

Feelings First: Non-Material Factors as Moderators of Economic Self-Interest Effects on Trade Preferences

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1 Research Question

What explains public opinion toward international trade? More specifically, what is the relationship between material self-interest and non-material factors in the formation of trade preferences?

2 Background

- Sources of trade preferences can be grouped into two broad categories:
 - I) Material self-interest: skill level or industry of employment
 - II) Non-material, affective factors based on an automatic emotional – rather than a deliberate cognitive – response: attitudes toward foreign cultures, nationalism, ethnocentrism, xenophobia, etc.
- Existing studies find that, on average, both material and non-material factors “matter”, but the particular role and relationship of these two factors have not been theorized or investigated empirically. My paper addresses this gap in the literature.

3 Overview: The Priority of Non-Material, Affective Factors

- I find that an affective source of trade preferences – attitudes toward foreign cultural influences – enjoys priority over (industry-based) economic self-interest in the formation of trade opinion:
 - The strength of cultural attitudes *conditions the effect of* industry factors on trade opinion.
 - Specifically, only when cultural attitudes are weak or *neutral* (i.e., neither positive nor negative), does industry-based self-interest have any effect.
- Cultural attitudes and industry effects, therefore, do not reinforce or counterbalance each other in this context.
- Rather, material self-interest is a *second order* factor that acquires salience only when cultural attitudes deviate from neutral.
- Affective sources of preferences are *first order* factors that can altogether trump the contribution of (industry-based) self-interest to an individual’s position on trade.

4 The Theory of Symbolic Politics Applied to Trade Preferences

- Early in life, people acquire broad stable predispositions – prejudices, nationalism, political ideology – that shape their attitudes toward particular issues in adulthood.
- When people encounter a “new” policy issue (i.e., trade), the symbols posed by that issue evoke a *habitual, emotional* response in accordance with longstanding “symbolic” predispositions such as sentiment toward foreign cultures.
- When symbolic predispositions are strong, preferences are unaffected by the rational calculus of self-interest.

5 Data and Variables

- Harvard Globalization Survey Project’s survey of over 4,000 workers in 12 targeted U.S. industries.
- Three binary DVs capture support for trade: (1) perceived impact of trade on self and family (*Bad Self Impact*), (2) perceived impact of trade on U.S. as a whole (*Bad US Impact*), and (3) support for increased trade restrictions (*Tariff Support*).
- A three-point measure of symbolic attitudes reflects whether respondents believe that foreign cultural influences have a positive (1), neutral (2), or negative (3) impact on American society (*Cultural Sentiment*).
- Economic self-interest is captured by *Import Industry*, which takes the value “1” when the respondent works in an industry with a negative net trade balance; “0” otherwise.

6 Results I: Split Sample Analysis

- I split the data into three by value of *Cultural Sentiment* and analyze each sub-sample separately.
- As expected, strong industry effects are observed in the neutral group, but where attitudes toward foreign cultural influences are either positive or negative, the effect of the industry variable fades completely. See Tables 1-3 and Fig 1.

Table 1. DV = Beliefs about trade’s impact on self and family.

<i>Cultural Sentiment</i>	Coefficient on <i>Import Industry</i>	P-value	Observations
Positive	.234 (-.108, .577)	0.179	1995
Neutral	.607 (.267, .947)	0.000	1040
Negative	-.099 (-.485, .288)	0.616	703

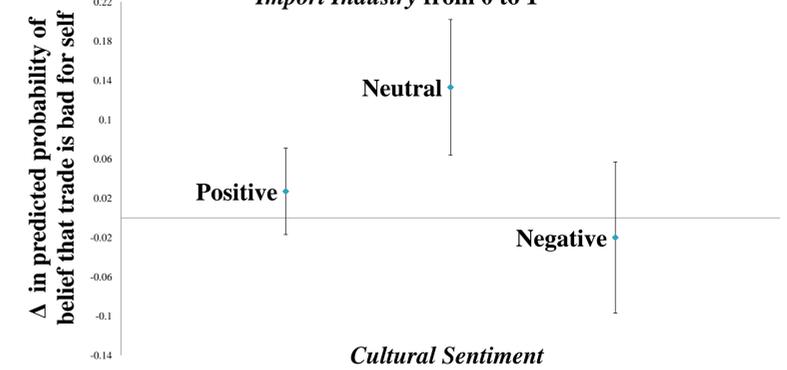
Table 2. DV = Beliefs about trade’s impact on the U.S.

<i>Cultural Sentiment</i>	Coefficient on <i>Import Industry</i>	P-value	Observations
Positive	.067 (-.266, .400)	0.694	1994
Neutral	.538 (.203, .874)	0.002	1044
Negative	-.190 (-.570, .190)	0.327	703

Table 3. DV = Tariff support.

<i>Cultural Sentiment</i>	Coefficient on <i>Import Industry</i>	P-value	Observations
Positive	.223 (-.012, .459)	0.063	1994
Neutral	.516 (.213, .819)	0.001	1044
Negative	.284 (-.072, .640)	0.118	704

Figure 1. Change in the predicted probability of believing that trade is bad for self and family resulting from a change in *Import Industry* from 0 to 1



7 Results II: Interaction Analysis

- Next, I test the conditional relationship in the whole sample using an interaction of the industry IV and the cultural IV.
- The relationship I posit is *non-linear*, therefore *Import Industry***Cultural Sentiment* is not appropriate.
- I transform 3-point *Cultural Sentiment* into a *Neutral Sentiment* dummy and interact it with *Import Industry*.
- The analysis confirms that, at least where beliefs about trade’s impact are concerned, the salience of material self-interest depends on weak symbolic attitudes. See Table 4.

Table 4. Logit coefficient on interaction term by DV.

	DV = <i>Bad Self Impact</i>	DV = <i>Bad US Impact</i>	DV = <i>Tariff Support</i>
<i>Neutral Sentiment</i> * <i>Import Industry</i>	.470 (p-value = 0.024)	.500 (p-value = 0.014)	.267 (p-value = 0.130)

8 Key Contributions of the Paper

- I introduce a more nuanced and theoretically-informed conception of trade preference formation, revealing the relationship between material and non-material factors.
- By applying theoretical insights from political psychology, I highlight promising possibilities for further theoretically-informed investigations into the affective basis of preferences in international political economy.
- I suggest the importance of more carefully considering “neutral” positions on symbolic attitudinal scales.