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Published in:
Review of International Political Economy

DOI:
10.1080/09692290.2019.1687557

Review of International Political Economy

ISSN: (Print) (Online) Journal homepage: https://www.tandfonline.com/loi/rrip20

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To cite this article: Lukas Linsi (2020) The discourse of competitiveness and the dis-embedding of the national economy, Review of International Political Economy, 27:4, 855-879, DOI: 10.1080/09692290.2019.1687557

To link to this article: https://doi.org/10.1080/09692290.2019.1687557

REVIEW OF INTERNATIONAL POLITICAL ECONOMY
2020, VOL. 27, NO. 4, 855–879
https://doi.org/10.1080/09692290.2019.1687557

Routledge
Taylor & Francis Group

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The discourse of competitiveness and the dis-embedding of the national economy

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ABSTRACT

In the 1950s–1970s inward foreign direct investments (IFDI) were widely seen as a menace, threatening to undermine national economic development. Two decades later such concerns had virtually disappeared. Rather than as a problem, IFDI were now portrayed as a solution – even symbols of national economic success. To better understand the ideational dynamics underlying this remarkable transformation in perceptions of IFDI, this research traces the evolution of economic discourses in the United Kingdom over the post-war period. Deviating from conventional accounts in constructivist IPE, the investigation indicates that the rise of first-generation neoliberal discourses in the 1980s played only a secondary role in these processes. Instead, the discursive re-shaping of IFDI was primarily driven by the rise of the narrative of national competitiveness in the early 1990s – a discourse inspired by managerial rather than neoclassical economic theory. Building a framework that prioritizes (multinational) firms over national economies, the rise of this second-generation neoliberal narrative played a critical role in promoting now taken-for-granted imaginaries of the global economy as an economic 'race' between nations-as-platforms-of-production. The findings highlight the ideational underbelly of the rise of the competition state and how it re-shaped dominant social representations of IFDI.

KEYWORDS

Economic ideas; business schools; competitiveness; foreign direct investments; United Kingdom

Introduction

In the 1950s–1970s concerns about the harmful effects of inward foreign direct investments (IFDI) were widespread and pronounced. In a speech held in 1969, British Prime Minister Harold Wilson warned that there was 'no future for Europe, or for Britain, if we allow American Business … so to dominate the strategic growth industries of our individual countries, that they, and not we, are able to determine the pace and direction of Europe's industrial advance' (in Hodges, 1974, p. 228). President Pompidou summoned that French firms should not become 'furnishers of hand labor to foreign brains' (in Behrman, 1970, p. 41). In Germany, leaders of the center-right governing party CDU emphasized that 'a healthy

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economy must free itself from dependence on foreign capital' (in Servan-Schreiber, 1979, p. 45). And even the famously liberal *Financial Times* described IFDI as a serious economic problem in an editorial calling for greater regulatory intervention (The General Makes One Valid Point, 1965).

By the early 2000s, even if they had not disappeared completely,[1] such fears about negative long-term implications of foreign ownership had largely vanished. In the UK, politicians now suddenly celebrated IFDI as one of 'this country's greatest success stories' (UK Hansard, 1994). The French Socialist Party swore to take up 'the fight' for the attraction of foreign companies (Les Archives de l'Assemblée Nationale, 2014). The German *Council of Economic Experts* now worried about receiving too little rather than too much IFDI (Sachverständigenrat, 1997, pp. 10–11). And even the Japanese Ministry of Trade and Industry (MITI), poster child of effective industry protectionism in the post-war period, commissioned advertisements in the international media to announce that IFDI had 'the green light to go in Japan' (Invest Japan, 2008). The financial press was no less enthusiastic, variously describing IFDI as 'a boon to the … economy' (Britain's Many Options, 1996), a 'vote of confidence' (Sunshine with a Chance of Showers, 2000) by global markets or even a 'source of national pride' (Foreign, Redirected Investment, 2004). In brief, as *The Economist* noted in the mid-1990s (Back in fashion, 1993):

> Raymond Vernon (…) observed in 1977 (…) that 'the multinational enterprise has come to be seen as the embodiment of almost anything disconcerting about modern industrial society'. Yet now it is only a slight exaggeration to say that it is seen as the reverse.

How can we make sense of this remarkable transformation in the perceived desirability of IFDI?

Previous studies of the role of economic ideas in the political processes that have led to the unleashing of global capital markets have strongly emphasized the importance of neoclassical economic theory and the agency of academic mainstream economists as ideational entrepreneurs (Abdelal, 2007; Ban, 2016; Blyth, 2002; Chwieroth, 2009; McNamara, 1998; Nelson, 2017). But empirically, they have focused only on developments concerning short-term portfolio capital flows (PFI), not FDI.[2]

To start filling this gap, this article sets out to trace the evolution of the discursive representation of IFDI among policy elites in the United Kingdom (UK). To build my argument, I draw a conceptual distinction between 'discourses' as cognitive frames circulating primarily among policy-making communities on the one hand, and more theoretical academic debates that feed those discourses on the other. In contrast to the conventional treatment of neoliberalism as a fairly monolithic body of thought in much of the existing literature in IPE, this article argues that the rise of neoliberal economic discourses in UK politics in the late twentieth century can be usefully divided into two stages, each one being characterized by a distinct articulation of dominant economic world-views and drawing inspiration from different fields of academic research. The first-generation, 'Thatcherian' version represents a discourse strongly inspired by neoclassical economics. Maintaining the ontological primacy of national economies it primarily sought to impose the priority of market mechanisms over collective political decisions at the domestic level. The second-generation version, centered on the notion of national competitiveness, rose to prominence in the early 1990s. It was pushed by management and business school scholars against the intellectual preferences of mainstream economists. In contrast to the former, it sought not merely to subordinate domestic politics to domestic markets, but to discursively subject the nation-state as a whole to an economic logic dictated by *global* markets. To that end, it drew a new vision of the nation-state, in which the needs and preferences of multinational corporations took precedence over those of domestic actors. Firms had become globally footloose, claimed the discourse. Therefore, the primary economic responsibility of national policymakers was no longer to make domestic firms competitive, but the state itself (and the society that constitutes it) in order to attract globally mobile capital (cf. Fougner, 2006, p. 175).

As the empirical investigation will demonstrate, it was this second-generation version of neoliberalism, not Thatcherian discourses, which acted as the key driver of the remarkable metamorphosis in dominant social representations of IFDI. While first-generation neoliberal discourse portrayed IFDI in a somewhat more favorable manner than the statist Keynesian views that had been dominant previously, the welcome extended to IFDI remained lukewarm: they were seen as a useful tool to foment competition in domestic industries, but it was the (export) strength of domestic, nationally owned, firms, which remained the ultimate yardstick of economic strength. The enthusiasm for IFDI that emerged in the 1990s – and the ambition to attract as much as possible of it to one's shores – was built on the frames provided by the second-generation discourse. It effectively turned IFDI from a perceived menace into a symbol of economic success and badge of honor.

The primary aim of this article is to trace these discursive developments in the case of Britain. In so doing, the article makes two main contributions: as part of this special issue, it seeks to outline the ideational underbelly of the rise of the competition state (Cerny, 1997; Davies, 2014; Elkins, Guzman, & Simmons, 2006; Fougner, 2006; Jessop, 2003; Stopford, Strange, & Henley, 1991), thereby adding empirical 'flesh' on claims about management scholars' influence on public policy developed in the introduction to this issue (Eagleton-Pierce & Knafo, 2019). Second, in the context of the wider literature, it casts a theoretically fresh light on the phenomenon of IFDI. Whereas conventional depictions of IFDI in IPE, business and economics scholarship tend to treat it as a purely material phenomenon, this article emphasizes its symbolical dimension (and the dramatic transformations therein) as an equally important consideration for the study of the politics of foreign direct investments.

As such, three clarifications are in order. First, the dependent variable that the study seeks to enlighten are policymakers' perceptions of the desirability of IFDI, not the policies that end up being adopted. Although developments in the depiction of IFDI in dominant economic policy discourses on the one hand, and changes in IFDI policy approaches during the period of observation on the other seem to broadly coincide in Britain (and elsewhere), the article does not examine the pathways that connect the two. Two further clarifications follow from this. Economic discourses do not appear out of thin air. They are inspired by observations of material developments that their proponents make. The growing importance of cross-border transactions during the time period of observation are not merely a discursive construct; they are 'real'. Yet, they are a reality that has no meaning – or policy response – attached to them (cf. Chwieroth & Sinclair, 2013). The internationalization of economic regimes of production can variously be seen as irrelevant, as a threat calling for protectionist interventions, or as an opportunity to be embraced. Discourses are crucial in determining which interpretation prevails. At the same time, discourses do not only give meaning to 'actual' developments, but simultaneously affect the constitution of underlying material phenomena themselves (MacKenzie, 2006). This deeply endogenous nature of the relationship between the discursive and the material make it difficult to keep them apart analytically, and some unavoidable limitations in this regard have to be borne in mind. Finally, as for any single country-case study, there are questions about the generalizability of the findings from the British case. In cross-national perspective, British policy elites' enthusiasm for the competitiveness discourse has been particularly strong, which is plausibly related to the traditional international orientation and relatively weak industrial base of the British economy. What makes Britain a good case to study is thus not that it is 'typical' (it is not), but that it is well suited to study nuances in different currents of neoliberal discourses because of the salience of the latter in British economic policy debates. It is furthermore a highly relevant case because Britain has been at the vanguard of the development of these discourses over the past decades and the British experience has been influential for their (partial) adoption elsewhere.

The remainder of the article is organized in the following manner: Section one introduces the analytical framework. Section two discusses the relationships between economics and management theory. Section three situates the rise and remarkable political success of the competitiveness discourse in long-term developments in economic discourses. Sections four to six unpack the evolution of the discursive representation of IFDI among British policy elites in three historical intervals: the periods of statism (1950s–1970s), first-generation neoliberalism (1980s), and second-generation neoliberalism (1990s–2000s). The final section discusses the implications and concludes.

Economic ideas and the unleashing of global capital markets

A substantial body of research in constructivist IPE has enlightened the power of ideational constructs in political processes driving the liberalization of the world economy (Abdelal, 2007; Best & Widmaier, 2006; Blyth, 2002; Campbell & Pedersen, 2014; Chwieroth, 2009; Watson & Hay, 2004). A central feature of this body of research is a strong emphasis on the role of academic economists in propagating economistic ways of thinking among policy elites. As such, the literature also forwards a fairly clear definition of 'the economist' and 'economic ideas': the agents at the center of attention are individuals in – or closely associated to – mainstream economics departments at prestigious (U.S.) universities, and the body of knowledge that they promote is neoliberalism. This focus is particularly prominent in studies of the role of ideas in the political economy of capital account liberalization. As the work by Abdelal (2007), Chwieroth (2009), McNamara (1998) and Nelson (2017) shows, the removal of capital controls constituted neither a self-evident answer to the stagflationary challenges that policymakers faced at the time, nor were they a long-desired objective of financially powerful elites who, for long periods of time, had considered capital *controls* to be in their best interest. To be seen as a solution, unfettered capital markets thus first had to be defined as desirable objects through active ideational entrepreneurship. Analyzing the processes that did this work, the studies by McNamara, Chwieroth and Nelson all identify the rise of monetarist economic theory at leading economics departments in the USA of the 1970s and 1980s as the critical juncture moment.[3] One influential piece of research has even traced capital account liberalization decisions in emerging markets directly to the individual training national policymakers received in specific economics departments (Chwieroth, 2007).

While these studies do provide compelling accounts of how monetarist economic theories have affected institutional structures of global capital markets, empirically, they have so far only considered the politics regulating markets for *short-term* flows of global capital, which together account for little less than half of total global capital flows.[4] The other 'half', markets for long-term FDI, has received only scant attention in the literature, with some of the authors noting in passing that Keynes held a clearly more favorable view of long-term FDI than short-term portfolio capital flows (PFI) and that regimes for FDI were relatively more liberal in the Bretton Woods period (Abdelal, 2007, pp. 98–101; Chwieroth, 2009, p. 63). Yet, while it is true that regulatory frameworks for FDI tended to be less restrictive and policy changes not as visible and abrupt as they were in the case of PFI, this does not mean that there is nothing to be explained. Quite the opposite: although there were fewer formal restrictions on IFDI in the post-war period, government administrations around the world had developed sophisticated apparatuses aimed at discouraging or regulating IFDI in an *ad hoc* manner through a variety of instruments ranging from industrial policies discriminating in favor of domestic firms to investment review boards and sectoral restrictions (see Bailey, Harte, & Sugden, 1994; Safarian, 1993). By the late 1990s, most (if not all) of these regulatory tools had been dismantled[5] and replaced by policies designed to actively attract IFDI. In this sense, although less clear-cut, the policy change in the case of IFDI was not notably less important than it had been in the case of short-term PFI. In terms of dominant *perceptions*, the transformation may in fact have been even more pronounced. As I will show, changes in the interpretation of IFDI are marked not only by a gradual waning of concerns (which had been the key development for PFI), but a further-going metamorphosis, which re-conceptualized them not only as innocuous, but as eminent symbols of national economic strength and success.

At the same time, neither the timing nor the substance of the discursive changes that shaped these crucial ideational transformations correspond well with established accounts in the constructivist IPE literature. Although the rise of first-generation neoliberal discourses did play a role in motivating policymakers to adopt a more favorable view of IFDI in the 1980s, the more consequential changes occurred only in the 1990s. As I will show, they were driven by business school scholars rather than economists who propagated a world-view that was distinct from – and at times opposed to – the axioms of neoclassical economic theory.

Economic ideas in multi-dimensional space

Most accounts of the evolution of economic policy discourses in the twentieth century tend to characterize it as a contest among two clearly defined camps: states versus markets, Hayek versus Keynes, statism versus neoliberalism. Accordingly, most analyses in the field tend to work with only two, neatly delineated, ideal-typical bodies of economic thought. Although this approach can serve as a useful heuristic for didactical purposes, it risks obfuscating more nuanced transformations in economic discourses (cf. Carstensen, 2011). Most problematically, I suggest, it has encouraged analysts to treat the rise of Thatcherian neoliberalism in the 1980s as some sort of 'end-point' in the evolution of economic ideas (an assumption that in my reading many prominent accounts in constructivist political economy tend to make[6]).

But neoliberalism is not a monolithic body of thought. It is a multi-faceted, dynamic phenomenon that draws from heterogenous sources (Mudge, 2008; Steger & Roy, 2010). It is constituted of various currents that aspire to replace collective, political judgments with market-based evaluation techniques as a broad common goal (Davies, 2014, p. 3). But its specific configurations are historically and geographically contingent. And as the subsequent empirical investigation will show, neoliberal economic discourses in Britain have evolved in consequential ways *after* the rise (and fall) of Thatcherism (cf. Carstensen & Matthijs, 2017).

To systematize these discursive transformations, I borrow from regulationist economic theory (in particular Boyer, 1990; Jessop, 2003), which conceptualizes the economy as being constituted of distinct *layers of social relations* or 'institutional forms': e.g. the fiscal-monetary nexus, labor market institutions, corporate governance arrangements, industrial policy and the organization of relationships between national and international regimes (cf. horizontal axes in Table 1).

In this perspective, the emergence of the narrative of national competitiveness in the early 1990s is important because it significantly re-shaped public economic discourses in Britain with regards to two of the five horizontal axes in Table 1: it partly re-legitimized a more active role of the state in industrial policy[7] at the domestic level (the 'industrial policy' axis in Table 1); and it altered predominant understandings of the role of the national economy in world markets by shifting attention from national to global perspectives, thereby discursively subordinating national economies to the economic logic of global production processes (the 'national-international' axis in Table 1).

As seminal literature in constructivist IPE has argued (Blyth, 2002), first-generation neoliberal discourses formulated by Thatcher, Reagan, and others in the 1980s can be understood as an attempt to 'dis-embed' domestic market institutions: that is, efforts aimed at imposing an expressly economic (as opposed to socio-political or cultural-symbolic) rationale upon how domestic societies ought to be organized. This lens, I suggest, can be usefully expanded to the second-generation neoliberal discourse that the competitiveness narrative incorporates: akin to how first-generation neoliberalism sought to undo the embedding of domestic institutions in non-economic arrangements, the competitiveness narrative can be seen as a discursive frame that seeks to legitimize the submission of the nation-state itself to a more clearly economic rationale. Dis-embedding the national economy, in this sense, does not equate to nation-states being portrayed as irrelevant or unimportant actors, but the conceptualization of the social purpose of nation-states in strictly economic (as opposed to symbolic, identitarian or (geo-)political) terms. With the end of the Cold War, proponents of the competitiveness discourse argued, the locus of inter-state competition had shifted from a military to an economic contest (Thurow, 1992). It painted a vision of political authority in which, as Bill Clinton (in)famously put it, 'each nation is like a big corporation competing in the global

Table 1. Double movements in the long twentieth century.

	Dimensions	**Classical (imperial) liberalism** First era of globalization		**Statism** Bretton Woods		**First-generation neoliberalism** 1980s		**Second-generation neoliberalism** 1990s-2000s
DOMESTIC MARKET *Authority of states vs. markets*	*Fiscal–monetary nexus* *Labour markets* *Corporate governance* *Industrial policy*	Deregulated *markets > states*	→ EMBED	Regulated *states > markets*	→ DISEMBED	Deregulated (disengagement) *markets > states*		Deregulated (supply side intervention) *markets > states*
POSITION IN WORLD MARKET *Authority of national versus world economic forces*	*National-international*	Subordinated (gold standard) *world > national*	→ EMBED	Relative autonomy *national > world*		Relative autonomy *national > world*	→ DISEMBED	Subordinated ('platforms of production') *world > national*

marketplace' (in Krugman, 1994, p. 29), with political leaders akin to CEOs and citizens to their employees (Davies, 2014, p. 113). And it emphasized that to 'win', nation-states had to subject themselves to (and embrace) the logic of global market forces.

Critically for the purposes of this special issue, the discourse that motivated these transformations was distinct from Thatcherian neoliberalism in both content and intellectual origin. It did not come out of economics departments, but was built upon a discourse that took inspiration from managerial frames about corporate strategy advocated by business school scholars.

Principles of economics versus management

Existing work that does actively consider the influence of management scholars in the construction of dominant economic discourses tends to downplay the distinction between the disciplines of economics and management, conceptualizing them as merely two sides of the same coin (e.g. Davies, 2014). Yet, as other contributions to this special issue illustrate, there are good reasons to challenge this conceptualization.

It is true that economics and management share important similarities and they have cross-fertilized – and reinforced – each other in important ways (see Fourcade & Khurana, 2013): on the one hand, business schools – most prominently Carnegie's GSIA – served as an intellectual home for early proponents of neoliberalism at a time at which monetarist and rational expectations theories were not yet widely accepted in academia. On the other hand, neoclassical economic theory had a very important influence on the academization of business schools and the principles they advocate, for instance the notion of shareholder value. In many aspects, also the normative views of economics and management are similar – such as a shared belief in the invigorating and socially desirable effects of competition, or the conviction that the private sector, not the government, should coordinate economic activity. But the existence of these points of agreement should not obscure the fact that the two disciplines are built upon very different intellectual lineages, which disagree substantially about the nature and appropriate functioning of economic markets (Eagleton-Pierce & Knafo, 2019; Knafo, Dutta, Lane, & Wyn-Jones, 2019). While neoclassical economics is built on theory-oriented academic debates concerned with questions regarding the material welfare of entire societies (Amadae, 2003; Mirowski, 2002), the history of management thought is much more closely associated to industry and the military (Amadae, 2016; Augier & March, 2011; Khurana, 2007). Accordingly, management science's focus is centered on practical concerns surrounding industrial efficiency, the optimization of organizational decision-making processes and how to secure relative gains in competitive games with rival firms (Khurana, 2007). Dominant conceptions of the nature of economic markets forwarded by the two fields are notably distinct: while neoclassical economic theory, swayed by Smith's notion of the 'invisible' hand, is committed to a harmonious view of economic markets, management theory is interested in the 'visible' hand (Chandler, 1977): the concocting of strategies how to take advantage from market inefficiencies and asymmetric information to beat competitor firms.

The competitiveness discourse

Traditionally the work of business school scholars focused on the performance of specific firms and industries, not entire economies. This started to change in the early 1980s when, amidst widespread concerns about the perceived economic decline of the United States, a discourse of national competitiveness became increasingly prominent in Capitol Hill, from where it soon after spread around the globe (Sum, 2009).

The idea of national competitiveness has deep historical roots, which, according to some, go back centuries (Reinert, 1995). Like the work of Joseph Schumpeter, to which it is often associated, it is concerned with imperfect information, entrepreneurship, technology and productivity. The specific articulation of associated debates and discourses have however evolved over time (Fougner, 2006; Pedersen, 2010; Sum, 2009). In the post-1973 period mentions of the term national competitiveness started to grow in the context of certain countries' perceived productivity problems defined in terms of relative labor costs (cost competitiveness). In the 1980s it was appropriated by business strategists and public policy scholars such as Michael Porter, Laura D'Andrea Tyson and Lester Thurow who also held influential government-advising positions during that time. In their hands, the notion of national competitiveness was both broadened and turned into a more actionable concept (Pedersen, 2010, pp. 629–630; Sum, 2009, pp. 187–188). Drawing from evolutionary and institutionalist economic theories they defined national competitiveness as being related not merely to labor costs but countries' broader demand conditions or 'business environment'. And they sought not merely to compare economies' past performance in these terms, but to understand how competitiveness can be *created* through policy interventions. In the 1990s, writers such as Robert Reich, Kenichi Ohmae or Susan Strange fused these frames with a strong narrative of globalization. The resulting discourse, which became very prominent in the aftermath of the Cold War, portrays the global economy as a game that revolves around national economies which stand in direct competition with each other for the attraction of globally footloose multinational firms (e.g. Ohmae, 1990; Reich, 1992; Strange, 1998).

Maybe not surprisingly in light of the eclectic mix of theoretical approaches that constitute it, the globalist discourse of national competitiveness has been described as incoherent, 'chaotic' and 'confused' (Bristow, 2005, p. 285). Nonetheless, even though it is used in different ways, the discourse has some important general traits. For one, it is an undisguised attack on mainstream economics. Competitiveness scholars asserted that 'the nature and character of international transactions have so much changed in recent years … that the traditional apparatus of the international economist is … no longer adequate to explain real-world phenomena' (Dunning, 1995, p. 165). The theory of comparative advantage, they charged, was out-of-touch, overly abstract and lacking an understanding of the 'deeper *reality* of competition' (Michael Porter in Snowdon & Stonehouse, 2006, p. 164; emphasis added). Second, competitiveness scholars sought to distinguish themselves from mainstream economists through their prioritization of directly applicable policy prescriptions over mathematically elegant formal models – an ambition that also fostered their development of a view of the responsibilities of the state that is markedly distinct from the axioms of neoclassical economics. Rather than entrusting the economy to the 'invisible hand' of the market, they advocate an active entrepreneurial state that aggressively implements supply side business-friendly industrial policies. But arguably the most important imprint of competitiveness theory on broader economic discourses lies in its reconceptualization of spatial hierarchies and the associated redefinition of the social purpose of national economies. Whereas national economies were still taken for granted as the 'primary object[s] of economic management' (Jessop, 2003, p. 175) in the work of neoclassical economists and first-generation neoliberal discourse (i.e. as the very objects to be freed from state intervention), the national competitiveness discourse sought to re-frame the 'natural scale of economic processes' (Jessop, 2003, p. 179). 'Seeking to explain 'competitiveness' at the national level … is to answer the wrong question', asserted Porter (1998 [1990], p. 43): 'To find answers, we must focus not on the economy as a whole but on *specific industries and industry segments*' (Porter, 1998 [1990], p. 43 emphasis in original). It is thus multinational firms, not national economies, who are the primary actors in the world economy. And the economic success of the latter, in competitiveness thinking, is essentially a function of their ability to serve the needs and preferences of the former (Porter, 1998 [1990], p. 52).

Competitiveness theorists' prescriptions for how governments should cater to successful multinationals evolved over time (Fougner, 2006): whereas competitiveness theories of the 1980s reflected on government strategies aimed at strengthening 'home-based' (not necessarily nationally owned; cf. Porter, 1998 [1990], p. 54) multinationals against their foreign rivals, the globalist competitiveness discourse that became dominant in the 1990s had lost faith in the national allegiance of globally mobile corporations. Because there are no more 'American' corporations, Robert Reich (1992, p. 196) argued,

> the well-being of Americans … no longer depends on the profitability of the corporations they own, or on the prowess of their industries, but on the value they add to the global economy through their skills and insights. Increasingly, it is the jobs that Americans do, rather than the success of abstract entities like corporations, industries, or national economies, that determine their standard of living.

In this view, it is thus not anymore corporations that need to be made competitive, but the immobile state (and the workforce and society that constitute it) itself (Fougner, 2006, p. 175). In the globalized economy of the late twentieth century, Susan Strange asserted, states 'occupy a territorial space, but they no longer control what takes place in that space' (Strange, 1998, p. 113). As a result, their primary economic responsibility is merely to 'act as good landlords' for multinational corporations, 'assuring the investors that their space has all the facilities, services and qualities necessary to business and to pleasure' (Strange, 1998, p. 113). It is this transformation, which encapsulates what I refer to as the dis-embedding of national economies.

At least initially, mainstream economists showed themselves unimpressed by the national competitiveness framework and 'either ignored … or dismissed' the approach (Neary, 2003, p. 458). They asserted that it did not add anything useful to theories of comparative advantage and pointed to what they considered to be serious conceptual flaws and misunderstandings. One review of *The Competitive Advantage of Nations* declared that 'Porter misunderstood comparative advantage

… and reverted to a more primitive and long-rejected explanation for trade' (Davies & Ellis, 2000, p. 1198). It concluded bluntly that 'academicians of international business would be well advised to revisit the elementary economics of trade and growth before venturing too boldly into the field of policy' (Davies & Ellis, 2000, p. 1189). But economists did not only question the intellectual merits of competitiveness theory; they furthermore uttered deep concerns that the framework would encourage bad government policies, e.g. trade protectionism (Krugman, 1994), competitive devaluations (Boltho, 1996), or wasteful government spending (Davies & Ellis, 2000). In the most scathing attack, Paul Krugman (1994, p. 30) dismissed the entire framework as 'meaningless' and a 'dangerous obsession':

> The idea that a country's economic fortunes are largely determined by its success on world markets is a hypothesis, not a necessary truth; and as a practical, empirical matter, that hypothesis is flatly wrong. … it is simply not the case that the world's leading nations are to any important degree in economic competition with each other, or that any of their major economic problems can be attributed to failures to compete on world markets.

Nonetheless, in disregard of many economists' passionate hostility toward it, the narrative of national competitiveness kept gaining political traction throughout the 1990s when concepts such as the 'business environment' gradually encroached economic policy discourses and governments in all corners of the world were busily devising their own competitiveness strategies (Fougner, 2006; Pedersen, 2010; Sum, 2009).

The remarkable success of the competitiveness framework in becoming a dominant economic policy framework *against* the will of mainstream economists can be related to at least three factors: First, while being a thorn in the side of academic economists, the picture of the 'reality' of competition that it paints makes intuitive sense to most other people, including practically oriented decision-makers (cf. Bristow, 2005; Davies, 2014). Second, the skillful reinsertion of powerful nationalistic feelings into an otherwise liberal world-view gives it considerable cultural appeal (Bristow, 2005; Krugman, 1994). Calling for alertness and preparedness for battle, the discourse taps into Martian sentiments, but does so with largely 'pacifist' aims: the improvement of economic performance and material well-being. Third, its emphasis on external constraints imposed by global market forces make it an extraordinarily attractive – and politically malleable – rhetorical device for politicians who can refer to these apparent external constraints to justify almost any policy choice they prefer while deflecting blame to the anonymous 'others' (Hay & Rosamond, 2002; Rosamond, 2002).[8]

The remainder of this article will assess the role of this discourse for the disembedding of the national economy in British economic discourses and its implications for the predominant interpretations of the meaning of IFDI.

The social representation of IFDI in British politics

The transformation of government attitudes toward IFDI has been a geographically widespread phenomenon, encompassing jurisdictions at all levels of economic development (Linsi, 2016). There is thus no lack in candidates for potential case studies. Since this investigation's primary aim lies in evaluating the influence of variants of neoliberal economic discourses on the shaping and re-shaping of dominant perceptions of IFDI, I choose to focus on the UK. I do so primarily for two reasons: As a sizable literature in constructivist IPE has argued, neoliberal economic discourses have been particularly salient in the British polity. Furthermore, in contrast to more ambiguous 'hybrid' versions adopted elsewhere (for instance, Germany or Spain, cf. Ban, 2016), those narratives were articulated in relatively 'pure' form in the UK. This provides a useful setting to trace nuances in the historical evolution of neoliberal discourses. Second, the UK is also a case of relevance beyond considerations about its national politics. Prominent British politicians, in particular Margaret Thatcher and Tony Blair, provided important inspiration for the evolution of political-economic discourses internationally in the late twentieth century. In this sense it can be considered as some sort of a 'vanguard' case that played a central role in the development and international diffusion of first-generation as well as second-generation neoliberal discourses.

The analysis builds upon a comprehensive review of previous scholarly analyses of the history and politics of IFDI in Britain and a wealth of historical primary materials, focusing especially on parliamentary debates in the *Hansard* collection and the historical archives of the *Financial Times*, *The Economist* and *The Guardian*.

In close correspondence with the theoretical discussion above, the investigation uncovers three demarcated periods in the evolution of political discussions about IFDI in Britain: economic statism (1950s–1970s), inward-looking first-generation neoliberalism (1980s) and globalist second-generation neoliberalism (1990s–2000s).

1950s–1970s: Period of economic statism

In the immediate post-war period, the political legitimacy of nation-states was uncontested. It was widely accepted that the state should play an active role in the economy. Predominant political discourses about the economy were embedded in a narrative of economic statism. It described the world economy as a system consisting of a diverse set of national units, which exchanged some goods and capital with each other, but maintained an important degree of autonomy (Jessop, 2003). Albeit mainstream political discourses in North America and Western Europe described a carefully managed participation in the world economy as desirable, key determinants of economic prosperity were considered to be located at the national level. Domestic, nationally owned firms and industries were considered as the main engines of national economic growth, and as such critical actors in nation-states' quest for sustainable economic development. Accordingly, while the expansion of domestic firms abroad (i.e. outward FDI) was looked upon favorably, inflows of foreign companies into the domestic economy were met with skepticism and distrust.

Being among the world's largest outward investors and carrying the legacy of an exceptionally strong commitment to the principles of economic liberalism, Britain's stance towards foreign capital inflows was initially more welcoming than that of most other advanced economies. Before 1945, when levels of cross-border capital flows were still low, IFDI was not considered to be an issue of sufficient importance to require any kind of policy or monitoring (Jones, 1990). After the war, the 1947 Exchange Controls Act instituted a potentially powerful mechanism to regulate IFDI. But the Treasury and Bank of England, both privileging capital inflows' positive effect on Britain's balance of payments over considerations about industrial development, proved reluctant to use these provisions. As a result, British IFDI policies remained formally relatively liberal in comparative perspective (cf. Bailey et al., 1994; Safarian, 1993).

However, despite the absence of drastic measures aimed at restricting IFDI (as those implemented, e.g. in Canada or France), concerns about FDI inflows were widespread in British politics at the time. Expressing the worries of the political establishment, Prime Minister Harold Wilson warned in a speech held in 1969 (in Hodges, 1974, p. 228):

> There is no future for Europe, or for Britain, if we allow American Business … so to dominate the strategic growth industries of our individual countries, that they, and not we, are able to determine the pace and direction of Europe's industrial advance, that we are left in industrial terms as the hewers of wood and drawers of water while they, because of the scale of research, development and production which they deploy, based on the vast size of their single market, come to enjoy a growing monopoly in the production of technological instruments of industrial advance … This is the road not to partnership but to an industrial helotry, which, as night follows day, will mean a declining influence in world affairs, for all of us in Europe.

In a heated debate about American IFDI in the House of Commons, a MP of the governing party articulated these concerns in no less alarmist manner (UK Hansard, 1968):

> The proud descendants of the Pilgrim Fathers and their friends have been returning in a massive procession to our shores over the years (…) They are visitors we welcome, of course, but at times we wish they would not always wear their boots when occupying our industrial and commercial beds. (…) [U]nless the major modern industries of Europe not yet taken over can be kept under European control, Europe will lose its inventive brains and higher technical skills to the New World, and will become little more than a provincial production line for American industry, and a playground for tourists.

Although not always expressed with as much belletristic flair, similar views were widespread across the political spectrum. A survey with a sample of 120 senior civil servants and 355 businessmen conducted by Michael Hodges in 1969 found that 43% of respondents agreed that 'the independence of business throughout Europe (…) is being threatened by American take-overs' (Hodges, 1974). The economics profession expressed similar concerns. In a 1973 policy report commissioned by the UK government, LSE economist Max Steuer for instance wrote the following (Steuer, 1973):

> [F]rom the sole point of view of the implications for technology, working for a foreign subsidiary is like working for its parent. Either way foreign interests are buying domestic ability to produce ideas. If it is bad for British technology when a scientist emigrates, it is bad when foreign subsidiaries hire, or retain, British scientists.

Even the *Financial Times*, stern advocate of liberal internationalist principles, called for regulatory action to reduce levels of foreign company ownership in an editorial (The General Makes One Valid Point, 1965):

> [T]here can be no doubt that both Governments and industry in Europe have become increasingly concerned at the growing importance of American-based companies in certain sectors of the economy. (…) To say that this represents a danger is not to belittle the enormous contribution which, particularly since the war, U.S. capital has made to the prosperity of Europe.

The policy stance ultimately adopted by British government administrations was relatively subtle. It carefully avoided high-profile restrictions and focused instead on the encouragement of British mergers in order to prevent American take-overs and foment the creation of ‘national champions’ (especially in the automobile and computer industries, see Hodges, 1974). In brief: although the reactions of British policy elites to increases in FDI inflows during the Bretton Woods era were circumscribed, they observed the influx of foreign companies with serious concern. Even if IFDI was considered to be beneficial in the short-run – especially in view of the country’s distressed balance of payments – policy elites worried aloud about the detrimental consequences of IFDI for British industry and long-term economic development. In stark contrast to contemporary discourses, increases in IFDI were seen as signs of economic weakness rather than strength, eliciting not feelings of national achievement, but concerns that something was going wrong with the British economy.

1980s: Period of inward-looking first-generation neoliberalism

By the late 1960s, powerful sections in the Conservative Party had abandoned their short-lived support of corporatist economic policies, and their return to power in the General Elections of 1970 put an end to the most ambitious attempts to pursue a state-led industrial policy in Britain (Hall, 1986). Labor won the general elections of 1974, but severe macroeconomic difficulties left only little wiggle room for further policy experimentations before the New Right’s discursive appropriation of the ’winter of discontent’ paved the way for Margaret Thatcher’s victory in the elections of 1979 (Hay, 1996).

Adopting a political discourse that borrowed extensively from monetarist economic theory, Thatcher – who fostered a personal relationship with Friedrich Hayek and also met Milton Friedman several times in person (Bourne, 2013) – advocated for an unambiguous retreat of the state from the economy. Promoting the use of market mechanisms to coordinate economic expectations, her economic policy program prioritized the control of inflation rates and public spending over anything else. The new leadership was deeply skeptical of activist industrial policies, which they derided as ‘grants to “lame ducks” in the private sector’ (in Hall, 1986, p. 110). They pushed forward with the privatization of many state-owned companies and significantly rolled back state subsidies to industry.

The free markets narrative articulated by the new government portrayed international competition in a more favorable light. Sticking to the principles of classical liberalism, the free flow of goods and capital across borders were described as forces stimulating desirable competitive pressures and a more efficient allocation of capital. Yet, the Thatcher administration’s internationalism remained significantly more restrained than the version to be pursued by her successors in the 1990s. Thatcher repeatedly stressed the importance of national sovereignty (cf. Gamble, 1988). The removal of restrictions on cross-border capital flows and the abolishment of discriminations against foreign firms were always only seen as a means to an end and not an end in themselves. The goal was not to attract foreign firms or capital *per se*, but to use them as an instrument to enhance the efficiency and international competitiveness of *domestic British-owned* industries. In this sense, Thatcher’s administration clearly continued to attach importance to the nationality of firm ownership. Although her government encouraged the fostering of international competition in the domestic market, the ultimate purpose of this policy remained to strengthen 'British' firms. In other words, the national economy – the very object to be freed from state intervention – remained the overriding unit of analysis.

A critical case in which we can observe the thinking of the Thatcher government in these respects – as well as the unintended consequences thereof – are the politics behind the 'Big Bang', the liberalization of the City of London in 1986. For reasons that remain unclear until today, the London Stock Exchange in 1974 curiously missed the deadline to apply for exemptions from new regulations on restrictive practices.[9] This instigated an official investigation by the Office of Fair Trading into the City's well-known anti-competitive practices. Contrary to the expectations of many senior bankers (who had hoped that Thatcher would intervene against the investigation in reward of their support of her campaign; Augar, 2000, p. 43), the new Prime Minister gave it her full support. The resulting Goodinson-Parkinson agreement forced the City to liberalize and remove all barriers to foreign entry by 27 October 1986. But policy elites' thinking motivating this radical move was not based on any plans to make London a hub for foreign banks. Even less was the intention to risk eroding the British-owned investment banking industry (which the policy decision ended up doing in the medium-term, cf. Augar, 2000). To the contrary, it was seen – erroneously so in hindsight – as a way to expose British banks to greater international competition that would make them stronger, bigger and able to compete with their U.S. rivals. The importance of having and nourishing a British-owned sector was never questioned. One Tory minister responsible for the Goodinson-Parkinson agreement affirmed the opposite (in Augar, 2000, p. 5):

> If we want to maintain London as a prominent market, I think it is very important that the Stock Exchange and the majority of the institutions here should remain very firmly in British hands.

The *Financial Times* observed that 'authorities are anxious to see the emergence of strong British securities firms, capable of competing with the big Wall Street and Japanese houses' (Augar, 2000). The Bank of England pledged to use its powers to ensure 'a strong and continuing British presence in the banking system' (Safarian, 1993, p. 354) and actively encouraged the formation of conglomerates of British banks (Plender, 1986). As Peter Middleton, Permanent Secretary of the Treasury at the time, explained in retrospect (Kandiah, 1999, p. 122):

> We thought this was a business in which the UK had some real expertise and if the market was going to be here, in order to keep it here we really did need some British players here as well.

1990s–2000s: Period of globalist second-generation neoliberalism

These views started to change significantly in the early 1990s. Sir David Walker, Governor of the Bank of England from 1982 to 1993, had still 'wanted to see some major British players emerge in the new [liberalized] market' (in Kandiah, 1999, p. 121). His successor Sir Edward George found nationality of ownership to be of much less importance. Pressed upon the issue of waning British ownership in the City of London in the aftermath of the Big Bang, he reportedly urged his audience not to worry by recalling the Wimbledon Tennis Championships (in Augar, 2000, p. 3):

> [H]eld in Britain, staffed by locals, dominated by foreigners but still generating bags of prestige and money for the UK. The City [will] be the same: safe as Europe's financial capital and a strong environment in which Britain's investment bankers could work.

A number of mechanisms, both internal as well as external to British politics, arguably contributed to the uptake and diffusion of the competitiveness discourse throughout the government apparatus. For one, several high-profile policymakers in government personally promoted the discourse. At the beginning stages, Thatcher nemesis Michael Heseltine figured as an important catalyst who prominently supported competitiveness thinking after his promotion to the position of secretary of state for industry in 1992. Distancing himself from Thatcher's principled commitment to non-intervention, he called for targeted 'pro-market' (Soederberg, Menz, & Cerny, 2005) regulatory interventions on the supply side. He went as far as publicly announcing to 'intervene before breakfast, before lunch, before tea and before dinner … get up the next morning and start all over again' (Heseltine, 2001, p. 431). During his leadership at the DTI, the agency released no less than three White Papers on competitiveness, outlining an ambitious industrial strategy for Britain that covered virtually 'every aspect of government policy' (Oughton, 1997, p. 1487).

After the elections of 1997, the leadership of New Labor played a crucial role in cementing the competitiveness debate in British politics. New Labor maintained close contacts with the staff of Bill Clinton (Wickham-Jones, 1995), the epicenter of the competitiveness 'obsession' that had provoked Paul Krugman's (1994) rant in *Foreign Affairs*. It released a long series of policy documents on UK competitiveness. And in the late 1990s it even hired competitiveness 'guru' Michael Porter personally as an advisor (Snowdon & Stonehouse, 2006, p. 172). Existing analyses of the competitiveness narrative's appeal for the Labor leadership have highlighted two factors (Bristow, 2005; Hay & Rosamond, 2002; Watson & Hay, 2004): it provided an effective way to communicate with the business community by partially adopting their 'language'. And the narrative's emphasis on external constraints provided an appealing frame to justify the adoption of pro-market economic policies to its traditional left-wing base by stressing its own 'logic of no alternatives'.

In addition to key policymakers' intellectual support and the narrative's usefulness as a political tool, less visible, deeper-rooted *structural* transformations toward the 'MBAization' of the British government administration also played a role. Inspired by the policy prescriptions of the New Public Management school (cf. Whiteside, 2019, this issue), Thatcher's government had initiated reforms aimed at increasing the efficiency of the government apparatus by making it more 'business-like'. The ambition to implement private sector practices in government came with a growing demand for managerial expertise. It was met *via* the hiring of management consultants from professional consulting firms such as *Andersen Consulting*, *McKinsey* and *Deloitte* (Saint-Martin, 1998, p. 329; see also Seabrooke & Sending, 2019, this issue). By the mid-1990s management consultants had started to play such a prominent role in British public administration that some observers described the emergence of a 'consultocracy' as a new layer of government (Saint-

Martin, 1998). Importantly for the argument at hand, a large majority of these management consultants are hired from MBA programs where theories of national competitiveness form an integral part of the curriculum. In this way, management consultants' infiltration of state institutions plausibly opened an additional channel that contributed to the consolidation of national competitiveness thinking in British public administration.

Simultaneously, these forces internal to the British political ecology were complemented and reinforced by powerful transnational dynamics. Under various disguises, many other governments had also started to adopt the discourse of competitiveness in the early 1990s (cf. Pedersen, 2010; Sum, 2009). The narrative came to be heavily promoted by EU institutions, which issued an influential White Paper on European competitiveness in 1993, and reaffirmed their commitment to competitiveness thinking in the Lisbon Agenda that proclaimed their ambition to make Europe 'the most competitive and dynamic knowledge-based economy in the world' (European Council, 2000). Another highly effective transnational advocate of the competitiveness discourse was the World Economic Forum (WEF) (cf. Sharma & Soederberg, 2019, this issue), which developed a methodology aimed at ranking countries according to their supposed level of 'competitiveness'. Notwithstanding serious doubts about the meaningfulness of these scores (Lall, 2001), the release of the rankings in the WEF's flagship publication, the *Global Competitiveness Report*, turned into a high-publicity annual media event. The rankings became so influential that some political leaders went as far as declaring improvements in the WEF table as official government policy (Fougner, 2008) – not least the Labor Party under Tony Blair for which Britain's position in the WEF's competitiveness ranking has been described as 'the government's own bottom line indicator of success' (Krieger, 2007, p. 429).

It is this conjecture of internal and external mechanisms that together drove the diffusion of the competitiveness discourse throughout British state institutions and public economic debates. Its impact on how policymakers thought about foreign companies can be observed in a plethora of policy statements and initiatives, such as repeated assurances of cabinet members that 'any company operating in the United Kingdom' is a British company (Heseltine, 2001, p. 419); that '[o]nce overseas companies come to the United Kingdom, they are not foreign companies, they are British companies that happen to have foreign owners' (UK Hansard, 1994); and that the government 'shall fight for those companies … as hard as we fight for directly British-owned companies' (UK Hansard, 1994). It is mirrored in the mushrooming of regional and national agencies dedicated to attract foreign companies (Lovering, 2003), and the prioritization of FDI inflows as a key objective of British industrial policy (Pearce, 1997).

The change in the social interpretation of the meaning of IFDI that accompanied these developments is truly remarkable in historical perspective. The same foreign multinationals, which not too long ago were described as threats to Britain's long-term economic development, were now suddenly embraced enthusiastically: a 'boon to the British economy' (Britain's Many Options, 1996), which 'infect the competitive spirit' (A Rentier Economy in Reverse, 1990) and 'ginger up the economy' (Down but Not Out, 2003).

Although concerns about foreign ownership did not disappear altogether, they were clearly sidelined in British political debates of the 1990s–2000s. What is more, FDI inflows as an abstract concept[10] also started to acquire a powerful *symbolic* property as a supposed indicator of the strength of the British economy as a whole. Arguing that 'multinational businesses are free to choose where to invest' (UK Hansard, 1996) and that 'all those foreign business men can't be wrong' (UK Hansard, 1994), politicians and journalistic communities began suggesting that FDI inflows represented a 'vote of confidence' (Jacquemin & Pench, 1997) or 'seal of approval' (The Cutting Edge, 2001) of a nation's economic policies and prospects. In the run-up to the 1997 General Election, the Conservative Party, which a few decades earlier had observed growing levels of IFDI with mounting concern, was now eager to emphasize the increases in FDI inflows as '[h]ard economic evidence' (Conservative Party, 1997) to defend their record. One Minister called 'inward investment … one of the Government's and this country's greatest success stories' (UK Hansard, 1994). And a Tory MP even claimed it to be nothing less than 'the single most dramatic and furthest reaching economic and industrial success story for any Government in the post-war period' (UK Hansard, 1994). Labor MPs did not contest these interpretations of the presumed meaning of FDI inflows, merely disputing the causes of the growing inflows: while Conservative members attempted to frame increases in IFDI as the outcome of the Party's controversial decision to opt out of the EU's social chapter, Labor saw it as a vindication of the world's positive assessment of Britain as a 'manufacturing nation'. Beyond these tussles, a clear cross-partisan agreement had crystallized by the mid-1990s: IFDI was seen as an unambiguously 'good' thing.

Discussion and conclusions

Assertions that nation-states find themselves in a 'race' for IFDI are commonplace in contemporary economic policy discourses. In line with the script of such narratives – and against the advice of many economists and public policy scholars – governments around the world sacrifice significant public resources for the provision of generous tax breaks and financial incentives in the hopes of attracting foreign companies to their shores (Thomas, 2011). In IR scholarship, the observation of such trends has fomented the development of landmark contributions that have theorized logics of inter-state competitive dynamics in a global economy (e.g. Elkins et al., 2006; Stopford et al., 1991). But the ideational foundations of these behaviors have so far remained underexplored. As this article shows, neither the perception of the global economy as a race among nation-states nor policymakers' desire to attract IFDI is natural. Not too long ago, UK policymakers saw IFDI as a menace rather than an inherently desirable object. Prominent mainstream economists refuted the description of nation-states as economic competitors as dangerous nonsense. The historical contingency of the taken-for-grantedness of the race for IFDI in contemporary policy discourses thus calls for attention to the ideas that have given rise to these perceptions. Tracing their origins in the context of the UK case, I have found them to be grounded in ideas of management and corporate strategy theory. They came to be diffused in politics from the early 1990s onwards through the long tentacles of the business school ecology. Interestingly in light of previous literature in constructivist IPE, the profession of economists was not only sidelined, but at times actively opposed to the firm-centered view of the world economy that thereby started to encroach public economic discourses.

Three important questions remain: to what extent were these changes in perceptions driven by discursive transformations as opposed to 'actual' material trends in the economy? How generalizable are the findings from the UK case? And how different are the policy prescriptions of second-generation neoliberalism from 'standard' economic advice? As noted in the introduction, the deeply intertwined relationship between the material and the ideational does not allow us to draw a firm and conclusive causal distinction between 'actual' and 'imaginary' drivers of changes in perceptions. But it is worth pointing out that a large body of empirical research raises questions about the accuracy of the globalist discourse of national competitiveness. The world economy has undoubtedly become more integrated over the past decades. And the emergence of global value chains (cf. Baglioni, Campling, & Hanlon, 2019, this issue) has affected what foreign subsidiaries 'do'. But these are better understood as slow-moving, gradual internationalizing trends that have unfolded over centuries (Cantwell, 1995; Ghemawat, 2011; Hirst, Thompson, & Bromley, 2009; Rugman, 2005), rather than a radical break around 1990 as the competitiveness discourse may make one think. In this light, it seems fairly clear that structural transformations alone are insufficient to explain the changes in perceptions observed in the UK case.

Second, how valid are these findings beyond the UK? In comparative perspective, the enthusiasm for the competitiveness discourse has been relatively strong in Britain. But there are many indications that developments have been similar elsewhere: numerous influential international organizations, such as the EU, World Bank and WEF, have taken up the competitiveness discourse and at times forcefully promoted it among their constituents. In IPE, a substantial field of literature on the competition state (Cerny, 1997; Davies, 2014; Fougner, 2006; Jessop, 2003) has eluded closely associated dynamics across a wide field of empirical cases. And there is also some evidence indicating that the competitiveness narrative has become a prominent frame in country cases, which from a structural perspective may seem less inclined to it than traditionally liberal Britain with its relatively weak industrial base. In France, for instance, including the traditionally globalization-skeptical Socialist Party has put international competitiveness at the heart of its economic agenda, setting up a *conseil supérieur de l'attractivité* dedicated to attract IFDI while in government (Les Archives de l'Assemblée Nationale, 2014). And also in industrial powerhouse Germany, the influential *Sachverständigenrat* (Council of Economic Experts) made more than just a nod to the competitiveness debate when it wrote the following (Sachverständigenrat, 1997, pp. 10–11; own translation, original in German):

> The difficulties of the German economy to overcome its growth weaknesses are determined by the dynamics of locational competition. In a world (…) in which capital and entrepreneurial activity are mobile across borders, (…) the labor force, which is tied to one *Standort* [location], can only find employment if their *Standort* can be made attractive to investments. (…) Neither export figures nor the real exchange rate of the German mark are good indicators to judge the quality of the *Standort*. What matters are investments, in particular investments of foreign companies in Germany (…) Here we witness clear warning signs: foreign direct investment into Germany have fallen to disappointingly low levels.

Of course, the competitiveness discourse will take on different forms in different places, and the dynamics of 'translation' to various domestic contexts (cf. Ban, 2016) cannot be addressed here. Also the specific mechanisms of diffusion that the article highlights in the UK are case-specific and developments will have unfolded somewhat differently elsewhere. But with regards to the article's key contention that the intellectual origins of this interpretive scheme originate in managerial rather than economic thought, there are good reasons to believe that it is of general validity.

Finally, how different are the national competitiveness discourse's policy prescriptions from standard economic advice? Mainstream economists' initial worries that competitiveness thinking will encourage defensive protectionist measures have not materialized (Hay, 2012). Instead, competitiveness frames have come to be increasingly employed as a tool to justify policy interventions which most mainstream economists would likely agree with (e.g. tax cuts, more flexible labor markets). If this is the case, then why the need to emphasize the distinction between first-generation and second-generation neoliberal economic discourses? It is important for at least two distinct reasons: even if competitiveness-inspired policy advice nowadays is not fundamentally at odds with neoclassical economics in terms of the outcomes that it seeks to achieve, it charts a distinct path towards reaching those goals. For instance, in competitiveness thinking, it is not the market itself, but a pro-market, entrepreneurial and activist state which is tasked to promote prosperity by upgrading the business environment, aggressively marketing a country as a destination for foreign investors, or leverage fiscal and other incentives to discriminate positively in favor of foreign firms. At the same time, notwithstanding the initial hostilities, competitiveness frames have by now been taken up by many mainstream economists themselves (Hay, 2012). In this sense, today's similarity of mainstream economic advice with national competitiveness frames is significant not least to remind us that economic policy discourses are more eclectic and less closely aligned with the discipline of neoclassical economics than we may assume. Economic discourses are not merely about economics. They are also about management. And the competitiveness frames promoted by business school and public policy scholars have played a central role in the transposition of managerialism's principles of order, rationality and control onto widely used macroeconomic analytical frameworks, tinting the ways in which we think and argue about the economy in all-important ways.

Notes

1. And experienced a remarkable revival in populist economic discourses that have emerged in most recent years.
2. PFI are short-term investments of a speculative nature, primarily in equities or bonds. FDI are long-term investments by multinational corporations who take a controlling stake of a company outside their home market.
3. Abdelal's position is more nuanced. He describes the consensus-formation among professional economists as a necessary but not sufficient condition (Abdelal, 2007, pp. 17; 32).
4. The reported volumes of FDI inflows slightly exceed short-term capital inflows in recent years: In 2015, the total reported value of FDI liabilities reached 2.5 trillion USD, compared to 1.7 trillion USD for portfolio investment liabilities and another 0.4 trillion for financial derivatives (see IMF Balance of Payments Yearbook 2016, Table A-1).
5. In most recent years, the surge in FDI inflows from China has led to the re-emergence of some of these tools in European and US politics.

6. It is worth noting that a similar observation served as the starting point of Mark Blyth's seminal study: "Polanyi replicated a fallacy he rightly denounced in the liberal economists of his day: the tendency to see market society as the 'end of history'. Yet in critiquing such a view, Polanyi paradoxically posited his own historical end." (Blyth, 2002, p. 4). It is thus not without irony that contemporary scholarship on the role of ideas in political economy, for which Blyth's contribution was such an important impetus, frequently tends to replicate the very same fallacy yet again by inadvertently treating Thatcherian neoliberalism as the end point of history.
7. Even if discursively constrained to the supply side.
8. For instance, the Right could refer to the competitive imperative to propose spending cuts, while the Left used it to call for greater investments in infrastructure and education (Sousa 2002).
9. In the ex post judgment of the responsible officer, the Stock Exchange would probably have been granted with significant exemptions if it had applied (Kandiah, 1999).
10. Specific instantiations of foreign takeovers of popular British firms – such as Kraft's acquisition of Cadbury (cf. Small island for sale, 2010) – could still trigger political debates. But this realization interestingly did not lead to a questioning of the merits of the more abstract overarching concept of IFDI.

Acknowledgements

I thank Jeff Chwieroth for his continuous support without which – for better or for worse – I would not even have started thinking about the issues that the article aims to address. Very helpful comments on earlier versions of this paper were provided by the RIPE editors and two anonymous reviewers, as well as Milan Babic, Matthew Eagleton-Pierce, Sarah Sharma, Samuel Knafo, Malcolm Campbell-Verduyn, Daniel Mügge and the entire *Fickle Formulas* team at the University of Amsterdam. Generous financial support by the London School of Economics and Political Science and the Schweizerischer Nationalfonds zur Förderung der Wissenschaftlichen Forschung are gratefully acknowledged. All errors are my responsibility.

Disclosure statement

No potential conflict of interest was reported by the authors.

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