

Globalization & Social Preferences

Amaney A. Jamal and Helen V. Milner

Princeton University

November 2015

Preferences for FDI

- Important issue: FDI is biggest capital flow into developing countries
- Where do preferences about FDI come from?
 - Follows trade policy literature
- 3 major findings:
 - Economic factors: SS/HO in developing world, labor gains over capital from FDI.
 - In particular higher skill labor since FDI from high skill countries mainly
 - Pinto (2013) and Pandya (2014)
 - Job insecurity matters.
 - Scheve and Slaughter (2004) for advanced industrial countries find FDI generates economic insecurity
- Gender: women more opposed to FDI, as they are to trade.

Do Findings hold elsewhere? MENA

- Pinto, Pandya are Latin America
 - Class cleavage primary
- What about places where class less politically institutionalized?
- MENA: big divide seems to be religious vs secular.
 - Not class (as in LA), not ethnicity (as in SSA)

Two Types of Globalization Preferences

- Economic ([Rogowski, 1987](#); [Magee et al., 1989](#); [O'Rourke and Sinnott, 2001](#); [Scheve and Slaughter, 2001b](#), [2001a](#); [Beaulieu, 2002](#); [Hiscox, 2002](#); [Fordham and McKeown, 2003](#); [Dutt and Mitra, 2005](#); [Mayda and Rodrik, 2005](#); [Milner and Kubota, 2005](#); [Dutt and Mitra, 2006](#); [Hanson et al., 2007](#); [Milner and Tingley, 2011](#))
- Social & Cultural ([Citrin et al., 1997](#); [Hainmueller and Hiscox, 2006](#); [Mansfield and Mutz, 2009](#); [Lü et al., 2010](#); [Blonigen, 2011](#); [Margalit, 2012](#))



FDI in Tunisia

- Very important to economy and revival after Arab Spring
- 10 years preceding ousting of Ben Ali in Jan 2011, FDI inflows averaging 4% of GDP. Since 2011, FDI/GDP between 2.2% (2014) and 3.6% (2012).
- Tunisia received ~1.6bn dollars of FDI /year.
- Since 2011, top 5 investors: Saudi Arabia, France, Austria, UK, US
- Top sectors recently: Coal, Oil and Natural Gas; Real estate; Hotels and Tourism; Building and Construction Materials; Metals.

Survey Experiment

- Tunisia, all 24 governorates. Sampling in 209 delegations, 312 unique PSUs, 8 interviews per PSU.
- Nationally representative based on 2004 census.
- Conducted January 2015 – March 2015.
- N = 2495, adult men and women.
- Area probability sample:
 - Stratification by governorate, then distributed proportional to population size within delegations and sectors.
 - Random selection of blocks within sectors, households within blocks, and individuals within household using a Kish table (with gender quota).
- Computer assisted personal interviewing (CAPI).
 - Assisted with complex survey logic, randomization, etc.

Our data

- Regressions using control obs only
- Using index of attitudes toward FDI, support depends on
 - Education (as proxy for human capital) never significant
 - High skill very significant but in “wrong” direction:
 - high skill **oppose** FDI most
 - Job insecurity negative but not significant
 - Gender negative (women oppose) but never significant
 - Islamic attitudes matter.
 - more conservative Islamists more opposed to FDI.



DV: Overall Support	Base1	Base2	Base3	Full1	Full2	Full3
Education (6-pt)	-0.16		0.38	-0.28		0.31
	(0.72)		(0.78)	(0.76)		(0.80)
High skill		-4.95**	-5.43**		-5.59**	-5.96**
		(2.39)	(2.60)		(2.44)	(2.62)
Female	-1.01	-1.38	-1.26	-0.24	-0.73	-0.59
	(1.80)	(1.73)	(1.78)	(1.98)	(1.90)	(1.97)
Urban	-3.14*	-2.57	-2.77	-3.87**	-3.38*	-3.51*
	(1.85)	(1.79)	(1.85)	(1.90)	(1.84)	(1.90)
Islam interpretation index				-1.49**	-1.57**	-1.54**
				(0.69)	(0.70)	(0.69)
Public sector	-1.75	0.02	-0.13	-2.32	-0.61	-0.71
	(1.97)	(1.98)	(1.94)	(2.13)	(2.04)	(2.03)
Age	0.12*	0.12**	0.13**	0.13*	0.13**	0.14**
	(0.06)	(0.06)	(0.06)	(0.07)	(0.06)	(0.07)
Married	-4.47**	-5.07**	-5.08**	-4.64**	-5.34**	-5.33**
	(2.10)	(2.13)	(2.12)	(2.24)	(2.28)	(2.28)
Job security index				-0.15	0.00	-0.02
				(0.67)	(0.67)	(0.68)
Religiosity index				-0.09	-0.05	-0.07
				(0.67)	(0.66)	(0.66)
Wom. rights index				0.18	0.21	0.17
				(0.61)	(0.61)	(0.61)
Constant	86.13***	91.13***	90.28***	86.28***	92.13***	91.19***
	(5.16)	(5.10)	(5.38)	(6.23)	(6.25)	(6.69)
R2	.030	.042	.043	.049	.064	.065
N	331	331	331	318	318	318

Survey Experiment

- MENA: two elements of social and political cleavages related to social identity
 - Gender
 - Islamic Conservatism
- Experiment on Gender and Islamic Conservatism
- Compared to economic factors (K vs L)
 - Human capital: Skill, education
 - Job insecurity

Treatment about Social preferences

- Control is statement only about FDI and jobs it will bring
- Treatments: call center jobs
 - => high skill jobs in urban area brought by FDI
- Social preferences invoked: Who will benefit from FDI?
 - thus how much do you support FDI, given whom you see benefiting?
- 4 pictures:
 - All non-Islamic dressed women
 - All Islamic dressed women (hijab)
 - All non-Islamic dressed men
 - All Islamic dressed Islamic men

Experiment

- Control (no Picture):
 - The investment of foreign firms in Tunisia has contributed to the creation of tens of thousands of new jobs in the county. A number of foreign firms are planning to invest in Tunisia.

Survey Treatments



I. Expectations: Economic

- Rational Self Interest (vs Social Preferences)
- Individual (maximize own gains)
- Competitive (maximize relative gains)
- Support for FDI should decline across all the pictures since each identifies a winning group
 - Is respondent part of winning group?

II. Expectations: Social Preferences

- Social identity (Distance)
 - Proximity to your social identity
 - Islamic Conservatism
- Social preferences: Other regarding
 - Proximity to social identify of those you most care about in society (beside yourself)

III. Expectations: Social Cultural

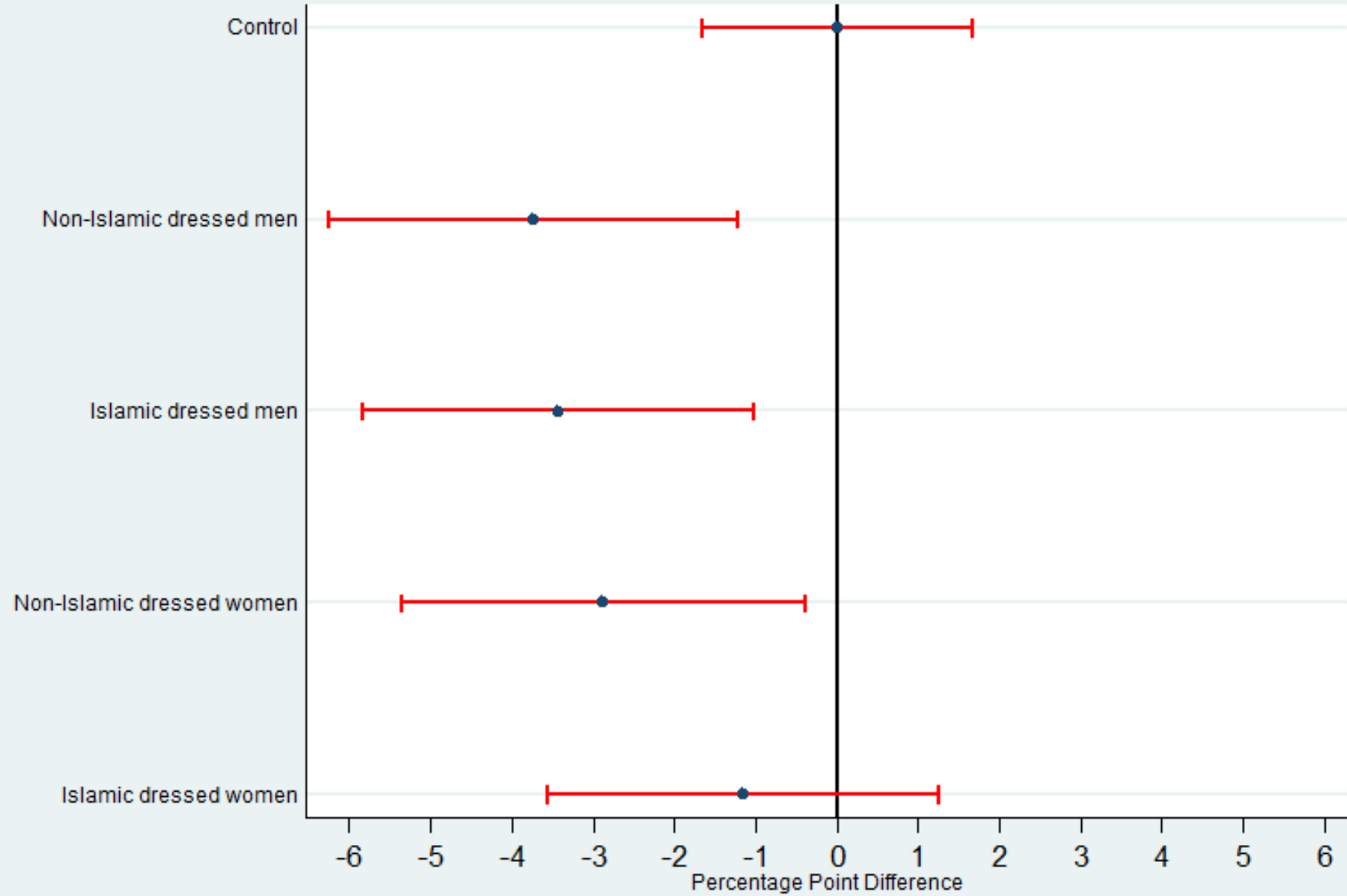
- Gender/Patriarchy
- Islamic Conservatism
- The pictures evoke different social groups as winners of globalization
- Support should decline differentially across pictures & by subgroup

1: Gender and Patriarchy

- Manipulate gender of winners
 - Subgroup by gender of respondent too
- Hypothesis: When shown women gaining from FDI, support for FDI will decline.
 - When shown men gaining from FDI, support for it will rise.
 - Men respondents (as compared to women) will be most likely to reduce their support for FDI when shown women gaining.

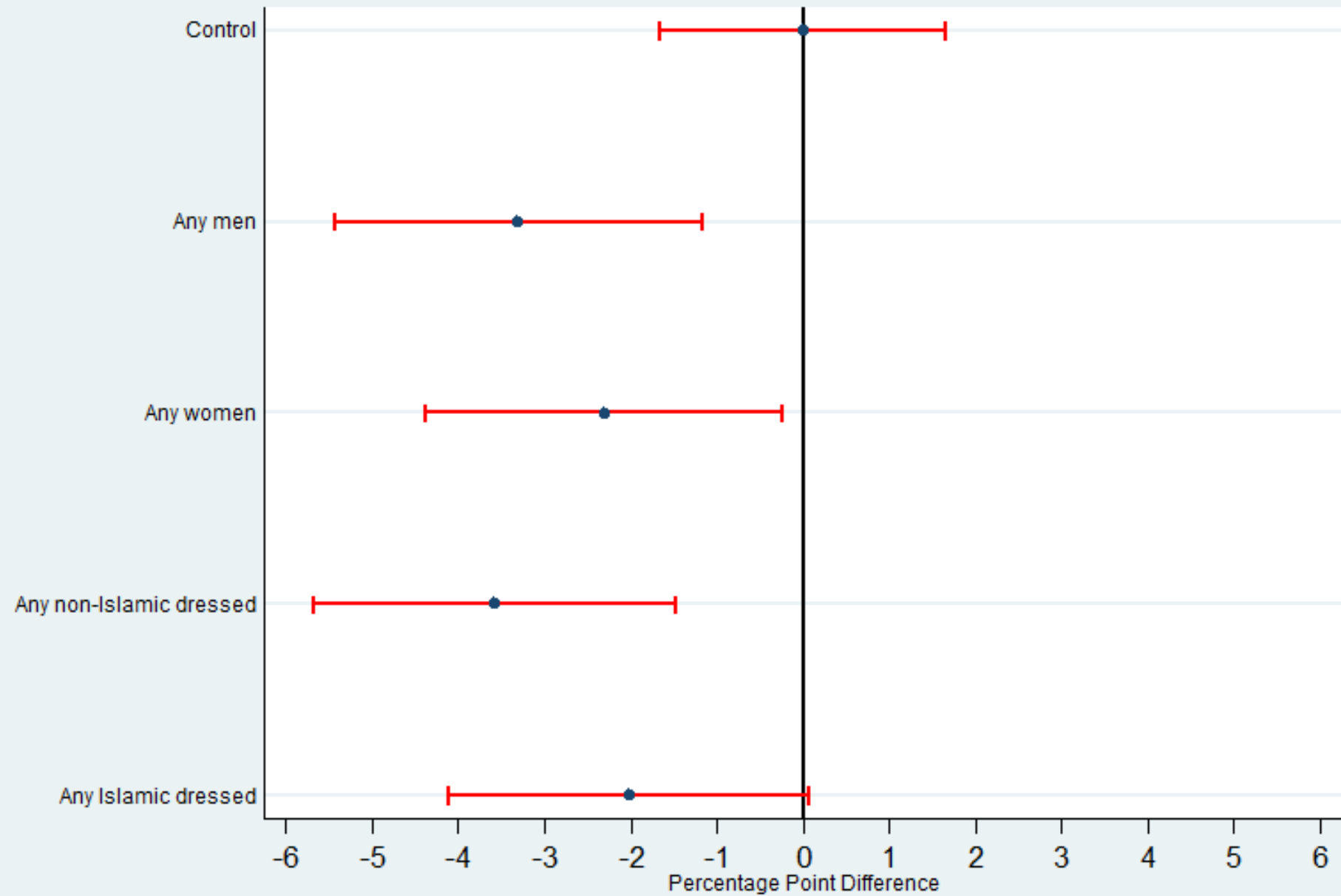
Overall support for FDI

All respondents



Overall support for FDI

All respondents



Results on Patriarchy Hypothesis

- No support for hypothesis in overall sample.
- Decline in support for FDI in all pictures over control.
- But pictures with women have most support for FDI among all pictures.
 - Pictures with men significantly less than control.
- Picture with Islamic dressed women gains most support.

Patriarchy by Gender

- Do men respondents become more negative on FDI when pictures with women gaining than do women respondents?
- No, women and men both are more supportive when they see women gaining from FDI than when they see men gaining.



Overall support for FDI
Male Respondents



Overall support for FDI
Female Respondents



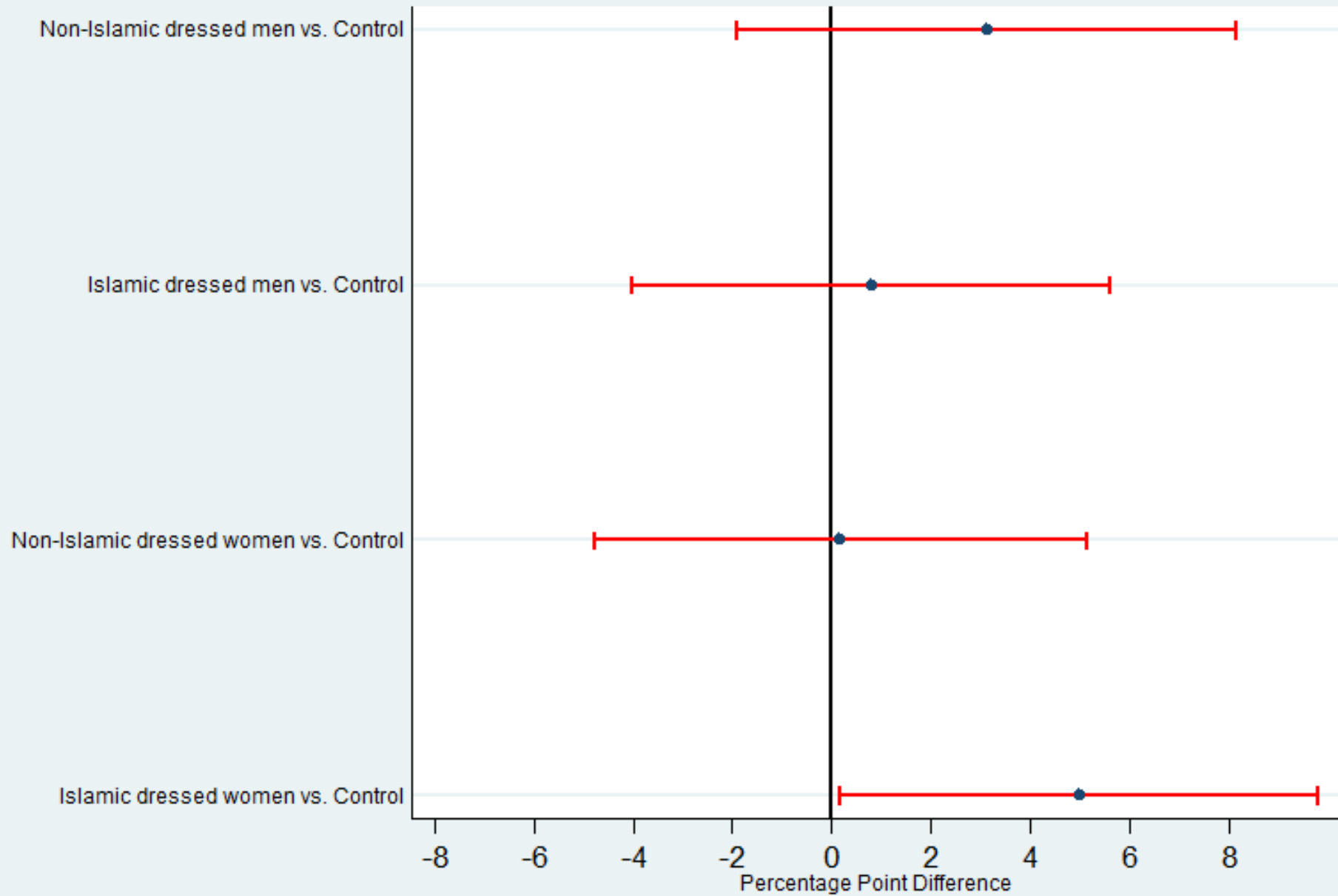
Patriarchy by Gender

- All significant movement from treatments is being done by MEN, not women
- Men are going negative on FDI significantly for each picture
- BUT men become most negative on FDI when see two men's pictures
 - Opposite of patriarchy hypothesis



Overall Support for FDI

Difference-in-differences, by Gender





Results on Patriarchy Hypothesis

- Not much evidence in support of the patriarchy claim
- Control evokes most support for FDI, but women's pictures produce the next most.
- Women most strongly support FDI when they see the Islamic dressed women's picture.
- Men more strongly pro-FDI when they see the women's picture than when they see the men's.
 - DnD: But men less supportive when they see hijabi women than are women who see it.
- So some evidence of gender differences supporting patriarchy

2: Islamic Conservatism Hypothesis

- Social identity matters.
- Homophily.
- When a person sees others who appear similar in their identity gaining from FDI, they are more likely to support it.

Expectations

- Less conservative Muslims should favor FDI more when non-Islamic dressed men and women gain relative to the control.
 - They should also favor FDI more when non-Islamic ones gain than when more Islamic ones gain.
- More conservative Muslims should favor FDI more when Islamic-dressed types gain.
 - They should favor FDI less when they see women gaining than when men do.



Islamic Conservatism Findings

- Not much support for hypothesis
- Conservatives dislike FDI most when non-Islamic dressed men gain, as we might expect.
- But they dislike FDI when Islamic men gain.
- Liberals are more supportive of FDI but are not moved by pictures relative to control.
- Conservatives are significantly treated, but they do not increase support when shown more Islamic pictures.

3: Economic Sources of Preferences

- Labor vs capital: human capital measure.
 - High vs low skill.
- In our data no result on education and negative result for high skill, which is unexpected.
- What is going on?
- N.B. 80% of our sample is low skill
 - Women mostly low skill

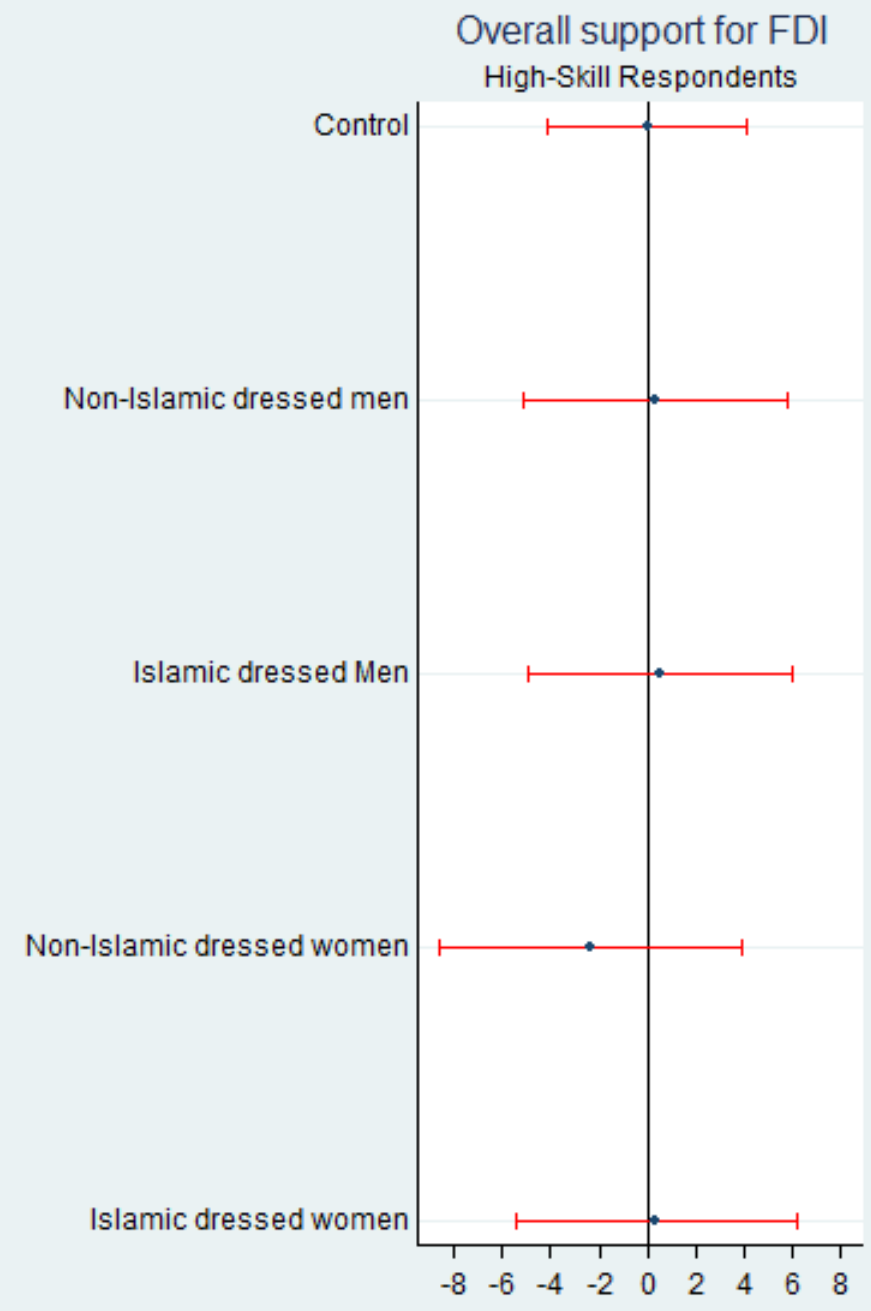
Who are high skilled in Tunisia?

- Coded high skill:
 - Any public sector officials, professionals, and managers.
 - Any private sector professionals. Also business owners and managers at non-micro enterprises.
 - Any military officers, junior and senior.
 - Any students.
- Coded low skill:
 - Any public or private sector manual laborers, clerks, and skilled employees.
 - Business owners and managers at micro enterprises.
 - Any enlisted military personnel
 - Anyone who has never worked outside of the home (excl. students).



Who are high skilled in Tunisia?

- And what are their characteristics?
 - men.
 - more educated.
 - More likely to have a college degree.
 - More likely to have graduated high school.
 - From urban area.
 - greater income.
 - employed in the public sector.
- What kind of views do they hold?
 - less religiously active.
 - interpret Islam more liberally.
 - prefer secular form of government.
 - support women's rights.
- Very small % of sample.



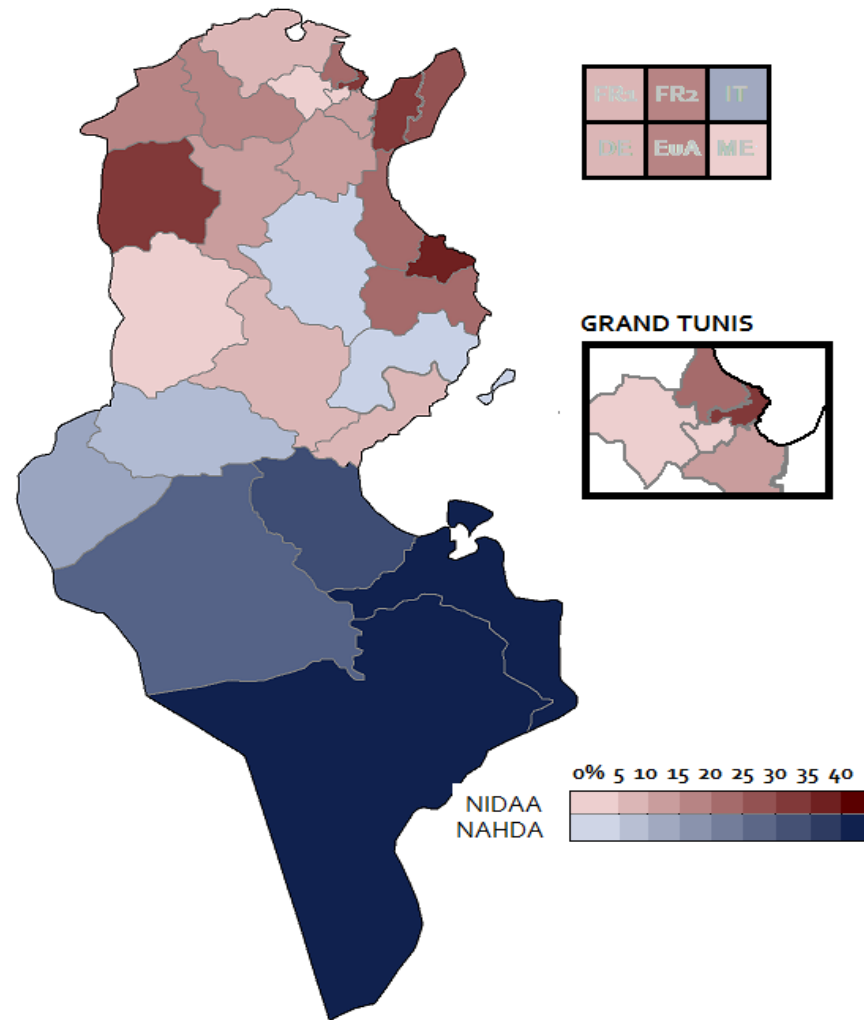
Results on Economic Sources of Preferences

- Results **opposite** of other studies
- Low skill support FDI more
- All pictures reduce support for FDI for low skill.
 - Pictures imply high skill winners
 - Still they most support FDI when women, especially Islamic dressed ones, gain.
- High skill do not like FDI as much.
 - Pictures do not move their support relative to control.
 - But low power, small N
 - Social identity does not matter to them.

Class, Region and Islamism

- Overlapping divide in Tunisia
- Low skill, conservative Islamic, rural vs higher skill, liberal Islamic and urban
 - This divide mirrors political one (see electoral map)
- Support for FDI falls for low skill group for every picture, but it rises above control for every picture (except non-Islamic dressed women) for higher skill group
 - Not significant for high skill because N too small

Election results



High Skill, Urban, Liberal vs. Low Skill, Rural, Conservative

Group	Comparison	Treatment Mean	Control Mean	ATE	P-value	N
High Skill, Urban, Liberal	Islamic dressed Women vs. Control	80.51	75.97	4.54	0.199	73
High Skill, Urban, Liberal	Non-Islamic dressed Men vs. Control	79.04	75.97	3.07	0.381	72
High Skill, Urban, Liberal	Islamic dressed Men vs. Control	78.27	75.97	2.30	0.53	74
High Skill, Urban, Liberal	Non-Islamic dressed Women vs. Control	73.82	75.97	-2.15	0.598	71
Low Skill, Rural, Conservative	Islamic dressed Women vs. Control	78.15	81.39	-3.25	0.242	128
Low Skill, Rural, Conservative	Non-Islamic dressed Men vs. Control	72.47	81.39	-8.93	0.003***	118
Low Skill, Rural, Conservative	Islamic dressed Men vs. Control	75.16	81.39	-6.23	0.028**	120
Low Skill, Rural, Conservative	Non-Islamic dressed Women vs. Control	77.15	81.39	-4.24	0.153	119

Comparison	High Skill, Urban, Liberal ATE	High Skill, Urban, Liberal P-value	Low Skill, Rural, Conservative ATE	Low Skill, Rural, Conservative P-value	Diff-in-Diff	P-value	N
Islamic dressed Women vs. Control	4.54	0.199	-3.25	0.242	7.79	0.084*	201
Non-Islamic dressed Men vs. Control	3.07	0.381	-8.93	0.003***	12.00	0.009***	190
Islamic dressed Men vs. Control	2.30	0.53	-6.23	0.028**	8.52	0.066*	194
Non-Islamic dressed Women vs. Control	-2.15	0.598	-4.24	0.153	2.09	0.68	190

Conclusions

- Two puzzles:
 - Why more negative on FDI when they see any kind of winner?
 - Why is the group that gets the most favorable attitudes toward FDI the Islamic dressed women?
- Economic sources of preferences?
 - Pictures imply high skill winners but most of sample is low skill
- Not social identity (“your group”)
 - Gender/Patriarchy & Islamism not consistent with data
- Social preferences?
 - Islamic dressed women least well off in Tunisian society.

Next Steps

- Conduct some experiments on mechanisms (agency, empathy, social identity, etc.)
- And also have a low skill setting (factory)

THE END

What's in the index variables?

- DV (PCA):
 - Should the government encourage foreign firms to invest?
 - How would you describe the effect of FDI on your family? ... on the Tunisian economy? ... on the firm you work at?
 - Do you prefer fewer restrictions on FDI to encourage growth, or do you prefer more restrictions to protect Tunisian businesses?
 - Would you like to express your support (or opposition) towards FDI to the ministry? Would you like to sign a petition? Did the respondent sign the petition?
- Islam Interpretation (PCA):
 - Should banks that charge interest be banned?
 - Should foreign firms that import things not permissible by Islam be banned from the country?
 - Should foreign investment by non-Muslim firms/countries be encouraged regardless of whether they bring non-Islamic practices and products into the country?
- Women's Rights (PCA):
 - A woman can become PM or president of a Muslim state (strongly agree – strongly disagree)
 - Having a university education is more important for males than for females.
 - When jobs are scarce, men should have more right to jobs than women.
 - Men and women should be paid equally for similar work.
 - It is permissible for a woman to travel abroad by herself.
 - Women should have equal rights and receive the same treatment as men // Women have always been subject to traditional laws and customs, and should remain so. (Which statement is closer to your view?)



Index of FDI Attitudes & Behavior

Comparison	Treatment Group Mean	Control Group Mean	Difference	T-stat	P-value	N
Islamic dressed Women vs. Control	79.38	80.54	-1.16	0.942	0.346	658
Non-Islamic dressed Men vs. Control	76.80	80.54	-3.74	2.904	0.004***	655
Non-Islamic dressed Women vs. Control	77.67	80.54	-2.87	2.260	0.024**	661
Islamic dressed Men vs. Control	77.11	80.54	-3.43	2.805	0.005***	665



Index of FDI Attitudes & Behavior

Comparison	Treatment Group Mean	Control Group Mean	Difference	T-stat	P-value	N
Any Men vs. Control	76.96	80.54	-3.58	3.346	0.001***	989
Any Women vs. Control	78.52	80.54	-2.02	1.890	0.059*	988
Any Islamic dressed vs. Control	78.23	80.54	-2.31	2.187	0.029**	992
Any Non-Islamic dressed vs. Control	77.24	80.54	-3.30	3.043	0.002***	985

by gender: control vs 4 pics

Gender	Comparison	Treatment Group Mean	Control Group Mean	Difference	T-stat	P-value	N
Male	Islamic dressed Women vs. Control	77.57	81.15	-3.57	2.067	0.040**	339
Male	Non-Islamic dressed Men vs. Control	75.90	81.15	-5.24	2.779	0.006***	340
Male	Non-Islamic dressed Women vs. Control	78.14	81.15	-3.01	1.665	0.097*	354
Male	Islamic dressed Men vs. Control	77.33	81.15	-3.81	2.126	0.034**	334
Female	Islamic dressed Women vs. Control	81.32	79.90	1.42	-0.818	0.414	319
Female	Non-Islamic dressed Men vs. Control	77.80	79.90	-2.10	1.213	0.226	315
Female	Non-Islamic dressed Women vs. Control	77.08	79.90	-2.82	1.592	0.113	307
Female	Islamic dressed Men vs. Control	76.89	79.90	-3.01	1.802	0.072*	331

D-n-D by gender: control vs 4 pics

Comparison	Female ATE	Female P-value	Male ATE	Male P-value	Difference	P-value	N
Islamic dressed Women vs. Control	1.418	0.414	-3.572	0.039	4.99	0.042**	658
Non-Islamic dressed Men vs. Control	-2.103	0.226	-5.242	0.006	3.139	0.221	655
Non-Islamic dressed Women vs. Control	-2.822	0.112	-3.01	0.097	0.188	0.941	661
Islamic dressed Men vs. Control	-3.005	0.072	-3.813	0.034	0.808	0.742	665

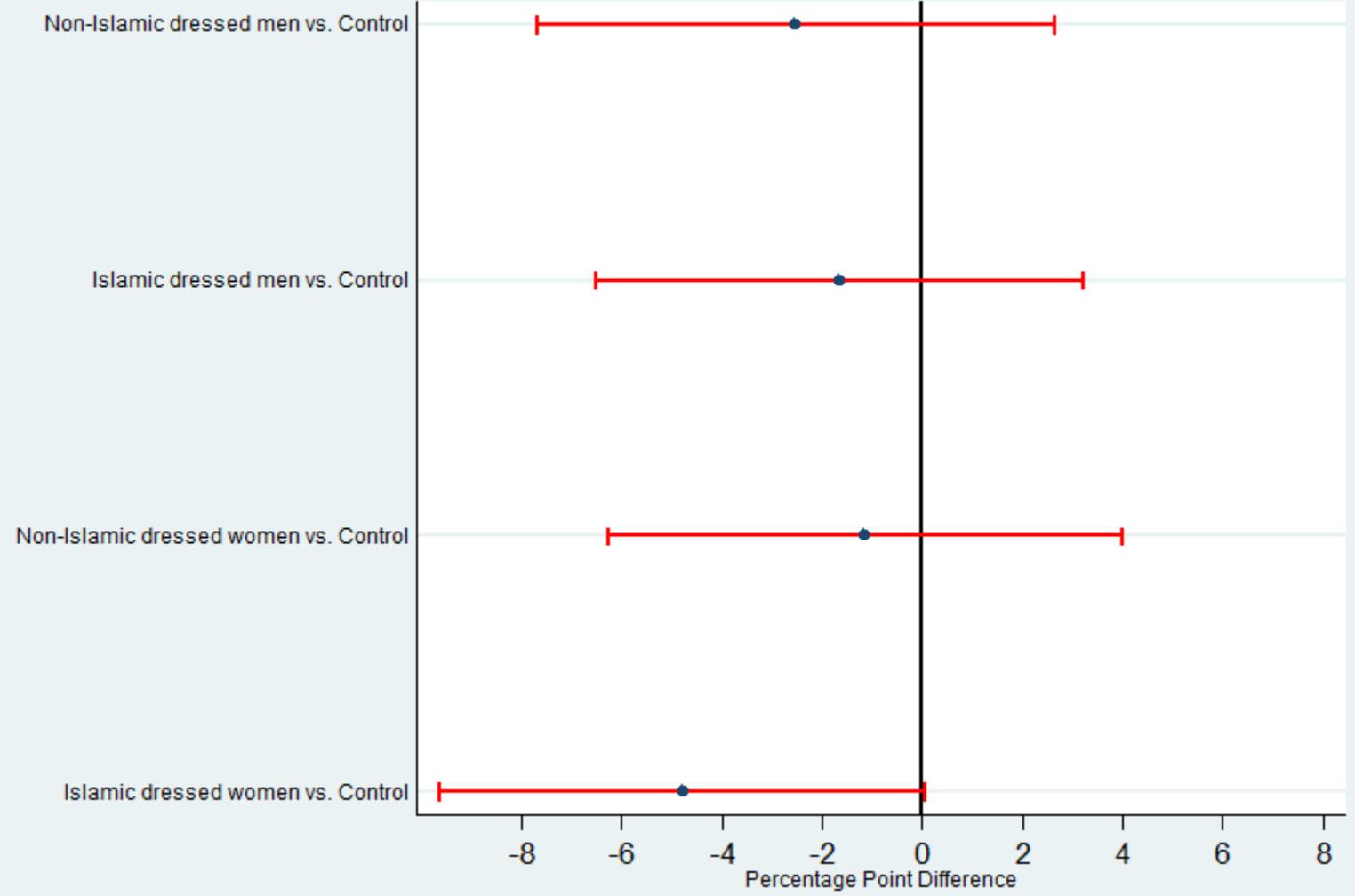
Conservative-liberal Islamic Types: Index of FDI by control vs 4 pics

Islam Interpretation	Comparison	Treatment Group Mean	Control Group Mean	Difference	T-stat	P-value	N
Liberal	Islamic dressed Women vs. Control	82.63	81.27	1.36	-0.820	0.413	317
Liberal	Non-Islamic dressed Men vs. Control	78.83	81.27	-2.44	1.377	0.170	313
Liberal	Non-Islamic dressed Women vs. Control	78.79	81.27	-2.49	1.455	0.147	334
Liberal	Islamic dressed Men vs. Control	78.89	81.27	-2.39	1.419	0.157	305
Conservative	Islamic dressed Women vs. Control	76.42	79.84	-3.42	1.865	0.063*	326
Conservative	Non-Islamic dressed Men vs. Control	74.88	79.84	-4.97	2.567	0.011**	323
Conservative	Non-Islamic dressed Women vs. Control	76.22	79.84	-3.62	1.835	0.068*	302
Conservative	Islamic dressed Men vs. Control	75.80	79.84	-4.04	2.221	0.027**	334



Overall Support for FDI

Difference-in-differences, by Islam Interpretation



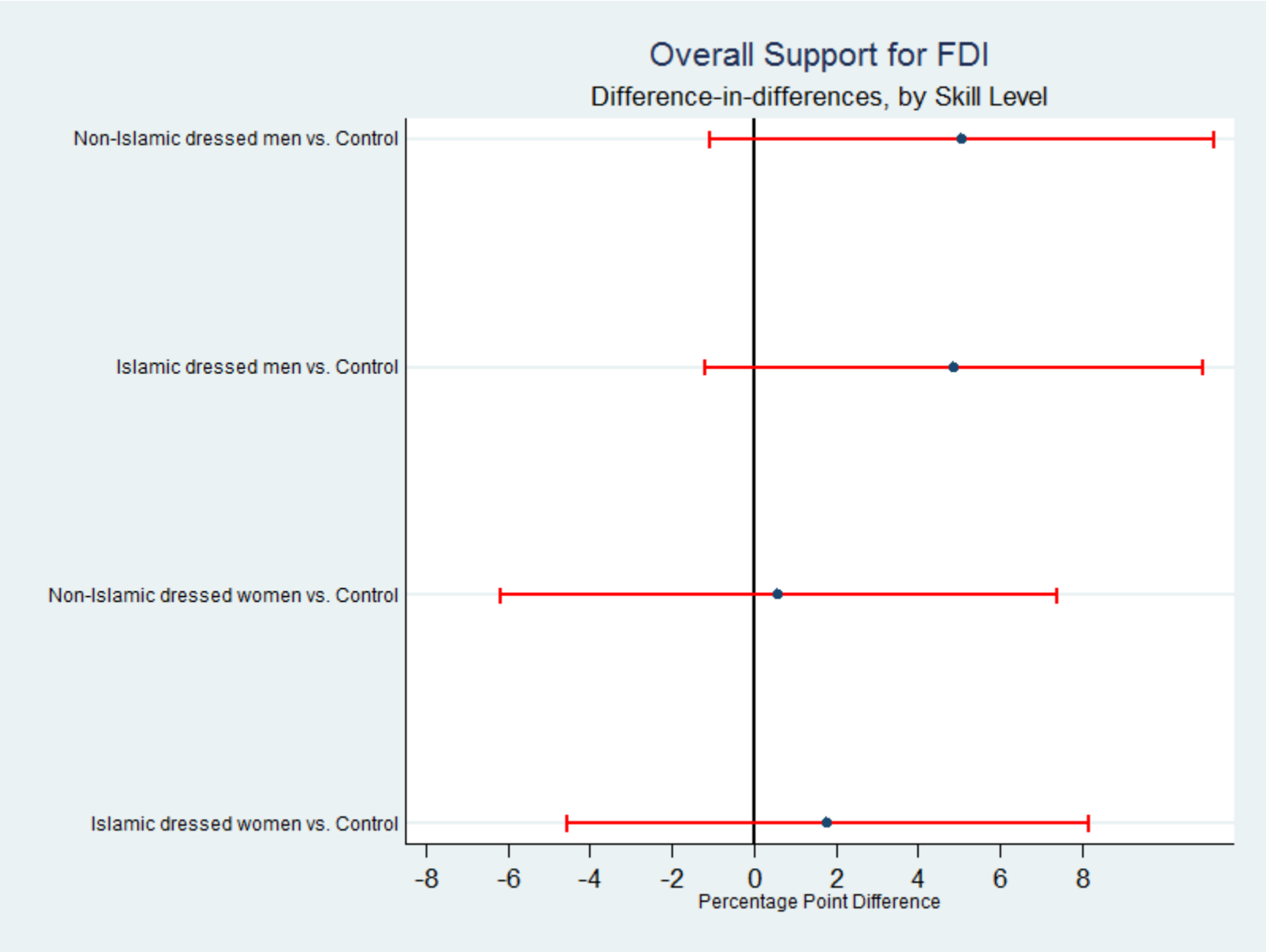
By whether respondent wears the *hijab*

Diff-in-Means

Does the respondent wear the hijab?	Comparison	Treatment Group Mean	Control Group Mean	Difference	T-stat	P-value	N
Wears the hijab	Islamic dressed Women vs. Control	80.5	81.33	-0.83	0.389	0.698	220
Wears the hijab	Non-Islamic dressed Men vs. Control	77.59	81.33	-3.74	1.729	0.085*	212
Wears the hijab	Non-Islamic dressed Women vs. Control	75.53	81.33	-5.8	2.697	0.008***	213
Wears the hijab	Islamic dressed Men vs. Control	76.04	81.33	-5.29	2.607	0.01**	232
Does not wear it	Islamic dressed Women vs. Control	83.42	77.14	6.29	-2.117	0.037**	99
Does not wear it	Non-Islamic dressed Men vs. Control	78.25	77.14	1.12	-0.389	0.699	103
Does not wear it	Non-Islamic dressed Women vs. Control	81.32	77.14	4.19	-1.357	0.179	94
Does not wear it	Islamic dressed Men vs. Control	79.33	77.14	2.19	-0.742	0.46	99

Index of FDI by skill level for control vs 4 pics

Respondent's Skill Level	Comparison	Treatment Group Mean	Control Group Mean	Difference	T-stat	P-value	N
Low skill	Islamic dressed Women vs. Control	80.03	81.47	-1.44	1.074	0.283	526
Low skill	Non-Islamic dressed Men vs. Control	76.70	81.47	-4.77	3.265	0.001***	517
Low skill	Non-Islamic dressed Women vs. Control	78.55	81.47	-2.92	2.136	0.033**	530
Low skill	Islamic dressed Men vs. Control	77.11	81.47	-4.36	3.192	0.001***	527
High skill	Islamic dressed Women vs. Control	76.95	76.58	0.36	-0.123	0.902	132
High skill	Non-Islamic dressed Men vs. Control	76.88	76.58	0.30	-0.108	0.914	137
High skill	Non-Islamic dressed Women vs. Control	74.27	76.58	-2.32	0.728	0.468	131
High skill	Islamic dressed Men vs. Control	77.11	76.58	0.52	-0.188	0.851	136



Economic Factor #2: Job Insecurity

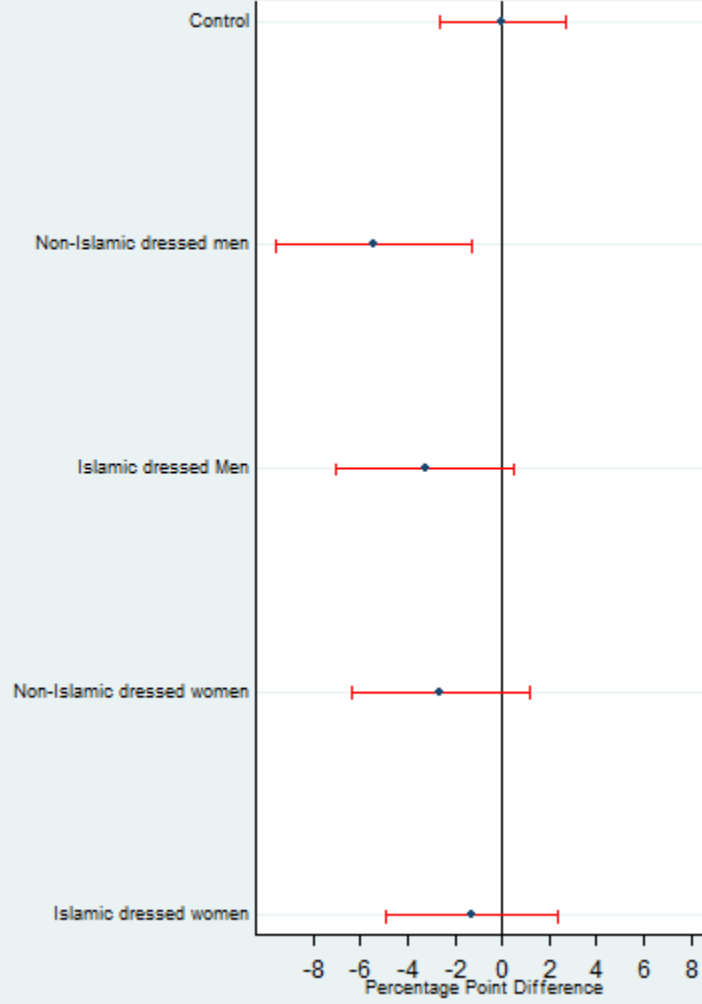
- Literature is mixed on how important feeling secure on one's job is to preferences about globalization.
 - Scheve et al vs Pandya
- Does it play any role in MENA?
- Expectation:
 - Those with low job insecurity will reduce their support for FDI when they see most privileged/secure groups gaining from it the most. I.e., when they see men, and esp. non-Islamic dressed men gaining.
 - Those with high job security should be most supportive of FDI.

hi vs low insecurity groups for control vs 4 pics

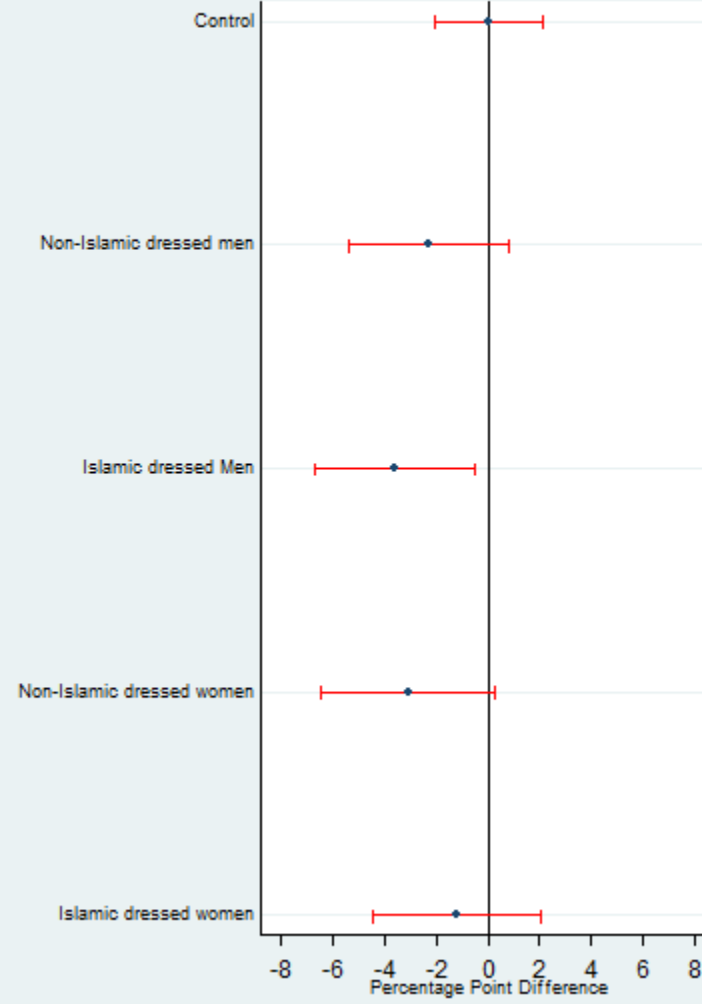
Respondent's job security	Comparison	Treatment Group Mean	Control Group Mean	Difference	T-stat	P-value	N
Low job security	Islamic dressed Women vs. Control	80.29	81.59	-1.30	0.703	0.483	311
Low job security	Non-Islamic dressed Men vs. Control	76.13	81.59	-5.46	2.594	0.010**	301
Low job security	Non-Islamic dressed Women vs. Control	78.97	81.59	-2.62	1.371	0.171	297
Low job security	Islamic dressed Men vs. Control	78.33	81.59	-3.25	1.689	0.092*	307
High job security	Islamic dressed Women vs. Control	78.49	79.68	-1.19	0.719	0.473	347
High job security	Non-Islamic dressed Men vs. Control	77.44	79.68	-2.24	1.428	0.154	353
High job security	Non-Islamic dressed Women vs. Control	76.61	79.68	-3.07	1.807	0.072*	364
High job security	Islamic dressed Men vs. Control	76.10	79.68	-3.58	2.284	0.023**	356



Overall support for FDI
Low-Security Respondents

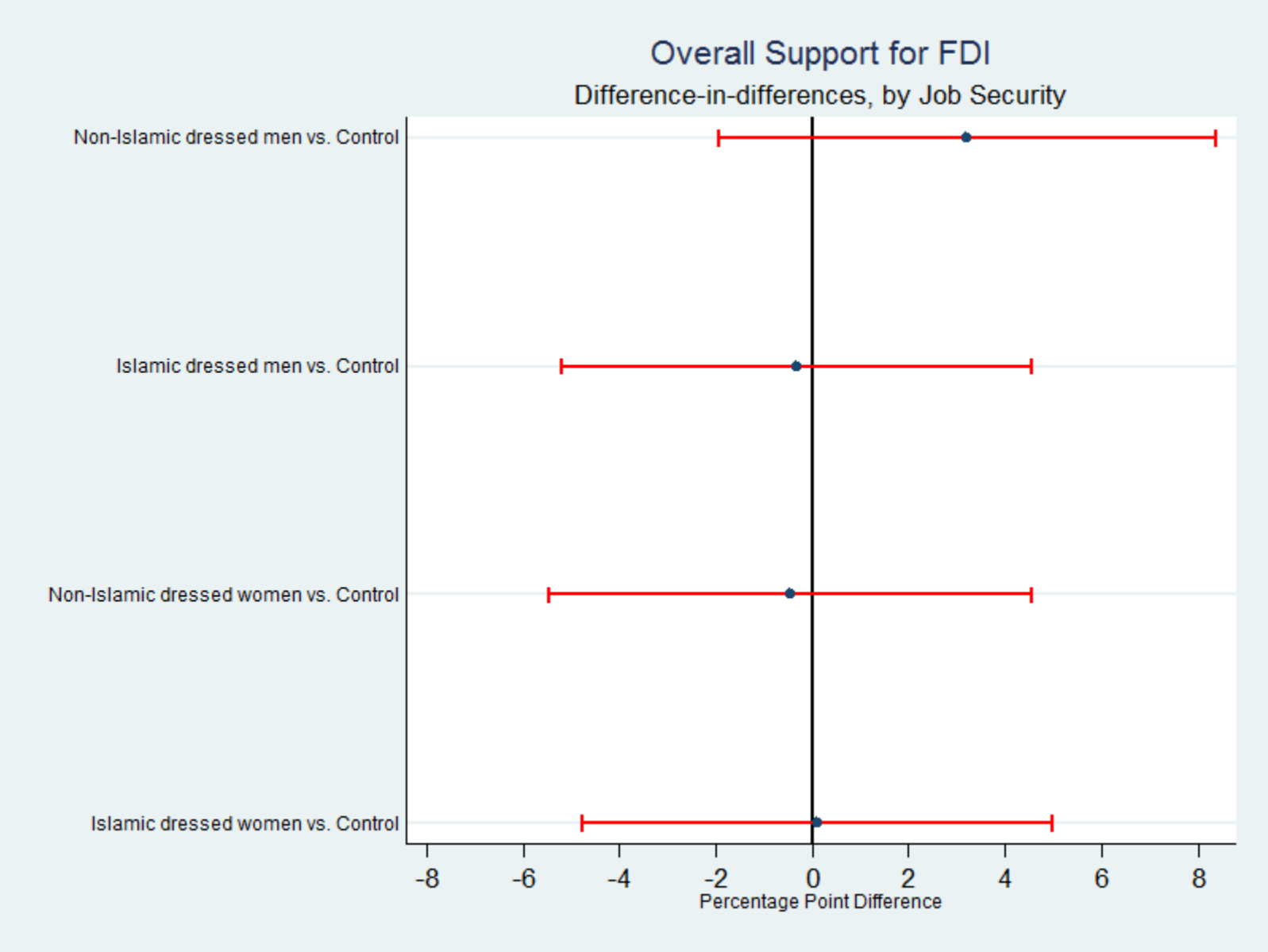


Overall support for FDI
High-Security Respondents



D-n-D on Job Insecurity for control vs 4 pics

Comparison	High Job Sec. ATE	High Job Sec. P-value	Low Job Sec. ATE	Low Job Sec. P-value	Difference	P-value	N
Islamic dressed Women vs. Control	-1.191	0.473	-1.296	0.482	0.106	0.966	658
Non-Islamic dressed Men vs. Control	-2.243	0.154	-5.458	0.01	3.216	0.221	654
Non-Islamic dressed Women vs. Control	-3.072	0.071	-2.619	0.171	-0.452	0.86	661
Islamic dressed Men vs. Control	-3.578	0.023	-3.254	0.092	-0.324	0.896	663



Results on Job Insecurity

- Those with high job **security** are less supportive of globalization.
 - Their mean value of support for FDI is lower in the control than it is for those with low job security.
- As expected, those with low job security least like FDI when more privileged groups gain, that is, when men gain—non-Islamic dressed or Islamic dressed ones.
- For high job security, they react more than we expected.
 - They are significantly more negative with non-Islamic dressed women and Islamic dressed men
- But while all prefer the control to any picture, the picture that gets the most support for both low and high job security types is the Islamic dressed women one.

Election results

