

# Support for Globalization in Good Times and Bad

Judith L. Goldstein, Margaret E. Peters and Douglas Rivers

Stanford University and University of Wisconsin–Madison

IPES

November 10, 2012

# Motivation

- ▶ Understand how quickly and in what ways changes in the economy lead to shifts in preferences on economic policy
- ▶ Ask four specific questions on the effects of economic insecurity
  - ▶ How do opinions on immigration, trade, ethical consumption differ and are they related to preferences on the social safety net?
  - ▶ Are individuals perceptions of the state of the economy in line with objective economic circumstance?
  - ▶ Are preference changes across different economic policies caused by similar factors?
  - ▶ Are dual income families less likely to change their position on economic policies than single income families, a result of the second income serving as economic insurance?

## Results of the data

- ▶ Make four arguments:
  - ▶ Policy preferences on values such as pollution and/or wage rates change more rapidly than do preferences on policies seen to directly effect the economic wellbeing of individuals, such as welfare, trade and or immigration
  - ▶ Preferences on trade policy and HS immigration are not as vulnerable to economic downturns as are LS immigration policies that are perceived to have a more direct affect on an individuals economic situation.
  - ▶ Individual perceptions of the economy are not directly predicted by employment changes.
  - ▶ Dual income families are more sensitive on some measures, and less on others, to changes in the economic environment because they are in general more risk averse.

# The Data

- ▶ 6 waves from 2007-2012: A, B, C, D, E, F
- ▶ over 6000 respondents
- ▶ web-based survey conducted by YouGov
- ▶ report results from panel
- ▶ data we report derives from questions on immigration, trade policy, and quasi experiments we conducted on individual values and consumption patterns
- ▶ timing of the survey selected to capture recession's effect on people's attitudes

## Trade and Immigration Questions

Overall, do you think trade with other countries should be expanded, reduced, or kept at its current level?

Overall, do you think immigration of low (high) skill level into the U.S. has had a positive or negative effect on the country?

# How did opinions on trade and immigration change?

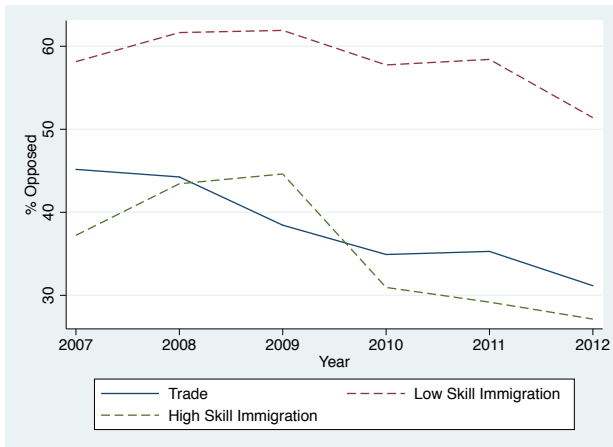


Figure: % Opposed to Trade and Immigration

## Question on Ethical Consumption

Suppose you are considering a purchase of a new car. The car you want costs \$20,000. You discover that it is made in an overseas factory that doesn't obey U.S. environmental laws/ pay a living wage/ with no American labor. Would you be willing to pay an extra \$2,000 for that same car if it was made in a factory that didn't pollute/ paid its workers a living wage/ made in America by Americans?

Follow up: If yes, would you be willing to pay an extra \$5,000. If No, would you be willing to pay an extra \$1,000.

For this presentation, all those willing to pay at least an extra \$1,000 coded as willing to pay.

# How did opinions on ethical consumption change?



Figure: % Opposed to Ethical Consumption



## Question on the Social Safety Net

Do you support an increase in the funding of government programs for helping the poor and the unemployed with education, training, employment, and social services, even if this would raise your taxes?

## How do opinions on the social safety net change?

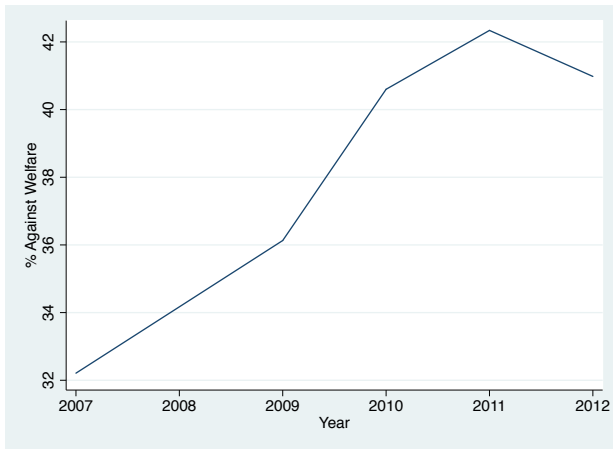


Figure: % Opposed to Welfare

## Explaining the Variation

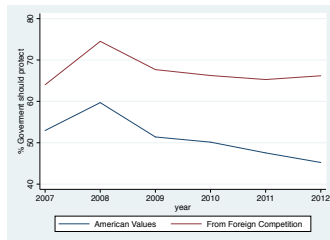
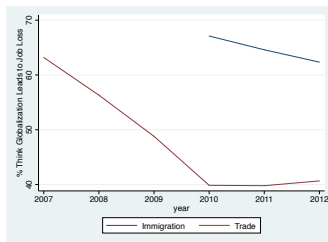
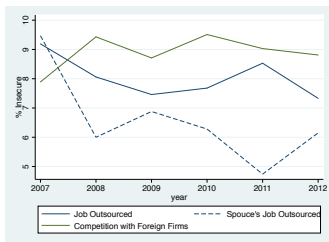
## A small, but important, aside: Are people who say they are worse off, really worse off?

No

Negative Change in View of:	Change in Income			p-value
	Decrease	Same	Increase	
Friends Laid Off	19.34	18.62	17.47	0.775
Friends Struggling	20.56	16.51	15.6	0.25
Family's Future Income	18.6	16.21	15.64	0.731
Satisfaction with economy	18.44	15.35	14.87	0.58
Number of Coworkers Hired	27.3	24.26	24.18	0.632
Likelihood of Outsourcing	11.3	10.02	10.82	0.864
Job Security	27.93	22.48	22.93	0.129
Find a Good Job	24.5	25.31	23.7	0.062
Family's Past Income	27.97	24.79	24.38	0.082
Children's Future	22.63	24.74	25.2	0.544

# And has the recession made people feel more vulnerable to global market forces?

No evidence: Less worry about outsourcing, no change in foreign competition at work; less threatened by trade and immigration; curvilinear support for government protection



# What explains changes in responses? Potential Answers

## 3 Potential Sources of Preference Change

- ▶ Individual/ Family Situation: We measure based on responses about expectations about future income, changes in income from 3 years ago, employment status, likelihood job will be outsourced, job security, ability to find new job, children's future, trade/ immigration on the family, change in employment status
- ▶ Economic Environment of the Respondent's Community: We measure based on responses to questions on friends being laid off, friends struggling, co-workers laid-off/ brought on
- ▶ Economic Environment of the Nation as a Whole: We measure based on responses to questions on respondent's satisfaction with economy and how they see trade/ immigration affecting the average American

## Ordered Probit of year-over-year changes in responses

- ▶ Two ways of coding the DVs: change any of the categories; create major categories and measure the change in the major categories
- ▶ Independent variables: measured as year-over-year change, no change is the excluded category
- ▶ Controls: education (0=HS or less, 1=Some college or more), gender (1=women), age as three categories (young excluded), married one income, dual income

# Take away points from those regressions

## Family

- ▶ Great effects of family economic situation on LS Immigration and Ethical consumption
- ▶ When individuals associate trade and immigration policy with economic hard times, their support for policy erodes

## Community & Nation

- ▶ Effect of community variables on HS Immigration, Ethical consumption and Welfare
- ▶ Some effect of national variables on Trade and US Labor
- ▶ Change in perceived effect of trade and immigration on the average American changes opinion on Trade and HS Immigration but not LS immigration

## Controls

- ▶ Regular controls do not affect changes in Trade or Immigration
- ▶ Women, Married (one or two incomes), 35-65 year olds are likely to buy less ethically



## Predicted Effects From the Models

Table: Change in Probability of Negative Change in the DV

Year	Trade	LS Immi	HS Immi	Welfare	Environ	Wages	US Labor
- $\Delta$ Fam inc six mon	0.0027	-0.0030	-0.0039	0.0146	-0.0685+	-0.1824 *	-0.00
+ $\Delta$ Fam inc six mon	0.0015	-0.037*	-0.035+	-0.0069	-0.2060+	-0.1022	-0.00
- $\Delta$ Trade/Im on fam	-0.022+	-0.0416+	-0.0574 *				
+ $\Delta$ Trade/Im on fam	-0.003	-0.0561 *	-0.0119*				
- $\Delta$ Trade/Im on av Am	0.0480*	0.0371	0.0535+				
+ $\Delta$ Trade/Im on av Am	-0.0362*	0.0119	0.0291				

# A Hierarchy of Policy Stickiness Appears to Exist

- ▶ Trade, High Skill Immigration, and Support for US Labor
  - ▶ Moved only slightly negative or move positively during the height of the recession and gained support by 2012
  - ▶ Less likely to be changed by changes in individual economic circumstances
- ▶ Low Skill Immigration, Environment, Wages, and Welfare
  - ▶ Had a larger negative change at the height of the recession and did not recover as much by 2012
  - ▶ More likely to be changed by changes in individual economic circumstances

## Dual Income Households

# Do two-income households feel differently about trade policy?

Singles and married households with one income more likely to oppose trade

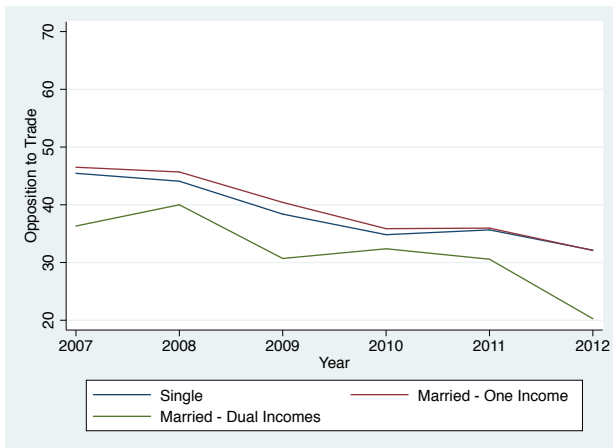
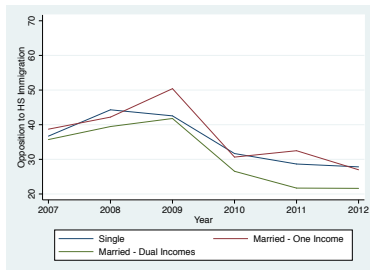
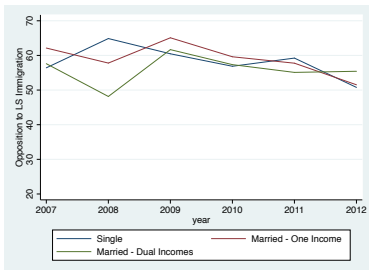


Figure: % Opposed to Trade Policy

# Do two-income households feel differently about immigration policy?

Similar on LS immigration; dual income households less likely to oppose HS immigration



# Do two-income households feel differently about welfare policy?

Singles much more likely to favor welfare

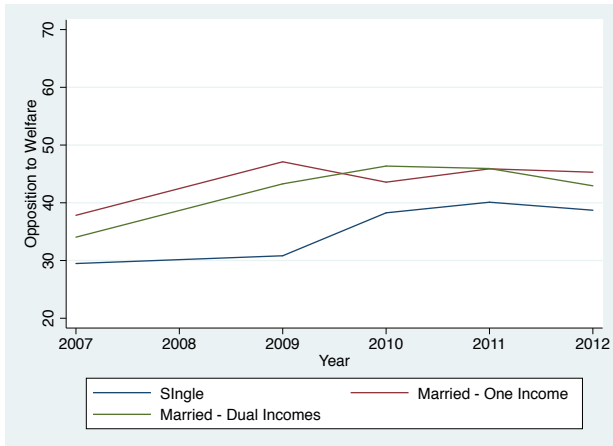
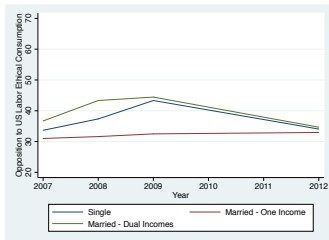
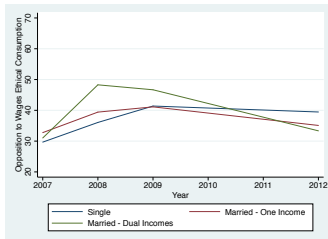
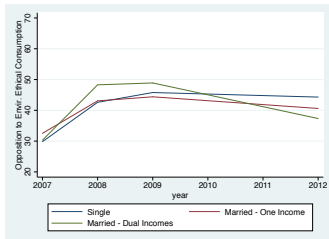


Figure: % Opposed to Welfare

# Are two-income households more or less likely to make consumption decisions based on values?

Dual incomes less likely to ethically consume but married one-income are more likely to buy American



# Why might two-income households hold these different views?

## Different Populations?

- ▶ More Male: 59.28% of dual income households are men; 48.47% of single earner households; 50.91% of Singles
  - ▶ *Dual income households still act differently when controlling for gender*
- ▶ Married people in general are more Republican, but no difference by one or two income households



# Why might two-income households hold these different views?

## Different Attitudes about Risk and the Economy?

- ▶ Two income households are more risk averse
  - ▶ May be that risk averse people are more likely to choose partners that work
- ▶ Two income households may feel more economically insecure in some ways
  - ▶ More likely to have a friend laid off or struggling
- ▶ But, more secure in others
  - ▶ Less likely to be unemployed
  - ▶ Feel more secure in their jobs and in finding new ones if they lost their jobs
  - ▶ More likely to assume their income will go up in the next six months
  - ▶ More satisfied with the economy

# Conclusion (1)

- ▶ Do economic hard times change opinion in predictable ways?
  - ▶ Are subjective measures of economic well-being tied to objective measures? Not always
  - ▶ Did people feel more vulnerable to global economic forces during the GR? Not really
  - ▶ Yes: immigration, ethical consumption
  - ▶ No: Welfare and trade
- ▶ Do individual/ family, community or country level factors explain changes?
  - ▶ Trade and HS Immi: trade/immi on family and on country
  - ▶ LS Immi: family, community and country
  - ▶ Welfare: family and community
  - ▶ Ethical consumption: family and community
- ▶ Hierarchy of Policy Stickiness seems to exist
  - ▶ (Small) Trade, HS Immi, LS Immi, Welfare, Ethical Consumption (Great)

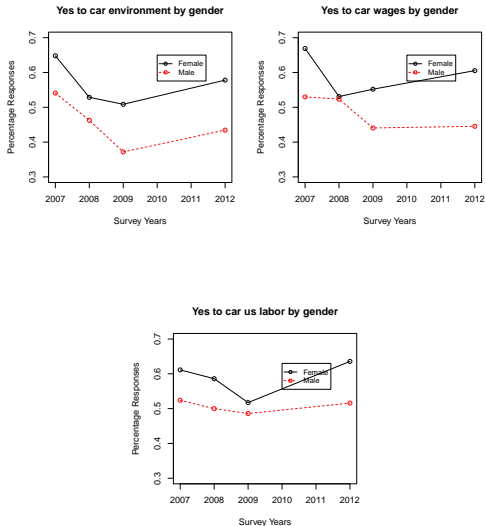
## Conclusion (2)

- ▶ Do two-income households hold different views?
  - ▶ Yes, more favorable to trade and HS immi; less favorable to welfare and ethical consumption
  - ▶ More risk averse
  - ▶ But feel more secure

Thank you!

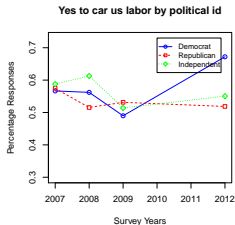
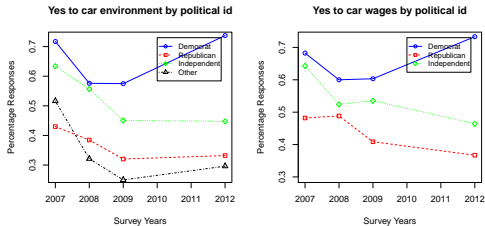
# Ethical Consumption: Gender

Women more willing to pay



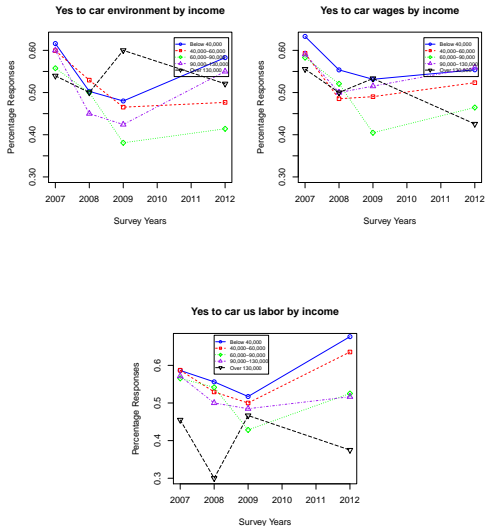
# Ethical Consumption: Political Identification

Dems more willing to pay



# Ethical Consumption: Income

Poor more likely to consume ethically, rich lack enthusiasm for US labor



# Trade and Immigration - Individual/ Family

DV Scale	Trade 9 point	Trade 3 point	LS Immi 9 point	LS Immi 3 point	HS Immi 9 point	HS Immi 3 point
-Δ Fam inc 6 mon	-0.05 (0.04)	-0.01 (0.05)	-0.02 (0.09)	0.02 (0.10)	0.02 (0.09)	0.02 (0.09)
+Δ Fam inc 6 mon	-0.02 (0.05)	-0.01 (0.05)	0.29** (0.09)	0.20+ (0.11)	0.11 (0.09)	0.17+ (0.10)
-Δ Emp. status	-0.12 (0.12)	-0.14 (0.13)	-0.19 (0.24)	-0.27 (0.24)	0.16 (0.17)	0.25 (0.19)
+Δ Emp. status	0.09 (0.12)	0.09 (0.13)	-0.26 (0.19)	-0.11 (0.18)	0.47 (0.30)	0.46 (0.34)
-Δ Outsource	0.01 (0.07)	0.09 (0.07)	0.16 (0.12)	0.09 (0.15)	-0.24 (0.15)	-0.13 (0.16)
+Δ Outsource	0.09 (0.07)	0.09 (0.07)	0.15 (0.13)	0.12 (0.15)	0.24+ (0.13)	0.19 (0.16)
-Δ Job sec	0.01 (0.05)	0.03 (0.06)	-0.12 (0.09)	-0.14 (0.10)	0.14 (0.11)	0.08 (0.12)
+Δ Job sec	-0.01 (0.05)	-0.02 (0.05)	-0.19+ (0.10)	-0.21+ (0.12)	0.00 (0.09)	0.03 (0.11)
-Δ Finding job	-0.07 (0.05)	-0.08 (0.06)	0.18+ (0.10)	0.17 (0.12)	-0.17 (0.11)	-0.17 (0.12)
+Δ Finding job	0.03 (0.05)	0.03 (0.05)	0.00 (0.09)	0.18+ (0.11)	-0.01 (0.09)	-0.13 (0.10)
-Δ Finan. change	0.05 (0.04)	0.06 (0.04)	0.05 (0.08)	0.00 (0.09)	0.03 (0.07)	0.02 (0.09)
+Δ Finan. change	0.02 (0.04)	0.02 (0.04)	0.04 (0.08)	-0.06 (0.09)	0.03 (0.08)	0.08 (0.08)
-Δ Child future	-0.00 (0.05)	-0.01 (0.06)	0.11 (0.10)	0.09 (0.12)	-0.19+ (0.11)	-0.10 (0.11)
+Δ Child future	-0.01 (0.05)	0.01 (0.06)	-0.17 (0.11)	-0.19 (0.12)	0.10 (0.11)	0.16 (0.12)
Observations	4716	4716	1289	1289	1327	1327
Log pseudo likelihood	-6577.79	-4251.27	-1677.03	-1020.45	-1896.78	-1100.24



# Trade and Immigration - Individual/ Family Trade and Immigration Specific Questions

<i>DV</i> <i>Scale</i>	Trade 9 point	Trade 3 point	LS Immi 9 point	LS Immi 3 point	HS Immi 9 point	HS Immi 3 point
-Δ Trade fam	0.13** (0.04)	0.09+ (0.05)				
+Δ Trade fam	0.04 (0.04)	0.01 (0.05)				
-Δ Immfam			0.27* (0.13)	0.23+ (0.14)	0.22* (0.10)	0.30* (0.12)
+Δ Immfam			0.34** (0.11)	0.32* (0.13)	0.10 (0.10)	0.06 (0.12)
Observations	4716	4716	1289	1289	1327	1327
Log pseudo likelihood	-6577.79	-4251.27	-1677.03	-1020.45	-1896.78	-1100.24

Standard errors in parentheses

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

# Welfare and Ethical Consumption- Individual/ Family

DV Scale	Welfare 9 point	Welfare 3 point	Envir 3 point	Wages 3 point	US Labor 3 point
-Δ Fam inc six mon	-0.06 (0.05)	-0.07 (0.05)	1.08+ (0.56)	1.23* (0.55)	0.72 (1.15)
+ΔFam inc six mon	0.06 (0.04)	0.04 (0.05)	-1.05+ (0.63)	0.64 (0.57)	-0.16 (0.88)
-ΔEmp status	0.28* (0.12)	0.25+ (0.13)	0.08 (0.56)	-0.56 (0.59)	-1.54 (1.01)
+ΔEmp status	-0.22+ (0.13)	-0.12 (0.15)	-2.69* (1.30)	-9.08*** (0.75)	1.96+ (1.14)
-Δ Outsource	0.02 (0.07)	0.01 (0.08)	-0.23 (0.63)	0.55 (0.52)	-1.81 (1.22)
+Δ Outsource	-0.08 (0.07)	-0.12 (0.08)	-0.50 (0.70)	-2.63* (1.03)	-1.47* (0.72)
-Δ Job sec	0.03 (0.05)	0.06 (0.06)	-0.32 (0.86)	0.02 (0.68)	1.47 (1.24)
+Δ Job sec	0.06 (0.05)	0.09 (0.06)	-0.42 (0.51)	0.00 (0.45)	-0.58 (0.70)
-Δ Finding job	-0.04 (0.05)	-0.07 (0.06)	0.73 (0.63)	-0.69 (0.66)	-1.22 (0.95)
+ΔFinding job	0.07 (0.05)	0.04 (0.06)	-0.29 (0.47)	1.04* (0.44)	-1.88* (0.83)
-Δ Finan change	0.02 (0.04)	0.02 (0.05)	-0.80 (0.79)	0.73 (0.76)	3.43** (1.19)
+Δ Finan change	0.03 (0.04)	0.04 (0.05)	-0.26 (0.62)	-0.02 (0.49)	1.30+ (0.75)
-Δ Child future	-0.04 (0.05)	-0.01 (0.06)	0.36 (0.84)	0.18 (0.80)	-0.65 (1.06)
+Δ Child future	-0.00 (0.06)	-0.04 (0.07)	0.33 (0.62)	-0.16 (0.79)	5.35** (1.64)
Observations	5100	5100	63	64	64
Log pseudo likelihood	6525.00	4130.29	34.66	32.63	14.74

# Trade and Immigration - Community and Society Variables

DV Scale	Trade 9 point	Trade 3 point	LS Immi 9 point	LS Immi 3 point	HS Immi 9 point	HS Immi 3 point
$\Delta$ Friends laid off	0.01 (0.04)	0.04 (0.05)	-0.04 (0.08)	-0.01 (0.09)	-0.17* (0.08)	-0.21* (0.09)
$+\Delta$ Friends laid off	0.05 (0.04)	0.02 (0.05)	-0.07 (0.09)	-0.14 (0.09)	0.05 (0.08)	0.03 (0.09)
$-\Delta$ Friends strug	0.05 (0.04)	0.05 (0.05)	-0.12 (0.09)	-0.12 (0.10)	0.06 (0.08)	0.07 (0.09)
$+\Delta$ Friends strug	-0.02 (0.04)	-0.04 (0.05)	0.13 (0.09)	0.06 (0.10)	0.00 (0.08)	0.03 (0.09)
$-\Delta$ Emp change	-0.01 (0.05)	-0.02 (0.05)	-0.01 (0.10)	-0.06 (0.12)	-0.03 (0.10)	-0.08 (0.11)
$+\Delta$ Emp change	-0.08+ (0.05)	-0.09 (0.06)	-0.05 (0.09)	-0.06 (0.11)	-0.07 (0.10)	-0.09 (0.12)
$-\Delta$ Econ sati	-0.02 (0.05)	-0.03 (0.05)	-0.10 (0.09)	-0.15 (0.10)	-0.09 (0.08)	0.03 (0.09)
$+\Delta$ Econ sati	0.07+ (0.04)	0.08+ (0.04)	-0.05 (0.08)	0.04 (0.10)	0.10 (0.08)	0.10 (0.08)
Observations	4716	4716	1289	1289	1327	1327
Log pseudo likelihood	-6577.79	-4251.27	-1677.03	-1020.45	-1896.78	-1100.24

Standard errors in parentheses

$+ p < 0.10$ ,  $* p < 0.05$ ,  $** p < 0.01$ ,  $*** p < 0.001$

# Trade and Immigration - Trade and Immigration Specific Society Variables

<i>DV</i> <i>Scale</i>	Trade 9 point	Trade 3 point	LS Immi 9 point	LS Immi 3 point	HS Immi 9 point	HS Immi 3 point
- $\Delta$ Trd avg am	-0.17*** (0.04)	-0.18*** (0.05)				
+ $\Delta$ Trd avg am	0.10* (0.04)	0.15** (0.05)				
- $\Delta$ Imm avg am			-0.12 (0.13)	-0.17 (0.14)	-0.21* (0.10)	-0.23+ (0.12)
+ $\Delta$ Imm avg am			-0.01 (0.12)	-0.06 (0.14)	-0.18+ (0.10)	-0.13 (0.11)
Observations	4716	4716	1289	1289	1327	1327
Log pseudo likelihood	-6577.79	-4251.27	-1677.03	-1020.45	-1896.78	-1100.24

Standard errors in parentheses

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

# Welfare and Ethical Consumption - Community and Society Variables

DV Scale	Welfare 9 point	Welfare 3 point	Envir 3 point	Wages 3 point	US Labor 3 point
-Δ Friends laid off	-0.04 (0.04)	-0.06 (0.05)	0.35 (0.56)	-0.97* (0.48)	-1.77* (0.69)
+Δ Friends laid off	-0.04 (0.04)	-0.09+ (0.05)	-1.17+ (0.67)	-0.70 (0.89)	2.44* (1.06)
-Δ Friends strug	0.03 (0.04)	0.02 (0.05)	-0.70 (0.94)	0.22 (0.70)	-0.02 (1.11)
+Δ Friends strug	-0.04 (0.04)	-0.04 (0.05)	0.35 (0.58)	-1.33* (0.62)	-4.19*** (1.15)
-Δ Emp change	0.03 (0.05)	0.05 (0.06)	-1.80** (0.64)	-0.13 (0.83)	-3.73*** (1.11)
+Δ Emp change	-0.06 (0.05)	-0.03 (0.06)	-0.50 (0.40)	0.36 (0.37)	1.28+ (0.73)
-Δ Econs ati	-0.02 (0.05)	0.02 (0.05)	-0.88 (0.67)	-0.64 (0.63)	1.99* (0.84)
+Δ Econsati	-0.02 (0.04)	0.00 (0.05)	1.01 (0.64)	0.83 (0.75)	2.74** (1.00)
Observations	5100	5100	63	64	64
Log pseudo likelihood	-6525.00	-4130.29	-34.66	-32.63	-14.74

Standard errors in parentheses

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

# Trade and Immigration - Controls

<i>DV</i> <i>Scale</i>	Trade 9 point	Trade 3 point	LS Immi 9 point	LS Immi 3 point	HS Immi 9 point	HS Immi 3 point
Some college	0.03 (0.04)	0.02 (0.04)	0.03 (0.07)	0.01 (0.07)	-0.02 (0.07)	-0.05 (0.08)
Women	-0.06+ (0.03)	-0.04 (0.03)	-0.09 (0.06)	-0.09 (0.07)	-0.09 (0.06)	-0.09 (0.07)
Married one income	-0.03 (0.04)	-0.04 (0.04)	-0.03 (0.07)	0.02 (0.08)	0.08 (0.07)	0.09 (0.07)
dual income	-0.05 (0.06)	-0.08 (0.06)	0.06 (0.12)	0.04 (0.14)	0.07 (0.12)	0.15 (0.13)
Middle age	0.02 (0.06)	0.03 (0.06)	-0.04 (0.11)	0.05 (0.13)	-0.01 (0.10)	-0.03 (0.12)
Elderly	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)
Observations	4716	4716	1289	1289	1327	1327
Log pseudo likelihood	-6577.79	-4251.27	-1677.03	-1020.45	-1896.78	-1100.24

Standard errors in parentheses

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

# Welfare and Ethical Consumption - Controls

<i>DV</i> <i>Scale</i>	Welfare 9 point	Welfare 3 point	Envir 3 point	Wages 3 point	US Labor 3 point
Some college	0.05 (0.04)	0.03 (0.04)	-0.03 (0.34)	-0.38 (0.35)	1.14 (0.76)
Women	0.03 (0.03)	0.05 (0.04)	-0.89* (0.43)	0.31 (0.40)	-0.97+ (0.59)
Married one income	0.04 (0.04)	0.03 (0.04)	-0.35 (0.49)	-0.35 (0.44)	-1.91* (0.75)
Dual income	-0.00 (0.06)	0.04 (0.07)	-0.60 (0.64)	-0.22 (0.68)	-1.61* (0.73)
MMiddle age	0.06 (0.06)	0.06 (0.07)	0.43 (0.53)	-1.21+ (0.64)	-2.53* (0.98)
Elderly	0.00 (0.00)	0.00 (0.00)	-0.01 (0.01)	-0.01 (0.01)	0.03 (0.02)
Observations	5100	5100	63	64	64
Log pseudo likelihood	-6525.00	-4130.29	-34.66	-32.63	-14.74

Standard errors in parentheses

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$