What Happens When the Party is Over? The Impact of New Right Parties in Government on FDI regulation

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Introduction

"Currently, 95 percent of wholesale and retail trade belongs to foreign capital, until recently over 70 percent of the banking sector belonged to foreign banks. Repolonization is, thus, necessary." Then Polish Deputy PM, now PM Matuesz Morawiecki, May 17, 2017. (Redakcja 2017).

"We need foreign investment, and we must never underrate the jobs which have been created, but we must recognize that they will no longer be the source of competitiveness." Hungarian Prime Minister Viktor Orban November 10, 2016 speech in Budapest.

"I believe there is no national sovereignty without a national financial system." Hungarian Prime Minister Viktor Orban in a November 2014 radio interview.

"I appreciate the process of Polonization of banks sponsored by prominent persons. In the 1990s people who said that banks should be largely in Polish hands were regarded as deviants. A few years ago we learned that capital, however, has nationality and I understand that these processes, which are starting in Poland now, are a derivative of understanding this new situation. It is a pity that it is so late, but better late than never." Zbigniew Kuźmiuk of Law and Justice (PiS) told newseria.pl in July 29, 2015.

"Foreign Investors will be welcomed with open arms, however they must expect to no longer be treated in a privileged way as was the case until now, but will compete with Polish firms under fairer regulation," -Jaroslaw Gowin, one of the Poland's deputy prime ministers.

"We should take advantage of the fact that some of the foreign banks have problems and try to renationalize them" -Deputy Prime Minister of Poland Gowin in a June 20, 2016 interview to the FT

In Hungary, the Czech Republic and Poland, new right governments have come to power explicitly addressing popular frustrations with foreign investors, raising questions about the added value of foreign direct investment (FDI), the jobs it creates, and the local businesses it allegedly crowds out. The rise of political parties making aggressive claims about rolling back the tide of globalization and re-negotiating the terms of free trade and global capitalism comes against the background of a broader wave of such proposals around the globe. Consequently, the post-communist region's participation in this trend constitutes an important case study in understanding what kinds of pressures are being brought to bear on international economic institutions. And the post-communist countries offer an opportunity for understanding the interplay between party programmatic positions and international economic forces. This is particularly the case because new right parties have also come to power in Slovakia and Bulgaria but without making appeals to such rhetoric.

A concern with foreigners "buying up" the economy and disadvantaging domestic business while exploiting workers is a common and widespread concern. In fact, in Poland it gave rise to a popular and widespread campaign encouraging Poles to “Buy Polish”. Signs exhorting Poles to build up the local economy have appeared at bus stops and there is even “an app for that”, which helps Poles identify products actually made in the country. Similar efforts, such as the Hungarian “Magyar Termek”, operate across the region, often spearheaded by non-profit groups dedicated to fighting off foreign firms in the name of quality, economic growth and national pride (importantly, these are not “buy local” initiatives based around environmental concerns).

This animosity toward foreign investors, and the accompanying view that governments should promote domestic firms, is a factor that distinguishes several major post-communist right-wing parties from their West European counterparts and the distinction deserves more attention than it has received. Survey evidence also shows that citizens of East Central Europe are increasingly skeptical of contemporary globalized capitalism, including firm managers - the central actors in it - who express doubts about the appropriateness of globalized capitalism for post-communist countries (Bluhm, Martens et al. 2011)(Pew Global Research). And yet, all of the post-communist countries are deeply dependent on foreign investment and trade. Novokmet, Piketty, and Zucman call Eastern Europe “foreign owned countries” because of the extent of foreign direct investment (Novokmet, Piketty et al. 2018). Others have called these countries vertically-integrated economies because of the level of industrial production for export present in these countries (Nölke and Vliegenthart 2009, Capik and Drahokoupil 2011).

As seen in Table 1, there is interesting variation in the amount of trade and levels of foreign direct investment.

Country	Trade as Percentage of GDP in 2016 and (percentage increase since 2009)	FDI Inflows as Percentage of GDP per annum, Average 2011-2015 (World Bank WDI)	FDI Stocks as a Percentage of GDP in 2016 (EUROSTAT)	Percentage of respondents who believe that trade is “very good” or “somewhat good” (survey year)(Pew Global Research)
Bulgaria	123 (33.6)	3.92%	82.7	88 (2007)
Czech Republic	152 (34.5)	2.92%	63.0	80 (2007)
Hungary	169 (17.4)	3.58%	198.7	85 (2018)
Poland	100 (33.3)	2.40%	41.8	85, 78 (2018, 2014)
Romania	84 (37.8)	1.88%	41.4	N/A
Slovakia	186 (35.8)	1.94%	51.1	83 (2007)

Table 1: Trade, FDI Inflows, FDI Stocks and Support for Trade

Trade varies in importance across the region, playing a particularly significant role in the Czech Republic, Slovakia and Hungary. The latter is also among the highest recipients of FDI as a percentage of GDP and dwarfs every other country in the region in FDI stocks. Nevertheless, foreign investment and trade are prominent economic forces in the region and there is no obvious pattern suggesting that trade exposure alone is responsible for the attention that foreign investors have attracted. Poland, for example, displays low values on all three dimensions and yet has been a source of much anti-foreign business sentiment. The growth of trade since the financial crisis, similar across the region except Hungary where it is half the regional average, similarly reinforces this point. Considering these numbers makes bold the importance of trade and foreign investment inflows to these economies but does not explain why Hungary, the Czech Republic and Poland stand out in their political rhetoric against foreign firms, while Slovak and Bulgarian politicians of the new right embrace FDI.

This dynamic puts the governments of Eastern Europe in a difficult position. On the one hand, their post-communist growth has depended on a model based on being welcoming to foreign investment and trade. Governments of the region have embraced this formula with EU membership perhaps the most potent symbol of that strategy. On the other hand, governments are also facing increasing amounts of popular dissatisfaction with the basic economic rules of the game. While public opinion is generally supportive of trade, as shown in Table 1, many citizens have doubts about the effects of trade on individuals. For example, only 38% of Poles surveyed in 2014 thought that trade increases wages while 21% argued that it leads to a decrease. 22% felt that it leads to job losses (Pew Global Research) and parties proposing a turn away from globalization are having increasing success at the polls. Moreover, the 12-22% with negative views of trade cannot be ignored in proportional systems. This places governing parties in between a rock and a hard place: if they turn away from the strategy of the last 25 years, they risk losing an important source of economic growth, replacing it with a risky strategy of betting on independent domestic ownership, innovation and state intervention. If they continue to embrace globalization and liberalization based vision of economic growth, they risk incurring the wrath of voters who seem increasingly drawn to proponents of economic nationalist arguments across the region.

Convergence, Divergence and Moderation

A broad literature on the emergence and success of what are called populist or new right parties points to numerous factors that determine their rise. I avoid the term populist in favor of identifying and exploring parties that have campaigned explicitly using anti-globalization and anti-market rhetoric. Although a large body of scholarship seeks to explore and define populism and the populist far right (for example (Mudde 2008, Jansen 2011, Gidron 2013, Mudde and Rovira Kaltwasser 2013) and others), my approach has the advantage of side-stepping a debate about what exactly qualifies as populism and which parties fit the bill because parties often labeled populist, even those frequently seen as representing a new regional trend such as Hungary's Fidesz and Poland's PiS, differ significantly (Enyedi 2016, Karolewski and Benedikter 2017). Further, the widely cited definition Cas Mudde proposes views populism as an ideology devoid of content and populist parties as not bound strictly to any particular policies.

Instead, I focus on a group of new right wing parties that have come to power in the last decade. I use the term "new right" to mean parties that have emerged or significantly changed their rhetoric after the decline of an earlier generation of right-wing parties. Although all of the parties included in the paper are viewed as belonging to the family of new right parties, they differ in their rhetoric about the international economy. Three such parties - the Czech party ANO, Hungary's Fidesz and Poland's PiS - share the important similarity that they take anti-globalization positions and oppose economic openness in their campaigns. In this sense, they continue a several decade long tradition of anti-globalization politics, focusing their rhetoric on foreign corporations and measures, such as trade liberalization, that have opened their economies to external forces. By contrast, Slovakia's SMER-SD and Bulgaria's GERB, have embraced foreign investment in their rhetoric with only a rare allusion to harms caused by foreign investors. Romania, the sixth country examined in this paper, has not had a new right party come

to power and serves as a negative case.

Little is known about what these parties do once they are in government. Does the election of such parties to government lead to a rise in regulation that provides obstacles to FDI? Or does governing temper their commitment to radical policies? Do they follow through on their campaign promises? Haupt (2009) points to the paucity of research on right responses to the financial crisis (Haupt 2009) and calls for research on the actual policy-making of these parties. This is particularly important to understand with parties that are successful or even able to govern alone (as has been the case in Poland since 2015, Slovakia between 2010-2016, and Hungary since 2010). Moreover, does their success on the basis of platforms that identify globalization with the loss of economic well-being lead other parties not traditionally associated with closed economy policies to emulate these ideas? Comparing the policies of six countries - three with such parties in government that deploy anti-globalization and anti-FDI rhetoric, two which do not and one country that has no such party in power allows for an assessment of the impact of the new right on FDI regulation.

A literature examining the effects of partisanship on public policy provides a potential blueprint. In an early statement of partisan theory, Hibbs (1992) argues that the partisan composition of the government has a major impact on the policies that are pursued. This is in line with the Downsian logic (Downs 1957) that in multiparty systems we should not expect to see convergence among parties seeking to attract a median voter. Schmidt (Schmidt 1996) argues that partisan effects pass through and are modified by the nature of representative institutions and matter most when there are fewer checks. Related to this point, Tufte (1978) argues that the partisan influence hypothesis depends on the assumption that the government has considerable control of the economy and room to maneuver (Tufte 1978 in (Schmidt 1996)). Blais (Blais, Blake et al. 1993), in a study of 15 liberal democracies confirms that partisanship has an effect on government spending but only when majority governments are in power and their party composition remains the same over a period of years. In addition, Blais points out that the effect is weak and identifies three other factors that are relevant and may dampen party or politician's policy preferences: inertia, the bureaucracy and interest groups. Pinto, however, finds the partisan pattern applies to FDI: partisan alignment, which can be pro-labor or pro-capital, determines a host country's openness to FDI (Pinto 2013). Importantly, Pinto finds that pro-labor governments are likely to welcome FDI, particularly investments that will lead to an increase in the demand for labor. On the other hand, governments that cater to domestic business will prefer to restrict FDI when it competes with their constituents.

In opposition to this view, a literature on globalization argues that international economic forces have limited the impacts of partisanship on economic policy. Globalization has brought the left and the right in line behind a singular version of neoliberal economic policy as external market forces discipline governments toward policies that business likes in order to avoid the punishing effects of capital and investment flight. (Garrett 2000), particularly with regard to fiscal policy (Garrett and Lange 1989). This was argued to be part of a broader trend that was generally reducing the relevance of state in the face of global market forces and leading to a convergence of policy-making around pro-market policies. Although many have dismissed the convergence position, Streeck (2013)(Streeck 2014) argues that scholars may have been too quick to evaluate the convergence debate because the processes by which international capitalist pressures work move more slowly than we commonly believe. In fact, Streeck proposes that in Europe by the time of his writing we can see fully the effects of subordinating political life to capitalism: that global capitalism will tolerate only a certain set of pro-market institutions. Along similar lines, a substantial literature argues that partisan agendas succumb to the "democratizing" (Kalyvas 1996) or "moderating effects of government participation" (Downs 1957, Przeworski and Sprague 1988) when goals change from entering to staying in government. This applies (in different ways) to the Greens (Burchell 2001, Müller-Rommel and Poguntke 2002, Talshir 2003, Doherty 2005, Rihoux and Rüdig 2006, Rüdig 2006)(Buelens and Deschouwer 2002) in (Müller-Rommel and Poguntke 2002), the radical right (Minkenberg 2001, Heinisch 2003, Downs, Manning et al. 2009, Bale, Green-Pedersen et al. 2010, Mudde 2013) and radical left parties (Olsen, Hough et al. 2010). (Taggart and Szczerbiak 2013) find a similar dynamic applies to so called Eurosceptic parties, which oppose European integration.

One might expect, however, that even if the convergence position were correct, crisis could lead to an exception of this general trend. In other words, when the demands of those harmed by these global economic forces rise to a sufficient level, partisan leaders will be forced to pay more attention regardless of the consequences in global markets. This is the position that "politics matters" and politicians can be induced to ignore the market logic. Funke, Moritz and Trebesch use street protests as a way of estimating what they call "polarization", which is their short-hand for policy change, after financial crisis. They find that polarization, by their definition, rises significantly. In other words, they claim to observe significant changes in policy by governments that come to power after financial crisis. However, their study does not directly observe policy. (Funke, Schularick et al. 2016 and Christoph Trebesch). Thus, at least after periods of crisis, one might expect a divergence in policy. Similarly, Haupt (Haupt 2009) argues that we should expect to see right parties deviate from their supposedly preferred policies in search of votes in the wake of economic volatility although this is only a logical proposition and not one that she empirically explores. Heinisch (Heinisch 2003), particularly relevant here, argues that the qualities that make populist right parties successful at the polls also makes it difficult for them to govern and undermines their success in office because they so often propose sharp departures from existing policy.

A literature that focuses on the post-communist region has begun to pay attention to the emergence of new parties and their impact on the conduct of politics. Pappas and Kriesi (2015, pgs 315-320) note a large surge in post-communist Europe of what they identify as populist parties and find clear evidence that the financial crisis led to a surge in support for such parties. This occurred even in the Czech Republic where no such party had, until after the crisis, any success in what was a remarkably structured party system immediately after 1989. However, they also note that populists in the Czech and Slovak republics toned down their populism after elections while Polish and Hungarian populists ramped it up (Pappas and Kriesi 2015).

Following the possibilities outlined in the literatures discussed above points to several potential expectations. One distinct possibility is that governments elected on the basis of anti-globalization, anti-free trade or economically nationalist campaign programs will enact the policies they promised to pursue and we will see a marked turn toward economic nationalist policy-making. This would not be an unreasonable expectation given that, in several cases explored in this paper, the parties proposing this path have enough seats in parliament to govern alone or are part of very stable coalitions in which all members have similar views. In Poland, Law and Justice have an absolute majority, a first since 1989. In Hungary, Viktor Orban's Fidesz party preserved the 2/3 majority it has held since 2010[1] and has carried out widespread institutional reforms to "bake-in" their incumbent's advantage. In other words, even with the addition of institutional context, we might expect to see partisan policy-making in at least these two countries.

However, it is also possible that, once elected, governments chosen on the basis of anti-globalization campaign promises will moderate their programs. Pappas and Kriesi's observation that populists in Hungary and Poland ramped up their populism while Czech and Slovak populists toned down their populist tactics points to examples both of moderation and escalation. One possible motivation suggested above for such moderation would be a need to retain labor-demanding FDI. This might depend on the extent to which governments depend on support from labor versus domestic business. However, this would not seem to explain either the Hungarian or the Polish case as FDI plays a major role in both economies.

A third possibility is that governments pursue their promises to some extent as a product of their developing ideas about reshaping the relationship with the global economy. This is different from the moderation hypothesis, which is driven by a need to preserve vital economic relationships. Instead, politicians are seen as trying to develop a new form of open economy in which trade and foreign investment, still recognized as important, are much more managed than

[1] This is a majority held by Fidesz and its coalition partner the Christian Democratic People's Party (KDNP).

they have been to date.

Behind the rhetoric of the new right are two different sets of ideas. In one group, parties recognize the need to attract FDI. One could call this group a **pro-global new right**. While they embrace other positions associated with this family of parties, such as opposition to immigration and nationalism, they still embrace the international economy. In the other are a set of politicians who, aside from their pronouncements about foreign investment are seeking to reshape the relationship with the global economy to include some forms of openness while trying to find a new balance between the international and domestic economy. Hungarian Prime Minister Orban captured this desire to redefine the economic rules in a speech in Budapest in 2016 saying,

> *"There are economic and political periods when it feels as if we have fully understood the rules according to which the world as we know it operates: we feel we know the rules of operation and the principles of its functioning. In such times, the only thing we have to do is establish what these rules are, and apply them as best we can. All of a sudden, however, we may find that the textbook economic models no longer work; we may find that the knowledge we possess suddenly loses some – or even all – of its validity. This was the situation in Hungary in the second half of the 2000s, but this also was – and today continues to be – the situation in Europe."*

Orban goes on to describe the process by which leaders in such a period must begin to fashion new policies by departing from the accepted "rules of operation", pursuing goals that were previously seen as unobtainable together. Like Orban, Polish Prime Minister Morawiecki has argued for a distinctly Polish vision of economic development strategy that expands the involvement of the state in promoting Polish firms. I call this second group of politicians at the helm of their parties the **demi-globals**.

Argument

I find empirical support for this third possibility. As I will show below, the demi-globals do undertake more anti-FDI measures than the pro-globals. That said, given the extent of their rhetoric about creating a domestic capital class and reworking the relationship with foreign capital, the extent of these measures when compared against the pro-global group is less significant than one might expect. The pro-globals also enact some FDI blocking measures. In fact, even the country with no new right party, Romania, has passed some regulation on foreign investors. In the next sections I lay out the empirical material. The significance of this and potential policy implications are discussed in the conclusion.

Plan and Method

In the following three sections, I compare political party programs with regard to the international economy to the actual policies that parties have pursued followed by a discussion of statements made by party leaders about FDI and international markets. Data on actual policy outputs was compiled by the author. Limiting the investigation to new right parties in government points to five political parties: Bulgaria's Movement for the European Development of Bulgaria (GERB), the Czech Republic's ANO, Hungary's Fidesz, Poland's Law and Justice Party (PiS) and Slovakia's SMER-SD. I include FDI related regulation in Romania for the purposes of comparison in a country without a party of the new right.

This paper explores three indicators of openness to investment by foreigners covering nearly a decade of policy from 2009-2018.[2] I adapt a framework used in the UNCTAD Investment Policy Monitor)[3] to code measures as "investment promoting" or "barriers to entry". The UNCTAD schema applies four main categories (Entry and Establishment; Treatment; Promotion and Facilitation; and General Business Climate) and a number of sub-categories. Not all of these are relevant in answering the questions of interest here and I have simplified this framework to make the overall investment climate easier to understand without losing any of the analytical power gained by dividing measures into those that are investment promoting and barriers.

Thus, I use two broad categories: investment promotion and barriers to entry. Within these, I consider the following as investment promoting:

1) Important privatizations or slates of firms scheduled for privatization because these create investment opportunities for foreign investors. These are referred to as "Ownership and Control" measures, a sub-category of measures regulating "entry" in the UNCTAD .

2) Investment support schemes to encourage and support foreign firms by offering some form of incentive . (These are coded as "entry" measures by UNCTAD)

And the following as barriers to entry:

[2] Specifically, the period covered is from December 2009 until March 2018

[3] The UNCTAD Investment Policy Monitor reports on major renationalizations and privatizations. Additional renationalizations were uncovered with archival research.

1) Regulation of FDI[4] Entry (Referred to as "Entry" measures by UNCTAD).[5]

2) Institutions or measure that affect the playing field for domestic firms (Referred to as "Treatment" in the UNCTAD scheme).[6]

3) Renationalization (reversal of privatization). (These are referred to as "Ownership and Control" measures, a sub-category of Entry in the UNCTAD data).[7] In addition, news archival research was carried out to uncover statements made by politicians about FDI and measures intended to regulate it.

The data itself was compiled from the *UNCTAD Investment Policy Monitor* and *OECD Freedom of Investment Process bulletins*[8] as well as archival news searches.

Party Platforms

As noted above, the set of parties identified as "new right parties" in government - Bulgaria's GERB, the Czech Republic's ANO, Slovakia's SMER-SD, Hungary's Fidesz, and Poland's Law and Justice (PiS) - do not embrace one set of policies and differ in many respects. Hungary's Fidesz, the Czech Republic's ANO and Poland's Law and Justice (PiS) have made negative statements about the role of foreign investment, the European Union and the international economy. They also see a strong role for government intervention in the economy as a corrective to the version of globalized capitalism they oppose.

In contrast, Robert Fico's Direction - Social Democracy in Slovakia, although it aligned itself with two extreme right parties - the Slovak Nationalist Party and the People's Party - to form a government has only made occasional reference to foreign business and the domestic

[4] Measures were compiled from *UNCTAD Investment Policy Monitor* and *OECD Freedom of Investment Process bulletins (http://www.oecd.org/investment/g20.htm)*, including regulation of special sectors with particular attention to those where foreign capital is prominent. For example, foreign supermarket chains and banks have been frequent targets of political rhetoric. This is not a separate analytical category as these measures fall under the regulation of FDI. My goal here is only to draw the reader's attention to measures that are aimed at particular sectors such as those mentioned above. The UNCTAD Monitor also mentions significant privatizations but these were omittied from the coding, which was restricted to capture only new laws and regulations that seek to restrict or regulate foreign direct investment.

[5] Throughout this period, countries abolished intra-EU bilateral investment treaties (BITs) under direction from the European Union. I disregard these moves as they are not meant to support or discourage FDI but rather to bring national laws in line with EU law.

[6] I do not explore subsidies, which are limited by the EU, here.

[7] The UNCTAD Investment Policy Monitor reports on major renationalizations and privatizations. Additional renationalizations were uncovered with archival research.

[8] The FOIP does not cover Bulgaria

business elite. Fico has, however, regularly made positive comments about Slovakia's desire to attract foreign investment. GERB in Bulgaria has also occasionally played on anti-elite sentiments but is much more open than other right parties in the region to European integration.

This variation can be seen in the statements of politicians from these parties about foreign investors. Bulgaria's economic difficulties, including a bank run in 2014, volatility in foreign direct investment and slowing growth, have made Bulgarian officials keen to attract foreign investors. Speaking to Azerbaijani officials in September 2015, Deputy Prime Minister Tomislav Donchev said "Bulgaria is open for investments. The stable macroeconomic and political situation, low level of debt to the EU, compared to other EU member states, the favorable business climate, low tax rates, and highly skilled professionals make the country attractive for foreign investments." A similar message was sent by Finance Minister Vladislav Goranov about investment from China at an investment summit in November 2015, "It is in Bulgaria's interest to attract as much Chinese investment as possible. For us, it's a high priority to promote Chinese investment in areas that provide high value added, such as the automotive, mechanical engineering, electronics, information and communication technology fields. We also want to attract Chinese companies to invest in fields such as agriculture and infrastructure." In fact, Minister of the Economy Bozhidar Lukarski told Chinese investors in that Bulgaria was a route through which to expand into European markets and offered numerous advantages to attract investors including exemptions from VAT taxes. The Bulgarian Prime Minister, also in attendance, echoed this message.

Although Robert Fico's SMER-SD was able to govern alone after the 2012 parliamentary elections, Fico had to align himself with an extreme right party in order to form a government in 2016. Despite this, Fico generally made statements supportive of FDI. For example, in February 2016 Robert Fico stated "We will fight for every investment -- I care a lot that Slovakia excels in economic growth."[9]

The situation in Hungary was quite different. Hungarian politicians of the new right were perhaps the first to start down a path of criticizing foreign investors. Prime Minister Viktor Orban made statements in 2013 that he was going to make foreign investors carry their fair share of the financial burden burden[10] and expressed aims to reduce Hungary's reliance on the EU economy.[11] These were not just empty statements. Orban's economic policies put foreign investment in Hungary at a 10-year low and eroded investors' confidence, according to an IMF

[9] Tomek, Radoslav, and Andrea Dudik. "Slovakia Nears Deals of Up to 1 Billion Euros in FDI, Fico Says." Bloomberg.com. February 23, 2016. https://www.bloomberg.com/news/articles/2016-02-23/slovakia-nears-deals-of-up-to-1-billion-euros-in-fdi-fico-says.

[10] "Hungary hails victory of "Orbanomics" but there's a cost." *Times of Oman*. May 30, 2013 Thursday . Date Accessed: 2017/03/09. www.lexisnexis.com/hottopics/lnacademic.

[11] "Hungary Backs Away From Putin Fling as Orban Rediscovers Germany." *US Official News*. November 28, 2014 Friday . Date Accessed: 2017/03/09. www.lexisnexis.com/hottopics/lnacademic.

report in March 2013.[12] Under Orban the highest bank tax in Europe was put in place in 2010 and the banking sector had to pay compensation for "unfair charges" paid by customers.[13] Foreign media companies faced a 50 per cent levy on advertising revenue (now rescinded), foreign retailers, energy suppliers and tobacco sellers also complained of discrimination,[14] and in 2013 a law was passed that inhibited foreign investors from buying agricultural land, as part of an attempt by Orban to promote the interest of Hungarians and hit international investors.[15] Hungary's government even asked the IMF to close its Budapest office and vacate the country.[16] However, by 2015, Orban's government began to change it's message. In Feb. 2015 Orban pledged to start cutting the bank tax stating "The moment has arrived for us to open a new chapter in our cooperation with banks." He signed a memorandum of understanding with the European Bank for Reconstruction and Development and Erste Group Bank AG which included language that he "does not intend to take direct or indirect majority ownership stakes in systemically important local banks" and is "committed to transferring all direct and indirect majority equity stakes it currently holds in local banks to the private sector within the next three years." Also in the memorandum was an agreement to a "substantial reduction" in the bank tax from 2016 through 2019 and a commitment to "predictable" policies for lenders.[17]For 2017 Orban has pledged to cut the corporate tax rate to nine percent, now determined to lure back foreign investors and revive foreign direct investment. Economy Minister Mihaly Varga said "The corporate tax reduction is a good message, it strengthens the country's ability to raise capital and investment."[18]

Also around 2015, Hungary restructured its foreign investment agency. In June 2015 Róbert Ésik, president of the Hungarian Investment Promotion Agency (HIPA) said "In our new foreign economy strategy, it is our aim to make HIPA become the best investment agency of the CEE region, and to raise the per capita foreign capital operation in the country the most."[19] At the same time Peter Szijjarto, Minister of Foreign Affairs and Trade, said HIPA was "the second most

[12] "Hungary hails victory of "Orbanomics" but there's a cost." *Times of Oman*. May 30, 2013 Thursday . Date Accessed: 2017/03/09. www.lexisnexis.com/hottopics/lnacademic.

[13] "Hungary's central bank green lights OTP's acquisition of local Axa Bank unit." *Intellinews - Hungary Today*. August 2, 2016 Tuesday . Date Accessed: 2017/03/10. www.lexisnexis.com/hottopics/lnacademic.

[14] Byrne, Andrew. "Hungary seeks rapprochement with bruised foreign investors." Financial Times. May 12, 2016. https://www.ft.com/content/e0c44550-0ad2-11e6-b0f1-61f222853ff3.

[15] "Hungary aims to become Central Europe's tax haven." Intellinews - Hungary Today. (November 24, 2016 Thursday): 1056 words. LexisNexis Academic. Web. Date Accessed: 2017/03/10.

[16] Byrne, Andrew. "Hungary seeks rapprochement with bruised foreign investors." Financial Times. May 12, 2016. https://www.ft.com/content/e0c44550-0ad2-11e6-b0f1-61f222853ff3.

[17] Simmon, Zoltan, Agnes Lovasz, and Edith Balazs. "Hungary's Orban Vows to Ease Bank Burden After 5-Year Battle." Bloomberg.com. February 09, 2015. https://www.bloomberg.com/news/articles/2015-02-09/hungary-s-orban-vows-to-ease-burden-on-banks-after-5-year-battle.

[18] Zoldi, Blanka. "Hungary aims to become Central Europe's tax haven." Bne IntelliNews. November 24, 2016. http://www.intellinews.com/hungary-aims-to-become-central-europe-s-tax-haven-110896/.

[19] Keszthelyi, Christian. "HIPA attracts record number of investments." Budapest Business Journal. June 18, 2015. http://bbj.hu/economy/hipa-attracts-record-number-of-investments_99476.

successful investment agency in central Europe last year" as it brokered a total of 60 investments. The minister said 32 of the agreements negotiated by HIPA were made with new investors, while 28 of the deals with companies already doing business in Hungary.[20]

Despite this move to better accommodate foreign investment, Fidesz still voices mixed feelings towards the EU and expresses concern over deeper integration. In 2014 Mihaly Varga, Minister for National Economy, said in the coming years, Hungary will need to concentrate on tapping as much EU funding as possible, saying that the government's negotiations in Brussels had helped maneuver the country to a position in which it could be "one of the greatest beneficiaries of the 2014-2020 EU budget."[21] As recent as February 2017 however, Orban stated he wanted to protect Hungary from "threatening dangers" that are posed by the EU when it comes to the tax system and support for job creation. He also voiced antagonism to inviting foreign guest-workers, saying "such a state of affairs would not be desirable."[22]

The Law and Justice party in Poland has advanced a message similar to the Hungarian of a mixture of support for foreign investment and the open economy and concern about the consequences of openness. According to Jasiewicz (Jasiewicz 2008) Polish voters opposed to the EU "also demand state intervention in the economy to protect local producers and consumers against foreign interests and what they see as unfair competition within the common market. Such ideas are common among the core constituency of PiS."

When the party initially came to power in 2015 statements by Minister of Development Mateusz Morawiecki, later to become Prime Minister, recognized that Poland was "to a huge extent"[23]dependent on foreigners. However, he also stressed that the foreign investment coming into Poland "is important [because] these are hi-tech investments, which will be innovative, create supply chains and cooperation with higher institutions and push Poland up the global value chain."[24] Yet Morawiecki was also critical of FDI in Poland. In February 2016 Morawiecki commented that "[t]he open economy that Brussels pressed on [Poland] put too many assets in foreign hands," arguing that outside companies control half of the country's industrial production, 60 percent of its banking assets and two thirds of its exports, and transfer $25 billion in profits out of Poland every year.[25]

[20] "Foreign Minister: Hungary foreign policy successfully promotes investment." Daily News Hungary. June 18, 2015. https://dailynewshungary.com/foreign-minister-hungary-foreign-policy-successfully-promotes-investment/.

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[24] Adekoya, Remi. "Confusing signals from Warsaw." Central European Financial Observer. February 21, 2016. http://www.financialobserver.eu/poland/confusing-signals-from-warsaw/.

[25] Mellow, Craig. "CEE States Spur EU Economy but Roil Its Politics." Institutional Investor. April 25, 2016.

In June 2016 Morawiecki commented that “prosperous countries” defend globalization “because it plays in their favor. They have already established their position and have built global corporations benefiting from economies of scale. The IMF reports that in countries such as Poland the traditional neo-liberal model carries more costs than gains.”[26] Among these costs Morawiecki again noted Poland’s “very high degree” of dependence on foreigners and the problem of low labor costs and low wages.[27]“In an interview titled, Farewell to Neoliberalism in the *Rzeczpospolita* newspaper, Morawiecki stated, “The economic policy should primarily serve citizens, employees, entrepreneurs and Polish families, and not statistics, numbers and percentages.”[28]

Echoing these statements, Jarosław Gowin, minister for science and higher education and also a deputy prime minister, warned in February 2016 at a meeting with the American Chamber of Commerce that “foreign investors have to realize they will no longer be given privileged treatment, as has been the case up till now, but will have to compete with Polish entrepreneurs according to fair rules.”[29] Presenting her budget proposals for 2016, former Prime Minister Beata Szydło made similar comments, stating she “prefers to support Polish families rather than foreign corporations.” Campaigning before the parliamentary elections in October 2015, Szydło said if chosen, her party would strive to “create an equilibrium on the Polish market” between foreign and domestic capital.[30]

Right party rhetoric in the Czech Republic developed along similar lines as in Poland and Hungary. The Czech government under the Social Democratic (CSSD) Prime MInister Bohuslav Sobotka, which lasted from 2010-2017, had very favorable policies toward foreign investors. However, as elections approached and the challenge from Andrej Babis , a self-styled Czech Trump, and his party ANO began to draw away support, Sobotka changed his message and became more critical. This included socially oriented campaign proposals such as demanding higher wages, talk of putting a tax on banks - an official campaign point, and for pushing foreign investors to keep more profits within the country. Other sectors, such as the energy sector, were also mentioned. Sobotka said during the campaign, “We cannot close our eyes to the fact that in

http://www.institutionalinvestor.com/article/3548180/banking-and-capital-markets-emerging-markets/cee-states-spur-eu-economy-but-roil-its-politics.html.

[26] "Morawiecki: I want to pull the economy out of the pitfall." #Poland. June 21, 2016. http://poland.pl/economy/investments-projects/morawiecki-i-want-pull-economy-out-pitfall/. (Full interview originally published in Rzeczpospolita daily on 9 June.)

[27] Adekoya, Remi. "Confusing signals from Warsaw." Central European Financial Observer. February 21, 2016. http://www.financialobserver.eu/poland/confusing-signals-from-warsaw/.

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[29] Adekoya, Remi. "Confusing signals from Warsaw." Central European Financial Observer. February 21, 2016. http://www.financialobserver.eu/poland/confusing-signals-from-warsaw/.

[30] Adekoya, Remi. "Confusing signals from Warsaw." Central European Financial Observer. February 21, 2016. http://www.financialobserver.eu/poland/confusing-signals-from-warsaw/.

recent years more than half of (bank) profits have flowed abroad... We want to change that.” As Babis campaigned on a platform critical of foreign investors, multinational corporations and the European Union, Sobotka tried to emulate similar positions to halt the slide of his popularity. "Multinational corporations got used to Czechs working for significantly lower wages than their western counterparts, and they are taking advantage of it. We must maintain permanent pressure on them to raise their salaries.”

Country Policies

The next section examines the actual measures taken by the six countries explored in this paper. Table 2 lays out the different measures implemented by the countries under study. I also discuss some key measures in each country

Country	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Bulgaria	(1)	[25]	(1)	1,(1)	{1}	-	1	-	-	-
Czech	(1)	-	(1)	-	-	(1)	-	-	-	
Hungary	3, (1), {4}	(1), [1][31], {1}	1	-	{3}	2,[1], {3}	2	(1)	-	-
Poland	[2]	[2]	-	{1}	-	2, {1}	4, {1}	-	{1[32]}	-
Romania	-	-	-	-	-	-	1,(1)	-	-	-
Slovakia	-	-	-	-	-	[1]	-	-	-	-

Table 2. Barriers in this table are reported outside parentheses, supportive measures in parentheses, major privatizations in square brackets and nationalizations or renationalizations in french brackets. Numbers are counts of incidents.

A number of strategies appear in Table 2 above. Poland and Hungary are the countries that

[31] Hungary adopted a measure that effectively nationalizes funds held in private pensions. Private pension funds were not directly nationalized but the firms themselves lost a key source of fees allowing them to operate. Additionally, previously invested funds were transfered from capital markets into the state’s pay as you go system.

[32] Poland adopted a measure that effectively nationalizes funds held in private pensions. Management of these funds will be restricted to Polish asset management companies known as TFIs. The nationalization was unveiled in 2016 by the economic development minister Mateusz Morawiecki as part of a new “Responsible Development Strategy”.

have most aggressively pursued anti-FDI measures in the form of barriers and renationalizations. However, some of the former's activity occured before the anti-globalization PiS came to power in 2015 and is, nevertheless, quite modest. The bulk of activity on behalf of Poland's PiS government comes in the form of FDI regulation enacted in 2016 with very little activity since. While PiS' rhetoric against FDI was prominent, there was relatively little action. Hungary's Fidesz, on the other hand, was most aggressive, using some barriers early on and pursuing several renationalizations. However, while eight firms in total were renationalized many more discussed renationalizations were abandoned. Interestingly, Viktor Orban's government in Hungary also enacted supportive measures to continue attracting FDI.

In contrast to Hungary and Poland, the other countries have not attempted to re-shape their relationship with foreign investors. Bulgaria implemented two obstacles but three supportive measures and carried out a host of privatizations in 2011. Romania's sole FDI measure had to do with supermarket purchases from local suppliers. Slovakia and the Czech Republic, by contrast, pursue no anti-FDI measures and the former even carried out a privatization, generally viewed as creating opportunities for foreign investment, in the period under study. Summarizing, the difference between the countries where right party programs were generally supportive of foreign investors and economic openness - Bulgaria and Slovakia - were not significantly different from those where politicians of the new right made vocal attacks on foreign investors, the European Union and globalization: the Czech Republic, Hungary and Poland. In fact, on the basis of policy one would expect the Czech Republic to be in the former group and not the latter. Even Hungary and Poland's regulatory activity does not seem as significant as one might expect. The Hungarian government even implemented a number of supportive measures across the time period. I now discuss the overall approach and regulation in each country in turn.

Poland

As reflected in the statements of prominent PiS politicians above, Poland's overall approach was to seek to re-balance the relationship between the international economy and the domestic. A key component of this was "repolonization", a concept frequently raised in public statements that referred to the return to prominence of Polish ownership and Polish capital in an economic landscape dominated by foreign owners. Importantly, the project of "repolonization" was framed by prominent members of the government as not being about ideology but driven by "macroeconomics". For example, Pawel Borys, head of the Polish Development Fund, a state-financed owner and manager of firms, said that "In my opinion, Poland should have a more balanced ownership structure in the banking system. 50 out of 50 would be good. This is not matter of ideology but of macroeconomics. You can see that the banking channel is the first channel for transferring turbulence from foreign markets."

Poland's story of FDI regulation illustrates the shift from investment promotion in ramped up activity in the regulation of FDI. The PO government in 2011 sought to attract investment in high tech areas as part of a development plan spanning 2011-2020 that saw these sectors as crucial to continued development in a scenario of rising wages. To that end, the government adopted a program to promote FDI opportunities in high tech areas. By July 2015, however, the new PiS government began to pass a series of new laws aimed at restricting FDI in various areas. Over the next 19 months, 8 laws and decrees were passed aimed at limiting the types of foreign investment that could take place or changing the terms of such investments. Their first move was the Act of July 24, 2015 to monitor investments above a 20 percent stake in sectors that could be considered strategic. In October of the same year, new legislation was put into effect calling for review of investments in a list of entities. Conditions for inclusion on the list included sensitivity for public policy or public security, size of market share, scale of their business activity, and their proximity to the fundamental interests of the society. In April of 2016, rules were introduced to govern purchases of agricultural land by foreigners and allowed the State Treasury pre-emption rights with regard to the sale of forest land. Finally, in December 2016 Poland's energy ministry blocked the sale of local heating and electricity company already owned by EDF, a French parent company, to another foreign owner arguing that this would undermine Poland's energy security.

In addition to these broad measures, two specific sectors have been controversial and are worth special attention.

Banking

In the banking sector a few repurchases of banks took place under both the centrist Civic Platform (PO) and after the formation of the Law and Justice (PiS) government in 2015. Moreover, PiS politicians have actively discussed the repolonization of banks using not just nationalist rhetoric but also arguments about the dangers of foreign bank ownership, notably as transmission belts of economic crises. Despite this attention to the issue, regulation on banks that would impose higher domestic currency reserve ratios or other measures to raise domestic bank liquidity have not been imposed.

Chain retail/food retail

Similarly, initial plans to regulate large scale retail because of the prominent presence of foreign supermarket chains in Poland like Billa, Auchain, Carrefour and the Polish sounding but foreign owned Zabka convenience store chain, these have not to date been pursued and are not expected to be part of the legislative activities of the 2015-2019 PiS parliament.

Poland's policy of intervening in the area of foreign investment is not limited to the new populist right. Poland's Civic Platform government had the bank PKO, which was owned 51% by the state, purchase the operations of Nordea Bank Polska from its Scandinavian parent company in 2013. The same government had the large state-owned insurance company PZU purchase a 25% stake of the business lender Alior in 2015. These moves, however, were billed as taking advantage of strategic opportunities to make purchases at a good price.

The PiS government that came to power in 2015 shifted the rhetoric on such purchases, putting special emphasis on a policy of renationalizing to create leading Polish banks. Its first move in this direction, however, was cautiously billed as taking advantage of a rare opportunity to repurchase Bank Pekao from the Italian bank Unicredito. However, in 2017, talks by state-owned PZU regarding the purchase of Austrian Raiffeisen collapsed after a bid below book value was made.

Despite this failure, the government continued to discuss a policy of "Re-Polonization". Pawel Borys, head of the Polish Development Fund (Polski Fundusz Rozwoju PFR), told a conference in February 2018 that bank consolidation should produce a pan-European Polish bank . In other words, government officials involved in economic development see repolonization not just as a policy geared toward returning banks to Polish hands, but as a way to create leading Polish firms on a European scale.

This same approach of "Re-Polonization" has been advocated for the media in which the concentration of ownership and the presence of foreign capital has been a frequent talking point for PiS politicians. Jaroslaw Kaczynski, PiS party leader, said in October 2017 that we should "consistently emerge from the situation in which most of the media do not belong to Poles, does not belong to Polish companies". Reportedly, however, PiS authors of a law that would require a deconcetration of ownership of media companies asked for the law to be put on hold given the already tense relationship between Poland and Brussels.

Finally, Poland adopted a measure that effectively nationalizes funds held in private pensions. Management of these funds will be restricted to Polish asset management companies known as TFIs. The nationalization was unveiled in 2016 by then economic development minister Mateusz Morawiecki as part of a new "Responsible Development Strategy" and took effect in 2018.

As part of this general new approach, PiS politicians also undertook a project to reorganize the Polish Investment Promotion body. This involved not only extensive personnel changes but also shifted the mission of the investment body from attracting new foreign investors by offering incentives to one in which foreign investors would have to show specific benefits such as job creation or skill transfer in order to qualify for government support. A second component of the strategy would make such support available also to domestic investors.

Despite the change in approach, during a round of interviews in summer 2017, directors of

major foreign Chambers of Commerce operating in Poland declared that they found representatives of the PiS government eager to work with investors from their countries. The head of one chamber representing a major European country went so far as to say that, despite the rhetoric, he found the PiS government "better prepared and easier to work with" than the earlier pro-business Civic Platform government.

Hungary

Hungary's regulation of FDI shares the mixed trajectory of regulation in Poland. In 2010, the government prior to Fidesz increased the corporate tax rate. Soon after coming to power, Fidesz followed this move by introducing a controversial bank tax in July 2010. This was followed in October when parliament passed an additional set of temporary taxes on large companies in the telecommunications, energy supply and retail sectors; applicable from 2010 to the end of 2012. At the same time, however, the government committed itself to the introduction of a flat corporate tax rate of 10% by 2013. In 2011, the Fidesz government also began to make a series of institutional changes to the process of investment promotion in Hungary. The National Foreign Economy Office took over functions of Hungarian Investment and Trade Development Agency. The Hungarian Investment and Trade Development Agency (ITD Hungary) was founded by the Ministry of Economy and Transport (now: Ministry of National Economy) to help implement the Government's investment and trade promotion policies.

In December 2012, the government amended the constitution to assure that in the future only Hungarian farmers can purchase Hungarian farmland. Foreigners were been prohibited from buying farmland since Hungary's EU accession in 2004 under temporary measures. These were originally set to expire in 2011, but were extended until the end of April 2014. The new amendment made the ban permanent. Following on this move, the Government started auctioning state-owned farmland as part of its plan to privatize around two-thirds (378,000 hectares [convert to acres] of the agricultural land that is currently publicly owned with the expectation to collect up to US$1.06 billion in proceeds by mid-2016. The privatization process will place similar restrictions on potential buyers to those currently limiting land ownership in Hungary. In particular, buyers must be Hungarian citizens who have lived, for at least the past three years, within 20km of the land offered for sale; they must have farming experience or formal farming education, and they would not be authorized to resell land bought in the privatization process for a period of 20 years. These moves were generally seen as hostile to foreign investors. Against this set of measures the government implemented a move to reduced the corporate tax rate to 9% in January 2017.

In addition to these moves, a set of measures was implemented to regulate the banking sector. In April of 2015, Hungary's Central Bank issued a series of decrees that limited the size of the net position in off-balance sheet items, such as derivatives, relative to the size of the overall balance sheet of banks operating in Hungary. The Central Bank also introduced measures to limit foreign currency exposure. The general goal of each of these moves was to limit the transmission of foreign financial shocks, which had been felt particularly severely in Hungary during the European banking crisis.

Czech Republic

By contrast, the remaining countries showed relatively less activity. In regulation FDI, the Czech government took only three measures in the whole time period covered here. In 2010, the old center-right ODS government lowered the corporate tax rate. Subsequently, the Czech government enacted new legislation extending an income tax relief period from 5 to 10 years and introduced the concept of strategic investment projects. Investors in the processing industry, strategic services and technological centers (existing investors and new entrants alike) could enjoy income tax abatement for ten years, instead of the previous five. This was followed in 2015 by a new law that introduced a new type of support (exemption from real estate tax), expanded the range of supported activities (data centers and customer support centers) and relaxed the conditions for granting investment incentives. It allowed investment incentives to be obtained by both domestic and foreign investors for whom incentives were not formerly intended, or who did not meet the original strict conditions.

There were no renationalizations to speak of. A number of Czech oligarchs purchased media companies but there is no direct ownership by the state and no renationalizations since 1999, when the Czech government stepped in to purchase shares of firms seen as “strategic firms” on the verge of bankruptcy.

Slovakia

There was similarly little activity in Slovakia. Only one action related to foreign direct investment. In May 2015 the government sold its remaining 49% stake in Slovak Telecoms. The purchase gave Deutsche Telekom full ownership of Slovak Telekom.

Robert Fico, head of SMER-SD, has been known as a strong proponent of state involvement in the economy. In October of 2012, Robert Fico’s government in Slovakia proposed to renationalize two private health insurers in order to recreate a state-owned healthcare system. The move was motivated, according to Fico, by a rejection of “the notion of private health insurers making profits from taking public money and then using those profits to realise their ideas of a luxurious lifestyle” (2012). In fact, Fico had in 2007 introduced a ban on health insurers making a profit but the law was challenged by a Dutch insurer and declared unconstitutional by the Slovak Constitutional Court. Fico also stated that he would expropriate if the firms did not accept an offer from the government. Ultimately, however, these plans were

dropped due to lack of state funds.

Bulgaria

Bulgaria offers an interesting contrast to the above mentioned cases. Despite it’s vocal support of foreign investment, The GERB government has taken measures to limit privatization and the entrance of foreigners. In October 2013, the Bulgarian National Assembly adopted a resolution extending the ban on the sale of agricultural land to foreigners until 1 January 2020. This measure was, however, found to be unconstitutional. In July 2016 the Parliament amended the “Privatization and Post-Privatization Control Act” to include three defense suppliers (Kintex, VMZ Sopot and NITI) on the list of state-owned enterprises not subject to privatization. The Government has written in its reasoning for the bill that defense product exporter Kintex and ordnance manufacturer VMZ Sopot are of structural significance for the national defense industry and constitute an important element of the nation’s security, economy and presence in strategic markets.

However, alongside these moves the government embarked on an aggressive program to attract foreign investors. In 2010, the GERB government adopted amendments to the Regulations for the Application of the Investment Encouragement ACT, which provided for state aid to foreign investors, reimbursing up to 50 percent of their spending on educational, research and development activities, and additionally providing a 10 percent subsidy for investments in processing industries. In 2011 it sold shares in 25 countries, making progress on what was seen as a much needed privatization process. In 2012, the government amended the Bulgarian Investment Promotion Act to provide stimulus for investors in the form of coverage of social security payments for up to two years. The following year it introduced a new Investment Promotion Act in 2013 that made citizenship possible for investors. Although Bulgarian citizenship may not seem very appealing, it was in fact a backdoor to an EU area passport for many foreign investors.

Bulgaria’s GERB governments also engaged or considered two renationalizations. In February 2013, massive protests erupted in Bulgaria over high energy prices with protestors demanding renationalization. The government’s finance minister, Simeon Djankov, ruled out the possibility. The issue came up again in April 2018 when one of the three main energy suppliers, Czech state-owned company CEZ, was negotiating the sale of its Bulgarian holdings and the then Finance Minister and Prime Minister briefly proposed a government stake. This idea, however, was short-lived. Moreover, the intention was quite different from renationalizations in other countries. As the finance minister at the time, Vladislav Goranov, said, “The consolidated position of all who attended the meeting [on 1 March] was that we do not consider the inclusion of the state as part of this deal as the optimal method for the state to defend the public interest,” .

As Goranov made clear, the government's interest in this nationalization was unnecessary because of other regulatory mechanisms in place that would protect Bulgarian electricity consumers from excessive price increases.

In July 2014, the government took control over Corporate Commercial Bank and its subsidiary after determining that the bank suffered from insufficient liquidity. The Bank's shareholders included the Oman sovereign wealth fund (30%) and a Russian bank, VTB (10%).

Romania

Romania offers an interesting contrast. Romanian governments have been involved in both renationalizations and regulation of foreign investors although they have done little in both areas. According to Wellhausen (The Shield of Nationality, CUP, 2014, p.192), renationalization has occurred in Romania in 18 of 352 privatizations to foreign investors by 2009. However, as she points out, foreign investors have been involved in the purchase of some of the largest and most visible firms and these actions have both high visibility and significance. Nevertheless, at around 5% of the total, it is hard to make the case that this is a frequent occurence but it has occurred.

Since 2017, the governing PSD has been rumored to be working on a project to nationalize the private pension system (pillar II) and in April 2018, the Prime Minister Viorica Dancila announced that the government was working on a new law package that, without providing many details, might allow Romanians to contribute solely to the public pension system (pillar I).

In June 2016 the Parliament amended Law 321/2009 "On the sale of food products". The amendments mandated that retailers having an annual net turnover or owning assets representing more than EUR 2 million would be obligated to purchase 51 per cent of the products belonging to the category of meat, eggs, vegetables, fruits, honey, dairy and bakery products, from local producers. In addition, retailers would have the obligation to (1) ensure distinct exhibition and selling spaces for the Romanian products and (2) organize events for the promotion of Romanian food products, according to a schedule to be established by the local authorities. The Law was signed by the Romanian President in July 2016.

Summing up, Poland and Hungary are the countries that have most aggressively pursued anti-FDI measures in the form of barriers and renationalizations. As noted above, not all of this activity occurred during governments of the new right. In Poland, the Civic Platform government that was in power before the anti-globalization PiS engaged in some measures but their efforts were, nevertheless, quite modest. The bulk of activity on behalf of Poland's PiS government came in the form of FDI regulation enacted in 2016 with very little activity since. While PiS' rhetoric against FDI was prominent, there was relatively little action. Hungary's Fidesz, on the other hand, was most aggressive of the cases under examination. Viktor Orban's government in Hungary used some barriers early on and pursued several renationalizations although most of the

planned renationalizations were abandoned. This activity took place in the context of numerous measures to support FDI.

In contrast to Hungary and Poland, the other countries have not attempted to re-shape their relationship with foreign investors. Bulgaria undertook more supportive action than it implemented obstacles. Arguably the supports were more significant to foreigners than the obstacles. Romania's sole FDI measure had to do with supermarket purchases from local suppliers. While this was a significant and visible affront to the foreign supermarket chains that dominate the retail landscape in Romania, it was the sole act. Slovakia and the Czech Republic, by contrast, pursue no anti-FDI measures. Overall, the difference between the countries where right party programs were generally supportive of foreign investors and economic openness - Bulgaria and Slovakia - and those where political parties made attacks on foreign investors a part of their program - the Czech Republic, Hungary and Poland - were rather limited.

Conclusion

How should one interpret the limited difference in regulatory activity between these two groups? I argue that the demi-globals - Hungary, Poland and, with less commitment, the Czech Republic - are seeking to rebalance their relationship with the global economy. Evidence for this is seen in the limited measures that they do take. While these may not be all that significant in their impact on the operation of their domestic economies, they reflect a shift in vision. This new vision is one in which the primary exponents view themselves as able to reshape their relationship with the global economy by using policy measures. While their leaders may sometimes claim a more radical approach, their actions speak louder than their words. In fact, they remain eager and mindful of the opinions of foreign investors about the attractiveness of their economies at the same time as they seek to put domestic economic actors ahead of foreign firms.

This is an important finding at a time when the non-economic policies of these governments have done more than raise eyebrows. Both PiS and Fidesz, as well as some of their pro-global neighbors, have made sharp statements about immigration, developed ties with radical right and nationalist groups, and engaged in alarming reforms to eviscerate checks on their power. Constitutional reform in Hungary and the attempts to pack the Supreme Court in Poland are just two examples. However, their actual policy moves in the area of foreign investment regulation, as opposed to their rhetoric, reveals a continued sensitivity to global economic forces. Instead of rejecting the global economic order, as they sometimes claim, politicians of the new right seem to be seeking ways to manage or shift their relationship with it. In the process, they end up mixing (often clumsily) anti-globalization and anti-liberal policies with international trade. At times this is the product of ongoing internal debates and divisions with a particular political party about the correct balance between pro- and anti-global policies.

As the policy products of the new right analyzed above show, the most recent wave in the emergence of right-wing nationalist parties differs from previous waves and we should not expect their emergence to result in a turn to traditional economic nationalist policies. Instead, these parties seek to redefine their relationship with the global economy into one where the state plays a much more active role in what may be called a kind of "pragmatic nationalism".

I do not mean to suggest that pragmatic nationalists are somehow more appealing than pure nationalists. However, their pragmatism suggests that economic pathways continue to be an important means of influencing these governments. In light of the above, international reaction to their policies including declining portfolio investment, declining foreign capital portfolio investment and sliding scores in indices like the World Bank's Doing Business have the potential to influence their policy-making despite their sometimes alarming rhetoric.

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