

# INTERNATIONAL NORMS, RECIPROCITY, AND PUBLIC DEMAND FOR HOME-COUNTRY REGULATION OF MULTINATIONAL FIRMS ABROAD\*

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## Abstract

Vastly increased transnational business activity in recent decades has been accompanied by controversy over how to cope with its social and environmental impacts, particularly in the context of firms from high-income countries operating in less developed nations. The most prominent policy response thus far consists of new international soft law, e.g. the UN Guiding Principles on Business and Human Rights. It remains open, however, whether and how such soft law could bring about more responsible corporate behavior abroad. We submit that the most effective mechanism to this may operate through stricter home-country regulation of corporate behavior abroad. Exploiting a unique national initiative on this subject in Switzerland, we use a choice experiment with a large representative sample of

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voters (N=3010) to study public demand for such regulation. Contrary to conventional wisdom emphasizing competitive disadvantages from unilateral regulation in this area, our results show that citizens prefer very strict and unilateral rules, while correctly assessing their consequences – mechanism tests with survey-experimental vignettes reveal that citizens are aware that such rules would be costly and entail competitive disadvantages, but would be more effective in tackling the problem, and be normatively appropriate and reputation enhancing for the country. Moreover, exposure to information highlighting international norm-setting in this area leads to even stronger demand for stricter rules. These findings indicate surprisingly strong public support for making international soft law effective via enforceable domestic laws can be high, even though direct regulatory benefits accrue abroad while regulatory costs materialize at home. They also suggest that effectively communicating international norms can enhance this mechanism through which international soft law affects business behavior.

**Keywords:** international norms; international organizations; United Nations; extra-territorial regulation; public opinion survey; conjoint experiment

## 1 Introduction

Rapidly increasing economic openness has led to ever longer and more complex global supply chains to reach unprecedented levels in terms of length and complexity (Ruggie 2018). The UN Conference on Trade and Development (UNCTAD) estimates that around 80% of goods traded globally are embedded within the supply chains of multinational enterprises (MNEs) (UNCTAD 2013: 135). Overall, approximately one in seven jobs – not counting informal labor – is related to these production networks (ILO 2015, 2016). The volume of transnational business and the corresponding expansion of production activities onto all continents has spawned dramatic changes in societies around the globe (see Melkonian-Hoover 2012; Mosley and Uno 2007; Mosley 2017; Ruggie 2013). Such transnational business activities have contributed enormously to economic growth and increases in aggregate welfare (Ben-David and Loewy 1998; Dollar and Kraay 2004; Sala-i-Martin 2006). Yet, they have also caused major environmental (Copeland and Taylor 2003; Spilker, Koubi and Bernauer 2017) and social problems (Stiglitz 2017; Walter 2017; Yeates 2002). Child labor, deforestation, and water and air pollution, and climate change are among the most prominent issues in this regard. Moreover, since pollution-

and labor-intensive production have in tendency moved from richer to poorer countries, the negative environmental and social impacts of increased global production networks have accumulated primarily in poorer countries (see Aklin 2016; Christensen 2019; Jorgenson and Burns 2007; Kolcava, Nguyen and Bernauer 2019; Özler and Obach 2009; Peters et al. 2011). Though many scholars and policy-makers expected that economic globalization would lead to convergence in social and environmental regulatory standards among countries (see Berger and Dore 1996; Perkins and Neumayer 2012; Prakash and Potoski 2006, 2017; Vogel 1995), large heterogeneity persists (Brunnermeier and Levinson 2004; Frey, Gellert and Dahms 2019; Kanemoto et al. 2014). Not surprisingly then, current research on environmental footprints suggests that today's rich countries have achieved much higher levels of environmental quality within their national boundaries by geographically dissociating consumption from production and importing a large share of polluting goods from abroad (Jorgenson and Rice 2005; Lutter et al. 2016; Peters et al. 2011; Weinzettel et al. 2013).

This constellation of relative costs and benefits associated to economic globalization leaves the international community of states in a dilemma. How should all countries reap the benefits from economic globalization while the adverse side effects thereof are distributed lop-sidedly and appear to accrue disproportionately in poorer countries?

The prevailing response by the international community to date has been to issue 'international soft law'<sup>1</sup>, such as global standards, guidelines, and best practice suggestions (Lambin et al. 2018; OECD 2018; UNEP 2011; United Nations 2011). In general, those standards, guidelines, and suggestions highlight the responsibility of multinational enterprises (United Nations 2003, 2004, 2011; Ruggie 2018)<sup>2</sup> to conduct business in a 'diligent' manner on the one hand, and urge nation states to introduce binding standards for corporations domiciled in their jurisdiction on the other hand (see e.g. United Nations 2011: p.5).

The UN Guiding Principles on Business and Human Rights, the most prominent effort of this kind, call upon states to ensure the conformity of domestic firms with fundamental human rights when operating abroad. This implies that, when following the UN Guiding Principles, states influence and potentially regulate the extra-territorial behavior of

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<sup>1</sup> "Soft law is most commonly defined to include hortatory, rather than legally binding, obligations." (Guzman and Meyer 2010: p.172)

<sup>2</sup> Corporate groups, which "usually comprise companies or other entities established in more than one country and so linked that they may coordinate their operations in various ways."(OECD 2011: p.17)

companies (see, Jensen and Malesky 2018).

How effective international soft law is, or could be, in curbing negative environmental and social impacts of transnational business activity remains controversial (Goldsmith and Posner 2005; Guzman and Meyer 2010; Hafner-Burton 2008) . This controversy is rooted in one of the longest-standing debates in International Relations, that is, the debate over whether international organizations and agreements can induce changes in state behavior, or whether they mainly echo what states would do anyhow because it is in their best interest (Simmons 2010; Terman and Voeten 2018; Waltz 1979). Building on various theoretical arguments on how international norms may influence state behavior (Börzel 2001; Bull 1977; Checkel 1999; Chilton, Milner and Tingley 2017; Cortell and Davis Jr. 2000; Finnemore 1996; Kelley and Simmons 2015; Kertzer et al. 2014; Kertzer and Rathbun 2015; Risse, Ropp and Sikkink 1999; Tallberg 2002/ed; Thomas 2001; Wendt 1992), we theorize that an important mechanism through which international soft law may ultimately affect transnational business behavior runs through the domestic level, and that public opinion plays an important role in this respect. Specifically, we submit that international soft law on transnational business activity can impact domestic regulation of home country firm behavior abroad. We assess the empirical plausibility of this argument based on a survey experiment focusing on public support for a proposal to enact binding national rules for MNE behavior abroad along the lines of the UN Guiding Principles.

While various countries are considering new legislation along these lines (e.g. UK’s ‘modern slavery act’, France’s ‘duty of vigilance’ act), we focus on what in our view is the most paradigmatic case at this point in time. Our aim is to assess the proposed argument in one specific empirical country case and hope that this will open up a new line of research, with similar empirical research in other country contexts. In our case, the “Responsible Business Initiative” (see Appendix Section A.1), Swiss voters are asked to decide on a proposed law that would impose much stricter due diligence standards on Swiss companies operating abroad, and would make them liable (in Swiss courts) for social and environmental damage caused abroad. This case allows us to explore the full policy space between stringent vs. lenient and unilateral vs. multilateral policy options in a very realistic setting. Given the fact that the Swiss economy is very open and the country hosts many MNEs, policy-choices in this setting are also highly relevant in economic terms, which then involves clear trade-offs between economic and normative

considerations <sup>3</sup>.

We implemented conjoint experiments with a large representative sample of Swiss citizens (N=3010) to assess the extent to which public support for stricter regulatory standards for Swiss MNEs abroad depends on policy stringency and reciprocity, and how much the context of UN norms in this area affects preference formation.

The empirical findings show that when asked to decide between costly but effective (stringent rules, unilaterally implemented) or not costly, but hardly effective policy (lenient rules, conditional on compliance of other states), citizens clearly prefer highly stringent and unilateral domestic regulation. This implies that Swiss citizens have to a considerable degree internalized the UN norms. Moreover, a ‘norms signal’ highlighting the core elements of the UN Guiding Principles increases support for regulating corporate behavior abroad. We also find that citizens correctly assess the likely consequences of such regulatory change for the business environment and policy effectiveness. Another important finding is that the international norm signal affects both citizens’ considerations with respect to material and non-material consequences of norm compliance. This suggests that citizens evaluate international norms both from a consequentialist logic (i.e. economic costs) and a logic of appropriateness (i.e. normative considerations).

Besides informing debates about how international soft law may affect state behavior and transnational business activity, our research also speaks to other debates in International Relations. Our results corroborate prior literature suggesting that international reciprocity may not be as important a determinant of public support for compliance with international norms and agreements as collective action and public goods theory suggests (Bechtel and Scheve 2013; Bernauer and Gampfer 2015; Chilton, Milner and Tingley 2017; McGrath and Bernauer 2017; Tingley and Tomz 2014). They also show that citizens do respond to international norms being made explicit, which supports recent arguments put forward by Kreps and Wallace (2016). They also contrast with recent concerns regarding the capabilities of the mass public to evaluate signals by international organizations and to assess potential consequences for ensuing policies correctly (Bearce and Cook 2018).

In the next section of the paper, we present our theoretical arguments, followed by the research design and empirical results, before discussing our findings.

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<sup>3</sup> Switzerland’s trade amounts up to around 115 percent of GDP (Ley 2018). Further, estimations find that MNEs make up around 35% to 42% of Swiss corporate tax income and around 11% of Swiss employment (Walser and Bischofberger 2013). In particular, Switzerland is home to around 500 companies active in the natural resource business (minerals, agricultural goods etc.) (Federal Department of Foreign Affairs FDFA 2013)

## 2 Theory

(Non-)compliance of states with international rules can be explained from different angles, which partly overlap in their logic (Börzel et al. 2010). Neorealists refer to the structure of the international system (Waltz 1979); rational choice theorists highlight the presence of sanctioning mechanisms (Guzman 2008); constructivists rely on legitimacy perceptions and appropriate action (e.g., Sutinen and Kuperan 1999) (cf. the so-called ‘Helsinki effect’ (Risse, Ropp and Sikink 1999; Thomas 2001)). Managerial theories emphasize implementation capacity (e.g., Linos 2007). Realist and liberal approaches draw on a policy preference perspective and/or domestic compliance costs perspective (e.g., Moravcsik 1997; Schimmelfennig, Engert and Knobel 2003; Moravcsik 1995).

Building on this earlier work, we take the domestic “game” in foreign policy-making seriously – we thus argue that citizens’ preferences play an important role when trying to understand variation in compliance with international rules. This is particularly so where soft law is concerned (Skjærseth, Stokke and Wettestad 2006; Newman and Posner 2016), as non-binding and non-enforced norms, such as the the UN Guiding Principles on Business and Human Rights, leave states free to decide whether and how they take-up these norms in domestic political practice. First we derive expectations from a rational choice perspective and then identify specific subpopulations that are likely to form preferences under a logic of appropriateness (implying high norm compliance and stringent policy implementation) as opposed to a logic of consequences (implying low levels of norm implementation and low burden for domestic companies). We then argue that a norms signal by an international institution could increase support for norm-upholding, though costly, behavior.

### 2.1 Citizens’ preferences on norm implementation

We derive baseline expectations with a simple rational choice argument in mind. Assuming ego- and/or socio-tropic decision-making, we expect that citizens undertake, albeit mostly in very rudimentary form, a cost-benefit analysis for themselves and/or their home country and form policy preferences based on expected policy consequences (Tingley and Tomz 2019). In our case the direct benefits appear to accrue mostly abroad (protection of human/labor rights and the environment there), citizens are unlikely to have a manifest incentive to support the implementation of international soft law via (hard) domestic law.

When encountering our choice experiment on preferred policies, they should thus be likely to opt for policies that prioritize low implementation costs for the domestic economy. We thus expect that:

**Hypothesis H<sub>1</sub>:** Citizens express more support for policies that imply a low burden for domestic companies (i.e., low stringency levels and high international reciprocity requirements).

However, material (economic) cost-benefit analysis is not the only logic that may guide citizens' policy preference formation (Lupia 2016). March and Olsen (2009) have prominently argued that under certain conditions citizens can put a logic of consequentiality (i.e. calculation of self-interest) aside and decide under a logic of appropriateness – i.e. decide based on what is perceived as rightful (March and Olsen 2011). Similarly, theories of regulatory compliance (Sutinen and Kuperan 1999; Tyler 2006) highlight perceptions of moral obligation and social influence in decision-making. Such a perspective – where norm compliance is valued as such – is widely regarded as an important explanation for compliance with international soft law, i.e. in the absence of binding enforcement mechanisms. This means that normative considerations may cut against Hypothesis H1 and it remains empirically open which average public support levels we observe.

Moreover, as highlighted by March and Olsen (2011) and empirically explored by e.g. Bearce and Cook (2018) and Kertzer et al. (2014), specific individual characteristics may influence citizens' policy support as well. March and Olsen (2011: 12) note a tension “between the role- or identity-based logic of appropriateness and the preference-based consequential logic.” We will seek to identify subgroups of citizens whom we expect to be more inclined to decide under the former compared to the latter logic. For the former, we identify respondents who hold strong other-regarding and pro-environmental values. For the latter, we identify individuals who are geographically proximate to Swiss multinational enterprise headquarters – as tax and employment consequences are very localized in the Swiss context, any egotropic or sociotropic decision on this business environment has stronger consequences for these individuals. We thus expect that:

**Hypothesis H<sub>2</sub>:** Comparing individuals with a high opposed to a low likelihood of deciding under a logic of consequentiality (appropriateness), we expect higher (lower) support for policies that place a low burden on domestic companies (i.e., low stringency

levels and high international reciprocity requirements).

A precondition for the above-mentioned logics to play out is that citizens are capable of making an accurate assessment of policy consequences. We will thus use vignette experiments to identify the consequences citizens associate with different types of policy combinations. Particularly, we will assess perceptions of cost implications, policy effectiveness, and policy appropriateness. We hypothesize that citizens are, by and large, able to correctly infer policy consequences and hence that the public response can be interpreted as a reasoned choice.

## **2.2 How international norms guide citizen preferences**

The arguments so far speak to a situation where some political actors (e.g. policy-makers, civil society) are proposing a new domestic law that reflects the norms expressed in international soft law. However, the above hypotheses do not focus directly on whether international norms per se affect preference formation at the domestic level. How are international norms and domestic preference formation likely to relate to each other? On the one hand, any given domestic preference will, via international negotiations among domestic agents, feed into international norm setting. On the other hand, international norm setting is likely to influence domestic preference formation. The broad public may internalize international norms, which might increase domestic political pressure on the government to comply with such norms (Ausderan 2014; Finnemore and Sikkink 1998; Risse, Ropp and Sikkink 1999; Thomas 2001). International norms may trickle down into the domestic sphere and lead to public opinion shifts in congruence with international norms (see Tingley and Tomz (2019)). There is, however, no consensus in the existing literature on the conditions under which public opinion on foreign policy is responsive to such international norm signals. For instance, Chilton and Versteeg (2016) show that priming citizens with information on how torture violates international law does not decrease support for the application thereof. Kreps and Wallace (2016), however, demonstrate the opposite for drone strikes in counterterrorism operations. Further, Bearce and Cook (2018) note that responsiveness to IGO signals is conditional on individual predispositions, such as knowledge and prior attitudes regarding a particular IGO. Hence, we will assess whether an international norm signal affects public opinion and shifts preferences towards domestic compliance with the international norm – and why such changes may



occur.

Following March and Olsen (8 2011), a precondition for a logic of appropriateness to operate is that a norm is set “by a dominant institution that provides clear prescriptions and adequate resources, i.e. prescribes doable action in an unambiguous way.” This fits well with our empirical case – the UN Guiding Principles are set by a highly reputable institution in an unambiguous and prescriptive manner (United Nations 2011). We hence expect that:

**Hypothesis H<sub>3</sub>:** Exposure to an international norms-signal is likely to enhance preference formation under a logic of appropriateness and hence increase support for domestic policy in line with this norm (i.e., stringent regulation of MNEs, irrespective of international reciprocity).

Finally, we will assess the mechanisms through which an international norms-signal affects public opinion. Some previous research shows that reciprocity can drive public opinion on international cooperation (e.g. Chilton, Milner and Tingley 2017; Tingley and Tomz 2014), though other research find that citizens do not mind unilateral policy (e.g. Bernauer and Gampfer 2015; McGrath and Bernauer 2017). We argue that an important and so far overlooked mechanism by which international reciprocity affects policy preferences is the interaction of reciprocity with international norm compliance. The latter can entail much higher gains (e.g. reputational gains, or unconditionally upholding a moral standard) if unilaterally adopted. We will therefore examine whether citizens attach differential evaluations to the costs and benefits of policies after being exposed to an international norms signal.

### 3 Research design

The research design for our study relies on combining a conjoint experiment (Hainmueller and Hopkins 2015; Hainmueller, Hopkins and Yamamoto 2014) with two vignette experiments (Chong and Druckman 2007; Mutz 2011), all of which were embedded in a survey implemented in Switzerland between November 6 and November 28, 2018. The survey was implemented through Intervista’s online panel.<sup>4</sup> Intervista maintains one of the largest

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<sup>4</sup> <https://www.intervista.ch/about/?lang=en>

online survey panels in Switzerland<sup>5</sup>. The quota sample (N=3010) consisted of Swiss citizens eligible to vote (18 and older). We ensured representativeness with respect to known distributions in the Swiss population by implementing interlocked quotas on age and gender as well as quotas on education and regional provenance of survey participants. Due to different languages in Switzerland, we fielded the survey in the three major languages: German, French and Italian. The survey instrument was approved by (...)’s IRB. The survey included an additional experimental part that is not the subject of the analysis here. The order of the two experimental parts was randomized between respondents, which allows us to rule out carryover effects (cf. Appendix Section A.3). In the following, we elaborate on the experimental survey components in the order they were administered to respondents: a norms treatment highlighting the UN Guiding Principles; a conjoint experiment on preferred regulation for Swiss MNEs operating abroad, with regulatory stringency and reciprocity requirements as the key attributes; and a vignette experiment on hypothetical policy implementation followed by questions on expected policy consequences.

### 3.1 Norms treatment

The first experimental component is a vignette that allows us to assess whether an international norm signal (and the ensuing awareness of international soft law in this area) affects preferences on the regulation of Swiss MNEs. We thus compare responses in the subsequent conjoint experiment and to the subsequent policy vignettes by respondents receiving or not receiving the norms treatment. In line with HH<sub>3</sub>, we expect that participants who received the norms treatment will express more support for unilateral and stringent policy options. The norms treatment was administered randomly to half of the survey participants. It contained a brief text highlighting the core elements of the UN Guiding Principles on Business and Human Rights. Specifically, the norms treatment outlined the key principles of “Protect, Respect and Remedy” (United Nations 2011) along with the non-binding nature of the Guiding Principles (our translation from German):

“The impetus for the debate on a new Swiss law comes from the UN, the  
“United Nations”, to which practically all states in the world belong. The UN

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<sup>5</sup> According to recent evidence, survey company pools can be comparable to pure random samples in terms of representativeness of the general population (Ansolabehere and Schaffner 2014; Baker et al. 2013)

has established the following basic standard for the behavior of companies:

- All countries in the world have a duty to ensure that their companies act responsibly everywhere, including abroad.
- In concrete terms, this means that companies must respect global environmental standards and human rights worldwide.
- It also follows that all people worldwide have a right to compensation for damage caused to them by a company.

Whether and how this UN basic standard is implemented, for example in the form of a new law, is left to the individual countries.”

We refer to this vignette treatment from here on as the ‘norms treatment’.

### 3.2 Conjoint experiment

The second experimental component is a conjoint experiment. It allows us to investigate preferred policy with respect to stringency and reciprocity (Hypothesis H<sub>1</sub>). We confronted respondents with three choice tasks. In each task, they had to choose between two policies, A and B, for regulating Swiss corporations with locations abroad and rate these policies individually (7-point scale). Figures 1 and 2 illustrate such a choice task.

	<b>Policy A</b>	<b>Policy B</b>
Switzerland obliges its companies	only if other industrial countries worldwide do so as well	only if Western industrial countries do so as well
Content of the proposed law:	Public, detailed report and more stringent liability in Switzerland	Public, detailed report

**Figure 1:** This figure illustrates how the policy options were presented to survey participants (our translation from the German original). A full screenshot is included in the Appendix, see Appendix Figure A.1.

On a scale from 1 (totally against) to 7 (totally in favor) how strongly are you in favor or against:

	Totally against				Totally in favor		
	1	2	3	4	5	6	7
Policy A	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Policy B	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If you had to decide between the two policy proposals in a referendum today, which policy would you rather accept?

<input type="radio"/> Policy A	<input type="radio"/> Policy B
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**Figure 2:** This figure illustrates the rating question as well as the choice task, survey participants were asked to complete (our translation from the German original). A full screenshot is included in the Appendix, see Appendix Figure A.1.

Policy proposals in the experiment differ on two dimensions: reciprocity and stringency. The reciprocity attribute indicates whether Swiss policy would be implemented conditional on other countries’ engagement, or unilaterally (unconditionally). The stringency attribute indicates how stringent (or lenient) the new policy would be. We ensured that participants understood these policy dimensions and the corresponding expressions on these attributes by providing them with a detailed description of each attribute. Policies A and B finally displayed to respondents were randomized draws from the full set of levels. Note that in the conjoint table, participants were displayed shortened versions of the attribute levels. See Appendix Section A.4 for a translation thereof.

The three levels for the reciprocity attribute were the following:

*Option 1: Switzerland obliges its companies in any case, no matter what other industrial nations do.*

(referenced in the Results Section, Tables and Figures as “In any case” level of the reciprocity attribute.)

*Option 2: Switzerland obliges its companies only if Western industrial nations do the same, i.e. if countries in Europe and North America, e.g. Germany and the USA, also oblige their companies.*

(referenced in the Results Section, Tables and Figures as “Western economies” level of the reciprocity attribute.)

*Option 3: Switzerland obliges its companies only if industrial nations worldwide do the same, i.e. if countries in Asia, America and Europe, e.g. China, Brazil, the USA or Germany, also oblige their companies.*

(referenced in the Results Section, Tables and Figures as “Economies worldwide” level of the reciprocity attribute.)

The stringency dimension included information on what type of obligation would be created for Swiss firms. We chose attribute levels such that they mirrored the policy debate in the Swiss parliament and the media surrounding the Responsible Business Initiative (see Section 1, Appendix Section A.1).

*Option 1: Participation in regular discussions on the subject on how people and the environment can be better protected abroad, organized by business associations and the State Secretariat for Economic Affairs.*

(referenced in the Results Section, Tables and Figures as “Round table” level of the reciprocity attribute.)

*Option 2: Public, detailed report by companies about their locations abroad, which describes the risks to people and the environment abroad and the measures taken by the company to counter them.*

(referenced in the Results Section, Tables and Figures as “Public report” level of the reciprocity attribute.)

*Option 3: Public, detailed report as above and more stringent liability in Switzerland, so that companies can be brought to court in Switzerland for damage to people and the environment that they may cause abroad. Up to now, this is only possible locally abroad.*

(referenced in the Results Section, Tables and Figures as “Liability” level of the reciprocity attribute.)

### **3.3 Perceptions of expected policy consequences**

The third experimental survey component is a vignette experiment. With this, we seek to assess perceptions of the consequences of compliance with international soft law. This helps us address the mechanisms underlying Hypothesis H<sub>1</sub> and Hypothesis H<sub>3</sub>. After respondents had completed the conjoint experiment, we displayed a specific policy proposal, framed as a hypothetical outcome of a national vote on the issue. This was again an randomized draw from the set of conjoint attribute levels (9 vignettes (2 dimensions

with 3 levels each)). The text below illustrates this vignette (see Appendix Section A.5 for all vignettes).

“Let us assume that a federal referendum had taken place and that a new law with the following content had been adopted and would now be implemented: In any case, Switzerland obliges its companies to provide greater protection for people and the environment abroad. Companies must prepare a publicly accessible, detailed report on their locations abroad. In addition, Swiss companies can be brought to court not only abroad but also in Switzerland for damage to people and the environment caused abroad.”

Respondents were then asked to indicate their agreement or disagreement with regard to a battery of statements on potential policy consequences (on a 5-point Likert scale). We asked for perceptions of cost implications (absolute (Is the policy “costly for companies”) and relative costs (“disadvantages domestic firms”)). We asked for policy effectiveness (Is the policy “reducing harm for the environment and people by Swiss firms” and an “expert solution”?). And we asked for policy appropriateness (Is the policy “doing the right thing”, no “windowdressing”, or increasing “country reputation”?). See Appendix Section A.5 for the full wording of those survey items.

### 3.4 Economic consequences and post-material values

To assess whether individual characteristics moderate the effect of international norms (cf. Hypothesis H<sub>2</sub>), we identify respondents for whom the logic of consequentiality should matter more and respondents who seem more likely to form preferences according to a logic of appropriateness.

We identify the former by geo-coding respondents’ location as indicated by their zip code. We also geo-code the location of Switzerland’s 500 largest corporations’ headquarters as provided by the *Handelszeitung*, a leading Swiss weekly business newspaper. This information allows us to quantify survey participants’ spatial distance to these firms’ locations.<sup>6</sup> With this we approximate the local impact and visibility of potential economic consequences of regulation for corporations, such as for instance companies relocating to

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<sup>6</sup> Our measure is the sum over the inverses of the squared distance of the 500 MNEs’ headquarters to the centroid of a respondents ZIP-code.

countries with more lenient laws and local job losses and state and community tax revenue consequences in the process.

To identify the latter, we measure the respondents’ concerns for the environment and for living conditions in developing countries. We collected the data on respondents’ environmental concern by implementing the scale pioneered by Diekmann and Preisendörfer (2003). We also construct a similar set of items following the item wording of Diekmann and Preisendörfer (2003), adapting it to concern for social conditions and poverty in developing countries. We then perform a principle component analysis on the environmental and social concern survey items and extract the first component based on rotated factor loadings. Based on a screen plot, we decided to extract one factor only. We then split this first component into quintiles to define respondents with very low to very high levels of social and environmental concern. See Appendix section A.6 for an English translation of the social concern survey items.

### 3.5 Statistical approach

First, we analyzed the data collected in the conjoint experiment by estimating average marginal component effects (AMCEs, see (Hainmueller, Hopkins and Yamamoto 2014)) for both the binary choice and the rating outcome based on the following linear regression model (for the rating outcome in this case):

$$Y_{ijk} = \alpha + R_{ijk}\delta + S_{ijk}\gamma + \epsilon_{ijk} \quad (1)$$

$Y_{ijk}$  represents an outcome measure (e.g. policy rating on a seven-point scale) assigned by participant  $i$  to the  $j$ th policy proposal in the participant’s  $k$ th choice task. The coefficients  $\gamma$  and  $\delta$  indicate the estimators for the AMCEs, depending on the levels of reciprocity  $R$  and stringency  $S$ . Coefficients can be interpreted as the average effect of a change from the baseline attribute level on the rating a policy proposal receives (Hainmueller, Hopkins and Yamamoto 2014). Standard errors are clustered by respondent. For the binary choice task between policies  $k = 1, 2$ , the quantity of interest is the probability of a policy proposal being chosen.

Second, we assess the effect of international norms treatment via a sample split and separate estimation of AMCEs within subgroups. We then test whether coefficients differ between these groups based on a Wald-test. A similar strategy is used to differentiate the

policy evaluation between respondents with high/low environmental/social concern and high/low geographic proximity to corporations.

Third, for the vignette experiment on perceived policy consequences, we estimate again equation 1, with  $m$  outcome variables. Outcome variable  $m$  is a respondents' (dis)agreement on a 5-point Likert scale with one of the statements in a battery of policy consequence items. To account for potential imbalances in respondent characteristics within small treatment sub-samples we control for a vector of socio-demographic and political control variables  $X_i$  in some models.<sup>7</sup>

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<sup>7</sup> Control variables include information on respondents' gender, age group, self-evaluation of personal economic situation, education level, employment status, rurality, language, region of Switzerland, self-placement on left-right scale, party ID, and self-stated usual voting frequency in our model.



## 4 Results

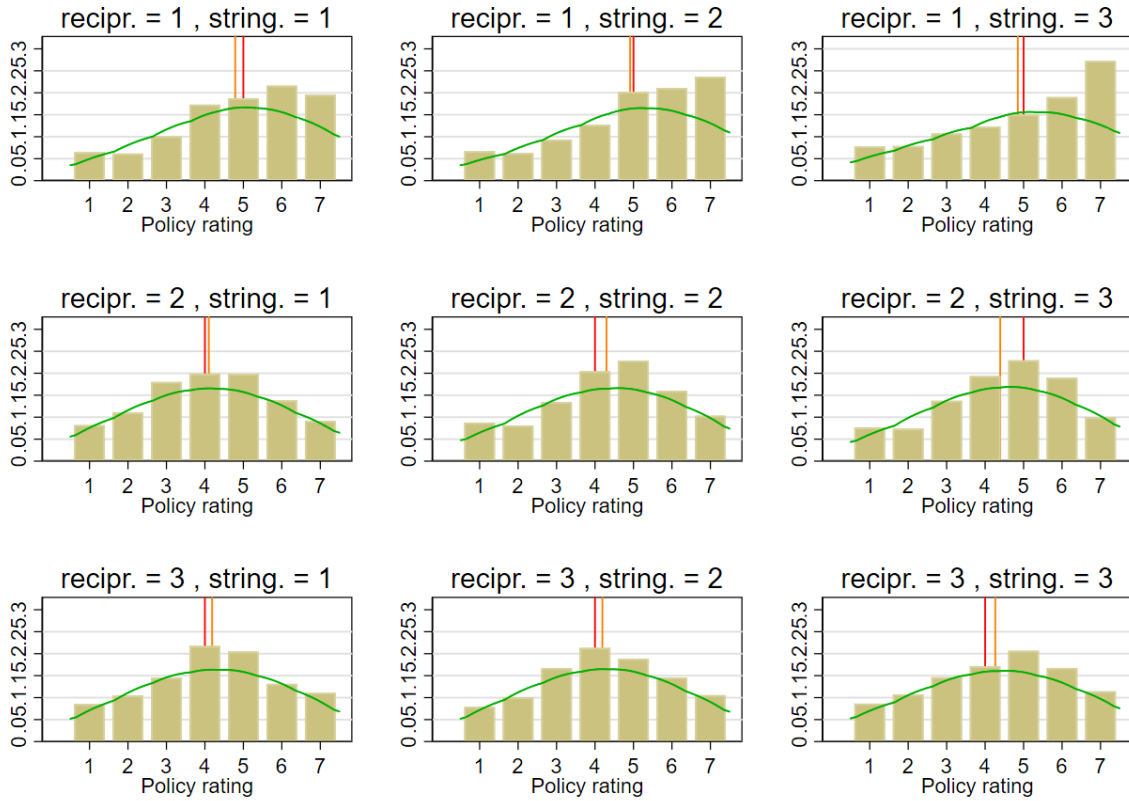
In this section, we first look at the effects of reciprocity and stringency on policy support and the findings from the conjoint experiment, including the question of whether policy support is influenced by a norm signal. We then investigate the effects of stringency and reciprocity on respondent subgroups potentially experiencing heterogeneous economic consequences and differing levels of post-material values. In a final step, we analyze mechanisms that might be driving our findings.

### 4.1 Effects of stringency and reciprocity on policy support

Figure 3 depicts histograms for the distribution of ratings (scale 1 (low) to 7 (high) of policy support) for all combinations of the stringency- and reciprocity-attributes. The distributions are presented for the control group receiving no norms treatment before the conjoint. The same distributions for the subpopulation receiving the norms treatment and for the full sample are presented in Appendix Figures A.2 and A.3. We observe that in all cases both the median (orange) and the mean (red) reach at least a rating of 4. Hence, our survey participants seem to generally approve of regulating Swiss MNE behavior abroad. However, the most striking finding shown in Figure A.3 is that the distribution of the rating is skewed towards the right as the level of reciprocity *decreases*. This implies that respondents rated unilateral policies (top row) considerably higher than policies featuring a reciprocal implementation (mid and bottom row). We observe a similar, albeit weaker, tendency for stringency levels: lax regulation (to the left) received lower ratings than strict regulation (to the right), which means that respondents prefer the Swiss government to enact stronger rules for business behavior abroad.

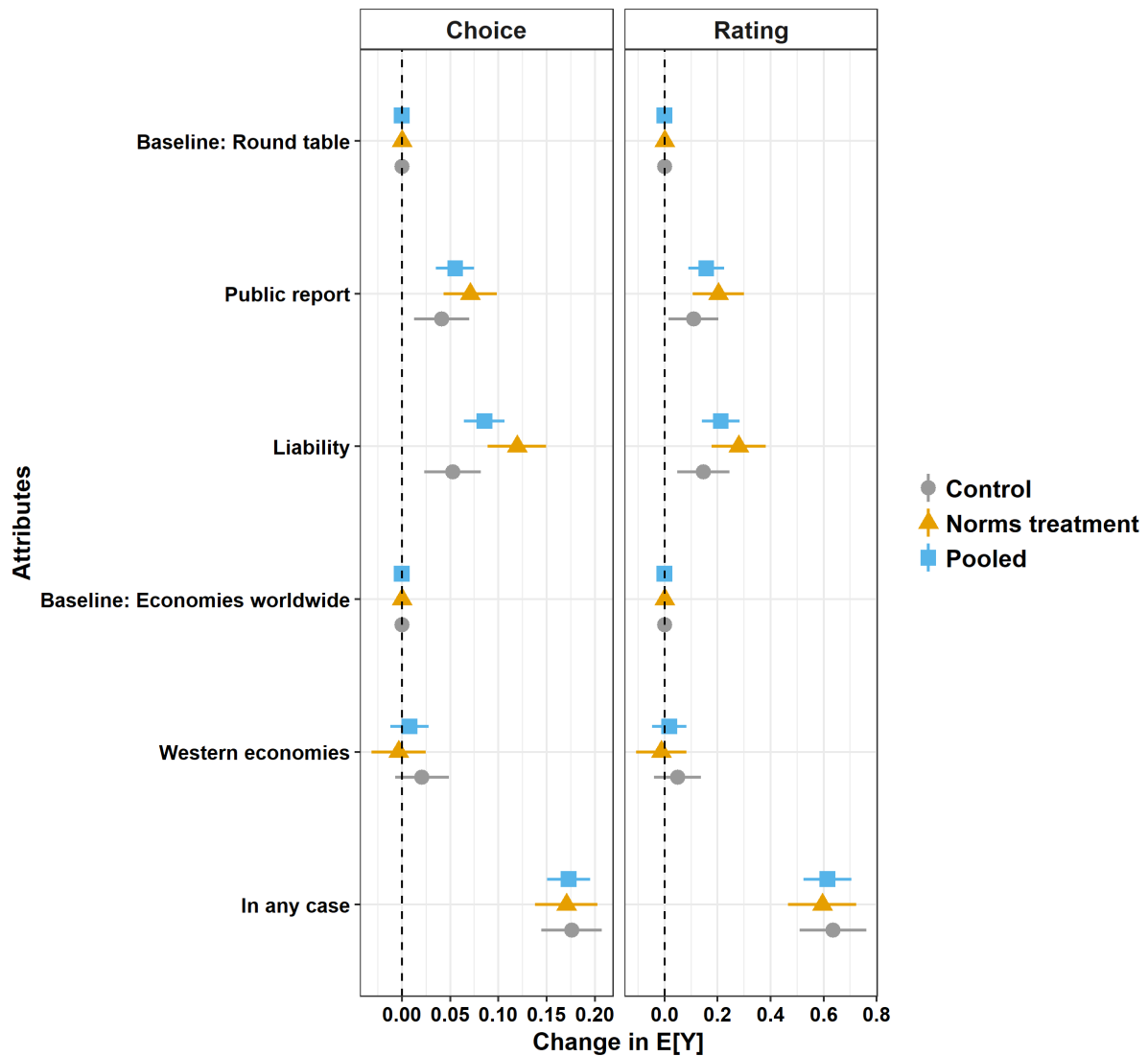
The conclusion that higher stringency levels and lower reciprocity levels lead to increased policy support is in line with our estimates of the average marginal component effects (AMCEs) of the conjoint experiment. Figure 4 presents AMCEs for two dependent variables: policy choice (left panel) and policy rating (right panel; 7-point scale). Coefficients are relative to the baseline levels of low stringency (*Round table*) and high reciprocity (*Economies worldwide*).

Interpreting the treatment effects for the full sample (squares) from Figure 4 confirms the descriptive results in Figure A.3. Unilateral policies – implementing a law on the matter *In any case* and independent of what other countries do – were both substantively



**Figure 3:** Histograms depicting the distribution of ratings for conjoint combinations for the control group subpopulation (i.e. population receiving no norms treatment). All nine possible combinations of the levels of the reciprocity and stringency attribute are shown. Recipr. indicates levels of reciprocity with the following levels as outlined in the Research Design Section: 1 = In any case; 2 = Western economies; 3 = Economies worldwide. String. indicates levels of stringency with the following levels as outlined in the Research Design Section: 1 = Round table; 2 = Public report; 3 = Liability. Added lines: red: median; orange: mean.

and significantly more likely to be chosen and rated higher compared to the alternatives, where implementation was conditional on efforts of *Economies worldwide* or *Western economies*. The probability of a policy being chosen increases by about 17 percentage points if it is unilateral, whereas its rating increases by about 0.6 on a 7-point scale. The effect is highly statistically significant and substantially large. With a baseline policy rating of 4.15, the increase of 0.6 amounts to about a 15 percent rating increase compared



**Figure 4:** AMCEs of conjoint experiment for two dimensions stringency and reciprocity with 95% confidence intervals (respondent level clustered standard errors). Left panel: choice; right panel: rating (7-point scale) as dependent variables. Triangles (circles) display respondents who did (not) see the norms vignette. Squares denote pooled AMCEs for both these groups.

to the baseline. An increase in choice probabilities of 17 percentage points with the *In any case* attribute level is even an increase of 34 percent over a coin-flip probability of 0.5. We find no statistically significant difference between attribute levels for whether policy is conditional on contributions by *Economies worldwide* compared to *Western economies*. Relative to the baseline of *Round table*, citizens prefer a public reporting requirement

for Swiss companies on environmental and human rights due diligence, and even more so a highly stringent liability component by which foreigners could sue Swiss companies before Swiss courts for damages that occurred in other jurisdictions. Increasing stringency from *Round table* to *Public report* or *Liability* has positive and significant effects on choice probability and rating. For the former, choice probability increases by 6 percentage points (rating: 0.16), for the latter by 9 percentage points (rating: 0.21). Effects are highly statistically significant, and the increase from *Public report* to *Liability* is statistically significant as well (though driven by the norms-treatment group). Substantially, the rating increases by 4% and 5%, respectively, from the baseline rating with *Public report* or *Liability* attribute level. Although this is not as strong a change as the change in preferences induced by the reciprocity-attribute, it still amounts to around a tenth of a standard deviation of the rating variable at baseline.

The norms vignette clearly affects citizens' responses in the choice and rating tasks. Average ratings increase by about 0.08 on a 7-point scale with the norms treatment. This is a small (2% of a baseline rating), but still significant effect (on the 5%-level). More importantly, choice probabilities and ratings shift depending on which attribute levels respondents evaluate. Evaluating the reciprocity-attributes is barely altered by the norms vignette. However, respondents choice probabilities for the *Public report* and the *Liability* stringency-level almost double compared to the baseline *Round table*. The former coefficient increases from 4% to 7% (rating: 0.11 to 0.20), the latter from 5% to 12% (rating: 0.15 to 28). Note that the increase is not statistically significant for the increase in the *Public report* coefficient (p-value around 0.15). This implies that respondents' preferences for high stringency policy increase from already high baselines when exposed to norms that align to this stringency.

Overall, these results are partly surprising given our expectations developed in the theory section above. Hypothesis H<sub>1</sub> expects citizens to form preferences based on an economic assessment of policy consequences for the domestic context. Consequently, we expected them to favor a low-cost implementation of the UN Guiding Principles with maximum reciprocity and lowest stringency levels preferred over alternatives. The opposite is the case. Citizens prefer highly stringent and unilateral regulation of MNEs operating abroad. This could imply that citizens did, a priori, not evaluate policy options based on a logic of consequentiality, but have already internalized norms and other-regarding preferences that, when forming and expressing their preference, let them put domestic economic consequences aside.

Such a logic of appropriateness is then further enhanced when citizens are exposed to the norms treatment. As expected from Hypothesis H<sub>3</sub>, citizens prefer on average even stricter regulation after exposure to the norms treatment. We observe a higher preference for strict regulation particularly for the *Liability* stringency level suggesting ‘MNE liability in Swiss courts’ – the most contested issue in the Swiss domestic public debate on MNE regulation abroad. This attribute level increases policy acceptance and rating substantially especially with exposure to the norms treatment. As the norms treatment is akin to the communication of an international norm setting, we interpret the reaction of our respondents as a ‘trickling down’ of international norms into citizens’ domestic policy preference formation. That we observe such a clear effect is surprising given the fleeting exposure to the norm-invoking statement, which highlighted only that the community of states agreed in the UN on basic standards for corporate behavior (in three bullet points it summarized the UN Guiding Principles, cf. Section 4). It is as well surprising given a population that already shows high baseline support for strict governmental regulation of the matter.

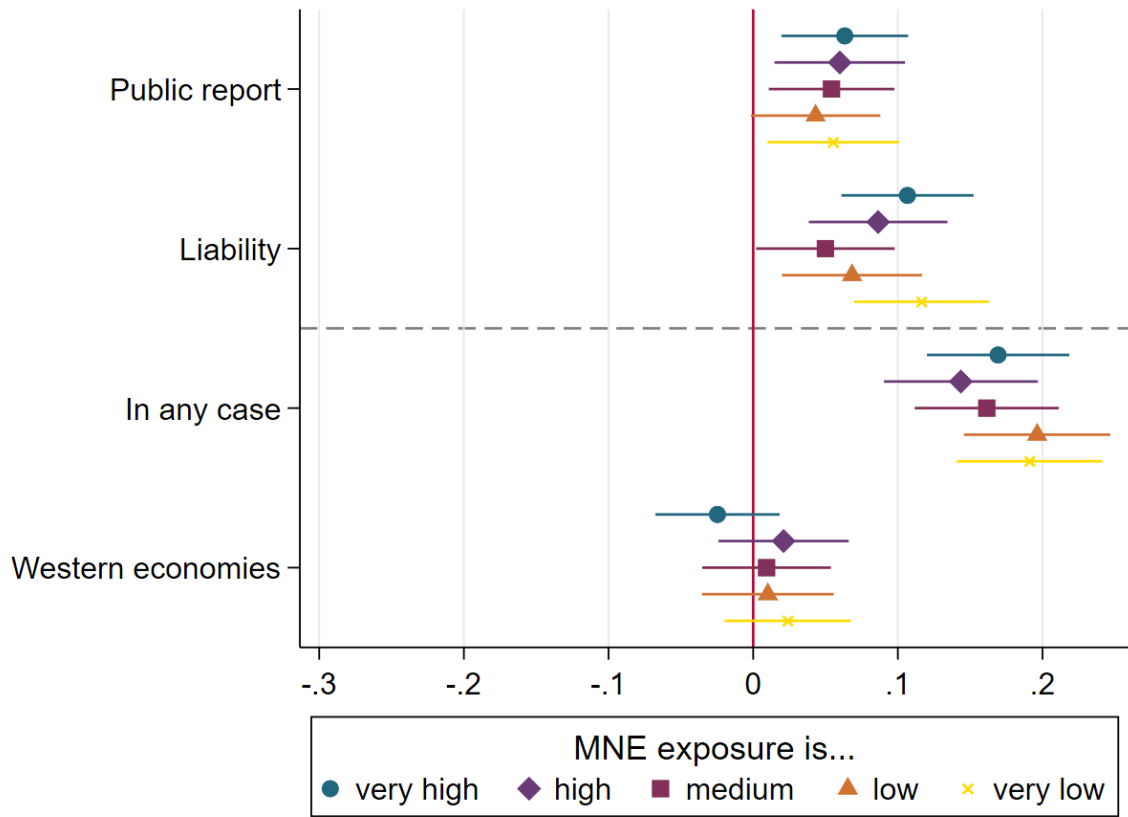
## 4.2 Conditional effects

Figure 5 summarizes results of subgroup regressions by quintiles of MNE-exposure.<sup>8</sup> MNE-exposure does not induce substantial differences in the estimated effects of the reciprocity attitude levels, and neither for the *Public report* attribute level. It seems, however, that citizens living very close or very distant to a large corporation are more supportive of *Liability* policy compared to respondents with medium exposure. Still, this finding has to be treated with caution because (unobserved) omitted variables might confound the observed relationship (although controlling for canton, rural communities and a range of sociodemographic and political variables does not affect results).

Estimating effects for subgroups of quintiles of post-material values reveals substantive differences in responses. Figure 6 displays the results. Preferences shift in favor of more stringent and rather unilateral policy options with increasing self-reported post-material values. The subgroups differ most strongly on the *In any case* reciprocity attribute level

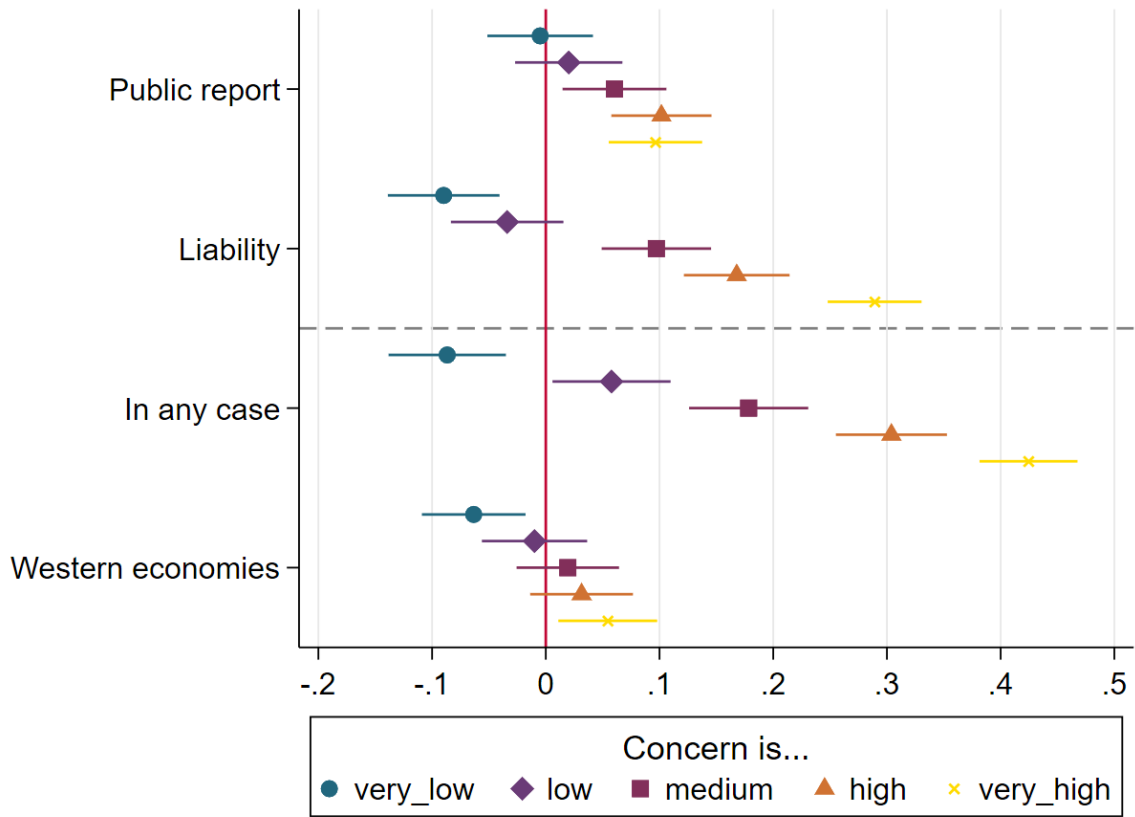
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<sup>8</sup> Figure A.5 in the Appendix shows the distribution of respondents across Switzerland as well as the distribution of MNE headquarters. As before, coefficients are relative to the baseline levels of low stringency (*Round table*) and high reciprocity (*Economies worldwide*). The concentration of corporate locations is especially high close to Central Switzerland’s major cities of Basel, Bern and Zurich as well as around the lake Geneva region and in central Switzerland (e.g. Zug).



**Figure 5:** AMCEs for policy choice on dimensions of stringency (top) and reciprocity (bottom) by subgroups of respondents. Respondents are differentiated by their spatial proximity to MNE headquarters (quintiles of inverse sum of squared geographical proximities of the centroid of their postal code to the location MNE headquarters (500 largest Swiss MNEs considered)). AMCEs estimated from models with a sample split by the respective subgroups. 95% confidence intervals from respondent-clustered standard-errors shown.

and the *Liability* stringency attribute level. Most notably, the maximum difference in choice probabilities of the *In any case* reciprocity level exceeds 0.4. Moreover, for the subgroup featuring the lowest levels of environmental concern, this is the only group that even has a strong preference for a broad multilateral (*Economies worldwide*) and low stringency (*Round table*) approach compared to unilateral (*In any case*) and stringent (*Liability*) regulations. This group, the respondent quintile with lowest environmental concern, is also the only one to react with decreasing choice probability when facing proposals for more unilateral or more stringent policy. That is, we find strong evidence



**Figure 6:** AMCEs for policy choice on dimensions of stringency (top) and reciprocity (bottom) by subgroups of respondents. Respondents are differentiated by their social and environmental concern (quintiles of the first component of a principal component analysis on nine survey items on environmental concern (Diekmann and Preisendörfer 2003) and six survey items on social concern (see Appendix Section A.6)). AMCEs estimated from models with a sample split by the respective subgroups. 95% confidence intervals from respondent-clustered standard-errors shown.

in favor of Hypothesis H<sub>2</sub>: respondents holding high (low) levels of normative beliefs (here: post-material values), which we deem to be more (less) likely to follow a logic of appropriateness, indeed prefer to put very high (low) demands onto companies. This finding highlights the important role of values, in this case a combined environmental and social concern score, in preference formation towards regulating MNE activities abroad.

### 4.3 Mechanisms driving policy support

Finally, we discuss the mechanisms that may drive policy preferences, based on the analysis of the policy vignette experiment described above. In that experiment, participants were presented with one final policy proposal and asked to indicate to what extent they agreed with a battery of statements on possible consequences of that policy proposal (imagining it would become law).

Figure 7 depicts the average effects of policy characteristics being present in a vignette (when compared to the same low-cost baselines as above) on citizens' responses. Average effects are presented separately for the subgroups receiving and not receiving the norms treatment.

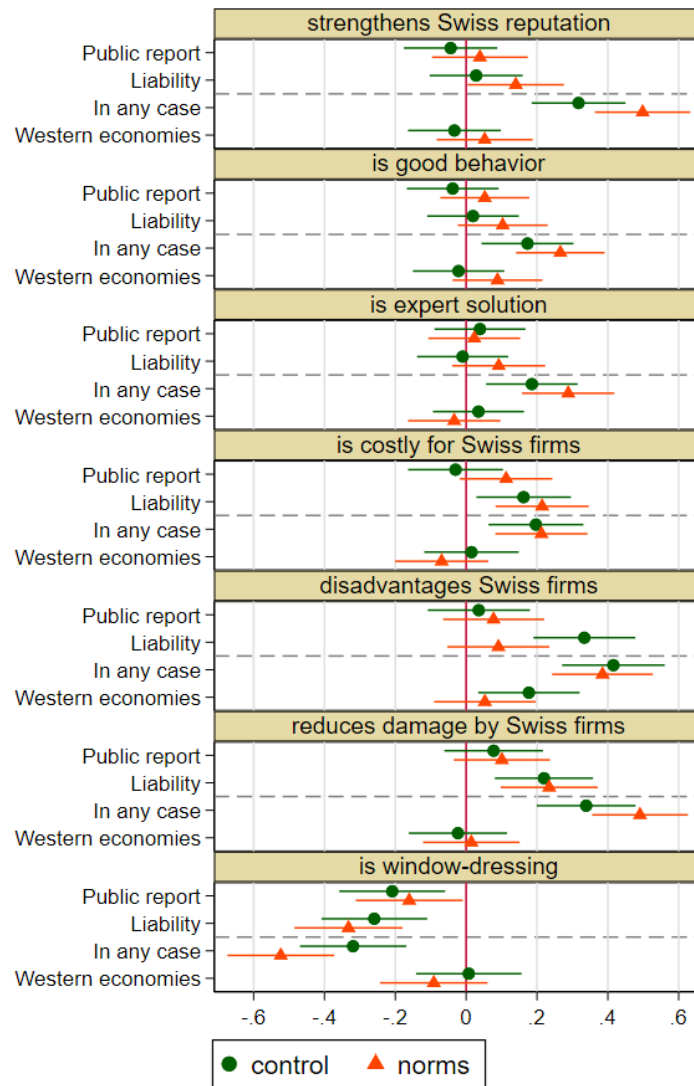
The *Public report* attribute level does only affect relative agreement with one of the mechanism statements: policy including a requirement of public reporting appears less “window-dressing” compared to a policy that requires round-tables only. As well, the norms vignette barely affects respondent evaluations, besides the “is costly”-statement. Overall, this implies that with regards to reputation, appropriateness, cost or competitiveness implications, or effectiveness, citizens see no difference between the *Round table* baseline or requirements of a *Public report*. The positive AMCE in Figure 4, which indicates that respondents do on average strongly prefer a public reporting requirement over round-tables, can hence be explained by a preference for sincere policy.

The *Liability* attribute level is related to substantial changes in perceived policy consequences. With a liability requirement, respondents view the policy as more “costly”, affecting Swiss competitiveness more (“disadvantages Switzerland”), but also as being more effective (“reduces damage”) and being less “window-dressing”. The norms vignette makes a difference especially concerning international consequences: Under exposure to the norms vignette, citizens judge the competitive disadvantage as a lesser issue and consider the policy including *Liability* to strengthen Switzerland's reputation. The substantial increase in support for a liability policy induced by the norms treatment thus appears to be a result of these traits: reputational gains as well as changes in the assessment of competitive disadvantages. These are mechanisms international norms have hitherto not been connected with and that are unexpected from the point of view of a “logic of appropriateness” – where perceptions of the policy constituting “good behavior” would have been expected to increase.<sup>9</sup>

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<sup>9</sup> Note that these changes go in the expected direction, but differences do not reach conventional levels





**Figure 7:** Respondent assessment of the policy consequences of a regulatory framework by policy components and for subgroups receiving/not receiving the norms-treatment. Respondents are presented with one experimental vignette each on a regulatory framework with varying levels of stringency and reciprocity. Coefficients depict differences between reciprocity and stringency levels in the average evaluation of seven statements on policy consequences (rating on 5-point Likert scale that policy will or will not have the consequence of the panel heading). Baseline level for reciprocity: Economies worldwide; for stringency: Round table. 95% confidence intervals shown. Triangles (Squares) indicate subgroup (not) receiving the norms vignette.

of statistical significance.

We now discuss how levels of reciprocity affect policy evaluation with the reciprocity attribute level *Economies worldwide* as baseline. Introducing regulation for MNEs unilaterally – *In any case* – triggers substantial differences across all policy consequence statements: Policies are perceived as more effective and beneficial, but more costly for business in absolute and relative terms. The norms treatment shifts responses particularly for aspects of appropriateness, for reputational consequences, for effectiveness, and for the degree of window-dressing. Taken together, this explains the shift in respondents’ policy choices if citizens value the positive consequences of the policy (reducing damage, being good behavior, being an expert’s solution, but also preventing window-dressing, and enhancing Swiss reputation).

The attribute level *Western economies* does not induce differences in responses, besides the question on competitive disadvantages in the control condition. Hence, respondents do not seem to differentiate whether Switzerland implements the policy conditional on economies worldwide taking action or Western economies taking action.

Overall, in light of our hypotheses, we expected with Hypothesis H<sub>1</sub> that citizens support policies with a relatively low burden for domestic companies – while high levels of stringency and low levels of reciprocity are preferred by respondents (cf. AMCEs in Figure 4 above), citizens do associate these with higher absolute and relative costs. This is, there is no misperception of respondents with respect to policy consequences and preference for high stringency/low reciprocity is voiced despite awareness of cost implications.

The strong support for these high stringency/low reciprocity policies can thus be explained by perceptions of policy effectiveness and policy sincerity. The low reciprocity level is e.g. particularly valued by respondents for its non-material consequences (reputation, good behavior, expert solution). What becomes as well apparent is that citizens seem to value high stringency/low reciprocity especially because of arguments tied to a logic of appropriateness (e.g., policy as “good behavior”; less “window-dressing”; more effective in addressing the problem).

Finally, we expected with H<sub>3</sub> that an international norms-signal enhances preference formation under a logic of appropriateness and increases support for strict domestic policy. As we see here, reputation-, expert-solution- and good-behavior-related statements are more positively assessed with the norms treatment, while relative-cost-related and window-dressing-related-coefficients are more negatively assessed with the norms treatment. Hence, respondents evaluate costs of the policy as less detrimental, while benefits

of the policy receive higher appreciation. These changes are consistent with our observation that the international norms treatment leads to higher policy support levels for high-stringency-policy. The changes in respondent evaluations also show that a norms-signal can substantially alter assessments of policy consequences: Particularly, the *Liability* stringency level is no longer seen as “disadvantaging Switzerland” under the norm treatment, but strongly so without. As well, the norms-signal activates mechanisms related to a logic of appropriateness (e.g., “is good behavior”).

## 5 Discussion and conclusion

Global governance largely relies on voluntary commitments and cooperation among states, as most international agreements lack enforcement mechanisms. But especially if they lack enforcement mechanisms some see such voluntary commitments as window-dressing where meaningful real-world behavioral change cannot be expected. We tie to a growing literature that has begun to show that and how such norm setting can actually be powerful and shift state behavior. Particularly, we link to a view according to which such international soft law can be seen as norm-setting attempt that changes the domestic game, affects domestic preference formation, and gives leverage to societal groups that want to implement unilateral regulation.

We contribute to this field of research by studying public opinion seven years after the setting of the UN Guiding Principles for Business and Human Rights. Using survey-embedded experiments in a Swiss context we can, first of all, show that Swiss citizens are willing to adopt an unilateral and strict implementation of the UN Guiding Principles. Contrary to what could have expected given the Swiss business model relying on cross-border trade and investments by Swiss multinational companies as well in low-income economies (March and Olsen 2011, 1998).

Secondly, we assess whether individual preferences depend on the presence of an international norm setter and show that support for high-stringency policy increases if such a norm is communicated to respondents.

Our research has important policy-making consequences: First, many companies with large market shares and long supply-chains are headquartered in high-income countries. Citizens at least in Switzerland seem to be supportive of stronger regulatory action vis-à-vis these companies. Second, while some argue that international organizations (at

least the UN) have slipped into a crisis, not being supported by the US as hegemonial power of the last couple of decades, unilateral policy might be the ‘only way forward’ and at the same time support the setting of soft law on the very same UN level. Third, our research shows that, when communicated, soft law has an influence on public policy preferences in Western countries, the domestic realm might be an important channel by which such non-sanctioned soft law could become effective rule-making. Given an intense public debate on the matter in most Western societies, our research shows that (Swiss) citizens value a more stringent upholding of environmental and social standards in the worldwide economy. But given the intense debate, where some argue that extraterritorial regulation is a new form of colonialism forcing Western regulatory standards onto other cultures, future research could investigate how respondents would voice policy preferences given an explicit trade-off of competing norms (such as non-interventionism).

Based on survey-experimental evidence from conjoint and framing experiments, our results bear high internal validity. With respect to external validity we want to highlight three aspects: First, we study the question in a high quality quota sample of the Swiss voting population that is not only representative with respect to pre-selected population parameters, but we can show that distributions of environmental concern (and others) are very similarly in our sample and a population representative dual mode survey of the Swiss population fielded in 2018. Second, respondents decide on the issue in the context of a salient societal debate that is likely to result in a referendum on the issue. Hence a relevant part of our sample has heard arguments about the issue in question, and everybody can imagine an actual voting decision on a related policy proposal. Third, we study the question for a country whose business model relies in part on lenient regulatory frameworks for MNEs – still, we find that respondents rather prefer stringent regulation under these conditions.

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# Online Appendix for ‘INTERNATIONAL NORMS, RECIPROcity, AND PUBLIC DEMAND FOR HOME-COUNTRY REGULATION OF MULTINATIONAL FIRMS ABROAD’

## A.1 Responsible Business Initiative text

The Federal Constitution will be amended as follows:

Art 101a: Responsibility of business

1 The Confederation shall take measures to strengthen respect for human rights and the environment through business.

2 The law shall regulate the obligations of companies that have their registered office, central administration, or principal place of business in Switzerland according to the following principles:

a. Companies must respect internationally recognized human rights and international environmental standards, also abroad; they must ensure that human rights and environmental standards are also respected by companies under their control. Whether a company controls another is to be determined according to the factual circumstances. Control may also result through the exercise of power in a business relationship.

b. Companies are required to carry out appropriate due diligence. This means in particular that they must: identify real and potential impacts on internationally recognized human rights and the environment; take appropriate measures to prevent the violation of internationally recognized human rights and international environmental standards, cease existing violations, and account for the actions taken. These duties apply to controlled companies as well as to all business relationships. The scope of the due diligence to be carried out depends on the risks to the environment and human rights. In the process of regulating mandatory due diligence, the legislator is to take into account the needs of small and medium-sized companies that have limited risks of this kind.

c. Companies are also liable for damage caused by companies under their control where they have, in the course of business, committed violations of internationally recognized human rights or international environmental standards. They are not liable under this

provision however if they can prove that they took all due care per paragraph b to avoid the loss or damage, or that the damage would have occurred even if all due care had been taken.

d. The provisions based on the principles of paragraphs a – c apply irrespective of the law applicable under private international law.

## **A.2 Responsible Business Initiative timeline**

- October 10 2016: Responsible Business Initiative submitted to feder chancellery
- November 2017: Ständerat (upper chamber) committee opts to write an indirect counter proposal\*
- December 2017: Nationalrat (lower chamber) committee decides against indirect counter proposal
- February 2018: Nationalrat (lower chamber) committee changes its mind, opts to write an indirect counter proposal
- June 2018: Nationalrat (lower chamber) accepts indirect counter proposal
- October 2018: Ständerat (upper chamber) committee decides to use sub-committee
- March 2019: Sub-committee result
- March 2019: Ständerat (upper chamber) rejects indirect counter proposal
- March 2019: Nationalrat (lower chamber) committee maintains indirect counter proposal
- June 2019: Nationalrat lower chamber maintains indirect counter proposal again
- 2nd half of 2019 (likely): Stände- and Nationalrat (both chambers) make a decision
- February 2020 (likely): vote?

### A.3 Survey structure

In the survey, participants first responded to questions relevant to the sampling strategy. They were then confronted with the two experiments in a randomized order. Despite being related in terms of content, the two experiments differed on dependent and independent variables and on the tasks, participants were asked to perform. Since all respondents were required to complete both experiments, we evenly randomized the order of the two experiments in order to control for unwanted carryover effects from the first experiment to the second. We chose not to ask further questions between the experiments since asking participants about their preferences in between the experiments might have had different effects on the two experiments. This in turn, would have jeopardized the control introduced by the randomized order of the experiments. After having completed both experiments, the participants concluded the survey by responding to questions about environmental and political attitudes and a standard set of socio-demographic questions.

On the introductory page of the survey, participants were informed about the purpose of the survey and guaranteed anonymity. At the end of the survey, the participants were provided with a debriefing statement, which read that certain information had to be strongly simplified for scientific purposes. Furthermore, the debriefing included a link to the Swiss administration's website, where official information about the survey's content with 'real world' political implications was available.

## A.4 Exemplary choice task

The following text was used to introduce respondents to the conjoint task (our translation from German). The attribute levels as displayed to respondents during the conjoint tasks themselves are shown in bold letters.

“As just mentioned, the first question that arises is whether Switzerland should oblige its companies to greater protection of people and the environment at their locations abroad in any case, or only if other countries do the same.

There are three options here:

Option 1: **In any case, no matter what other industrial countries do.**

Option 2: **Only if Western industrial nations do the same,**  
i.e. if countries in Europe and North America, e.g. Germany and the USA, also oblige their companies.

Option 3: **Only if industrial nations worldwide do the same,**  
i.e. if countries in Asia, America and Europe, e.g. China, Brazil, the USA or Germany, also oblige their companies.

[screen-break]

As said earlier, there is also a second important question. What exactly should Swiss companies operating abroad be required to do under a new law? Here, too, there are three possibilities:

Option 1: **Participation in regular discussions on the subject**  
how people and the environment can be better protected abroad, organized by business associations and the State Secretariat for Economic Affairs.

Option 2: **Public, detailed report**  
of companies about their locations abroad, which describes the risks to people and the environment abroad and the measures taken by the company to counter them.

Option 3: **Public, detailed report as above and more stringent liability in Switzerland,**  
so that companies can be brought to court in Switzerland for damage to people and the environment that they may cause abroad. Up to now, this is only possible locally abroad.”



In the following, we display a screenshot of a conjoint table and the corresponding questions in original language (German).



**Figure A.1:** Screenshot of an exemplary conjoint table as displayed to survey participants in German.

## A.5 Treatment texts in original wording and response items

**Low reciprocity, low stringency:** Let us assume that a federal referendum had taken place and that a new law with the following content had been adopted and would now be implemented: In any case, Switzerland obliges its companies to provide greater protection for people and the environment abroad. Companies must take part in regular discussions on how people and the environment can be better protected abroad. These talks are organized by business associations and the State Secretariat for Economic Affairs.

**Low reciprocity, middle stringency:** Let us assume that a federal referendum had taken place and that a new law with the following content had been adopted and would now be implemented: In any case, Switzerland obliges its companies to provide greater protection for people and the environment abroad. Every year, companies must prepare a publicly accessible, detailed report on their locations abroad.

**Low reciprocity, high stringency:** Let us assume that a federal referendum had taken place and that a new law with the following content had been adopted and would now be implemented: In any case, Switzerland obliges its companies to provide greater protection for people and the environment abroad. Companies must prepare a publicly accessible, detailed report on their locations abroad. In addition, Swiss companies can be brought to court not only abroad but also in Switzerland for damage to people and the environment caused abroad.

**Middle reciprocity, low stringency:** Let us assume that a federal referendum had taken place and that a new law with the following content had been adopted and would now be implemented: Switzerland only obliges its companies to provide greater protection for people and the environment abroad if other Western economic nations in Europe and North America (e.g. Germany and the USA) also oblige their companies to do so. Companies must take part in regular discussions on how to better protect people and the environment abroad. These discussions are organized by business associations and the State Secretariat for Economic Affairs.

**Middle reciprocity, middle stringency:** Let us assume that a federal referendum had taken place and that a new law with the following content had been adopted and would now be implemented: Switzerland only obliges its companies to provide greater protection for people and the environment abroad if other Western economic nations in Europe and North America (e.g. Germany and the USA) also oblige their companies to do so. Every year, companies must prepare a publicly accessible, detailed report on their locations abroad.

**Middle reciprocity, high stringency:** Let us assume that a federal referendum had taken place and that a new law with the following content had been adopted and would now be implemented: Switzerland only obliges its companies to provide greater protection for people and the environment abroad if other Western economic nations in

Europe and North America (e.g. Germany and the USA) also oblige their companies to do so. Companies must prepare a publicly accessible, detailed report on their locations abroad. In addition, Swiss companies can be brought to court not only abroad but also in Switzerland for damage to people and the environment caused abroad.

**High reciprocity, low stringency:** Let us assume that a federal referendum had taken place and that a new law with the following content had been adopted and would now be implemented: Switzerland only obliges its companies to provide greater protection for people and the environment abroad if other economic nations in Asia, America and Europe (e.g. China, Brazil, the USA or Germany) also oblige their companies to do so. Companies must take part in regular discussions on how to better protect people and the environment abroad. These talks are organized by business associations and the State Secretariat for Economic Affairs.

**High reciprocity, middle stringency:** Let us assume that a federal referendum had taken place and that a new law with the following content had been adopted and would now be implemented: Switzerland only obliges its companies to provide greater protection for people and the environment abroad if other economic nations in Asia, America and Europe (e.g. China, Brazil, the USA or Germany) also oblige their companies to do so. Every year, companies must prepare a publicly accessible, detailed report on their locations abroad.

**High reciprocity, high stringency:** Let us assume that a federal referendum had taken place and that a new law with the following content had been adopted and would now be implemented: Switzerland only obliges its companies to provide greater protection for people and the environment abroad if other economic nations in Asia, America and Europe (e.g. China, Brazil, the USA or Germany) also oblige their companies to do so. Companies must prepare a publicly accessible, detailed report on their locations abroad. In addition, Swiss companies can be brought to court not only abroad but also in Switzerland for damage to people and the environment caused abroad.

Respondents were then asked to indicate their agreement or disagreement with regard to a battery of statements on potential policy consequences (on a 5-point Likert scale).

“If a new law had been enacted and implemented in this specific form, do you personally agree or disagree with the following statements? This law...

- strengthens Switzerland’s reputation in the world.
- requires what you should expect from any decent company.
- experts would say is a good solution.
- causes high costs for Swiss companies.
- puts Swiss companies at a disadvantage compared to companies from other countries.
- greatly reduces damage to people and the environment caused by Swiss companies.
- is window-dressing and will have no advantages for people and the environment.”

## A.6 Translation of social concern items

The following items are based in wording on the environmental concern scale applied in Diekmann and Preisendörfer (2003), but adapted to concern for living and social conditions in developing countries. The adaptation, however, meant dropping items from the original index, which in a very close adaptation would have lost their meaning. Hence, in our social concern index we asked respondents to indicate agreement or disagreement on a 5-point Likert scale regarding the following statements:

*I am afraid when I think about bad social and living conditions under which many people have to live in developing countries.*

*Watching TV or reading in the newspaper about problems in developing countries, I am often embarrassed and angry.*

*In my opinion, problems in developing countries are greatly exaggerated by human rights activists.*

*It is still true that politicians do much too little for better social and living conditions in developing countries.*

*In favor of people in developing countries, we all should be willing to reduce our current standard of living.*

## A.7 Appendix Tables

**Table A.1:** Effect of norm treatment on mechanisms

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	strengthens CH reputation	is good behavior	is expert solution	is costly	disadvantages CH	reduces damage	is windowdressing
Norms.Treatment=1	0.02 (0.04)	0.08* (0.04)	0.05 (0.04)	-0.02 (0.04)	-0.07+ (0.04)	0.04 (0.04)	-0.02 (0.04)
Constant	4.13*** (0.58)	3.54*** (0.54)	2.44*** (0.74)	3.39*** (0.55)	3.15*** (0.61)	2.89*** (0.60)	3.48*** (0.65)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	2906.00	2844.00	2623.00	2806.00	2875.00	2875.00	2851.00
r2_a	0.02	0.05	0.02	0.06	0.05	0.02	0.02
Control_mean	3.76	4.00	3.38	3.44	3.13	3.47	2.78
Control_sd	1.05	1.01	0.97	1.04	1.15	1.10	1.18

Linear regression of norm treatment on support for mechanism (see model header) given average stringency/reciprocity in policy proposal. Standard errors displayed in parentheses. Placebo group mean and standard deviation displayed in bottom rows. Control variables are used where indicated (gender, age group, self-evaluation of personal economic situation, education level, employment status, rurality, language, region of Switzerland, self-placement on left-right scale, party ID, self-stated usual voting frequency).

\* (+, \*\*, \*\*\*) indicates  $p < 0.05$  (0.1, 0.01, 0.001)

**Table A.2:** Effect of policy treatments on mechanisms

	Norms=0							Norms=1						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	strengthens CH reputation	is good behavior	is expert solution	is costly	disadvantages CH	reduces damage	is windowdressing	strengthens CH reputation	is good behavior	is expert solution	is costly	disadvantages CH	reduces damage	is windowdressing
public report	-0.03 (0.07)	-0.00 (0.07)	0.05 (0.07)	-0.03 (0.07)	0.02 (0.07)	0.10 (0.07)	-0.22** (0.08)	0.06 (0.07)	0.05 (0.06)	0.01 (0.07)	0.11* (0.07)	0.08 (0.07)	0.11 (0.07)	-0.14* (0.08)
liability	0.04 (0.07)	0.06 (0.07)	0.01 (0.07)	0.13* (0.07)	0.29*** (0.07)	0.25*** (0.07)	-0.27*** (0.08)	0.16* (0.07)	0.10 (0.06)	0.08 (0.07)	0.22** (0.07)	0.11 (0.07)	0.23** (0.07)	-0.31*** (0.08)
in any case	0.32*** (0.07)	0.16* (0.06)	0.18** (0.07)	0.21** (0.07)	0.43*** (0.07)	0.36*** (0.07)	-0.32*** (0.08)	0.51*** (0.07)	0.27*** (0.06)	0.30*** (0.07)	0.22** (0.07)	0.39*** (0.07)	0.54*** (0.07)	-0.56*** (0.08)
only w/ west	-0.03 (0.07)	-0.01 (0.06)	0.02 (0.07)	0.00 (0.07)	0.18* (0.07)	0.00 (0.07)	-0.01 (0.08)	0.05 (0.07)	0.09 (0.06)	-0.03 (0.07)	-0.03 (0.07)	0.10 (0.07)	0.03 (0.07)	-0.08 (0.08)
Constant	4.16*** (0.68)	2.90*** (0.65)	1.44 (1.04)	3.59*** (0.66)	3.68*** (0.72)	2.57*** (0.71)	3.63*** (0.77)	4.33*** (1.15)	5.32*** (1.05)	3.40** (1.06)	1.71 (1.08)	0.34 (1.20)	3.59** (1.15)	3.64** (1.27)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	1454.00	1423.00	1310.00	1408.00	1441.00	1441.00	1432.00	1452.00	1421.00	1313.00	1398.00	1434.00	1434.00	1419.00
r2_a	0.03	0.07	0.01	0.09	0.10	0.05	0.04	0.06	0.06	0.05	0.06	0.07	0.08	0.09
Control_mean	3.76	4.00	3.38	3.44	3.13	3.47	2.78	3.78	4.07	3.43	3.42	3.05	3.50	2.76
Control_sd	1.05	1.01	0.97	1.04	1.15	1.11	1.18	1.10	1.00	1.00	1.03	1.14	1.10	1.22

Linear regression of policy treatments on support for mechanism (see model header) split by norms (left, right panel). Standard errors displayed in parentheses. Placebo group mean and standard deviation displayed in bottom rows. Control variables are used where indicated (gender, age group, self-evaluation of personal economic situation, education level, employment status, rurality, language, region of Switzerland, self-placement on left-right scale, party ID, self-stated usual voting frequency).

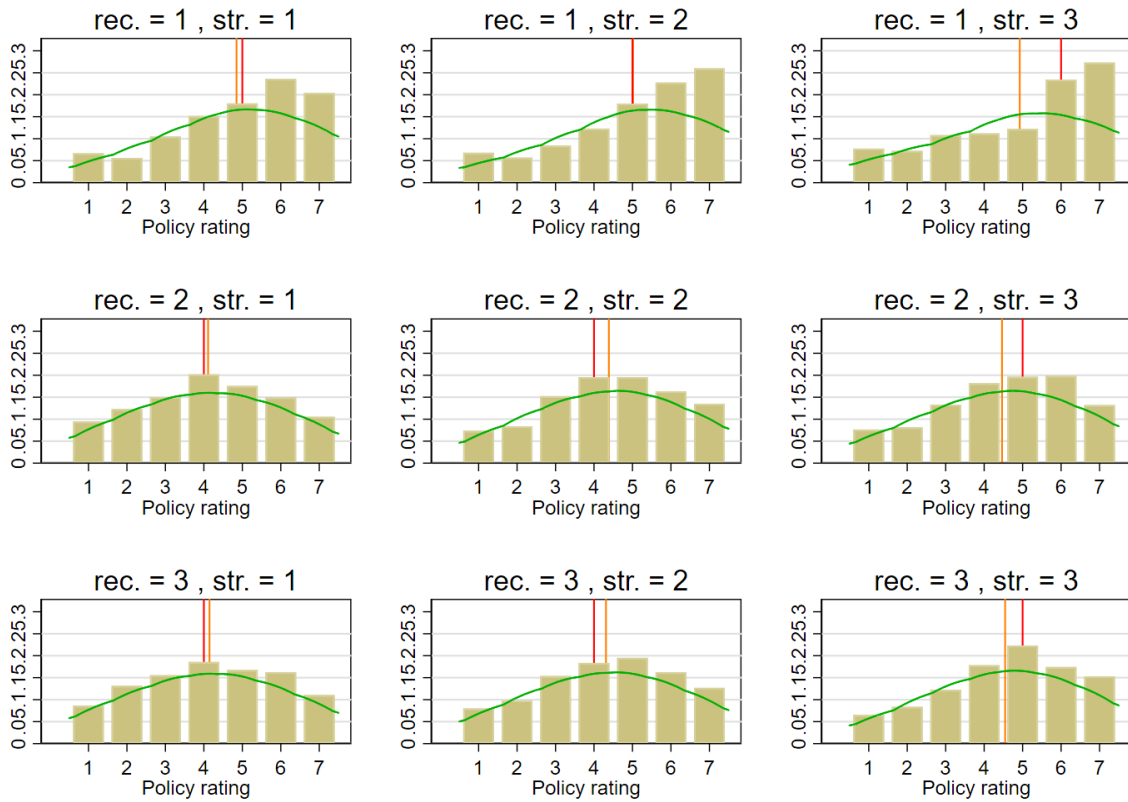
\* (+, \*\*, \*\*\*) indicates  $p < 0.05$  (0.1, 0.01, 0.001)

Table A.3: Effect of policy treatments on mechanisms; by 9 groups

	Norms=0							Norms=1						
	(1) strengthens CH reputation	(2) is good behavior	(3) is expert solution	(4) is costly	(5) disadvantages CH	(6) reduces damage	(7) is windowdressing	(8) strengthens CH reputation	(9) is good behavior	(10) is expert solution	(11) is costly	(12) disadvantages CH	(13) reduces damage	(14) is windowdressing
≤1 ±1	0.16*** (0.05)	0.23*** (0.05)	0.16*** (0.05)	0.17*** (0.05)	0.35*** (0.05)	0.25*** (0.05)	-0.25*** (0.05)	0.60*** (0.05)	0.15*** (0.04)	0.50*** (0.05)	0.35*** (0.05)	0.38*** (0.05)	0.44*** (0.05)	-0.52*** (0.05)
≤2 ±1	0.30*** (0.05)	0.24*** (0.05)	0.23*** (0.05)	0.28*** (0.05)	0.49*** (0.05)	0.44*** (0.05)	-0.64*** (0.05)	0.62*** (0.05)	0.30*** (0.04)	0.26*** (0.04)	0.47*** (0.04)	0.48*** (0.05)	0.52*** (0.05)	-0.55*** (0.05)
≤3 ±1	0.24*** (0.05)	0.21*** (0.05)	0.10* (0.05)	0.36*** (0.05)	0.80*** (0.05)	0.57*** (0.05)	-0.50*** (0.05)	0.57*** (0.05)	0.37*** (0.04)	0.44*** (0.05)	0.54*** (0.05)	0.54*** (0.05)	0.65*** (0.05)	-0.86*** (0.05)
≤1 ±2	-0.14** (0.05)	0.06 (0.05)	-0.06 (0.05)	0.13** (0.05)	0.31*** (0.05)	-0.06 (0.05)	-0.02 (0.05)	0.01 (0.05)	0.06 (0.04)	-0.02 (0.04)	0.22** (0.04)	0.15** (0.05)	-0.22** (0.05)	0.09+ (0.05)
≤2 ±2	-0.16*** (0.05)	0.02 (0.04)	-0.01 (0.04)	-0.11* (0.05)	0.20*** (0.05)	0.05 (0.05)	-0.24*** (0.05)	0.21*** (0.05)	0.09+ (0.05)	0.07 (0.05)	0.12* (0.05)	0.15** (0.05)	0.17*** (0.05)	-0.26*** (0.05)
≤3 ±2	-0.04 (0.05)	0.08+ (0.05)	0.09+ (0.05)	0.19*** (0.05)	0.40*** (0.05)	0.19*** (0.05)	-0.19*** (0.05)	0.19*** (0.05)	0.12** (0.04)	0.13** (0.05)	0.27*** (0.05)	0.24*** (0.05)	0.17*** (0.05)	-0.34*** (0.05)
≤2 ±3	-0.21*** (0.05)	0.01 (0.05)	0.03 (0.05)	0.07 (0.05)	0.04 (0.05)	0.01 (0.05)	-0.04 (0.05)	-0.03 (0.05)	-0.02 (0.04)	0.15*** (0.04)	0.30*** (0.04)	0.13** (0.05)	-0.11* (0.05)	-0.07 (0.05)
≤3 ±3	-0.06 (0.05)	0.18*** (0.05)	-0.07 (0.05)	0.12* (0.05)	0.33*** (0.05)	0.17*** (0.05)	-0.38*** (0.05)	0.30*** (0.05)	0.03 (0.04)	0.10* (0.05)	0.41*** (0.05)	0.10* (0.05)	0.11* (0.05)	-0.16** (0.05)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	8724.00	8538.00	7860.00	8448.00	8646.00	8646.00	8592.00	8712.00	8526.00	7878.00	8388.00	8604.00	8604.00	8514.00
r <sup>2</sup> _a	0.06	0.10	0.05	0.12	0.13	0.08	0.07	0.09	0.09	0.08	0.09	0.09	0.11	0.12
Control_mean	3.76	4.00	3.38	3.44	3.13	3.47	2.78	3.78	4.07	3.43	3.42	3.05	3.50	2.76
Control_sd	1.05	1.01	0.97	1.04	1.15	1.11	1.18	1.10	1.00	1.00	1.03	1.14	1.10	1.22

Linear regression of policy treatments on support for mechanism (see model header) split by norms (left/right panel). Standard errors displayed in parentheses. Placebo group mean and standard deviation displayed in bottom rows. Control variables are used where indicated (gender, age group, self-evaluation of personal economic situation, education level, employment status, rurality, language, region of Switzerland, self-placement on left-right scale, party ID, self-stated usual voting frequency).  
\* (+, \*\*, \*\*\*) indicates p < 0.05 (0.1, 0.01, 0.001)

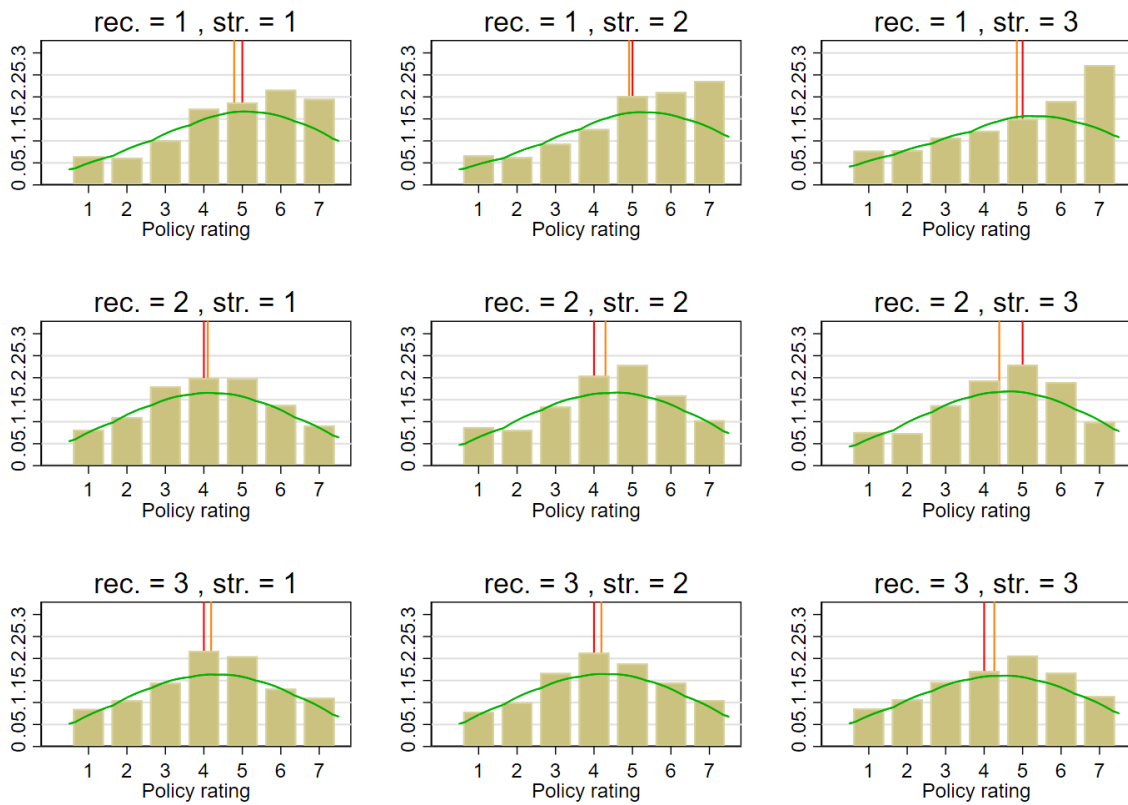
## A.8 Appendix Figures



**Figure A.2:** Average rating by policy proposal for the population with the norms treatment.

Histogram of distribution of ratings by policy proposals (rec: level of reciprocity; str: level of stringency). Added lines: red: median; orange: mean; blue: 3.5 (average of scale).





**Figure A.3:** Average rating by policy proposal for the full sample. Histogram of distribution of ratings by policy proposals (rec: level of reciprocity; str: level of stringency). Added lines: red: median; orange: mean; blue: 3.5 (average of scale).

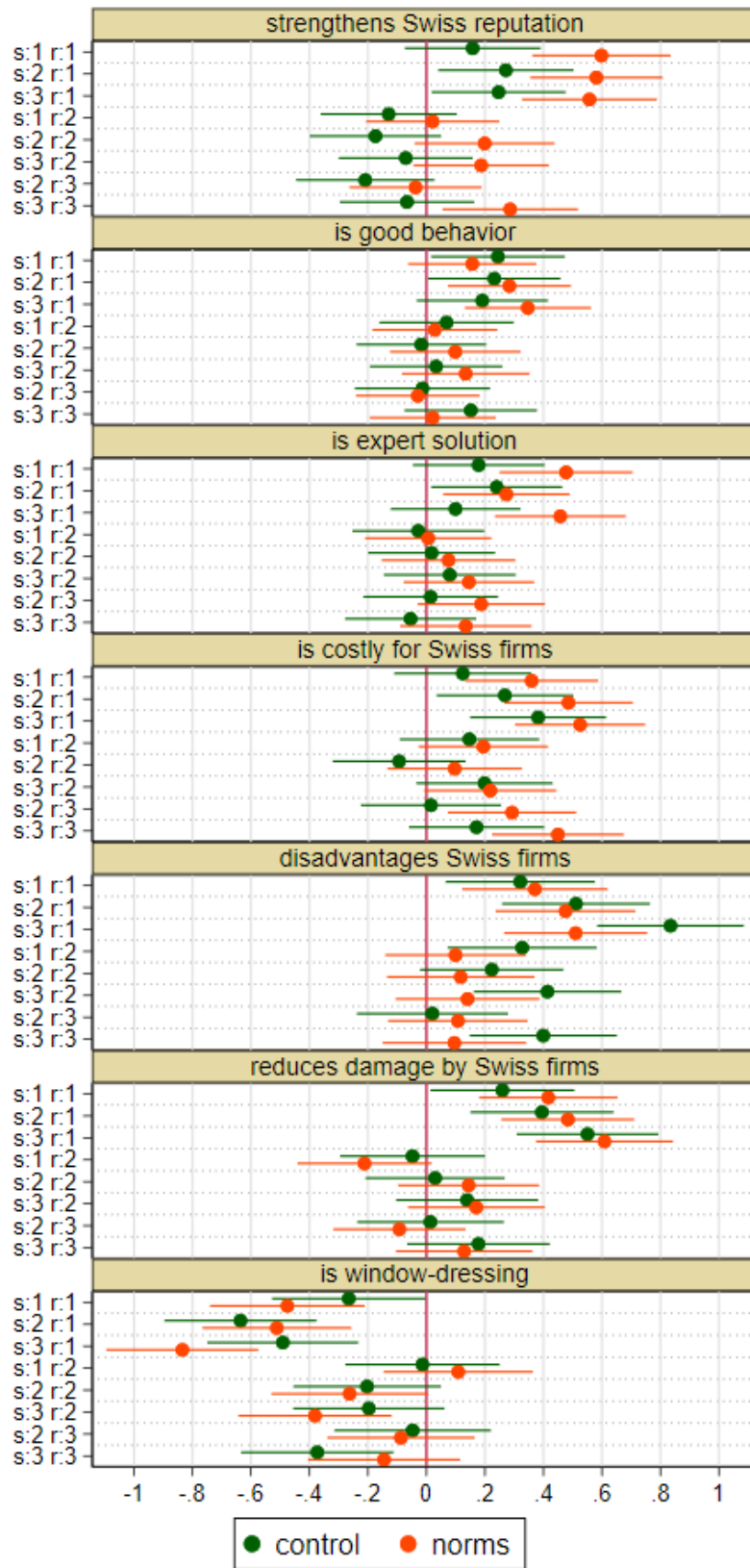
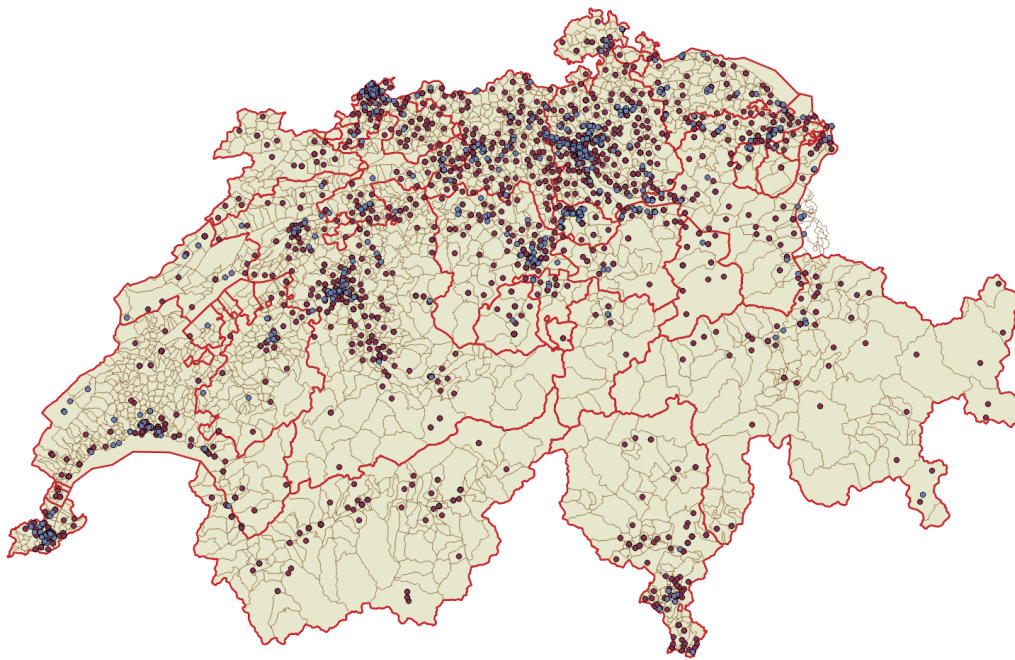


Figure A.4: Coefficient plot by policy level, detailed



**Figure A.5:** Map of Switzerland indicating the location of survey respondents in dark red and MNC headquarters in blue.