empirical puzzle, I argue that economic globalization exerts contradictory pressures on state-media relations. On the one hand, economic openness encourages national policymakers to promote media freedom because foreign investors are more likely to invest where information is reliable. On the other hand, because adjusting to economic openness implies distributive conflict which can threaten the government, openness also generates incentives for national policymakers to suppress information and communication about the costs of liberalization. This paper develops a theoretical model that reconciles these contradictory expectations by disaggregating economic globalization into its component parts and distinguishing changes (liberalization) from levels of economic globalization (openness). I argue that liberalization of trade, inward foreign direct investment, and inward capital flows increase the probability states will repress the media, as states seek to quell domestic conflict around the adjustment costs of liberalization. In the long run, however, different types of economic openness exert different pressures on media freedom depending on how much they reward transparency. I argue that financial openness leads to greater media freedom in the long run because transparency is important to capital markets, but trade openness exerts no positive effect on media freedom in the long run because foreign importers and exporters are unaffected by transparency

in other countries. To test these expectations, I use a mixed-methods research design employing large-N statistical tests combined with process-tracing in Argentina and Mexico.

### **1.3.3 Media Ownership and the Social Construction of Globalization**

If exposure to the international economy is something for which government leaders have to compensate their constituencies, such international forces have to be identified and explained to those who would suffer from them. Knowledge of and opinions regarding the effects of globalization may be determined by heuristics and cues from professional associations, trade unions, and government leaders. But arguably it is the owners and journalists of the mass media that are the most powerful set of actors charged with identifying and explaining political forces not directly observed by the public. Because the interests and incentives of media owners are not necessarily consistent with the mass publics they serve, I argue that the response of mass publics toward the global economic exposure of their home country will vary according to the different interests of different types of owners. The mechanism by which this causal connection is likely to be realized is variance in how globalization is represented in media reports. Different kinds of media owners are biased by different incentives and are therefore likely to represent globalization in observably different ways, ways which are marginally more likely to produce mass attitudes consistent with the owners' interests.

I find mixed evidence, from three levels of analysis, that media ownership

significantly conditions the political response of mass publics toward globalization. The main quantitative analysis reveals that the assumptions of the compensation thesis are problematic: in relatively few of the different model specifications examining different measures of globalization and different attitudes toward government intervention was there significant evidence that people demand government intervention to compensate for exposure to global free trade. In relatively few cases was the sign of the coefficient even as predicted by this thesis. The main findings of interest, and the main potential contribution of this paper, relate to the effect of media ownership in mediating the political response to exposure to global free trade. Although findings were not consistent and were very sensitive to model specification, more than half of the total cross-national models showed that either foreign or state ownership significantly dampened or reversed the effect of some globalization process on a certain attitude.

## Chapter 2

# Mass Media and the Domestic Politics of Economic Globalization

### 2.1 Abstract

**Abstract.** Much is known about the domestic politics of globalization but political scientists have largely ignored one critical link between the international economy and most individuals around the world: the mass media. Considering the likely effects of mass media on public perceptions of responsibility, this article develops a simple model of the effects of mass media on individuals' blame attributions and propensities to mobilize around the distributive conflicts of economic globalization. These effects of mass media on perception and mobilization alter the incentives of a national policymaker's

choice either to compensate or neglect domestic groups harmed by globalization. Individual-level implications of the theory are tested on survey data from France in 1992-1993 and state-level implications are tested on data from most countries around the world from 1960 to 2010. The evidence shows that mass media demobilize groups harmed by globalization, leading to weakened welfare-state responsiveness.

## 2.2 Introduction

Although the relationship between economic globalization and modern welfare states has been one of the most studied issues in political economy over the past three decades (e.g., Gourevitch 1978; Garrett 1995; Rodrik 1998; Burgoon 2001; Adserà and Boix 2002; Oatley 2011, 316), recent research on public opinion and political behavior in open economies raises serious questions about the assumptions of this tradition (Hellwig 2007b, 155). A fundamental assumption in globalization-welfare research, which dates back to Karl Polanyi's *The Great Transformation*, is that policymakers who wish to liberalize economic markets are held accountable by those groups who would suffer the adjustment costs (Polanyi 2001; Ruggie 1982). Scholars have shown that to sustain political coalitions in favor of opening national economies, national policymakers have to compensate protectionist domestic groups with side payments in the form of social welfare programs (Katzenstein 1985; Rodrik 1998; Adserà and Boix 2002, 1028-29).

However, one current of research in comparative political behavior shows



convincingly that as domestic economies become increasingly integrated, citizens perceive that governments have less “room to maneuver” and accordingly shift their blame away from domestic policymakers to the unaccountable pressures of the global economy (Alcañiz and Hellwig 2010; Hellwig 2012). Furthermore, citizens in countries highly exposed to the global economy are less likely to punish incumbents for a poorly performing economy (Hellwig and Samuels 2007) and more likely to base their vote on non-economic issues (Hellwig 2008). If domestic groups do not punish politicians for economic losses made possible by the political decisions to maintain open national economies, then an essential causal link in current accounts of the globalization-welfare nexus would appear to be broken.

At the same time, beyond objective increases in economic globalization, previous research has shown that mass media have direct effects on perceptions relevant to how citizens are likely to understand the politics of globalization. Specifically, mass media have direct effects on perceptions of responsibility (Iyengar 1987; Iyengar 1991), the politicization of economic hardship (Mutz 1992; Mutz 1994), and civic engagement more broadly (Putnam 1995; Norris 2000; Hooghe 2002). Certainly, these effects are still debated and, in fact, the conventional wisdom in the political economy of media associates robust mass media systems with government responsiveness and accountability (Snyder and Strömberg 2012; Besley and Burgess 2002; Adserà, Boix, and Payne 2003). Yet, in the specific context of the distributive domestic politics of globalization, the preponderance of previous research strongly converges on a set of counter-intuitive arguments: *By shifting citizen blame attributions away*

*from governments and toward international forces, both economic openness and mass media reduce the ability of domestic groups to hold national policymakers accountable for the effects of economic openness. In turn, as the global economy and mass media penetrate states, national policymakers face less pressure to compensate protectionist domestic groups for economic hardships linked to the global economy. As states become increasingly penetrated by both the global economy and mass media, the state-level outcome is a weakened compensatory relationship between economic openness and welfare spending.*

These expectations are tested with survey data and state-level economic data ideally suited to assess the implications of these arguments at both levels of analysis. A Legidoscope survey from France in 1992-1993 provides a unique opportunity to test the argument that mass media has independent effects on individuals' perceptions, blame attributions, and behavior around issues of economic openness. The findings show that mass media exposure is positively associated with individuals' perceptions of economic openness as a problem and then, controlling for whether economic openness is perceived as a problem, the attribution of blame to international forces. For comparability with respect to previous research on the globalization-welfare nexus, the state-level implications of the theory are tested on pooled cross-sectional, time-series data from most countries in the world between 1960 and 2010. Using measures of information-communication technology (ICT) penetration rates as a proxy for the prevalence of mass media within states, several analyses across multiple model specifications suggest that the spread of ICT and the mass media they carry is associated with a weakening of the positive relationship between eco-

conomic openness and social welfare spending. The dampening effect of mass media holds after controlling for several rival explanations and when included in the replication of previous, influential studies. Consistent with the survey analysis, the state-level associations are interpreted as evidence for the argument that policymakers are more likely to neglect domestic groups harmed by political decisions to liberalize markets the more prevalent is mass media within their states. Specifically, this is because mass media tends to shift the perceptual and behavioral response of protectionist individuals away from blaming and acting against the government on the politics of openness.

These findings alter the prevailing wisdom in at least three ways. First, they provide new evidence for the claim that economic openness makes citizens less likely to blame, and less likely to punish, incumbent governments for poor economic performance, but they also reveal that mass media exposure is an alternative and independent causal path to the same effect, controlling for perceptions of economic openness. Second, this is the first systematic investigation of mass media as a political *institution* that conditions the domestic politics of the global economy. As such, it directly responds to calls for more truly political accounts of the domestic effects of globalization (Kayser 2007, 341) and for a more rigorous examination of the micro-foundations of work in this tradition (Hays, Ehrlich, and Peinhardt 2005, 474). Substantively, this research highlights a source of cross-national and temporal variation often omitted in analyses of comparative and international political economy. State-level evidence presented here suggests the omission of mass media has led to biased conclusions which over-estimate the egalitarian effects of democratic institu-

tions in the globalization-welfare nexus. Third, this research bears important implications for democratic representation in a globalized world. The evidence suggests that from the standpoint of democratic theory, mass media can have subtle but perverse effects on the distributive politics of open economies, disempowering domestic groups from holding national policymakers accountable for the unevenly distributed costs of globalization.

The article proceeds as follows. In the first section, previous literature is reviewed to reveal a gap between comparative and international political economists on the one hand and scholars of public opinion and political behavior on the other, and to suggest how a formidable history of mass media research speaks directly to this gap. A second section develops specific hypotheses regarding how mass media is likely to affect individual perceptions, blame attributions, and propensities to mobilize around the politics of economic openness. That section concludes by incorporating the expected effects of mass media into a baseline model of the globalization-welfare nexus typical of the most influential work in this area (Adserà and Boix2002). A third section discusses the data and modeling strategy, the penultimate section discusses the core findings, and a final section concludes.

## **2.3 Mass Media Between Globalization and Domestic Politics**

Despite the quantity of studies on the relationship between economic openness and the public sector, the individual-level assumptions in this line of research

remain largely untested (Hays, Ehrlich, and Peinhardt 2005, 474). At the same time, findings from various subfields in political science together suggest that public perceptions and attributions of blame with respect to economic openness have affected citizen's evaluations of government, the political behavior of voters, and ultimately, policy outcomes. Finally, apart from the effect of objective levels of economic openness, a review of mass media research suggests how mass media can independently affect citizen perceptions and blame attributions around the politics of economic openness, thereby altering the expected outcomes of globalization-welfare models.

One of the most robust findings in international and comparative political economy is the positive state-level correlation between international trade and size of the public sector (Cameron 1978; Rodrik 1998; Garrett 1995; Adserà and Boix 2002). Most political scientists theorize this regularity as “embedded liberalism,” exemplified in the postwar proliferation of Keynesian social pacts that promoted open national markets with state-sponsored social protections (Ruggie 1982). Although social scientists widely agree that the expansion of international trade is welfare-improving in the long run, they also agree that the construction or expansion of markets often induces political backlash from domestic groups in the short run. This backlash requires policymakers in favor of increasing openness to compensate such groups through side payments, typically in the form of redistributive social spending, lest the necessary political support for increasing openness breaks down. In the 1940s, Karl Polanyi first advanced this perspective in his famous notion of the “double movement” that characterizes market expansions and corresponding expansions of state

welfare provision (Polanyi 2001, 79, 385;). Even across much disagreement about which aspects of economic openness have the most effect on the various components of welfare spending (Mares 2004; Ansell 2008; Burgoon 2001), in which countries the relationship holds (Rudra 2002; Avelino, Brown, and Hunter 2005), and even whether the focus on economic openness per se is mistaken (Kim 2007; Oatley 2011), scholars are unanimous in the expectation that the increasing openness of national markets elicits a corresponding political backlash from those domestic groups who would bear the adjustment costs.

Despite the leverage it provides to most models of the relationship between globalization and welfare-state effort, there is surprisingly little evidence for the assumption that domestic groups harmed by economic liberalization exert sufficient political pressure on national policymakers that policymakers provide welfare compensation to appease them.<sup>1</sup> Indeed, diverse perspectives in the social sciences suggest causal pathways through which citizens harmed by the adjustment costs of liberalization would not hold policymakers accountable for the political decision of liberalization.

First, research mostly from advanced democratic countries finds that as the

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<sup>1</sup>One exception is Hays, Ehrlich, and Peinhardt(2005), who find evidence that government spending helps sustain support for free trade. This does not, however, answer the very different question of whether globalization induces in the public a demand for compensation on its basis. Another exception is Margalit 2011, who finds that job losses due to offshoring had a stronger negative effect on incumbent vote share than job losses not related to offshoring. Significantly, that study also finds that spending from the Trade Adjustment Assistance program significantly reduced the size of the effect. Still, it remains unclear whether and how other institutions moderate the public perceptions and electoral consequences of liberalization and if different dimensions of liberalization have the same domestic effects as offshoring in particular. For instance, Guisinger (2009) finds that trade policy may not be sufficiently salient, even to the most affected groups, to justify voter-driven models of trade policy.

sources of economic growth shift, citizens accordingly adjust their expectations of government policymaking and their attributions of blame for national problems.<sup>2</sup> Using time-series data from France between 1985 and 2002, Hellwig shows that as exposure to trade and capital flows increase, citizens becomes less confident in the ability of national policymakers to solve national problems and the public demand for economic policy solutions decreases (Hellwig 2007b). Voters also adjust their judgement of governments in predictable ways as other components of the institutional context change. For instance, when the Bank of England gained political independence, British voters were less likely to base their evaluation of the government on monetary policy and more likely to base it on fiscal policy (Sattler, Brandt, and Freeman 2010). Just as evaluations of government shift with the material and institutional sources of economic outcomes, so too does blame for national economic problems. In their study of seventeen Latin American countries, Alcaniz and Hellwig (2010) show that as exposure to international trade increases, citizens are more likely to blame international actors and less likely to blame the government for the country's economic problems.

Secondly, perceptions and blame attributions affect political outcomes by altering what policymakers can be credibly held accountable for. Analyzing all 560 democratic elections between 1975 and 2002, Hellwig and Samuels (2007) show that as trade and capital flows increase as a share of gross domestic product, domestic economic growth rates have a smaller effect on incumbent

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<sup>2</sup>It should also be noted that expectations of government policymaking and blame attributions are not only driven by material or institutional changes in the political economy but may also be endogenous to vote choice or the partisan composition of an incumbent government (Wlezien, Franklin, and Twiggs 1997).

vote share. Cross-sectional analyses of French and British survey data from 1997 and 2001, respectively, show similar effects of globalization on the determinants of vote choice, decreasing the effect of voter's economic performance evaluations and party positions on economic issues (Hellwig 2008). Perceptual shifts in the ability of governments to affect economic policy also affect voter turnout. Analysis from the United States has found that individuals who suffer the economic adversity but do not blame the government are less likely to vote than comparable individuals who do blame the government (Arce-neaux 2003). In terms of policymaking, elite messaging in the mass media (Hellwig and Coffey 2011) and interviews with party elites in Europe (Hellwig 2012, 206) confirm that politicians consciously stress globalization constraints on their own behavior. Additionally, changes in the institutional setting are found to have predictable moderating effects on the responsiveness of policy to public opinion. For instance, Sattler, Brandt, and Freeman (2010) show that before central bank independence, British fiscal and monetary policies were responsive to aggregate voting intentions and government approval ratings but, after central bank independence, monetary policy was no longer responsive. Interestingly, however, Sattler, Brandt, and Freeman (2008) find mutual responsiveness between public opinion and policy *outputs*, despite a lack of responsiveness in policy *outcomes* such as inflation and economic growth. That this responsiveness is observed outside real economic outcomes is accredited to the difficulty of identifying the effects of policies in open economies.

Given that public perceptions of the institutional context have been shown to affect political consequences of the economy, it is puzzling that scholarship



on the domestic politics of economic globalization has largely neglected a serious inquiry into political communication and the mass media in particular. *Prima facie*, it is hard to believe that many individuals *directly* monitor levels of economic openness independent of some political communication channel. It is equally hard to imagine policymakers as passive victims in globalization's encroachment on their room to maneuver, as if room-to-maneuver constraints are an objective development which the mass media simply reports. Rather, scholars of American politics have shown that national policymakers actively engage in strategies of "blame avoidance" through the mass media (Weaver 1986; Jacobson and Kernell 1983), diffusing blame horizontally toward other equals or vertically upward in the chain of authority (McGraw 1990, 1991).<sup>3</sup> Variation in blame attributions, in turn, has predictable effects on how individuals judge both policies and policymakers (McGraw, Best, and Timpone 1995). "Indexing" theories of news coverage suggest that the mass media are most likely to convey elite issue-framings (Bennett 1990; Zaller and Chiu 1996; Bennett, Lawrence, and Livingston 2006). Applied to the domestic politics of globalization, an indexing theory of news coverage suggests that mass media is more likely to publicize the perception (which policymakers have strategic incentives to espouse) that economic openness constrains policymaker autonomy than alternative narratives placing responsibility on governments. Other work has shown that under certain conditions mass media can diffuse blame through issue framing (Iyengar 1987; Iyengar 1991), depoliticize personal experience in

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<sup>3</sup>Hood (2002, 20) suggests that by lowering the potential costs of communicating malign policy effects to harmed groups, mass media may increase the incentives for politicians to avoid blame. See also Hood et al. (2009).

favor of sociotropic perceptions (Mutz 1992), and exacerbate inequalities in political participation (Norris 2000). More generally, a formidable and highly critical tradition of observers have advanced richly argued but largely untested propositions converging on the expectation of profoundly antidemocratic tendencies in the modern mass media (Herman and Chomsky 1988; Adorno 1991; McChesney 2000). In light of these research currents, it is a surprising omission in previous research on the domestic politics of globalization that testimony by party elites in research interviews (Hellwig 2012, 206-07) and via the mass media (Hellwig and Coffey 2011, 420-21) is more often cited as evidence of room-to-maneuver constraints than questioned as possible strategic communication or media bias. Especially because evidence for opinion-policy responsiveness in open economies can be observed apart from and despite the objective economic effects of policy (Sattler, Freeman, and Brandt, 2008), a necessary next step in studying the domestic politics of globalization is to theorize more specifically how political communication—in particular, the mass media—directly and indirectly affects the relationship between objective patterns of economic openness and domestic economic outcomes.

## 2.4 Theory and Hypotheses

In this section, I deduce specific hypotheses regarding how mass media should be expected to affect individuals' perceptions of economic openness, blame attributions for national problems, and ultimately the decisions of national policymakers.

A dominant theory of political news coverage suggests that elite opinion is one of the most significant determinants of how journalists report political issues (Bennett 1990; Zaller and Chiu 1996; Bennett, Lawrence, and Livingston 2006). Because economic globalization can be blamed on both transnational corporations and other foreign governments (horizontal diffusion) as well as global market pressures outside the authority of states (vertical diffusion), we should expect national policymakers to engage in both types of blame diffusion. If politicians indeed diffuse blame for economic globalization, a simple indexing theory of mass media applied to the domestic politics of globalization predicts that mass media reports are more likely to evoke room- to-manuever constraints than policymaker responsibility in reporting issues of economic openness. Qualitative evidence for such indexing is already ample in previous research on the domestic politics of globalization, which finds that party elites consistently invoke room to maneuver constraints in research interviews (Hellwig 2012, 206-07) and via mass media messaging (Hellwig and Coffey 2011).<sup>4</sup> Most conservatively, this suggests that mass media will have an indirect effect on how individuals attribute blame for national problems, by exposing individuals to the argument that economic openness constrains the ability of policymakers to meet certain demands from the public. A stronger version of this argument is that mass media will have a direct effect on how individu-

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<sup>4</sup>In their study of *The Guardian*, *The Times*, *The Daily Telegraph*, and *The Independent* from September 2008 to May 2009, Hellwig and Coffey find that most statements from the incumbent Labor Party diffused blame for the 2008 financial crisis toward the United States, the global financial system, and domestic bankers, although toward the end of the period under study the Labor Party appeared more willing to publicly take blame. Conservatives were more likely to blame the government than Labour. See Hellwig and Coffey 2011, 420-421.

als attribute blame for national problems, distinct from its effect of making individuals more aware of the problems of economic openness per se.

*Hypothesis 1: Individuals more exposed to mass media are more likely to blame international forces for national problems than individuals less exposed to mass media. This effect is expected directly (by diffusing political responsibility in general, controlling for perceptions of openness as a problem) and indirectly (by increasing awareness of openness as politically problematic).*

Hypotheses 2 and 3 capture implications of previous research suggesting that perceptions of a policymaker's room to maneuver affect how individuals evaluate government performance. If the effect of economic perceptions on vote choice weakens because increasing economic openness shifts blame attributions toward the global economy and away from governments, then blame attributions should be associated with evaluations of government economic performance. Thus, I hypothesize that individuals who blame international forces for national economic problems should be more favorable toward incumbent governments than those who blame the government.

*Hypothesis 2: Individuals who blame international forces for national problems evaluate incumbent governments more favorably than individuals who blame the government for national problems.*

Combining insights from research on voting in open economies and research on voter turnout suggests that the effect of economic openness on the decision to vote should be conditional on whether blame for economic openness is attributed to the government. If they blame the government, then individuals who perceive economic openness to be a national problem should be more likely

to vote than those who do not perceive openness to be a problem. If they blame international forces, then individuals who perceive economic openness to be a national problem should be less likely to vote than those who do not perceive economic openness to be a national problem.

*Hypothesis 3: The effect of perceptions of economic openness on the decision to vote should be conditional on whether blame is attributed to the government. It should have a positive effect for those individuals who blame the government, and a negative effect for those who do not blame the government.*

To assess how mass media enters into models of the globalization-welfare nexus, consider the model of Adserà and Boix (2002, 231-236) as a baseline. The model explicates the conditions under which national policymakers must provide welfare compensation to protectionist interests in order to secure political support for opening the domestic economy. Adserà and Boix consider an economy of three groups of identical individuals with distinct trade interests. Groups  $C$ ,  $P$ , and  $O$  are groups that can be thought of as classified by factor endowment, sector, or firm.  $C$  is a group that prefers a closed economy, with utility decreasing in a linear fashion as the economy opens.  $O$  is a group that prefers an open economy, with utility increasing in a linear fashion as the economy opens.  $P$  is a group the preferences of which are contingent on the state of the international business cycle. Formally, these preferences are written as

$$U_C = (1 - \gamma)C_C + \gamma C_O \quad (2.1)$$

$$U_O = (1 - \gamma)O_C + \gamma C_O \quad (2.2)$$

$$EU_P = (1 - \gamma)P_C + \gamma[\pi P_g + (1 - \gamma)P_b], \quad (2.3)$$

where  $C_C$  and  $O_C$  are the returns to  $C$  when the economy is closed and open, respectively;  $C_O$  and  $O_O$  are the returns to  $O$  when the economy is closed and open, respectively;  $P_C$  is the return to  $P$  when the economy is closed;  $P_g$  is the return to  $P$  if the economy is open and the international business cycle is in growth;  $P_b$  is the return to  $P$  if the economy is open and the international business cycle is in recession;  $\pi$  is the probability the international business cycle is in growth; and, importantly,  $P_g > P_c > P_b$ . For any  $P$ , an open economy is preferable to a closed economy:  $\pi P_g + (1 - \gamma)P_b < P_c$ .

Groups  $C$ ,  $P$ ,  $O$  choose one of two parties at a national election. A protectionist party,  $\Sigma$ , receives the votes of  $C$  and a pro-trade party,  $\Omega$ , receives the votes of  $O$ . Neither  $C$  nor  $O$  represent a majority of voters, so  $P$  is the median and swing vote. Both parties,  $\Sigma$  and  $\Omega$ , credibly commit to a level of openness,  $\gamma$ , and a publicly-funded compensation package,  $\alpha$ , for  $P$  in cases of international recession. Voters then vote.

In this model, it can be shown that to open the domestic economy under competitive elections, a pro-trade political party must offer domestic spending to compensate  $P$  for the increased risks of international openness (Adserà and Boix 2002, 236).  $P$  voters vote for the pro-trade party,  $\Omega$ , if the expected value of an open economy plus the compensation package  $\alpha_O$  promised by  $\Omega$  is

greater than the the expected value of a closed economy plus the compensation package offered by  $\Sigma$ . Because  $P$ 's gains from trade are always lower than the expected gains from a closed economy *ex ante*, the pro-trade party  $\Omega$  always offers a compensation package  $\alpha_O$  to draw  $P$  voters (Adserà and Boix 2002, 236).

Because this model assumes full and equal participation of voters, as Adserà and Boix point out in a footnote, if turnout varies across domestic groups then the expected policy outcome changes. In particular, it easy to see that if  $P$  is expected not to vote, then the pro-trade party has no incentive to offer a compensation package. Additionally, however, the perception that economic liberalization is a process occuring independent of political parties, has an equivalent effect. This effect could be conceptualized as an equalization of the value for  $\gamma$  proposed by each group. The parties would be increasingly indistinguishable in the risks of international exposure associated with each party. As this perceived difference decreases, the possibility of either party losing votes due to their chosen level of openness decreases because neither party could credibly commit to do otherwise. As a result, the original pressure to provide compensation—to keep voters from defecting to the more protectionist party—decreases. Thus,

*Hypothesis 4: At the state level, the interaction of economic globalization and mass media penetration will be associated with lower levels of domestic welfare spending than predicted by economic globalization alone.*

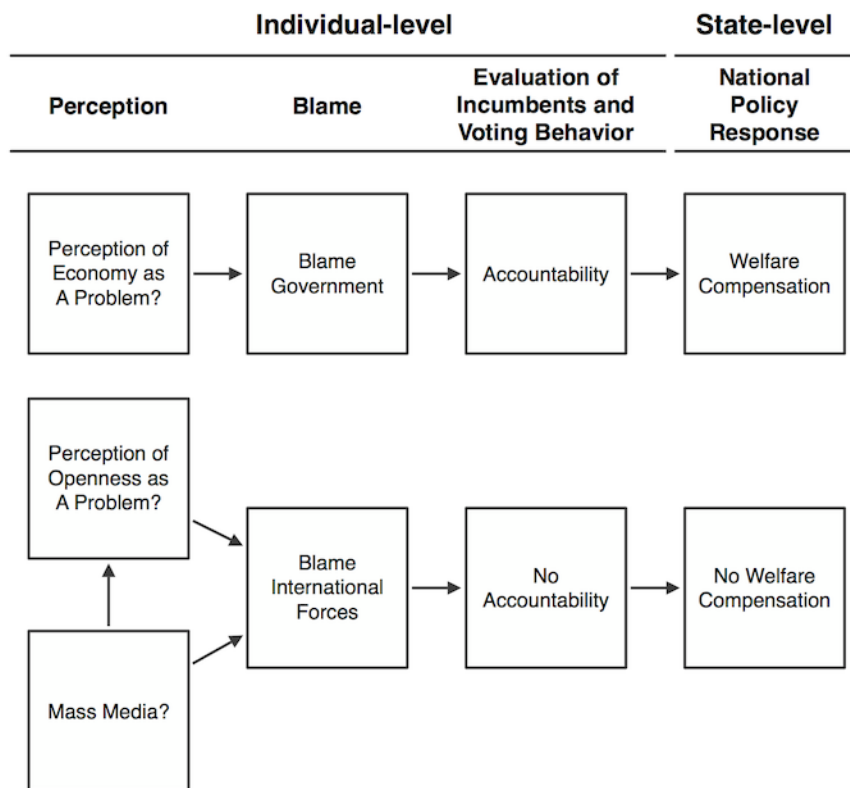


Figure 2.1: Summary of the Hypothesized Effects of Perception and Mass Media in Domestic Responses to Economic Liberalization



## 2.5 Data and Method

Given the individual-level and state-level implications of the theory, data is gathered from both levels of analysis.<sup>5</sup> The individual-level data come from a Legidoscope survey of public opinion in France between 1992 and 1993 (Chrique n.d.). Around the time of the Maastricht Treaty, especially controversial in France, the problems of economic openness are likely to be highly salient. Additionally, France has relatively high rates of voter turnout, and a statist, egalitarian political culture. Thus, evidence that mass media leads French citizens near the time of Maastricht to blame international forces rather than their government suggests that such a relationship is at least as likely in the many countries in which the economy and globalization are less politicized. Similarly, if mass media pacifies French citizens in either perceptions or political behavior, it is likely to do so in other countries. The survey asks respondents several questions tapping blame attribution, media exposure, and political mobilization.<sup>6</sup> Respondents are asked to identify their main source of information from among the following: friends, family, opinion leaders, and mass media. Respondents are also asked to identify the top two problems facing France, and whether individuals, social institutions, the government, or international forces beyond government control are to blame for the problem.

<sup>7</sup> Finally, respondents are asked about their satisfaction with President Mit-

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<sup>5</sup>Full summary statistics for both datasets can be found in the online appendix.

<sup>6</sup>See the online appendix for the text of the survey questions.

<sup>7</sup>Respondents were asked to identify national problems in an open-ended fashion; their answers were then coded by the interviewer and into the general problem types listed here. To create the binary variable which measures whether the respondent sees some aspect of international economic openness as a top problem, I coded respondents as 1 if they identified one of the following issues as one of the “second most important problems”: “Int’l

terand, how well they think the government is handling the problem identified by the respondent as a top problem, and their intention to turnout for the March 1993 elections.

To test the direct and indirect effects of mass media on blame (Hypothesis 1), I estimate two logistic regression models. The first estimates the probability a respondent will blame international forces as a function of mass media exposure and a vector of control variables including controls for the nature of the problem. The equation is

$$\begin{aligned} Blame_i = & \alpha + \beta_1 General\ Problem\ Type_i + \beta_2 Openness\ Problem_i + \beta_3 Media_i + \\ & \beta_4 Controls_i + e_i, \end{aligned} \tag{2.4}$$

where *Blame* is a binary variable taking a value of 1 for respondents who blame international forces and 0 for respondents who blame the government for whichever national problem they have identified. light of the hypotheses under consideration, I consider here only the difference between blaming the government and blaming international forces, omitting respondents who placed the blame on “society” or “people like you and me.” However, the results obtained here are robust to multinomial specifications which include these alternative blame attributions and alternative binary codings (included in the online appendix).with four levels indicating whether the problem deals with

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economic competition,” “EC-92, economic integration,” “Foreign trade,” “Ratification of Maastricht,” and “Maastricht Treaty.” All other respondents were coded as 0 for the variable *Openness Problem*.

social, economic, political, or foreign issues; the top problem facing France that a question was added to measure what respondents identified as the “second most important problem facing France today.” All the analyses here, including the variables measuring blame attributions and evaluations of government handling, refer to this second most important problem of 1 for respondents who identified a problem specifically related to economic openness and 0 otherwise. If the mass media have an independent effect on diffusing blame away from government policymakers and toward international forces, then we would expect  $\beta_3$  to be positive and significant.

Then, to assess the indirect effect of mass media on blame as its channeled through perceptions of economic openness, I estimate a logistic regression modeling the probability of perceiving openness as a top problem as a function of mass media exposure and a vector of control variables:

$$\begin{aligned} Openness\ Problem_i = & \alpha + \beta_1 General\ Problem\ Type_i + \beta_2 Media_i + \\ & \beta_3 Controls_i + e_i. \end{aligned} \tag{2.5}$$

where the main variables of interest are the same as in Equation 1 except that here the dependent variable is the binary variable capturing whether openness is perceived as a top problem. If mass media affect blame attributions indirectly by making individuals more aware of international economic forces, which in turn would shift their blame toward international forces, then  $\beta_2$  should be positive and significant.

To test Hypothesis 2 regarding the effect of blame attributions on evaluations of the government, I estimate a linear regression modeling how individuals evaluate the government's handling of the problem they identified as one of the most important facing the country. I model evaluations of government handling as a function of respondents' blame attributions and a vector of control variables. The equation is

$$\begin{aligned} Gov\ Handling_i = & \alpha + \beta_1 General\ Problem\ Type_i + \beta_2 Openness\ Problem_i + \\ & \beta_3 Blame_i + \beta_4 Controls_i + e_i, \end{aligned} \tag{2.6}$$

where *GovHandling<sub>i</sub>* measures, on a scale from 1 to 4, how the *i*th respondent evaluates the government's handling of the top problem they identified. The theory predicts that for a particular problem such as the domestic costs of economic openness, blaming international forces rather than the government will make individuals less likely to hold governments accountable for that problem. If this is the case, then individuals who think a problem is caused by forces outside of the government's purview should be less critical of the government's handling of that problem. In this case, then, the theoretical expectation is that  $\beta_3$  will be positive and significant, reflecting that blaming international forces for a problem leads individuals to view the government's handling of that problem more favorably than if they blamed the government for the problem.

To test Hypothesis 3, I estimate a logistic regression modeling the prob-

ability a respondent intends to vote in the March 1993 legislative elections as a function of several predictors. As the traditional “compensation” model suggests, individuals who are dissatisfied with the domestic consequences of economic openness will take their dissatisfaction to the polls. According to the compensation perspective, this threat posed by domestic groups harmed by economic openness accounts for why we observe larger welfare states in countries more exposed to the international economy. The theory developed here, however, suggests that this threat should be conditional on whether or not individuals blame government policymakers for economic openness as a problem. Hypothesis 3 modifies the conventional expectation by predicting that individuals who are most dissatisfied with economic openness will be less likely to mobilize against a government for this grievance if they think the cause of their grievance is outside of the government’s purview. Our theory is agnostic about whether or not perceptions of openness as a top problem makes individuals more or less likely to vote than individuals who perceive some other problem as the top problem. In other words, testing Hypothesis 3 requires that we consider the behavioral effect of perceiving openness as a problem and blaming international forces for that problem. Thus, I model the probability an individual intends to vote as a function of the multiplicative interaction between perceiving openness as a problem and blaming international forces for that problem:

$$\begin{aligned}
Turnout_i = & \alpha + \beta_1 GeneralProblemType_i + \beta_2 OpennessProblem_i + \beta_3 Blame_i + \\
& \beta_4 OpennessProblem_i * Blame_i + \beta_5 Controls_i + e_i,
\end{aligned} \tag{2.7}$$

where  $Turnout_i$  is a binary variable taking a value of 1 for respondents who report that they intend to vote in the March 1993 legislative elections and 0 otherwise, and  $OpennessProblem_i * Blame_i$  is the multiplicative interaction of the two respective binary variables. In this equation, the coefficient of interest is the coefficient of the interaction term,  $\beta_4$ , which we would expect to be negative if blaming international forces decreases the mobilizing effect of dissatisfaction with openness.

To test Hypothesis 4, state-level economic data are gathered from the World Bank's World Development Indicators (World Bank 2012). Media penetration rates come from the World Development Indicators and Arthur Banks' Cross-National Time-Series Data Archive (Banks and Wilson 2005; World Bank 2012). Most models have around 130 countries with an average of roughly 8 observations per country. whether mass media affects domestic compensation for globalization at the state level, I fit several variants of the pooled cross-sectional, time-series regression equation:

$$\begin{aligned}
Spending_{it} = & \alpha + \beta_1 Trade_{it} + \beta_2 MDI_{it} + \beta_3 Trade_{it} * MDI_{it} + \\
& \beta_4 Controls_{it} + e_{it},
\end{aligned} \tag{2.8}$$

where the dependent variable,  $Spending_{it}$ , is a measure of final government consumption expenditure for country  $i$  in year  $t$ . Final government consumption expenditure is a standard measure of social welfare spending;  $Trade$  indicates imports plus exports as a percentage of GDP and  $MDI$  indicates an additive index of media density measuring television, newspaper, and radios per capita (Warren 2014). Because the theory deals with the conditioning effects of mass media on domestic exposure to the global economy, I am most interested in the multiplicative interaction of trade and mass media ( $Trade_{it} * MDI_{it}$ ) rather than the independent marginal effects. If mass media exposure has the individual-level effects hypothesized above, then an increasing density of mass media technologies within a state should weaken the positive relationship historically expected between levels of trade openness and levels of domestic spending. In other words, the coefficient  $\beta_3$  should be negative and significant, reflecting that the predicted effect of trade on spending given high levels of mass media is less than the predicted effect that trade has on spending given low levels of mass media. In the first models testing Hypothesis 4, a battery of controls are included to account for non-trade and non-media determinants of government consumption expenditure. Data for testing particular rival explanations are significantly more limited and therefore significantly reduce the

geographic and temporal coverage of the main economic and media data. For this reason, I check the robustness of my models against alternative explanations in a set of subsequent models.

## 2.6 normalsizeFindings and Discussion

The coefficient plots in Figures 2 and 3 show statistical support for the expectation that mass media have both direct and indirect effects on blaming international forces for national problems.<sup>8</sup> Considering the direct effect of mass media on blame attributions graphed in Figure 2, respondents who rely on the mass media as their most important source of information are significantly more likely to blame international forces for what they identify as one of the nation's top problems (a logit estimate of .35 and standard error of .12), even controlling for perceptions of economic openness as a problem and the more general issue area in which a respondent locates that problem. But as we would expect from previous research on public opinion and voting in open economies, the perception of economic openness as a problem also increases the probability a respondent will blame international forces for that problem.<sup>9</sup> Indeed, of all the variables considered here, the perception of economic

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<sup>8</sup>Numerical model results are available in the appendix. All models were estimated with the Zelig package in R (Imai, King, and Lau 2009)

<sup>9</sup>It could be the case that individuals with cosmopolitan outlooks are more interested in mass media *because* of their greater interest in global issues, in which case mass media exposure could be endogenous to knowledge of issues surrounding economic globalization. Although the survey data used in this paper provide no measure of overall interest in international affairs, the analyses below control for the best predictors of cosmopolitanism: education, class, and general interest in politics. Because these are the best predictors of cosmopolitanism, it is unlikely that a partial, independent effect of mass media exposure would be spurious due to this particular risk of endogeneity.



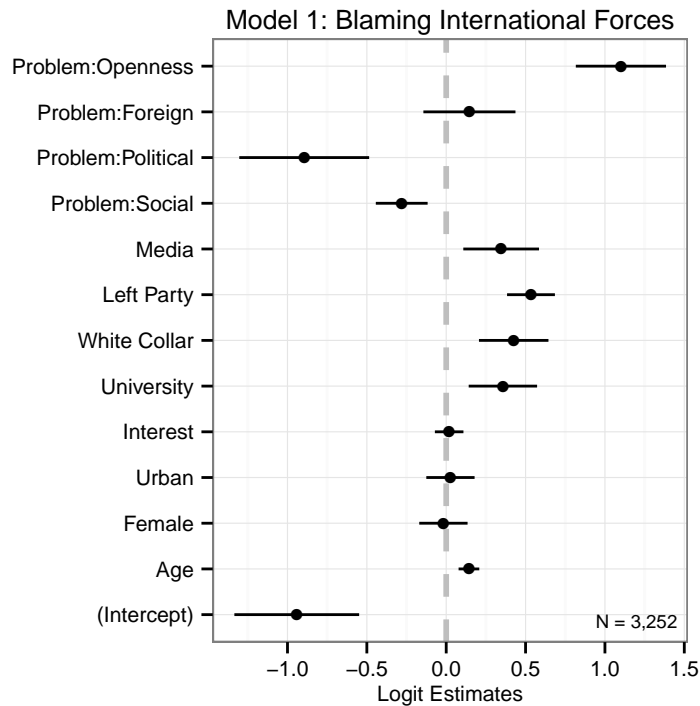


Figure 2.2: Direct Effect of Mass Media on Blaming International Forces

openness as one of the nation's top problems is the strongest determinant of whether a respondent will blame international forces for that problem (a logit estimate of 1.1 and standard error of .14). In turn, considering the indirect effect of mass media on blame attributions, reliance on mass media has a positive and statistically significant marginal effect on the perception of openness as a problem (a logit estimate of .44 and standard error of .18).

As logit estimates are not readily interpretable, I simulate the direct marginal effect of mass media on blame attribution. Figure 4 plots how a typical respondent's main source of information affects the probability they will blame

international forces.<sup>10</sup> The effect is small, increasing the probability of blaming international forces by less than one tenth of a point, but it is statistically distinguishable from zero at a 95% confidence level. Similarly, the indirect effect of mass media on blame, through its effects on perceptions of openness, is only slightly larger than the direct effect.

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<sup>10</sup>“Typical” respondent refers to a female between the ages of 35 and 49, who is a left-party voter, without a bachelor’s degree.

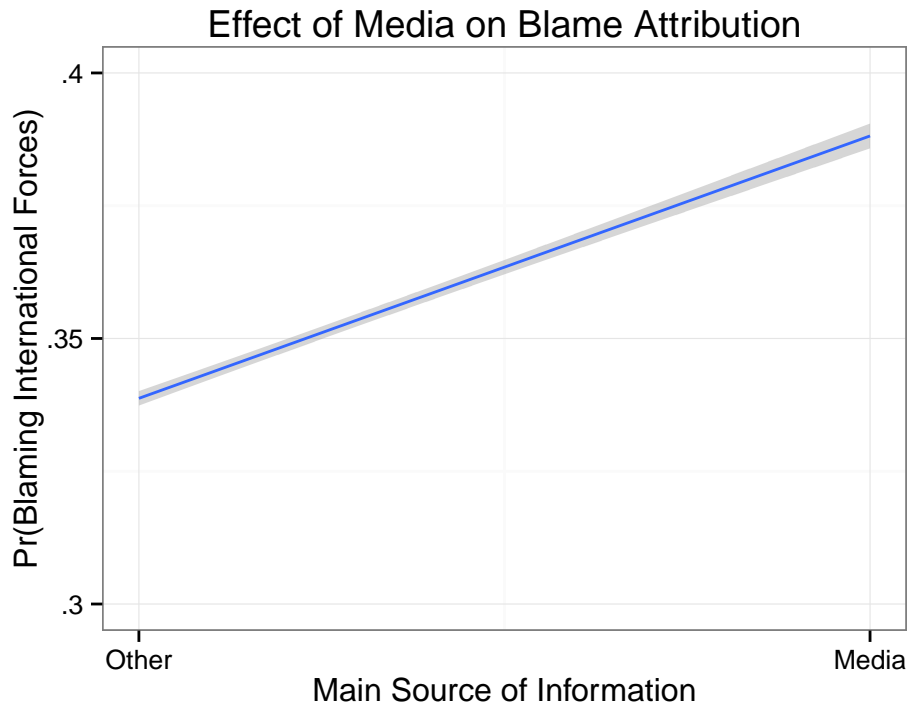


Figure 2.3: Direct Effect of Mass Media on Blame. 95% confidence intervals in grey.

The coefficient plot and simulated probabilities in Figures 5 and 6 reveal statistical evidence for the expectation that blaming international forces, in turn, has a positive effect on evaluations of the government.<sup>11</sup>

<sup>11</sup>There is reason to suppose that blame attributions could be endogenous to evaluations of how the government is handling a problem, in the sense that poor or satisfactory government handling could actually increase or decrease the government's culpability. First, however, it should be recalled that survey question I am using to measure blame attributions refers specifically to the cause of the problem. Thus, strictly speaking, evaluations of how the government handles the problem should not affect who or what individuals identify as the cause or source of the problem. Second, it is much harder to believe that evaluations of government handling could drive individuals' blame of international forces or blame of the two alternative targets from which respondents were able to choose (individuals "like you and

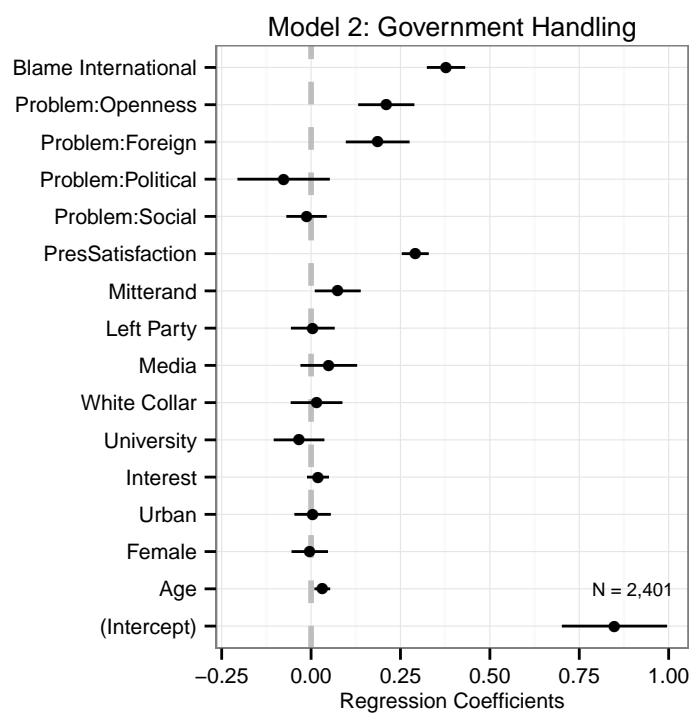


Figure 2.4: Effects of Blame on Evaluations of the Government

Figure 6 shows the simulated effect on evaluations of the government's handling of a problem from shifting their blame for that problem from the government toward international forces (Hypothesis 2).<sup>12</sup> The typical respondent would be expected to increase their evaluation of the government (on a four point scale) about .25 points after a shift in blame toward international forces.

Consistent with the evidence in favor of Hypothesis 2, Figures 7 and 8 suggest evidence for the predicted, interactive effects of perceptions of openness and blame for openness on voter turnout. Whereas perceptions of openness as a problem and blaming international forces for that problem both have positive correlations with voter turnout (only the latter is statistically significant), their interaction has a negative and statistically significant effect. The logit estimate for the multiplicative interaction of Problem:Openness and Blame

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I" or social institutions) simply because it is hard to imagine how government handling of the problem could make any of these other targets more or less culpable. Thus, I estimate an additional model which has separate binary independent variables for blaming government, international forces, or "other" as the baseline (see Online Appendix). The coefficient for blaming government is larger than that for blaming international forces but both remain signed as expected and significant. This alternative specification mitigates the possibility that blaming international forces merely reflects (endogenously) respondents who are less likely to blame the government. Finally, if it can be assumed that endogeneity between evaluations of handling and blame would be most likely among partisans, then the control for partisanship and the two separate controls for support of President Mitterand likely absorb much of this endogeneity.

<sup>12</sup>These results also hold when the dependent variable refers to satisfaction with the President. See appendix.

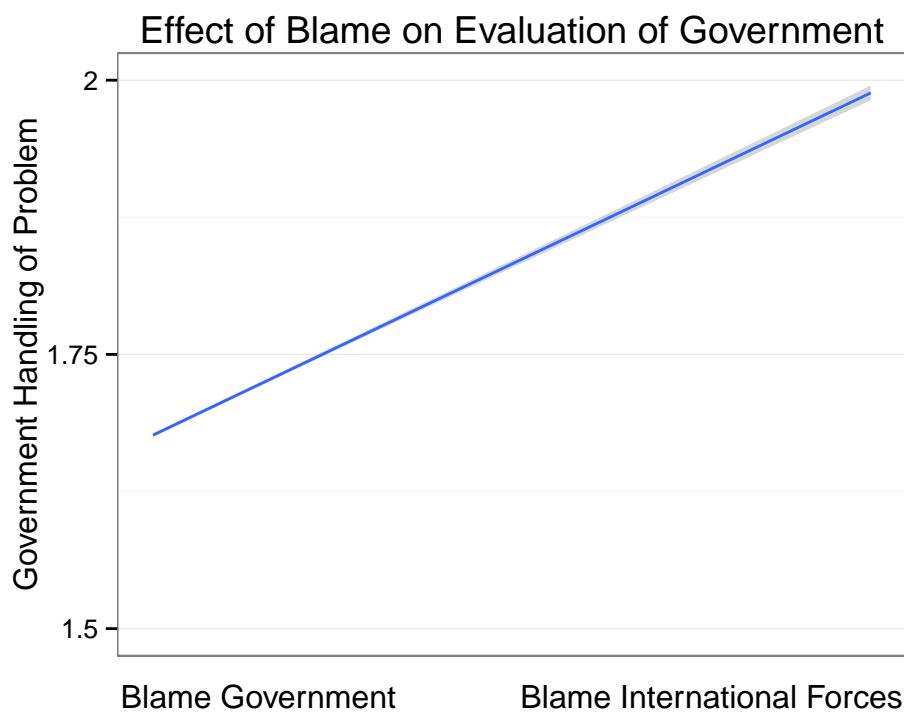


Figure 2.5: Based on 1000 simulations. 95% confidence intervals in grey.

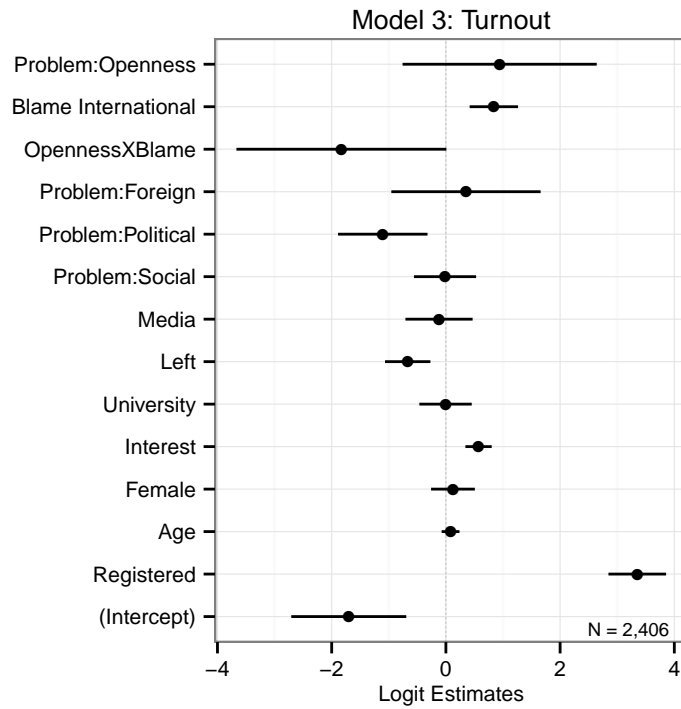


Figure 2.6: The Effect of the Interaction of Openness and Blame on Voter Turnout

International is .98 with a standard error of .04. Again, the size of the effect is small, but this is largely because the unconditional probability that a respondent intends to vote is very high.

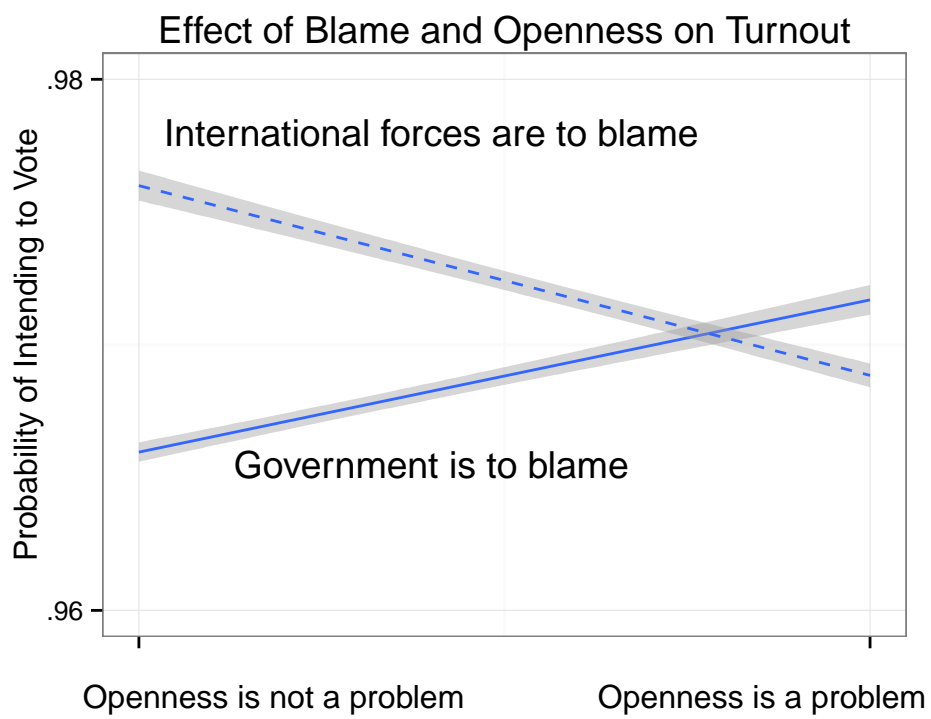


Figure 2.7: Based on 1000 simulations. 95% confidence intervals in grey.



Table 1 displays results from three regression models which provide initial support for the state-level expectations regarding the effect of mass media on the globalization-welfare relationship. In each of the three model specifications, the variable Trade\*MDI is negative and statistically significant, suggesting that media density decreases the effect that trade has on government consumption expenditure. Before the analysis, all variables were de-meaned and divided by two standard deviations so that the coefficient for any independent variable can be interpreted as the expected effect of a two standard deviation increase in that variable. In other words, the coefficient of -.97 for Trade\*MDI in Model 1 suggests that, on average, a two standard deviation increase in media density (109.3 points) in the long-run decreases the effect that a two standard deviation increase in trade openness (85.2% of GDP) has on government spending by .97% of GDP. Model 3 estimates that this negative conditioning effect of media density is as little as .61% of GDP. Moving from the minimum density of media (0) to the maximum in the sample (313.3) is associated, on average, with a decrease of as much as 2.78%, and as little as 1.8%, in the expected effect of an 85% increase in trade openness on government spending as a share of GDP. Although the estimated effect appears relatively slight, it should be kept in mind that the mean level of government consumption expenditure in the sample is only 15.7% of GDP. Thus, for a country that begins with no mass media and becomes as fully penetrated as the most penetrated (the United States in 1986), the roughly 1-3% of GDP by which we would expect the country to reduce its compensatory public spending in the long-run for an 85% increase in trade openness is a substantial portion

of what a typical country spends.

Models 1 and 2 consider variable levels only, while Model 3 is an error-correction model using first-differences or year-to-year changes in the dependent variable and lagged levels of the dependent variable on the right-hand side of the equation, with levels and first-differences of the key independent variables. Although a level dependent variable with a lagged level on the right-hand side is formally equivalent to a differenced dependent variable, the error-correction specification is useful here because it allows us to separate short-run and long-run effects.<sup>13</sup> The differenced independent variables reflect immediate, short-run effects and the level independent variables reflect the long-run effect after the short-run effects decay. All three models include fixed effects for country and year to account for unobserved differences in countries or unobserved temporal shocks in any particular year. To control for the clustering of errors within countries and the possibility of downwardly biased standard errors, I subsequently calculated panel-corrected standard errors following Beck and Katz (1995). Panel-corrected standard errors did not appreciably change the statistical significance of any estimates reported in this paper.<sup>14</sup>

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<sup>13</sup>The error-correction specification is useful here for another reason. Although government spending and media density are not quite co-integrated, they are nearly cointegrated as both trend upward over time. In such situations, error-correction specifications are ideal for insuring against the possibility of spurious correlations driven by that shared integration.

<sup>14</sup>It is common to display the panel-corrected standard errors rather than the untransformed errors, but it is not obvious that treating them as a default has improved our use of cross-sectional, time-series data. On this point, see Wilson and Butler 2007, with whom I take the view that panel-corrected standard errors are only one of many checks against difficulties common in cross-sectional, time-series data. Fixed effects, lagged dependent variables, and dynamic specifications are some of the other techniques stressed by those authors. Here, I employ all of these techniques, and in some cases all together.

Columns 2 and 3 test the conditioning effect of media density against the conditioning effects of democracy on the trade-welfare relationship, which previous research has found to increase the redistributive responsiveness of domestic welfare spending to international trade (Adserà and Boix 2002), suggests that media density has a robust conditioning effect on the relationship between trade and spending, while the interaction found by Adser and Boix no longer appears statistically distinguishable from zero.

### **2.6.1 Rival Explanations**

To check for the possibility that the above models are spuriously driven by some different but unobserved process distinct from the effects of mass media, I gather additional data to test my arguments against a series of rival explanations. Specifically, it is argued that left parties and union density are aspects of the domestic institutional environment which lead to more redistributive responses to economic liberalization (Garrett 1995, 674); that electoral systems defined by proportional representation are more redistributive than majoritarian systems (Iversen and Soskice 2006); and that the degree of unitarism or government centralization affects welfare spending (Crepaz 1998, 72). Finally, of particular interest in the literature relating economic globalization to the politics of welfare is the argument of Iversen (2001) and Iversen and Cusack (2000) that deindustrialization rather than globalization has driven the expansion of welfare spending since the 1960s.

Table 2.1: Determinants of Government Consumption Expenditure

	spending.wb	spending.wb	diff(spending.wb)
lag(trade.wb, 1)	0.144 (0.213)	0.147 (0.213)	0.38* (0.222)
lag(mdi, 1)	-0.157 (0.402)	-0.114 (0.403)	0.612* (0.318)
lag(polity2, 1)	0.025 (0.152)	-0.03 (0.157)	
lag(gdpcap.wb, 1)	0.615*** (0.189)	0.608*** (0.189)	
lag(dependency.wb, 1)	-0.218 (0.231)	-0.235 (0.232)	
lag(land.wb, 1)	13.921 (191.648)	20.356 (191.676)	
lag(spending.wb, 1)	0.717*** (0.016)	0.716*** (0.016)	-0.164*** (0.01)
lag(spending.wb, 2)	0.11*** (0.016)	0.111*** (0.016)	
lag(trade.wb, 1):lag(mdi, 1)	-0.97*** (0.32)	-0.883*** (0.325)	-0.611* (0.317)
lag(diff(trade.wb)):lag(diff(mdi))			8.139 (15.681)
lag(trade.wb, 1):lag(polity2, 1)		-0.428 (0.303)	-0.434 (0.294)
lag(diff(trade.wb)):lag(diff(polity2))			-3.557* (1.963)
lag(diff(trade.wb), 1)			-0.946** (0.388)
lag(diff(mdi), 1)			0.562 (1.716)
lag(diff(polity2), 1)			-0.056 (0.284)
lag(diff(gdpcap.wb), 1)			0.668 (0.723)
lag(diff(dependency.wb), 1)			2.4 (1.794)
lag(diff(spending.wb), 1)			-0.104*** (0.016)
$R^2$	0.672	0.672	0.104
$adj.R^2$	0.638	0.638	0.098
$N$	3911	3911	3914

Standard errors in parentheses

\* ( $p \leq 0.1$ ), \*\* ( $p \leq 0.05$ ), \*\*\* ( $p \leq 0.01$ )

In Table 2, I re-estimate the error-correction model (as in Column 3 of Table 1) controlling for each of the rival explanations above.<sup>15</sup> The interaction of trade levels and media density levels is robust to the inclusion of each potentially confounding variable, suggesting that the conditioning effect of media density on the trade-spending relationship is not a spurious correlation due to an omitted variable. Rather, the state-level models overall furnish another level of robust evidence that mass media shape perceptions and blame attributions around economic globalization in a way that diffuses the domestic political pressure required for compensatory, redistributive policy response.

## 2.7 Conclusion

This study has presented individual- and state-level evidence that mass media functions as a political institution which conditions the domestic politics of economic globalization. Because politicians use mass media to avoid blame, mass media decrease the accountability of national economic policymakers who pursue liberalization. Survey evidence shows that individuals most reliant on mass media are less likely to blame incumbent governments for problems wrought by economic liberalization. Mass media *indirectly* deflects blame away from incumbent governments by making individuals more aware of economic openness as a political issue, but it also *directly* decreases individuals' propensities to blame incumbents (controlling for the awareness effect), most likely due to

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<sup>15</sup>See Supporting Information for more information on variable descriptions and sources.

Table 2.2: Rival Explanations: Electoral System, Centralization, Left Party Seats, Union Density, and De-Industrialization

	(1)	(2)	(3)	(4)	(5)
lag(diff(trade.wb), 1)	-0.668 (0.458)	-0.429 (0.467)	-2.431** (1.055)	-1.362 (0.879)	-1.345*** (0.481)
lag(mdi, 1)	0.045 (0.416)	-0.014 (0.416)	-0.278 (0.262)	-0.589** (0.242)	-0.047 (0.677)
lag(diff(mdi), 1)	0.814 (1.743)	0.743 (1.741)	2.258*** (0.775)	2.839*** (0.821)	-0.919 (2.253)
lag(gdpcap.wb, 1)	0.472** (0.187)	0.509*** (0.187)	0.556*** (0.137)	0.427*** (0.117)	0.833*** (0.285)
lag(spending.wb, 1)	-0.233*** (0.014)	-0.234*** (0.014)	-0.071*** (0.018)	-0.075*** (0.015)	-0.247*** (0.013)
lag(trade.wb, 1):lag(mdi, 1)	-0.662* (0.342)	-0.641** (0.324)	-0.891** (0.354)	-1.184*** (0.314)	-1.919*** (0.542)
lag(diff(trade.wb), 1):lag(diff(mdi), 1)	5.072 (18.142)	4.268 (18.194)	-39.462 (25.394)	-41.014 (25.531)	41.667* (25.254)
lag(pr, 1)	0.476 (0.359)				
lag(trade.wb, 1):lag(pr, 1)	0.296 (0.334)				
lag(diff(trade.wb), 1):lag(diff(pr), 1)	-11.343*** (3.858)				
lag(unitarism, 1)		-0.695 (0.681)			
lag(trade.wb, 1):lag(unitarism, 1)		0.651 (0.536)			
lag(diff(trade.wb), 1):lag(diff(unitarism), 1)		-12.632* (6.579)			
lag(netden, 1)			-0.086 (0.167)		
lag(trade.wb, 1):lag(netden, 1)			-0.8** (0.393)		
lag(diff(trade.wb), 1):lag(diff(netden), 1)			-14.819 (21.369)		
lag(lefts, 1)				0.208* (0.125)	
lag(trade.wb, 1):lag(lefts, 1)				0.441 (0.343)	
lag(diff(trade.wb), 1):lag(diff(lefts), 1)				-2.568 (4.755)	
lag(industry.wb, 1)					0.06 (0.253)
lag(diff(industry.wb), 1)					-0.862* (0.517)
lag(mdi, 1):lag(industry.wb, 1)					0.495 (0.56)
lag(diff(mdi), 1):lag(diff(industry.wb), 1)					56.869** (25.815)
$R^2$	53	0.125	0.123	0.194	0.144
$adj.R^2$		0.115	0.114	0.17	0.134
$N$		2224	2224	544	673

Standard errors in parentheses. For space constraints, estimates for land, dependency rates, levels of trade and democracy are included but not displayed (all were indistinguishable from zero at 95% confidence).

\* ( $p \leq 0.1$ ), \*\* ( $p \leq 0.05$ ), \*\*\* ( $p \leq 0.01$ )

framing effects inherent in mass media. Cross-sectional, time-series data reveal that mass media is associated with a decrease in the relationship between economic openness and welfare-state spending, providing further evidence that mass media diffuses the domestic political pressure against liberalization that has historically elicited welfare-state compensation for aggrieved domestic groups. The state-level evidence is consistent with the individual-level evidence that mass media shifts blame attributions away from governments and toward unaccountable international forces, which in turn allows national economic policymakers to neglect welfare-state compensation of harmed domestic groups.

## Chapter 3

# Why are the Most Trade-Open Countries More Likely to Repress the Media?

### 3.1 Abstract

Why are more trade-open countries more likely to repress the media, even though media freedom is positively correlated with most other components of economic globalization? To explore and understand this little-known empirical puzzle, I argue that economic globalization exerts contradictory pressures on state-media relations. On the one hand, economic openness encourages national policymakers to promote media freedom because foreign investors are more likely to invest where information is reliable. On the other hand, because adjusting to economic openness implies distributive conflict which can threaten



the government, openness also generates incentives for national policymakers to suppress information and communication about the costs of liberalization. This paper develops a theoretical model that reconciles these contradictory expectations by disaggregating economic globalization into its component parts and distinguishing changes (liberalization) from levels of economic globalization (openness). I argue that liberalization of trade, inward foreign direct investment, and inward capital flows increase the probability states will repress the media, as states seek to quell domestic conflict around the adjustment costs of liberalization. In the long run, however, different types of economic openness exert different pressures on media freedom depending on how much they reward transparency. I argue that financial openness leads to greater media freedom in the long run because transparency is important to capital markets, but trade openness exerts no positive effect on media freedom in the long run because foreign importers and exporters are unaffected by transparency in other countries. To test these expectations, I use a mixed-methods research design employing large-N statistical tests combined with process-tracing in Argentina and Mexico.

## **3.2 Introduction**

Given the conventional wisdom that democratic political institutions drive economic openness (Milner and Kubota 2005) and vice-versa (Eichengreen and Leblang 2008), it is surprising that since the 1960s, on average, those countries which have been more open to international trade have had lower

levels of media freedom. Although international portfolio capital and foreign direct investment are each positively correlated with media freedom around the world, the bivariate relationship between trade and media freedom is slightly negative.<sup>1</sup> Considering the 151 countries between 1960 and 2011 for which there is available data, those countries which most often had a repressive media environment had higher levels of trade than those countries which most often had a free media. This is true in democratic and non-democratic countries, although the negative relationship is weaker in democratic countries. Given the positive correlation found between media freedom and other measures of economic openness such as portfolio capital flows foreign direct investment, and the KOF Globalization index (Dreher et al. 2008), the coincidence of high trade openness and media repression is a surprisingly under-reported empirical puzzle in international and comparative political economy.

This puzzle points to a larger gap in research on the domestic effects of economic globalization. International and comparative political economists have not yet developed a serious theoretical and empirical account of how a country's media are likely to be affected by that country's integration into the international economy. Much is known about the effects of economic integration on aspects of domestic politics such as cleavages (Rogowski 1987, 1989; Hiscox 2002), growth rates (Rodriguez and Rodrik 2001); domestic spending (Rodrik 1998; Burgoon 2001), civil war (Barbieri and Reuveny 2005; Busse and Schneider 2007), and generic measures of democracy (Eichengreen

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<sup>1</sup>Disaggregated economic data come from the World Bank Development Indicators (World Bank 2012) and data on media freedom come from Freedom House () and Van Belle's Global Press Freedom Dataset (Van Belle 2000). See the section on Data and Method below for a more detailed discussion of data and coding.

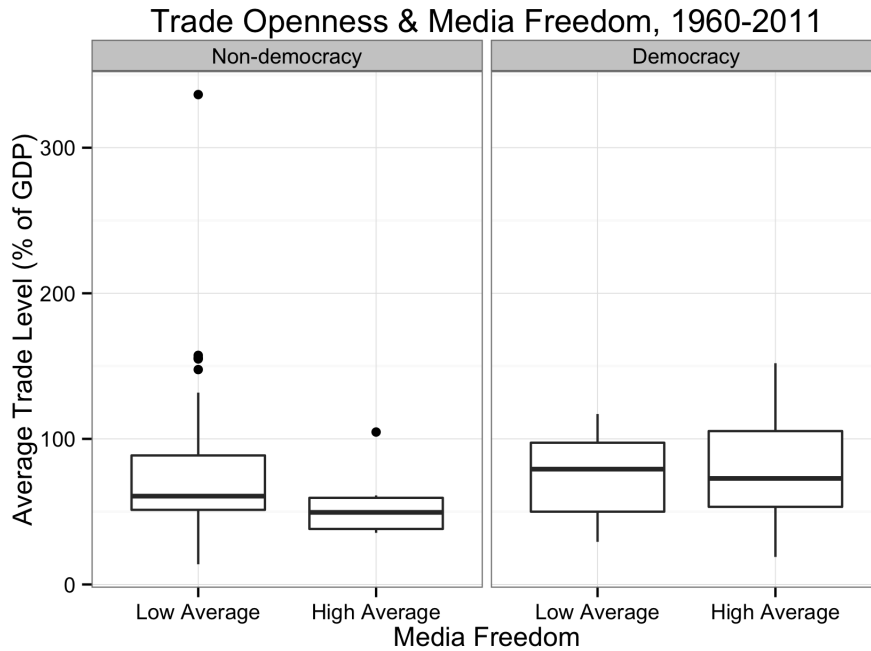


Figure 3.1: Mean Trade Levels and Mean Media Freedom, 1960-2011

and Leblang 2008; Li and Reuveny 2003), but very little is known about how economic integration affects state-media relations. One exception is a working paper by Orion Lewis (2008), which finds mixed but suggestive evidence that trade openness is negatively related to media freedom and portfolio capital is positively related to media freedom. Other research has considered whether political and civil liberties (broadly including freedom of the media) affect international economic flows (Antonis and Frangkiskos (2007)) and the effect of media in economic reform (Coyne and Leeson 2004; Islam 2002), but in the extant literature there is no systematic analysis of whether and in what ways domestic media freedom has been shaped by increasing international economic integration around the world.

The present study provides a theoretical account of how different international economic flows affect domestic media freedom differently, focusing on the puzzling negative correlation between trade levels and media freedom. It improves on the limited previous research in two ways. First, Lewis (2008) uses only the Freedom House measures of press freedom and therefore considers country-level panel data only between 1993 and 2006. The present study incorporates the Global Media Freedom Index by Van Belle (2000; 1997) to consider a similar panel of countries for the much longer timeframe from 1960 to 2011. Second, I emphasize the difference between levels and changes (long-run and short-run effects) in a country's exposure to international economic flows, whereas Lewis considers only levels.

### **3.3 Globalization, Democracy, and Media**

Previous research provides strong reasons to expect the global integration of markets to exert pressures on institutions of democracy, but there remains much theoretical uncertainty about the degree to which these effects are positive or negative. Many have argued that economic globalization generates economic growth which strengthens democratic institutions (Baghwati 1997; Im 1996), increases incentives for peace (Baghwati 1997; Oneal and Russett 1999), or diffuses democracy as a norm (Kant 1983; Limongi et al. 1996). On the other hand, many have argued that economic globalization is negatively associated with democracy because it rewards efficiency rather than popu-

lar sovereignty (Dominguez and Huntington 1975; Lindblom 1977; Cammack 1998), or because leaders may prefer to repress rather than compensate the domestic losers from increased openness (Adserà and Boix 2002).<sup>2</sup> Within the general debate surrounding the globalization-democracy nexus, some researchers such as Li and Reveuny (2003) have sought greater clarity by disaggregating the distinct types of international economic flows and considering them separately, but relying on standard aggregate measures of democracy. Li and Reveuny find that trade and portfolio capital have negative effects on democracy, while foreign direct investment and democratic norms have a positive effect, but their dependent variable of democracy is calculated with the common procedure of subtracting the Polity autocracy score from the Polity democracy score. Thus, despite much research on the relationship between economic globalization and democracy, and despite evidence that disaggregation is fruitful for understanding this nexus of relationships, relatively little is known about how different international economic flows affect the various institutions which separately constitute what we know as democracy.

In particular, very little research to date queries whether and how economic globalization shapes state policies regarding domestic media freedom. One exception is Lewis (2008), who finds that FDI inflows are positively associated with press freedom, trade levels are negatively associated with media freedom, and portfolio capital inflows have no discernible effect on press freedom. But as a first investigation into this question and as a largely inductive effort to establish the statistical patterns, the theoretical interpretations of this article

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<sup>2</sup>See Li and Reuveny 2003 for a detailed overview of this debate.

are mostly provisional. Additionally, Lewis considers only levels of trade and year-by-year inflows of FDI and portfolio capital, whereas recent research shows that the distinction between flows (year-to-year movements) and stocks (the sum of all previous flows) is crucial in researching the effects of foreign investment on repression (2012). As discussed above, Antonis and Fillapaois (2007) consider the effect of civil liberties such as media freedom on FDI, but not whether FDI affects civil liberties.

However, previous research on the relationship between markets and media more generally provides a basis for theorizing the relationship between economic integration and media freedom. Broadly, one tradition argues that the spread of markets and freer media are positively associated (Habermas 1991; Islam 2002, 2003). However, an opposite tradition suggests that markets and the logic of profits and efficiency create incentives for authoritarianism (Dominguez and Huntington 1975). With respect to media politics in particular, Gehlbach and Sonin (2011) show that larger advertising markets are associated with nationalization of private media because, they argue, the benefits of state control increase with the advertising market. If economic liberalization tends to enlarge advertising markets by spurring economic growth, then liberalization might increase the state's incentives to repress private media just as it increases incentives to nationalize it. Furthermore, international economic integration brings the threat of social and political backlashes (Bussmann and Schneider 2007), which require the state to compensate the domestic losers from globalization (Rodrik 1998) or, alternatively, repress them (Adserà and Boix 2002).

On the other hand, the literature on 'competitive authoritarianism' suggests that increasing economic interdependence is one of the forces which has increasingly rendered traditional authoritarian repression unfeasible (Levitsky and Way 2002, 60, 62). As a country becomes increasingly integrated with the world economy, it increases the costs of overt authoritarianism by increasing the salience of international opinion, increasing the voice of domestic opposition, and increasing the number of domestic actors affected by international perceptions (Levitsky and Way 2006). For example, Fujimori in Peru in 1992 and Putin in Russia in 1993 failed in their efforts to overtly circumvent the legislature in part due to such international pressures (Levitsky and Way 2002, 56).

International pressures against overt authoritarianism force regimes to adopt formally democratic institutions such as elections, but often leaves them free to violate human rights and civil liberties. For example, in the US-Mexico negotiations leading up to the North-American Free Trade Agreement, Mexican leaders made significant changes to present a front of democracy and respect for human rights to encourage investors, but there was no specific or formal conditionality which would have prohibited or even discouraged the repression of civil liberties if necessary.

At the same time, Levitsky and Way highlight the media as one of the four main arenas in which incumbent governments can contest and subvert international pressures to democratize. Competitive authoritarian governments may permit a formally independent and relatively free media, as in Peru, Serbia, Panama, or Nicaragua during the late 1980s and much of the 1990s, while en-

gaging in alternative, more subtle tactics of repression, such as manipulative administrations of the law or tax code (Levitsky and Way 2002, 53,58)

While economic integration engenders distributive conflicts which tempt states to repress certain domestic groups at the same time it disincentivizes certain overt techniques of repression, governments around the world increasingly engage in strategic, authoritarian interventions into domestic media politics. Corrales and Westhoff (2006) find, for instance, that authoritarian regimes are more likely to develop television than internet, because television is more easily controlled. Additionally, many authoritarian regimes welcome the internet but are actively pursuing techniques of information control and manipulation *on* the internet in a networked fashion (MacKinnon 2011; Pearce and Kendzior 2012). These findings show that however much economic integration is making certain forms of repression obsolete, newer and more subtle techniques of media repression remain both attractive and viable.

### 3.4 Theory and Hypotheses

As Antonis and Fillapaois point out, and as Lewis also argues, research on the relationship between globalization and democratic institutions likely shows such contradictory results because different international economic flows exert different pressures. To build on this idea while advancing the literature beyond the limitations discussed above, the next section provides a more deductive account of precisely why we should expect various types of international economic openness to exert different effects on media freedom.



Based on the review of previous research regarding the domestic political effects of international economic flows and the media politics of competitive authoritarianism, I develop a simple, informal rational-choice model of how state media policy should respond to trade, foreign direct investment, and portfolio capital flows. Consider a state which experiences a variable increase in some inward, international economic flow of trade, FDI, or portfolio capital. This increased flow will increase the income of certain domestic groups and decrease the income of others, according to well-developed open-economy expectations. The increased economic flow can be thought of as random and exogenous or the result of conscious state policy such as lowering tariffs. If they are well-informed and mobilized, a domestic group which experiences a negative income shock from economic liberalization would demand that the policymaker either close the domestic economy or compensate the group for its income loss, or else face rebellion. The “rebellion” could be electoral if the state is a democracy or a violent insurgency if the state does not have institutions to facilitate peaceful change. After experiencing the international shock, the media, if free to do so, would report the protests of the aggrieved group and its causes, namely, increased national exposure to the international economy and its conflictual distributive consequences. However, if the media does not fully report the political context and consequences of the international shock, the group which suffered an income loss would not threaten rebellion at all. A free media, in other words, are essential for domestic losers from globalization to exercise power in the domestic politics around the distributive outcomes of economic globalization. Where there is a free media, domestic

losers from globalization hold policymakers accountable, but where the media are manipulated by government, the claims of aggrieved groups cannot exact concessions from holding policymakers accountable. This can be from either not reporting and therefore not informing domestic groups of the political-conflictual nature of globalization, or from silencing those claims if and when they are made.

After increased exposure occurs, the policymaker would prefer not to compensate the domestic group but prefers compensation to facing rebellion or closing the economy to *ex ante* levels. The policymaker can close the political process to any competitors to obviate the political pressure to compensate them (Adserà and Boix 2002), but the higher their level of integration, the more costly are overt types of repression (Levitsky and Way 2002). Supposing that a policymaker can choose among compensating the aggrieved domestic group, excluding competitors from the political process, or engaging in some repressive practices which vary on a continuum from overt to covert. In effect, we can conceptualize their utility function as including a penalty on overtness which increases with the country's economic integration, such that there is decreasing utility to overt forms of repression such as outright exclusion from the political process or government killings but this disutility approaches zero for repressive tactics which are relatively obscure such as the selective prosecution or financial targeting of opponents.

Among the less visible ways of exercising anti-democratic control, information-communication control will be uniquely attractive for the policymaker. This is because not only are repressive media tactics less severe than mass killings

or canceling elections, but because control of the media could potentially tame international judgments independently by shaping what gets reported internationally. That is, control of the media can first minimize policymaker accountability for the adjustment costs of liberalization by suppressing domestic dissent, but policymakers could also reasonably expect that suppressing information at home would decrease the flow of negative information abroad, promoting their international image in part by repressively shaping their image at home. In summary, increasing linkages to other states and international pressures raise the cost of overt repression for liberalizing states, which increases the attractiveness of more subtle, lower-visibility tactics for suppressing dissent against liberalization. Repression of the media stands out as a uniquely attractive first because it is precisely such a relatively low-visibility, low-salience type of repression but also because if successful it would tend to lower negative visibility in general.

### **3.4.1 Differences among trade, foreign direct investment, and portfolio capital**

The previous subsection argues that media repression is uniquely attractive to incumbents presiding over economic liberalization. However, the international actors who are the counterparties to a country's international exchanges are also strategic actors. When a government represses the flow of information and communication within its territory, these counterparties will respond strategically depending on how their particular investment in the country is affected by domestic freedom of information and communication. Given that

these international counterparties have very different stakes in domestic media freedom depending on whether they are engaged in trade, foreign direct investment, or portfolio capital investment, the utility of media repression during economic liberalization will be conditioned according to a country's composition of exposure to these flows.

## **FDI**

FDI is defined as the private capital flows from one firm to an enterprise located in a country outside of the firm's home nation. FDI flows consist of equity capital, intercompany debt, and reinvested earnings, whenever the investment is sufficient to give the firm a controlling stake (typically 10%) in the enterprise (Group 2004, 9; Jensen 2003, 588). Foreign direct investment is unique among other types of international investment in that FDI involves a longer-term commitment and thus the interests of FDI investors are relatively more aligned with the long-term interests of host countries (Lipsey 1999; Jensen 2003, 588). The standard economic theory of FDI suggests that firm-level investment decisions to invest directly in a foreign country are not based on relative factor endowments or comparative rates of return, but on domestic market imperfections which can be exploited by multinational corporations (MNCs) better than domestic firms (Hymer 1960; Dunning 2013). The distributive consequences of FDI inflows are complex: FDI is typically thought to increase inequality between skilled and unskilled workers as MNCs tend to be technologically skill-biased relative to domestic firms (Feenstra and Hanson 1997) and unskilled, subsistence farmers do not have the resources

to become entrepreneurs (Basu and Guariglia 2007). However, FDI is also thought to decrease overall domestic income inequality as an increase in the supply of capital relative to labor increases wages and reduces inequality between capital and skilled labor (Jensen and Rosas 2007). Jensen and Rosas present evidence that, because poor countries have relatively little skilled labor, FDI's effect on closing the gap between skilled labor and capital is likely to decrease inequality on net even if it increases inequality between skilled and unskilled labor. Thus, FDI inflows generate distributive conflict among skilled and unskilled labor, but are unlikely to generate highly salient distributive conflict overall. This expectation is borne out by research on the relationship between economic globalization and civil war. Bussmann and Schneider (2007) find, contrary to their expectations, that inflows of FDI decrease rather than increase the likelihood of civil war onset.

Most significantly, of the three types of international economic actors considered here, investors of FDI have a long-term stake in the conditions of a host country. Because of this, despite long-standing expectations that foreign direct investors prefer the efficiency of authoritarian regimes, the balance of evidence suggests that democracies draw greater FDI flows than autocracies because they are more credible (Jensen 2003, 588). Some scholars have sought to extend this logic by arguing that FDI should be attracted to respect for human rights (Blanton and Blanton 2007) have faced problems of measurement and missing data (Sorens and Ruger 2012). After accounting for these issues, Sorens and Ruger find no link between FDI and human rights. Thus, while formal democracy attracts FDI and FDI does not appear to generate

intense distributive conflicts, neither does it appear to “punish” governments for violating human rights.

Interestingly, Antonis and Filipaios find, consistent with Jensen, that FDI seeks strong political rights while its attraction to civil rights is hump-shaped such that FDI is associated with both high and low levels of civil rights (2007). One possible explanation of these inconsistencies is that the socially positive consequences of FDI (rewarding democracy and rule of law and decreasing civil war onset) occur at the same time as, or perhaps in part through, the repression of civil rights. This is consistent with the model presented above, wherein the repression of a particular civil right (the freedom of expression) embodied in media freedom is repressed to dampen the disruptive effects of new FDI inflows, but in the long run equilibrates to a high level alongside political rights.

Thus, as argued in the previous section, increases in FDI should be associated with media repression, but in the long run FDI should be associated with media freedom. Because FDI is not averse to violations of rights per se, and is perhaps attracted to governments with low respect for civil rights, governments will use media repression to suppress distributive conflicts associated with FDI, but after the adjustment takes place and threat of conflict subsides, then FDI in the long-run should be associated with media freedom for the same reasons it is associated with democracy, namely credibility and stability.

## **Portfolio capital**

Portfolio capital is defined as the purchase of stocks and bonds of less than 10% of the outstanding stock of foreign firms (Kenen 1994, Walther 1997). The standard economic theory is that portfolio capital tends to flow where the rate of return on the target country's domestic assets is high relative to the riskiness of the investment (Mosley 2003, 743; Ahlquist 2006, 685). Portfolio capital is distinguished by its short-term, speculative nature compared to FDI. In a benchmark study of how portfolio investors evaluate political risks, Bernhard and Leblang (2002) show that portfolio investors respond to changes in country's political system (such as elections), but not to the substance of those changes (for instance, partisanship). Brooks and Mosley (2007) show that portfolio investors do respond to the substance of policymaking, such as partisanship and macroeconomic priorities, but only in low-information environments such as electoral turnovers. The effects of partisanship and macroeconomic policy on portfolio capital decrease when the political system itself is stable. The overall point is that portfolio investors are first and foremost interested in stability and predictability rather than particular policies, which only matter in periods when the predictability of the future is low.

Portfolio capital inflows tend to appreciate the domestic currency, which makes imports relatively cheaper in the home market and exports relatively more expensive to foreigners. This will harm exports, leading possibly to unemployment or decreases in wage levels in export-intensive industries. It will also make it harder for domestic firms to compete with relatively cheaper imports, also possibly leading to unemployment or wage decreases. Finally,

cheaper capital imports can encourage skill-biased shifts in technology usage, increasing the incomes of skilled labor and decreasing the incomes of unskilled labor (Cragg et al. 1996; Ros and Lustig 2000). Finally, because portfolio capital is relatively liquid, the threat of sudden withdrawal by international investors is well-known to have highly negative macroeconomic effects, such as in Mexico in 1995 and Argentina in 2001.

Given the interests of governments and portfolio investors, governments should be inclined to repress the media in response to the distributive effects of portfolio capital for two reasons. First, inflows of portfolio capital will make governments more beholden to the prevention of systemic political risks such as general strikes, expropriations, or revolutions (Clark 1997). This is consistent with anecdotal evidence of portfolio investors who prefer governments to repress social unrest. Neoliberal economic reforms including international liberalization are often followed by large increases in foreign portfolio capital, and there is anecdotal evidence that in some cases foreign investors demand repression explicitly, such as when Chase Bank's Emerging Markets Group circulated a memo urging Mexican President Ernesto Zedillo to "eliminate the Zapatistas" and their uprising in Chiapas in 1994 (Silverstein and Cockburn 1995). Second, given that policy is evaluated by foreign investors largely in light of what is already known about the government and its history, incumbents who preside over financial liberalization for that very reason are likely to be sufficiently trusted by foreign capital that relatively subtle tactics such as media repression would be unlikely to shake confidence, especially if it is in the interest of preventing larger disruptions such as rebellions. It may be objected



that portfolio investors would dislike media repression because they rely on a reliable flow of information regarding the country's conditions, but through modern "news management" politicians can practice a highly nuanced kind of transparency for international observers and also seek to repress domestic media using underhanded tactics. Indeed, country's which are open enough to receive capital inflows are likely to already be relatively transparent in the ways most relevant to investors, and this transparency required to induce investment might even embolden the assertiveness of domestic media.<sup>3</sup> Portfolio investors can typically rely on international news sources which are less likely to be targeted within the host country (on account of their financial independence and being linked to another sovereign, such as that one in Argentina). Finally, portfolio investors often have access to private, elite channels which provide them with politically important information about foreign country conditions before it would even be reported by free media (Dube, Kaplan, and Naidu (2011)).

Thus, we should expect media policy to respond to inflows of portfolio capital just as it responds to FDI inflows. As a country adjusts to the destabilizing distributive effects of international portfolio investment, governments will be more likely to repress the media as a relatively discreet tactic of pacifying social unrest, consistent with investors' interests in stability. However, inflows of portfolio capital will in the long-run be associated with media freedom, as portfolio investors prefer high-information environments *ceteris paribus*.

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<sup>3</sup>This appeared to happen in Mexico during the 1980s and 90s (Lawson 2002)

## Trade

Trade, defined simply as imports plus exports as the percentage of a country's gross domestic product, is unique among the previous two components of economic globalization in that the international counterparties have no direct economic stake in the social and political conditions of the home country. Put simply, trade is not an investment as are FDI and portfolio capital flows. The standard economic intuition explaining trade flows, although many sophisticated variations and extensions have been developed, is still the well-known Ricardian theory of comparative advantage. Other things equal, countries will tend to specialize in producing for export those goods which they are most advantaged in producing, and import from foreign producers those goods which domestic producers are unable to produce as efficiently.

International trade theory and much research in political science provides well-established expectations regarding the distributive effects of a country increasing its exposure to international trade. The standard Stolper-Samuelson model (1941) expects that increasing trade openness increases the income of the domestically abundant factor while decreasing the income of the domestically scarce factor. Thus, in capital-rich countries (industrialized or post-industrial countries), increasing trade openness benefits capital and harms labor, whereas in capital-poor countries increasing trade openness is expected to benefit labor and harm capital owners. In his benchmark study on the political consequences of these distributive expectations, Rogowski (1989) finds strong evidence that domestic political coalitions are empowered and disempowered by international trade as the Stolper-Samuelson model predicts. His-

cox (2002) further refines these expectations by showing that history is more finely explained by distinguishing the relative mobility of factors: when domestic factors are relatively immobile within the domestic economy, we do not observe class-based cleavages but rather sector-based cleavages and cross-class alliances, as immobility weds the interests of labor and capital to their shared industry. In turn, the threat of distributive conflict from international trade has been found salient enough to explain domestic political outcomes as diverse as the size of welfare states (Cameron 1978; Burgoon 2001) and the onset of civil wars (Bussmann and Schneider 2007).

The international counterparties to a country's international trade have a uniquely low stake in the political stability of the country, for the simple reason that the import and export of goods and services is not directly affected by the sanctity of civil rights such as freedom of expression or media freedom. Although emerging international norms of "corporate responsibility" and "fair trade" are increasingly visible in marketing for consumers in the wealthy democracies, these norms revolve around specific labor market issues such as child labor, "sweatshops", and wages paid to workers in developing countries (Moore 2004). Even if some consumers in the wealthy democracies are increasingly willing to pay for more humane production conditions in foreign countries (effectively an international tax on repressive production conditions), there is no evidence and little reason to believe that economic behavior in importing or exporting goods and services anywhere in the world is in any way responsive to the sanctity of significantly less salient civil rights such as media freedom. For instance, consumers in the global North may very

well prefer to pay premiums for coffee explicitly labeled as “fair trade,” but this provides no reason to expect they would pay more or less depending on whether the exporting country’s trade agreements were facilitated by media repression. Similarly, if exporters in one country benefit from lowered tariffs in a foreign country, compared to FDI and portfolio investors, they have uniquely less at stake in the political consequences faced by the foreign country with rising imports.

Thus, as with FDI and portfolio capital, we expect changes in trade openness to be associated with a higher probability of media repression, but unlike FDI and portfolio capital, we expect this effect of trade liberalization to persist into the long run, as governments face no pressure from their counterparties to eventually transition to a free media environment. If true, this would explain the puzzlingly negative correlation between international trade and media freedom despite the positive association between trade and most other components of economic globalization.

### **3.4.2 Hypotheses**

To summarize, the hypotheses of the preceding subsections can be stated concisely as follows.

- H1: Levels of trade openness decrease media freedom.
- H2: Levels of portfolio capital increase media freedom.
- H3: Levels of foreign direct investment increase media freedom.
- H4: Changes in trade, equity, and FDI decrease media freedom.

### 3.5 Data and Method

To assess the theory, this article pursues a mixed-method research design employing large-N statistical tests and qualitative within-case analysis on two historically important cases. The intuition behind this research strategy is that statistical analyses are necessary to disentangle the independent effects of each economic flow, especially in distinguishing between short-run and long-run effects, while qualitative analysis is necessary for establishing the existence of a causal process.

In the quantitative analyses, I use state-level economic data from the World Bank (2012) for the main independent variables of interest (FDI, portfolio capital, and trade) for all available countries between 1960 and 2010. For the dependent variable, I use the well-known Freedom of the Press scores from Freedom House (CITATION) as well as the the Global Media Freedom Database Van Belle (1997; 2000). Freedom House measures press freedom on a continuous scale from 0 to 100 and covers most countries from 1994 to the end of the economic time-series, whereas Van Belle's data is essentially a dichotomous measure of media freedom (footnote: it reduces to that) and covers most countries from 1948 to 1995. To maximize the sample, I create a single measure of press freedom which converts the Freedom House scores for 1994-2010 to Van Belle's dichotomous scale by interpolating from the two years for which there are observations on both measures.dichotomous variable on the continuous variable for the three years of overlapping observations, 1994-1996. Then for each year post-1995, I imputed to each each country a 1 on the dichotomous scale for each year their value on the continuous scale had greater

than or equal to a .5 probability of being classified by the model as 1 (roughly all values greater than about 61 on the 100-point scale), and I gave them a 0 otherwise. lost from the continuous measure) and biased (for some countries it generates artificial “changes” in value between the two time periods) but it credibly and consistently extends the time series for most countries and represents the most spatially and temporally extensive single measure of media freedom available. Thus, I employ it for the primary analyses but then model and account for possible spurious “effects” due to this operation. To distinguish the separate effects of different economic flows on media freedom across countries and over time, I use a series of cross- sectional time-series regression techniques and robustness checks, including panel vectorautoregression to check against reverse causality.

To corroborate the quantitative findings and enhance our understanding of the key puzzle motivating this paper, a following section offers two within-case analyses which trace the process whereby trade liberalization exerts pressure on domestic media freedom. To help control for confounding spatial and temporal factors, I consider two “third-wave” democracies from the same region in the same time period, Argentina and Mexico in the period between 1990 and 2011. These countries are analytically well-suited for further examination because they both democratized beginning in the 1980s and were consolidating in the 1990s. In autocratic regimes, even if we observed instances where media repression follows economic liberalization, it would be hard to infer that liberalization caused media repression because the media repression could be a function of autocracy in general. On the other hand, if media repression

follows economic liberalization in countries which are otherwise politically liberalizing, it will be more credible to infer that possibly economic liberalization generated the tendency to media repression. Indeed, Argentina and Mexico are least likely cases to expect media repression at this time because Argentina's Carlos Menem and Mexico's Carlos Salinas were championed by American politicians as models of democratic economic liberalization. Latin America is also a substantively attractive region for further study because Latin America is typically considered the first region where democracies were able to implement politically difficult "stabilization" policies. In the 1970s, it was a puzzle how economic liberalization would ever be achieved in democratic settings, given the status quo bias of elected politicians and the popular support for protectionist policies. An implication of this paper's argument, however, is that even in formally democratic countries economic liberalization may in some cases induce anti-democratic tactics such as media repression. If this argument is correct, then substantively it would be most rewarding to better understand these cases which the conventional wisdom holds to be democratic success stories. Finally, Mexico, unlike Argentina and many other Latin American countries, did not experience a deeply repressive military junta in the twentieth century. Thus, if it is plausible that a government's historical legacy of repression could alone make media repression in a later period more or less likely, then we can be confident this is not an unobserved variable generating outcomes in both Mexico and Argentina.

Specifically, I offer two short, "disciplined-configurative" case studies for the purpose of better understanding these historically important cases and to

further test for the presence of a causal process (George and Bennett 2005, 75). I use a combination of structured, focused comparison and process-tracing, asking specific questions about the hypothesized process in each case and weighing the empirical results against what the theory expects. Specifically, I ask the following three questions. What was the policy background as well as the magnitude and timing of trade exposure? What was the magnitude and timing, if any, of social unrest and was it observably in response to the distributive effects of trade? What was the magnitude and timing, if any, of government efforts to restrict freedom of the media? After investigating the historical record, I outline the answers to these questions and discuss how well they fit the theoretical model.

### **3.6 Analysis**

Table 1 displays the results of 5 different logistic regressions assessing the probability of observing media freedom in countryit. The model results provide fairly strong evidence that levels of trade and portfolio capital inflow have opposite long-run effects on media freedom as predicted in Hypotheses 1 and 2. The results provide no evidence for any relationship between foreign direct investment and media freedom as predicted in Hypothesis 3, however. Finally, as expected by Hypothesis 4, the data reveal negative correlations between economic liberalization and media repression for each type of openness, although none of these estimates are reliable at any greater than an 80% confidence level (in the case of trade liberalization).



Model 1 is a baseline model which predicts media freedom simply as a function of democracy, GDP per capita, and lagged levels of media freedom. The model correctly predicts the state of media freedom in most country-years. Model 1 correctly predicts 98% of country-years in which media are repressed (incorrectly classifying 47 cases out of 2,027) and 96% of cases in which the media are free (incorrectly classifying 57 out of 1,432). Considering the logit estimates in terms of probability rather than log-odds, *ceteris paribus*, for a country which shifts from full autocracy to full democracy the probability of observing media freedom is expected to increase 33% from .11 to .44. The effect of a two-standard-deviation increase in GDP per capita (from a mean of \$6,359 to \$24,097), *ceteris paribus*, increases the probability of observing media freedom 34% (from .33 to .67).

Model 2 adds the openness variables to Model 1. Both trade and portfolio capital are signed as expected and significant at the 95% level, consistent with the expectations of Hypotheses 1 and 2. FDI has no statistically discernable effect. Although the model furnishes some evidence that higher trade levels are associated with media repression and higher portfolio capital flows are associated with media freedom, Model 2 classifies the observed outcomes exactly as well as Model 1. Thus, while Model 2 is meaningful as an initial test of the theoretical claims outlined above, it does not substantively improve our ability to predict variation in media freedom.

Comparison of Model 3 and Model 4 represents a similar exercise as in Models 1 and 2, but using an error-correction specification (levels and changes of all independent variables) with natural cubic splines of time instead of a

lagged dependent variable. (Beck, Katz, and Tucker 1998). BTSCS data are essentially grouped duration data, a lagged dependent variable on the right-hand side of the equation has a much more ambiguous meaning than it does for a continuous outcome variable. Following Beck 2011 289, if a state has a high propensity to free (or repress) the media at  $t-1$  but does not, it is unclear whether this should be interpreted as increasing or decreasing its propensity at time  $t$ . Models 1 and 2 include a lagged dependent variable as a harder test for the possibility that the coefficients of interest are driven by duration dependence, but the prevailing best practice is the use of splines as suggested by Beck et al. Finally, my efforts to explore a lagged dependent variable in Models 3 and 4 was barred by overfitting. additional support for the theory that trade levels exert a negative effect, and portfolio capital a positive effect, on media freedom. Both are statistically significant at the 90% level, controlling for both levels and changes in democracy and GDP per capita. As in Models 1 and 2, accounting for openness does not strongly alter our ability to predict outcomes in the sample. Whereas Model 3 incorrectly classifies 203 country-years of media repression, Model 4 improves this classification by incorrectly specifying 195 cases. On the other hand, Model 3 incorrectly classifies 215 cases of media freedom and Model 4 incorrectly specifies 230. However, the significance of the openness coefficients suggests that the relatively similar substantive predictions from Models 3 and 4 reflect that historically media freedom is perhaps overdetermined by openness, democracy, and economic growth. In other words, although Models 3 and 4 do not offer many different predictions in particular cases, the results nonetheless suggest that any historical interpreta-

tion of media freedom which sees it as merely a function of democratization or modernization would be imputing to these factors causal effects some portion of which is possibly due to international economic openness.

Model 4 also presents suggestive but inconclusive evidence for Hypothesis 4 regarding the negative effect of economic liberalization. The negative coefficients for each differenced variable are consistent with the expectation that all types of economic liberalization induce media repression in the short-run, although none of these estimates are statistically significant. However, if all types of liberalization induce media repression and all types of liberalization are correlated with each other, then the data could be insufficient for the model to parse even real independent effects. Model 5, then, replaces the liberalization variables with the simple sum of the three. As expected, the standard error is significantly smaller, statistically significant at an 88% confidence level. Although the standard error is larger than the conventional cut-off for statistical significance (and other results reported above are similarly around the 90% confidence level, less than the conventionally preferred 95%), the difference between 95% and 88% is itself of dubious significance. In my own view, given that the research design includes a qualitative component which will offer independent and alternative evidentiary weight, confidence levels near 90% are high enough that we should not yet fail reject the null hypothesis.

### **3.6.1 Effect Sizes**

Based on Model 5, the probability of observing media freedom in a country completely closed to international trade is .48 holding all the other variables

at their means. Moving to the mean level of international trade in the sample (71% of GDP) decreases the expected probability of media freedom by .9. The probability of observing media freedom in the most trade-open countries (greater than 200% of GDP) is roughly 23% less probable than in a trade-closed economy.

The probability of observing media freedom in a country completely closed to portfolio capital is .36 holding all the other variables at their means. Moving to the mean level of portfolio capital in the sample (.05% of GDP) increases the expected probability of media freedom by only .03. But the probability of observing media freedom in the countries most open to portfolio capital (greater than 5% of GDP) is roughly 60% more probable than in a hypothetical country completely closed to portfolio capital.

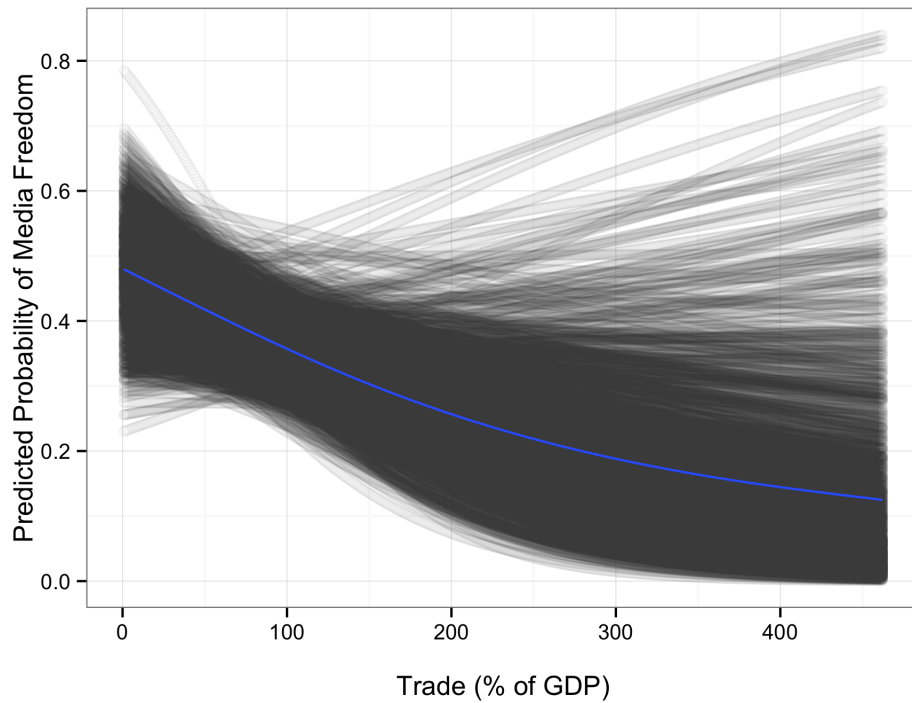


Figure 3.2: Predicted effect of trade on media freedom (1000 simulations with GAM smooth line)

### 3.6.2 Checking Reverse Causality with Panel VAR

If already repressed media environments are more likely to open their economy, then it is possible that our interpretation of the data wrongly specifies the direction of the causal effect. To test whether trade openness tends to precede media repression or media repression tends to precede trade openness, I use a method of vectorautoregression for panel data. Here I use only the continuous numerical measure of media freedom supplied by Freedom House, beginning in 1994. The panel vector- autoregressions suggests that shocks to trade affect press freedom, controlling for democracy and GDP per capita, although the effects decay quickly. There is no evidence that press freedom affects trade.

	(1)Baseline LDV	(2)Openness+LDV	(3)Baseline Spline	(4)Openness+Spline	(5)
(Intercept)	−3.691* (0.129)	−3.287* (0.148)	41.520 (42.089)	−71.072 (109.662)	
lpolity2	1.800* (0.207)	1.726* (0.256)	4.381* (0.484)	4.372* (0.508)	
lgdpcap	1.066* (0.146)	1.624* (0.225)	1.847* (0.429)	2.594* (0.413)	
lfp	6.355* (0.209)	5.868* (0.237)			
ltrade		−0.520* (0.179)		−0.466+ (0.270)	
lfdi.in		−0.262 (0.220)		0.179 (0.162)	
lportfolio		2.191* (0.771)		1.533 (0.991)	
splinedf			−0.021 (0.021)	0.036 (0.055)	
splinedf'			−0.034 (0.023)	−0.082+ (0.044)	
trade.d					
fdi.in.d					
portfolio.d					
polity2.d					
<i>N</i>	5491	3564	5530	3580	
<i>AIC</i>	1131.870	851.578	3658.104	2338.076	

Table 3.1: Determinants of Media Freedom, BTSCS regressions

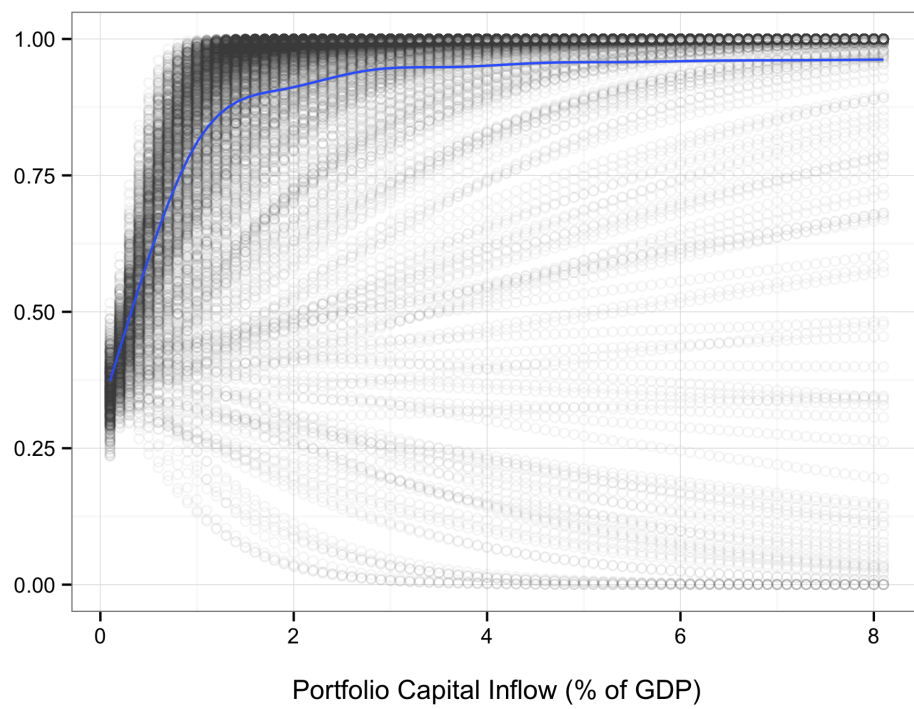


Figure 3.3: Predicted effect of inward portfolio capital level on media freedom (1000 simulations with GAM smooth line)

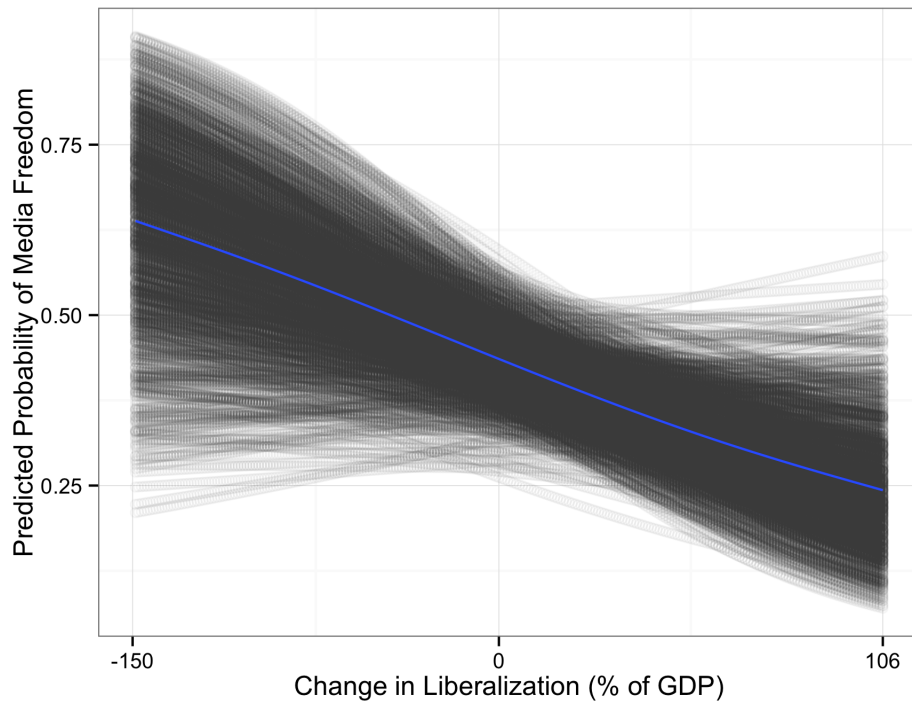


Figure 3.4: Predicted effect of year-to-year change in additive index of openness

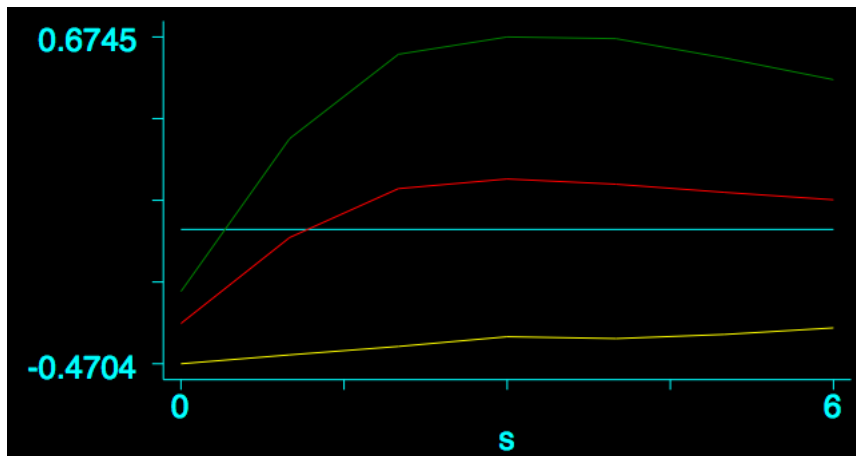


Figure 3.5: Impulse response of press freedom to a one standard deviation shock to trade level at  $t-2$ , with democracy and GDP per capita endogenous; Green and yellow lines represent 95% confidence intervals drawn using Monte Carlo simulation (500 repetitions)



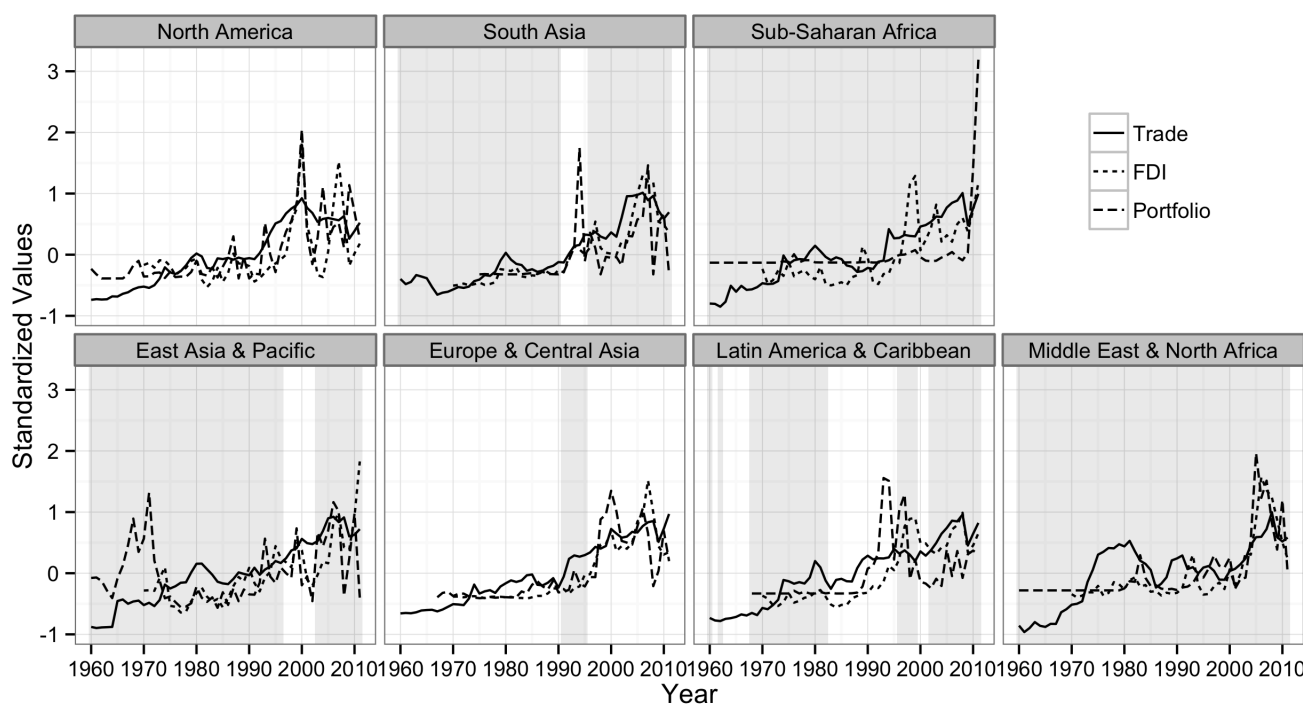


Figure 3.6: Economic Openness and Press Freedom 1960-2011, By Region

### 3.6.3 Within-Case Analysis

In this section, I turn to the brief case studies of Argentina and Mexico to assess qualitatively whether we can observe implications of trade liberalization generating pressures toward media repression.

### 3.6.4 Argentina

Immediately upon inauguration as President in 1989, Carlos Menem announced a package of neoliberal economic reforms which include liberalization of international trade and capital flows, as well as privatizations and spending cuts. (Tommasi and Velasco 1995, 189; Borner and Kobler 2002). In the beginning

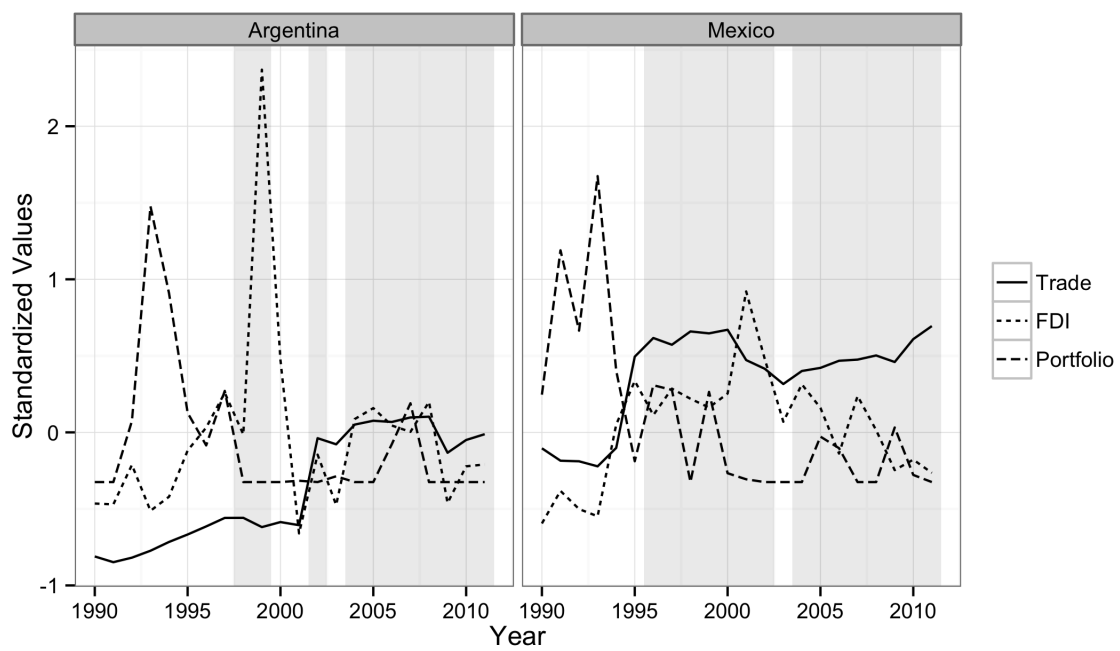


Figure 3.7: Levels of openness and press freedom in four countries, 1990-2011 (standardized within countries)

of 1989, the average tariff rate is 39% (a maximum import tariff was 50% with a tariff surcharge of 15% on all imports). By the end of 1989, the maximum tariff is 35% and the average tariff rate falls to 12%. In 1990, all import licensing requirements are abolished and tariffs are reduced across-the-board to 21%. By 1995, the average unweighted tariff is 10.5% and non-tariff barriers as well as export restrictions are removed (Beker 2011, 7).<sup>4</sup>

As import competition put pressure on previously protected firms, about 30% of manufacturing employment was destroyed between 1992 and 1996. In those industries where import penetration increased the most, wage inequality also widened during this period. Argentina's Gini coefficient for income inequality, one of the lowest in Latin America at the time, increased from 40.0 in 1991 to 47.4 by 1998. (Galiani and Sanguinetti 2003, 505; Beker 2011, 11)

Argentina will join the Mercosur customs union in 1991 and sign a trade agreement with the United States in 1994. The reform package largely succeeded in taming inflation rates and growing the economy. The inflation rate shrinks from 5% in 1989 to .16% by 1996 and gross domestic product grows by 40% between 1990 and 1994 (Beker 2011, 4). The IMF, World Bank, and the US government saw Argentina as a model student in this period (Cavallo 2004b: Cavallo 2004a, 142; Klein 2002) and is frequently cited in leading international publications such as The New York times and Time Magazine as a poster child for how neoliberal economic reforms can be implemented democratically (Editorial 1992as cited by Stokes 2001;Silverstein 2002).

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<sup>4</sup>Exemptions were made for IT, domestic appliances, and autos. As a result, imports increased from \$4.1 billion in 1990 to \$21.6 billion in 1994, while exports increased from \$3.7 billion to \$20.1 billion at the same time. See Beker (2011).

Although the reform package succeeds in taming Argentina's hyperinflation and creating economic growth, the most immediate and direct effect of trade liberalization was an increase in unemployment, especially among the workforce employed in previously protected, labor-intensive industries (Beker 2011, 10). Additionally, trade liberalization reduced the income of small-scale producers who could not compete with cheap imports (Eckstein and Merino 2001). Although trade liberalization is costly to the sizable constituencies of unskilled industrial workers and rural campesinos, the government provides little public support for dislocated workers—reducing rather than increasing public spending—until the government develops a targeted income-assistance program during the currency crisis of 2001. This lack of government responsiveness between 1990 and 2001 is puzzling given the longstanding expectation that governments, and especially democratic regimes, must compensate domestic losers from liberalization in order to sustain a sufficient political coalition in favor of liberalization. This expectation should be especially strong for democratic governments, yet, despite the absence of government compensation, Argentina sees relatively little domestic conflict around trade liberalization. In fact, there are fewer strikes, strikers, and days lost to strikes than under Alfonsín (Eckstein and Merino 2001). Yet, dissent against liberalization was an observable current in public discourse in the years before Menem's repressive media regulations.<sup>5</sup> Most notably in road blockages organized by protesting

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<sup>5</sup>It is worth noting that some of the media scandals related to government corruption were themselves linked to international economic openness. For instance, the aggressive Argentine daily *Página/12*, whose journalists were frequent targets of violence, sparked a scandal when they reported on the Menem administration requiring “substantial payment” from the meatpacking firm Swift-Armour before they were allowed to import machinery into the country. Another highly publicized revelation involved the complicity of government

farmers in 1991 and 1993, unfair international competition was a recurring point of dissent. (McCullough 1991; Ferber 1993).

If the Menem regime neglected to make provisions for its harmed constituencies, how was it able to enact and sustain dramatic trade and capital liberalization in a formally democratic setting? The theory presented here expects that the Menem government is likely to repress the media in order to silence domestic opposition to liberalization while maintaining a formally democratic front. Consistent with the theory, the quantitative data reveal that after a long and stable period of stable economic openness and media freedom under Alfonsín, media freedom is volatile immediately after Menem's liberalization begins until it is stably repressed by 2005. According to a report *Agresiones a La Prensa 1991-1994* published by the Asociación Madres de Plaza de Mayo, around 452 acts of aggression were committed against the press between 1991 and 1994 (Delgado 1995, as cited in Park 2002, 247).<sup>6</sup> Although not perpetrated directly by the state, during this period there were many acts of violence against investigative journalists critical of the Menem regime, acts which the government denounced but treated with impunity. (Long 1993). The Menem family's most direct actions against media freedom were cuts to state advertising in *Página/12* (Waisbord 1994, 27), 11 lawsuits against journalists under the pretense of criminal defamation (McCullough 1991; Committee to Protect Journalists 2000), proposals to increase libel and defamation sentencing, and

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officials in an international drug-laundering network (Waisbord 1994).

<sup>6</sup>Acts of aggression refer to "murder, death threats, bombings, bomb threats, intimidation, physical violence, violent threats, and termination of broadcasts." If one were to count acts of excluding media from access to the government and public name-calling of the media by the government, the figure would be 546.

a proposal to require media outlets to purchase prohibitively expensive libel insurance (Sims 1995).

## **Mexico**

As in the case of Argentina, Mexico's trade liberalization in the 1990s was part of a larger national project of neoliberal economic reform. Well before signing the North American Free Trade Agreement (NAFTA) with the United States and Canada in 1994, Mexico unilaterally lowered tariffs from an average of 25% in 1985 to 13% by 1993 (McDaniel and Agama 2003).

Concurrent with unilateral trade liberalization and NAFTA, and as in the case of Argentina under Menem, the Mexican government also privatized many state-owned enterprises and eliminated many state subsidies and price controls originally intended to support small farmers. Most subsidies for corn and wheat producers and retail food price controls were eliminated by 1991 (Hufbauer and Schott 2005, 295). In 1999, the Mexican government abolished CONASUPO, the state agency which bought staple crops at guaranteed prices and redistributed them to consumers (Villareal 2010, 12).

After NAFTA, US imports from the US increased from \$50.8 in 1994 to 100.4 billion in 2000 (Villareal 2010, 10). As in the case of Argentina, trade liberalization through the 1990s hurt small farmers and non-skilled manufacturing, as agricultural employment decreased from 8.1 million in 1993 to 6.8 million jobs in 2003, and value added decreased from \$32 billion to about \$25 billion in the same period. (Hufbauer and Schott 2005, 289; Villareal 2010, 14).

Also as in Argentina, increasing trade liberalization in Mexico led to in-

creased wage inequality between skilled and non-skilled labor. In 1988, the real average wage level of skilled Mexican workers in the manufacturing sector was 225% that of non-skilled workers. In 1996, it was about 290% that of non-skilled workers, stabilizing until 2000 (Villareal 2010, 9)

To support the transition into NAFTA, the government enacted the Programa de Apoyos Directos para el Campo (Program of Direct Support for the Countryside or “Procampo”), which provided farmers with direct, hectare-based income support. However, in part due to austerity following the peso crisis, total expenditure on Procampo decreased from \$1.4 billion to \$1 billion (Hufbauer and Schott 2005, 295), despite the price of corn in Mexico falling from \$4.84 per bushel in 1993 to \$3.65 in 1997 (Villareal 2010, 12), total number of supported farmers decreased from 3.29 million to 2.95 million, between 1994 and 1998 (Hufbauer and Schott 2005, 295).

On the day NAFTA went into effect in January 1994, the Ejército Zapatista de Liberación Nacional (EZLN) launched an armed uprising in one of Chiapas, one of Mexico’s southernmost states. On that very first day of the uprising, EZLN spokesperson Subcomandante Marcos declared NAFTA to be “nothing more than a death sentence to the indigenous ethnicities of Mexico” and their uprising to be understood as a response “to the decree of death that the Free Trade Agreement gives them” (*La Jornada* 1994, as cited in Hayden 2009, 216).

Although Procampo helped gain support for NAFTA, immediately there was popular discontent, such as in the Barzn Farmers movement in Zacatecas, regarding several inadequacies of the program, including payments not being

made (Williams 2001, 173). From 1993 to 1995, Barzon movement sought and received much favorable attention in the print media, where reporters were not under great pressure to suppress reports (Williams 2001, 187).

Neoliberal economic reforms, including increasing trade openness, somewhat surprisingly in light of our expectations although not exactly contradicting them, led to a relative opening of the domestic media (Lawson 2002). Between 1991 and 1993, in addition to pursuing NAFTA as his administration's top priority, Salinas' cuts to government spending included cutting the *quid pro quo*'s which underwrote the traditional regime of media control. He specifically ended the system of paying for reporters accommodations on presidential trips, prohibited the distribute of bribes within the presidential palace, reduced the government advertising in which typically functioned as bribes for keeping media in line, ended tax deferments and credits to media, and stopped allowing media outlets to pay their Social Security taxes in advertisements. Privatization of state-owned enterprises also had the effect of reducing the media's dependence on government advertising revenues. The greater scrutiny from American and Canadian media relaxed the domestic media environment for domestic journalists, as it was easier for domestic journalists to report on topics that the foreign press were already reporting on outside any control from the Mexican government. Additionally, greater access to foreign inputs also freed the Mexican media from an important source of government leverage, in particular its traditional monopoly on the import of newsprint, providing further room for the Mexican media to take risks. As independent media outlets were gaining financial independence through market competition, at the same



time the neoliberal state was relinquishing its traditional levers of control, led to a independence of the Mexican media increased significantly (Lawson 2002, 76, 89).

The international spotlight from the NAFTA negotiations also forced Salinas to cultivate a more positive image on human rights, for instance, when he established the National Commission for Human Rights (Dominguez and de Castro 2009, 107). Additionally, because neoliberal economic reforms actually led to an opening of the media which the state could not control, Salinas and after him Ernesto Zedillo moved away from traditional tactics of media repression in favor of more modern techniques of “news management” and public relations, such as controlling information by only providing access to friendly reporters. For instance, in a 1990 press conference Salinas explicitly excluded several independent media outlets and only permitted the most reliable pro-government journalists. Later in 1996, the Interior Ministry for the first time created an explicit “blacklist” of journalists who government officials were supposed to not engage (Lawson 2002, 39).

Newspaper circulation is limited in Mexico, whereas television broadcasting dominated by Televisa is the main source of information, so it was dominated by pro-NAFTA, pro-government ideology (Hellman 1993). They also used it for extensive foreign media campaigning. While building support for NAFTA, Salinas used media and PR tools extensively, including efforts to persuade Mexican-Americans and US investors to support NAFTA in the United States (Morris and Passé-Smith 2001). This was the first time the Mexican government used advertising and lobbying in its foreign relations (Rodolfo and

Velasco 1997) One of the most commented advertisements urged US business to look to Mexico as a place where they can hire workers for a dollar an hour. (Center for Public Integrity 1993, 105 as cited in Rodolfo and Velasco 1997, 45).

This narrative reveals dynamics which are unexpected and in a crucial sense antithetical to our theory, for they reveal how economic liberalization may induce greater media freedom by increasing competition and growth. Yet, Salinas in particular was convinced that he had to protect the government's image to succeed in his foreign economic policies (Dominguez and de Castro 2009, 107). Although economic reforms made certain kinds of repression impracticable, under Salinas and then Zedillo the Mexican government engaged in specific acts to exclude the press from reporting on politically sensitive issues. Lawson observes plainly that Salinas was historically Mexico's "undisputed master of image management" (Lawson 2002, 39). Additionally, the editor of Mexico's *Monitor*, Jos Gutierrez-Viv, affirmed in 1996 that "Salinas was the president who was hardest on the media. He was the one who sought the most control over the media." (Lawson 2002, 39) After NAFTA passes, intimidation and direct violence against journalists at the hands of the state can still be observed, as when the state expropriates the property of critical editors (Orme Jr. 1997). In fact, despite a de facto opening of the media due to financial independence and the neoliberal withdrawal of the state from private enterprise, federal state-media relations changed little until Zedillo and even his administration engaged in repressive tactics such as arresting the publisher of *El Universal* for tax-related reasons in 1996. Finally, physical assault

against journalists increased throughout the period of Mexican media's opening from 1980 to the middle of the 1990s (Lawson 2002, 81), which was also a period of dramatic trade opening. Most of the physical assaults were not carried out by the government, but they were largely treated with impunity by the government, such as in 1996, when two journalists were murdered more "savagely" than ever before in Mexico. (San Jose Mercury News 1996)

### **3.6.5 Summary of cases**

Thus, in the process of trade liberalization, Mexican state officials actively seek greater control over the media as much as they can, despite the effect of increased competition unleashing an increasingly independent media. Both Salinas and Zedillo employed a variety of tactics ranging from traditional repression to modern "news management" in order to control their image in the media during a period of rapid trade liberalization. Salinas in particular, the earliest and most aggressive proponent of economic liberalization in the late 1980s and early 1990s, tried more than anyone else to control the media.

## **3.7 Conclusion**

I find broad support for the hypothesis that trade openness is negatively associated with media freedom because, whereas international investors of FDI and portfolio capital prefer media freedom to media repression in the long run, the international counterparties to foreign trade have no such preference. Thus, although all three types of economic openness are associated with media

repression in the short run, trade openness is associated with media repression in the short- and long-run.

The implications are important for researchers of the globalization-democracy nexus because they highlight a specific way in which economic globalization can generate authoritarian tendencies. The case studies reveal that even for the most celebrated neoliberal economic reformers of the 1990s, Menem in Argentina and Salinas in Mexico, the opening of the domestic economy was followed by government efforts to repress the media through a variety of tactics.

Certain unexpected findings also suggest interesting questions. For instance, when economic liberalization increases market competition in the media sector, it generates strong pressures which favor a free, independent media. If this is the case, then it would provide a warrant for expecting trade liberalization to be associated with media freedom in the long run, as the conventional wisdom is that trade liberalization increases market competition. Thus, if trade indeed is associated with increased domestic competition, then it remains unclear why trade liberalization would be statistically associated with media repression in the long-run, a pattern evidenced in the statistical models here. One possibility is that the domestic economic and political consequences of trade liberalization are not fully understood and that trade liberalization independently is not associated with increased domestic competition.

## Chapter 4

# Mass Media and the Social Construction of Globalization

A long tradition of scholarship going back to Karl Polanyi's *The Great Transformation* (2001), suggests that when exposure to free trade increases, there typically follows a corresponding increase in demand for economic and social support from the state. Scholars of political science and economics have updated and extended this logic to show that exposure to the global market is often positively associated with government spending (Adserà and Boix 2002; Cameron 1978; Garrett 1998; Rodrik 1998). However, in analysis presented here, survey data shows that demand for public intervention in response to increasing exposure to the global market is not universal; increased exposure to the global market is met, in some cases, with less demand for public intervention. This is very puzzling, given the expectations implied in the globalization-welfare argument.

I argue that the solution to this puzzle is that individuals and groups do not perceive globalization in a simple, unmediated fashion. The media—a set of actors often neglected by IPE scholars—filter the experience of globalization. Furthermore, the owners of media outlets often have large stakes in how globalization is perceived within a country. Specifically, I hypothesize that when the state itself or foreign companies own media outlets, they will seek to represent globalization in a way that dissociates it from demands for public support. Foreign media companies will do so because their presence in the host country relies on domestic support for foreign investment and foreign ownership. State companies will do so to dampen public outcry and the demands for public support often associated with exposure to free trade.

To demonstrate these claims, I provide evidence from three levels of analysis. I first use statistical analyses to relate conventional measures of global market exposure to attitudes regarding state intervention in the economy. My analysis uses data from the World Values Survey and covers 50 countries from 1991 to 2009. Secondly, I provide quantitative within-case evidence. A sudden transfer of media ownership in New Zealand during 2003, from mixed to strictly foreign ownership, provides an attractive opportunity to examine variation on the independent variable over time. Finally, I demonstrate that the effect of this shift in ownership can be traced at the textual level, providing qualitative evidence that the media representation of globalization is observably different before and after an increase in foreign ownership of the media company. In summary, my findings provide promising evidence—although somewhat mixed—that the degree to which globalization is met with a demand

for public support is likely conditioned by the interests of the media owners responsible for constructing globalization; and that an observable change in reportage is the mechanism by which this conditioning effect is realized.

The paper proceeds in four parts. The first section provides a review of literature on the globalization-welfare nexus and a review of literature on the effects of media ownership, focusing on the untested assumptions of the former and unexplored connections between the two. The second section offers a model of the globalization-media-welfare nexus and hypotheses regarding the observable implications of the model. The third section explains the data, methodology and the triangular research design. The fourth section presents the core statistical and qualitative findings, and the fifth section concludes. Overall, the findings problematize critical assumptions in the globalization-welfare literature and provide strong evidence—although somewhat mixed—that the social construction of globalization impacts the political response to changes in global exposure.

## **4.1 Literature Review: Globalization, Welfare, and the Media**

Responding to the widely-held expectation that globalization implies the end of the welfare state, scholars of international relations (IR) and comparative politics have argued that exposure to global markets is positively and significantly associated with government spending (Cameron 1978; Ruggie 1983; Katzenstein 1985; Blais 1986; Rodrik 1998; Garrett 1995, 1998; Adser and

Boix 2002). The dominant theoretical explanation of this regularity is some form of a “compensation” thesis, which suggests that in order to build a winning coalition in favor of free trade, to legitimate openness, or to hedge against external risk, governments must compensate with public support those who suffer from the opening of domestic markets. Although scholars debate particular components of this general finding, and there is an increasing effort to disentangle the specific effects of specific aspects of globalization (Burgoon 2001), there is much empirical evidence in favor of a general claim that national governments often seek compensatory domestic strategies in response to the changes and dislocations wrought by the opening of domestic markets to global exposure.

Although there appears to be robust empirical evidence of the link between exposure to global markets and government spending, there is much less empirical evidence of the micro-processes supposed to explain this link. Specifically, most empirical studies of the globalization-welfare nexus implicitly or explicitly make two assumptions: 1) Those individuals or groups likely to be harmed by increased free trade know or believe that freer trade will cause them harm and 2) see increased government spending as a desirable compensation (Rodrik 1998, 1999).

Very little research has sought to demonstrate either of these assumptions in particular, despite that they involve attitudinal implications one should be able to observe in survey data. Although there is a great deal of research on preferences toward free trade, there exists little research on how preferences toward domestic politics are shaped by free trade. Hays, Ehrlich, and



Peinhardt (2005) observe that the micro-processes underwriting the empirics of the globalization-welfare nexus have been neglected, but their own study only tests whether social spending is, in fact, associated with support for free trade. It remains an open question whether, or under what conditions, mass attitudes in fact reflect an interpretation of globalization as necessitating a governmental response.

Although empirical research on the attitudinal assumptions of the compensation thesis has been largely neglected, recent research suggests that government spending as a response to global exposure is significantly conditioned by domestic political factors more generally. For instance, Adsera and Boix show that authoritarianism is an alternative to compensation: the government may simply exclude from any consideration those who suffer from exposure to global markets (2002). Because of this, the relationship between globalization and increased spending is not as strong under authoritarian regimes. This suggests that the state is a strategic actor that will seek an alternative to the compensation strategy under certain conditions.

Students of American politics regularly study the mass media as a political institution (Hollifield 1999) having significant effects on attitudes and political behavior (Weaver 1996; Newton 1999; Druckman and Parkin 2005). Yet, for the most part, there is very little research on the relationship between the international political economy and the media. Although there exists an abiding scholarly interest in ideational notions such as social purpose and the determinants of its construction (Moravcsik 1998; Abdelal 2001; Abdelal, Blyth, Parsons 2010), only isolated qualitative research has raised the question

of mass media's involvement in constructing aspects of the global political economy (Sklair 1997; Prakash 2002; Clark, Thrift, Tickell 2004). Given the growing success of institutionalist scholars seeking to understand how domestic institutions affect the aggregation of domestic interests and policy outcomes at the international level, it is surprising that the mass media have been neglected from an institutionalist perspective.

Yet, extant research gives good reason to expect that media ownership in particular will have significant effects on attitudinal (and, in turn, governmental) responses to globalization. First, some Americanists find that editorial bias does indeed affect vote choice (Druckman and Parkin 2005). Second, scattered research on newspaper journalism has shown evidence that the business interests of owners are related to the direction of editorial slant. For instance, an early study by Pratt and Whiting (1986) studied editorials concerned with broadcast deregulation between 1983 and 1985 and found that newspapers owning or owned by broadcast interests were significantly more likely to editorialize in favor of broadcast deregulation. Furthermore, Ann Hollified (1999) finds that foreign ownership of newspapers is positively associated with editorials about events emanating from the country of the owner(s). If the political logic underwriting the compensation thesis is that politicians have to compensate those who lose from globalization in order to protect their electoral prospects, then the twin findings that editorial slant affects vote choice and that the interests of media owners shape media bias represent compelling *prima facie* evidence that the owners of mass media play an important role in the globalization-welfare nexus.

In sum, although exposure to the global market is often found to be positively associated with government spending, it remains an open empirical question whether the response of mass publics toward such exposure is, in fact, the demand or even desire for government compensation. Furthermore, although research in IPE and comparative politics suggests that domestic institutions mediate this response, the effects of the mass media have not yet been studied in this context, despite strong empirical and theoretical reasons for doing so.

## **4.2 A Theory of Media Ownership and the Social Construction of Globalization**

Despite the implicit assumptions of most empirical research on the globalization-welfare nexus, globalization is not a self-evident phenomena. Strictly speaking, no citizen of any country ever experiences globalization. Rather, citizens experience the effects of fairly complex economic processes rarely, if ever, observed. To the degree that exposure to international market forces takes the shape of something for which government leaders have to compensate their constituencies, such international forces have to be identified and explained to those who would suffer from them. Knowledge of and opinions regarding the effects of globalization may be determined by heuristics and cues from professional associations, trade unions, and government leaders. But arguably it is the owners and journalists of the mass media that are the most powerful set of actors charged with identifying and explaining political forces not directly ob-

served by the public. Because the interests and incentives of media owners are not necessarily consistent with the mass publics they serve, I argue that the response of mass publics toward the global economic exposure of their home country will vary according to the different interests of different types of owners. The mechanism by which this causal connection is likely to be realized is variance in how globalization is represented in media reports. Different kinds of media owners are biased by different incentives and are therefore likely to represent globalization in observably different ways, ways which are marginally more likely to produce mass attitudes consistent with the owners' interests. If the standard model of the globalization-welfare literature is

$$\textit{globalization} \rightarrow \textit{domestic policy response}$$

then the model presented here argues and tests whether media ownership intervenes in this causal chain:

$$\textit{globalization} \rightarrow \textit{media ownership} \rightarrow \textit{reportage} \rightarrow \textit{attitudes} \rightarrow \textit{policy response}$$

Local, non-publicly-owned media companies (LNPCs) have an interest in reporting the local costs of internationalized domestic markets. Insofar as foreign media conglomerates are better resourced, competitive rivals to LNPCs only to the degree that the domestic media market is open to foreign ownership, LNPCs have a direct interest in constructing globalization as a problem. If public sentiment toward globalization might impinge on domestic political decisions to open domestic markets, the bias of LNPCs will lean toward a

construction of globalization more likely to engender protectionist sentiments than pro-free-trade attitudes. A public overly enthusiastic about opening domestic markets could be the sufficient condition for a government to permit the domination of LNPCS by foreign-owned conglomerates.

Local, publicly-owned media companies (LPCs) have strong incentives to construct globalization as relatively innocuous, or at least to blur the direct causal connection between the opening of domestic markets and the adjustment costs faced by actors in the local economy. If the compensation thesis is at all correct, then governments must be cognizant that there are direct political costs to opening domestic markets. But compensating those who lose from free trade with increased public support is only one solution, and evidently a costly one. It follows from the logic of the compensation thesis that blurring the public understanding of the causal link between free trade and its adjustment costs lessens the political necessity to provide compensation. In short, a government will not be held responsible for providing compensation if the public does not blame its woes on particular government decisions to internationalize domestic markets. Thus, media companies owned by the government have an incentive to construct globalization in a way that dissociates internationalization from its costs.

Foreign-owned media companies (FCs) have interests opposite to those of LNPCS but aligned with LPCs. Because the very right to operate and earn profits in a host country requires positive and potentially reversible political action from the host government (through often controversial legal reform on precisely this issue), foreign-owned media companies have direct stakes

in public sentiment toward an open domestic market in the host country. Should accurate knowledge of the costs of globalization around the world make the public weary of foreign investment in their own country, foreign-owned media companies could very well lose access to that market altogether. This implies a powerful incentive for foreign-owned media companies to construct the phenomena of globalization as relatively innocuous.

Predicting *a priori* how bias toward globalization will manifest itself at the level of media representations is difficult. If state or foreign ownership biases media in favor of globalization, this could manifest itself as over-reportage of the benefits of globalization or an under-reportage of globalization as a contestable and controversial political development. Thus, rather than theorize about sheer volume of reportage under different ownership structures, we may theorize about the functional relationship between globalization and its reportage. That is, we would expect a perfectly unbiased media outlet to simply mirror the world, in which case there is likely to be a strong functional relationship between processes of globalization and reportage of globalization. A media outlet biased in favor of globalization may either over-report globalization positively or under-report globalization negatively, but apart from volume we would also expect to see reportage patterns functionally disconnected from real-world events. In short, bias would imply a reporting agenda (whether positively or negatively) out of sync with the fluctuation of real-world events.

### 4.2.1 Hypotheses

From the state of extant literature on the globalization-welfare nexus, and from the theoretical argument developed here, several hypotheses can be elucidated.

H1. Other things equal, a country's increased exposure to the global market will be positively associated with preferences for compensatory government intervention. Phenomena of globalization such as foreign direct investment, importing and exporting, and financial inflows and outflows should increase the preference of mass publics for the governmental moderation of free-market consequences. This is implied in the compensation thesis.

H2. In countries wherein foreign *or* public ownership dominates media markets, the causal link between globalizing processes and preference for government intervention will be significantly less or possibly even reversed. That is, foreign or public domination of media will interact with the phenomena of globalization to reduce the latter's positive impact on preferences for government intervention. In extreme cases, foreign-public oligopoly in media markets might condition the effect of globalizing processes so much that exposure to global markets *decreases* preferences toward government intervention.

H3. Media outlets owned by foreign or public companies are less likely than LNPCs to report on globalization as a function of immediate national experience. Whereas LNPCs have an interest in covering globalization precisely to the degree that globalizing processes penetrate or threaten to further penetrate their country, FCs will cover globalization in a blanket fashion disconnected from national experience. This hypothesis is agnostic with respect to the quality or connotation of such reporting; its testable implication involves the functional relationship between quantity of phenomena and quantity of reportage.

H4. Because they have an interest in constructing participation in the global economy as a contestable domestic policy choice, LNPCs

are more likely to construct a country's experience of globalization as the outcome of a contestable domestic political decision with winners and losers, proponents and critics; state-foreign oligopolies are less likely to construct globalization as a controversial decision, and more likely to construct it as an ineluctable, objective process. In short, a qualitative analysis of media reports under different ownerships should reveal a discernibly different representation of globalization, moving from what we might term a contested change to a naturalized occurrence. This hypothesis is independent of quantity or functional relationship and involves only a qualitative difference, at the level of media representations.

The null hypotheses are that processes of globalization have no relationship or a negative effect on attitudes toward government intervention; that media ownership does not significantly interact with processes of globalization to affect attitudes toward government intervention; that the functional relationship between globalization and reportage is not significantly different under the specified ownership types; and that qualitative analysis is unable to identify any clear and distinct difference in the tone or content of media reports under different ownership types.

## **4.3 Data and Method**

Because the theory developed here makes theoretical claims about a two-staged process (media representation and the response to it), and because for sampling reasons the quantitative data presented is less than ideal, I provide three empirical angles to test the theory developed above. Although these angles access the observable implications of the model at different stages and thus test for the presence of distinct relationships, the conclusions from each angle rein-



force each other insofar as they represent the moving parts of one theoretical machine. For instance, if the quantitative data is consistent with the theoretical expectation that state or foreign ownership dampen the political backlash to free trade but the data preclude conclusive tests, qualitative evidence that state- or foreign-owned media are biased in favor of globalization not only supports the hypothesis of that process but also the dampening process. This is because the bias is a constituent element in the dampening process. Thus, rather than attempt the unrealistic projects of a perfectly conclusive set of statistical tests, or a soundly generalizable case study, this paper opts for an “analytical eclecticism (Sil and Katzenstein 2010).”

### **4.3.1 Globalization and Preferences Cross-Nationally**

In the first half of the analysis, cross-sectional time-series regressions are presented on three measures of globalization and three measures of demand for state intervention, using data from 49 countries between 1990 and 2008. A list of countries is included as an appendix. All of the main economic data is from the World Bank Indicators and lagged by one year. The data on preferences come from the first four waves of the World Values Survey. The data is less than ideal for all the model specifications one might like to consider, so I estimate, as the data permit, a combination of models using ordinary least-squares (OLS) with panel-corrected standard errors (PCSE) and generalized least-squares (GLS) models, with a combination of corrections for autocorrelation. All estimated models use PCSE, the conventional method for dealing with panel heteroskedasticity, or inconstant error variance across groups, and

contemporaneous correlation, or spatial correlation of error terms between groups but not across time (Beck and Katz 1995). Because the data is heavily cross-sectional and there are gaps in the sample, there are only as many as 116 observations. Some missing data with a full set of controls, combined with a lagged dependent variable in some cases, leave the main models with between 63 and 43 observations. Secondary analyses, which sacrifice observations for extra statistical controls, have only 30 observations.

The independent variable of exposure to globalization is measured using three conventional measures: total trade (imports plus exports over GDP), financial openness, and inward foreign direct investment. The key independent variables of interest are those representing the interaction of globalization and media ownership. I use data collected by Djankov, McLiesh, Nenova, and Shleifer (2003) on who owns the media in 97 countries around the world. For all of the countries under analysis, I identify the percentage of the media owned by the state, and the percentage owned by foreign companies, as reported by Djankov et al. Because the media ownership data pertains only to the year 1999, I make the rather tall assumption that media ownership is constant throughout the period of the sample of attitudes. Although this is obviously inaccurate, it is instrumentally justifiable as a first probe into a difficult question for which there currently exists no better longitudinal data. Furthermore, at least 1999 is nearly the median year of the sample of attitudes. Following the authors' threshold for monopoly of the media market, I construct a dummy variable *Duopoly* equaling one if the combined percentage of state and foreign ownership is greater than 75. The *X DUOP* variables are the globalization

variables interacted with the Duopoly variable, modeling the effect of globalization on preferences after being run through a state-foreign media duopoly. Because the effects of ownership are likely to be greatest when the state and foreign owners together dominate the media market but we are also interested in disaggregating the effects of each type of ownership as a continuous variable, I report the results of such disaggregated models in secondary analyses.

*A priori*, it is not obvious what variables to control for. I include several control variables for which there might be some plausible argument, including GDP per capita, GDP growth, the unemployment rate, and inflation of the price level. The more a country is rich, growing, fully employed, and able to buy cheap goods, perhaps the more it can afford to scale back the state; or perhaps the more generous it will be with its wealth. Some argue that the institutions such as the IMF cajole countries into neoliberal philosophies; others argue the IMF engenders opposition to neoliberalism. Thus, I include the variable IMF, a measure of the total funding a country received from the IMF. The more democratic a country is, perhaps the more liberal its views. I include the variable Democracy, drawn from the Polity IV dataset by subtracting the Autocracy measure from the Democracy measure, as convention has it. Some studies show that education is associated with the preference for free trade, so it is plausible this applies on the aggregate country level and with respect to liberal domestic policies as well. The variable Education is a measure of those enrolled in tertiary education, as a percentage of the population in the relevant age range. Finally, the more state-owned enterprises a government controls, perhaps the less likely are the masses to demand more state involve-

ment, other things equal; or, perhaps expectations are such that the masses are more likely to demand state intervention the more a government already participates in the economy. I include a variable SOE, reflecting the degree of state-ownership of enterprises, as measured by the Fraser Institute.

The dependent variable, demand for state intervention, is operationalized in turn with three different measures. The World Values Survey asks several questions reflecting preferences toward the responsibilities of the state. Because some of these questions receive relatively very few answers across the world, I use three that are structured comparably and for which there are sufficiently abundant data across time and space. Each question asks the respondent to indicate on a scale from one to ten a preference between two opposite views across a liberal- interventionist continuum. The first question opposes the views that “Private ownership of business should be increased,” and “Government ownership of business should be increased.” The second opposes the views that “The Government should take more responsibility,” and “People should take more responsibility.” The third opposes the views that “Income should be made more equal,” and “We need larger income differences as incentives.” The variables corresponding to each question take the mean value for each country in each year available. Where necessary, the mean score is subtracted from one so that for each variable, higher values reflect the more liberal attitude.

The data available for quantitative study of the relationship between globalization, media ownership, and attitudes around the world is inconvenient for estimating ideal models. For instance, the World Values Survey provides

good indicators of the demand for state intervention, but only four waves give the data a shallow time-series dimension. Because some variables such as democracy vary little or slowly over time within particular countries, country fixed-effects and control variables of interest are often severely multi-collinear. Controlling for the serial correlation of error terms is similarly difficult because inclusion of a lagged dependent variable on the right-hand side of the equation removes as many as a third of the observations; there are often insufficient observations to compute first-order autocorrelation using the Prais-Winsten method; and in no model with a range of control variables is it possible to do both. Finally, panels are unbalanced and have gaps in the time-series. That is, some countries only have one or two observations over time (the maximum is four), and the years in which countries respond to the survey are different for each wave. This substantially complicates interpretation of time-series, cross-section regressions. I bracket the problem altogether in the first analysis and in the secondary analysis I balance the panels and remove gaps from the time series by only examining countries for which there are responses for each wave and standardizing the time code by wave rather than year. Despite all of these difficulties, inconvenient data should not deter one from learning what can be learned from it. Because limited data make it impossible to estimate perfect models, the analytical strategy adopted here is to run a series of different models using a combination of controls and diagnostic tests. Although the evidence is mixed and somewhat sensitive to model specification, some findings are more or less robust across a series of variously specified models.

Analysis begins with the methodologically loosest, most general models

including a battery of control variables. These models preclude fixed effects because of nearly time-invariant variables, and only a limited accounting of serial correlation is possible. In the models examining attitudes toward inequality and responsibility, I use a lagged dependent variable rather than the Prais- Winsten AR1 scheme because the lagged dependent variable is more likely to control for an omitted variable driving the serial correlation than the AR1 scheme, which only accounts for “pure” serial correlation. In the models using attitudes toward privatization, I omit the lagged dependent variable (which is substantively and statistically significant) lest the loss of observations produce results unreasonable with respect to the secondary models estimated later in the paper. Because the time-series dimension is shallow compared to the cross-sectional dimension, serial correlation of errors should not be the main concern. To begin, I estimate the following model:

$$\begin{aligned}
ATTITUDE_{it} = & \alpha + \beta_1 FDI_{it-1} + \beta_2 TRADE_{it-1} + \beta_3 FIN_{it-1} + \beta_4 DUOPOLY_{it-1} + \\
& \beta_5 FDI \times DUOP_{it-1} + \beta_6 TRADE \times DUOP_{it-1} + \beta_7 FIN \times DUOP_{it-1} + \\
& \beta_8 DEMOCRACY_{it-1} + \beta_9 EDU_{it-1} + \beta_{10} INFLATION_{it-1} + \\
& \beta_{11} IMF_{it-1} + \beta_{12} UNEMPLOY_{it-1} + \beta_{13} ATTITUDE_{it-1} + e_{it}
\end{aligned}$$

except when attitudes toward privatization are the measure on the dependent variable, in which case I omit  $\beta_{13} ATTITUDE_{it-1}$  for reasons given above. This first, most general model is vulnerable to objections and substantive questions. First, it does not account perfectly for serial correlation or unknown and omitted country-level variables. Second, it begs for a disaggregation of state versus foreign media ownership and an analysis of media

effects under the duopoly threshold. In order to respond to these objections and points of interest, I estimate paired-down versions of the above model, including country fixed-effects at the cost of omitting specific control variables. Also, I disaggregate media ownership, running separate models for separate interactions. In secondary analyses, I estimate models of the form:

$$\begin{aligned}
ATTITUDE_{it} = & \alpha_i + \beta_1 FDI_{it-1} + \beta_2 TRADE_{it-1} + \beta_3 FIN_{it-1} + \beta_4 PERCENTOWN_{it-1} \\
& \beta_5 FDIxPERCENT_{it-1} + \beta_6 TRADExPERCENT_{it-1} + \\
& \beta_7 FINxPERCENT_{it-1} + \beta_1 3ATTITUDE_{it-1} + \gamma z_i + e_{it}
\end{aligned}$$

where *PERCENTOWN* represents, depending on the model, percent of media market owned by foreign companies, state companies, and foreign plus state companies. Here panels are balanced, there are no gaps in the time code, and every model uses Prais-Winsten GLS and a lagged dependent variable to control for serial correlation. Also,  $\gamma z_i$  represents a vector of country dummy variables to account for any unobserved country-level differences contributing to variation in attitudes. Hypothesis 1 predicts that measures of globalization will be positively associated with demand for state intervention (i.e. negative signs for the regression coefficients, which reflect dependent variables measured in terms of neoliberal/free-market preferences). Hypothesis 2 predicts that the media interaction terms will be significant and positively signed, indicating that state-foreign domination of media markets will decrease the association between globalizing processes and the demand for state intervention (or, increase neoliberal/free-market attitudes).

### 4.3.2 Within-Case Analysis of New Zealand

New Zealand is an ideal laboratory for examining the relationship between globalization and media ownership for at least three reasons. First, New Zealand is an exemplar of recent neoliberal globalization. The country has signed several free trade agreements (FTAs) over the past decade and the country's increasing exposure to the global economy, and in particular foreign ownership of media, has elicited heated protest from advocacy groups such as the Campaign Against Foreign Control of Aotearoa (CAFCA). For this reason, attention here is restricted to foreign ownership rather than state ownership. In short, the social conflicts brought about by globalization are most likely in a country where global exposure is very intense. This makes New Zealand an attractive test case because we are likely to find high values on measures of globalization as well as foreign ownership and thus have a good chance of identifying their interaction at work. Second, this makes New Zealand of great substantive interest for policy-makers and political actors there, where questions of foreign ownership are now of growing interest. Finally, although in one sense New Zealand is a most-likely case because values on the independent variable are rather high, in another sense it is a least-likely case for demonstrating the effects of a change in ownership over time. Because foreign ownership will be relatively high in the very first period, testing our hypotheses on a change from moderate foreign ownership to high foreign ownership is less likely to show results than studying a change from little or no foreign ownership to very high foreign ownership. If evidence is found from a relatively limited marginal shift, this should enhance confidence in the findings.



### 4.3.3 A Quantitative Analysis of Independent News LTD

To further substantiate my argument, I provide within-case statistical analysis of newspaper reports on globalization before and after a major shift of ownership from relatively local to foreign. In July of 2003, the Australian company John Fairfax Holdings bought Independent News LTD (INL) for 1.188 billion, acquiring all but two of New Zealand's daily newspapers with circulation above 25,000. Prior to this purchase, total foreign holdings were 49%, with Rupert Murdoch's News Corporation having a controlling interest. With the purchase by John Fairfax Holdings, foreign ownership accounted for 100% of the company. (Rosenberg 2002). Here, the independent variable is media ownership and the dependent variable is reportage of globalization. I construct a variable giving a one for each year after 2003, a zero for each year before 2003, and .5 for 2003 as a transitional year. For the dependent variable I use Lexis-Nexis searches to determine the frequency with which each of the 12 papers under the banner of INL report a story containing "globalization" for each year available between 1995 and 2009. Again, I use cross-section time-series regression with PCSE, controlling for world trade, New Zealand trade, and inward foreign direct investment in the year under observation (financial openness is constant throughout this time period). I include dummy variables for years in which a major free-trade agreement is passed, expecting that such agreements may increase the likelihood a paper reports on globalization.

Hypothesis 3 predicts that the functional relationship between processes of globalization and reportage of globalization will be greater before 2003 than after 2003, when the change toward greater foreign ownership occurs.

#### **4.3.4 A Qualitative Comparison of Media Representations**

Because FTAs are typically high-profile focal points of the worldwide trend toward global free markets, a qualitative comparison of newspaper reports on comparable FTAs before and after INL's ownership change in 2003 should be a fair test of the hypothesis (H4) that foreign-owned media outlets are likely to downplay the controversial nature of globalization. New Zealand signed the New Zealand and Singapore Closer Economic Partnership (NZSCEP) in 2001, and the Trans-Pacific Strategic Economic Partnership (TPSEP) in 2005. The former includes only New Zealand and Singapore while the latter includes these two countries plus Brunei and Chile. Both are comprehensive FTAs covering trade in goods and services, rules of origin, etc. Both FTAs are between relatively small countries. Both commit New Zealand to significant tariff reductions and earn New Zealand access to overseas markets. It should be noted that New Zealand and Singapore have barely any trade restrictions at the time of signing the TPSEP, and thus the Singapore-specific effects of the TPSEP are certainly less significant than the NZSCEP. However, all things considered, it seems fair to say that if either agreement is inherently more newsworthy, it is the multilateral, multi-continental TPSEP. This controls for the possibility that we observe evidence in favor of the hypothesis only because the NZSCEP is inherently more interesting, important, or controversial. Given the difference of ownership before and after 2003, we expect that the NZSCEP will be constructed as a controversial, contestable political decision and the TPSEP will be constructed in some way, observably different, tending to neutralize

the controversy and contestation typically surrounding FTAs. Precisely how this neutralization will appear is left as an open, inductive question.

## **4.4 Findings and Discussion**

Findings are presented in three subsections. The first presents and discusses the cross-national tests of the interaction between media ownership and processes of globalization. The second examines a model of the relationship between newspaper ownership and reportage of globalization. The third provides a qualitative look at newspaper reports before and after the level of foreign ownership of the INL company changes in 2003.

### **4.4.1 Globalization, the Media, and Preferences Cross-Nationally**

Table 1 presents results of the main model testing the interaction of media ownership and three measures of globalization. Because the average country score on an international survey question is so coarse a measure, we would expect globalization processes and media ownership to exert only relatively minor shifts. In dealing with such predicted shifts, I do not try to assess substantive effects. Any statistically significant effect, no matter how slight, is substantively significant because we are considering shifts in the mean of whole countries. Specifically, there are two key findings suggested by the first analysis. On the whole, increased exposure to the global market has a very mixed impact on attitudes reflecting the demand for compensation from

the state (H1). No single component of globalization has an unambiguously significant impact on such attitudes, and in the case of capital mobility the sign changes significantly across the different questions. At the very least, these results seem to suggest that the assumption of the globalization-welfare literature that the masses respond to the opening of markets with a “double movement” in which they hold the state responsible for providing support, is far from a necessary, automatic reality.

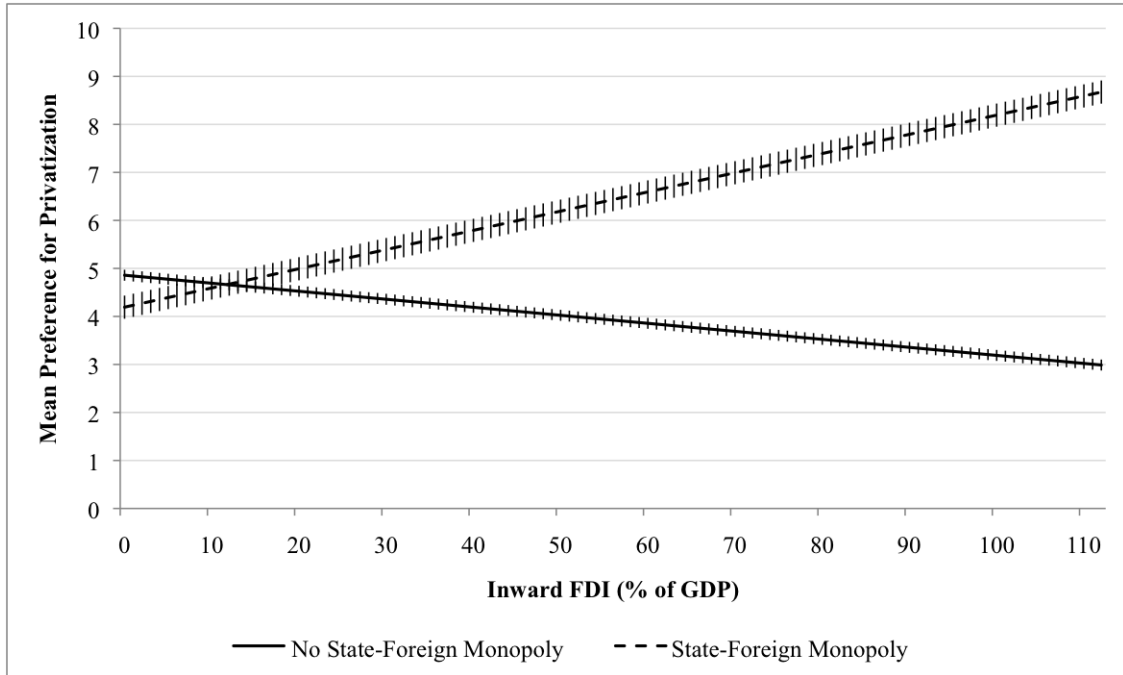


Figure 4.1: Inward FDI (% of GDP) and Expected Preference for Privatization

Perhaps most interestingly, when the media is dominated by the state or foreign companies, the effect of globalization on attitudes is significant and as predicted in two cases. For instance, other things equal, people prefer less privatization as foreign direct investment enters their country; when there is a duopoly between the state and foreign companies, actors who have common biases against the costs of globalization, then foreign-direct investment flows increase the desire for privatization. We find the same reversal with respect to the tolerance of inequality under financial openness. Although capital mobility, other things equal, does not have a statistically significant effect on the demand for reducing inequality, when mediated by a state-foreign media duopoly capital mobility is associated with favorable views regarding inequal-

Table 4.1: Multiple Regressions with Panel-Corrected Standard Errors

Independent Variables	(1) Privatization	(2) Inequality	(3) Responsibility
fdi	-0.191** (0.072)	-0.015 (0.069)	-0.027 (0.055)
total trade	0.081* (0.032)	0.020 (0.039)	0.044 (0.037)
financial openness	4.058*** (0.906)	-1.295 (0.741)	-1.906** (0.616)
duopoly	-9.466 (7.397)	-40.943** (14.354)	-4.943 (8.803)
fdiXduop	0.400** (0.153)	0.600 (0.533)	0.005 (0.250)
tradeXduop	-0.190*** (0.051)	-0.109 (0.199)	-0.064 (0.091)
financeXduop	3.437 (2.269)	13.325* (6.155)	5.283 (3.298)
democracy	-0.051 (0.507)	-3.147** (0.993)	-1.385** (0.468)
edu	0.034 (0.060)	0.124 (0.090)	0.241*** (0.065)
inflation	0.005*** (0.001)	-0.097 (0.051)	-0.135** (0.052)
imf	-3.01e-10 (4.43e-10)	-1.02e-09* (4.61e-10)	-3.88e-10 (3.66e-10)
unemployment	-0.407** (0.152)	0.422* (0.186)	-0.338 (0.187)
lagineq		0.348* (0.137)	
lagresp			0.585*** (0.056)
Constant	54.582*** (5.204)	51.062*** (14.253)	21.613** (7.382)
Observations	67	43	43
$R^2$	0.621	0.480	0.825
Number of centry	3025	24	24

\*\*\* p&lt;0.001, \*\* p&lt;0.01, \* p&lt;0.05

Variables *gdpcap*, *gdgrowth*, and *soe* are not displayed.

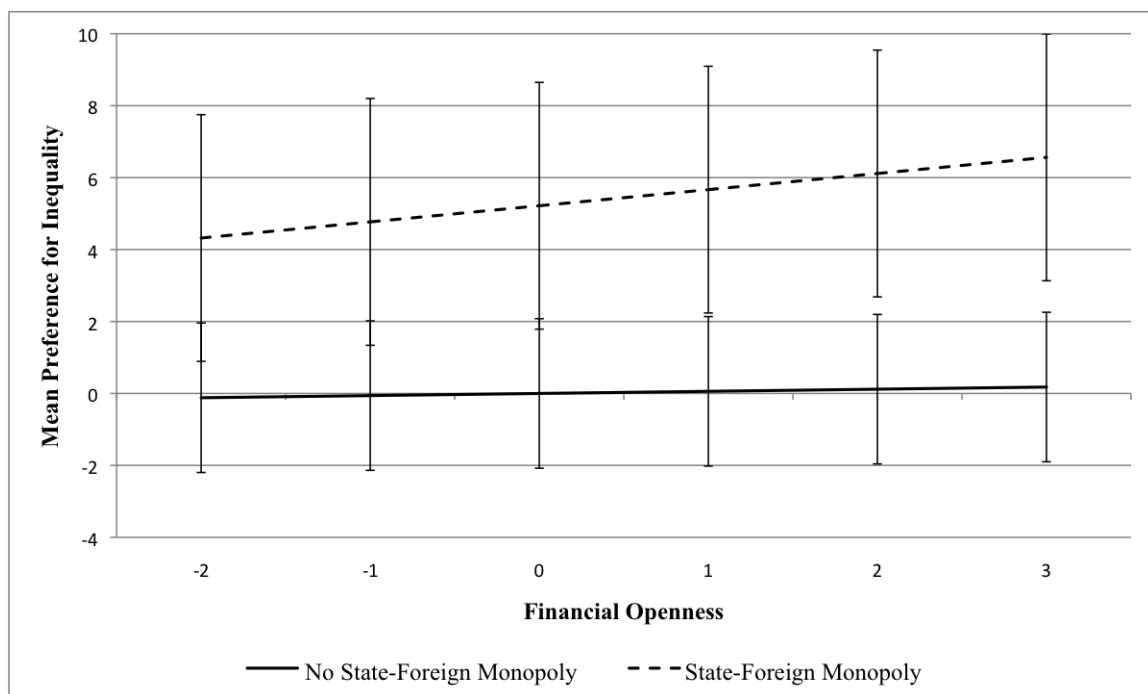


Figure 4.2: Financial Openness and Preference for Inequality

ity as an incentive. Interesting as these findings are, this evidence in support of Hypothesis 2 are only two cases out of a total of nine combinations of alternative measures. In six other interaction terms, there is no statistically significant result and in one the relationship (*tradeXduop*) runs counter to Hypothesis 2. At least within the sample, in five of the nine combinations the coefficient is larger than the non- interacted globalization measures, as predicted, with state-foreign domination of the media decreasing attitudes in support of government intervention.

Trade is anomalous with respect to its non-interacted and interacted terms. Surprisingly, trade seems to correlate negatively with the demand for government intervention and positively when interacted with a state-foreign media duopoly.

These findings require caution. It is well known that survey respondents are extremely sensitive to question wording. On the whole, these results are far from definitive proof that the link between global market exposure and demand for public support is significantly and consistently conditioned by media ownership. Neither is it definitive proof one way or the other regarding the micro-processes of the compensation thesis. But as a first interrogation of these links, the results are certainly sufficient to conclude that the assumptions of the compensation thesis require further investigation and should not be taken for granted as in the seminal works of the globalization-welfare literature. Second, although the results regarding the media as conditioning the reception of globalization are also mixed, there is at least modest evidence for this argument. For the same reasons these results should not be interpreted as



conclusively disproving the compensation thesis, the mixed evidence regarding the media's conditional effect calls for more research on this hypothesis.

The results of secondary regressions, with country fixed-effects, controls for pure and impure serial correlation, and disaggregated media ownership, are presented below. Woolridge's test for serial correlation in panel data show that very likely serial correlation is a problem in each case except for the models using attitudes toward inequality as the dependent variable ( $p = 0.0066$  for attitudes toward privatization;  $p = 0.0347$  for attitudes toward responsibility). In the first of the secondary regressions, we find evidence in favor of the compensation thesis (H1) and of media's conditioning effect (H2). Independently, FDI significantly decreases attitudes favorable toward privatization in two of three cases controlling for media ownership. Trade has a similar effect in only one case, when foreign ownership is controlled for. Financial openness never has the effect predicted by the compensation thesis. The interaction of FDI with media ownership is not significant when we consider foreign ownership alone, but it is significant in the hypothesized direction when we consider state ownership and the combined effects of foreign and state ownership. Conversely, the interaction of trade and media ownership is not significant with respect to state ownership, but it is significant with respect to foreign ownership and the combined measure.

Results for attitudes toward inequality show no evidence in favor of either the compensation thesis or the media interaction hypothesis. It is possible that attitudes towards whether the government should intervene to lessen inequality reflect more than the demand for state intervention in general, more so than

Table 4.2: Dependent Variable: Attitudes in Favor of Privatization

VARIABLES	(1) Foreign	(2) State	(3) Foreign + State
fdi	-0.05 (0.050)	-0.14* (0.058)	-0.17* (0.067)
ttrade	-0.12*** (0.034)	-0.07 (0.097)	-0.12 (0.099)
finance	0.06 (0.549)	0.46 (1.351)	0.94 (1.158)
percentforeign	-73.94*** (21.927)		
fdiXforeign	0.53 (0.359)		
tradeXforeign	0.89* (0.364)		
financeXforeign	1.97 (3.217)		
percentstate		-31.32 (20.004)	
fdiXstate		0.79* (0.330)	
tradeXstate		0.26 (0.250)	
financeXstate		2.85 (4.358)	
percentown			-39.64** (14.150)
fdiXfs			0.66** (0.232)
tradeXfs			0.40* (0.201)
financeXfs			-0.56 (1.602)
lagpriv	0.80*** (0.063)	0.75*** (0.134)	0.70*** (0.097)
Constant	15.47*** <sup>129</sup> (3.022)	15.18 (9.043)	21.27** (7.894)
Observations	30	30	30
R <sup>2</sup>	0.86	0.85	0.87
Number of entry	10	10	10

Table 4.3: Dependent Variable: Attitudes in Favor of Inequality

VARIABLES	(1) Foreign	(2) State	(3) Foreign+State
fdi	-0.18 (0.122)	-0.01 (0.108)	-0.13 (0.125)
ttrade	0.11 (0.121)	0.07 (0.073)	0.09 (0.109)
finance	1.96** (0.634)	1.61* (0.630)	2.68*** (0.659)
percentforeign	23.39 (39.784)		
fdiXforeign	0.38 (0.672)		
tradeXforeign	-0.14 (0.687)		
financeXforeign	-20.56*** (5.998)		
percentstate		52.32 (29.819)	
fdiXstate		-1.28 (0.852)	
tradeXstate		-0.47 (0.351)	
financeXstate		-13.79** (5.093)	
percentown			10.59 (16.050)
fdiXfs			-0.08 (0.406)
tradeXfs			-0.12 (0.294)
financeXfs			-8.14*** (1.276)
lagineq	0.19 (0.208)	0.03 (0.180)	0.08 (0.184)
Constant	40.80*** (11.870)	49.30*** (11.757)	46.47*** (11.794)
Observations	30	30	30
R <sup>2</sup>	0.58	0.37	0.37
Number of cntry	10	10	10

attitudes toward privatization.

When using measures of attitudes toward personal versus government responsibility as the dependent variable, we find evidence that FDI significantly decreases the attitude that people should be more responsible, but evidence that trade either has no significant effect or it increases the belief in personal responsibility in the case that we control for foreign media ownership. More interestingly, we find evidence that state ownership and foreign plus state ownership significantly condition the effect that FDI and trade have on attitudes toward who should be more responsible. Again, the effects are in the predicted direction, with state ownership reversing the effect of two globalization processes, from increasing the belief that the government should be more responsible to increasing beliefs that individuals should be more responsible instead.

Table 4.4: Dependent Variable: Attitudes in Favor of Personal Responsibility

VARIABLES	(1) Foreign	(2) State	(3) Foreign+State
fdi	-0.19* (0.087)	-0.34*** (0.060)	-0.22** (0.082)
ttrade	0.21* (0.095)	0.12 (0.096)	0.08 (0.122)
finance	0.91 (0.551)	2.82*** (0.573)	2.03* (0.796)
percentforeign	-37.50 (36.474)		
fdiXforeign	1.00 (0.573)		
tradeXforeign	0.17 (0.654)		
financeXforeign	-4.16 (4.048)		
percentstate		-101.88*** (28.788)	
fdiXstate		1.96** (0.621)	
tradeXstate		0.80** (0.298)	
financeXstate		-9.90** (3.775)	
percentown			-52.40** (17.727)
fdiXfs			0.82** (0.296)
tradeXfs			0.57* (0.280)
financeXfs			-4.58* (2.096)
lagresp	0.71*** (0.142)	0.29 (0.153)	0.55*** (0.105)
Constant	7.89 <sup>132</sup> (4.789)	32.69*** (9.112)	21.10*** (5.687)
Observations	30	30	30
R <sup>2</sup>	0.60	0.62	0.75
Number of cntry	10	10	10

#### **4.4.2 A Quantitative Analysis of Independent News LTD**

Reported below are the regression results analyzing the relationship between globalizing processes and mentions of globalization in 12 INL newspapers before and after their purchase by foreign-owned John Fairfax Holdings. The variable of interest is the first variable reported, the interaction term representing New Zealand trade filtered through Fairfax ownership. The significant and negatively signed coefficient suggests that under Fairfax, the papers' reportage of globalization was significantly less an increasing function of New Zealand trade than before Fairfax.

begincenter begintable[htdp] captionMultiple Regression with Panel-Corrected  
Standard Errors

Independent Variables	Coefficient
tradeXfairfax	-110.45* (43.945)
nztrade	135.36*** (21.069)
fairfax	67.55** (25.692)
wtrade	-0.00 (0.000)
fdi	-13.98 (16.475)
thailand	-4.69** (1.708)
asean	0.09 (3.405)
china	-2.30 (2.661)
singapore	-8.58*** (1.970)
lag	0.25* (2.258)
Constant	-67.82*** (12.599)
135	
Observations	153
Number of newspapers	12



endtable endcenter

This is evidence in favor of the foreign-ownership part of Hypothesis 3, namely that the bias of foreign-ownership is likely to imply a functional disconnect between real-world, national economic integration in the global economy and reportage of globalization. Graphically, it is easy to observe that when one runs separate regressions for the years 1995-2003 and 2003-2009, the slope is significantly steeper and there is less standard error in the first period. The graph is only interesting descriptively because the confidence intervals are inflated by separating the data into two samples and running two separate regressions. The significance of the interaction term in the full model shows that the difference is significant. I argue that this is modest evidence in favor of the hypothesis that foreign-owned media outlets are likely to be biased toward globalization in a way that represents it in a way disconnected from the real, lived experiences of a particular national public.

#### **4.4.3 A Qualitative Comparison of Media Representations**

To begin analysis of the actual social construction of globalization, consider the following table which summarizes total number of news stories reporting on two major FTAs signed by New Zealand in the past decade. Content analysis of newspaper reports in these time spans considered an article to be "negative/debatable" if it mentioned any viewpoint critical of globalization or

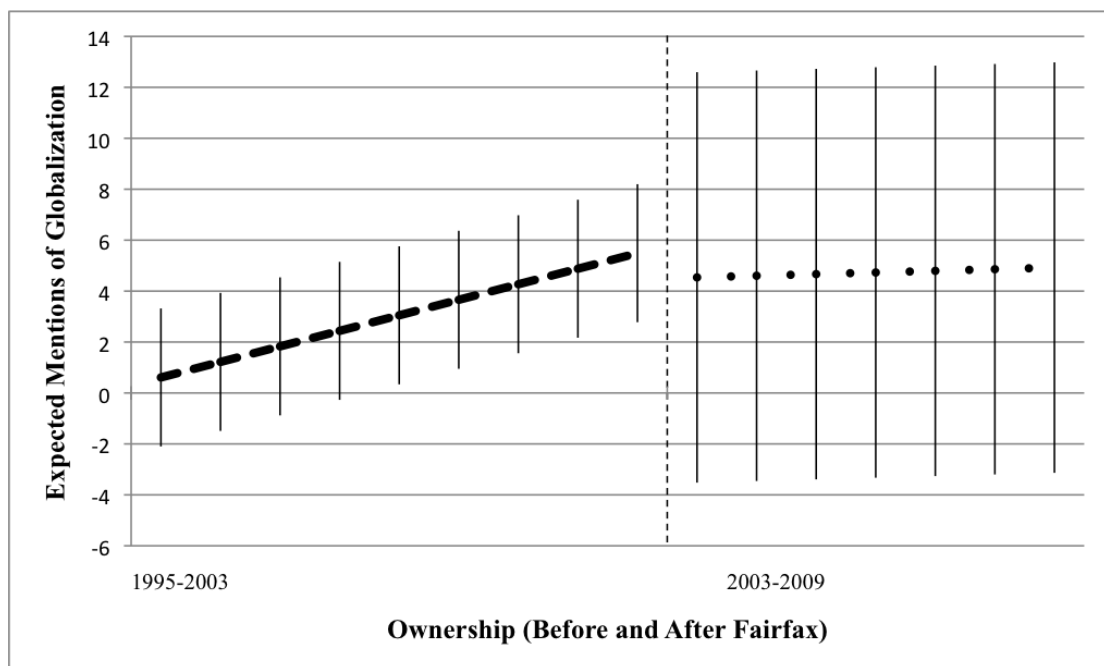


Figure 4.3: Discontinuous Regressions for Reportage of Globalization and New Zealand Trade, 1995-2009

if it mentioned that globalization is debated. Immediately, one notices that in the year leading up to an agreement, the year of an agreement, and the year after an agreement, news reports under Fairfax are relatively few, late, and uncritical.

Table 4.5: Comparison of TPSEP and NZSCEP Media Reports

	$T_{-1}$	$T$	$T_{+1}$	Total
<b>TPSEP</b>				
Yearly Total	0	0	3	3
# Negative/Debatable	0	0	0	0
<b>NZSCEP</b>				
Yearly Total	0	7	1	8
# Negative/Debatable	0	6	1	7

More specifically, content analysis reveals the following distinct pattern of representation. After 2003, one finds in the pages of INL newspapers a *naturalization* of globalization. In the reports on the 2001 NZSCEP, globalization is a political phenomenon with proponents and critics debating the issue. For instance, six of the reports are “Day in the House” articles reporting that the legislature was actively reviewing and debating the proposed NZSCEP. The NZSCEP is an uncertain prospect with costs and benefits, as well as proponents (Labour and National parties) and opponents (Alliance and Green parties) (Evening Post, Nov. 16, 2000). In contrast, after 2006, in the three stories reporting on the TPSEP, it is striking that in each case, the defining problematic which makes the story newsworthy is that New Zealand is suffering in one way or another from *not enough* free trade. (Dominion Post 2006;

Timaru Herald 2006; The Press 2006). A representative example is the second sentence in the 2006 article from *The Press*, which is supposed to capture the interest of the reader with "growing fears New Zealand may be losing out in the race to clinch bilateral deals to remove trade barriers such as tariffs and quotas." Noticeably, Lexis-Nexis finds zero "Day in the House" articles such as those that represented the NZSCEP as a legislative debate. In 2006, globalization becomes a given, something that *happened*. Thus, a strikingly noticeable qualitative difference in the social construction of globalization emerges after a shift toward foreign ownership: globalizing free-trade agreements that were previously represented as contentious, debatable, prospective political issues become already decided, hardly arguable, given or naturalized facts.

## 4.5 Conclusion

To conclude, I find mixed but suggestive evidence, from three levels of analysis, that media ownership significantly conditions the political response of mass publics toward globalization. The main quantitative analysis reveal that the assumptions of the compensation thesis are problematic: in relatively few of the different model specifications examining different measures of globalization and different attitudes toward government intervention was there significant evidence that people demand government intervention to compensate for exposure to global free trade. In relatively few cases was the sign of the coefficient even as predicted by this thesis. The main findings of interest, and the main potential contribution of this paper, relate to the effect of media ownership

in mediating the political response to exposure to global free trade. Although findings were not consistent and were very sensitive to model specification, more than half of the total cross-national models showed that either foreign or state ownership significantly dampened or reversed the effect of some globalization process on some attitude toward the demand for state intervention. Given the shortcomings of the data, I interpret the sum of the findings as a promising warrant for more research on this question. In short, the findings problematize accepted wisdom and provide a suggestive first cut at a fairly new, fairly bold hypothesis. The within-case quantitative and qualitative evidence further suggest that media ownership significantly determines bias in the social construction of globalization.

## **4.6 Appendix**

Table 4.6: Appendix: Countries in Main Quantitative Analysis

Albania	Algeria	Argentina
Armenia	Australia	Azerbaijani
Bangladesh	Belarus	Belgium
Bosnia Herzegovina	Brazil	Bulgaria
Canada	Chile	China
Colombia	Croatia	Czech Republic
Dominican Republic	Egypt	El Salvador
Estonia	Finland	France
Georgia	Ghana	Guatemala
Hungary	Iceland	India
Ireland	Italy	Japan
Korea	Mexico	Netherlands
New Zealand	Norway	Poland
Slovenia	Spain	Sweden
Switzerland	Turkey	United Kingdom
United States	Venezuela	

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