PUBLIC OPINION ON ECONOMIC GLOBALIZATION

Considering Immigration, International Trade, and Foreign Direct Investment

Roger White

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Preface

Less than a decade removed from the worst economic downturn since the Great Depression, we find the extent to which economies the world over are globally integrated is at or near the highest level in recorded history. With the Great Recession came extensive economic pain and suffering. We witnessed an associated financial crisis, a severe downturn in world trade, and a pronounced slowdown in international migration. In the months and years following the onset of the Great Recession, there were many calls for the implementation of protectionist measures, there were proposals for isolationist economic policies, and in a number of countries, some of these measures/policies were implemented. Even so, in 2015 international migrants accounted for 3.3% of the global population (i.e., 243.7 million individuals) (UN 2017), international trade flows as a share of Gross Global Product (GGP) was equal to 58.3% (World Bank 2017), and the inward Foreign Direct Investment (FDI) stock worldwide was equal to 33.6% of GGP (UNCTAD 2017).[1] These values represent the highest levels ever recorded for international migration and the global Foreign Direct Investment (FDI) stock and are the seventh highest level ever recorded for trade flows.[2]

Even as we are at (or near) record high levels of international economic integration, public opinion polls consistently indicate that a considerable share of the world's population holds negative views of immigrants and immigration, international trade, and/or foreign direct investment inflows. One explanation for these negative opinions is based on economic factors and is linked to worries that detrimental labor market

consequences stem from economic globalization. Another explanation involves non-economic factors such as the demographic attributes of public opinion survey respondents and, of great relevance for the material presented in this book, the cultural context in which survey respondents formulate their opinions of economic globalization. This book represents an attempt to glean information from the application of statistical methods to three large, unique data sets that include individuals' responses to public opinion polls that were conducted by the Pew Research Center in more than three dozen countries during 2014.[3]

To be sure, there are potential costs associated with increased international economic integration. However, we contend that the solution is not to restrict integration in hopes that we might avoid losses. Following such a plan would also forego the massive benefits associated with economic integration and, thus, fail to maximize the net benefits. Since the benefits are generally considered to dwarf any related costs, an enlightened public policy path involves the vigorous pursuit of integration to maximize associated benefits coupled with the implementation of necessary programs to address the needs of anyone who is adversely affected by economic globalization. This, of course, raises the related issues of how benefits and costs may be quantified and, perhaps more importantly, what mechanism(s) should be instituted to reallocate the gains throughout society. These are not easy questions and there are no simple answers. They are, however, important questions that need to be addressed if we wish to maximize social welfare. Taking a step back and acknowledging that the pursuit of economic globalization requires the support and engagement of individuals and firms, it seems that a reasonable starting point, and the emphasis of the work presented here, is the development of a more complete understanding of the determinants of public opinion on economic globalization.

Our principle focus is the role that cross-societal cultural differences may play in the formulation of public opinion toward economic globalization. To that end, we examine survey responses for a number of questions on the topics of immigrants and immigration, international trade, and FDI inflows. As is mentioned in later chapters, the work presented here is, in many ways, an exploration. But given the massive potential net benefits to be garnered from increased economic globalization, it is hoped that the information collected/provided as a result of this exploration will be of interest to students, researchers, academicians, and,

generally, to members of the public, and that it will be of value to policy makers. Moreover, we hope that this work will contribute to a more complete understanding of public opinion and that this enhanced understanding will be useful in the facilitation of future increases in the depth and breadth of economic globalization.

Whittier, US Roger White

Notes

1. The outward FDI stock in 2015 was equal to 34% of GGP (UNCTAD, 2017).
2. The six years with the highest levels have all occurred since the turn of the twenty-first century. Thus, although global trade intensity in 2015 was not quite at is highest annual value, it was near the highest observed level.
3. Pew Research Center bears no responsibility for the interpretations presented or conclusions reached based on analysis of the data.

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PART I

Economic Globalization and Cross-Societal Cultural Differences

CHAPTER 1

A Movement Toward Greater Integration of the Global Economy

During the past several decades, the world has witnessed tremendous increases in both the intensity and the diversity of global migration, world trade flows, and international investment stocks. These increases have occurred in response to, and in conjunction with, a large number of events and actions that include the lure of higher profits, the emergence of multinational enterprises, rapid technological advancement including improved communications technology, and the collapse of the Soviet Union and the subsequent expanded reach of free-market capitalism. In addition, we have witnessed a general relaxation of trade barriers and financial account liberalization throughout most of the world. In particular, since about 1980, world trade and international investment flows have increasingly evolved from being dominated, primarily, by developed western economies to include the developing world and, during the most recent quarter century, the transition economies that are former members of the Soviet Union.

There is abundant evidence to support the point that, over the past five decades, the scope of globalization—and international economic integration, in particular—has expanded to become a truly global phenomenon. For instance, global exports of goods and services in 1970 were equal to only 13.4% of Gross Global Product (GGP). This share more than doubled to 29.5% by 2015 (World Bank 2016a). Looking to international investment flows and stocks, we see a similar increase. The world stock of outward Foreign Direct Investment (FDI) in 1980 was equivalent to 5% of GGP (UN 2016b). This value doubled to 10% by 1990 and further

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increased, by a factor greater than three to 31.6% in 2010 (UNCTAD 2016; World Bank 2016a). This represents a more than sixfold increase in FDI as a share of GGP over a period of less than 50 years. And, although the international migrant stock as a share of the world's population has remained somewhat stable in recent decades, increasing only from 3.1% in 1960 to 3.3% in 2015 (World Bank 2016b), the greater global population means that there are now more international migrants than ever before—a more than tripling of the number from 79 million persons in 1960 to 244 million in 2015 (UN 2002 and 2016b).

The observed increases in international migration, trade flows, and investment stocks have coincided with both increased diversity, in terms of the corresponding source and destination countries, and an increased depth in the extents to which individual economies are integrated into the global economy. For example, we see increased diversity across migrants' destination countries in terms of source country representation. Specifically, in 1960, among 204 destination countries for which data are available, the average country was host to immigrants from 82.7 countries with a median value that was equal to 81.5 countries (World Bank 2016b). By 2000, these values had increased such that the average country was host to immigrants from 114.8 countries with a median value of 112 (World Bank 2016b). Similarly, the United Nations Comtrade database lists 191 countries engaged in exporting in 1970 with mean and median numbers of destination markets equal to 50.5 and 47, respectively (UN 2016c). In 2010, the database identifies 231 exporters with the mean and median numbers of destination markets served equal to 97.4 and 105, respectively (UN 2016c). Likewise, most FDI flowed between developed economies prior to the 1980s, when the governments of developing countries made unilateral changes to liberalize their financial accounts. Thus, until recent decades, FDI stocks were largely concentrated in developed economies. However, global FDI stocks grew by about 9.1% annually, on average, during the 1990s and by roughly 7.2%, again on average, during the first decade of this century. In 2011, the global FDI stock measured $18 trillion with about two-thirds of the stock located in developing countries (Milner 2014).

Perhaps not surprisingly, with the increase in the internationalization of the global economy that has been observed in recent decades, there have been corresponding increases in the cultural diversity of many countries' populations. This is due to a confluence of changes that includes generally greater depth and breadth of immigrant

populations in terms of source country representation and greater commercial connectedness of economies via the increases in trade and investment flows that are described above. Underlying these changes in international migration and in trade and investment flows are reductions in transportation and communications costs as well as changes in government policies that have fostered greater international connectedness. Additionally, as international economic integration has deepened, we have seen increases both in the extent of social globalization and in political globalization; thus, in a period that is, in total, less than a half-century in duration, we have seen a considerable general evolution to a more globalized world.

To provide some detail regarding the increased globalization that has taken place in recent decades, we can look to the KOF Globalization Index (Dreher 2006; Dreher et al. 2008). The KOF Index ranges in value from 0 (i.e., not at all globalized) to 100 (i.e., very much globalized) and it currently spans the period from 1970 through 2013. To illustrate the changes that are noted above, we can compare the average KOF Globalization Index value across the 141 countries for which data are available in both 1970 and 2013. This comparison reveals an increase in the Index value from 34.9 to 57.8 over the period. The increase in the overall KOF Globalization Index is mirrored by similar increases in each of the three underlying dimensions. Specifically, as the average score of the Economic Globalization dimension increased from 38.8 to 61.2 during the reference period so too did the average scores for the Social Globalization dimension (from 31.7 to 50.5) and for the Political Globalization dimension (from 36 to 67.3).[1]

Greater globalization, whether economic or otherwise, entails increased interaction with individuals who reside in, or who are from, other societies, and globalization (again, regardless of the form) can be described as "lumpy" in that we find great variation both across and within countries in terms of the extents to which globalization has taken place and in the dimensions along which societies are more (or less) globalized. For example, Fig. 1.1 plots the change in the KOF Globalization Index over the 1970–2013 period against the 2013 Index values. The variation in Index values across the *x*-axis ($s^2 = 274.2$) provides a clear indication of the unevenness of globalization.[2] Further, the values on the *y*-axis illustrate both that the KOF Globalization Index increased for all but one country during the period (i.e., French Polynesia) and that the pace of globalization varied considerably across the 141 depicted countries.

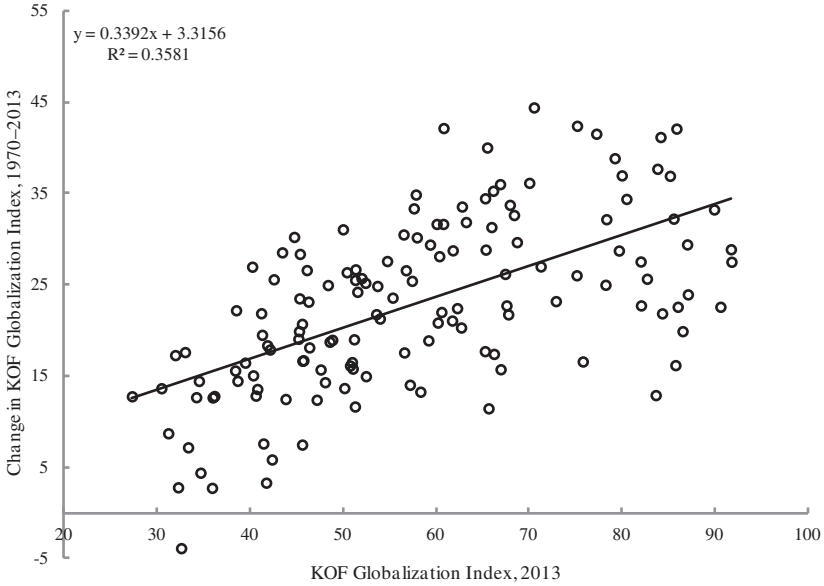

Fig. 1.1 The "lumpiness" of globalization

To further illustrate these more general changes, we can consider two economies for which survey data on the topic of international trade will be examined in the next chapter: Germany and the US. In Fig. 1.2, we see that both countries have become more globalized during the past several decades. The figure depicts annual values of the KOF Globalization Index as well as corresponding values for the associated dimensions (i.e., Economic Globalization, Political Globalization, and Social Globalization values).

In Fig. 1.2, we see steady progression for both Germany and the US toward greater overall globalization as well as greater globalization in each of the three dimensions. Again illustrative of the unevenness of globalization, the overall KOF Index value for Germany increased by more than 70% during the period, while the corresponding value for the US increased to a much smaller extent—by just over 28%. Contributing to these increases, the values for Germany's Social Globalization and Political Globalization dimensions rose by 93.3% and 81%, respectively, while the US values for these dimensions increased by 47.3% for Social

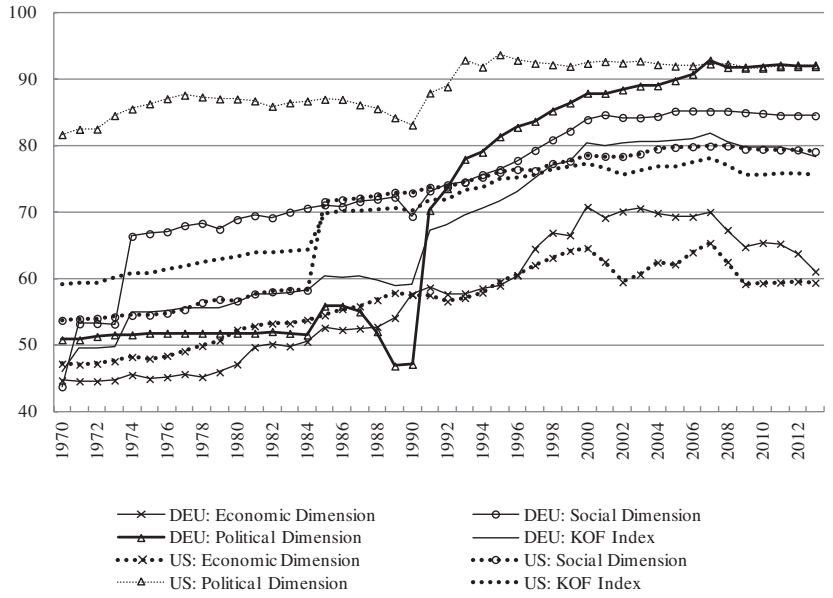

Fig. 1.2 KOF globalization index and component dimensions, Germany and the United States: 1970–2013

Globalization and 12.8% for Political Globalization. That the Economic Globalization values for Germany grew by 36.7% during the period, while the corresponding value for the US increased by only 25.9%, coupled with the observed similarity in the KOF Globalization Index values at the end of the reference period (78.24 for Germany and 75.71 for the US) indicate that, as both countries were becoming more globally oriented, Germany was also largely catching up to the US with respect to globalization. This is depicted in Fig. 1.3. Of course, German reunification, integration into the European Union and its expansion, and corresponding Euro adoption likely explain a large portion of the observed increases in Germany's globalization index values.

It is worthwhile to note at this point that economic globalization confers considerable tangible benefits. For example, Ghemawat (2012) estimates the annual economic benefits of globalization to be at least 8% of GGP. Broda and Weinstein (2005) place the benefits of increased variety to US consumers during the period from 1972 through 2001

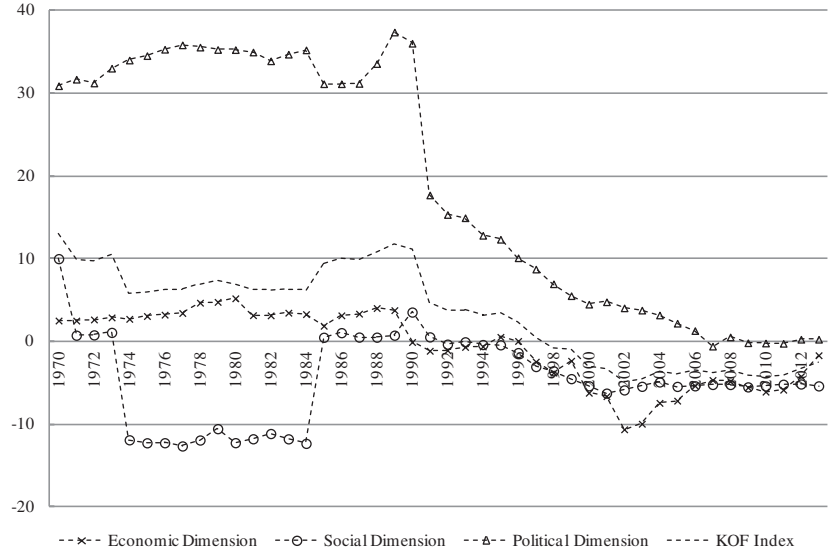

Fig. 1.3 Differences in KOF globalization index and component dimension values, Germany and the United States: 1970–2013

that are attributable to international trade at $260 billion. Examining the economic performances of 42 developed and emerging economies over the period from 1990 through 2011, Bertelsmann Stiftung (2014) report that all countries benefited from deeper globalization during the period and that Finland (€1500) and Denmark, Germany, and Japan (about €1200 each) realized the largest associated annual gains in per capita Gross Domestic Product (GDP). In short, the benefits of globalization are generally accepted as a common fact and very few, if any, credible arguments exist to counter this statement.

Unfortunately, around the world, not insignificant shares of the public view globalization as a harmful and disruptive process. Worse still is that policy makers, either to curry favor with the public or because they too are poorly informed, often lace their public comments with isolationist themes and protectionist sentiments. Thus, the merits of economic globalization continue to be an issue, both as a matter of public policy and with respect to public opinion, and this often limits the extent to which societies are willing and/or able to engage in the global economy. Quite often, wariness regarding economic globalization and the resulting

unwillingness to engage in the international economy, fully or otherwise, is attributed to concerns about costs related to international economic integration. Many view these costs as being sufficiently high to render the process of economic globalization a net loss and, accordingly, an undesirable path to follow.

The work presented here examines individuals' perceptions of three aspects of international economic integration—namely, immigrants and immigration, international trade, and foreign direct investment inflows. More specifically, we seek to quantify the determinants of public opinion and we examine the potential influence of cross-societal cultural differences on public opinion on these three topics. Thus, we do not directly focus on the measurement of benefits and costs attributable to economic globalization. Our expectation, as it relates to our topic of focus, is that greater cultural differences (i.e., cross-societal cultural distance) between survey respondents' countries of residence and the source countries of its immigrants, imports, and inward foreign direct investment stocks corresponds with an increased likelihood that the respondent will express a negative opinion of the associated facet of economic globalization. Additionally, we posit that greater cultural distance between survey respondents' countries of residence and the destinations of its emigrants, exports, and outward FDI stocks corresponds with more positive views of related forms of economic globalization.

The material that remains to be presented in this chapter involves the examination of how cultural factors between Germany and the US and their respective trading partners may influence how comfortable individuals are with international trade and how these differences may determine related public opinion. As we are at the outset of this book, the information we provide in this chapter sets the stage, so to speak, for the remainder of this work. Accordingly, we also provide a detailed roadmap of the book by closing with a brief summary of the material that is covered in each of the remaining chapters.

Lastly, before proceeding, it is important to restate that, to a large degree, this work is an exploration. We begin with the observations that are detailed over the next several pages and we then suggest some plausible explanations. The work that follows is largely empirical. We provide a rather simple theoretical framework to form an intuitive basis for the subsequent analysis. Our empirical treatment, however, does not follow directly from the model as we expand from the simple intuitive framework to allow for a richer set of potential determinants of public opinion on the various aspects of economic globalization. This being stated, much like theorists do, we propose plausible explanations for what we observe.

In other words, we both propose possible explanations and seek to identify statistically significant relationships that support the plausibility of the explanations.

1.1 Stylized Facts Related to Public Opinion on International Trade

Having put a number of caveats in place, we continue our discussion by examining some findings from the 2014 US-Germany Trade Survey that was conducted by the Pew Research Center (2014). The survey solicited responses to questions that are related to international trade from individuals in Germany and in the US.[3] Specifically, one question that respondents in both countries were asked was:

> What do you think about growing trade between [GERMANY: Germany/ US: the US] and other countries – do you think it is a very good thing, somewhat good, somewhat bad or a very bad thing for our country?

In both countries, a large majority of the survey respondents indicated that they view growing trade between their country of residence and other (unidentified) countries as either a very good thing or as somewhat good. For Germany, 90.7% of respondents indicated a belief that increased trade is a very good thing (35.7%) or is somewhat good (55%). Although less support was reported by US residents, with 72.1% of survey respondents indicating that increased trade is either a very good thing (27.1%) or a somewhat good thing (45%), a clear majority voiced its support for trade.

To gain a sense of the recent histories of Germany and the US with respect to trade, in 1970 the sum of Germany's exports and imports as a share of its GDP was 31.8%. In 2015, less than a half-century later, this value had risen to 86%. Somewhat less striking, but still representative of a general increase in engagement in international trading, in 2015 the sum of US exports and imports relative to its GDP was 28%, which is nearly three times the corresponding 1970 value of 10.7%. And while trade is not, by any stretch of one's imagination, the sole determinant of growth in real GDP per capita (i.e., average real incomes), we do see that the average real income level in Germany increased by more than 131% from 1970 to 2015, while the level of average real income in the US increased by a similar

proportion of 121%.[4] Thus, the strong support for trade expressed by survey respondents in Germany and the US may not be surprising since greater engagement in international trade has been witnessed in recent decades and, during this period, both economies have realized substantial gains in their respective levels of average income. To the contrary, what may be a surprise is that the expressed support for trade is not higher.

It is interesting that the question presented above asks survey respondents to give their opinions on trade, generally speaking. They are not being asked about trade with particular countries/partners. Of great importance for the work that follows in the next chapter is that, in addition to asking survey respondents for their general views on trade, the US-Germany Trade Survey asked respondents for their views on trade between their country of residence (i.e., Germany or the US) and several specific countries. The survey respondents were asked:

> Now thinking about [GERMANY: German/US: US] trade with particular countries. Do you think increased trade with [INSERT COUNTRY NAME] would be a very good thing, somewhat good, somewhat bad or a very bad thing for our country? What about with [INSERT COUNTRY NAME]?

Survey respondents in Germany were asked about trade with Brazil, China, Japan, Russia, and the US. Respondents in the US were asked about their opinions of trade with Brazil, China, the European Union, Germany, Japan, and Russia. Thus, there is a good amount of overlap (i.e., four countries) between the two lists. The responses to these questions, together with the replies to the general question about international trade, produce a unique set of results.

If trade is viewed in the simplest terms as mutually beneficial exchange between any two parties, whether located across the street from one another or on opposite sides of the world, then there is no basis for survey respondents to express that trade with country A is good, while trade with country B is bad. In other words, trade should be considered a good thing (or a bad thing) regardless of the partner considered. Interestingly, however, we find a great deal of variation in respondents' opinions of trade when they are asked about specific trading partners. This variation is found for both the German and the US respondent cohorts. Table 1.1 summarizes these responses.

Table 1.1 Observed response frequencies, overall (i.e., all partners) and partner-specific opinions of trade

Trade is…	*Very good*	*Somewhat good*	*Somewhat bad*	*Very bad*	*Don't know/refused*
Panel A: Germany					
All partners	35.7%	55.0%	5.6%	1.4%	2.3%
Brazil	16.4	55.6	16.2	2.2	9.6
China	16.2	49.1	25.2	6.1	3.4
Japan	23.2	58.3	12.1	2.3	4.1
Russia	15.5	51.8	24.1	4.0	4.6
US	18.6	57.4	16.9	3.6	3.5
$N = 953$.					
Panel B: United States					
All partners	27.1%	45.0%	13.4%	8.8%	5.7%
Brazil	18.1	46.6	16.2	6.2	12.9
China	14.6	36.2	26.0	18.4	4.8
EU	23.7	49.6	11.9	5.8	9.0
Germany	30.2	49.9	8.4	4.4	7.1
Japan	29.3	46.1	12.7	7.2	4.7
Russia	11.5	37.1	25.6	19.0	6.8
$N = 1002$.					

To illustrate, ranking the listed trading partners of the US, in ascending order, by the share of survey respondents who consider increased trade to be a bad thing (i.e., either a very bad thing or as somewhat bad) produces the following: Russia (44.6%), China (44.4%), Brazil (22.4%), Japan (19.9%), the European Union (17.7%), and Germany (12.8%). Survey respondents in the US are much more likely to consider trade with Russia or China to be a bad thing as compared to trade with Germany, the EU, or Japan. Performing the same ranking while using the responses of survey participants in Germany, we have a similar ordering: China (31.3%), Russia (28.1%), the US (20.5%), Brazil (18.4%), and Japan (14.4%). Here, twice the number of survey respondents in Germany indicate that trade with Russia and China is bad as compared to the number who do so when asked about trade with Japan. Surely, some of the variation in responses is due to a conflation of political considerations with views on economics. Even so, the differences in the extent to which trade is considered a bad thing, across the listed countries, are quite striking.

Table 1.2 Observed response frequencies (trade is "Good" or "Bad") and measures of cross-societal cultural distance

	Trade opinions…		*Cultural distances…*		
Trade is…	*Good*	*Bad*	*Inglehart*	*Hofstede*	*GLOBE*
Panel A: Germany					
All partners	90.7%	7.1%	.	.	.
Brazil	72.0	18.4	2.29	1.49	19.42
China	65.3	31.3	1.97	2.08	31.4
Japan	81.5	14.4	1.02	0.97	31.27
Russia	67.3	28.1	2.31	2.46	42.18
US	76.0	20.5	2.35	1.58	22.43
$N = 953$.					
Panel B: United States					
All partners	72.1%	22.2%	.	.	.
Brazil	64.7	22.4	1.16	1.82	15.47
China	50.8	44.4	3.33	4.18	20.95
EU	73.3	17.7	.	.	.
Germany	80.1	12.8	2.35	1.58	22.43
Japan	75.4	19.9	3.31	3.45	20.95
Russia	48.6	44.6	3.44	4.86	37.29
$N = 1002$.					

It is also interesting to see in Table 1.2 that the proportions of the German survey cohort who express positive opinions of trade when asked about specific trading partners is in all instances less than the share of respondents who responded positively to the similar question that asked about trade in general (i.e., when the question did not list a specific partner). A similar finding applies to survey respondents in the US when asked their opinions of trade with Brazil, China, and Russia; however, compared to when they are asked for their general impressions of trade, members of the US survey cohort more frequently express positive opinions when asked about trade with the European Union, Germany, and Japan. The lower positive response frequencies when specific trading partners are included in the questions and the variation across the listed countries in terms of the shares of survey respondents who view increased trade as being a bad thing (i.e., either a very bad thing or as somewhat bad) strongly suggests that respondents may well understand that trade is mutually welfare-enhancing for the involved parties while also

Table 1.3 Comparison of pairwise correlation coefficients

Correlation with…	*% Trade is good*	*% Trade is bad*
Cultural distance measure…		
Inglehart	−0.5132*	0.5616**
Hofstede	−0.8169***	0.8366***
GLOBE	−0.2133	0.4296($p = 0.1076$)
Relative development indicator…		
GDP per capita	−0.8218***	0.6720**
United Nations HDI	−0.7802***	0.6463**

$N = 10$ for all correlations. "***", "**", and "*" indicate statistical significance of the pairwise correlation coefficients at the 1%, 5%, and 10% levels, respectively

considering other factors related to the trading partner or their perceptions of the trading partner when formulating their opinions of trade.

As it turns out, although based on a very small sample size, we see in Table 1.3 that there is a strong correlation ($\rho = 0.5616$) between the estimated levels of cross-societal cultural differences between Germany and the US, respectively, and each of the listed countries and the share of survey respondents who indicate that they believe growing trade with a listed country to be a bad thing. Here, the measure of cultural differences (i.e., cultural distance) employed—the Inglehart measure—is based on data collected as part of the World Values Surveys (WVS) (Inglehart et al. 2004). Two alternative composite measures of cultural distance are the Hofstede (1980, 2001) measure and the Project GLOBE (House et al. 2004) measure.[5] The correlation coefficients between these two alternative measures and the shares of survey respondents who express the view that trade is a bad thing are 0.8366 and 0.4296, respectively. Since the noted correlations are based on small samples, they cannot be used as a basis for any definitive statements. Even so, the strong positive relationship may suggest a potential influence of cultural differences between survey respondents' countries of residence and their opinions of the desirability of international trade and, by extension, on their views toward international economic integration (i.e., economic globalization).

Looking a bit deeper, and focusing exclusively for the moment on the Inglehart measure of cultural differences, we distill the measure into its two component dimensions: Traditional vs. Secular-rational authority (*TSR*) and Survival vs. Self-expression values (*SSE*). The pairwise correlations between the component dimensions and the share of survey

respondents who indicate that they believe growing trade with a listed country to be a bad thing are −0.2532 and 0.8533 for the *TSR* and *SSE* dimensions, respectively. While the correlation between the shares of respondents who indicate that trade is a bad thing and the country-pair distances along the *TSR* dimension is negative, it is not statistically significant from zero. The correlation between the *SSE* dimension and the share of respondents who report that trade is a bad thing is, however, significant from zero (p-value = 0.0017). Given the observed high correlation between the share of respondents who hold a negative view of increased trade and differences along the *SSE* cultural dimension between the countries in which the survey respondents live and the trading partners, it seems reasonable that we look more deeply at the *SSE* dimension.

Individuals in societies that are characterized as being more survival-oriented are found to commonly emphasize hard work, self-denial, and the achievement of economic and physical security. Often, members of these societies consider foreigners and outsiders to be threats and, correspondingly, they hold negative opinions of ethnic diversity and cultural change. These views are consistent with an intolerance toward outgroups, such as homosexuals and minorities, and a strong adherence to traditional gender roles. For example, members of survival-oriented societies often believe that post-secondary education, jobs, and political activity are better suited for men than they are for women. Somewhat similarly, survey respondents who are categorized as being more survival-oriented often have an authoritarian political outlook. More specifically, members of such societies are often proponents of increased government or state ownership of businesses and they are relatively more open to structures of government besides democracy. Individuals in societies that place greater emphasis on self-expression values commonly hold opposing views on these, and related, issues. The rationale is that when economic security and physical security exist cultural diversity begins to be appreciated and sought out. This leads to greater tolerance for deviation from traditional gender roles and sexual norms and to greater support for equal rights.

The *SSE* dimension of culture appears to be related, to a considerable degree, to economic development. This suggests that, perhaps, it is relative economic development between the country of residence and the trading partner rather than (or in conjunction with) cultural differences between the country pairs that leads to higher shares of survey respondents to express negative opinions of increased trade. Specifically, residents

of high-income, developed countries such as Germany and the US may simply fear that increased trade with less-developed, lower-income countries will result in a greater likelihood that detrimental domestic labor market effects will be realized and, thus, survey respondents express low opinions of increased trade.

So, in summary, from the values presented in Table 1.3 we see that greater cultural distance between Germany and the US and each of the countries for which opinions of trade were solicited by the Pew survey is negatively correlated with the view that growing trade is good (i.e., either somewhat good or a very good thing) and positively correlated with the view that growing trade is bad (i.e., either somewhat bad or a very bad thing). The correlation coefficients, albeit based on a very small sample, are statistically significant from zero for both the Inglehart measure and the Hofstede measure of cultural distance. For the GLOBE measure of cultural distance, the pairwise correlation coefficients are negative but neither is statistically significant from zero at any acceptable level (although the correlation between the measure and the share of survey respondents who believe trade is a bad thing is nearly significant ($p = 0.1076$) at the 10% level).

These correlation coefficients suggest that cultural differences may explain a portion of the variation in survey respondents' views of international trade. Even as the correlation coefficients are calculated using very small samples, it seems worthwhile to also consider that, because both Germany and the US are high-income countries, poll respondents may hold generally favorable opinions of trade but are wary of imports from lower-income countries and, thus, by equating trade with imports, see trade with lower-income countries as carrying the potential for detrimental domestic labor market outcomes. If so, then it makes sense that survey respondents would express more negative (i.e., less positive) views of trade when asked specifically about countries with relatively lower incomes. We can explore this further by comparing variation in survey responses with variation in the differences in average incomes (i.e., GDP per capita in 2014 (World Bank 2016a)) between the survey respondents' countries of residence and the specific trade partners that survey respondents are asked about. Considering a broader measure of economic and social development, we can also make the same comparison between survey responses and the difference in the 2013 UN Human Development Index (HDI) score (UN 2016a) between their respective countries of residence and the specific trade partners the Pew survey asks about.

The pairwise correlation coefficients that are presented in the lower portion of Table 1.3 are quite telling. Consistently, we see that where there is a larger gap between the survey respondents' country of residence (i.e., Germany or the US) and a specific trade partner in terms of either average income or HDI score there are generally lower frequencies of responses that trade is good and, accordingly, it is more common that responses indicate a view that trade is a bad thing. For both average incomes and the HDI scores, values for Germany and the US are higher than those for all of the specific trading partners for which survey respondents are asked to give their opinions. Thus, again, while it may appear that cross-societal cultural differences influence public opinion of the desirability of increased international trade, it may simply be that survey respondents hold less favorable opinions of trade with countries for which economic and social development is more dissimilar and, as we are considering Germany and the US as the survey countries, perceived competition from foreign labor may be greater.

1.2 The Layout of This Book

At this point, we have introduced our topic and we have identified, at least in general terms, our primary research questions. We have shown that, since the 1970s, there has been a general shift toward greater globalization both in terms of depth and breadth. A part of this increased globalization has been increased international economic integration and, thus, greater inter-connectedness among developed and developing countries. This places us at a point in history where societies are more connected than perhaps at any time in human history, yet the extent of globalization remains uneven and "lumpy." Given these facts, it is likely unsurprising that we observe pronounced cultural differences across societies. Predicated on survey findings from Germany and the US, we posit that cross-societal cultural differences (i.e., cultural distance) may contribute to the observed variation in opinions on trade and perhaps also on opinions toward immigrants and immigration and foreign direct investment inflows. Similarly, differences in relative levels of economic and social development may underlie differences in the degree to which these aspects of economic globalization are considered desirable.

This book is organized into four sections. In the remainder of our introductory section, we extend our discussion of economic globalization and public opinion. We begin our discussion by examining data from the

2014 US-Germany Trade Survey data in greater detail. Specifically, we employ regression analysis to identify the determinants of individuals' opinions of international trade while paying particular attention to the potential influence that cross-societal cultural differences (i.e., cultural distance) may have on public opinion. We also provide a descriptive analysis in addition to our econometric estimation of a series of probability models. The corresponding results are then employed to generate estimated probabilities, at different levels of cultural distance, of individuals' views of international trade (i.e., as bad or good or, in more detailed terms, as a very bad thing, somewhat bad, somewhat good, or a very good thing). By estimating probabilities and comparing the corresponding values at different levels of cultural distance, we are able to quantify the estimated influence of cultural distance on public opinion. Our initial examination of the data is followed in Chap. 3 by the introduction of the Specific Factors model. The model provides the theoretical intuition for the analysis that follows in later chapters while also contextualizing the information provided in our first two chapters. Moreover, by focusing our attention on the anticipated welfare effects, our presentation of the model/theoretical framework better allows us to discern the expected preferences of survey respondents as they relate to economic phenomena.

The second section begins, in Chap. 4, with a discussion of several measures of cross-societal cultural differences. Specifically, we introduce three broad, composite measures of cultural norms and values and compare and contrast each along with their underlying component dimensions. In Chap. 5, we present the empirical framework that we employ when conducting our principle analysis. Specifically, we present a baseline econometric model and a series of closely related regression specifications. Discussion of the theoretical intuition that underlies the choice of explanatory variables is coupled with the presentation of the model, the included variables, and the estimation techniques that we employ. Finally, as motivation for the analysis to follow, we also review the findings obtained from the examination of a series of survey questions that provide insights into public opinion on immigrants and immigration, international trade, and FDI inflows.

The results obtained from the completion of our empirical analysis are presented in Part III. Specifically, Chap. 6 is focused on public opinion toward immigrants and immigration, while Chaps. 7 and 8 are focused on public opinion on international trade and foreign direct investment inflows, respectively. In all three chapters, our econometric analysis

is centered on the potential influence that cultural differences between survey respondents' countries of residence and the source and destination countries of their immigrant and emigrant stocks, their imports and exports, and their inward and outward foreign direct investment stocks may have on respondents' views.

The book closes with two chapters that comprise Part IV. Chapter 9 summarizes the key findings from the preceding chapters. In Chap. 10, we make the case that cultural differences are an important determinant of public opinion on economic globalization. As such, there are clear general implications for policy makers who seek to devise and implement policies that will enhance international economic integration—namely, that a more complete understanding of why some individuals hold negative views on these topics may improve policy makers' abilities to counter public opinion and act to enhance social welfare. We close the book with a final discussion of our topic and, having highlighted our findings, indicate what is believed to be a reasonable path forward. The chapter, and the book, concludes by noting what, due to data limitations, we cannot address in this work and by offering a list of possible extensions and avenues for future research efforts.

Notes

1. The Economic Globalization value is constructed using data on Actual Flows (i.e., trade flows, foreign direct investment stocks, portfolio investment, and income payments to foreign nationals (all as percentages of GDP)) and Restrictions (i.e., hidden import barriers, the average tariff rate, capital/financial account restrictions, and taxes imposed on trade flows (as a share of revenue)). The Social Globalization and Political Globalization scores are based on data on personal contact (i.e., telephone traffic, transfers as a share of GDP, international tourism, the foreign-born population as a share of the total population, and international letters per capita), information flows (i.e., Internet users and televisions (each per 1000 people) and trade in newspapers as a share of GDP), and cultural proximity (measured by the number of McDonald's restaurants and Ikea stores (both on a per capita basis) and trade in books as a share of GDP). Finally, the Political Globalization score is based on the number of embassies in a country, its memberships in international organizations, its participation in UN Security Council missions, and the number of international treaties to which the country is a signatory (Dreher 2006; Dreher et al. 2008).

2. The variation in Index values in 2013 is greater than the corresponding variance of the 1970 Index values ($s^2 = 176.3$) for the 141 countries included in the scatter plot.
3. The survey was conducted between February 25 and March 2, 2014 and includes responses from 953 residents of Germany and 1002 US residents (Pew Research Center 2014).
4. All values presented in this paragraph are sourced from the World Bank (2016a).
5. Please see Chap. 4 for detailed discussions of these three measures of cultural distance.

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CHAPTER 2

Variation in Public Opinion on International Trade: A First Look at Cultural Distance

In the preceding chapter, we described trade as mutually beneficial exchange between two parties who may be located at opposite ends of the same street or on opposing sides of our world. We also posited that trade, if viewed as a voluntary activity that affords welfare enhancements to the involved parties, should be considered a good thing regardless of the partner considered. Extending from that brief discussion, we can say that, in the simplest of terms, trade is the buying and selling of goods and services. It is, effectively, a synonym for the word "exchange." It seems quite reasonable to assert that the typical individual, if asked about their personal exchange (i.e., their purchases) of goods and services with their local grocer, their automechanic, a clothing shop, etc., would express a positive opinion. Similarly, if we asked these same individuals about the sale of their labor to their employer, they would consider it a good thing. After all, nearly all individuals rely on others for the production of the food they eat, the maintenance and/or repair of their automobile, the manufacture of the clothes they wear, and so on. Likewise, it is very common for individuals to rely on others (e.g., employers or, perhaps, customers if the individual is self-employed) to provide them with income via the purchase of their labor services. We seem to understand, either by intuition or more formally, that these transactions make us better off. In a few words, trade is a means by which we are able to enhance the quality of our lives.

It should be noted that not only is much of what we eat not produced locally, in many instances the items are, in fact, imported. Likewise, the

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parts that our mechanics install on our cars and trucks, whether the vehicles are domestic brands or imports, are often produced in other countries. Even more so, the clothing that is sold in developed economies is almost exclusively manufactured in other countries, and quite commonly in developing economies. And selling our labor to a domestically-owned firm/employer or to a firm that is owned or controlled by, say, a foreign multinational corporation makes little difference in terms of our bank accounts and our respective purchasing power.[1] Thus, it seems reasonable that the positive opinions that many individuals would likely express for the trade/exchange that they undertake on a regular basis would apply equally when domestic transactions are considered or when international transactions are considered. When examining responses to public opinion polling data, we see this appears to be the case for a large majority of individuals; however, what is odd is that a sizeable share of the public expresses negative views when asked for their opinions on international trade.

As we note in the introductory chapter, the Pew Research Center's 2014 US-Germany Trade Survey solicited responses on the topic of international trade, asking respondents for both their general views on trade and their opinions on trade with specific partner countries. In that chapter, we reported that survey respondents typically expressed positive views of trade when they were asked about trade generally (i.e., when specific partners were not mentioned). We also noted that the frequency of positive responses varied considerably across trading partners and that a pattern was observed where the frequency of *positive* responses was higher when the specific trading partner was *less* culturally distant from the respondent's country of residence and that the frequency of *negative* responses was higher when the specific trading partner was *more* culturally distant. Finally, we also found that larger differences between the countries in which survey respondents live and their trading partners, in terms of average income (i.e., GDP per capita) and a broader measure of economic and social development (i.e., the UN HDI), correspond with a lower frequency of positive responses when respondents are asked about international trade.

These observations appear contrary to the notion that all forms of trade are simply the voluntary, welfare-enhancing action of buying and selling goods and services. They also seem to be at odds with the fact that much of what we buy and sell, and would likely consider as welfare-enhancing either via increased utility or through lower prices and

an expanded budget constraint (and, thus, greater capacity to enhance utility through additional consumption or present-day savings that allow for greater future consumption), involves goods and services that are sourced to/from other countries. Further, the variation in survey respondents' opinions of trade when asked about specific trading partners and that the patterns of variation in responses appear to correspond with cultural distance and/or relative economic well-being suggests an inconsistency between individuals' actions and their opinions of international trade.

In this chapter, as a prelude to the more expansive analysis presented in later chapters, we explore the 2014 US-Germany Trade Survey data in greater detail. Specifically, we employ regression analysis in an attempt to identify the determinants of individuals' opinions of international trade while paying particular attention to the potential influence that cross-societal cultural differences (i.e., cultural distance) may have on public opinion. Effectively, we seek to learn whether cultural distance is a significant determinant of public opinion on this topic and, if so, the extent to which public opinion is shaped by cultural distance. To this end, we also provide a descriptive analysis in addition to our econometric estimation of a series of probability models. The corresponding results are then employed to generate estimated probabilities, at different levels of cultural distance, of individuals' views that trade is bad or good or that trade is a very bad thing, somewhat bad, somewhat good, or a very good thing. Estimated probabilities, and comparison of the values at different levels of cultural distance, allow us to quantify the influence of cultural distance on public opinion toward international trade. Finally, by comparing predicted probabilities across varying levels of cultural distance and, separately, in response to changes in variables that represent individual-specific characteristics and that have statistically significant coefficients, we are able to understand the relative magnitude of each on public opinion toward international trade.

As a preview of our results, we can state unequivocally that the majority of survey respondents do express positive opinions of international trade whether asked about international trade generally or about trade with specific partner countries. That being said, our regression analysis indicates that the relationship between cultural distance and the probability that an individual expresses a positive opinion on international trade is negative and statistically significant from zero. This result is found whether we employ a dichotomous dependent variable and use the

binomial logit technique to estimate the model or if we instead substitute a categorical dependent variable series and employ the ordered logit technique. For example, results obtained when the binomial logit technique is utilized and the measure of cultural distance is allowed to vary from its lowest value to its highest value, while holding all other variables equal to their mean values, indicate a 5.28% decrease in the estimated probability that the respondent views trade as a good thing (i.e., as either a very good thing or as somewhat good). Similarly, when considering our categorical dependent variable series and employing the ordered logit estimation technique, a like increase in the cultural distance variable is estimated to reduce the probability that an individual views trade as a very good thing by 1.83% and to reduce the probability that the individual considers trade to be a somewhat good thing by 7.04%. Again, in response to the stated change in the cultural distance measure, the corresponding increases in the predicted likelihoods that international trade is viewed as somewhat bad or as a very bad thing are 2.81% and 6.07%, respectively.

Although this chapter serves to provide a deeper exploration of the potential relationship between individuals' opinions of international trade and cross-societal cultural differences that is first discussed in Chap. 1, we also very much view the work presented here as an exploratory analysis that is intended to serve as a bridge to the analyses presented in later chapters. Admittedly, the empirical specification is ad hoc and, in this chapter, we forego a detailed discussion of the related literature. Further, we provide only a modest explanation of the cultural distance measure. More elaborate discussions of the literature and of the measurement of cultural distance are provided in later chapters.

2.1 An Overview of Public Opinion on International Trade

We begin with a cursory overview of the response frequencies for the sample of survey respondents that live in Germany (see Panel A in Table 2.1) and for those who live in the US (Panel B). Panel C of the table provides the response frequencies for the combined Germany-US sample. When looking to individuals' general opinions of trade (presented in column (a) of each panel), we see that 90.7% of the German survey respondents indicated an opinion of trade being a very good

Table 2.1 Observed survey response frequencies

Panel A: Germany sample (N = 4765)	*Mean cultural distance values and partner-specific response frequencies*						
	General Q.	*Brazil*	*China*	*EU*	*Japan*	*Russia*	*US*
	(a)	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*	*(g)*
Cultural distance	.	2.2937	1.9673	.	1.023	2.3104	2.3526
Good (i.e., very good or somewhat good)	90.66%	71.98%	65.27%	.	81.53%	67.37%	75.97%
Bad (i.e., very bad or somewhat bad)	6.92	18.36	31.27	.	14.38	28.12	20.46
Difference: "Good" % less "Bad" %	83.74	53.62	34	.	67.15	39.25	55.51
Very good	35.68	16.37	16.16	.	23.19	15.53	18.57
Somewhat good	54.98	55.61	49.11	.	58.34	51.84	57.4
Somewhat bad	5.56	16.16	25.18	.	12.07	24.13	16.89
Very bad	1.36	2.2	6.09	.	2.31	3.99	3.57
Don't know/Refused	2.41	9.65	3.46	.	4.09	4.51	3.57

Panel B: United States sample (N = 5010)	*Mean cultural distance values and partner-specific response frequencies*						
	General Q.	*Brazil*	*China*	*EU*	*Japan*	*Russia*	*Germany*
	(a)	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*	*(g)*
Cultural distance	.	1.1625	3.3344	.	3.3089	3.4355	2.3526
Good (i.e., very good or somewhat good)	72.06%	64.67%	50.80%	73.25%	75.45%	48.61%	80.14%
Bad (i.e., very bad or somewhat bad)	22.15	22.36	44.31	17.67	19.86	44.51	12.77
Difference: "Good" % less "Bad" %	49.91	42.31	6.49	55.58	55.59	4.1	67.37
Very good	27.05	18.06	14.57	23.65	29.34	11.48	30.24
Somewhat good	45.01	46.61	36.23	49.6	46.11	37.13	49.9
Somewhat bad	13.37	16.17	25.95	11.88	12.67	25.55	8.38
Very bad	8.78	6.19	18.36	5.79	7.19	18.96	4.39
Don't know/Refused	5.79	12.97	4.89	9.08	4.69	6.89	7.09

(continued)

Table 2.1 (continued)

Panel C: Germany and the United States (N = 9775)	*Partner-specific response frequencies*						
	General Q.	*Brazil*	*China*	*EU*	*Japan*	*Russia*	*US/Germany*
	(a)	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*	*(g)*
Good (i.e., Very good or Somewhat good)	81.12%	68.24%	57.86%	.	78.41%	57.75%	.
Bad (i.e., Very bad or Somewhat bad)	14.74	20.41	37.96	.	17.19	36.52	.
Difference: "Good" % less "Bad" %	66.38	47.83	19.9	.	61.22	21.23	.
Very good	31.25	17.24	15.35	.	26.34	13.45	.
Somewhat good	49.87	51	42.51	.	52.07	44.3	.
Somewhat bad	9.57	16.16	25.58	.	12.38	24.86	.
Very bad	5.17	4.25	12.38	.	4.81	11.66	.
Don't know/Refused	4.14	11.36	4.19	.	4.4	5.73	.

Question (column (a)): What do you think about growing trade between [GERMANY: Germany/US: the US] and other countries—do you think it is a very good thing, somewhat good, somewhat bad or a very bad thing for our country?
Questions (columns (b)–(g)): Now thinking about [GERMANY: German/US: US] trade with particular countries. Do you think increased trade with [INSERT COUNTRY NAME] would be a very good thing, somewhat good, somewhat bad or a very bad thing for our country? What about with [INSERT COUNTRY NAME]?

thing (35.7%) or as a somewhat good thing (55%). While less enthusiastic in their collective response, 72.1% of the cohort of US survey respondents indicated they believe trade to be a very good thing (27.1%) or a somewhat good thing (45%). Thus, we see strong support for trade, generally speaking, among the residents of both countries.

To better depict the differences in survey response frequencies across specific trading partners, the radar graphs in Fig. 2.1 present the categorical shares for the survey respondents who reside in Germany and in the US. The depicted trading partners are those in which survey respondents in both Germany and the US were asked to provide their opinions of trade. There are several common features for both cohorts. For example, somewhat good is the most frequent response, garnering between 49% and 59% of responses in Germany and 36–50% of US responses. To the contrary, very bad is typically the least frequently observed response. Illustrative of the variation in responses that is observed when individuals are asked about trade with specific trading partners, for the survey respondents in Germany and to a greater extent for US survey respondents, the response frequencies for China and Russia differ somewhat from those for Brazil, Japan and Germany or the US. This is quite pronounced in the lower graph, where responses of very bad and somewhat bad are much more common when US residents are asked about trade with China and Russia relative to when the respondents are asked about trade with Brazil, Japan, and Germany. Correspondingly, the response frequencies for somewhat good and very good are lower when respondents are asked about trade with China and Russia. A similar, albeit less pronounced, pattern is seen in the top graph for the survey cohort from Germany.

To represent the variation in responses when survey participants were asked about specific trading partners, we have included the difference between the share of respondents who indicated that trade with each country is a good thing (i.e., a very good thing or somewhat good) and those who indicated that trade with the noted country is a bad thing (i.e., a very bad thing or somewhat bad). Since more respondents in both Germany and in the US indicate that trade is a good thing as compared to the number who respond that trade is bad, the values for the difference between trade being good or bad are always positive. Looking first to Panel A in Table 2.1, we see that survey respondents in Germany are much less (more) likely to say that trade with Russia or China is good (bad) as compared to trade with Brazil, Japan or the US. Similarly, in

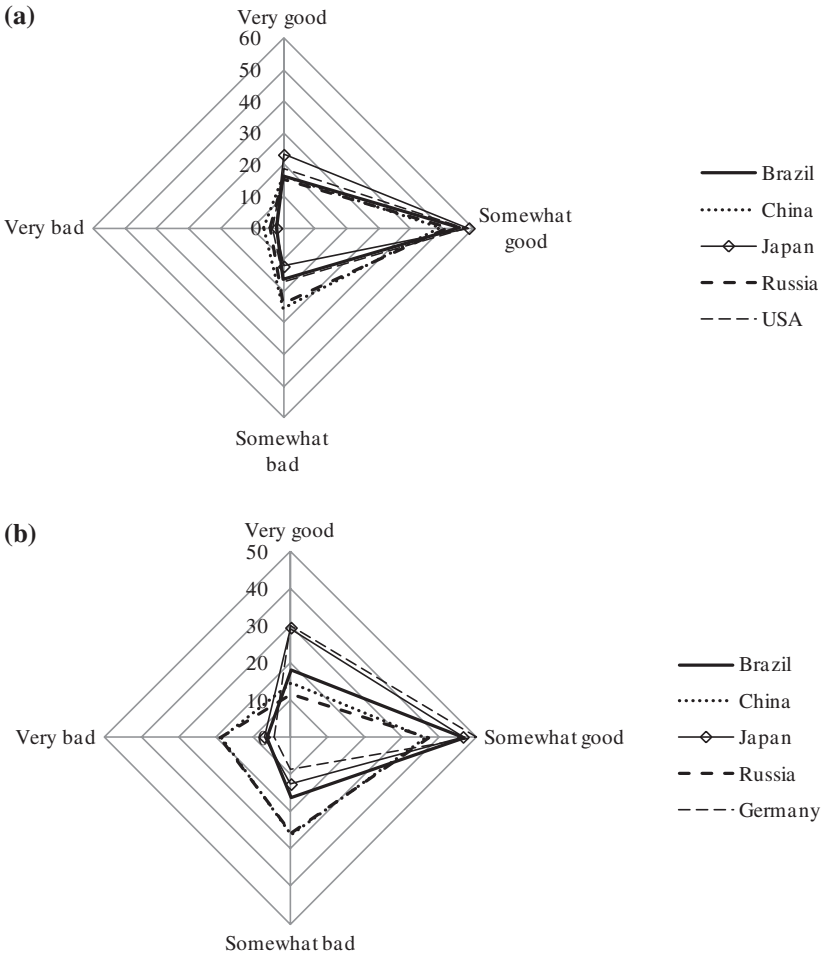

Fig. 2.1 Relative response frequencies: **a** Germany **b** United States

Panel B we see that respondents in the US are much less (more) likely to say that trade with Russia or China is good (bad) as compared to trade with Brazil, the EU, Germany, or Japan.

Finally, looking to the final row in each panel of Table 2.1 and comparing the values in column (a) to those presented in columns (b) through (g), it is interesting to see that when survey respondents are

asked for their views on trade with specific countries they are often more likely to volunteer the response of "Don't know" or to refuse to answer the question. This is the case for all values presented in Panel A and in Panel B with the exceptions of when US residents are asked their views on trade with China and Japan.

2.2 Our Empirical Specification, Variable Construction, and Data Sources

To examine the potential relationship between cross-societal cultural differences and individuals' opinions of international trade, we estimate a series of ad hoc regression models. The dependent variable series employed in the models are constructed based on responses provided when participants in the Pew survey were asked the following questions:

> What do you think about growing trade between [GERMANY: Germany/ US: the US] and other countries - do you think it is a very good thing, somewhat good, somewhat bad or a very bad thing for our country?

This question asks for respondents' general views on international trade. A second, related question was asked immediately after the above question:

> Now thinking about [GERMANY: German/US: US] trade with particular countries. Do you think increased trade with [INSERT COUNTRY NAME] would be a very good thing, somewhat good, somewhat bad, or a very bad thing for our country? What about with [INSERT COUNTRY NAME}?

This second question asks for the respondents' views on international trade between their countries of residence and specific trading partners. The countries for which the respondents were asked their opinions have been noted earlier and are also listed, along with response frequencies, in Table 2.1.

From the survey responses, we have constructed four dependent variable series. The first pair of dependent variables is drawn from the general (i.e., first) question presented above. The second pair of dependent variables is drawn from the partner-specific (i.e., second) question. Beginning

with the dependent variable series that represents survey respondents' general views on trade, the first dependent variable takes a value of one if the respondent indicates that they believe increased trade is either a very good thing or is somewhat good and is equal to zero if the respondent indicates they feel trade with the country is either somewhat bad or a very bad thing. The second dependent variable is a categorical variable that takes the value of one if an individual's response is that trade is a very bad thing, a value of two if they consider trade to be somewhat bad, is equal to three if trade is considered to be somewhat good, and is set equal to four if they indicate that they believe trade with the partner to be a very good thing. The dependent variable series that identifies survey respondents' views when asked about trade with specific partners are constructed in the same fashion; however, the values may vary across each trading partner.[2] The general form version of our binomial logit regression model is provided as Eq. (2.1).

$$\ln\left(\frac{p_i}{1-p_i}\right) = \alpha_0 + \beta_1 CD_{jk} + \beta_X X_i + \varepsilon_{ijk} \tag{2.1}$$

In Eq. (2.1), p_i is the probability that the survey response of individual i is that trade is good (i.e., again, either a very good thing or somewhat good). The explanatory variable that is of primary interest, presented here as CD_{jk}, is a measure of the cultural distance between the survey respondent's country of residence (i.e., country j) and a given trading partner (i.e., country k). A set of survey respondent-specific explanatory variables, X_i, is included in the empirical model as is an assumed stochastic error term, ε_{ijk}.

2.2.1 *Our Variable of Primary Interest: Cultural Distance*

As a working definition, culture can be said to represent a society's shared habits, traditions, and collective learned beliefs (White 2015). To represent culture, and more importantly, to allow for a measure of cultural differences across societies, in this analysis we employ the Inglehart measure of cultural distance (Inglehart et al. 2004).[3] The measure is based on data collected as part of the World Values Surveys (WVS). As the WVS data are drawn from representative national samples, we posit that the data represent the attitudes, values, behaviors, and norms of the societies in which the survey has been administered; thus, differences

across societies, as reflected by responses to the survey questionnaires, are indicative of cross-societal cultural differences.

The survey questions used to produce the cultural dimensions that are then used to generate the composite measures of Inglehart cultural distance elicit respondents' views on issues related to economics, politics, and technological advances as well as views on topics such as gender roles, religion, sexual orientation, environmental issues, and family values (Inglehart et al. 2004). Two broad dimensions of culture—Survival vs. Self-expression values (SSE) and Traditional vs. Secular-rational authority (TSR)—are generated from the application of factor analysis to a subset of WVS questions. It is the data for these broad dimensions that are used to produce the composite cultural distance series.

A simple, yet illustrative, example of the Traditional vs. Secular-rational authority dimension holds that a survey respondent who firmly believes in the importance of a God, who holds views that are consistent with a nationalist perspective, and who indicates that they respect authority, would likely be categorized as being more traditional. If the other members of the society in which this individual lives commonly share these views and values, then the society would be identified as having a more traditional focus. A society comprised of individuals who hold views that are diametrically opposed to those described above would be categorized as being more secular-rational.

Thinking of the dimension that represents Survival vs. Self-expression values, individuals in societies that are characterized as being more survival-oriented often emphasize hard work, self-denial, and the achievement of economic and physical security. It is common for members of these societies to see foreigners and outsiders as threats. Not surprisingly, the typical individual in such a society holds negative opinions of ethnic diversity and cultural change. These views include a general intolerance toward outgroups (e.g., homosexuals and minorities) and a strong adherence to traditional gender roles. Quite often, members of survival-oriented societies believe that post-secondary education, jobs, and political activity are better suited for men than for women. These individuals also often have an authoritarian political outlook. More specifically, members of such societies are often proponents of increased government or state ownership of businesses and they are relatively more open to structures of government besides democracy. Generally speaking, individuals in societies that emphasize self-expression values are found to commonly hold opposing views on these, and related, issues.

As noted earlier, the rationale is that when economic security and physical security exist, cultural diversity begins to be appreciated and sought out. This corresponds with greater tolerance for deviation from traditional gender roles and sexual norms and to greater support for equal rights.

Given that WVS respondents are classified according to the two cultural dimensions discussed above, country-specific SSE and TSR values are generated. Using the SSE and TSR values, we then generate the Inglehart measure of cultural distance by applying the Pythagorean Theorem. Specifically, $\mathrm{CD}_{jk} = \sqrt{\left(\mathrm{SSE}_j - \mathrm{SSE}_k\right)^2 + \left(\mathrm{TSR}_j - \mathrm{TSR}_k\right)^2}$ (White 2010). We employ country-specific SSE and TSR values, as available, for the most recent wave of the World Values Survey.[4]

2.2.2 *Construction of Individual-Specific Control Variables*

To control for individual-specific characteristics that may have some bearing on opinions of international trade, we utilize our survey data to construct a number of explanatory variables. The set of explanatory variables includes measures that represent each survey respondent's age, educational attainment, employment status, gender, relative household income, political views, and living environment.

We begin our discussion by focusing on the series of demographic variables. To control for potential differences in opinions of international trade that correspond with respondents' ages, we construct dummy variables to represent four age categories: 18–34 years of age, 35–54 years, 55–70 years, and 71–95 years of age. In our estimation equations, we exclude the 18–34 years of age variable as the comparison category. To control for potential differences in opinions of trade across genders, we include a dummy variable that is equal to one if the survey respondent is female and is equal to zero if the respondent is male. Similarly, we identify college graduates in the survey cohorts by including a dummy variable that takes the value of one if the individual has completed at least a 4-year college degree and is equal to zero otherwise.[5]

Acknowledging that employment status may correspond with an individual's views on international trade, we include a dummy variable that takes the value of one if the individual reports being employed

and is equal to zero if the respondent is either unemployed or reports being not in the labor force.[6] We also include a dummy variable that identifies survey respondents who live in urban locations. This variable is included to capture any influence that cosmopolitanism may have on public opinion of international trade. To control for relative income effects, we also include a dummy variable that takes the value of one if the respondent's household income is greater than their respective national average level. Finally, as political views may shape an individual's opinions of trade, we include two measures of political conservativism (leaving centrists and left-leaning individuals, together, as the comparison group). The first measure of conservatism is a dummy variable that is equal to one if the survey respondent self-identifies as being conservative or affiliated with a right-wing political party and is equal to zero otherwise.[7] The second measure is also a dummy variable which takes a value of one if the individual reports being very conservative or self-identifies as being affiliated with a far-right political party.[8]

As noted, the choice of individual-specific explanatory variables is limited to include only those variables that are available from the survey—thus, the ad hoc nature of our estimation equations. Rewriting Eq. (2.1) to explicitly state our estimation equation, we have the following.

$$\begin{aligned}\ln\left(\frac{\text{Trade is Good}_i}{1-\text{Trade is Good}_i}\right) = {} & \alpha_0 + \beta_1 \text{Cultural Distance}_{jk} + \beta_2\, 35{-}54 \text{ years}_i \\ & + \beta_3\, 55{-}70 \text{ years}_i + \beta_4\, 71{-}95 \text{ years}_i \\ & + \beta_5 \text{ College Graduate}_i + \beta_6 \text{ Employed}_i + \beta_7 \text{ Female}_i \\ & + \beta_8 \text{ Above Average Income}_i + \beta_9 \text{ Right Wing}_i \\ & + \beta_{10} \text{ Far Right Wing}_i + \beta_{11} \text{ Urban Resident}_i + \varepsilon_{ijk}\end{aligned} \tag{2.2}$$

When estimating Eq. (2.2), we employ the binomial logit estimation technique to regress our dichotomous dependent variable series on a measure of cross-societal cultural distance and our individual-specific control variables. We also estimate a modified version of the equation where a categorical dependent variable series is substituted for the listed dependent variable series. As noted, the categorical dependent variable is equal to one if the respondent indicates they believe increased trade

to be a very bad thing, is equal to two if they consider it somewhat bad, equal to three if trade is viewed as somewhat good, and is equal to four if they believe trade to be a very good thing. Given the responses follow an ordering where trade is viewed in the least favorable terms to most favorable terms, the ordered logit technique is employed for this estimation.

2.2.3 Descriptive Statistics

Descriptive statistics for the individual survey cohorts and for a combined cohort of respondents in Germany and in the US are presented in Table 2.2. A correlation matrix is provided as Table 2.3. Beginning with the dependent variable series, we see that large majorities of the survey respondents express positive views of international trade: 84.6% for the combined sample, 92.9% of the survey respondents in Germany, and 76.5% of those located in the US. As noted earlier, however, when considering trade with specific countries, the expressed support for trade often declines considerably. Overall, only 76.3% of survey respondents in Germany and just 69% of respondents in the US express support for trade when asked about specific partners. Thus, support for international trade in Germany and in the US declines by quite large margins—by 16.6% and by 7.5%, respectively, when respondents are asked about specific trading partners.

Turning to our explanatory variable series, we see that the US is, on average, more culturally distant than is Germany from the groups of countries for which survey respondents are asked their opinions of international trade. We also see that the typical survey respondent in the US, relative to the typical survey respondent in Germany, tends to be slightly older, is much more likely to be a college graduate, is slightly more likely to live in a household with an income above their national average, is more commonly male, and is more frequently unemployed or out of the labor force. The typical survey respondent in the US, again relative to their counterpart in Germany, is also more likely to hold conservative or very conservative political views and is much more likely to live in a rural environment.

Given the makeshift nature of our estimation equations, the pairwise correlation coefficients presented in Table 2.3 carry importance both in that they provide general relationships between the dependent variable series and each of the explanatory variables and because they allow us

Table 2.2 Descriptive statistics

	Expected Coef. sign	*Germany and US sample*	*Germany sample*	*US sample*
Dependent variables…				
General opinion of trade (binary: 0, 1)	.	0.8463 (0.3607)	0.9290 (0.2568)	0.7648 (0.4241)
General opinion of trade (categorical: 1–4)	.	3.1185 (0.7921)	3.2806 (0.6323)	2.9587 (0.8946)
Partner-specific opinion of trade (0, 1)	.	0.7258 (0.4461)	0.7628 (0.4254)	0.6897 (0.4627)
Partner-specific opinion of trade (1–4)	.	2.8534 (0.8347)	2.9138 (0.7306)	2.7946 (0.9212)
Explanatory variables…				
Cultural distance	–	2.3703 (0.8006)	1.9859 (0.5039)	2.7448 (0.8566)
Age (in years)	–	52.3240 (18.8773)	51.3716 (18.1305)	53.2517 (19.5348)
18–34 years of age	+	0.2131 (0.4095)	0.2173 (0.4124)	0.2091 (0.4067)
35–54 years of age	±	0.2977 (0.4573)	0.3163 (0.4651)	0.2795 (0.4488)
55–70 years of age	±	0.3164 (0.4651)	0.3015 (0.4590)	0.3310 (0.4706)
71–95 years of age	–	0.1728 (0.3781)	0.1649 (0.3711)	0.1804 (0.3846)
College graduate	+	0.2969 (0.4569)	0.2230 (0.4163)	0.3689 (0.4825)
Employed	+	0.5533 (0.4972)	0.5623 (0.4962)	0.5446 (0.4981)
Female	–	0.4845 (0.4998)	0.4856 (0.4998)	0.4834 (0.4998)
Above-average income	+	0.5037 (0.5000)	0.5004 (0.5001)	0.5069 (0.5000)
Political ideology/ affiliation: right wing	±	0.3142 (0.4642)	0.2907 (0.4541)	0.3372 (0.4728)
Political ideology/ affiliation: far right wing	–	0.0537 (0.2254)	0.0363 (0.1869)	0.0706 (0.2562)
Urban resident	+	0.4879 (0.4999)	0.6550 (0.4754)	0.3252 (0.4685)

Standard deviations in parentheses. See text for variable definitions. All explanatory variables are dummy variables with the exception of Cultural Distance. $N = 1874$ for General Opinion of Trade variables (Germany and United States combined sample), 930 for Germany sample, and 944 for the United States sample. $N = 9168$ for all other combined sample variables, $N = 4524$ for all other variables in the German sample, and $N = 4644$ for all other variables in the United States sample

Table 2.3 Correlation matrix, Germany and United States combined sample

		(a)	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*	*(g)*	*(h)*	*(i)*	*(j)*	*(k)*	*(l)*
General opinion of trade (0, 1)	(a)	1.00											
General opinion of trade (1–4)	(b)	0.79	1.00										
Partner-specific opinion of trade (0, 1)	(c)	0.31	0.35	1.00									
Partner-specific opinion of trade (1–4)	(d)	0.34	0.44	0.84	1.00								
Cultural distance	(e)	0.11	−0.10	−0.14	−0.14	1.00							
Age	(f)	−0.01	−0.03	0.01	−0.01	0.03	1.00						
College graduate	(g)	0.11	0.15	0.09	0.13	0.07	0.09	1.00					
Employed	(h)	0.04	0.05	0.01	0.02	−0.01	−0.39	0.10	1.00				
Female	(i)	−0.05	−0.13	−0.12	−0.15	0.00	0.04	−0.02	−0.08	1.00			
Above-average household income	(j)	0.08	0.09	0.06	0.07	0.00	−0.07	0.21	0.21	−0.09	1.00		
Political ideology/ affiliation: right wing	(k)	−0.01	0.02	0.00	0.00	0.03	0.10	−0.04	−0.03	0.01	0.05	1.00	
Political ideology/ affiliation: far right wing	(l)	−0.07	−0.07	−0.01	−0.01	0.04	0.03	−0.01	−0.03	−0.07	−0.02	−0.16	1.00
Urban resident	(m)	0.12	0.13	0.05	0.05	−0.16	−0.07	0.00	0.01	−0.07	−0.01	−0.07	−0.08

$N = 9168$

to check for pairwise collinearity among the explanatory variable series. The correlation coefficients presented in columns (a) through (d) correspond to the dependent variable series. Based solely on the coefficient signs (i.e., setting the magnitudes of the correlation coefficients to the side), we find negative correlation coefficients between each dependent variable series and our measure of cultural distance (i.e., trade being a good thing (i.e., either somewhat good or a very good thing)). We also find a negative relationship between the dependent variable series and the female dummy variable, suggesting that female respondents may hold less favorable/more negative views of international trade relative to male respondents. Additionally, negative relationships are found between the dependent variable series and the far-right political affiliation variable. To the contrary, we see positive relationships between the dependent variable series and the respondents' level of educational attainment. We also see that respondents who report being employed and those that indicate a level of household income that is higher than their respective national average more frequently express favorable/positive opinions of trade. Lastly, we also see a positive relationship between the dependent variable series and the variable that identifies respondents as living in an urban environment. A check of the pairwise correlation coefficients presented in columns (c) through (j) also indicates that collinearity is not an issue for our set of explanatory variables.

2.3 Does Cultural Distance Correspond with Variation in Opinions on Trade?

To determine whether cultural differences between the survey respondents' countries of residence (i.e., Germany or the US in this particular analysis) and their trading partners have any bearing on their opinions of international trade, we estimate Eq. (2.2) using the binomial logit technique while employing a dichotomous dependent variable series that indicates whether respondents view international trade as being good or bad. We also estimate a variant of Eq. (2.2) where the dummy dependent variable series is replaced by a categorical dependent variable series and the ordered logit estimation technique is employed. We examine the potential determinants of trade both when specific partner countries are considered and when survey respondents are asked for their general views of international trade. The results obtained from these two estimations are presented in Table 2.4.

Table 2.4 Determinants of general and trading partner-specific opinions on international trade

Dependent variable:	*Partner-specific opinion of trade (0, 1)*	*Partner-specific opinion of trade (1–4)*	*General opinion of trade (0, 1)*	*General opinion of trade (1–4)*
Estimation technique:	*Logit*	*Ordered logit*	*Logit*	*Ordered logit*
	(a)	*(b)*	*(c)*	*(d)*
Cultural distance	−0.4527***	−0.3204***		
	(0.0319)	(0.0256)		
35–54 years of age	−0.0849	−0.0699	0.0756	−0.0019
	(0.0686)	(0.0572)	(0.1892)	(0.1281)
55–70 years of age	−0.0890	−0.1543***	−0.0313	−0.0807
	(0.0692)	(0.0571)	(0.1873)	(0.1292)
71–95 years of age	0.0567	−0.1015	0.0467	−0.0894
	(0.0859)	(0.0701)	(0.2272)	(0.1573)
College graduate	0.5368***	0.5961***	0.6733***	0.5895***
	(0.0578)	(0.0458)	(0.1685)	(0.1019)
Employed	−0.0856	−0.0720	0.021	−0.0310
	(0.0569)	(0.0476)	(0.1527)	(0.1070)
Female	−0.5436***	−0.6031***	−0.2292*	−0.5462***
	(0.0487)	(0.0406)	(0.1322)	(0.0907)
Above-average income	0.1533***	0.1144***	0.3037**	0.2069**
	(0.0506)	(0.0418)	(0.1380)	(0.0937)
Right wing	0.0461	0.0529	−0.0143	0.1635*
	(0.0533)	(0.0437)	(0.1448)	(0.0987)
Far right wing	−0.1711	−0.0653	−0.5896**	−0.4515**
	(0.1056)	(0.0927)	(0.2535)	(0.2119)
Urban resident	0.0827*	0.0889**	0.6900***	0.4407***
	(0.0493)	(0.0405)	(0.1364)	(0.0906)

(continued)

Table 2.4 (continued)

Dependent variable:	*Partner-specific opinion of trade (0, 1)*	*Partner-specific opinion of trade (1–4)*	*General opinion of trade (0, 1)*	*General opinion of trade (1–4)*
Estimation technique:	*Logit*	*Ordered logit*	*Logit*	*Ordered logit*
	(a)	*(b)*	*(c)*	*(d)*
Constant	2.1797***		1.2346***	
	(0.1147)		(0.2084)	
/cut1		−3.4351		−2.7735
		(0.0991)		(0.1727)
/cut2		−1.9067		−1.5912
		(0.0927)		(0.1537)
/cut3		0.5292		0.9611
		(0.0905)		(0.1499)
N	9168	9168	1874	1874
Count R^2	0.7270	0.5190	0.8460	0.5250
LR χ^2 statistic	457.20***	588.55***	66.86***	119.76***
Log-likelihood	−5156.74	−10,576.47	−770.60	−1987.92

Columns (a) and (b): Now thinking about [Germany: Germany/US: the US] and other countries—do you think it is a very good thing, somewhat good, somewhat bad or a very bad thing for our country?
Columns (c) and (d): What do you think about growing trade between [GERMANY: Germany/US: the US] and other countries—do you think it is a very good thing, somewhat good, somewhat bad or a very bad thing for our country?
Dependent Variables (columns (a) and (c)) is equal to one if response is "Very good" or "Somewhat good" and is equal to zero if response is "Somewhat bad" or "Very bad"
Dependent Variables (columns (b) and (d)) is equal to four if response is "Very good", equal to three if the response is "Somewhat good", equal to two if the response is "Somewhat bad", and equal to one if the response is "Very bad"
Robust standard errors in parentheses. "***", "**", and "*" denote statistical significance from zero at the 1%, 5%, and 10% levels, respectively

Beginning with the results from the binomial logit estimation that are presented in column (a), we find the estimated coefficient of the measure of cultural distance is negative (−0.4527) and statistically significant from zero. Similarly, the results from the ordered logit estimation, presented in column (b), also include a negative and statistically significant estimated coefficient (−0.3204) for the measure of cultural distance. We can interpret the coefficients, in general terms, as follows: All else held constant, a greater cultural distance between a given survey respondent's country of residence (i.e., Germany or the US) and a given trading partner corresponds with a lower likelihood that the respondent will express a positive or more favorable opinion of international trade. Further, and perhaps of greater importance, as the measure of cultural distance varies across trading partners, we can say that the results are consistent with the notion that, independent of other determinants of public opinion on international trade, cross-societal cultural differences influence individuals' views on international trade.

The estimated coefficients of the remaining explanatory variables are largely consistent with our expectations and our intuition regarding individuals' opinions on international trade. More specifically, survey respondents who are more educated (i.e., college graduates) or who live in households with incomes that are above their respective national average are significantly more likely to express positive opinions on international trade. Similarly, survey respondents who live in urban areas are also significantly more likely to view trade in a positive light. To the contrary, female respondents are significantly less likely to express a positive opinion on trade. We do not find much in terms of statistically significant relationships based on our age categorizations, the respondents' employment status, or their political views/leanings.

We also see that the ad hoc econometric specifications perform quite well in terms of the models' ability to correctly predict the observed values of the dependent variable series. Specifically, evaluating the explanatory variables at their mean values and applying the estimated coefficients that are reported in column (a), we see that the count R^2 value is equal to 0.727, meaning that the model correctly predicts the observed value of the dependent variable in 72.7% of cases. Similarly, the model for which results are presented in column (c), that correspond to the binomial estimation where survey respondents' general (i.e., non-partner-specific) views of international trade are employed as the dependent variable series, correctly predicts the observed value of the dependent variable series

in 84.6% of cases. Looking to columns (b) and (d), where the ordered logit estimation technique is employed, the models correctly predict the observed value of the dependent variable series in 51.9% and 52.5% of cases.

As a sort of robustness check, to see the extent to which the estimated coefficients of our control variables change in magnitude or in terms of statistical significance, we also estimate Eq. (2.2) with the measure of cultural distance excluded from the specification while using the dependent variable series that asks respondents for their general views of international trade. These results are presented in columns (c) and (d) of Table 2.4. For the most part, the coefficient signs and the pattern of statistical significance are consistent with the results presented in columns (a) and (b). We do see a loss of statistical significance for the estimated coefficient of the variable that identifies respondents who are 55–70 years of age, and we find that the estimated coefficients of the political ideology/affiliation variables are generally significant in columns (c) and (d) with the coefficients of the far-right ideology/affiliation being negative and significantly different from zero in both estimations. Generally, the results, across the four columns, are in line with expectations based on the pairwise correlation coefficients (Table 2.3). Otherwise, we can say that, again, we find college graduates, those who live in households with above-average incomes, and those who live in urban areas are more likely to express positive, or more favorable, views when asked generally about international trade. And, again, female respondents are more likely to express negative, or less favorable, views when asked generally about trade.

Since the estimated coefficients that are reported in Table 2.4 indicate the change in the log-odds ratios, to provide a more clear indication of the influence of cultural distance on public opinion of international trade, we estimate the predicted probabilities for the dependent variable series using the estimated coefficients presented in columns (a) and (b) of Table 2.4, several values of the cultural distance measure (i.e., the minimum, maximum, mean, and a one standard deviation range about the mean), and the corresponding mean values for all other explanatory variables. The resulting predicted probabilities are presented in Table 2.5.

Focusing first on the values presented in column (a), when the cultural distance measure is set equal to its mean value, the corresponding estimated probability that survey respondents will consider international trade to be a good thing is equal to 73.78%. This is very similar to the mean value for the variable (72.58%) that is reported in Table 2.2.

Table 2.5 Predicted probabilities

Cultural distance level…	*Predicted probability that dependent variable is equal to…*	*Predicted probabilties generated using coefficient values in Table 2.4, column…*	
		(a)	*(b)*
Minimum = 1.0230	1 = "Good"	0.8381	.
	0 = "Bad"	0.1619	.
	4 = "Very good"	.	0.2719
	3 = "Somewhat good"	.	0.5382
	2 = "Somewhat bad"	.	0.1415
	1 = "Very bad"	.	0.0484
Mean−1/2 standard	1 = "Good"	0.7720	.
Deviation = 1.9616	0 = "Bad"	0.2280	.
	4 = "Very good"	.	0.2165
	3 = "Somewhat good"	.	0.5430
	2 = "Somewhat bad"	.	0.1762
	1 = "Very bad"	.	0.0643
Mean = 2.3703	1 = "Good"	0.7378	.
	0 = "Bad"	0.2622	.
	4 = "Very good"	.	0.1951
	3 = "Somewhat good"	.	0.5396
	2 = "Somewhat bad"	.	0.1926
	1 = "Very bad"	.	0.0726
Mean + 1/2 standard	1 = "Good"	0.7018	.
Deviation = 2.7649	0 = "Bad"	0.2982	.
	4 = "Very good"	.	0.1761
	3 = "Somewhat good"	.	0.5334
	2 = "Somewhat bad"	.	0.2090
	1 = "Very bad"	.	0.0816
Maximum = 3.4355	1 = "Good"	0.6347	.
	0 = "Bad"	0.3653	.
	4 = "Very good"	.	0.1470
	3 = "Somewhat good"	.	0.5162
	2 = "Somewhat bad"	.	0.2376
	1 = "Very bad"	.	0.0992

Allowing for a one standard deviation change in the cultural distance measure about its mean value, with all other explanatory variable held constant at their respective mean values, produces estimated probabilities that range in value from 77.2% to 70.18%. Thus, we can say that the resulting change in the estimated probability that trade will be considered good, given a one standard deviation increase in the cultural distance measure, is a decrease of 7.02%.

Further, allowing the measure of cultural distance to take its minimum value and its maximum value, while again holding all other explanatory variables at their mean values, the corresponding respective estimates of the probability that the survey respondent views international trade as a good thing are 83.81% and 63.47%. This indicates that the change in the predicted probability, due to variation in the levels of cultural distance between the typical respondents' country of residence and given trading partners, is equal to a decline of 20.34%. In both instances, the change in the predicted probabilities that survey respondents view trade as a good thing given either a one standard deviation change in the cultural distance value or considering the spread of cultural distance values across the cohort of specific partner countries are of considerable magnitude.

Turning our attention to the estimated probabilities presented in column (b) of Table 2.5, we find similar results when considering the likelihood that respondents view trade as a very good thing, as somewhat good, somewhat bad, or as a very bad thing. When our measure of cultural distance is held at its mean value, as are all other explanatory variables, we see the predicted probability that a respondent will consider trade to be a very good thing is 19.51%. A much higher predicted probability (53.96%) is estimated for the view trade is somewhat good. Lower likelihoods are predicted for the opinion that trade is somewhat bad (19.26%) or that trade is a very bad thing (7.26%).

Again, we consider changes in the predicted probabilities that stem from variation in the level of the cultural distance variable. As before, we first allow for a one standard deviation change in the cultural distance variable about its mean value and then we allow the variable to range from its minimum value to its maximum value while holding all other explanatory variables constant at their mean values. Given a one standard deviation increase in the level of cultural distance, we find a 4.04% reduction in the likelihood that the typical survey respondent views international trade as a very good thing. We also see that the estimated likelihood that trade is viewed as being somewhat good declines by 0.96%. Corresponding with the decreased probabilities that trade will be viewed as a very good thing or as somewhat good, we see increases in the likelihoods that trade is viewed as somewhat bad (a rise of 3.28%) or as a very bad thing (an increase of 1.73%). Allowing the cultural distance measure to range in value from its minimum to its maximum produces more pronounced changes in the predicted probabilities. The likelihood that a respondent views trade as being a very good thing declines by 12.49%, and the

Table 2.6 Changes in predicted probabilities

Based on results presented in:	*Column (a) of Table 2.4*	*Column (b) of Table 2.4*			
Probability of Dep. variable:	*…equal to 1*	*…equal to 1*	*…equal to 2*	*…equal to 3*	*…equal to 4*
Trade is:	*…good*	*…very bad*	*…somewhat bad*	*…somewhat good*	*…very good*
	(a)	*(b)*	*(c)*	*(d)*	*(e)*
Cultural distance	−0.2035	0.0508	0.0961	−0.0220	−0.1249
35–54 years of age	.	.	.	.	.
55−70 years of age	.	0.0106	0.0198	−0.0066	−0.0238
71–95 years of age	.	.	.	.	.
College graduate	0.0983	−0.0365	−0.0728	0.0087	0.1005
Employed	.	.	.	.	.
Female	−0.1054	0.0414	0.0764	−0.0235	−0.0943
Above-average income	0.0297	−0.0077	−0.0146	0.0043	0.0180
Right wing	.	.	.	.	.
Far right wing	.	.	.	.	.
Urban resident	0.0160	−0.0060	−0.0113	0.0033	0.0140

Values presented are estimated changes in predicted probabilities. The estimates are generated using the results presented in the corresponding columns of Table 2.4. Each value is based on a change in the listed explanatory variable from its minimum value to it maximum value (i.e., from 0 to 1 for all variables except the measure of cultural distance) while the mean values of the remaining explanatory variables are held constant. "." denotes the corresponding coefficient estimate is not statistically significant from zero

predicted probability that trade is viewed as somewhat good decreases by 2.2%. These changes correspond with increases in the predicted probabilities that trade is somewhat bad (9.61%) or is a very bad thing (5.08%).

Finally, to gain some perspective on the relative influence of cultural distance on individuals' views of international trade, we estimate the changes in our predicted probabilities for all explanatory variables in columns (a) and (b) of Table 2.4 for which the estimated coefficients are statistically significant from zero. These predicted probabilities are presented in Table 2.6. For reference, the first row of the table repeats the changes in the probabilities that are estimated to occur given a change in

the cultural distance measure that are presented in Table 2.5. Looking at the remaining values that are presented in column (a), we see that the estimated change in the predicted probability that a survey respondent will view trade as being either a very good thing or as somewhat good is 9.83% higher if the individual is a college graduate. The predicted probability is also estimated to be 10.54% lower if the respondent happens to be female, 2.97% higher if the respondent lives in a household with above-average income, and 1.6% higher if the respondent lives in an urban environment.

Columns (b) through (e) present the changes in predicted probabilities that a respondent will view international trade as a very good thing, as somewhat good, somewhat bad, or as a very bad thing. Here, we see that individuals who range in age from 55 to 70 years of age, relative to 18–34 year olds, are somewhat less likely to view trade as being a very good thing (−2.38%) or as somewhat good (−0.66%) and are more likely to consider trade to be somewhat bad (1.98%) or a very bad thing (1.06%). Again, we see that education attainment, as represented by having attained a college degree, corresponds with a large increase in the predicted probabilities that the survey respondent considers trade to be a very good thing (10.05%), and smaller changes in the predicted probability that trade is viewed as somewhat good (0.87%), somewhat bad (−7.28%), or as very bad (−3.65%). The estimated probability that survey respondents view trade as being a very bad thing or as somewhat bad are 4.14% and 7.64% higher, respectively, if the respondent is female. Similarly, the estimated likelihoods that trade is viewed as being somewhat good or a very good thing are 2.35% and 9.43% lower, respectively, if the respondent is female. While living in a household that has an income above the respective national average or that is located in an urban environment are found to have statistically significant effects, the influence on the values of the predicted probabilities are relatively small.

2.4 Concluding Thoughts

The primary purpose of this chapter is to extend from the material presented in Chap. 1 and, by doing so, present a deeper exploration of the potential relationship between individuals' opinions of international trade and cross-societal cultural differences. Thus, the work presented here serves as a bridge to the material that is presented in later chapters. As has been noted, we view the material presented here as an exploratory analysis. That being said, we also view the work presented here as initial

evidence that cultural distance is negatively associated with individuals' opinions on international trade.

Employing a measure of cultural distance that is constructed based on responses to the World Values Survey, we have sought to determine whether cross-societal cultural differences between the countries of residence for the two cohorts of survey respondents (i.e., those who reside in Germany and those who live in the US) are significant determinants of individual opinions on international trade. Using our measure of cultural distance in conjunction with data from the Pew Research Center's 2014 US-Germany Trade Survey, we have utilized regression analysis—namely logistic regression techniques—to identify the determinants of individuals' opinions on international trade while paying particular attention to whether cultural distance influences public opinion. Based on the results obtained when estimating our specifications, we have generated estimated probabilities, at varying levels of cultural distance, of whether individuals view international trade as good or bad and as a very bad thing, somewhat bad, somewhat good, or a very good thing. We have compared the relative changes in predicted probabilities that are attributable to isolated changes in the measure of cultural distance and of other explanatory variables for which estimated coefficients were found to be statistically significant from zero.

Our findings indicate that the majority of survey respondents express positive opinions on international trade whether asked about trade in general terms or asked about trade with specific partner countries. Even so, when estimating our probability models we find a negative and statistically significant relationship between cultural distance and the probability that an individual expresses a positive opinion on international trade. This result is found whether we employ a dichotomous dependent variable series and utilize the binomial logit estimation technique and when we instead use a categorical dependent variable series and employ the ordered logit technique.

We find that allowing the measure of cultural distance to vary from its lowest value to its highest value, while holding all other variables equal to their mean values, results in a 20.35% decrease in the predicted probability that the respondent views international trade as either a very good thing or as somewhat good. Similarly, the same assumed increase in cultural distance is estimated to reduce the probability that an individual views trade as a very good thing by 12.49% and to reduce the probability that the individual considers trade to be a somewhat good thing by

2.20%. The corresponding increases in the likelihoods that international trade is viewed as somewhat bad or as a very bad thing are 9.61% and 5.08%, respectively.

These findings lend credibility to the notion that the variation in survey responses, with respect to individuals' opinions on international trade, that is observed across specific trading partners may be partially due to cross-societal cultural differences. Even so, the analysis presented here, being sourced from data that represent the countries of residence (i.e., Germany and the US) and only a handful of trading partners, is not sufficient to reach such a strong conclusion. The results and findings do, however, correspond with the notion that cultural distance is a significant determinant of individuals' opinions on international trade and, accordingly, we consider the analysis presented in this chapter to be a basis for the more detailed and complete analysis on public opinion on international trade that is presented in Chap. 7. Since international trade is a facet of international economic integration (i.e., economic globalization), public opinion on other forms of economic globalization—namely immigration and FDI inflows—may be similarly affected by cross-societal cultural differences. Accordingly, these possibilities are explored in greater detail in Chaps. 6 and 8, respectively.

Notes

1. In actuality, being employed by a foreign firm is, in many instances, beneficial relative to working for a domestic employer. A report issued by the Organisation for Economic Co-operation and Development (OECD 2008) examines wages paid by domestic and foreign firms in Brazil, Germany, Indonesia, Portugal, and the UK. The authors find that foreign takeovers of domestic firms correspond with increases in average wages that range from negligible (in Germany) to 19% (in Indonesia) and that workers who move from a domestic-owned firm to a foreign-owned firm realize, on average, wage increases that range from 6% (in the UK) to 21% (in Brazil).
2. Individuals who responded that they did not know or who refused to answer the question were coded as missing values and, thus, are not included in the analysis.
3. Unless otherwise noted, descriptive information in this section is from Inglehart and Baker (2000).
4. The first wave of the WVS was conducted between 1981 and 1984. Wave 2 was completed from 1990 to 1994. From 1995 to 1998, the third wave

was completed. Wave 4 was conducted during the 1999–2004 period, and wave 5 spans the years from 2005 through 2009.

5. Unfortunately, the categories in the survey data do not allow for more descriptive categorization of respondents' levels of educational attainment.
6. Survey respondents in the Germany cohort are simply identified as "working" or "not working"; thus, although there is a greater variety of responses available to members of the US cohort, we are limited in defining the labor force status of the observations in our data.
7. The dummy variable "right-wing" is equal to one for German survey respondents who report a political party affiliation of the Free Democratic Party (FDP), the Christian Democratic Union or Christian Social Union (CDU/CSU), or Freie Waehler (Free Voters), is equal to one for US respondents who report having a "conservative" political ideology, and is equal to zero otherwise.
8. The dummy variable "far right" is equal to one for German survey respondents who report a political party affiliation with either the National Democratic Party (NDP/DVU) or Alternative for Germany (AfD), is equal to one for US respondents who report having a "very conservative" political ideology, and is equal to zero otherwise.

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CHAPTER 3

Expected Winners and Losers: Economic Effects and Public Opinion Survey Responses

From the survey response frequencies that are presented in Chap. 1 and the findings from the empirical analysis that are detailed in Chap. 2, we can make a few general statements about public opinion toward international trade. First, both in Germany and in the US, we see that large majorities of survey respondents express positive views toward international trade. Second, considerable portions of the survey cohorts hold negative opinions on the topic and, in some cases, the negative opinions appear to be pronounced and deeply rooted. Third, when considering an empirical relationship between opinions on international trade and the cultural distance between survey respondents' countries of residence and their trading partners, we find a consistent negative and statistically significant relationship.

The material presented in Chap. 2 serves a dual purpose. First, it provides a more rigorous analysis of the potential relationship between cross-societal cultural differences and survey respondents' opinions on international trade than is presented in Chap. 1. Second, the material in Chap. 2 offers motivation for the more expansive empirical analysis that follows in later chapters. In this chapter, to provide a theoretical/intuitive basis for the empirical examination that is presented in the later chapters, we introduce the Specific Factors model while paying particular attention to the anticipated welfare effects, in terms of changes in real returns to domestic factor inputs, which are anticipated to result from immigration, international trade, and foreign direct investment inflows. As we discuss the model and its predictions, we contextualize the information provided

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in our earlier chapters. Moreover, by focusing our attention on the anticipated welfare effects, our presentation of the model and theoretical framework better allows us to discern the expected preferences of survey respondents as they relate to economic phenomena.

We employ the Specific Factors model as a starting point and we then allow, when conducting our empirical analysis, for deviation from looking only at economic-based expectations such that we consider demographic and/or individual-specific characteristics and, turning to our variable of primary interest, cross-societal cultural differences as determinants of public opinion. In a few words, this is the basis for our estimation strategy. We should note, however, that the version of the Specific Factors model that is presented in this chapter is both basic and simple. This is useful in two ways. First, the simpler the model and its related presentation, the more accessible it will be for readers. Second, a simple version of the model is sufficient to allow us to discuss the findings presented in Chap. 2 and to provide a basis for the empirical analysis that follows. Thus, in effect, we employ a theoretical framework that is only as complicated as is necessary and, therefore, which is as elegant as possible, to motivate our efforts.

3.1 A Very Gentle Introduction to the Specific Factors Model

We employ a standard $2 \times 2 \times 2$ framework in which there are two economies (identified as home and as foreign), two sectors (which we refer to as X and Y) that, for simplicity, produce goods X and Y, respectively, and two factors of production (capital, which is denoted by K, and labor, which is denoted by L). Production in each sector is assumed to exhibit constant returns to scale with production functions assumed to be of the Cobb-Douglas variety:

$$q_X = f(K_X, L_X) = AK_X^{\alpha} L_X^{\beta} \tag{3.1}$$

$$q_Y = f(K_Y, L_Y) = AK_Y^{\gamma} L_Y^{\theta} \tag{3.2}$$

In Eqs. (3.1) and (3.2), q is the total production of output (e.g., the number of units produced), A is a scalar that represents total factor productivity,

K is the physical capital input, L is the labor input, and the exponents (i.e., α, β, γ, and θ) are the output elasticities of the respective factor inputs. These output elasticities are all assumed to be constant and to range in value between 0 and 1 (e.g., $0 < \alpha < 1$). The assumption of constant returns to production in each sector dictates that $\alpha + \beta = 1$ and that $\gamma + \theta = 1$. Finally, the subscripts X and Y denote the two sectors/products.

Labor is assumed to be the mobile factor of production; thus, labor in sector X can move without cost to sector Y and, likewise, labor in sector Y can move without cost to sector X. Capital is assumed to be sector-specific and, therefore, is immobile between sectors. These designations are quite reasonable as the model depicts dynamics over a short-run time horizon and in the short-run labor would be much more likely mobile than would physical capital. Both factors of production are initially assumed to be internationally immobile. This allows us to examine the effects of international trade on factor returns. To consider the anticipated effects of immigration and FDI inflows on the returns to domestic labor and capital, we later allow for international factor mobility.

The assumed factor immobility and short-run resource constraints imply that both K_X and K_Y are constant (i.e., fixed in quantity) and that $L_X + L_Y = L$, which is also constant over the short-run. The returns to labor (i.e., the wage rates) in the respective sectors are denoted by w_X and w_Y, respectively; however, due to the free mobility of labor, $w_X = w_Y$. Somewhat similarly, since capital is sector-specific, the per-unit returns to capital need not equal and are denoted, for the respective sectors, as r_X and r_Y.

Note that since K_X and K_Y are fixed in quantity, L_X and L_Y both face diminishing returns to scale (i.e., diminishing marginal products). As the quantity of labor increases in either sector, the marginal product of labor (MPL), while positive, will decrease in value. If, however, the quantity of capital in either sector were to increase, holding the amount of labor in the sector constant, the MPL for labor in that sector would increase. This implies that the additional capital will allow the existing labor to be more productive (i.e., a higher q/L ratio). A similar relationship holds for increases in the sector-specific capital stocks. Because capital in both sectors is subject to diminishing returns to scale (i.e., diminishing marginal products), any increases in the capital stock values, again with all else remaining the same, lead to reductions in the sector's respective marginal product of capital (MPK).

Assuming that factor markets are perfectly competitive and utilizing the production functions listed above as Eqs. (3.1) and (3.2), we can state the returns to a given factor of production as being equal to the value of its marginal product. For example, for labor employed in sector X, the return (w_X) is given as:

$$\text{VMPL}_X = p_X \times \text{MPL}_X = p_X \times \partial q_X / \partial L_X = p_X \times \beta A K_X^{\alpha} L_X^{\beta-1} = w_X \quad (3.3)$$

To more completely explain the above expression, the VMPL_X is the value of the marginal product of labor in sector X. This is equal to the market value (given by p_X) of the additional output produced due to the employment of the marginal unit of labor in the sector (i.e., the marginal product of labor: $\beta A K_X^{\alpha} L_X^{\beta-1}$).[1]

Similarly, the value of the marginal product of capital in sector Υ (i.e., the VMPK_Υ) is equal to the market value of the additional output produced due the employment of the marginal unit of capital in the sector (i.e., $p_\Upsilon \times \text{MPK}_\Upsilon = p_\Upsilon \times \alpha A K_X^{\alpha-1} L_X^{\beta}$). The VMPL and VMPK values represent the inverse relationship between the amount of each factor input demanded by a producer and the return to that factor of production. In other words, the curves represent the demand curves for labor and capital, respectively. Rearranging each of these expressions, we can identify the real return to any given factor of production as being equal to its marginal product (e.g., for labor employed in sector X: $w_X / p_X = \text{MPL}_X = \beta A K_X^{\alpha} L_X^{\beta-1}$).

Another way to look at the marginal product of any given factor input is that it is a function of the sector's capital-labor (K/L) ratio. If the K/L ratio in a sector increases, each unit of labor, on average, has more capital to work with and, thus, is more productive. Accordingly, an increase in the K/L ratio raises the MPL value for that sector which results in an increase in the real wage rate for labor in the sector. Additionally, an increase in the K/L ratio in a sector lowers the corresponding MPK value and, thus, the real return to capital in the sector decreases.

An initial equilibrium is illustrated in Fig. 3.1. The diagram depicts sector X and sector Υ for the domestic economy. The y-axes measure the nominal wage rates paid to labor in sector X (i.e., the left y-axis) and in sector Υ (i.e., the right y-axis). The quantity of labor employed

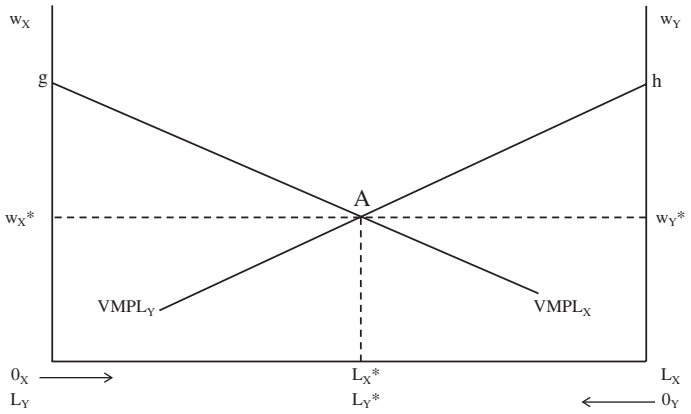

Fig. 3.1 The specific-factors model, initial equilibrium

in each sector is measured along the x-axis, with the origins for the sectors indicated by 0_X and 0_Y. Because labor is mobile between sectors, the initial allocation of labor between sectors is determined where $\text{VMPL}_X = \text{VMPL}_Y$. In the figure, this allocation of labor occurs at the point where $0_X L_X{}^*$ units of labor are employed in sector X and $0_Y L_Y{}^*$ units of labor are employed in sector Y. At this point, which is identified as equilibrium point A, $w_X{}^* = w_Y{}^*$ which implies that $\text{MPL}_X = \text{MPL}_Y$; hence, the real returns to labor in sector X and in sector Y are also identical: $w_X / p_X = w_Y / p_Y$.

The total nominal returns to labor and to capital in each sector are also depicted in Fig. 3.1. At the initial equilibrium, labor in sector X receives a nominal wage rate equal to $w_X{}^*$ and $0_X L_X{}^*$ units of labor are employed. Thus, the total nominal return to labor in sector X is equal to the value of the area $w_X{}^* 0_X L_X{}^* A$. Likewise, the total nominal return to labor in sector Y is equal to the value of the area $w_Y{}^* 0_Y L_Y{}^* A$. Since we have assumed that production in each sector requires only two-factor inputs, we can also identify the total nominal returns to capital in each sector. For each sector, the area under the VMPL curve at the equilibrium level of employment that is not received by labor is the total nominal return to capital. This return is equal to value of the area $w_X{}^* gA$ for capital that is specific to sector X, and for sector Y capital it is equal to the value of the area $w_Y{}^* hA$.

3.2 The Anticipated Economic Effects of Trade on Real Factor Returns

To discern the effects of increased trade on the real returns to productive factors, we extend from Fig. 3.1 to depict a scenario in which the domestic economy is initially closed to trade and we are at our equilibrium point A. We then assume that the domestic economy opens to international trade, perhaps through the negotiated removal of prohibitive barriers to trade with the foreign economy. We further assume that the world price of good X is greater than its domestic price and that the world price of good Y is equal to its domestic price. As a result of the price differential, the domestic economy will begin to export good X; however, since the domestic and world prices of good Y are identical, the economy neither exports nor imports good Y. Due to exporting good X, the domestic price of good X will increase from p_X to p_X'. This causes the VMPL_X curve to shift upwards to VMPL_X' as is shown in Panel A of Fig. 3.2. The nominal wage rate that is paid to labor employed in sector X rises from $w_X{}^*$ to $w_X{}^{**}$ as we move from equilibrium point A to point B. Because $w_X{}^{**}$ is greater than $w_Y{}^*$, labor in sector Y (L_Y) is induced to move to sector X. This movement of L_Y to sector X increases the amount of labor in sector X which decreases the MPL_X, thus leading to a corresponding decrease in the nominal wage rate in the sector from $w_X{}^{**}$ to w_X'. With the increase in L_X there is the aforementioned decrease in L_Y which leads to an increase in the MPL_Y. Accordingly, there is a resulting increase in the nominal wage rate paid to labor employed in sector Y from $w_Y{}^*$ to w_Y'. This is represented in the diagram as the move from point B to equilibrium point C.

Given the dynamics that are described above and depicted in Panel A of the figure, we can now consider how opening the domestic economy to trade and the resulting exporting of good X will affect the real returns of labor and capital. First, looking to the real return to labor in sector X, as noted earlier, the real wage is equal to the factor's marginal product: $w_X/p_X = \text{MPL}_X$ In this scenario, the reallocation of labor from sector Y to sector X caused MPL_X to decrease. Thus, even though $w_X{}^*$ increased to w_X', the increase in p_X from the initial domestic level to the world level must have been higher. As a result, the real return to labor in sector X in terms of good X has decreased. To the contrary, since $w_X{}^*$ increased to w_X' and the price of good Y did not change, it follows that the real return to labor in sector X in terms of good Y (i.e., w_X/p_Y) has increased.

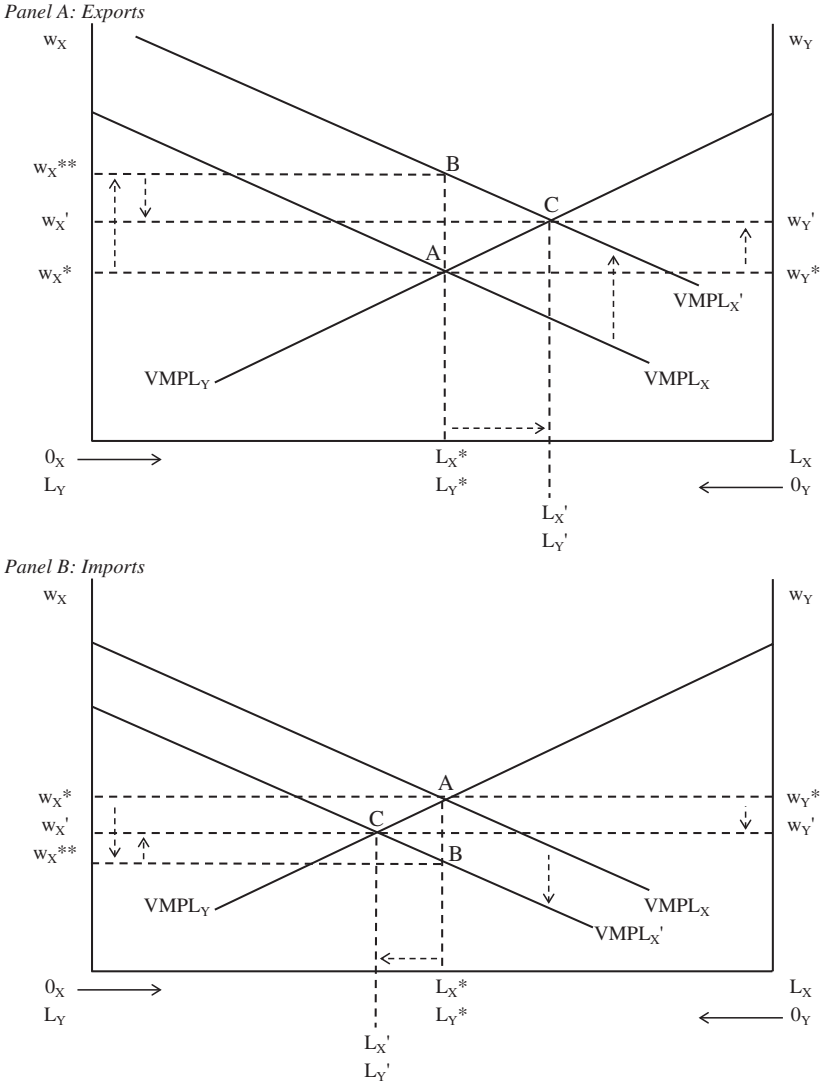

Fig. 3.2 Dynamics associated with changes in international trade flows

Turning our attention to the real return to labor that is employed in sector Y, we see that w_Y^* increased to w_Y' while p_Y remained constant; thus, the real wage of labor in sector Y in terms of the consumption of good Y (i.e., w_Y/p_Y) has increased. Even though the nominal wage rate in sector Y increased, we see from the figure that p_X increased by a proportionally greater amount (i.e., the proportional increase depicted by the vertical movement from equilibrium point A to point B is greater than the increase depicted by the movement from point B to equilibrium point C). This indicates that the real wage paid to labor in sector Y in terms of good X (i.e., w_Y/p_X) has decreased. Thus, the net effect of the increase in exports of good X on the real wages of labor in both sectors is ambiguous. An analogous effect on the real wages in both sectors would be found if we had instead assumed an increase in the exports of good Y.

Having examined the real returns of labor, our mobile input, we can now focus on the real returns of capital, the sector-specific factor. Beginning with capital that is specific to sector X, we see that even though p_X increased to the higher world level following the economy's opening to trade, the capital-labor ratio in sector X (K_X/L_X) decreased as labor moved from sector Y to sector X. This implies a higher MPK_X value and, thus, it follows that r_X increased by more than p_X increased. Therefore, the real return received by owners of K_X in terms of good X has increased. Further, since p_Y did not change, we know that r_X/p_Y also increased. This indicates that, in terms of good Y, the real returns paid to owners of capital in sector X also increased. The movement of labor from sector Y to sector X increased the value of the capital-labor ratio in sector Y (K_Y/L_Y), which means that the MPK_Y value decreased and, accordingly, that the real return of sector Y capital in terms of good Y (r_Y/p_Y) has decreased. Since p_Y is unchanged and the MPK_Y value has decreased, it follows that r_Y has decreased. Coupling this information with the increase in p_X indicates that r_Y/p_X, the real return of sector Y capital in terms of good X consumption, has also fallen. Thus, we can say that the real returns paid to owners of capital in sector X are unambiguously higher than before the opening to trade and the resulting exporting of good X. The same cannot be said for the returns paid to owners of capital in sector Y where, in terms of either good X or good Y, the real returns are unambiguously lower. If, alternatively, we had assumed a scenario in which there was an increase in the exports of good Y, our expectations, with respect to real factor returns, would be an increase in the real return to owners of capital in sector Y and a decrease in the real return to owners of capital in sector X.

If we alter our assumptions of the relative domestic and world prices at the point in time when the domestic economy relaxes its barriers to international trade such that the domestic price for good X is greater than the corresponding world price, we can examine the effects of imports on real factor returns. To be clear, we maintain that the price of good Y is the same as its world price. Given the difference in prices of good X, it follows that the domestic economy will begin to import good X and this will lead to a decrease in p_X to p_X'. This corresponds with a downward shift of the VMPL_X curve to VMPL_X' and a resulting decrease in the nominal wage rate that is paid to labor in sector X from $w_X{}^*$ to $w_X{}^{**}$. This is depicted in Panel B of Fig. 3.2 by the move from equilibrium point A to point B. The decrease in the nominal wage in sector X induces a reallocation of labor from sector X to sector Y. The increase in L_Y results in a decrease in the value of the MPL_Y and a decline in the nominal wage rate that is paid to labor in sector Y from $w_Y{}^*$ to w_Y'. The corresponding decrease in L_X produces an increase in the value of the MPL_X and an increase in the nominal wage rate paid to labor in sector X from $w_X{}^{**}$ to w_X'. Labor will move from sector X to sector Y until the nominal wage rates equalize. This is depicted in the figure by the move from point B to equilibrium point C.

Having explained the dynamics depicted in Panel B of Fig. 3.2, we can now consider the resulting changes in the real returns of the factor inputs. Beginning with labor in sector X, the movement of labor from sector X to sector Y leads to an increase in the value of the MPL_X, so the real wage in terms of good X has increased. Even so, the decrease in the nominal wage rate coupled with no change occurring for the price of good Y implies that the real return to labor in sector X in terms of good Y has decreased. Similarly, with no change in p_Y and a decrease in w_Y, the real return to sector Y labor in terms of good Y has decreased. Finally, although w_Y decreased, p_X decreased by a proportionally greater amount (as is indicated by the vertical distance between points A and B as compared to the vertical distance between points A and C); thus, the real return to sector Y labor in terms of good X has increased. To summarize, as with our earlier scenario, in which the domestic economy began to export good X following the removal of trade barriers, the net effect on the real wage rates of workers in both sectors in response to the increase in imports is ambiguous. We would find an analogous effect on the real wages in both sectors if we instead had assumed an increase in the imports of good Y.[2]

We find more clarity when considering the effect of increased imports on the real returns paid to owners of capital in the two sectors. As p_X decreased to the world level, labor relocated from sector X to sector Y and the K/L ratio of sector X increased. This implies a decrease in the MPK_X value. Since p_X decreased, it follows that r_X must have decreased by a larger amount and that the real return to owners of capital in sector X in terms of good X has decreased. With no change observed in p_Y, the decrease in r_X indicates that the real return to the owners of sector X capital in terms of good Y (i.e., r_X/P_Y) has also decreased. Thus, in terms of real returns, owners of capital in sector X are unambiguously worse-off. To the contrary, the increase in L_Y resulted in a decrease in the K/L ratio of sector Y. This implies a higher MPK_Y value and, accordingly, an increase in the real return paid to owners of capital in sector Y. Specifically, since p_Y did not change, it must be that r_Y increased. Thus, the real return to capital in sector Y in terms of good Y has increased. Considering that r_Y increased and that p_X decreased, we know that the real return received by owners of capital in sector Y in terms of good X also increased. Thus, an increase in the imports of good X, in this case following the removal of trade barriers, leaves the owners of capital in sector Y unambiguously better-off.[3]

To summarize, we see that the effects of increased trade on factor returns depend on whether the sector in which the factor is employed experiences an increase in exports or faces import competition. Generally, with capital designated as the specific factor, we can say that an increase in the relative price of a good leads to an increase in the real return of capital in the sector which produces that good and a decrease in the real return of capital in the other sector and that, regardless of the change in price, the effect on the mobile factor (i.e., labor) is both sectors is ambiguous.[4]

3.3 Changes in Factor Endowments and Implications for Real Factor Returns

3.3.1 Foreign Direct Investment Inflows

Figure 3.3 illustrates the dynamics of the Specific Factors model in response to an increase in the sector-specific capital stock. Here, we assume a capital inflow from abroad that increases the capital stock in sector Y, while the sector X capital stock remains constant.

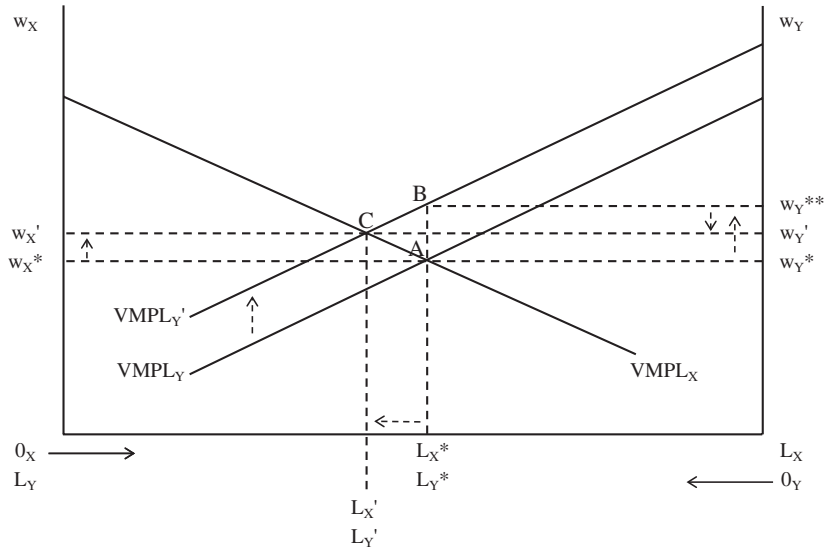

Fig. 3.3 Dynamics associated with foreign direct investment inflows

The increase in K_Y leads to an increase in the MPL$_Y$ at all levels of employment; thus, the VMPL$_Y$ curve shifts upwards to VMPL$_Y$′ and the nominal wage rate in the sector rises from w_Y* to w_Y**. This is illustrated in the figure as a move from equilibrium point A to point B. The higher nominal wage paid to labor in sector Y induces L_X to relocate to sector Y. Accordingly, L_X* decreases to L_X′ and L_Y* increases to L_Y′ until the nominal wage rates of the two sectors are equal. The reallocation of labor across the sectors results in an increase in the MPL$_X$ and a decrease in the MPL$_Y$. Additionally, we see that w_X* rises to w_X′ and that w_Y** falls to w_Y′. This is illustrated in the figure as the move from point B to equilibrium point C.

Comparing equilibrium point C to the initial equilibrium point A, we see that the marginal products of labor in both sectors have increased. Since neither p_X nor p_Y has changed, we can state that the real returns to L_X and to L_Y, in terms of both good X and good Y, have increased due to the capital inflow. To the contrary, the capital inflow has led the real return to the owners of capital in each sector to decrease. For capital that is specific to sector Y, the inflow expands the capital stock which

lowers the MPK_{Υ}. Similarly, while the capital stock in sector X remains unchanged, the decrease in L_X has caused an increase in the K/L ratio for the sector which corresponds with a decrease in the MPK_X. Again, as there has been no change in the price of good X or of good Υ, the real return to sector Υ capital has decreased in terms of both goods and the real return to owners of sector X capital, in terms of both goods, has also decreased. Thus, the capital inflow leads to an unambiguous increase in the real return to labor in both sectors and an unambiguous decrease in the real return to capital in both sectors. An analogous result is found if we instead had assumed an increase in the capital stock of sector X while holding the stock of sector Υ constant. To the contrary, if we were to consider capital outflows instead of capital inflows, labor and capital would be unambiguously worse-off and better-off, respectively.

3.3.2 Immigration

Figure 3.4 illustrates the effects of an increase in immigration to the domestic economy. Specifically, we assume an increase in labor that is equal to the horizontal distance marked as ΔL on the x-axis of the figure, and we assume that initially the new workers find employment in sector Υ. Thus, the x-axis, now being equal to $L_X + L_{\Upsilon} + \Delta L$ represents a greater amount of labor as compared to prior to the immigration (when it was only equal to $L_X + L_{\Upsilon}$). The increase in L_{Υ} results in a downward shift of the $VMPL_{\Upsilon}$ curve to $VMPL_{\Upsilon}'$ and a corresponding decrease in the sector's nominal wage rate from w_{Υ}^* to w_{Υ}^{**}. This is depicted in the figure as the move from equilibrium point A to point B. The decrease in the sector Υ nominal wage rate leads labor to move from sector Υ to sector X. The increase in L_X causes w_X^* to decline to w_X'. Note that the increase in $L_X < \Delta L$, so it follows that $L_{\Upsilon}' > L_{\Upsilon}^*$ (i.e., the equilibrium amount of labor has increased in both sectors). The increase in L_{Υ} causes w_{Υ}' to be less than w_{Υ}^* even as w_{Υ}' is greater than w_{Υ}^{**}. In the figure, this is represented by the movement from point B to equilibrium point C.

The effects of the increased labor supply in terms of the real returns to existing labor are straightforward. As the quantity of labor has increased in both sectors, there have been corresponding decreases in the marginal products of labor in both sectors. Since the real return to any factor is given by its marginal product, the real returns to labor in both sectors have decreased. Stated differently, since the prices of good X and good Υ remain as before, in terms of purchasing power, the lower nominal

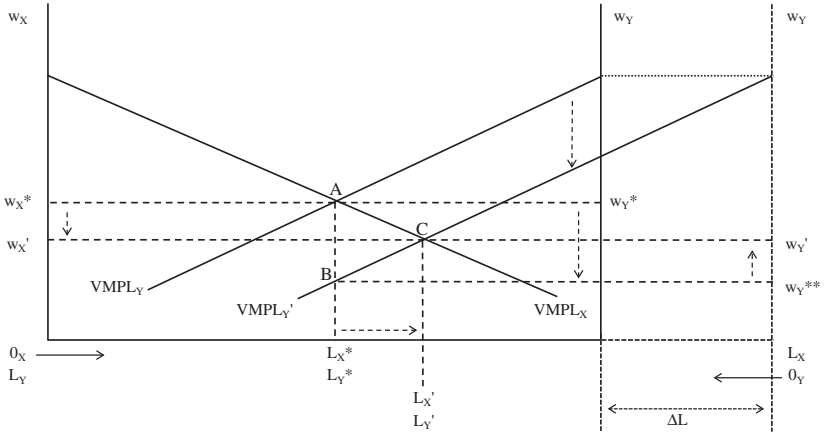

Fig. 3.4 Dynamics associated with immigrant inflows

wage rates translate to labor being unambiguously worse-off due to the increase in labor supply. To the contrary, as L_X and L_Y have increased, the capital-labor ratios in both sectors have decreased. This change, coupled with the lack of any change in the prices of the two goods, implies that the real returns to owners of capital in both sectors have increased. In other words, due to the immigration of labor, capital is unambiguously better-off. Of course, if we were to assume that L_X increased rather than L_Y (or that both L_X and L_Y increased), our conclusions with respect to the changes in real returns would be the same, and emigration from the domestic economy would have contrary effects on the real returns to domestic labor and capital.[5]

3.4 Public Opinion Survey Responses and Perceived Economic Effects of Trade and Factor Inflows

From the scenarios and related dynamics that are presented in Figs. 3.1, 3.2, 3.3 and 3.4, we can speak generally on the influences that the economic effects (be they real or perceived) of international trade and factor inflows have on public opinion.

Based solely on anticipated changes in factor returns, for both workers and owners of capital, the effects of increased trade flows on real factor returns are mixed. Whether considering an increase in exports or an

increase in imports, the anticipated effects on the real wage of labor in both sectors are ambiguous. Similarly, the real return to owners of capital rises if the sector to which the capital is specific experiences an increase in exports or the other sector faces an increase in imports. Conversely, the real return to owners of capital is expected to decrease if the sector to which the capital is specific realizes an increase in imports or the other sector experiences an increase in its exports. Thus, the effects of increased trade flows on the real returns received by owners of capital are also mixed. Stated differently, neither workers nor owners of capital seem to have a clear preference for or against international trade.

Table 3.1 presents frequency responses to a number of questions that were asked as part of the Pew Research Center's 2014 Global Attitudes Project survey. The survey was administered in 44 nations and the questions elicit respondents' opinions on various aspects of international trade. The topline results are presented here.

When survey respondents are asked for their general views on international trade, we see that 80.8% of respondents consider trade to be somewhat good (47.28%) or a very good thing (33.52%). Perhaps of greater interest is that nearly one in five respondents (18.93%) either holds the opinion that trade is bad (13.67%) or volunteered that they do not know (5.26%). Comparing the extent of the negative response reported for the first question in the table to that of the second question we find that 22.65% of survey respondents (again, about one in five individuals surveyed) believe that trade lowers the wages of workers in their country of residence. Looking to the third question listed in the table, we find that 21.14% of the survey's respondents (once again, about one in five) believe that trade results in net job loss in their country of residence. Lastly, looking to the final question, we see that more than one in four survey respondents (27.05%) believe that trade leads to a decrease in prices in their country of residence. The similarities in response frequencies across the questions may suggest that a non-negligible portion of the survey respondents are wary that trade will lead to detrimental domestic labor market effects.

While the effects of international trade on real factor returns may at times be ambiguous, the effects of FDI inflows or of immigration on real factor returns are considerably more clear. We find that FDI inflows result in workers in both sectors being made unambiguously better-off and that owners of capital, again in both sectors, are made unambiguously worse-off. If we assume that there are more owners of

Table 3.1 Response frequencies for trade-related survey questions

Q1. What do you think about the growing trade and business ties between (survey country) and other countries—do you think it is a very good thing, somewhat good, somewhat bad or a very bad thing for our country?

Very good	Somewhat good	Somewhat bad	Very bad	Don't know	Refused
33.52	47.28	9.64	4.03	5.26	0.26

Q2. Does trade with other countries lead to an increase in the wages of (survey nationality) workers, a decrease in wages, or does it not make a difference?

Increase	Decrease	Does not make a difference	Don't know	Refused
44.6	22.65	23.39	8.89	0.46

Q3. Does trade with other countries lead to job creation in (survey country), job losses, or does it not make a difference?

Job creation	Job losses	Does not make a difference	Don't know	Refused
54.01	21.14	17.41	6.98	0.46

Q4. Does trade with other countries lead to an increase in the price of products sold in (survey country), a decrease in prices, or does it not make a difference?

Increase	Decrease	Does not make a difference	Don't know	Refused
42.41	27.05	21.24	8.72	0.58

$N = 48{,}643$

labor (i.e., workers) in the economy than there are owners of capital (i.e., employers), then we would anticipate generally positive views of FDI inflows among survey respondents. Somewhat similarly, immigration is found to make labor in both sectors unambiguously worse-off while making the owners of capital in both sectors unambiguously better-off. Based on the same assumption that workers outnumber the owners of capital, we would expect to see survey responses that collectively represent a negative view toward immigration.

Again viewing the topline response frequencies from the 2014 Global Attitudes Project survey, we see in Table 3.2 that when respondents are asked whether the purchase of companies in their countries of residence by foreign companies has a good impact a slight plurality (47%) indicates that they believe it to have a bad impact (i.e., 28.3% consider the impact is somewhat bad and 18.7% believe the impact to be very bad). Nearly the same percentage of survey respondents (45.9%) indicate that they see

Table 3.2 Response frequencies for FDI-related survey questions

Q1. In your opinion, when foreign companies buy (survey nationality) companies, does this have a very good, somewhat good, somewhat bad, or a very bad impact on our country?					
Very good	Somewhat good	Somewhat bad	Very bad	Don't know	Refused
14.59	31.29	28.31	18.67	6.63	0.50

Q2. In your opinion, when foreign companies build new factories in (survey country), does this have a very good, somewhat good, somewhat bad, or a very bad impact on our country?					
Very good	Somewhat good	Somewhat bad	Very bad	Don't know	Refused
29.22	43.47	14.56	6.98	5.35	0.42

$N = 7022$

such purchases as having a good impact on their countries of residence. Much to the contrary, however, when asked for their views on foreign companies building new factories in their countries of residence, a sizeable majority of respondents (72.7%) express a positive opinion (i.e., 29.2% say the impact is very good and 43.5% say that the impact is somewhat good). Accordingly, only 21.5% of respondents express a negative opinion when asked this question.

Looking to Table 3.3, we see the response frequencies for the survey questions that are related to immigration. Consistently, we find large portions of the survey cohort who hold negative views when asked for their preferences on the appropriate level of immigrant arrivals to their countries of residence and about various topics relating to immigrants and immigration more generally. First, when asked about their desired level of immigration to their country of residence, more than half of the respondents (57.2%) expressed a preference for fewer immigrants, and only 7.1% of respondents indicated that they believed more immigrants should be allowed to enter. Second, when presented with three pairs of statements that elicit additional information on respondents' opinions, we again find considerable negative sentiment. More specifically, when asked whether immigrants strengthen their countries through their talents and hard work or are burdens by taking jobs and receiving social services, a near-majority of 48.9% of respondents indicate that they believe immigrants to be a burden. When asked whether immigrants are more to blame for crime as compared to other groups, 54.9% of respondents say that they are not; however, 33.9% of respondents state that they are more to blame.

Table 3.3 Response frequencies for immigration-related survey questions

Q1. In your opinion, should we allow more immigrants to move to our country, fewer immigrants, or about the same as we do now?

More	Fewer	About the same	Don't know	Refused
7.08	57.18	32.43	2.88	0.44

Q2. Here are some pairs of statements. Please tell me whether the FIRST statement or the SECOND statement comes closer to your own views—even if neither is exactly right. The first pair is…

Statement #1: Immigrants today make our country stronger because of their work and talents [OR]
Statement #2: Immigrants today are a burden on our country because they take our jobs and social benefits.

Statement #1	Statement #2	Neither/both equally	Don't know	Refused
39.90	48.89	8.20	2.41	0.60

Q3. Here are some pairs of statements. Please tell me whether the FIRST statement or the SECOND statement comes closer to your own views—even if neither is exactly right. The third pair is…

Statement #1: Immigrants in our country today are more to blame for crime than other groups [OR]
Statement #2: Immigrants in our country today are no more to blame for crime than other groups.

Statement #1	Statement #2	Neither/both equally	Don't know	Refused
33.88	54.91	6.59	4.20	0.41

Q4. Here are some pairs of statements. Please tell me whether the FIRST statement or the SECOND statement comes closer to your own views—even if neither is exactly right. The third pair is…

Statement #1: Immigrants in our country today want to adopt (survey nationality) customs and way of life [OR]
Statement #2: Immigrants today want to be distinct from (survey nationality) society.

Statement #1	Statement #2	Neither/both equally	Don't know	Refused
32.73	53.06	8.62	5.10	0.50

$N = 7022$

Finally, when asked whether immigrants prefer to assimilate to the culture of their host countries or wish to remain distinct from the society of their host countries, 53.1% of respondents agree that immigrants wish to remain distinct and to not assimilate.

Considering that responses to survey questions vary according to the attributes of the survey respondents, in Table 3.4 we present response frequencies for college graduates in the 2014 US-Germany Trade Survey data relative to non-college graduates and for respondents who live in households that have above-average (and those with below-average) annual incomes. Focusing on the values presented in column (a), where the percentage of respondents who report that trade is a good thing (i.e., either a very good thing or somewhat good), we find that college graduates (90.6%) are significantly more likely ($t = 3.26$) than those individuals who lack a college education (82.2%) to indicate that, generally speaking, trade is a good thing. The same relationship, albeit with lower share values, is found when respondents are asked about specific trading partners. Similarly, survey respondents who live in above-average income households (87.4%) are found to express positive opinions of trade more frequently ($t = 2.11$) relative to respondents who live in households that have below-average levels of income (81.8%). Again, this relationship is repeated, and again with lower share values, when respondents are asked about trade with specific partners.

Finally, as a point of comparison and as a preview of sorts, Table 3.5 considers the same relationship that is detailed in Table 3.4 (for the 2014 US-Germany Trade Survey) using data from the 2014 Global Attitudes Project survey. Again, we see that support for international trade increases with educational attainment (Panel A). Specifically, the share of respondents who indicate that trade is either a very good thing or is somewhat good increases from 78.5% and 72.8% of those respondents who have completed 0–5 years and 6–11 years of education, respectively, to 82% and 83.6% of the residents who have completed 13–16 and 17 or more years of education, respectively. Similarly, we see that respondents who live in households that are categorized in the top 25% in terms of annual income are most supportive of trade (85%) and that support for trade (i.e., the share who say that trade is either a very good thing or is somewhat good) declines, to 82.8% for respondents who live in middle-income households and to 78.1% for those who live in lower-income households.

The response frequencies for the questions presented in Panels B through D of the table are more mixed when educational attainment is considered. We do see, however, that the frequency of respondents viewing trade as, on net, leading to increases in wages and to job creation declines as we move from higher-income to lower-income household

Table 3.4 Select response frequencies, 2014 Pew US-Germany Trade survey

Panel A: General views of trade

Trade is…	*Good*		*Very bad*	*Somewhat bad*	*Somewhat good*	*Very good*
	(a)		*(b)*	*(c)*	*(d)*	*(e)*
4-year college/University graduates	0.9056		2.36	7.08	48.64	41.92
	(0.2926)	Cum.:	2.36	9.44	58.08	100
$N = 551$						
Less than a college education	0.8216		6.65	11.19	53.44	28.72
	(0.3830)	Cum.:	6.65	17.84	71.28	100
$N = 1323$						
t statistic:	3.26***					

	(f)		*(g)*	*(h)*	*(i)*	*(j)*
Above-average income households	0.8743		4.05	8.52	51.33	36.1
	(0.3316)	Cum.:	4.05	12.57	63.9	100
$N = 939$						
Below-average income households	0.8182		6.74	11.44	52.73	29.09
	(0.3859)	Cum.:	6.74	18.18	70.91	100
$N = 935$						
t statistic:	2.11**					

Panel B: Partner-specific views of trade

	(a)		*(b)*	*(c)*	*(d)*	*(e)*
4-year college/University graduates	0.7891		5.14	15.94	50.44	28.47
	(0.4080)	Cum.:	5.14	21.08	71.52	99.99
$N = 2722$						
Less than a college education	0.699		9.08	21.02	52.53	17.38
	(0.4587)	Cum.:	9.08	30.1	82.63	100.01
$N = 6446$						
t statistic:	3.48***					

	(f)		*(g)*	*(h)*	*(i)*	*(j)*
Above-average income households	0.7514		7.1	17.76	52.34	22.8
	(0.4322)	Cum.:	7.1	24.86	77.2	100
$N = 4618$						
Below-average income households	0.6998		8.73	21.3	51.47	18.51
	(0.4584)	Cum.:	8.73	30.03	81.5	100.01
$N = 4550$						
t statistic:	1.94*					

Standard deviations in parentheses

Table 3.5 Select response frequencies, 2014 Pew GAP survey

Panel A: What do you think about the growing trade and business ties between (survey country) and other countries—do you think it is a very good thing, somewhat good, somewhat bad, or a very bad thing for our country?

Cohort	*N*	*Very good*	*Somewhat good*	*Somewhat bad*	*Very bad*	*Don't know*	*Refused*
Educational attainment							
0–5 years of education	1277	25.45	53.01	9.01	3.29	8.77	0.47
6–11 years of education	6731	33.74	39.06	9.69	5.57	11.60	0.34
12 years of education	16,624	32.56	47.72	10.03	4.04	5.35	0.29
13–16 years of education	7542	31.85	50.19	10.12	3.51	4.07	0.27
17+ years of education	12,234	34.04	49.54	9.37	3.72	3.19	0.14
Relative household income in country of residence							
Top 25% of households	9554	36.79	48.25	9.09	3.23	2.48	0.16
Middle 50% of households	17,602	33.82	49.01	9.74	3.45	3.81	0.16
Bottom 25% of households	7806	32.10	46.04	9.63	4.93	7.06	0.23

Panel B: Does trade with other countries lead to an increase in the wages of (survey nationality) workers, a decrease in wages, or does it not make a difference?

Cohort	*N*	*Increase*	*Decrease*	*Does not make a difference*	*Don't Know*	*Refused*
Educational attainment						
0–5 years of education	1277	43.62	20.36	22.4	12.76	0.86
6–11 years of education	6731	45.02	20.09	17.87	16.1	0.92
12 years of education	16,624	46.25	21.39	22.64	9.27	0.45

(continued)

Table 3.5 (continued)

Panel B: Does trade with other countries lead to an increase in the wages of (survey nationality) workers, a decrease in wages, or does it not make a difference?

Cohort	*N*	*Increase*	*Decrease*	*Does not make a difference*	*Don't Know*	*Refused*
13–16 years of education	7542	44.31	23.83	24.26	7.2	0.4
17+ years of education	12,234	43.53	23.97	25.81	6.4	0.29
Relative household income in country of residence						
Top 25% of households	9554	48.86	21.94	23.76	4.97	0.47
Middle 50% of households	17,602	47.17	22.6	22.95	6.92	0.36
Bottom 25% of households	7806	45.16	22.24	21.18	11.17	0.26

Panel C: Does trade with other countries lead to job creation in (survey country) , job losses, or does it not make a difference?

Cohort	*N*	*Job creation*	*Job losses*	*Does not make a difference*	*Don't know*	*Refused*
Educational attainment						
0–5 years of education	1277	49.88	20.91	17.15	11.2	0.86
6–11 years of education	6731	51.46	18.73	14.41	14.35	1.04
12 years of education	16,624	54.72	20.54	17.26	7.04	0.44
13–16 years of education	7542	53.3	22.28	18.5	5.62	0.3
17+ years of education	12,234	54.52	22.14	18.55	4.5	0.29
Relative household income in country of residence						
Top 25% of households	9554	59.38	19.32	17.12	3.66	0.51
Middle 50% of households	17,602	56.16	20.99	16.92	5.56	0.37
Bottom 25% of households	7806	52.25	21.3	17.14	8.98	0.32

(continued)

Table 3.5 (continued)

Panel D: Does trade with other countries lead to an increase in the price of products sold in (survey country), a decrease in prices, or does it not make a difference?

Cohort	*N*	*Increase*	*Decrease*	*Does not make a difference*	*Don't know*	*Refused*
Educational attainment						
0–5 years of education	1277	43.93	22.4	19.34	12.69	1.64
6–11 years of education	6731	42.24	25.39	15.73	15.6	1.04
12 years of education	16,624	46.17	24.6	19.94	8.79	0.49
13–16 years of education	7542	42.8	27.63	21.29	7.77	0.5
17+ years of education	12,234	40.4	29.45	23.53	6.22	0.39
Relative household income in country of residence						
Top 25% of households	9554	42.29	29.54	22.64	5.01	0.52
Middle 50% of households	17,602	44.1	27.68	20.91	6.86	0.45
Bottom 25% of households	7806	44.9	25.53	18.7	10.35	0.51

categories. The opposite, however, is found when respondents are asked about the influence of international trade on prices of goods in their countries of residence. Respondents who live in lower-income households are the most-likely cohort to say that trade leads to an increase in prices (and are least-likely to believe that trade leads to lower prices) while respondents who are categorized as part of the higher-income cohort are least-likely to believe that trade increases prices and are most-likely to hold the opinion that trade leads to lower prices.

In the next chapter, we introduce multiple measures of cross-societal cultural differences and provide detailed descriptions for each. This discussion of cultural distance measures, coupled with the presentation of our empirical model and further detailing of survey responses in Chap. 5, continues our build to the empirical analysis for which results are presented in Chaps. 6 through 8.

Notes

1. It is worthwhile to note that the second derivatives of each production function, with respect to the individual factors of production are negative (e.g., $\partial^2 q_X / \partial L_X^2 = (\beta - 1)\beta A K_X^{\alpha} L_X^{\beta-2}$) since the values for the output elasticities of the factor inputs are all between 0 and 1. Thus, while increases in factor inputs lead to increased output, the incremental gains in production are ever-decreasing in magnitude.
2. Similarly, an assumed increase in good Y imports would have an ambiguous effect on labor both in sector X and in sector Υ.
3. Again, assuming an alternative scenario, if we had imagined an increase in the imports of good Υ, we would anticipate an increase in the real return to owners of capital in sector Υ and a decrease in the real return to owners of capital in sector X.
4. Conversely, a decrease in the relative price of a good corresponds with a decrease in the real return to capital in the sector that produces the good and an increase in the real return received by owners of capital in the other sector.
5. Somewhat similarly, if we assumed emigration from the domestic economy (i.e., from either sector X or sector Υ since labor is assumed to be mobile between sectors), our expectation of the corresponding influences of real factor returns would be that the real return to labor in both sector X and sector Υ would increase while the real return to capital in both sectors would decrease.

PART II

Modeling the Determinants of Public Opinion

CHAPTER 4

A Primer on the Measurement of Cross-Societal Cultural Differences

Before examining the potential influences of cultural differences (i.e., cultural distance) on individuals' views of immigration, international trade, and FDI inflows, we must first identify a measure that represents the various facets of culture. In Chap. 1, we stated a working definition of culture: the representation of a society's shared habits, traditions, and collective learned beliefs. Although definitions of culture vary, and while it likely is the case that no definition is perfect, having even a broad, yet succinct, definition in place allows us to focus our attention on the measurement of culture and, accordingly, on the extent to which culture varies across societies. The measures of culture that we introduce in this chapter include direct/composite measures of culture (e.g., survey-based measures). In total, we present four composite measures of cultural distance, discuss their constructions, and present their respective component dimensions.

The Inglehart measure is our preferred measure of cultural distance and, as such, it is the first composite measure that we consider here. The Inglehart measure is based on survey data collected as part of the World Values Surveys (WVS) (Inglehart et al. 2004).[1] In Chaps. 6–8, we employ this measure when examining the potential relationships between cultural differences and public opinion. The second and third composite measures are based largely on data collected during the late 1960s and the early 1970s with some updates, additions, and extensions made in recent years. These two measures are generated using Hofstede's cultural dimensions (Hofstede 1980; 2001) and, accordingly, we refer to

R. White, *Public Opinion on Economic Globalization*,
DOI 10.1007/978-3-319-58103-3_4

these measures as the Hofstede 4- and 6-factor measures of cultural distance. The fourth composite measure, which we refer to as the GLOBE measure of cultural distance, is produced using data collected during the early 1990s as part of Project GLOBE (i.e., Global Leadership and Organizational Behavior Effectiveness) (House et al. 2004). These four composite measures have been well-received by researchers and have been used in a large number of empirical studies.

4.1 The Inglehart Measure of Cultural Distance

We have posited a definition of culture which, in general terms, considers culture to be the representation of a society's shared habits, its traditions, and the collective learned beliefs of its residents. Accordingly, it is essential that the cultural dimensions we employ when generating composite measures of cultural distance reflect these attributes and characteristics. The Inglehart measure of cultural differences (i.e., cultural distance) is constructed using WVS data that have been drawn from representative national samples.[2] The WVS survey questions that are used to produce the cultural dimensions, which are then used to generate the composite Inglehart measure, elicit respondents' views on issues related to economics, politics, and technological advances as well as views on topics such as perceived gender roles, religion, sexual orientation, environmental issues, and family values (Inglehart et al. 2004).

The application of factor analysis to a subset of WVS questions results in the creation of two broad dimensions of culture: Survival vs. Self-expression values and Traditional vs. Secular-rational authority. While distilling something as multifaceted and unique as culture into two dimensions may appear overly simplistic, it is important to note that these two dimensions explain more than 70% of the cross-cultural variance on scores for more specific values/questions. Thus, we posit that the data represent the attitudes, values, behaviors and norms of the societies in which the survey has been administered and that differences across societies, as reflected by responses to the survey questionnaires, are indicative of cross-societal cultural differences.

Looking more closely at the Traditional vs. Secular-rational authority (TSR) cultural dimension, we can say that individuals in traditional societies tend to show greater deference to the authority of the nation, a god, or the family. In fact, such deference is viewed as important or as a general expectation among members of the population. It is common for members

of more traditional societies to adhere to family or communal obligations, to express high degrees of national pride and/or to have nationalistic outlooks, and to show obedience to religious authority. Indeed, many characteristics of more traditional societies are closely linked to an importance of religion. For example, members of traditional societies typically have faith in the existence of a Heaven and a Hell. These individuals are frequently present at religious services, believe good and evil are clearly defined, and garner strength and consolation from their faith. Thus, a country's historical religion can have a large, sustaining impact on the country's current-day national culture.

Since a large number of children is viewed as a desirable achievement in traditional societies, large families are common. Also, while parents are expected to always put their children's needs first, children are expected to respect and love their parents no matter what. Similarly, in accordance with the emphasis placed on family, pleasing one's parents is a common aspiration. Fertility rates in more traditional societies tend to be relatively high, and divorce, abortion, euthanasia, suicide are all viewed very negatively. Societies that are more secular-rational hold opposing views on these issues, often adhering to rational-legal norms and placing emphasis on economic accumulation and individual achievement.

The second dimension of the Inglehart measure—Survival vs. Self-expression values (SSE)—holds that individuals in societies that are characterized as being more survival-oriented are found to commonly emphasize hard work, self-denial, and the achievement of economic and physical security. Often, members of these societies consider foreigners and outsiders to be threats and, correspondingly, they hold negative opinions of ethnic diversity and cultural change. These views are consistent with an intolerance toward outgroups, such as homosexuals and minorities, and a strong adherence to traditional gender roles. For example, members of survival-oriented societies often believe that post-secondary education, jobs, and political activity are better suited for men than they are for women. Somewhat similarly, survey respondents who are categorized as being more survival-oriented often have an authoritarian political outlook. More specifically, members of such societies are often proponents of increased government or state ownership of businesses and they are relatively more open to structures of government besides democracy. Individuals in societies that place greater emphasis on self-expression values typically hold opposing views on these, and related, issues. In a few words, and as indicated earlier, the rationale is that when economic security and physical security exist cultural diversity begins to be appreciated and

sought out. This leads to greater tolerance for deviation from traditional gender roles and sexual norms and to greater support for equal rights.

Based on the classification of WVS respondents along these two cultural dimensions, country-specific SSE and TSR values are generated. As noted earlier, the Inglehart measure of cultural distance is then generated by applying the Pythagorean Theorem to the country-level SSE and TSR values. Specifically, $\mathrm{CD}_{ij} = \sqrt{\left(\mathrm{SSE}_i - \mathrm{SSE}_j\right)^2 + \left(\mathrm{TSR}_i - \mathrm{TSR}_j\right)^2}$ (White 2010). Figure 4.1 provides a "cultural map" that is based in the available data. Table 4.1 lists all countries for which data are available for the Pew Research Center's (2014) Global Attitudes Project (GAP) survey and for the TSR and SSE cultural dimensions.

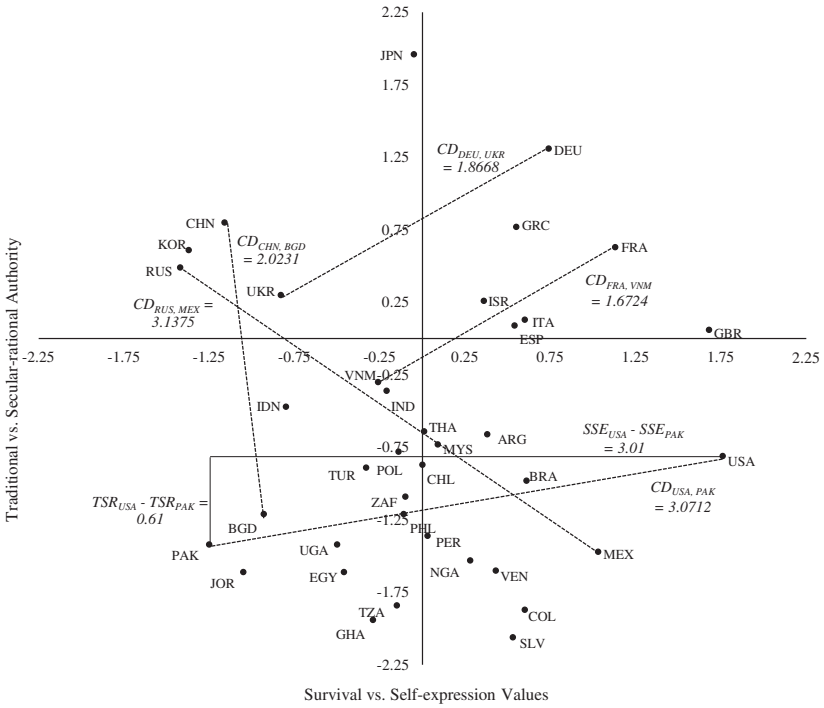

Fig. 4.1 Inglehart "Cultural Map" of the world

Table 4.1 Inglehart cultural distance dimensions

		Traditional v. Secular-rational Authority	*Survival v. Self-expression Values*
Country	WVS Wave (Years)	TSR	SSE
Argentina	5 (2005–2009)	−0.66	0.38
Bangladesh	4 (2000–2004)	−1.21	−0.93
Brazil	5 (2005–2009)	−0.98	0.61
Chile	5 (2005–2009)	−0.87	0.00
China	5 (2005–2009)	0.80	−1.16
Colombia	5 (2005–2009)	−1.87	0.60
Egypt	4 (2000–2004)	−1.61	−0.46
El Salvador	4 (2000–2004)	−2.06	0.53
France	5 (2005–2009)	0.63	1.13
Germany	5 (2005–2009)	1.31	0.74
Ghana	5 (2005–2009)	−1.94	−0.29
Greece	4 (2000–2004)	0.77	0.55
India	5 (2005–2009)	−0.36	−0.21
Indonesia	5 (2005–2009)	−0.47	−0.80
Israel	4 (2000–2004)	0.26	0.36
Italy	5 (2005–2009)	0.13	0.60
Japan	5 (2005–2009)	1.96	−0.05
Jordan	4 (2000–2004)	−1.61	−1.05
Malaysia	5 (2005–2009)	−0.73	0.09
Mexico	5 (2005–2009)	−1.47	1.03
Nigeria	4 (2000–2004)	−1.53	0.28
Pakistan	4 (2000–2004)	−1.42	−1.25
Peru	4 (2000–2004)	−1.36	0.03
Philippines	4 (2000–2004)	−1.21	−0.11
Poland	5 (2005–2009)	−0.78	−0.14
Russia	5 (2005–2009)	0.49	−1.42
South Africa	5 (2005–2009)	−1.09	−0.10
South Korea	5 (2005–2009)	0.61	−1.37
Spain	5 (2005–2009)	0.09	0.54
Tanzania	4 (2000–2004)	−1.84	−0.15
Thailand	5 (2005–2009)	−0.64	0.01
Turkey	5 (2005–2009)	−0.89	−0.33
Uganda	1 (1981–1983)	−1.42	−0.50
Ukraine	5 (2005–2009)	0.30	−0.83
United Kingdom	5 (2005–2009)	0.06	1.68
United States	5 (2005–2009)	−0.81	1.76
Venezuela	4 (2000–2004)	−1.60	0.43
Vietnam	5 (2005–2009)	−0.30	-0.26

The *x*-axis in Fig. 4.1 identifies each country's value for the Survival vs. Self-expression values (SSE) cultural dimension. Similarly, the *y*-axis identifies countries according to the Traditional vs. Secular-rational authority (TSR) dimension. The United States (denoted as "USA"), for example, is located in the lower right of the map (i.e., the "southeast" portion of the cross-plot). It is noticeable that the US is located near the UK (GBR) and Mexico (MEX). More specifically, using the values provided in Table 4.1, the estimated Inglehart cultural distances between the US and the UK and between the US and Mexico are 0.8737 and 0.9841, respectively. By comparison, the cultural distances between the US and Brazil and between the US and Pakistan (shown in the figure) are 1.1625 and 3.0712, respectively. Moving to the upper right quadrant (i.e., the "northeast"), we see the countries located nearest to the US are Italy (ITA), with a cultural distance value of 1.4931, Spain (ESP, 1.516), France (FRA, 1.5718), and Israel (ISR, 1.7621). Quite often, although admittedly not always, the societies that are nearest to the US are European nations or countries that, like the US, are former colonies of European nations and are located in the western hemisphere.

Even a cursory review of the placement of countries within the cross-plot reveals clusters of countries that are similar in one or more distinct and important ways. For example, in the upper left quadrant (i.e., the "northwest"), we find China (CHN), Russia (RUS), the Ukraine (UKR), three societies that spent considerable portions of the twentieth century under Communist rule. In this quadrant, we also find Japan (JPN) and South Korea (KOR), two countries that are geographically proximate and that have intertwined histories that include a period of colonization. Looking to the lower left quadrant (i.e., the "southwest"), the clustering again seems reasonable from an intuitive perspective. We find the south Asian countries of India (IND), Bangladesh (BGD), and Pakistan (PAK), three southeast Asian countries (i.e., Thailand (THA), Indonesia (IDN), and the Philippines (PHL)), the sub-Saharan African countries of Ghana (GHA), Tanzania (TZA), Uganda (UGA), and South Africa (ZAF), and we find Jordan (JOR) and Egypt (EGY), which along with Bangladesh, Pakistan and Indonesia, are predominantly Muslim societies.

The clusters of countries in Fig. 4.1 correspond, to a degree, with geographic proximity, which has in many cases contributed over long periods of time with more frequent interaction and, thus, more frequent and, perhaps, more pronounced interaction that has led to the adoption of shared cultural attributes. The clusters also correspond, again to a

degree, with similarities in dominant/principle religions, especially along the TSR dimension, and with differences in the countries' levels of economic and social development along the SSE dimension.

4.2 The Hofstede Measures of Cultural Distance

Having introduced the Inglehart measure of cultural distance, we can now compare our primary measure to our three other composite measures of cultural differences. The second and third composite measures are constructed using data for the cultural dimensions of the Hofstede model of national culture.[3] Using the Hofstede data, we construct two related measures of cultural differences. In total, there are six cultural dimensions related to the Hofstede model, and the two Hofstede-based measures that we employ differ only in terms of the number of dimensions used to construct each measure. The first of these two measures, which we refer to as the Hofstede 4-factor measure of cultural distance, is based on four of the cultural dimensions. The second measure is constructed using data for all six dimensions and is referred to as the Hofstede 6-factor measure of cultural distance. While the 4-factor measure is narrower in scope than the 6-factor measure, it is representative of a greater number of countries (38, as compared to 35 for the broader measure).

Between 1967 and 1973, Geert Hofstede conducted two rounds of surveys to collect data from more than 116,000 employees of subsidiaries of IBM that worked/lived in 72 different countries. The surveys were intended to elicit information on differences, across countries, to questions about employee values. The result was a set of country-specific measurements of four cultural dimensions that are labeled (i) the Power Distance Index, (ii) Individualism vs. Collectivism, (iii) Masculinity vs. Femininity, and (iv) the Uncertainty Avoidance Index. Since the initial data collection period, the number of cultural dimensions has been expanded to six; however, prior to discussing the more recent additions, we will focus on the initial four dimensions.

The Power Distance Index (PDI) is described as "the degree to which the less powerful members of a society accept and expect that power is distributed unequally" (Hofstede 2001, p. 79).The PDI is a reflection of how inequalities within a society, perhaps in the forms of wealth, power, or general social status, are viewed by its members. The PDI is constructed based on mean values, taken across respondents grouped by

country, of responses to three survey questions which asked respondents to comment on subordinates' fear of disagreeing with their superiors, their preferences for the superiors' management style, and their superiors actual/perceived management style. Members of societies for which the PDI score is higher tend to be more willing to accept a strict hierarchical order. Conversely, societies that wish to have a more equal distribution of power among its members and/or that seek justifications for inequalities have a lower PDI value.

The second of Hofstede's cultural dimensions is Individualism vs. Collectivism (IDV). The measure "describes the relationship between the individual and the collectivity that prevails in a given society" (Hofstede 2001, p. 209). In short, the measure is representative of how individuals live together. This, of course, has implications for individual behavior and values. Members of societies that have a high IDV score (i.e., those societies that are more individual-oriented and less collectivist-minded) are more likely to formulate self-identities based on the individual rather than their role within a group, are more likely to believe that each person has a right to a private life, and tend to be more self-oriented. Such individuals are geared toward taking care of themselves and their immediate families and, accordingly, make decisions based largely on their needs and the needs of those closest to them. Individuals who are members of more collectivist-oriented societies share opposing views. While the individual is of importance, the group is considered paramount. Thus, self-identity in collectivist-minded societies is based more on the social system than on the individual. It is expected that individuals in more collectivist-oriented societies will afford blind loyalty to the group and, accordingly, adhere to decisions that are made with the group's best interest in mind even if the decision is in opposition to the individual's best interest.

The third of Hofstede's cultural dimensions is Masculinity vs. Femininity (MAS). This dimension is focused on the implications of biological differences on the emotional and social roles of women and of men. The distinction between genders in terms of this dimension are summarized by Hofstede as follows: "Masculinity stands for a society in which social gender roles are clearly distinct: Men are supposed to be assertive, tough, and focused on material success; women are supposed to be more modest, tender, and concerned with the quality of life" while "[f]emininity stands for a society in which social gender roles

overlap: Both men and women are supposed to be modest, tender, and concerned with the quality of life" (Hofstede 2001, p. 297).

Described by Hofstede as "a society's tolerance for uncertainty and ambiguity," the Uncertainty Avoidance Index (UAI) is the last of the four initial Hofstede cultural dimensions. The UAI was constructed from mean response scores, across countries, to three questions that focus on rule orientation, stress, and employment stability. The UAI value for a given society represents how comfortable members of the society are when they find themselves in unstructured situations. In short, the UAI is not a measure of risk aversion or of risk avoidance but instead reflects how comfortable a society is when dealing with uncertainty. Members of societies that are characterized as having high levels of uncertainty avoidance tend to be more conservative with respect to social norms. They often have limited interest in political matters but favor more laws and safety/security measures and, in general, view citizen protests unfavorably. Such individuals adhere to traditional gender roles and believe that others should as well. In these regards, members of societies with high UAI values favor structured environments and seek to reduce the level of uncertainty that they experience or limit the amount of uncertainty they may face. Individuals in societies with low UAI values, as they are more comfortable with uncertainty, and perhaps even welcoming of it, hold opposing preferences. They may seek to minimize the number of rules or laws that govern daily life, they may also be more tolerant of diversity, maintain a strong interest in political matters, be more open to non-traditional gender roles, and generally be more open to change.

Using WVS data, Hofstede et al. (2010) generates two additional cultural dimensions. The first of these two dimensions, labeled the Pragmatic vs. Normative (PRA) dimension, is an extension of a previously added fifth dimension known as Long-term Orientation (or Confucian Dynamism) (Hofstede and Bond 1988). The extension from the Long-term Orientation dimension allows for more countries to be included in the data set. The second of these two dimensions is known as the Indulgence vs. Restraint (IND) dimension.

The Pragmatic vs. Normative (PRA) dimension represents how a society's past culture as well as its present culture addresses the fact that much of what occurs in the world and what we experience as individuals appear unexplainable. Members of societies for which there is a high PRA score (i.e., those societies described as having a pragmatic orientation)

do not believe it is possible to understand all that happens in our lives. For these individuals, what is considered to be the truth is very much situation- and context-specific. This corresponds with a greater ability to accept apparent contradictions but also with an ability to quickly adapt when faced with changing circumstances. Individuals in societies that have more normative orientations seek to explain most or all of what we observe in the world and what we experience in our lives. Thus, establishing a known "Truth" is an important concern among individuals in these societies. This corresponds with a desire for greater personal stability and more respect for social conventions and traditions. In a few words, those societies that have low scores on the Pragmatic vs. Normative dimension are suspicious of societal change and instead exhibit a preference for time-honored traditions and norms. Those societies with high scores on this dimension tend to hold opposing views.

The final dimension, Indulgence vs. Restraint (IND), is representative of the extent to which a society allows, or encourages, the satisfaction of desires and impulses that yield pleasure and happiness. "Restraint" is representative of the suppression of the gratification of wants and needs even if this is accomplished by the imposition of strict social norms and restrictions. Members of societies with a high value for the IND dimension (i.e., societies that are more indulgent in nature) may be characterized as having limited control over their impulses or a lack of desire (or perceived need) to control their impulses. To the contrary, individuals in societies that have low scores for the IND dimension (i.e., that are more restraint-oriented) generally have more control over their impulses. This may also reflect a perceived greater need (or willingness) to exert or adhere to external controls that suppress impulses.

Table 4.2 presents country-specific scores, where available, for the six Hofstede cultural dimensions for those countries that were surveyed as part of the Pew Research Center's (2014) Global Attitudes Project. The dimension scores range from 0 to 100. Comparing values for Argentina and Brazil, for illustrative purposes, we see that these two countries have similar scores for four of the six dimensions (i.e., the IDV, MAS, UAI, and IND dimensions) and somewhat dissimilar scores for the other two dimensions (i.e., the PDI and PRA dimensions). For example, both Argentina and Brazil have high Uncertainty Avoidance Index scores 86 and 76, respectively) which indicates that, relative to societies that have lower UAI scores, members of these societies tend to be uncomfortable with unstructured situations, are more conservative with respect to social

norms, in favor of more laws and safety/security measures, and more commonly adhere to traditional gender roles and believe that others should as well. Argentina and Brazil also have near-identical scores for the Indulgence vs. Restraint (IND) dimension; thus, members of these two societies, again relative to societies with lower IND scores, may have limited control over their impulses or a lack of desire to control their impulses. With respect to the two dimensions where Argentina and Brazil are quite dissimilar, we see that Argentina's score for the Pragmatic vs. Normative (PRA) dimension is much lower than that of Brazil. We also see that Brazil's Power Distance Index (PDI) score is considerably higher than the score observed for Argentina. From these differences in scores, we can say, speaking in very general terms, that relative to the culture of Argentina, individuals in Brazil view the truth to be very much situation- and context-specific. We can also say, again when speaking in the most general terms, that individuals in Brazil tend to be more willing to accept a strict hierarchical order as compared to their counterparts in Argentina.

From the scores presented for the six cultural dimensions, we construct two composite measures of cultural distance using the Hofstede cultural dimension data. As noted earlier, the 4-factor measure is narrower in scope relative to the 6-factor measure but is representative of a greater number of countries. More specifically, we employ the methodology of Kogut and Singh (1988) to generate the composite 4-factor measure of Hofstede cultural distance measure as $\mathrm{CD}_{ij} = \sum_{k=1}^{4} \left[\frac{(\mathrm{I}_{ik} - \mathrm{I}_{jk})^2}{\mathrm{V}_k} \right] /4$ where CD is the estimated cultural distance between countries i and j, I is the index value for the kth cultural dimension, and V is the variance of the index of the kth cultural dimension. The 6-factor Hofstede measure of cultural distance extends from this equation to include the Pragmatic vs. Normative dimension and the measure of Indulgence vs. Restraint.

Panel A of Fig. 4.2 presents a matrix of the 6-factor Hofstede cultural distances between 10 countries. The cultural distance values are calculated using the method described above and the corresponding cultural dimension scores and variances from Table 3.2. The dimension scores are reproduced in Panel B of the figure. We see, for example, that the cultural distance between Argentina and the US is equal to 1.35. Likewise, the cultural distance between Mexico and the US 2.69, and the cultural distance between Argentina and Mexico is 0.96. In short, the cultural

Panel A: Cultural Distances

	ARG	BGD	CHN	GER	IND	JPN	KOR	MEX	RUS	USA
ARG	0.00	1.62	3.61	1.79	1.78	2.29	2.74	0.96	2.67	1.35
BGD		0.00	0.88	2.13	0.44	2.30	1.39	2.31	1.16	3.30
CHN			0.00	2.08	0.75	2.41	1.68	3.89	2.19	4.18
GER				0.00	1.46	0.97	1.69	3.47	2.46	1.58
IND					0.00	2.43	2.03	2.64	1.71	1.93
JPN						0.00	1.92	2.92	2.46	3.45
KOR							0.00	3.85	0.75	4.93
MEX								0.00	3.50	2.69
RUS									0.00	4.86
USA										0.00

Panel B: Cultural Dimensions

	PDI	IDV	MAS	UAI	PRA	IND
ARG	49	46	56	86	20	62
BGD	80	20	55	60	47	20
CHN	80	20	66	30	87	24
GER	35	67	66	65	83	40
IND	77	48	56	40	51	26
JPN	54	46	95	92	88	42
KOR	60	18	39	85	100	29
MEX	81	30	69	82	24	97
RUS	93	39	36	95	81	20
USA	40	91	62	46	26	68

Panel C: Radar Graphs

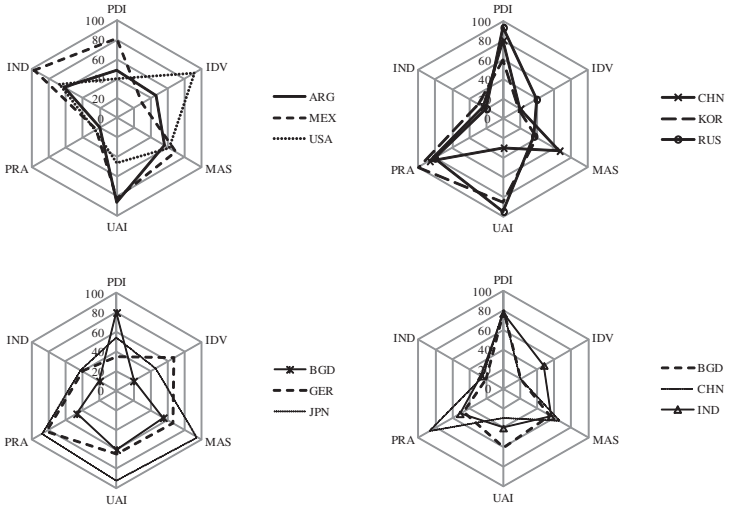

Fig. 4.2 Hofstede 6-factor cultural distance measure, select country-pairs

distances between these three countries vary considerably. The upper left radar graph in Panel C of Fig. 4.2 depicts the scores, across each of the six cultural dimensions, for Argentina, the US, and Mexico. From the graph, it is evident that, even though these societies are somewhat dissimilar culturally, for specific dimension scores we see they are, at times, very similar. For example, the three countries have very similar values for the Pragmatic vs. Normative (PRA) dimension. To a lesser extent, the three countries are similar with respect to the Masculinity vs. Femininity (MAS) dimension.

The upper right radar graph depicts the relative dimension values for China, South Korea, and Russia. Here, we see considerable similarities across three cultural dimensions: the Power Distance Index (PDI), Indulgence vs. Restraint (IND), and Pragmatic vs. Normative (PRA). We also see that Korea and Russia are similar in terms of their Uncertainty Avoidance Index (UAI) values, while China's score is much lower. We also find that China and Korea has similar values for the Individualism vs. Collectivism (IDV) dimension; however, the corresponding value for Russia is higher.

The remaining two radar graphs presented in Fig. 4.2 further illustrate the differences in the estimated values of the 6-factor Hofstede measure of cultural distance. The graph positioned on the lower left side of the page includes Bangladesh, Germany, and Japan. Here, we see a great deal of dissimilarity in terms of composite cultural distance values. A check of Panel A indicates that the estimated cultural distance between Bangladesh and Germany is equal to 2.13 and that the cultural distance between Bangladesh and Japan is 2.30. The cultural distance between Germany and Japan (i.e., a value equal to 0.97) is much lower. The estimated cultural distance between Germany and Japan is also much lower than that estimated between Germany and the US (i.e., a cultural distance of 1.58), between Japan and Korea (1.92), and between either Germany or Japan and China (2.08 and 2.41, respectively). The graph placed in the lower right corner of the page extends the comparisons further by replacing Germany and Japan with China and India. In this graph, we see more clear similarities between Bangladesh and India (i.e., a composite cultural distance measure equal to 0.44) and between Bangladesh and China (i.e., a value of 0.88), while we also see similarities between China and India (0.75).

4.3 The GLOBE Measure of Cultural Distance

Project GLOBE administered surveys in 62 societies in 58 countries to more than 17,300 middle managers who were members of 951 organizations.[4] The surveys were completed during the period from 1991

through 1994, and participant societies were subsequently scored along nine cultural dimensions. Six of these dimensions are similar to four of the Hofstede cultural dimensions. In that regard, the GLOBE Project can be thought of as an extension of Hofstede's research (Magnussen et al. 2008) that is partially focused on garnering a better understanding of the relationship between culture and societal, organizational, and leader effectiveness. Here, as with the three composite measures of cultural distance presented so far, we first discuss the cultural dimensions and then turn our focus to the related composite measure of cultural distance.

We focus initially on the six dimensions that are most similar to the Hofstede cultural dimensions. The first of the GLOBE cultural dimensions is Assertiveness (ASSERT) which is defined by House et al. (2004, p. 30) as "the degree to which individuals are assertive, confrontational, and aggressive in their relationships with others." This dimension, along with the Gender Egalitarianism (GEND-EGL) dimension, which is described as "the degree to which a collective minimizes gender inequality" (House et al. 2004, p. 30), is somewhat similar to the Masculinity vs. Femininity (MAS) dimension in the Hofstede model. The correlations between Hofstede's MAS measure and the ASSERT and GEND-EGL dimensions are –0.16 and 0.42, respectively.

A second Hofstede cultural dimension for which there are related GLOBE dimensions is Individualism vs. Collectivism (IDV). The corresponding GLOBE dimensions are Institutional Collectivism (INST-COL) and In-Group Collectivism (INGP-COL). Institutional Collectivism is defined as "the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action" (House et al. 2004, p. 30). The correlation between this GLOBE cultural dimension and Hofstede's IDV dimension is 0.15. In-Group Collectivism is defined as "the degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families" (House et al. 2004, p. 30). Here, there is a much stronger correlation (–0.82) between the GLOBE IDV dimension and Hofstede's INGP-COL dimension.

The remaining two GLOBE cultural dimensions that are related to the Hofstede dimensions are Power Distance and Uncertainty Avoidance. In fact, these two GLOBE and Hofstede dimensions are so closely related as to share the same names: Hofstede's dimensions are referred to as the Power Distance Index (PDI) and the Uncertainty Avoidance Index (UAI). The GLOBE dimension of Power Distance (POWDIST) is a measure of "the degree to which members of a collective expect power to be distributed equally." (House et al. 2004, p. 12).

By comparison, Hofstede's PDI is defined as "the degree to which the less powerful members of a society accept and expect that power is distributed unequally" (Hofstede 2001, p. 79). The GLOBE Uncertainty Avoidance (UNC-AVD) dimension reflects "the extent to which a society, organization, or group relies on social norms, rules, and procedures to alleviate the unpredictability of future events." (House et al. 2004, p. 13) Again, for the sake of comparison, the Hofstede UAI is defined as "a society's tolerance for uncertainty and ambiguity." Not surprisingly, given the similarities in definitions, the correlations coefficient between the GLOBE Power Distance measure and Hofstede's PDI is equal to 0.29. The correlation between the GLOBE Uncertainty Avoidance measure and Hofstede's UAI series is equal to –0.62.

There are three additional cultural dimensions in the GLOBE data that are not clearly represented in the Hofstede data. These dimensions—Future Orientation (FUTURE), Humane Orientation (HUMANE), and Performance Orientation (PERFORM)—are each connected to how behaviors are rewarded within a society. For example, Future Orientation is defined by House et al. (2004, p. 282) as "the degree to which a collectivity encourages and rewards future-oriented behaviors such as planning and delaying gratification." By contrast, Humane Orientation is "the degree to which an organization or society encourages and rewards individuals for being fair, altruistic, friendly, generous, caring, and kind to others" (House et al. 2004, p. 569). Lastly, Performance Orientation is defined as "the extent to which a community encourages and rewards innovation, high standards, excellence, and performance improvement" (House et al. 2004, p. 239). Table 4.3 presents the scores, for the countries that participated in the 2014 Pew GAP survey, across the nine GLOBE cultural dimensions.

The GLOBE cultural distance measure is constructed following the same methodology used to generate the Hofstede cultural distance measures. Specifically, using the nine cultural dimension scores, we employ the methodology of Kogut and Singh (1988) to generate the GLOBE composite measure of Hofstede cultural distance. Resulting values, for a sampling of countries, are presented in Fig. 4.3. Similar to when the 6-factor measure of Hofstede cultural distance was presented in Fig. 4.2, Panel A presents the GLOBE measures of cultural distance between a sampling of countries, seven in this instance. In Panel B, the corresponding cultural dimension scores are provided. Looking to a handful of cultural distance estimates as an example, we see that the cultural distance between Brazil (BRA) and Colombia (COL) is equal to

Panel A: Cultural Distances

	BRA	COL	FRA	ITA	PHL	ESP	VEN
BRA	0.00	0.31	0.80	0.44	1.21	0.48	0.65
COL		0.00	1.11	0.27	1.43	0.53	0.38
FRA			0.00	1.29	2.50	1.15	1.87
ITA				0.00	1.98	0.39	0.45
PHL					0.00	2.32	1.31
ESP						0.00	1.14
VEN							0.00

Panel B: Cultural Dimension Scores

	ASSERT	INST-COL	INGP-COL	FUTURE	GEND-EGL	HUMANE	PERFORM	POWDIST	UNC-AVD
BRA	4.25	3.94	5.16	3.90	3.44	3.76	4.11	5.24	3.74
COL	4.16	3.84	5.59	3.35	3.64	3.72	3.93	5.37	3.62
FRA	4.44	4.20	4.66	3.74	3.81	3.6	4.43	5.68	4.66
ITA	4.12	3.75	4.99	3.34	3.30	3.66	3.66	5.45	3.85
PHL	3.85	4.37	6.14	3.92	3.42	4.88	4.21	5.15	3.69
ESP	4.39	3.87	5.53	3.52	3.06	3.29	4.00	5.53	3.95
VEN	4.25	3.96	5.41	3.43	3.6	4.19	3.41	5.22	3.55

Panel C: Radar Graphs

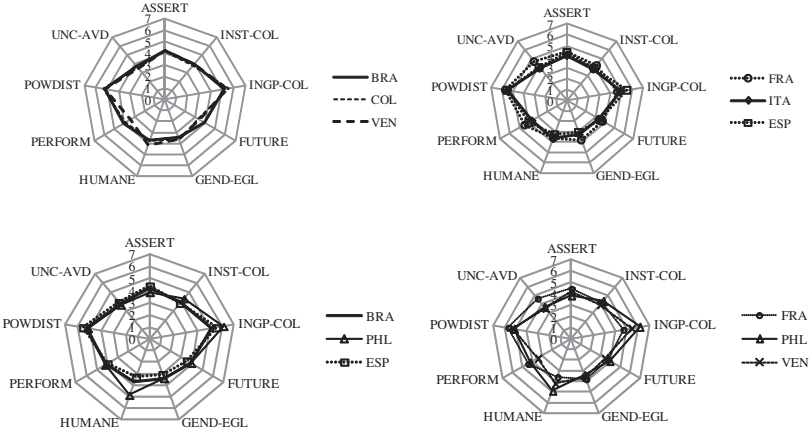

Fig. 4.3 GLOBE cultural distances, select country-pairs

0.31 and the distance between Colombia and Venezuela (VEN) is 0.38. Further, the estimated cultural distance between Brazil and Venezuela is 0.65. In short, these three countries have similar cultures as represented by the GLOBE cultural dimensions. These similarities are depicted by the upper left radar graph in Panel C. From the graph, it is evident that the dimension scores are very similar—thus, the low cultural distance values presented in Panel A and the similar cultural dimension scores provided in Panel B.

In the upper right radar graph, we illustrated the relative dimension scores for three European countries: France (FRA), Italy (ITA), and Spain (ESP). The cultural distance between France and Italy and the distance between France and Spain are 1.29 and 1.15, respectively. Thus, the culture of France is similar to the cultures of these two countries. Moreover, in the table presented as Panel B and also in the upper right radar graph, we see that while France is similar to Italy and Spain in terms of several dimensions, there are clear differences with respect to the In-Group Collectivism (INGP-COL), the Performance Orientation (PERFORM) dimension, and the Uncertainty Avoidance (UNC-AVD) dimensions.

The two radar graphs that occupy the bottom of Fig. 4.3 further illustrate the differences in estimated GLOBE cultural distance measures. The graph positioned on the lower left side of the page includes Spain, as does the graph on the upper right, but replaces France and Italy with Brazil and the Philippines. Here, we again see the similarity between Brazil and Spain as well as the dissimilarity between the Philippines and each of these countries. Finally, the lower right graph retains the Philippines but replaces Brazil and Spain with France and Venezuela. Here, we see the similarities between the Philippines and Venezuela as well as the dissimilarities between each of these countries and France.

4.4 Comparing and Contrasting the Inglehart, Hofstede, and GLOBE Measures

Having presented each of the four composite measures of cultural differences, we can now consider how similar the measures are while placing particular emphasis on the extent to which the Hofstede and GLOBE measures are similar to the Inglehart measure. Figure 4.4 presents three scatterplots. Each plot depicts the relationship between the Inglehart measure of cultural distance and one of the remaining

Correlation with:	Hofstede, 4-factor	Hofstede, 6-factor	GLOBE
Inglehart Cultural Distance	0.3472	0.6781	0.4130
n pairs	1444	1225	676

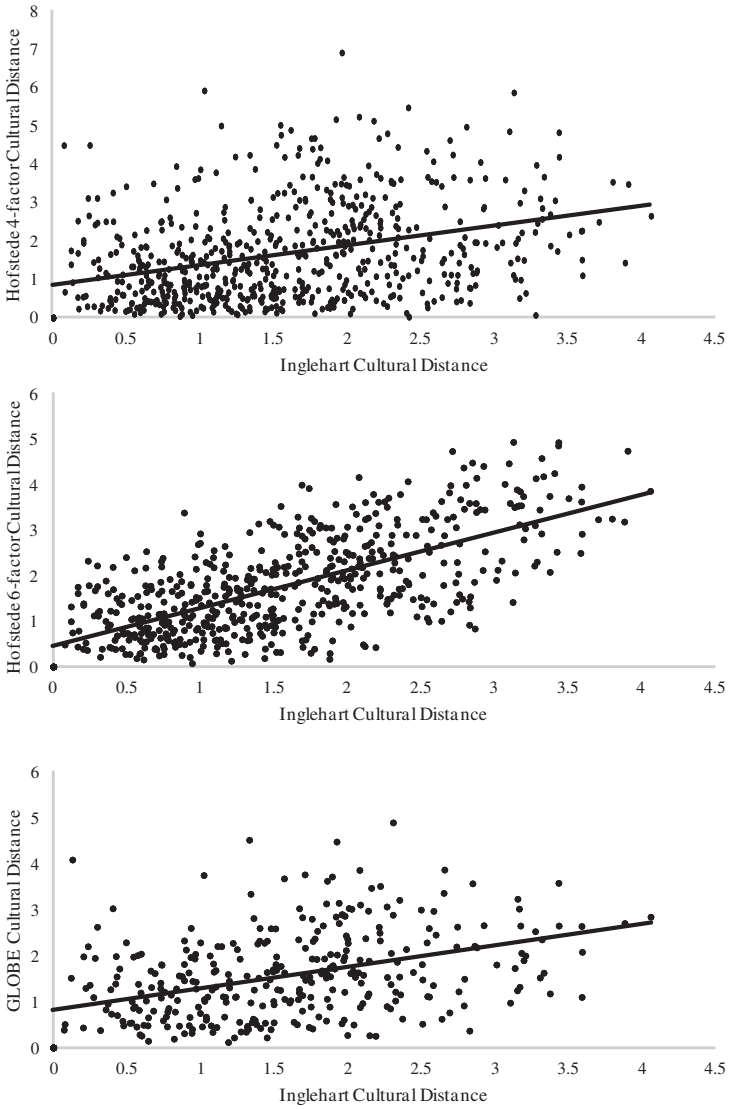

Fig. 4.4 Correlations and scatterplots, Inglehart cultural distance and other composite measures

composite measures. In addition to the scatter plots presented in the figure, the correlations between the Inglehart measure of cultural distance and the remaining measures are shown.

Each of the pairwise correlation coefficients indicates a positive relationship with the correlation between the Inglehart measure and the 4-factor Hofstede measure ($\rho = 0.35$) being the weakest and the correlation between the Inglehart measure and the 6-factor Hofstede measure ($\rho = 0.68$) being the strongest. Thus, we find that the Inglehart measure, which again is desirable as a metric due to the number of countries for which the measure is available, is positively correlated, to a statistically significant degree, with both Hofstede measures of cultural distance and the GLOBE measure ($\rho = 0.41$). Accordingly, in the analyses that follow in Chaps. 6–8, we employ the Inglehart measure to represent cross-societal cultural differences.

In the next chapter, we discuss the empirical models, estimation techniques, and expected findings. We also consider survey response frequencies in greater detail in preparation for the analysis and results that are presented in Chaps. 6–8.

Notes

1. WVS data are available for 38 of the 44 countries that were surveyed as part of the 2014 Pew Global Attitudes Project. In the majority of instances (25 of the 38 cases), the data we employ are from the fifth wave of the WVS (which was conducted from 2005 through 2009). However, in 12 cases, the WVS data are from the fourth wave of the WVS (2000–2004), and in a single case (Uganda), the data are from the first wave of the WVS (1981–1983).
2. Unless otherwise noted, descriptive information in this section is from Inglehart and Baker (2000).
3. Unless otherwise noted, the information provided in this section is from Hofstede (2012, 2001, and 1980).
4. Unless otherwise noted, the information presented in this section is from House et al. (2004).

Appendix

The tables presented in this appendix detail the values for the specific dimensions of the Hofstede and GLOBE measures of cultural distance.

Table 4.2 Hofstede cultural distance dimensions

	Power Distance Index	*Individualism vs. Collectivism*	*Masculinity vs. Femininity*	*Uncertainty Avoidance Index*	*Pragmatic vs. Normative*	*Indulgence vs. Restraint*
Country	*PDI*	*IDV*	*MAS*	*UAI*	*PRA*	*IND*
Argentina	49	46	56	86	20	62
Bangladesh	80	20	55	60	47	20
Brazil	69	38	49	76	44	59
Chile	63	23	28	86	31	68
China	80	20	66	30	87	24
Colombia	67	13	64	80	13	83
Egypt	70	25	45	80	7	4
El Salvador	66	19	40	94	20	89
France	68	71	43	86	63	48
Germany	35	67	66	65	83	40
Ghana	80	15	40	65	4	72
Greece	60	35	57	100	45	50
India	77	48	56	40	51	26
Indonesia	78	14	46	48	62	38
Israel	13	54	47	81	38	.
Italy	50	76	70	75	61	30
Japan	54	46	95	92	88	42
Jordan	70	30	45	65	16	43
Kenya	70	25	60	50	.	.
Lebanon	75	40	65	50	14	25
Malaysia	100	26	50	36	41	57
Mexico	81	30	69	82	24	97
Nigeria	80	30	60	55	13	84
Pakistan	55	14	50	70	50	0
Peru	64	16	42	87	25	46
Philippines	94	32	64	44	27	42
Poland	68	60	64	93	38	29
Russia	93	39	36	95	81	20
S. Africa	49	65	63	49	34	63
S. Korea	60	18	39	85	100	29
Spain	80	35	10	45	45	.
Tanzania	70	25	40	50	34	38
Thailand	64	20	34	64	32	45
Turkey	66	37	45	85	46	49
UK	35	89	66	35	51	69
US	40	91	62	46	26	68
Venezuela	81	12	73	76	16	100
Vietnam	70	20	40	30	57	35

"." indicates missing value

Table 4.3 GLOBE cultural distance dimensions

	Assertive-ness	*Institutional collectivism*	*In-Group collectiv-ism*	*Future ori-entation*	*Gender egali-tarianism*	*Humane orientation*	*Performance orientation*	*Power distance*	*Uncertainty avoidance*
Country	*ASSERT*	*INST-COL*	*INGP-COL*	*FUTURE*	*GEND-EGL*	*HUMANE*	*PERFORM*	*POWDIST*	*UNC-AVD*
Argentina	4.18	3.66	5.51	3.10	3.44	3.94	3.63	5.56	3.63
Brazil	4.25	3.94	5.16	3.90	3.44	3.76	4.11	5.24	3.74
China	3.77	4.67	5.86	3.68	3.03	4.29	4.37	5.02	4.81
Colombia	4.16	3.84	5.59	3.35	3.64	3.72	3.93	5.37	3.62
Egypt	3.91	4.36	5.49	3.80	2.90	4.60	4.15	4.76	3.97
El Salvador	4.49	3.74	5.22	3.73	3.23	3.69	3.72	5.56	3.69
France	4.44	4.20	4.66	3.74	3.81	3.60	4.43	5.68	4.66
Germany	4.77	3.67	4.59	4.04	3.17	3.45	4.16	5.70	5.19
Greece	4.55	3.41	5.28	3.53	3.53	3.44	3.34	5.35	3.52
India	3.70	4.25	5.81	4.04	2.89	4.45	4.11	5.29	4.02
Indonesia	3.70	4.27	5.50	3.61	3.04	4.47	4.14	4.93	3.92
Israel	4.19	4.40	4.63	3.82	3.21	4.07	4.03	4.71	3.97
Italy	4.12	3.75	4.99	3.34	3.30	3.66	3.66	5.45	3.85
Japan	3.69	5.23	4.72	4.29	3.17	4.34	4.22	5.23	4.07
Malaysia	3.77	4.45	5.47	4.39	3.31	4.76	4.16	5.09	4.59
Mexico	4.31	3.95	5.62	3.75	3.50	3.84	3.97	5.07	4.06
Philippines	3.85	4.37	6.14	3.92	3.42	4.88	4.21	5.15	3.69
Poland	4.11	4.51	5.55	3.23	3.94	3.67	3.96	5.09	3.71
Russia	3.86	4.57	5.83	3.06	4.07	4.04	3.53	5.61	3.09
S. Korea	4.36	5.20	5.71	3.90	2.45	3.73	4.53	5.69	3.52
Spain	4.39	3.87	5.53	3.52	3.06	3.29	4.00	5.53	3.95
Thailand	3.58	3.88	5.72	3.27	3.26	4.87	3.84	5.62	3.79

(continued)

Table 4.3 (continued)

	Assertive-ness	*Institutional collectivism*	*In-Group collectivism*	*Future orientation*	*Gender egalitarianism*	*Humane orientation*	*Performance orientation*	*Power distance*	*Uncertainty avoidance*
Country	*ASSERT*	*INST-COL*	*INGP-COL*	*FUTURE*	*GEND-EGL*	*HUMANE*	*PERFORM*	*POWDIST*	*UNC-AVD*
Turkey	4.42	4.02	5.79	3.74	3.02	3.92	3.82	5.43	3.67
US	4.50	4.21	4.22	4.13	3.36	4.18	4.45	4.92	4.15
Venezuela	4.25	3.96	5.41	3.43	3.60	4.19	3.41	5.22	3.55
Vietnam	4.00	4.41	5.72	3.55	2.88	5.12	4.01	5.23	3.92

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CHAPTER 5

An Empirical Model of the Determinants of Public Opinion on Economic Globalization

In this chapter, we build on the material presented thus far by first reviewing top-line results from survey questions relating to immigrants and immigration, international trade, and foreign direct investment (FDI) inflows that were asked as part of the Pew Research Center's (2014) Global Attitudes Project (GAP) survey. We then lay the empirical foundations of the analyses for which results are presented in Chaps. 6, 7 and 8 by introducing our baseline empirical model, discussing the construction of included variables and corresponding data sources, presenting the descriptive statistics for the data sets that we employ in the following chapters, and detailing our empirical strategy/approach. In essence, having introduced the general topic in Chap. 1, provided an initial analysis of survey data from Germany and the US in Chap. 2, presented the theoretical foundation for our examinations in Chap. 3, and provided a detailed depiction of measures of cultural distance in Chap. 4, we now tie the separate pieces together and add the necessary remaining pieces such that we can proceed to fully address our research topic.

As noted, we wish to discern the extent to which cultural differences influence public opinion on three facets of economic globalization. More specifically, we wish to determine whether greater cultural distance between survey respondents' countries of residence and the source and/or destination countries of their immigrant and emigrant stocks, their imports and exports, and/or their inward and outward FDI stocks has any bearing on the respondents' opinions when they are asked a series of questions about economic globalization. Our expectation is that

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greater cultural differences, all else held constant, will correspond with reduced likelihoods that survey respondents will express positive views toward immigrants, trade, and FDI inflows. Given the structures of the survey questions and the corresponding dependent variable series, we can restate this general expectation as follows: All else held constant, we anticipate that greater cultural differences will correspond with increased probabilities that survey respondents will indicate that they hold negative views of immigrants, trade, and FDI inflows.

5.1 Summarizing Public Opinion of Immigration, International Trade, and FDI Inflows

Before discussing our empirical model, the related variables and data sources, expected relationships, and so on, we begin this chapter by reviewing the top-line results from the Pew GAP survey. We do this, in turn, for each of the three facets of economic globalization involved in our analysis.

5.1.1 Immigration

The first topic for which we review the results of the GAP survey is immigration. A summary of response frequencies is provided in Table 5.1. The appendix provides lists of the countries in which the GAP survey was completed and for which the noted questions were asked. While the GAP survey asked about views of international trade and foreign direct investment in a large number of countries, the questions that elicited respondents' views toward immigrants and immigration were asked in only seven countries: France, Germany, Greece, Italy, Poland, Spain, and the UK. We employ the survey responses and corresponding data for all countries with the exception of Greece. The reasons for excluding Greece from the data sample are straightforward. First, it is quite likely that the Greek debt crisis is a confounding factor in the formulation of public opinion toward immigrants and immigration. Second, and perhaps a confirmation of the influence of the debt crisis on public opinion, the response frequencies from the Greece survey cohort reveal overwhelming (and in some instance, near-universal) negative views of immigrants and immigration.[1,2]

With respect to immigrants and immigration, we consider survey responses to four related questions. The first question asks respondents

Table 5.1 In your opinion, should we allow more immigrants to move to our country, fewer immigrants, or about the same as we do now?

Cohort	*N*	*More*	*Fewer*	*About the same*	*Don't know*	*Refused*
France, Germany, Greece, Italy, Poland, Spain, the UK	7022	7.08%	57.18%	32.43%	2.88%	0.44%
Gender						
Female	3758	5.75	57.93	32.78	2.98	0.56
Male	3264	8.61	56.31	32.02	2.76	0.31
Age classifications						
18–24 years of age	605	9.59	53.06	34.05	3.14	0.17
25–34 years of age	997	8.93	54.36	33.40	3.11	0.20
35–44 years of age	1248	7.13	54.17	33.97	4.09	0.64
45–54 years of age	1310	7.02	57.86	32.29	2.52	0.31
55–64 years of age	1334	6.52	59.30	31.26	2.47	0.45
65+ years of age	1528	5.37	60.67	31.02	2.29	0.65
Educational attainment						
0–5 years of education	297	3.70	67.00	27.27	2.02	0.01
6–11 years of education	1867	4.45	64.38	27.80	3.05	0.32
12 years of education	974	4.41	65.30	27.31	2.77	0.21
13–16 years of education	2137	6.36	57.51	33.41	2.25	0.47
17+ years of education	1488	13.44	42.41	40.46	3.02	0.67
Labor market status						
Employed	3440	8.37	53.92	34.48	2.91	0.32
Unemployed	689	5.22	64.01	27.14	3.05	0.58
Not in the labor force	2858	5.98	59.48	31.39	2.66	0.49
Relative household income						
Top 25% of households in country of residence	1276	11.68	50.24	36.13	1.65	0.31
Middle 50% of households in country of residence	2213	6.91	55.90	34.84	2.08	0.27
Bottom 25% of households in country of residence	1064	6.20	61.28	30.36	1.97	0.19
Marital status						
Married	3790	6.78	58.05	31.79	2.82	0.55
Separated, divorced, or widowed	1301	5.53	61.26	29.90	2.92	0.38
Never been married	1873	8.92	52.64	35.50	2.72	0.21

to indicate their preferred level of immigrant arrivals relative to the current/recent level of arrivals in their respective country of residence. The question reads:

> Q1. "In your opinion, should we allow more immigrants to move to our country, fewer immigrants, or about the same as we do now?"

The remaining questions ask for respondents' views on immigrants with emphasis placed on whether respondents think immigrants make the respondents' countries stronger or are burdens, are more to blame than other groups for crime, and wish to assimilate to the culture of their host countries or prefer to remain as distinct groups. These three questions are prefaced by a statement that reads: "*Here are some pairs of statements. Please tell me whether the FIRST statement of the SECOND statement comes closer to your own views—even if neither is exactly right.*"

> Q2. "The first pair is…Statement #1: Immigrants today make our country stronger because of their work and talents [OR] Statement #2: Immigrants today are a burden on our country because they take our jobs and social benefits."
>
> Q3. "The second pair is…Statement #1: Immigrants in our country today are more to blame for crime than other groups [OR] Statement #2: Immigrants in our country today are no more to blame for crime than other groups."
>
> Q4. "The third pair is…Statement #1: Immigrants in our country today want to adopt (survey nationality) customs and way of life [OR] Statement #2: Immigrants today want to be distinct from (survey nationality) society."

Table 5.1 presents the response frequencies for the first question listed above. A number of striking relationships are shown in the table. First, we see that only 7.1% of all survey respondents expressed a preference for more immigrants to be allowed to enter their country of residence. To the contrary, more than 57% of the respondents indicated a preference for fewer immigrant arrivals and about one-third of those who were surveyed said they would like to see the number of arrivals remain at about the current level. Thus, about eight times as many individuals expressed a desire for fewer immigrant arrivals as compared to the number of survey respondents who indicated a preference for more arrivals. Further, adding in those respondents who wish to see the number of immigrant

arrivals remain constant, we can say that 13 times as many respondents are of the opinion that the level of immigrant arrivals should be kept at its current level or decreased as compared to those who would like to see the number of arrivals increase.

When comparing response frequencies across respondents, categorized by their respective demographic characteristics, we see that male respondents more frequently express a preference for more immigrant arrivals to their respective country of residence than do their female counterparts. We also see that the share of survey respondents who feel that more immigrants should be allowed into their countries decreases as we move from the youngest age category to the oldest category. Correspondingly, the percentage of respondents who wish to see fewer immigrant arrivals increases as we move from the youngest age category to the oldest category. When we look at educational attainment, we see that the share of survey respondents who express a preference for more immigrant arrivals increases with their levels of educational attainment. Conversely, we see that the share of survey respondents who wish to see fewer arrivals decreases as educational attainment rises. We also find that employed survey respondents more frequently express a preference for more immigrant arrivals as compared to respondents who are unemployed or who are not in the labor force. Accordingly, respondents who are employed are found to less frequently express a desire for fewer immigrant arrivals. When looking at the survey respondents' relative levels of household income, we find that those who are in the top 25% within their country of residence more frequently express a preference for more immigrant arrivals. Lastly, we see that survey respondents who have never been married more frequently express a desire for more immigrant arrivals to their country.

Generally speaking, the share of survey respondents who indicated a preference for more immigrant arrivals is quite small. Only for two sub-groups (i.e., survey respondents who have completed 17 or more years of education and respondents who live in households with incomes that are among the top 25% of those in their country of residence) do we see more than 10% of the respondents express a preference for more immigrant arrivals. Further, whether we look at the full sample or at the sub-groups, in all cases the share of respondents who expressed a desire for more immigrant arrivals is less than the share that expresses a preference for holding the number of immigrant arrivals constant, and the share that wishes to hold the number of arrivals constant is

always less than the share who indicate they would prefer to see fewer immigrant arrivals. In fact, across all sub-groups and for the full sample, in only one case is the share of respondents who indicated a desire for fewer immigrant arrivals less than 50%. That one instance is the sub-group of survey respondents who have completed 17 or more years of education.[3]

5.1.2 International Trade

Turning our attention to the survey questions that are related to international trade, we consider four related questions. The first question asks survey respondents for their general opinions of increased international trade. This question reads:

> Q1. "What do you think about the growing trade and business ties between (survey country) and other countries – do you think it is a very good thing, somewhat good, somewhat bad or a very bad thing for our country?"

The three additional questions elicit opinions on the potential effects of trade on the economies of the countries in which the respondents live. Specifically, the second and third questions ask respondents for their perceptions (or expectations) of general trade-related labor market effects (i.e., associated wage and employment effects). The final question asks respondents for their opinion on the influence of international trade on prices for goods in the countries in which they live. The specific phrasing for the questions is presented below.

> Q2. "Does trade with other countries lead to an increase in the wages of (survey nationality) workers, a decrease in wages, or does it not make a difference?"

> Q3. "Does trade with other countries lead to job creation in (survey country), job losses, or does it not make a difference?"

> Q4. "Does trade with other countries lead to an increase in the price of products sold in (survey country), a decrease in prices, or does it not make a difference?"

Table 5.2 presents the response frequencies for the first survey question, that which is related to public opinion toward international trade. Beginning with the values presented in the table for the full sample, we see that nearly 81% of the survey respondents hold the opinion that trade is either a very good thing or is somewhat good. In fact, looking down the column that presents the shares of survey respondents who believe that trade is a good thing, we consistently see values that fall between 75% and 85%. Thus, from the outset, it seems reasonable to assert that a large majority of survey respondents have favorable opinions of international trade. We also can say that the percentage of survey respondents who view trade as either being somewhat bad or a very bad thing consistently falls between 10% and 15%. Finally, we can point to the shares of respondents who answer that trade is somewhat good and note that, for the full sample and for each of the listed sub-groups, this is the most frequent response with trade considered a very good thing always being the second most frequent response.

While we do see considerable support for international trade, looking to the sub-groups and the corresponding survey response frequencies that are presented in the table, we find variation. Interestingly, the observed variation in response frequencies mirrors the patterns that are presented in Table 5.1 where we consider public opinion toward immigration. More specifically, we again see that survey respondents who are male are more likely to express positive opinions of trade as compared to their female counterparts, and we see that female survey respondents are slightly more likely to express negative views of trade as compared to male respondents. Additionally, we see that support for trade declines as we move from the youngest age classification to the oldest age classification, and similarly, the shares of survey respondents who indicated they believe trade is a bad thing (i.e., either somewhat bad or a very bad thing) increases, generally, as we move from the youngest age classification to the older age classifications.

As was the case for public opinion toward immigrants and immigration, we see that the share of survey respondents who hold the opinion that international trade is a good thing increases with years of educational attainment. We also find that respondents who are employed are both more likely to express a positive opinion of trade and less likely to hold negative views toward international trade relative to respondents who are unemployed or who are not in the labor force. Considering variation in response frequencies across household income classifications, we

Table 5.2 What do you think about the growing trade and business ties between (survey country) and other countries—do you think it is a very good thing, somewhat good, somewhat bad, or a very bad thing for our country?

		Good	*Bad*	*Don't Know/ Refused*	*Very Good*	*Somewhat Good*	*Somewhat Bad*	*Very Bad*	*Don't Know*	*Refused*
Cohort	*N*	*(a)+(b)*	*(c)+(d)*	*(e)+(f)*	*(a)*	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*
Full sample	48,643	80.80%	13.67%	5.52%	33.52%	47.28%	9.64%	4.03%	5.26%	0.26%
Gender										
Female	24,832	78.64	14.15	7.21	30.92	47.72	10.00	4.15	6.94	0.27
Male	23,811	83.07	13.16	3.78	36.24	46.83	9.26	3.90	3.52	0.26
Age classifications										
18–24 years of age	8547	81.82	13.74	4.44	35.29	46.53	9.22	4.52	4.15	0.29
25–34 years of age	11,574	81.48	13.27	5.26	34.21	47.27	9.52	3.75	4.97	0.29
35–44 years of age	9696	81.37	13.41	5.23	34.49	46.88	9.71	3.70	5.03	0.20
45–54 years of age	7864	81.54	12.80	5.67	32.53	49.01	9.16	3.64	5.44	0.23
55–64 years of age	5937	79.85	14.56	5.59	32.59	47.26	10.11	4.45	5.32	0.27
65+ years of age	5025	76.46	15.29	8.26	29.75	46.71	10.71	4.58	7.94	0.32
Educational attainment										
0–5 years of education	1277	78.46	12.30	9.24	25.45	53.01	9.01	3.29	8.77	0.47
6–11 years of education	6731	72.80	15.26	11.94	33.74	39.06	9.69	5.57	11.60	0.34
12 years of education	16,624	80.28	14.07	5.64	32.56	47.72	10.03	4.04	5.35	0.29
13–16 years of education	7542	82.04	13.63	4.34	31.85	50.19	10.12	3.51	4.07	0.27
17+ years of education	12,234	83.58	13.09	3.33	34.04	49.54	9.37	3.72	3.19	0.14
Labor market status										
Employed	25,539	83.13	12.78	4.09	33.87	49.26	9.31	3.47	3.86	0.23
Unemployed	5021	80.14	15.64	4.22	36.94	43.20	10.62	5.02	4.00	0.22
Not in the labor force	17,655	77.94	14.41	7.65	32.30	45.64	9.88	4.53	7.36	0.29

(continued)

Table 5.2 (continued)

		Good	*Bad*	*Don't Know/ Refused*	*Very Good*	*Somewhat Good*	*Somewhat Bad*	*Very Bad*	*Don't Know*	*Refused*
Cohort	*N*	*(a)+(b)*	*(c)+(d)*	*(e)+(f)*	*(a)*	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*
Relative household income										
Top 25% of households in country of residence	9554	85.04	12.32	2.64	36.79	48.25	9.09	3.23	2.48	0.16
Middle 50% households in country of residence	17,602	82.83	13.19	3.97	33.82	49.01	9.74	3.45	3.81	0.16
Bottom 25% households in country of residence	7806	78.14	14.56	7.29	32.10	46.04	9.63	4.93	7.06	0.23
Marital status										
Married	30,024	81.16	13.18	5.67	33.37	47.79	9.45	3.73	5.42	0.25
Separated, divorced, or widowed	5627	76.44	15.79	7.79	30.82	45.62	10.49	5.30	7.52	0.27
Never been married	12,670	82.14	13.84	4.03	35.37	46.77	9.67	4.17	3.76	0.27

again see that survey respondents who live in households that fall within the top 25% of the income distribution in their country of residence more frequently report that they consider trade to be a good thing. This same sub-group also has the lowest share of respondents, among the income classifications, who indicate the trade is a bad thing. Finally, and perhaps less similar to what is reported in Table 5.1, we see that both single respondents and those who are married are about equally likely to express support for international trade and that both groups are more likely than respondents who are separated, divorced, or widowed to indicate support for trade.[4]

5.1.3 Foreign Direct Investment Inflows

Turning our attention to the survey questions that are related to FDI inflows, we consider two similar, yet distinct, questions. Both questions ask survey respondents to give their opinions on the impact that FDI inflows have on the countries in which they live; however, the first question asks about brownfield FDI inflows, while the second question asks about greenfield FDI inflows. The difference between the two questions, in terms of wording, is minor, but the difference in the forms of foreign investment is considerable. Greenfield investment occurs when a parent firm/entity undertakes a new venture via the construction of new facilities in a foreign country. To the contrary, brownfield investment involves a firm/entity or, perhaps, a government purchasing an existing facility in a foreign country. Additionally, as we see below, the two questions/forms of FDI inflows generate considerable differences in survey response frequencies. The questions read as follows.

> Q1. "In your opinion, when foreign companies buy (survey nationality) companies, does this have a very good, somewhat good, somewhat bad, or a very bad impact on our country?"
>
> Q2. "In your opinion, when foreign companies build new factories in (survey country), does this have a very good, somewhat good, somewhat bad, or a very bad impact on our country?"

Beginning with Table 5.3, where we present the response frequencies that are observed when survey participants are asked for their opinions of brownfield investment, we see a fairly even divide between the shares of

respondents who see brownfield FDI inflows as having a good impact on their country and those who believe such FDI inflows have a bad impact. Specifically, for the full sample, we see that 45.9% of all respondents consider brownfield FDI inflows to either have a very good impact or a somewhat good impact on their country. Quite similarly, 47% of all survey respondents indicate that brownfield FDI inflows have either a very bad impact on their country or a somewhat bad impact. Across sub-groups, the share of respondents who view brownfield FDI inflows as having a good impact on their country typically ranges between 40% and 50%.

Looking to the sub-groups, we see similarities between the response frequencies reported here and those presented in Tables 5.1 and 5.2; however, at times, we also see considerable differences. For example, as is the case for public opinion toward immigration and toward international trade, male survey respondents are more likely than female respondents to express positive opinions of brownfield FDI inflows. Likewise, support for brownfield FDI inflows decreases as we move from the younger age classifications to the older age classifications. This pattern was also seen in Tables 5.1 and 5.2. Additionally, we find that support for brownfield FDI inflows is highest among households who fall within the top 25% of their respective countries' income distributions. This also is similar to the response frequencies that indicate support for immigrants/immigration and international trade.

We find that support for brownfield FDI inflows declines with the level of educational attainment. In fact, of all the listed sub-groups, the only two for which at least one-half of all respondents indicate that they consider FDI inflows to have a good impact on their country are those within the 18–24 years of age classification and those who have 0–5 years of education. Also different from what is reported for immigration and for international trade, we find that survey respondents who are unemployed have a higher frequency of support for brownfield FDI inflows relative to respondents who are employed and those who are not in the labor force. Lastly, we see that survey respondents who are single and those who are married are more likely to express support for FDI inflows as compared to respondents who are separated, divorced or widowed.

The values reported in Table 5.4 indicate that survey respondents generally have a much more positive opinion of greenfield FDI inflows as compared to brownfield investment. Both for the full sample and for the listed sub-groups, we typically see about a 3-to-1 ratio in the shares of respondents who believe that greenfield FDI inflows have a good impact

Table 5.3 In your opinion, when foreign companies buy (survey nationality) companies, does this have a very good, somewhat good, somewhat bad, or a very bad impact on our country?

		Good	*Bad*	*Don't Know/ Refused*	*Very Good*	*Somewhat Good*	*Somewhat Bad*	*Very Bad*	*Don't Know*	*Refused*
Cohort	*N*	*(a)+(b)*	*(c)+(d)*	*(e)+(f)*	*(a)*	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*
Full sample	48,643	45.88%	46.98%	7.13%	14.59%	31.29%	28.31%	18.67%	6.63%	0.50%
Gender										
Female	24,832	44.10	47.43	8.48	13.74	30.36	28.54	18.89	8.09	0.39
Male	23,811	47.76	46.51	5.73	15.49	32.27	28.06	18.45	5.11	0.62
Age classifications										
18–24 years of age	8547	50.68	43.45	5.88	18.15	32.53	25.35	18.10	5.28	0.60
25–34 years of age	11,574	49.51	43.87	6.62	16.11	33.40	26.36	17.51	6.14	0.48
35–44 years of age	9696	47.18	46.01	6.80	14.85	32.33	27.92	18.09	6.39	0.41
45–54 years of age	7864	43.25	49.01	7.74	12.95	30.30	30.24	18.77	7.07	0.67
55–64 years of age	5937	40.34	52.13	7.53	12.08	28.26	30.74	21.39	7.19	0.34
65+ years of age	5025	37.59	52.78	9.63	10.13	27.46	32.68	20.10	9.13	0.50
Educational attainment										
0–5 years of education	1277	50.36	39.07	10.57	13.55	36.81	24.43	14.64	9.24	1.33
6–11 years of education	6731	44.94	40.78	14.28	17.62	27.32	21.63	19.15	13.36	0.92
12 years of education	16,624	47.49	45.26	7.25	15.75	31.74	26.53	18.73	6.80	0.45
13–16 years of education	7542	46.99	47.38	5.63	13.64	33.35	29.00	18.38	5.26	0.37
17+ years of education	12,234	43.80	51.30	4.89	12.89	30.91	32.12	19.18	4.54	0.35
Labor market status										
Employed	25,539	47.18	46.98	5.84	14.28	32.90	29.31	17.67	5.32	0.52
Unemployed	5021	49.82	44.82	5.38	20.12	29.70	24.64	20.18	5.04	0.34
Not in the labor force	17,655	43.08	47.78	9.14	13.50	29.58	28.07	19.71	8.64	0.50

(continued)

Table 5.3 (continued)

		Good	*Bad*	*Don't Know/ Refused*	*Very Good*	*Somewhat Good*	*Somewhat Bad*	*Very Bad*	*Don't Know*	*Refused*
Cohort	*N*	*(a)+(b)*	*(c)+(d)*	*(e)+(f)*	*(a)*	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*
Relative household income										
Top 25% of households in country of residencee	9554	48.51	47.19	4.29	14.67	33.84	30.14	17.05	3.80	0.49
Middle 50% households in country of residence	17,602	47.22	47.11	5.67	14.58	32.64	29.45	17.66	5.26	0.41
Bottom 25% households in country of residence	7806	42.96	48.37	8.67	13.39	29.57	28.12	20.25	8.26	0.41
Marital status										
Married	30,024	45.95	46.60	7.45	14.43	31.52	28.35	18.25	6.96	0.49
Separated, divorced, or widowed	5627	40.02	50.82	9.15	12.67	27.35	29.09	21.73	8.62	0.53
Never been married	12,670	48.49	46.18	5.33	16.01	32.48	27.81	18.37	4.83	0.50

Table 5.4 In your opinion, when foreign companies build new factories in (survey country), does this have a very good, somewhat good, somewhat bad, or a very bad impact on our country?

		Good	*Bad*	*Don't Know/ Refused*	*Very Good*	*Somewhat Good*	*Somewhat Bad*	*Very Bad*	*Don't Know*	*Refused*
Cohort	*N*	*(a)+(b)*	*(c)+(d)*	*(e)+(f)*	*(a)*	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*
Full sample	48,643	72.69%	21.54%	5.77%	29.22%	43.47%	14.56%	6.98%	5.35%	0.42%
Gender										
Female	24,832	70.39	22.41	7.20	26.60	43.79	15.15	7.26	6.85	0.35
Male	23,811	75.10	20.64	4.27	31.96	43.14	13.95	6.69	3.77	0.50
Age classifications										
18–24 years of age	8547	72.99	22.37	4.64	32.25	40.74	14.66	7.71	4.21	0.43
25–34 years of age	11,574	74.29	20.39	5.32	30.92	43.37	13.40	6.99	4.85	0.47
35–44 years of age	9696	73.48	20.97	5.55	29.98	43.50	14.45	6.52	5.15	0.40
45–54 years of age	7864	72.26	21.68	6.06	27.89	44.37	14.69	6.99	5.63	0.43
55–64 years of age	5937	71.46	22.58	5.94	26.71	44.75	15.24	7.34	5.64	0.30
65+ years of age	5025	69.15	22.41	8.44	23.76	45.39	16.28	6.13	8.00	0.44
Educational attainment										
0–5 years of education	1277	65.46	24.27	10.26	21.06	44.40	17.07	7.20	8.85	1.41
6–11 years of education	6731	67.74	20.15	12.13	33.12	34.62	12.57	7.58	11.19	0.94
12 years of education	16,624	72.60	21.77	5.64	30.10	42.50	14.70	7.07	5.32	0.32
13–16 years of education	7542	72.13	23.38	4.49	27.00	45.13	16.03	7.35	4.20	0.29
17+ years of education	12,234	73.84	22.22	3.94	27.60	46.24	15.47	6.75	3.63	0.31
Labor market status										
Employed	25,539	74.25	21.11	4.64	29.33	44.92	14.53	6.58	4.22	0.42
Unemployed	5021	75.68	20.48	3.84	34.75	40.93	12.93	7.55	3.64	0.20

(continued)

Table 5.4 (continued)

		Good	*Bad*	*Don't Know/ Refused*	*Very Good*	*Somewhat Good*	*Somewhat Bad*	*Very Bad*	*Don't Know*	*Refused*
Cohort	*N*	*(a)+(b)*	*(c)+(d)*	*(e)+(f)*	*(a)*	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*
Not in the labor force	17,655	70.14	22.25	7.62	27.75	42.39	15.02	7.23	7.18	0.44
Relative household income										
Top 25% of households in country of residence	9554	76.45	20.20	3.35	30.28	46.17	13.86	6.34	2.91	0.44
Middle 50% households in country of residence	17,602	74.03	21.64	4.33	29.20	44.83	15.08	6.56	4.01	0.32
Bottom 25% households in country of residence	7806	69.40	23.79	6.82	28.35	41.05	15.94	7.85	6.47	0.35
Marital status										
Married	30,024	72.70	21.27	6.02	29.37	43.33	14.52	6.75	5.58	0.44
Separated, divorced, or widowed	5627	69.93	22.69	7.38	26.30	43.63	15.23	7.46	6.97	0.41
Never been married	12,670	74.38	21.34	4.28	30.56	43.82	14.14	7.20	3.94	0.34

on their country as compared to the shares of respondents who believe that greenfield investments have a bad impact. Overall, we see considerable support for greenfield FDI inflows. Nearly 73% of survey respondents hold the opinion that such inflows have a very good impact on their country or a somewhat good impact. Only 21.5% of respondents feel that greenfield investments have either a somewhat bad or a very bad impact on their country. Generally speaking, looking across the sub-groups, we see that typically between 65% and 75% of respondents hold positive opinions of greenfield investments. We also see that a consistent 20–25% of respondents, across the listed sub-groups, view greenfield FDI inflows negatively.

Similar to the pattern of response frequencies that are reported for public opinion toward immigration and international trade, we see that male survey respondents are more likely than their female counterparts to express a positive opinion of greenfield FDI inflows. We also see that support for greenfield investment decreases as we move from the younger age classifications to the older classifications, and support for greenfield FDI inflows increases with years of educational attainment. Finally, we see that survey respondents who are single and those who are married are more likely to express a positive opinion of greenfield FDI inflows as compared to other survey respondents.

5.2 Presentation of Our Modeling Framework

Our empirical analysis involves the estimation of a series of probability models. We generally employ the binomial logit and the ordered logit estimation techniques, dependent on the form of the dependent variable series (i.e., whether it is dichotomous or categorical). A general form representation of our baseline estimation equation is given by Eq. (5.1).

$$F(p_i) = \ln\left(\frac{p_i}{1-p_i}\right) = \sum_{n=1}^{N} \beta_n X_{ni} \tag{5.1}$$

The dependent variable in Eq. (5.1) is the log-odds ratio, or "logit." The odds that the dependent variable is equal to a particular case, given a linear combination X_i of the explanatory variables, is equal to the value of the exponential function of the linear regression expression.

A more specific form of our baseline estimation equation is given as Eq. (5.2). In the equation, p_i is the probability that respondent i will

hold a particular opinion on a topic. Our variables of primary interest are $wiCD_{jk}$ which is a measure of the Inglehart cultural distance between country j and country k that is weighted by country j's existing immigrant stock shares, its import shares, or its inward FDI stock shares, depending on the dependent variable series considered, and $woCD_{jk}$ which represents the Inglehart cultural distance between country j and country k that is weighted by country j's existing emigrant stock, its export shares, or its outward FDI stock shares, again depending on the dependent variable series considered.

$$\ln\left(\frac{p_i}{1-p_i}\right) = \alpha_0 + \beta_1 wiCD_{jk} + \beta_2 woCD_{jk} + \beta_3 wiRelDev_{jk} + \beta_4 woRelDev_{jk} + \beta_V V_i + \beta_X X_i + \varepsilon_{ijk} \tag{5.2}$$

The variables $wiRelDev_{jk}$ and $woRelDev_{jk}$ represent the proportional differences in the levels of economic development between country j and country k, weighted by the same factors by which the cultural distance measure is weighted. V_i is a vector of explanatory variables that collectively represent the mood of the ith survey respondent on the day of the survey and their opinions on several potentially related topics. X_i is a vector of demographic characteristics for the ith respondent.

5.3 Variable Construction and Data Sources

The measures of cultural distance, $wiCD_{jk}$ and $woCD_{jk}$, that we employ in our estimations are based on the Inglehart measure of cultural distance that is described in detail in Chap. 4. Since the survey questions we examine ask respondents for their general opinions of various facets of economic globalization but do not ask about specific source and destination countries for immigrants and emigrants, imports and exports, and inward and outward FDI stocks, we generate weighted measures of Inglehart cultural distance where the applied weights include the existing immigrant and emigrant stock shares, import and export shares, and inward and outwards FDI stock shares. Immigrant and emigrant stock data are from the World Bank (2016b) and data for trade and FDI inflows are from the UN (2016c) and UNCTAD (2016), respectively. For example, the import share-weighted measure of Inglehart cultural distance is calculated as $\sum_{k=1}^{N}\left(\mathrm{CD}_{jk} \times \frac{\mathrm{IMP}_{jk}}{\sum_{k=1}^{N}\mathrm{IMP}_{jk}}\right)$, where IMP_{jk} is the jth country's (i.e., the respondent's country of residence) imports from

country k, and $\sum_{k=1}^{N} \mathbf{IMP}_{jk}$ is the sum of the jth country's imports. The weighted measures of relative economic development are constructed similarly using data for real GDP per capita from the World Bank (2016a).

Within the vector V_i, there are a number of variables that represent the mood of the respondent on the day the survey is completed and several variables that represent the respondent's opinions on several potentially related topics. These variables include two dummy variables that indicate whether the respondent is having a good day or having a bad day (relative to those who report they are having a typical day). Three additional dummy variables identify respondents who (a) self-report that they are pessimists, (b) indicates they are generally dissatisfied with the way things are going in their country of residence, and (c) agree that most people are better off in a free-market economy.

The vector X_i contains a number of variables that identify several of the respondent's demographic characteristics. To control for the age of the individual, we include dummy variables that categorize each survey respondent into one of five age classifications (e.g., 25−34 year olds, 35–44 year olds, and so on). We also include a dummy variable that identifies female survey respondents. To represent the respondent's level of educational attainment, we include dummy variables that categorize each respondent into one of four categories (e.g., 6–12 years of education, between 12–16 years, and so on). Three final sets of dummy variables are included to represent each respondent's labor force status (i.e., whether they are employed, unemployed, or not in the labor force), to identify the relative level of income in the respondent's household (i.e., a low-, middle-, or high-income household), and the respondent's marital status (i.e., married, never married, or divorced, separated, or widowed).

To examine the potential influence of cultural differences on public opinion, we generate three separate data sets—one that is used when we examine public opinion toward immigration, another that we use when considering public opinion on international trade, and a third that we employ when we examine public opinion on FDI inflows. Descriptive statistics for the explanatory variables in each of three data sets, along with corresponding correlation matrices, are presented in the appendix.

Notes

1. For example, only eight of the respondents surveyed in Greece (i.e., 0.93% of all respondents surveyed in Greece) indicated that they believed more immigrants should be allowed to enter their country. It seems unlikely that in more typical economic times we would witness such a degree of anti-immigrant/immigration sentiment.
2. Before conducting the analyses for which results are presented in Chaps. 6, 7, and 8, we also clean our data to exclude observations for which there are incomplete data. Thus, the response frequencies presented here are based on larger samples than are employed for our empirical analyses.
3. Additional response frequencies for the immigrant—and immigration-related survey questions, i.e., Q2 through Q4, are presented in Tables 5.5, 5.6, and 5.7, respectively.
4. Tables 5.8, 5.9, and 5.10 present the response frequencies for the three additional survey questions that are related to international trade, i.e., Q2 through Q4, respectively.

Appendix

Country Listings

Immigration data set: France, Germany, Italy, Poland, Spain, UK.
International Trade data set: Argentina, Bangladesh, Brazil, Chile, China, Colombia, Egypt, France, Germany, Ghana, Greece, India, Indonesia, Israel, Italy, Japan, Jordan, Malaysia, Mexico, Nigeria, Pakistan, Peru, Philippines, Poland, Russia, South Africa, South Korea, Spain, Tanzania, Thailand, Turkey, Uganda, Ukraine, UK, US, Venezuela, Vietnam.
Foreign Direct Investment data set: Argentina, Bangladesh, Brazil, Chile, China, Colombia, Egypt, El Salvador, France, Germany, Ghana, Greece, India, Indonesia, Israel, Italy, Japan, Jordan, Malaysia, Mexico, Nigeria, Pakistan, Peru, Philippines, Poland, Russia, South Africa, South Korea, Spain, Tanzania, Thailand, Turkey, Uganda, Ukraine, UK, US, Venezuela, Vietnam.

Additional Response Frequencies

See Tables 5.5, 5.6, 5.7, 5.8, 5.9, 5.10.

Table 5.5 Please tell me whether the FIRST statement or the SECOND statement comes closer to your own views—even if neither is exactly right. The first pair is… Immigrants today make our country stronger because of their work and talents [OR] Immigrants today are a burden on our country because they take our jobs and social benefits

Cohort	*N*	*Statement #1*	*Statement #2*	*Neither/both equally*	*Don't know*	*Refused*
France, Germany, Greece, Italy, Poland, Spain, the UK	7022	39.90%	48.89%	8.20%	2.41%	0.60%
Gender						
Female	3758	38.69	49.73	8.52	2.47	0.59
Male	3264	41.30	47.92	7.84	2.33	0.61
Age classifications						
18–24 years of age	605	40.99	48.93	8.26	1.65	0.17
25–24 years of age	997	40.32	47.44	9.43	2.41	0.40
35–44 years of age	1248	39.58	47.60	9.78	2.48	0.56
45–54 years of age	1310	40.31	49.62	7.71	1.91	0.46
55–64 years of age	1334	39.96	49.10	7.57	2.70	0.67
65+ years of age	1528	39.07	50.07	7.07	2.81	0.98
Educational attainment						
0–5 years of education	297	33.67	59.93	4.38	1.68	0.34
6–11 years of education	1867	30.16	59.08	7.28	3.16	0.32
12 years of education	974	33.98	54.52	8.93	2.05	0.51
13–16 years of education	2137	40.57	47.17	9.78	1.82	0.66
17+ years of education	1488	57.73	32.53	7.39	1.61	0.74

(continued)

Table 5.5 (continued)

Cohort	*N*	*Statement #1*	*Statement #2*	*Neither/both equally*	*Don't know*	*Refused*
Labor market status						
Employed	3440	43.52	44.88	8.58	2.38	0.64
Unemployed	689	30.04	59.36	8.42	1.74	0.44
Not in the labor force	2858	38.17	51.12	7.73	2.48	0.49
Relative household income						
Top 25% of households in country of residence	1276	50.71	40.75	6.97	1.25	0.31
Middle 50% of households in country of residence	2213	43.20	48.40	6.37	1.81	0.23
Bottom 25% of households in country of residence	1064	38.06	54.42	5.83	1.50	0.19
Marital status						
Married	3790	38.60	50.40	7.92	2.48	0.61
Separated, divorced, or widowed	1301	36.74	51.35	8.53	2.77	0.61
Never been married	1873	45.17	44.15	8.38	1.76	0.53

Table 5.6 Please tell me whether the FIRST statement or the SECOND statement comes closer to your own views—even if neither is exactly right. The second pair is… Immigrants in our country today are more to blame for crime than other groups [OR] Immigrants in our country today are no more to blame for crime than other groups

Cohort	*N*	*Statement #1*	*Statement #2*	*Neither/both equally*	*Don't know*	*Refused*
France, Germany, Greece, Italy, Poland, Spain, the UK	7022	33.88%	54.91%	6.59%	4.20%	0.41%
Gender						
Female	3758	31.85	56.60	6.81	4.26	0.48
Male	3264	36.21	52.97	6.34	4.14	0.34
Age classifications						
18–24 years of age	605	30.74	59.17	6.78	3.14	0.17
25–34 years of age	997	32.00	57.27	6.82	3.51	0.40
35–44 years of age	1248	32.21	55.29	7.61	4.65	0.24
45–54 years of age	1310	33.05	57.56	5.65	3.44	0.31
55–64 years of age	1334	33.51	53.67	7.80	4.42	0.60
65+ years of age	1528	38.74	50.20	5.30	5.17	0.59
Educational attainment						
0–5 years of education	297	38.72	51.18	9.09	1.01	37.65
6–11 years of education	1867	50.51	6.91	4.50	0.43	38.81
12 years of education	974	49.18	7.70	4.21	0.10	32.71
13–16 years of education	2137	55.87	7.30	3.70	0.42	27.49
17+ years of education	1488	64.31	4.10	3.70	0.40	32.66

(continued)

Table 5.6 (continued)

Cohort	*N*	*Statement #1*	*Statement #2*	*Neither/both equally*	*Don't know*	*Refused*
Labor market status						
Employed	3440	31.63	57.38	6.31	4.30	0.38
Unemployed	689	36.72	54.28	6.97	1.89	0.15
Not in the labor force	2858	35.93	52.20	6.82	4.62	0.42
Relative household income						
Top 25% of households in country of residence	1276	34.72	57.68	5.02	2.43	0.16
Middle 50% of households in country of residence	2213	32.63	60.19	4.74	2.35	0.09
Bottom 25% of households in country of residence	1064	35.81	55.45	5.17	3.38	0.19
Marital status						
Married	3790	34.96	53.11	7.39	4.17	0.37
Separated, divorced, or widowed	1301	34.74	54.34	5.38	5.00	0.54
Never been married	1873	31.23	59.16	5.93	3.42	0.27

Table 5.7 Please tell me whether the FIRST statement or the SECOND statement comes closer to your own views—even if neither is exactly right. The third pair is… Immigrants in our country today want to adopt (survey nationality) customs and way of life [OR] Immigrants today want to be distinct from (survey nationality) society

Cohort	*N*	*Statement #1*	*Statement #2*	*Neither/both equally*	*Don't know*	*Refused*
France, Germany, Greece, Italy, Poland, Spain, the UK	7022	32.73%	53.06%	8.62%	5.10%	0.50%
Gender						
Female	3758	32.30	52.98	8.91	5.22	0.59
Male	3264	33.21	53.16	8.27	4.96	0.40
Age classifications						
18–24 years of age	605	37.02	50.74	8.10	3.97	0.17
25–34 years of age	997	35.51	51.55	8.32	4.41	0.20
35–44 years of age	1248	32.77	53.13	8.17	5.69	0.24
45–54 years of age	1310	32.37	52.75	9.69	4.73	0.46
55–64 years of age	1334	29.69	56.45	8.25	4.65	0.97
65+ years of age	1528	32.13	52.23	8.77	6.22	0.65
Educational attainment						
0–5 years of education	297	59.93	5.39	2.02	29.24	0.00
6–11 years of education	1867	29.24	57.20	7.34	5.84	0.37
12 years of education	974	34.29	50.82	9.34	5.34	0.21
13–16 years of education	2137	30.37	55.73	9.31	3.93	0.66
17+ years of education	1488	38.78	46.57	9.27	4.77	0.60

(continued)

Table 5.7 (continued)

Cohort	*N*	*Statement #1*	*Statement #2*	*Neither/both equally*	*Don't know*	*Refused*
Labor market status						
Employed	3440	33.60	52.73	8.40	4.71	0.55
Unemployed	689	33.38	55.15	7.55	3.77	0.15
Not in the labor force	2858	31.63	53.18	8.92	5.81	0.45
Relative household income						
Top 25% of households in country of residence	1276	35.89	52.27	8.39	3.37	0.08
Middle 50% households in country of residence	2213	34.84	54.13	7.59	3.07	0.36
Bottom 25% households in country of residence	1064	35.71	53.48	7.05	3.57	0.19
Marital status						
Married	3790	31.69	54.14	8.87	4.78	0.53
Separated, divorced, or widowed	1301	32.05	54.34	7.07	6.07	0.46
Never been married	1873	35.40	50.45	9.02	4.70	0.43

Table 5.8 Does trade with other countries lead to an increase in the wages of (survey nationality) workers, a decrease in wages, or does it not make a difference?

Cohort	*N*	*Increase*	*Decrease*	*Does not make a difference*	*Don't Know*	*Refused*
Full sample	48,643	44.60%	22.65%	23.39%	8.89%	0.46%
Gender						
Female	24,832	42.14	23.25	23.03	11.18	0.39
Male	23,811	47.16	22.03	23.76	6.51	0.54
Age classifications						
18–24 years of age	8547	49.3	21.19	20.98	8.06	0.47
25–34 years of age	11,574	47.83	21.31	22.37	8.03	0.47
35–44 years of age	9696	45.42	22.61	23.39	8.17	0.41
45–54 years of age	7864	43.4	22.6	24.87	8.65	0.48
55–64 years of age	5937	40.22	24.96	24.88	9.45	0.49
65+ years of age	5025	34.63	25.69	25.75	13.43	0.5
Educational attainment						
0–5 years of education	1277	43.62	20.36	22.4	12.76	0.86
6–11 years of education	6731	45.02	20.09	17.87	16.1	0.92
12 years of education	16,624	46.25	21.39	22.64	9.27	0.45
13–16 years of education	7542	44.31	23.83	24.26	7.2	0.4
17+ years of education	12,234	43.53	23.97	25.81	6.4	0.29
Labor market status						
Employed	25,539	46.18	22.21	23.91	7.23	0.47
Unemployed	5021	45.01	24.34	23.54	6.77	0.34
Not in the labor force	17,655	42.44	22.88	22.83	11.42	0.43
Relative household income						
Top 25% of households in country of residence	9554	48.86	21.94	23.76	4.97	0.47

(continued)

Table 5.8 (continued)

Cohort	*N*	*Increase*	*Decrease*	*Does not make a difference*	*Don't Know*	*Refused*
Middle 50% of households in country of residence	17,602	47.17	22.6	22.95	6.92	0.36
Bottom 25% of households in country of residence	7806	45.16	22.24	21.18	11.17	0.26
Marital status						
Married	30,024	46.07	22.07	22.59	8.82	0.46
Separated, divorced, or widowed	5627	35.77	25.4	25.72	12.65	0.46
Never been married	12,670	45.14	22.78	24.36	7.28	0.45

Table 5.9 Does trade with other countries lead to job creation in (survey country), job losses, or does it not make a difference?

Cohort	*N*	*Job creation*	*Job losses*	*Does not make a difference*	*Don't know*	*Refused*
Full sample	48,643	54.01%	21.14%	17.41%	6.98%	0.46%
Gender						
Female	24,832	51.49	22.03	17.4	8.7	0.37
Male	23,811	56.64	20.2	17.43	5.19	0.54
Age classifications						
18–24 years of age	8547	56.73	20.01	16.66	6.13	0.47
25–34 years of age	11,574	56.07	19.73	17.33	6.41	0.47
35–44 years of age	9696	55.77	20	17.15	6.64	0.44
45–54 years of age	7864	53.8	21.66	17.07	6.99	0.48
55–64 years of age	5937	50.68	23.31	18.38	7.28	0.35

(continued)

Table 5.9 (continued)

Cohort	*N*	*Job creation*	*Job losses*	*Does not make a difference*	*Don't know*	*Refused*
65+ years of age	5025	45.55	25.11	18.79	10.03	0.52
Educational attainment						
0–5 years of education	1277	49.88	20.91	17.15	11.2	0.86
6–11 years of education	6731	51.46	18.73	14.41	14.35	1.04
12 years of education	16,624	54.72	20.54	17.26	7.04	0.44
13–16 years of education	7542	53.3	22.28	18.5	5.62	0.3
17+ years of education	12,234	54.52	22.14	18.55	4.5	0.29
Labor market status						
Employed	25,539	56.19	20.3	17.56	5.49	0.46
Unemployed	5021	53.91	23.02	18.1	4.64	0.32
Not in the labor force	17,655	51.21	21.85	17.11	9.37	0.46
Relative household income						
Top 25% of households in country of residence	9554	59.38	19.32	17.12	3.66	0.51
Middle 50% of households in country of residence	17,602	56.16	20.99	16.92	5.56	0.37
Bottom 25% of households in country of residence	7806	52.25	21.3	17.14	8.98	0.32
Marital status						
Married	30,024	55.27	20.41	16.66	7.19	0.47
Separated, divorced, or widowed	5627	46.17	24.63	19.32	9.42	0.46
Never been married	12,670	54.66	21.32	18.37	5.24	0.41

Table 5.10 Does trade with other countries lead to an increase in the price of products sold in (survey country), a decrease in prices, or does it not make a difference?

Cohort	*N*	*Increase*	*Decrease*	*Does not make a difference*	*Don't know*	*Refused*
Full sample	48,643	42.41%	27.05%	21.24%	8.72%	0.58%
Gender						
Female	24,832	42.03	25.81	20.86	10.8	0.5
Male	23,811	42.8	28.36	21.64	6.54	0.66
Age classifications						
18–24 years of age	8547	46.07	28.02	17.67	7.8	0.43
25–34 years of age	11,574	44.89	26.67	19.85	7.98	0.61
35–44 years of age	9696	43.24	27.12	20.95	8.11	0.58
45–54 years of age	7864	41.76	27.2	21.78	8.62	0.64
55–64 years of age	5937	38.02	27.54	24.66	9.23	0.56
65+ years of age	5025	35.04	25.35	26.21	12.7	0.7
Educational attainment						
0–5 years of education	1277	43.93	22.4	19.34	12.69	1.64
6–11 years of education	6731	42.24	25.39	15.73	15.6	1.04
12 years of education	16,624	46.17	24.6	19.94	8.79	0.49
13–16 years of education	7542	42.8	27.63	21.29	7.77	0.5
17+ years of education	12,234	40.4	29.45	23.53	6.22	0.39
Labor market status						
Employed	25,539	42.99	27.31	22.04	7.08	0.58
Unemployed	5021	46.62	27.38	19.24	6.43	0.32
Not in the labor force	17,655	40.56	26.79	20.87	11.21	0.57
Relative household income						
Top 25% of households in country of residence	9554	42.29	29.54	22.64	5.01	0.52

(continued)

Table 5.10 (continued)

Cohort	*N*	*Increase*	*Decrease*	*Does not make a difference*	*Don't know*	*Refused*
Middle 50% of households in country of residence	17,602	44.1	27.68	20.91	6.86	0.45
Bottom 25% of households in country of residence	7806	44.9	25.53	18.7	10.35	0.51
Marital status						
Married	30,024	42.77	27.11	20.7	8.83	0.59
Separated, divorced, or widowed	5627	38.94	25.2	23.71	11.52	0.64
Never been married	12,670	43.16	27.81	21.53	7.04	0.47

Table 5.11 Immigration dataset descriptive statistics, explanatory variables

Cultural distance-related variables			*Respondent is…*		
(a)	Cultural Distance$_{ij}$, weighted by Immigrant Stock Share	3.1967 (0.3125)	(o)	Female	0.5362 (0.4987)
(b)	Cultural Distance$_{ij}$, weighted by Emigrant Stock Share	2.7681 (0.7429)	*Respondent has completed…*		
(c)	RGDPC$_i$—RGDPC$_j$, weighted by Immigrant Stock Share	0.9484 (0.655)	(p)	6–11 years of education	0.249 (0.4325)
(d)	RGDPC$_i$—RGDPC$_j$, weighted by Emigrant Stock Share	−0.0588 (0.6595)	(q)	12 years of education	0.1027 (0.3036)
			(r)	13–16 years of education	0.266 (0.4419)
Respondent… (is…)					
(e)	having a good day	0.2028 (0.4021)	(s)	17 or more years of education	0.3173 (0.4655)
(f)	having a bad day	0.0686 (0.2528)			

(continued)

Table 5.11 (continued)

Cultural distance-related variables			*Respondent is…*		
(g)	a pessimist	0.7374 (0.4401)	(t)	Not in the labor force	0.3952 (0.4889)
			(u)	Employed	0.513 (0.4999)
(h)	generally dissatisfied with way things are going in their country	0.6989 (0.4588)	*Respondent lives in a…*		
(i)	agrees that most people are better off in a free market economy	0.6224 (0.4848)	(v)	Middle income household	0.3348 (0.472)
Respondent is…			(w)	High income household	0.1925 (0.3943)
(j)	25–34 years of age	0.1417 (0.3488)	*Respondent is…*		
(k)	35–44 years of age	0.175 (0.38)	(x)	Married	0.535 (0.4988)
(l)	45–54 years of age	0.1954 (0.3965)	(y)	Divorced, separated, or widowed	0.1881 (0.3908)
(m)	55–64 years of age	0.1933 (0.395)			
(n)	65 years of age or older	0.2089 (0.4065)			

Standard errors in parentheses. $N = 4955$. Descriptive statistics are for the sample that was employed to produce the results presented in Table 6.1. Mean values for dependent variable series are reported in Tables 5.1, 5.5, 5.6, and 5.7

Table 5.12 International trade dataset descriptive statistics, explanatory variables

Cultural distance-related variables			*Respondent is…*		
(a)	Cultural Distance$_{ij}$, weighted by Total Trade Shares	1.4241 (0.2875)	(p)	65 years of age or older	0.1018 (0.3024)
(b)	Cultural Distance$_{ij}$, weighted by Import Shares	1.4792 (0.2809)	*Respondent is…*		
			(q)	Female	0.505 (0.5)
(c)	Cultural Distance$_{ij}$, weighted by Export Shares	1.3689 (0.3978)	*Respondent has completed…*		
(d)	RGDPC$_i$—RGDPC$_j$, weighted by Total Trade Shares	−6.3084 (8.3598)	(r)	6–11 years of education	0.3035 (0.4598)
(e)	RGDPC$_i$—RGDPC$_j$, weighted by Import Shares	−5.9415 (7.8263)	(s)	12 years of education	0.1708 (0.3763)
(f)	RGDPC$_i$—RGDPC$_j$, weighted by Export Shares	−6.6753 (9.4247)	(t)	13–16 years of education	0.1925 (0.3943)
Respondent… (is…)			(u)	17 or more years of education	0.1679 (0.3738)
(g)	having a good day	0.2983 (0.4575)	*Respondent is…*		
(h)	having a bad day	0.0734 (0.2608)	(v)	Not in the labor force	0.353 (0.4779)
(i)	a pessimist	0.4157 (0.4929)	(w)	Employed	0.5488 (0.4976)
(j)	generally dissatisfied with way things are going in their country	0.589 (0.492)	*Respondent lives in a…*		
(k)	agrees that most people are better off in a free market economy	0.676 (0.468)	(x)	Middle income household	0.37 (0.4828)
Respondent is…			(y)	High income household	0.2115 (0.4084)
(l)	25–34 years of age	0.2338 (0.4233)	*Respondent is…*		
			(z)	Married	0.6209 (0.4852)

(continued)

Table 5.12 (continued)

(m)	35–44 years of age	0.202 (0.4015)	(aa)	Divorced, separated, or widowed	0.113 (0.3166)
(n)	45–54 years of age	0.1667 (0.3727)			
(o)	55–64 years of age	0.1217 (0.3269)			

Standard errors in parentheses. $N = 31{,}534$. Descriptive statistics are for the sample that was employed to produce the results presented in Table 7.2. Mean values for the dependent variable series that are employed throughout Chap. 7 are reported in Tables 5.2, 5.7, 5.8, 5.9, and 5.10

Table 5.13 Foreign direct investment dataset descriptive statistics, explanatory variables

Cultural distance-related variables			*Respondent is…*		
(a)	Cultural Distance$_{ij}$, weighted by Total FDI Stock Shares	1.2545 (0.4654)	(n)	55–64 years of age	0.1225 (0.3279)
(b)	Cultural Distance$_{ij}$, weighted by Inward FDI Stock Shares	1.4103 (0.5933)	(o)	65 years of age or older	0.1022 (0.3029)
(c)	Cultural Distance$_{ij}$, weighted by Outward FDI Stock Shares	1.0988 (0.5115)	*Respondent is…*		
			(p)	Female	0.5058 (0.5)
	RGDPC$_i$—RGDPC$_j$, weighted by Total FDI Stock Shares	−7.0923 (9.1956)	*Respondent has completed…*		
(d)	RGDPC$_i$—RGDPC$_j$, weighted by Inward FDI Stock Shares	−8.7702 (11.7875)	(q)	6–11 years of education	0.2952 (0.4561)
(e)	RGDPC$_i$—RGDPC$_j$, weighted by Outward FDI Stock Shares	−5.4156 (7.539)	(r)	12 years of education	0.1773 (0.382)
Respondent… (is…)			(s)	13–16 years of education	0.1929 (0.3946)
(f)	having a good day	0.2895 (0.4536)	(t)	17 or more years of education	0.1676 (0.3735)

(continued)

Table 5.13 (continued)

(g)	having a bad day	0.0662 (0.2486)	*Respondent is…*		
(h)	a pessimist	0.4125 (0.4923)	(u)	Not in the labor force	0.3526 (0.4778)
(i)	generally dissatisfied with way things are going in their country	0.5783 (0.4938)	(v)	Employed	0.5524 (0.4973)
(j)	agrees that most people are better off in a free market economy	0.6762 (0.4679)	*Respondent lives in a…*		
Respondent is…			(w)	Middle income household	0.3742 (0.4839)
(k)	25–34 years of age	0.231 (0.4215)	(x)	High income household	0.2147 (0.4107)
(l)	35–44 years of age	0.2055 (0.4041)	*Respondent is…*		
			(y)	Married	0.6352 (0.4814)
(m)	45–54 years of age	0.1726 (0.3779)	(z)	Divorced, separated, or widowed	0.111 (0.3142)

Standard errors in parentheses. $N = 27{,}288$. Descriptive statistics are for the sample that was employed to produce the results presented in Table 8.1. Mean values for dependent variable series are reported in Tables 5.3 and 5.4

Table 5.14 Immigration dataset correlation matrix, explanatory variables

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)
(a)	1.00																							
(b)	0.73	1.00																						
(c)	-0.09	-0.53	1.00																					
(d)	0.32	-0.19	0.90	1.00																				
(e)	0.05	0.00	0.04	0.07	1.00																			
(f)	0.00	-0.02	0.02	0.02	-0.14	1.00																		
(g)	-0.03	-0.16	0.09	0.06	-0.02	0.02	1.00																	
(h)	-0.38	-0.35	0.00	-0.17	-0.05	0.05	0.23	1.00																
(i)	0.18	0.15	-0.02	0.04	0.05	-0.03	-0.13	-0.18	1.00															
(j)	0.00	0.02	-0.06	-0.06	0.00	-0.02	-0.03	-0.04	0.01	1.00														
(k)	-0.01	0.02	-0.02	-0.02	0.00	-0.01	-0.03	-0.02	-0.01	-0.19	1.00													
(l)	-0.03	0.00	0.00	-0.01	-0.04	-0.02	0.02	0.05	0.00	-0.20	-0.23	1.00												
(m)	0.01	-0.02	0.01	0.01	0.00	0.01	0.07	0.04	-0.01	-0.20	-0.22	-0.24	1.00											
(n)	0.02	-0.01	0.05	0.07	0.04	0.04	0.01	0.02	0.01	-0.21	-0.24	-0.25	-0.25	1.00										
(o)	-0.03	-0.02	-0.01	-0.01	0.02	0.01	0.04	0.02	-0.04	-0.02	0.01	0.02	0.02	0.00	1.00									
(p)	0.00	0.03	-0.08	-0.08	0.01	0.04	0.05	0.07	-0.05	-0.10	-0.07	0.03	0.05	0.15	0.02	1.00								
(q)	0.10	0.16	-0.13	-0.07	0.00	-0.01	-0.04	-0.08	0.03	-0.02	-0.01	0.01	0.01	-0.02	0.00	-0.19	1.00							
(r)	-0.01	-0.02	0.06	0.03	-0.01	-0.02	-0.02	0.01	-0.01	-0.02	0.00	0.01	0.00	-0.05	-0.01	-0.35	-0.20	1.00						
(s)	-0.01	-0.02	0.05	0.07	0.01	-0.04	-0.04	-0.04	0.04	0.13	0.11	-0.02	-0.03	-0.14	-0.02	-0.39	-0.23	-0.41	1.00					
(t)	0.00	-0.03	0.04	0.04	0.03	0.02	0.02	0.03	0.00	-0.24	-0.29	-0.23	0.07	0.60	0.11	0.14	-0.01	-0.01	-0.16	1.00				
(u)	0.10	0.09	-0.04	0.00	-0.02	-0.05	-0.01	-0.08	0.03	0.20	0.27	0.21	-0.06	-0.49	-0.10	-0.15	0.02	0.00	0.17	-0.83	1.00			
(v)	-0.02	-0.04	0.09	0.10	-0.01	-0.03	0.01	0.01	-0.03	0.01	0.01	0.00	0.02	-0.01	-0.02	0.01	0.00	-0.01	0.00	-0.02	0.04	1.00		
(w)	-0.01	-0.02	0.06	0.06	0.00	-0.03	-0.03	-0.06	0.06	0.00	0.07	0.03	0.02	-0.09	-0.07	-0.15	0.00	-0.01	0.16	-0.12	0.16	-0.36	1.00	
(x)	-0.05	0.03	-0.08	-0.11	-0.04	-0.04	0.01	0.04	0.01	-0.13	0.08	0.14	0.12	-0.01	0.00	0.05	-0.02	-0.01	-0.02	-0.03	0.07	0.04	0.12	1.00
(y)	0.04	-0.01	0.03	0.06	0.03	0.05	0.02	-0.01	-0.03	-0.14	-0.07	-0.05	0.04	0.29	0.12	0.09	0.02	-0.03	-0.09	0.20	-0.17	-0.03	-0.10	-0.51

$N = 4633$. Column and row headings correspond with variable list presented in Table 5.11

Table 5.15 International trade dataset correlation matrix, explanatory variables

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)
(a)	1.00																									
(b)	0.78	1.00																								
(c)	0.90	0.42	1.00																							
(d)	-0.16	0.01	-0.24	1.00																						
(e)	-0.10	-0.03	-0.12	0.96	1.00																					
(f)	-0.20	0.05	-0.32	0.97	0.88	1.00																				
(g)	0.02	0.04	0.00	-0.11	-0.10	-0.11	1.00																			
(h)	0.03	0.09	-0.01	-0.05	-0.06	-0.05	-0.18	1.00																		
(i)	-0.01	0.07	-0.07	0.16	0.14	0.17	-0.04	0.08	1.00																	
(j)	-0.05	0.05	-0.11	0.04	0.02	0.06	-0.01	0.09	0.31	1.00																
(k)	0.02	-0.03	0.05	-0.11	-0.10	-0.12	0.03	-0.03	-0.15	-0.15	1.00															
(l)	0.02	0.02	0.02	-0.10	-0.11	-0.10	0.03	-0.01	-0.07	-0.02	0.02	1.00														
(m)	0.00	-0.02	0.01	-0.02	-0.02	-0.03	0.00	0.00	-0.02	-0.02	0.00	-0.28	1.00													
(n)	-0.02	-0.03	-0.01	0.05	0.06	0.05	-0.03	-0.01	0.01	0.00	0.00	-0.25	-0.22	1.00												
(o)	-0.02	-0.01	-0.02	0.10	0.10	0.09	-0.03	0.01	0.07	0.02	-0.03	-0.21	-0.19	-0.17	1.00											
(p)	-0.01	-0.01	0.00	0.15	0.15	0.14	-0.02	0.01	0.11	0.04	-0.04	-0.19	-0.17	-0.15	-0.13	1.00										
(q)	0.00	0.00	0.00	0.04	0.04	0.04	0.00	0.00	0.02	0.01	-0.05	0.00	0.02	0.01	-0.01	-0.01	1.00									
(r)	-0.01	0.00	-0.01	-0.11	-0.12	-0.09	0.02	0.01	-0.05	-0.03	-0.01	-0.01	0.00	0.02	-0.01	-0.02	0.00	1.00								
(s)	0.03	0.01	0.04	0.07	0.07	0.06	-0.03	-0.01	-0.01	-0.03	0.01	-0.01	-0.01	-0.02	-0.02	-0.03	0.00	-0.30	1.00							
(t)	-0.05	-0.02	-0.06	0.09	0.07	0.09	-0.02	-0.03	0.02	0.03	0.02	0.03	-0.03	-0.03	-0.03	-0.03	0.00	-0.32	-0.22	1.00						
(u)	0.00	0.03	-0.02	0.18	0.18	0.17	-0.02	-0.03	0.09	0.04	0.02	0.07	0.02	-0.01	0.00	-0.02	-0.04	-0.29	-0.20	-0.21	1.00					
(v)	-0.02	-0.01	-0.02	0.01	0.01	0.01	0.01	0.01	0.03	0.03	-0.04	-0.15	-0.15	-0.10	0.08	0.34	0.29	0.01	-0.02	-0.02	-0.11	1.00				
(w)	0.03	-0.01	0.05	0.02	0.02	0.01	-0.02	-0.04	-0.05	-0.07	0.04	0.12	0.16	0.12	-0.05	-0.27	-0.25	-0.03	0.01	0.01	0.12	-0.82	1.00			
(x)	-0.03	-0.05	-0.01	-0.03	-0.02	-0.04	-0.02	-0.01	-0.03	-0.03	0.01	0.03	0.03	0.00	0.00	-0.03	-0.02	0.06	0.01	-0.03	-0.06	-0.04	0.05	1.00		
(y)	-0.02	-0.04	0.00	-0.02	-0.01	-0.02	0.02	-0.02	-0.01	-0.03	0.06	0.01	0.03	0.04	0.00	-0.08	-0.05	-0.09	0.00	0.07	0.16	-0.09	0.13	-0.39	1.00	
(z)	0.00	-0.05	0.04	-0.08	-0.06	-0.09	-0.01	-0.02	-0.05	-0.07	0.03	0.00	0.18	0.15	0.08	-0.02	0.02	0.05	-0.03	-0.09	-0.04	-0.02	0.11	0.06	0.07	1.00
(aa)	-0.05	-0.01	-0.06	0.10	0.09	0.11	0.00	0.02	0.07	0.05	-0.06	-0.12	-0.05	0.02	0.10	0.27	0.11	0.01	-0.03	-0.02	-0.02	0.11	-0.09	-0.03	-0.09	-0.46

$N = 32{,}884$. Column and row headings correspond with variable list presented in Table 5.12

Table 5.16 Foreign direct investment dataset correlation matrix, explanatory variables

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)
(a)	1.00																								
(b)	0.41	1.00																							
(c)	-0.01	0.27	1.00																						
(d)	-0.08	0.33	0.97	1.00																					
(e)	0.12	0.14	0.92	0.80	1.00																				
(f)	0.05	-0.04	-0.11	-0.11	-0.10	1.00																			
(g)	0.08	0.00	-0.04	-0.07	0.01	-0.17	1.00																		
(h)	0.07	0.20	0.19	0.16	0.20	-0.06	0.08	1.00																	
(i)	0.04	0.14	0.04	0.05	0.02	-0.01	0.09	0.32	1.00																
(j)	0.00	-0.06	-0.12	-0.11	-0.13	0.03	-0.03	-0.17	-0.17	1.00															
(k)	0.01	-0.03	-0.09	-0.08	-0.09	0.03	-0.01	-0.07	-0.03	0.03	1.00														
(l)	-0.01	-0.02	-0.04	-0.03	-0.04	0.00	0.00	-0.02	-0.02	0.01	-0.28	1.00													
(m)	-0.03	-0.02	0.04	0.04	0.03	-0.03	-0.01	0.01	0.00	0.00	-0.25	-0.23	1.00												
(n)	0.00	0.03	0.09	0.08	0.08	-0.03	0.01	0.07	0.03	-0.03	-0.20	-0.19	-0.17	1.00											
(o)	-0.01	0.08	0.13	0.12	0.13	-0.03	0.01	0.10	0.04	-0.04	-0.18	-0.17	-0.15	-0.12	1.00										
(p)	0.01	0.02	0.06	0.06	0.05	0.00	-0.01	0.02	0.01	-0.04	0.00	0.02	0.01	-0.01	-0.01	1.00									
(q)	-0.05	-0.15	-0.05	-0.06	-0.04	0.03	0.01	-0.05	-0.04	-0.01	-0.02	0.00	0.03	0.00	-0.01	-0.01	1.00								
(r)	0.01	0.09	0.06	0.06	0.05	-0.03	-0.01	-0.02	-0.03	0.01	-0.01	0.00	-0.02	-0.02	-0.03	0.00	-0.30	1.00							
(s)	-0.02	0.06	0.07	0.08	0.06	-0.02	-0.03	0.02	0.03	0.01	0.03	-0.03	-0.04	-0.04	-0.04	0.00	-0.32	-0.23	1.00						
(t)	0.01	0.14	0.15	0.15	0.14	-0.04	-0.03	0.09	0.05	0.00	0.08	0.03	-0.01	-0.01	-0.03	-0.03	-0.29	-0.21	-0.22	1.00					
(u)	0.03	0.04	-0.01	-0.01	-0.01	0.01	0.02	0.04	0.04	-0.03	-0.16	-0.16	-0.10	0.09	0.35	0.28	0.03	-0.02	-0.02	-0.12	1.00				
(v)	-0.03	-0.05	0.02	0.02	0.01	-0.02	-0.04	-0.05	-0.07	0.04	0.12	0.17	0.12	-0.05	-0.28	-0.25	-0.04	0.02	0.01	0.12	-0.82	1.00			
(w)	-0.05	-0.09	-0.06	-0.06	-0.05	-0.02	-0.01	-0.03	-0.03	0.01	0.03	0.03	-0.01	-0.01	-0.03	-0.02	0.07	0.01	-0.04	-0.07	-0.04	0.05	1.00		
(x)	0.00	-0.05	-0.04	-0.04	-0.03	0.01	-0.02	-0.02	-0.02	0.06	0.02	0.02	0.03	-0.01	-0.08	-0.04	-0.09	-0.01	0.07	0.15	-0.09	0.13	-0.41	1.00	
(y)	-0.02	-0.07	-0.12	-0.11	-0.12	-0.01	-0.01	-0.06	-0.07	0.03	0.00	0.18	0.15	0.08	-0.02	0.02	0.07	-0.03	-0.09	-0.05	-0.02	0.11	0.07	0.06	1.00
(z)	-0.02	0.03	0.11	0.10	0.11	-0.01	0.02	0.07	0.05	-0.06	-0.12	-0.05	0.01	0.11	0.26	0.11	0.01	-0.03	-0.02	-0.02	0.11	-0.10	-0.03	-0.08	-0.47

$N = 26{,}861$. Column and row headings correspond with variable list presented in Table 5.13

Descriptive Statistics

See Tables 5.11, 5.12, 5.13.

Correlation Matrices

See Tables 5.14, 5.15 and 5.16.

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PART III

The Influences of Cultural Distance on Public Opinion Toward Aspects of Economic Globalization

CHAPTER 6

Lessons from Six European Host Countries: Does Cultural Distance Influence Opinions on Immigration?

In this chapter, we begin the presentation of our empirical analysis of the potential influences of cultural differences on public opinion of various facets of globalization. Specifically, we employ the empirical specification and estimation strategy that are presented in Chap. 5 to consider how cultural differences between survey respondents' countries of residence and both the source countries of their immigrant populations and the host countries of emigrants from their countries of residence may influence responses to a set of four survey questions about immigrants and immigration.

A relatively large literature exists on the determinants of public opinion toward immigration and immigration policy. These works have been focused at either the individual level or at the country level when seeking to identify the determinants of public opinion. The individual-level studies have generally centered on the economic conditions and the cultural context that may influence one's views of immigrants and/or immigration and on the demographic attributes of the individuals whose opinions are being considered. To the contrary, the country-level studies have generally emphasized economic factors that are represented by aggregate data measures such as levels of GDP and/or GDP per capita, unemployment rates, and/or the immigrant stock as a share of the host country population.

As both individual- and country-level studies have considered economic factors when examining public opinion toward immigration, we first discuss these potential determinants. The economic factors

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considered in prior studies commonly represent the perceived benefits and costs of immigration that are believed to be realized by the residents of the immigrants' host country. Often, as one may anticipate, these expected benefits and costs are related to views of the potential labor market consequences of immigration. Not surprisingly, a number of studies have found that individuals who lack economic security are more likely to hold negative views toward immigrants and/or toward the relaxation of restrictions on immigration (Dustmann and Preston 2006; Mayda 2006; O'Rourke and Sinnott 2006).

Consistent with the theoretical intuition that was introduced when the Specific Factors model was presented in Chap. 3, individuals who possess greater levels of human capital often express more positive opinions of immigrants than do low- or semi-skilled individuals since immigrants, who are often lesser-skilled relative to the native-born population, are less likely to compete directly with them in the labor market (Wilson 2001; Mayda 2006; O'Connell 2011). This makes intuitive sense as it aligns with the notion that individuals may worry about their economic security and those among the native-born who possess limited skill sets, if comparable to the skill sets of immigrants, would be more likely to face competition from them. It is important to note, however, that survey respondents' opinions of immigrants, and of immigration more generally, are likely influenced by additional factors that may be related to economic aspects (e.g., social services provision, taxes, etc.) or to non-economic aspects (Dustmann and Preston 2006; Facchini and Mayda 2012). In fact, the results from a number of prior studies suggest that economic factors, while often significant determinants of public opinion, are not the primary or most important determinants of public opinion toward immigration (Facchini et al. 2011; Ford 2011; Hainmueller and Hiscox 2010; Sides and Citrin 2007).

An important non-economic factor that may affect individuals' opinions of immigrants and that is certainly of relevance to the work presented here is the cultural context. This has been accounted for in prior studies of public opinion toward immigration through the inclusion of variables that seek to represent culture and through the addition of control variables that represent the demographic characteristics of survey respondents. Among the demographic characteristics that prior studies have considered are educational attainment, the age of survey respondents, their gender, their location/place of residency, and their political affiliation and/or ideology.

Educational attainment appears to be one of the most important demographic factors, and a number of studies have found that education is a consistently significant determinant of public opinion (Citrin et al. 1997; Espenshade and Hempstead 1996). Manevska and Achterberg (2011), however, argue that education is representative of both cultural capital and human capital. Thus, the common finding that more educated survey respondents are more likely to express positive opinions of immigrants can be explained both because more educated individuals are less-likely than their lesser-educated counterparts to face labor market competition from immigrants (Mayda 2006), and it is possible that more educated individuals are more accepting of cultural differences, more tolerant toward others, and more appreciative of cultural diversity in general (Manevska and Achterberg 2011; Sides and Citrin 2008; Hainmueller and Hiscox 2007).

Scheve and Slaughter (2001) report that age and gender have often been found to influence public opinion toward immigration but that the extent of the influence is typically rather small. Older survey respondents are generally found to be more likely to express a negative opinion of immigrants/immigration as compared to their younger counterparts (Ford 2012; Mayda 2006; Hainmueller and Hiscox 2007; Dustmann and Preston 2006; Card et al. 2005; Citrin et al. 1997).[1] Similarly, women have typically been found more likely than men to hold negative views of immigrants (Francois and Magni-Berton 2013; Mayda 2006; O'Rourke and Sinnott 2006); however, this finding is not universal. For example, an exception is the work of Dandy and Pe-Pua (2010) who, in their study of public opinion in three Australian states, found that men were more likely than women to express a negative view of immigrants. An additional factor that is often included in empirical models of public opinion is labor market status (e.g., whether the respondent is employed, is unemployed, or is not in the labor force). Although a number of studies (e.g., Paas and Halapuu 2012; Kehrberg 2007; Fetzer 2000) have found that labor market status is unrelated to individuals' opinions toward immigration, we control for this characteristic nonetheless.

Lastly, as noted, several studies have included variables to explicitly control for the culture of survey respondents' countries of residence. Chandler and Tsai (2001), for example, report that perceived threats to the culture of survey respondents' countries of residence are negatively related to views on immigration. Citrin et al. (1997) and Sides and Citrin (2007) report similar findings, while O'Rourke and Sinnott (2006) find

that nationalist sentiment corresponds with negative opinions of immigrants and immigration. Somewhat similarly, Schildkraut (2003) suggests that language is a symbol of culture and that individuals who support the notion of the English language as being representative of the national identity of Americans are more likely to express negative opinions of immigrants. Echoing this finding, Hainmueller and Hopkins (2014) also find that many Americans hold negative views of immigrants who are unable to speak English.

While there is general consensus in the literature that the determinants of public opinion toward immigration likely include economic factors and non-economic factors such as demographic attributes and measures of respondents' cultures and cross-societal cultural differences, consensus is lacking on which factors are most important in determining opinions of immigration. A number of studies emphasize the importance of non-economic factors, including culture (e.g., Citrin et al. 1997; Burns and Gimpel 2000; Hainmueller and Hiscox 2007), while several others have presented ample evidence that economic factors influence public opinion on immigration (Kessler 2001; Scheve and Slaughter 2001; Mayda 2006; Facchini and Mayda 2012). Accordingly, we proceed with our examination, mindful that to an extent the work presented here is an exploration and treating the relationship between public opinion and cultural differences as an open empirical question.

6.1 The Influences of Cultural Differences on Preferred Levels of Immigration

Table 6.1 presents the results from a series of estimations that seek to determine the relationships that exist between survey respondents' preferred levels of immigration to their countries of residence and the cultural differences between their countries of residence and the respective source countries of their existing immigrant populations and the destination countries of emigrants from their countries. More specifically, survey respondents were asked the following question:

> In your opinion, should we allow more immigrants to move to our country, fewer immigrants, or about the same as we do now?

We use both the ordered logit and the binomial logit estimation techniques, as appropriate, when examining this question. For the ordered

logit, we have categorized the three possible responses of more immigrants, about the same number, and fewer immigrants in descending order. Results are presented in column (a) of Table 6.1. We also dichotomize the three responses such that we create three additional dependent variable series where the variables take the value of one if the respondent indicates a preference for more immigrants (see column (b) of the table), for about the same number of immigrants (column (c)), or fewer immigrants (column (d)) and, respectively, are equal to zero otherwise. For these estimations, the binomial logit technique is appropriate.

Our variable of primary interest is the Inglehart measure of cultural distance between the country of residence and the immigrants' respective home countries, weighted by the share of the existing immigrant stock in the survey respondents' country of residence that is accounted for by each home country. Beginning with the results from the ordered logit estimation (i.e., those reported in column (a)), we find the estimated coefficient of our variable of interest is negative and statistically significant from zero (−3.219). Thus, we can say that, all else held constant, the probability that the typical survey respondent will express a preference for more immigrants as compared to a level that is about the same as the current amount or a preference for about the same amount of immigrants as compared to fewer immigrants is lower if the cultural distance between the respondent's country of residence and the source countries of the existing immigrant stock is greater. In a few words, survey respondents appear to prefer fewer immigrants to their countries of residence if the current stock of immigrants are from countries that are culturally different from the respondents' country of residence.

Looking deeper into this particular question while using the binomial logit technique and our series of three dependent variables that identify preferences for more immigrants, about the same number, or fewer immigrants, we find similar results to those from the ordered logit estimation as well as additional detail regarding the relationship we are considering. Beginning with the results that are presented in column (b) of the table, the estimated coefficients of the variable that measures the Inglehart cultural distance weighted by the home countries of the existing immigrant stock is negative and statistically significant from zero (−3.5064). This indicates that, all else held constant, the preferences of survey respondents are such that greater cultural differences between the countries in which they live and the home countries of their existing immigrant stocks correspond with a reduced likelihood that they wish to see more

Table 6.1 In your opinion, should we allow more immigrants to move to our country, fewer immigrants, or about the same as we do now?

Estimation technique	*Ordered logit*	*Binomial logit*	*Binomial logit*	*Binomial logit*
	(a)	*(b)*	*(c)*	*(d)*
Cultural distance$_{ij}$, weighted by immigrant stock shares	−3.219*** (0.2688)	−3.5064*** (0.5897)	−2.3295*** (0.2729)	3.0703*** (0.2691)
Cultural distance$_{ij}$, weighted by emigrant stock shares	0.7931*** (0.0853)	1.6435*** (0.1581)	0.042 (0.0884)	−0.5977*** (0.0876)
RGDPC$_i$–RGDPC$_j$, weighted by immigrant stock shares	−2.4797*** (0.2859)	−0.8202 (0.6982)	−3.0053*** (0.2919)	2.7303*** (0.2862)
RGDPC$_i$–RGDPC$_j$, weighted by emigrant stock shares	2.71*** (0.2865)	1.435** (0.7101)	2.8821*** (0.2923)	−2.8478*** (0.2861)
Excluded group: respondents having a typical day				
Respondent is…having a good day	0.0066 (0.0749)	0.1983 (0.1312)	−0.0922 (0.0773)	0.0326 (0.077)
Respondent is…having a bad day	−0.1298 (0.1267)	0.2593 (0.2157)	−0.2987** (0.1287)	0.2037* (0.1237)
Excluded group: respondents identified as optimists or as neither optimistic nor pessimistic				
Respondent is…a pessimist	−0.0769 (0.0694)	−0.0375 (0.1195)	−0.0686 (0.0721)	0.0898 (0.0723)
Excluded group: generally satisfied respondents				
Respondent is…generally dissatisfied with way things are going in their country	−0.583*** (0.0711)	−0.2962** (0.1288)	−0.53*** (0.0747)	0.6327*** (0.075)
Excluded group: respondents who disagree that most people are better off in a free market economy				
Respondent…agrees that most people are better off in a free market economy	−0.0811 (0.0625)	−0.0216 (0.1189)	−0.0869 (0.0649)	0.0915 (0.0649)
Excluded group: respondents who are 18–34 years of age				
Respondent is…25–34 years of age	0.0217 (0.1355)	−0.2018 (0.2236)	0.1118 (0.1384)	−0.0482 (0.1382)
Respondent is…35–44 years of age	0.00,004 (0.1392)	−0.4087* (0.2419)	0.2382* (0.1421)	−0.0951 (0.1428)
Respondent is…45–54 years of age	0.0198 (0.1383)	−0.3291 (0.2398)	0.2107 (0.1418)	−0.0953 (0.1415)

(continued)

Table 6.1 (continued)

Estimation technique	*Ordered logit*	*Binomial logit*	*Binomial logit*	*Binomial logit*
	(a)	*(b)*	*(c)*	*(d)*
Respondent is…55–64 years of age	−0.0352	−0.5318**	0.2487*	−0.0656
	(0.1383)	(0.2422)	(0.1419)	(0.1422)
Respondent is…65 years of age or older	−0.1687	−0.6962***	0.1517	0.0687
	(0.1469)	(0.263)	(0.1503)	(0.1498)
Excluded group: male respondents				
Respondent is…female	−0.1616***	−0.5037***	0.0688	0.0945
	(0.0595)	(0.1084)	(0.0623)	(0.0621)
Excluded group: respondents who have completed fewer than 6 years of education				
Respondent has completed…6–12 years of education	−0.0962	0.1985	−0.1442	0.1165
	(0.1326)	(0.3317)	(0.1386)	(0.1374)
Respondent has completed…12 years of education	−0.1058	−0.0472	−0.0177	0.0805
	(0.1501)	(0.3631)	(0.1567)	(0.1563)
Respondent has completed…between 12 and 16 years of education	0.028	0.0775	0.0736	−0.0516
	(0.1313)	(0.3315)	(0.1371)	(0.1365)
Respondent has completed…16 or more years of education	0.5207***	0.9005***	0.1798	−0.4597***
	(0.1302)	(0.3229)	(0.1362)	(0.1354)
Excluded group: unemployed respondents				
Respondent is…not in the labor force	0.287**	0.2733	0.173	−0.2683**
	(0.1254)	(0.2425)	(0.1263)	(0.1253)
Respondent is…employed	0.1223	0.067	0.0933	−0.1201
	(0.1116)	(0.2157)	(0.1147)	(0.1133)
Excluded group: respondents who report relatively low income values				
Respondent…lives in a middle income household	0.2245***	0.0662	0.2252***	−0.2451***
	(0.0686)	(0.1345)	(0.0714)	(0.0714)
Respondent…lives in a high income household	0.4886***	0.587***	0.2138**	−0.4481***
	(0.083)	(0.1408)	(0.0862)	(0.0865)
Excluded group: respondents who have never been married				
Respondent is…married	−0.1852**	−0.1099	−0.1864**	0.2166**
	(0.0806)	(0.1451)	(0.0847)	(0.0855)
Respondent is…divorced, separated, or widowed	−0.2881***	0.0234	−0.3645***	0.3512***
	(0.1035)	(0.1932)	(0.1082)	(0.1078)
Constant		5.0819	9.9863***	−11.0389***
		(2.4399)	(1.0671)	(1.0506)

(continued)

Table 6.1 (continued)

Estimation technique	*Ordered logit*	*Binomial logit*	*Binomial logit*	*Binomial logit*
	(a)	*(b)*	*(c)*	*(d)*
/Cut 1	−10.7298			
	(1.0541)			
/Cut 2	−8.3172			
	(1.0509)			
N	4955	4955	4955	4955
Wald χ^2 statistic	561***	286***	285***	502***
Log pseudolikelihood	−4176	−1276	−3124	−3131
Count R^2	0.578	0.916	0.628	0.635
Pseudo R^2	0.0722	0.1099	0.046	0.0838

Column (a): Dependent variable is equal to three if response is "More", is equal to two if response is "About the same", and is equal to one if response is "Fewer"
Column (b): Dependent variable is equal to one if response is "More"; otherwise, it is equal to zero
Column (c): Dependent variable is equal to one if response is "About the same"; otherwise, it is equal to zero
Column (d): Dependent variable is equal to one if response is "Fewer"; otherwise, it is equal to zero
Robust standard errors in parentheses. "***", "**", and "*" indicate statistical significance from zero at the 1%, 5%, and 10% levels, respectively

immigrants enter their countries of residence. Likewise, the estimated coefficient of this variable that is presented in column (c) (−2.3295) indicates that, again all else held constant, survey respondents are less likely to indicate that they wish to see the number of immigrants remain about the same as the current level if their existing immigrant stocks are from countries that are more culturally distant from the respondents' countries of residence. Finally, in column (d), we find a positive estimated coefficient that is statistically significant from zero (3.0703). This coefficient estimate indicates that, all else equal, survey respondents who reside in countries where there are greater cultural differences between the source countries of the existing immigrant population and the respondents' countries of residence are more likely to indicate a preference for fewer immigrant arrivals.

Before considering the extent to which cultural differences affect the probabilities of specific preferences, it is important to also consider the estimated coefficients of the remaining control variables. Just as the Inglehart cultural distance variable is weighted by the existing immigrant stock, it is separately weighted by the country of residence's emigrant

stock. The notion is that emigration from a given survey respondent's country of residence to more culturally-dissimilar locales may lead those who remain in the respondent's country of residence to be more accepting of immigrants from culturally-distant home countries and, thus, more likely to express support for higher levels of immigration into the country of residence. Looking to the corresponding estimated coefficient that is presented in column (a) of Table 6.1, we find it is positive and statistically significant from zero (0.7931). Thus, the results suggest that emigration from the typical respondent's country of residence to countries that are more culturally different corresponds with a higher likelihood that the respondent will express a preference for more immigrants as compared to a level that is about the same as the current amount or a preference for about the same amount of immigrants as compared to fewer immigrants. Considering the coefficient estimates reported in columns (b) through (d) allows us to state the relationship in more specific terms. Namely, we find that emigration from the typical survey respondent's country of residence to more culturally-distant countries corresponds with a significantly higher likelihood that the respondent will express a preference for more immigrants as compared to the same amount or fewer immigrants and a significantly lower likelihood that the respondent will indicate a preference for fewer immigrants as compared to about the same amount or more immigrants.

An additional factor that is frequently offered as an explanation for negative opinions of immigrants and in opposition to the relaxation of restrictions that limit or hinder immigration is the difference in the levels of economic development between immigrants' home countries and the survey respondents' countries of residence. To consider this possibility, we have generated two variables. The first variable is the proportional difference in levels of real GDP per capita (i.e., average incomes) between the respondents' countries of residence and the source countries of their existing immigrant stocks weighted by each source country's share of the total immigrant stock in the respondent's country of residence. The second variable is the proportional difference in average income, again between the countries of residence and the destination countries of the current emigrant stocks, weighted by the emigrant stock shares.

Focusing first on the results presented in column (a), we see that survey respondents who reside in countries where the existing immigrant stock is typically from countries that have low levels of average income

relative to the respondents' countries of residence are less likely to express a preference for more immigrants as compared to keeping the level about the same as it currently is or to express a preference for about the same level of immigrants as compared to fewer immigrants. Based on the estimated coefficients that are reported in columns (b) through (d), we can say that survey respondents who live in countries where the immigrant stock is typically from countries that have low levels of average income relative to the respondents' countries of residence are not significantly more or less likely to express a preference for more immigrants but are significantly less likely to prefer about the same number as the current level of immigrants and are significantly more likely to indicate a preference for fewer immigrants.

Turning attention to the variable that represents the proportional difference in average incomes between the survey respondents' countries of residence and the destination countries of the current emigrant stocks, weighted by the emigrant stock shares, we see (in column (a)) a coefficient that is positive and statistically significant from zero (i.e., 2.71). Thus, given a greater difference in the levels of economic development between a survey respondent's country of residence and the destination countries of its emigrants, all else held constant, the typical respondent is more likely to prefer more immigrants as compared to keeping the level at its current level and to express a preference for about the same level of immigrants as compared to fewer immigrants. This relationship is echoed by the results of the binomial logit estimations, specifically the three statistically significant estimated coefficients that are presented in columns (b) through (d).

The estimated coefficients for the remaining explanatory variables provide additional interesting information. Controlling for the general mood of respondents at the time they answer the survey questions, we find that respondents who report that they are having a bad day, as compared to those who are having a typical day, are significantly less likely to express a preference for keeping the level of immigration at the current level and are significantly more likely to prefer a reduction in the number of immigrant arrivals. Similarly, we find that respondents who indicate they are generally dissatisfied with how things are going in their country of residence are significantly more likely to express a preference for fewer immigrants and, correspondingly, are significantly less likely to prefer holding the level of immigrant arrivals at its present level or to increase the number of immigrants.

When we look at demographic attributes of the survey respondents we find that, relative to younger respondents (i.e., those who are 18–34 years of age), respondents who are 35–44 years of age and those aged 55 years and older are significantly less likely to express a preference for more immigrants. The 35–44 year olds and those 55–64 years of age are also significantly more likely to indicate a preference for keeping the inflow of immigrants at the present level. Female respondents are significantly less likely than their male counterparts to express a preference for more immigrants as compared to a level that is about the same as the current amount and are less likely to prefer about the same amount of immigrants as compared to fewer immigrants. Those respondents who have completed 16 or more years of education (i.e., the equivalent of a 4-year college education) are significantly more likely to prefer more immigrants as compared to holding the level at about the same as the current level and are more likely to prefer about the same number of immigrants as compared to fewer immigrant arrivals. Finally, respondents who are married or are divorced, separated, or widowed are significantly less likely than respondents who are single to prefer more immigrant arrivals as compared to the current level and are less likely to prefer a level of immigrants that is about the same as the current amount as compared to fewer immigrant arrivals.

Respondents who are not in the labor force are significantly more likely than unemployed respondents to express a preference for more immigrants as compared to a level that is about the same as the current amount or a preference for about the same amount of immigrants as compared to fewer immigrants. They are also significantly less likely to indicate a preference for fewer immigrants. Lastly, as compared to respondents who live in low-income households, those who live in middle- or high-income households are significantly more likely to express a preference for more immigrants as compared to a level that is about the same as the current amount or to prefer about the same number of immigrants as compared to fewer immigrants. We also see that individuals who live in middle- or high-income households are significantly less likely to indicate a preference for fewer immigrants (column (d)) and are significantly more likely to hold a preference for keeping the number of immigrants at about the current level (column (c)).

To gain a sense of the extent to which cultural differences influence public opinion of the level of immigration, Panel A of Table 6.2 provides the observed response frequencies, by country and for the full cohort,

Table 6.2 Observed and predicted probabilities and changes in predicted response frequencies

Panel A: Observed and predicted response frequencies

Observed response frequencies…				*Predicted response frequencies…*		
Survey country	*More*	*About the same*	*Fewer*	*More*	*About the same*	*Fewer*
France	0.0362	0.4354	0.5284	0.0502	0.3209	0.6288
Germany	0.1801	0.4246	0.3953	0.1301	0.4953	0.3746
Italy	0.0272	0.1514	0.8215	0.0223	0.1805	0.7972
Poland	0.1039	0.4608	0.4352	0.0986	0.4511	0.4503
Spain	0.1062	0.4064	0.4874	0.0942	0.4431	0.4626
United Kingdom	0.0561	0.3512	0.5927	0.0755	0.4014	0.5231
Overall	0.0734	0.3362	0.5904	0.069	0.3836	0.5474

Panel B: Estimated response frequencies at ∓1/2 standard deviation from the mean values of the cultural distance variables…

Estimated at −1/2 standard deviation from mean values…				*Estimated at +1/2 standard deviation from mean values*		
Survey country	*More*	*About the same*	*Fewer*	*More*	*About the same*	*Fewer*
France	0.0611	0.3598	0.579	0.0178	0.1503	0.8319
Germany	0.1555	0.5172	0.3272	0.0487	0.315	0.6363
Italy	0.0273	0.2113	0.7614	0.0077	0.0724	0.9199
Poland	0.1187	0.4818	0.3995	0.0361	0.2586	0.7053
Spain	0.1136	0.475	0.4114	0.0344	0.2501	0.7155
United Kingdom	0.0914	0.4375	0.4711	0.0272	0.2107	0.7621
Overall	0.0836	0.421	0.4954	0.0247	0.1959	0.7794

Panel C: Predicted changes in the estimated response frequencies, given ∓1/2 standard deviation from the mean values of the cultural distance variables…

Survey country	Δ *More*	Δ *About the same*	Δ *Fewer*
France	−0.0433	−0.2095	0.2529
Germany	−0.1068	−0.2022	0.3091
Italy	−0.0196	−0.1389	0.1585
Poland	−0.0826	−0.2232	0.3058
Spain	−0.0792	−0.2249	0.3041

(continued)

Table 6.2 (continued)

Panel C: Predicted changes in the estimated response frequencies, given ∓1/2 standard deviation from the mean values of the cultural distance variables…

Survey country	Δ *More*	Δ *About the same*	Δ *Fewer*
United Kingdom	−0.0642	−0.2268	0.291
Overall	−0.0589	−0.2251	0.284

Predicted response frequencies in Panel A are estimated using the estimated coefficients presented in column (a) of Table 6.1 and the corresponding mean values of the corresponding explanatory variables for each country or for the full sample, as appropriate. The predicted response frequencies reported in Panel B are estimated similarly with the sole difference being that one unit has been added to the corresponding mean values for the "Cultural Distance$_{ij}$, weighted by Immigrant Stock Shares" and "RGDPC$_i$–RGDPC$_j$, weighted by Immigrant Stock Shares" variables. Lastly, the changes noted on the right side of Panel B are the differences between the values presented on the left side of Panel B less the corresponding value presented on the right side of Panel A

and the response frequencies that are predicted using the estimated coefficients in column (a) of Table 6.1 and the mean values of the corresponding explanatory variables. Panel B of the table presents predicted response frequencies that are again calculated using the coefficient estimates from column (a) of Table 6.1 but now allowing the values of the explanatory variables to vary from one-half a standard deviation below the corresponding mean value to one-half a standard deviation above the mean value. Finally, Panel C of the table presents the changes in the predicted response frequencies due to the one standard deviation changes in the value of the cultural distance variables.

Comparing the predicted response frequencies to the observed frequencies, we see considerable similarities. For the full sample, the model predicts a higher share of responses to indicate a preference for holding the number of immigrant arrivals at the current level (i.e., a predicted value of 38.36% as compared to an observed value of 33.62%). It also predicts a smaller share of responses that favor fewer immigrant arrivals (54.74%) relative to the observed frequency (59.04%). However, the predicted share of respondents who prefer more immigrants (6.9%) is quite similar to the corresponding observed value (7.34%).

The country-specific observed and predicted response frequencies reveal additional interesting information. Specifically, a majority of survey respondents in three of the six countries (i.e., France, Italy, and the UK) and a plurality of respondents in Spain indicate a preference for fewer

immigrants rather than more immigrants or holding immigration at the current level. In Germany and Poland, pluralities indicate a preference for keeping the number of immigrant arrivals at about the current level; however, in both of these countries, near-pluralities indicate a preference for fewer immigrants. The predicted response frequencies largely mirror, with some expected variation, the observed values.

Allowing for a one standard deviation change about the mean values of the cultural distance variables, while holding all else constant, we find that the overall predicted probability that a given survey respondent will indicate a preference for more immigrant arrivals declines by 5.89%. Further, the predicted probability that the respondent will prefer keeping the number of immigrant arrivals at about the current level decreases by 22.51%. Accordingly, the predicted probability that the respondent will hold a preference for fewer immigrant arrivals rises by 28.4%. When we look across individual countries, we see variation in the predicted changes. For example, the decrease in the predicted probability that a given survey respondent will prefer more immigrants ranges from as low as 1.96% in Italy to 10.68% in Germany. Similarly, the increase in the predicted probability that a given respondent will prefer fewer immigrants ranges from as low as 15.85% in Italy to 30.91% in Germany.

Having established a statistical relationship between cross-societal cultural differences and opinions of the preferred level of immigration, we can now explore what factors may underlie the observed and predicted opposition to immigration. In the next section, we extend our analysis to consider survey respondents' views on whether immigrants represent a burden to their societies, whether immigrants are more to blame for crime as compared to the native-born, and whether immigrants wish to assimilate to the culture and society of their host countries.

6.2 Considering Public Opinion on Other Aspects of Immigration

To look a bit deeper in hopes that we may gain some insights into what underlies the opposition to immigration that is indicated by some survey responses and to understand why cultural differences are a statistically significant factor in determining opinions of immigration, we examine responses to three survey questions. All three questions were prefaced by the following statement: "*Here are some pairs of statements. Please tell*

me whether the FIRST statement or the SECOND statement comes closer to your own views – even if neither is exactly right…"

The first of the three pairs of statements was:

Statement #1: "*Immigrants today make our country stronger because of their hard work and talents.*" [OR]
Statement #2: "*Immigrants today are a burden on our country because they take our jobs and social benefits.*"

To examine the determinants of public opinion on this issue, we begin with the results that are presented in column (a) of Table 6.3. The dependent variable series for this estimation takes one of three values. The variable is equal to three if a survey respondent indicates, in response to Question 1 above, that Statement #2 comes closer to her/his views. It is equal to two if the respondent reports that neither statement reflects her/his views or that they both equally reflect her/his views. And the variable is equal to one if the respondent indicates that Statement #1 comes closer to her/his views. Thus, the ordered logit estimation technique is used in this case.

Focusing on the estimated coefficient of our variable of primary interest (i.e., the Inglehart measure of cultural distance weighted by the existing immigrant stock in the survey respondents' country of residence), we see that it is positive and statistically significant from zero (i.e., 2.2966). Thus, we can say that, all else held constant, the typical survey respondent is more likely to believe that immigrants are a burden to their country of residence and that immigrants take jobs and social benefits from the native-born than to believe that immigrants strengthen their country of residence or are equally burdensome and strengthening if the immigrant stock is, collectively, from more culturally-distant source countries. Looking to the influence of the relative cultural distance of a country of residence's emigrant stock, we find a pattern of coefficient signs and statistical significance that indicates the typical survey respondent is significantly less likely to view immigrants as a burden to their society and are significantly more likely to believe that immigrants strengthen their country of residence if emigrants from their country reside in more culturally-different locales.

The second of the three pairs of statements elicited respondents' opinions on the topic of immigrants and crime in the respondents' countries of residence:

Table 6.3 Please tell me whether the FIRST statement or the SECOND statement comes closer to your own views—even if neither is exactly right… Immigrants today make our country stronger because of their work and talents [OR] Immigrants today are a burden on our country because they take our jobs and social benefits

Estimation technique: Binomial logit				
Estimation technique	*Ordered logit*	*Binomial logit*	*Binomial logit*	*Binomial logit*
	(a)	*(b)*	*(c)*	*(d)*
Cultural distance$_{ij}$, weighted by immigrant stock shares	2.2966*** (0.2554)	2.0132*** (0.2678)	2.1596*** (0.5425)	−2.8546*** (0.2782)
Cultural distance$_{ij}$, weighted by emigrant stock shares	−0.6855*** (0.0926)	−0.6186*** (0.0936)	−0.481** (0.2144)	0.6888*** (0.0918)
RGDPC$_i$–RGDPC$_j$, weighted by immigrant stock shares	1.4723*** (0.2652)	1.2955*** (0.2821)	1.5927*** (0.5183)	−2.0886*** (0.2998)
RGDPC$_i$–RGDPC$_j$, weighted by emigrant stock shares	−2.3216*** (0.2615)	−2.0104*** (0.2792)	−2.569*** (0.5066)	3.0744*** (0.2981)
Excluded group: respondents having a typical day				
Respondent is… having a good day	−0.0402 (0.0756)	−0.0328 (0.0773)	−0.1062 (0.1565)	0.0657 (0.0782)
Respondent is… having a bad day	0.3835*** (0.1203)	0.3966*** (0.1202)	−0.3931 (0.2794)	−0.332*** (0.1248)
Excluded group: respondents identified as optimists or as neither optimistic nor pessimistic				
Respondent is…a pessimist	0.1914*** (0.0716)	0.1892** (0.0742)	0.0663 (0.1416)	−0.2127*** (0.0749)
Excluded group: generally satisfied respondents				
Respondent is… generally dissatisfied with way things are going in their country	0.6537*** (0.0744)	0.6754*** (0.0771)	−0.0854 (0.1526)	−0.6531*** (0.077)
Excluded group: respondents who disagree that most people are better off in a free market economy				
Respondent…agrees that most people are better off in a free market economy	−0.0051 (0.0644)	−0.0121 (0.0663)	−0.0172 (0.1254)	0.0194 (0.0674)
Excluded group: respondents who are 18–34 years of age				
Respondent is… 25–34 years of age	−0.1992 (0.1391)	−0.2277 (0.1422)	0.3373 (0.2876)	0.147 (0.1432)

(continued)

Table 6.3 (continued)

Estimation technique: Binomial logit				
Estimation technique	*Ordered logit*	*Binomial logit*	*Binomial logit*	*Binomial logit*
	(a)	*(b)*	*(c)*	*(d)*
Respondent is… 35–44 years of age	−0.1749 (0.1435)	−0.2529* (0.1466)	0.5763** (0.2907)	0.103 (0.1484)
Respondent is…45–54 years of age	−0.2468* (0.1439)	−0.2993** (0.1457)	0.4858* (0.2934)	0.1787 (0.1472)
Respondent is…55–64 years of age	−0.3433** (0.1434)	−0.3964*** (0.1457)	0.4916* (0.294)	0.2799* (0.1468)
Respondent is…65 years of age or older	−0.2419 (0.1508)	−0.3147** (0.1531)	0.619** (0.307)	0.1658 (0.1546)
Excluded group: male respondents				
Respondent is… female	0.0549 (0.0619)	0.0516 (0.0636)	0.1111 (0.1193)	−0.0825 (0.0648)
Excluded group: respondents who have completed fewer than 6 years of education				
Respondent has completed…6–12 years of education	0.0181 (0.1382)	−0.0271 (0.136)	0.5304 (0.3504)	−0.0608 (0.1396)
Respondent has completed…12 years of education	−0.1222 (0.1597)	−0.1573 (0.1582)	0.6795* (0.3763)	0.0499 (0.1621)
Respondent has completed…between 12 and 16 years of education	−0.28** (0.1368)	−0.3646*** (0.1351)	1.0958*** (0.3369)	0.1409 (0.138)
Respondent has completed…16 or more years of education	−0.7516*** (0.1371)	−0.816*** (0.135)	0.8829*** (0.3396)	0.6589*** (0.1369)
Excluded group: unemployed respondents				
Respondent is…not in the labor force	−0.4801*** (0.1253)	−0.4756*** (0.1277)	0.0065 (0.2548)	0.5067*** (0.1305)
Respondent is… employed	−0.4226*** (0.1132)	−0.4406*** (0.1152)	0.0686 (0.2237)	0.4515*** (0.1178)
Excluded group: respondents who report relatively low income values				
Respondent…lives in a middle income household	−0.1405** (0.0704)	−0.136* (0.0719)	−0.0881 (0.1424)	0.1638** (0.0737)
Respondent…lives in a high income household	−0.4493*** (0.0853)	−0.4502*** (0.0891)	−0.0162 (0.1666)	0.4558*** (0.0891)
Excluded group: respondents who have never been married				
Respondent is… married	0.307*** (0.0871)	0.3335*** (0.0894)	−0.2639* (0.1576)	−0.267*** (0.0899)

(continued)

Table 6.3 (continued)

Estimation technique: Binomial logit				
Estimation technique	*Ordered logit*	*Binomial logit*	*Binomial logit*	*Binomial logit*
	(a)	*(b)*	*(c)*	*(d)*
Respondent is… divorced, separated, or widowed	0.4371*** (0.1091)	0.4338*** (0.1123)	0.0666 (0.1973)	−0.4565*** (0.1124)
Constant		−5.9164*** (1.0335)	−11.1994*** (1.9928)	9.1184*** (1.0937)
/Cut 1	6.632 (0.9836)			
/Cut 2	6.9319 (0.9829)			
N	4873	4873	4873	4873
Wald χ^2 statistic	716***	600***	108***	707***
Log pseudolikelihood	−3910	−3020	−1098	−2935
Count R^2	0.636	0.655	0.936	0.673
Pseudo R^2	0.0946	0.1039	0.0509	0.1279

Column (a): Dependent variable is equal to three if response is "Statement #2" (i.e., immigrants are a burden), is equal to two if response is "Neither/both equally", and is equal to one if response is "Statement #1" (i.e., immigrants make country stronger)
Column (b): Dependent variable is equal to one if response is "Statement #2" (i.e., a burden); otherwise, it is equal to zero
Column (c): Dependent variable is equal to one if response is "Neither/both equally"; otherwise, it is equal to zero
Column (d): Dependent variable is equal to one if response is "Statement #1" (i.e., make country stronger); otherwise, it is equal to zero
Robust standard errors in parentheses. "***", "**", and "*" indicate statistical significance from zero at the 1%, 5%, and 10% levels, respectively

Statement #1: "*Immigrants in our country today are more to blame for crime than other groups.*" [OR]
Statement #2: "*Immigrants in our country today are no more likely to blame for crime than other groups.*"

In addition to the responses of immigrants are more to blame for crime (i.e., Statement #1) and immigrants are no more to blame for crime (i.e., Statement #2), the data also includes a third category that identifies volunteered responses of neither more or no more to blame than other groups or equally to blame as other groups. Thus, the data represent three separate possible responses.

We order the responses such that the dependent variable series takes a value of three if a respondent indicates that Statement #1 best corresponds with their views, a value of two if a respondent answers that they believe immigrants are neither more nor less to blame than other groups (i.e., are equally culpable), and is equal to one if Statement #2 best represents their views. This allows application of the ordered logit estimation technique. The corresponding estimation results are presented in column (a) of Table 6.4.

Again focusing on the variables that are related to the cultural distance between the survey respondents' countries of residence and the home and destination countries, respectively, of the existing immigrant and emigrant stocks, we find results that are, to a degree, contrary to what has been reported so far. First, focusing on the estimated coefficient for the Inglehart measure of cultural distance weighted by the existing immigrant stock in the survey respondents' country of residence (column (a)), we see that it is positive and statistically significant from zero (i.e., 1.5212). Based on the coefficient estimate, we can say that, all else held constant, the typical survey respondent is more likely to believe that immigrants are more to blame for crime than are other groups (i.e., the native-born). When estimating our battery of binomial logit estimations to potentially glean additional insights, we find that the typical survey respondent is significantly more likely to indicate a belief that immigrants are more to blame for crime in their countries of residence (column (b)), are significantly more likely to express the opinion that immigrants and the native-born affect crime rates/incidence equally (column (c)), and are significantly less likely to report that they believe immigrants are no more to blame for crime than other groups (column (d)). These findings are largely consistent with the results that are presented earlier in this section.

Looking to the potential influence of the relative cultural distance of a country's emigrant stock, we find a pattern of coefficient signs and statistical significance that is contrary to the results presented earlier in this section. Specifically, given an emigrant stock that is typically located in countries that are more culturally different from the survey respondents' countries of residence, the typical respondent is significantly more likely to express the view that immigrants are more to blame for crime than are other groups. It is noteworthy, however, that the magnitudes of the coefficients related to the cultural distance of the emigrant stock are smaller than those of the coefficients that are related to the cultural

Table 6.4 Please tell me whether the FIRST statement or the SECOND statement comes closer to your own views—even if neither is exactly right… Immigrants in our country today are more to blame for crime than other groups [OR] Immigrants in our country today are no more likely to blame for crime than other groups

Estimation technique	*Ordered logit*	*Binomial logit*	*Binomial logit*	*Binomial logit*
	(a)	*(b)*	*(c)*	*(d)*
Cultural distance$_{ij}$, weighted by immigrant stock shares	1.5212*** (0.2525)	1.0879*** (0.2712)	2.9429*** (0.6239)	−1.991*** (0.2675)
Cultural distance$_{ij}$, weighted by emigrant stock shares	0.8703*** (0.0941)	0.8324*** (0.0917)	0.2405 (0.4015)	−0.8326*** (0.0911)
RGDPC$_i$–RGDPC$_j$, weighted by immigrant stock shares	3.707*** (0.2491)	3.0972*** (0.2713)	5.5509*** (0.7842)	−4.2735*** (0.2727)
RGDPC$_i$–*RGDPC$_j$*, weighted by emigrant stock shares	−3.1437*** (0.2453)	−2.3849*** (0.2696)	−6.8015*** (0.7126)	3.8131*** (0.271)
Excluded group: respondents having a typical day				
Respondent is…having a good day	0.0467 (0.0775)	0.0648 (0.0796)	−0.1009 (0.1982)	−0.0388 (0.0783)
Respondent is…having a bad day	0.015 (0.1246)	0.0681 (0.1263)	−0.4915 (0.321)	0.0158 (0.1261)
Excluded group: respondents identified as optimists or as neither optimistic nor pessimistic				
Respondent is…a pessimist	0.0991 (0.074)	0.0903 (0.0767)	0.125 (0.1821)	−0.1075 (0.0753)
Excluded group: generally satisfied respondents				
Respondent is…generally dissatisfied with way things are going in their country	0.2963*** (0.0796)	0.273*** (0.0817)	0.3204 (0.223)	−0.3004*** (0.0796)
Excluded group: respondents who disagree that most people are better off in a free market economy				
Respondent…agrees that most people are better off in a free market economy	0.1167* (0.065)	0.1364** (0.0683)	−0.1719 (0.1466)	−0.0944 (0.0667)
Excluded group: respondents who are 18–34 years of age				
Respondent is…25–34 years of age	0.0791 (0.1441)	0.0811 (0.1498)	−0.1405 (0.3301)	−0.0544 (0.1458)
Respondent is…35–44 years of age	0.0749 (0.1489)	0.026 (0.1562)	0.3113 (0.3319)	−0.0905 (0.1509)

(continued)

Table 6.4 (continued)

Estimation technique	*Ordered logit*	*Binomial logit*	*Binomial logit*	*Binomial logit*
	(a)	*(b)*	*(c)*	*(d)*
Respondent is…45–54 years of age	−0.0341	−0.0595	0.1358	0.0266
	(0.1509)	(0.1565)	(0.335)	(0.1516)
Respondent is…55–64 years of age	0.0707	0.001	0.5326	−0.1176
	(0.1489)	(0.1556)	(0.3314)	(0.1506)
Respondent is…65 years of age or older	0.3235**	0.2941*	0.1086	−0.3299**
	(0.1573)	(0.1622)	(0.3659)	(0.1589)
Excluded group: male respondents				
Respondent is…female	−0.2103***	−0.2281***	0.0712	0.207***
	(0.0627)	(0.0651)	(0.1451)	(0.064)
Excluded group: respondents who have completed fewer than 6 years of education				
Respondent has completed…6–12 years of education	−0.0285	0.0214	−0.4786	0.0709
	(0.1297)	(0.1366)	(0.3039)	(0.1354)
Respondent has completed…12 years of education	0.0621	0.1193	−0.4415	−0.0273
	(0.1545)	(0.1608)	(0.3847)	(0.1582)
Respondent has completed…between 12 and 16 years of education	−0.1255	−0.1209	−0.1477	0.1362
	(0.1296)	(0.1372)	(0.3033)	(0.1356)
Respondent has completed…16 or more years of education	−0.2627**	−0.2038	−0.6302*	0.2953**
	(0.1315)	(0.1373)	(0.3276)	(0.1355)
Excluded group: unemployed respondents				
Respondent is…not in the labor force	−0.062	−0.0862	0.123	0.0574
	(0.1269)	(0.1326)	(0.2926)	(0.1305)
Respondent is…employed	−0.0774	−0.0957	0.1445	0.0641
	(0.1152)	(0.1199)	(0.2571)	(0.1178)
Excluded group: respondents who report relatively low income values				
Respondent…lives in a middle income household	−0.2738***	−0.2571***	−0.2165	0.2918***
	(0.0724)	(0.0748)	(0.1749)	(0.0738)
Respondent…lives in a high income household	−0.1172	−0.0963	−0.274	0.1449
	(0.0883)	(0.091)	(0.2267)	(0.0893)
Excluded group: respondents who have never been married				
Respondent is…married	0.1611*	0.1908**	−0.2504	−0.1412
	(0.09)	(0.0933)	(0.2019)	(0.0905)
Respondent is…divorced, separated, or widowed	0.1446	0.1665	−0.0973	−0.1378
	(0.1117)	(0.1156)	(0.2691)	(0.1129)
Constant		−9.7774***	−19.3353***	13.6088***
		(1.0267)	(2.3074)	(1.0215)

(continued)

Table 6.4 (continued)

Estimation technique	*Ordered logit*	*Binomial logit*	*Binomial logit*	*Binomial logit*
	(a)	*(b)*	*(c)*	*(d)*
/Cut 1	11.68			
	(0.9474)			
/Cut 2	11.8998			
	(0.9483)			
N	4793	4793	4793	4793
Wald χ^2 statistic	356***	275***	227***	380***
Log pseudolikelihood	−3677	−2899	−753	−2978
Count R^2	0.644	0.679	0.953	0.66
Pseudo R^2	0.0467	0.0478	0.1672	0.063

Column (a): Dependent variable is equal to three if response is "Statement #1" (i.e., immigrants are more to blame for crime), is equal to two if response is "Neither/both equally", and is equal to one if response is "Statement #2" (i.e., immigrants are no more to blame for crime)
Column (b): Dependent variable is equal to one if response is "Statement #1" (i.e., more to blame); otherwise, it is equal to zero
Column (c): Dependent variable is equal to one if response is "Neither/both equally"; otherwise, it is equal to zero
Column (d): Dependent variable is equal to one if response is "Statement #2" (i.e., no more to blame); otherwise, it is equal to zero
Robust standard errors in parentheses. "***", "**", and "*" indicate statistical significance from zero at the 1%, 5%, and 10% levels, respectively

distance of the immigrant stock. This is consistent with the results presented thus far.

The third and final question related to immigration that we examine asks survey respondents for their opinions on whether immigrants wish to assimilate to the cultures of their countries of residence or prefer to remain distinct from the society of the survey country. More specifically, the respondents were presented with two statements and were asked to indicate which statement more closely reflects their view even if neither is exactly right. The two statements are presented immediately below.

Statement #1: "*Immigrants in our country today want to adopt (survey nationality) customs and way of life.*" [OR]
Statement #2: "*Immigrants today want to be distinct from (survey nationality) society.*"

As with the earlier questions, the options of Statement #1 (i.e., immigrants wish to assimilate) and Statement #2 (i.e., immigrants wish to remain distinct) are joined by a third voluntary option of neither assimilate nor remain distinct or both assimilate and remain distinct equally. Using the three responses, we are able to again group the opinions of survey respondents into three categories and apply the ordered logit estimation technique. The estimation results for this estimation are presented in column (a) of Table 6.5. The dependent variable series is equal to three if the survey respondent indicates a belief that immigrants wish to remain distinct from the society of their host countries (i.e., Statement #2), is equal to two if the respondent believes that immigrants neither wish to assimilate or remain distinct (or which to do both equally), and is equal to one if the respondent is of the opinion that immigrants wish to assimilate to the culture of their host country.

The estimated coefficient of the variable that weights the cultural distance between survey respondents' countries of residence and the home countries of their existing immigrant stocks by the immigrant stock share is positive and statistically significant from zero (2.8101). Likewise, the estimated coefficient of the variable that weights the cultural distance between the respondents' countries of residence and the destinations of the emigrant populations by the emigrant stock share is also positive and statistically significant from zero (0.1638). Thus, in both instances, greater cultural distance between the typical respondent's country of residence corresponds to an increased probability that the respondent believes that immigrants wish to remain distinct from the societies of their host countries.

As with the general question about preferred levels of immigration and the two earlier questions that dealt with the impact of immigrants on the country of residence (i.e., of becoming a burden or strengthening society and of contributing more to criminal activity relative to the native-born population), we also estimate a series of specifications where dichotomous dependent variables are employed. For these estimations, the binomial logit technique is utilized. Results are presented in columns (b) through (d) of Table 6.5.

Looking first to the results presented in column (d), we see that greater cultural distance is significantly related to increased likelihoods among survey respondents that they believe immigrants are less interested in adopting the customs and ways of life of their host countries.

Table 6.5 Please tell me whether the FIRST statement or the SECOND statement comes closer to your own views—even if neither is exactly right… Immigrants in our country today want to adopt (survey nationality) customs and way of life [OR] Immigrants today want to be distinct from (survey nationality) society

Estimation technique	*Ordered logit*	*Binomial logit*	*Binomial logit*	*Binomial logit*
	(a)	*(b)*	*(c)*	*(d)*
Cultural distance$_{ij}$, weighted by immigrant stock shares	2.8101*** (0.258)	2.7657*** (0.272)	0.0744 (0.5229)	−3.2215*** (0.2885)
Cultural distance$_{ij}$, weighted by emigrant stock shares	0.1638* (0.0869)	0.1182 (0.0875)	0.4383** (0.1765)	−0.2189** (0.0908)
RGDPC$_i$–RGDPC$_j$, weighted by immigrant stock shares	3.6036*** (0.2751)	3.4867*** (0.2939)	0.8455 (0.5766)	−4.2323*** (0.3167)
RGDPC$_i$–RGDPC$_j$, weighted by emigrant stock shares	−3.5151*** (0.2743)	−3.3844*** (0.294)	−0.9683* (0.5746)	4.1768*** (0.3175)
Excluded group: respondents having a typical day				
Respondent is…having a good day	−0.1027 (0.0743)	−0.1149 (0.076)	0.1545 (0.1441)	0.0785 (0.0783)
Respondent is…having a bad day	−0.0738 (0.1227)	−0.0387 (0.1226)	−0.2509 (0.2675)	0.1026 (0.1253)
Excluded group: respondents identified as optimists or as neither optimistic nor pessimistic				
Respondent is…a pessimist	0.0381 (0.071)	0.025 (0.0725)	0.0593 (0.1427)	−0.0405 (0.0746)
Excluded group: generally satisfied respondents				
Respondent is…generally dissatisfied with way things are going in their country	0.5436*** (0.0739)	0.5084*** (0.0752)	0.201 (0.1543)	−0.5843*** (0.0767)
Excluded group: respondents who disagree that most people are better off in a free market economy				
Respondent…agrees that most people are better off in a free market economy	0.133** (0.0637)	0.1473** (0.0652)	−0.2644** (0.1237)	−0.0811 (0.0674)
Excluded group: respondents who are 18–34 years of age				
Respondent is…25–34 years of age	−0.0176 (0.136)	−0.0554 (0.137)	0.4304 (0.3039)	−0.0442 (0.14)
Respondent is…35–44 years of age	0.0865 (0.141)	0.031 (0.1412)	0.4547 (0.3054)	−0.1417 (0.1453)
Respondent is…45–54 years of age	−0.0464 (0.1389)	−0.1343 (0.1408)	0.8175*** (0.3059)	−0.0715 (0.145)

(continued)

Table 6.5 (continued)

Estimation technique	*Ordered logit*	*Binomial logit*	*Binomial logit*	*Binomial logit*
	(a)	*(b)*	*(c)*	*(d)*
Respondent is…55–64 years of age	0.0532	−0.0167	0.7118**	−0.1653
	(0.1399)	(0.1408)	(0.3043)	(0.1451)
Respondent is…65 years of age or older	−0.0548	−0.1494	0.9593***	−0.0913
	(0.1476)	(0.1492)	(0.3149)	(0.1543)
Excluded group: male respondents				
Respondent is…female	−0.0281	−0.0473	0.1948	−0.002
	(0.0611)	(0.0621)	(0.1209)	(0.0643)
Excluded group: respondents who have completed fewer than 6 years of education				
Respondent has completed…6–12 years of education	0.1259	0.1196	0.0658	−0.1281
	(0.1378)	(0.1359)	(0.3249)	(0.1397)
Respondent has completed…12 years of education	0.0151	0.0052	0.1915	−0.0378
	(0.1567)	(0.1546)	(0.363)	(0.1589)
Respondent has completed…between 12 and 16 years of education	0.0154	−0.0567	0.792***	−0.1469
	(0.1358)	(0.1346)	(0.3087)	(0.1388)
Respondent has completed…16 or more years of education	−0.2276*	−0.2856**	0.7303**	0.127
	(0.1347)	(0.1329)	(0.308)	(0.1363)
Excluded group: unemployed respondents				
Respondent is…not in the labor force	−0.0999	−0.0978	−0.0022	0.1062
	(0.1231)	(0.1257)	(0.2657)	(0.13)
Respondent is…employed	−0.1412	−0.1449	0.1233	0.1168
	(0.1115)	(0.1137)	(0.2312)	(0.1177)
Excluded group: respondents who report relatively low income values				
Respondent…lives in a middle income household	0.0152	0.0059	0.0083	−0.0062
	(0.0696)	(0.0711)	(0.1382)	(0.0739)
Respondent…lives in a high income household	0.0247	0.0341	−0.1101	−0.0031
	(0.0856)	(0.0873)	(0.1755)	(0.0898)
Excluded group: respondents who have never been married				
Respondent is…married	0.0968	0.1242	−0.2746*	−0.0495
	(0.0834)	(0.0857)	(0.1569)	(0.0886)
Respondent is…divorced, separated, or widowed	0.1612	0.2065*	−0.4189**	−0.0977
	(0.106)	(0.1082)	(0.2103)	(0.1116)
Constant		−12.602***	−6.1393***	15.0489***
		(1.0711)	(2.0398)	(1.1483)
/Cut 1	12.8197			
	(1.0136)			
/Cut 2	13.1128			
	(1.013)			

(continued)

Table 6.5 (continued)

Estimation technique	*Ordered logit*	*Binomial logit*	*Binomial logit*	*Binomial logit*
	(a)	*(b)*	*(c)*	*(d)*
N	4773	4773	4773	4773
Wald χ^2 statistic	306***	269***	70***	300***
Log pseudolikelihood	−3954	−3100	−1120	−2937
Count R^2	0.591	0.604	0.935	0.649
Pseudo R^2	0.0386	0.0452	0.0287	0.0533

Column (a): Dependent variable is equal to three if response is "Statement #2" (i.e., immigrants want to be distinct), is equal to two if response is "Neither/both equally", and is equal to one if response is "Statement #1" (i.e., immigrants want to adopt customs and way of life)
Column (b): Dependent variable is equal to one if response is "Statement #2" (i.e., want to be distinct); otherwise, it is equal to zero
Column (c): Dependent variable is equal to one if response is "Neither/both equally"; otherwise, it is equal to zero
Column (d): Dependent variable is equal to one if response is "Statement #1" (i.e., want to adopt customs and way of life); otherwise, it is equal to zero
Robust standard errors in parentheses. "***", "**", and "*" indicate statistical significance from zero at the 1%, 5%, and 10% levels, respectively

The coefficient estimates reported in columns (b) and (c) indicate that the typical survey respondent, given a greater level of cultural distance between their country of residence and the source countries of their existing immigrant stock are significantly more likely to believe that immigrants want to be distinct from the society of their host countries. We also see that, in response to a greater cultural distance between the respondent's country of residence and the destination countries of its emigrant stock, respondents are significantly more likely to believe that immigrants neither wish to assimilate into the society of their host country nor to remain distinct (or want to equally assimilate and remain distinct) from the host country society.

6.3 The Relevance of Cultural Distance to Public Opinion on Immigration

Because the estimated coefficients of the variables that represent the cultural distance between the survey respondents' countries of residence and the home and destination countries, respectively, of their existing

immigrant and emigrant stocks are statistically significant from zero, we can confirm the expectation that cultural differences do matter in terms of public opinion on immigration. Further, the signs of estimated coefficients are such that they correspond with the intuited or expected influences of cultural distance on public opinion of immigration. Finally, the magnitudes of the coefficient estimates and corresponding changes in predicted probabilities typically are sufficiently pronounced that we can state, unequivocally, that the relationship between cultural difference and public opinion is not merely a statistical relationship but is also of practical importance.

In the next two chapters, we continue our examination of the influence of cultural differences on public opinion, looking first at international trade in Chap. 7 and then at FDI inflows in Chap. 8. Accordingly, at this point it is advisable that we refrain from making generalizations of our results that are too broad. Even so, with respect to public opinion on immigration, the results of our empirical analysis are clear and consistent.

Note

1. Several studies (i.e., Mayda 2006; Chandler and Tsai 2001; Scheve and Slaughter 2001; Wilson 2001; Burns and Gimpel 2000; Citrin et al. 1997; Espenshade and Hempstead 1996) have identified an individual's political ideology as a potential determinant of their views on immigration. Specifically, individuals who hold more conservative political views often also have negative views toward immigrants. Additionally, Paas and Halapuu (2012) report that survey respondents who live in urban locales are more likely than those who live in rural areas to express positive views of immigrants. Similarly, Haubert and Fussell (2006) find that individuals who possess higher levels of educational attainment, who work in white-collar occupations, and who have lived in another country are significantly more likely to express positive opinions of trade as compared to individuals who do not share these attributes. Evidence that is consistent with this notion is presented in Chap. 2. Unfortunately, the data we employ for the analyses that are presented in this chapter and in Chaps. 7 and 8 do not include measures of the individuals' political leanings or whether they live in a rural or an urban area. Accordingly, we progress with these limitations in mind.

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CHAPTER 7

Cross-Societal Cultural Differences and the Shaping of Opinions on International Trade

The second facet of economic globalization that we address as part of our empirical analysis of public opinion is that of international trade. We begin by considering whether survey respondents view trade as, on balance, a good thing or a bad thing. More specifically, as we are interested in the potential influence of cultural differences on public opinion, we examine whether opinions of trade are significantly related to the cultural distance between the respondents' countries of residence and its trading partners. In total, our data set includes responses from individuals in 37 countries who were surveyed as part of Pew Research Center's (2014) Global Attitudes Project.[1] This is followed by an examination of public opinion on three trade-related topics—namely, the influence of trade on wages, employment, and prices in the countries in which the survey respondents live. We mimic the analysis of public opinion on immigration that is presented in Chap. 6, by beginning with a general question about the desirability of international trade and then, to the extent afforded by the data, we examine responses to related survey questions in hopes that we may garner a better understanding of public opinion on the topic. The empirical strategy that we employ is as described in Chap. 5.

Before focusing too intently on our empirical analysis and the corresponding results, it is worthwhile to note that a rich literature exists on the determinants of public opinion on international trade. Scheve and Slaughter (2001b), for example, perform an analysis of more than 500 US public opinion polls conducted through the year 2000. Specifically, the authors examine a database of poll responses assembled from the Public

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Opinion Databank at the Roper Center for Public Opinion Research. Scheve and Slaughter conclude, generally, that a majority of Americans are aware of the benefits conferred by international trade. Even so, a majority of the public expresses worry over possible trade-related labor market dynamics; specifically, there are worries over trade-related job loss and the potential for reduced wages. When asked survey questions that refer to both the benefits and costs related to trade, a plurality of respondents select the answer that emphasizes the costs, and when asked survey questions that do not mention benefits or costs, a plurality of respondents still indicate a lack of support for free trade. The authors conclude that the greatest support for trade appears to be expressed in response to questions that ask about trade in broad, general terms.

A number of papers have examined the determinants of trade policy preferences (Hoffman 2005; Mayda and Rodrik 2005; O'Rourke and Sinnott 2001; Scheve and Slaughter 2001a, 2001b, 2006). Findings generally support predictions that are consistent with the expected welfare effects laid out by neoclassical trade theory. The predictions of standard trade theory are such that trade liberalization is anticipated to result in detrimental outcomes for some individuals via Stolper-Samuelson effects. Even so, the removal of trade barriers is, on net, predicted to be welfare-improving. Accordingly, an individual's support for increased international trade is expected to decrease as the perceived probability of experiencing a negative trade-related outcome rises. This notion is supported by Hainmueller and Hiscox (2006) who find that more educated survey respondents, especially those who possess college-level educations, are much more likely to express support for trade liberalization; however, the authors conclude that it is exposure to economic ideas and information among the more educated that determines opinions toward trade.[2] Somewhat similarly, Burgoon and Hiscox (2008) find that differences in exposure to economic information may explain why female survey respondents are less likely than their male counterparts to express support for trade.

Frequently, and likely unsurprisingly, the opinions of policy makers and the public do not mirror the views of many economists who believe that free trade is a desirable goal. Non-economists acknowledge the associated benefits and indicate majority support for trade (Fuller and Geide-Stevenson 2003), yet policy makers and members of the public often express hesitancy or cautious support. For example, a number of polls suggest the public favors trade with stipulations, particularly side-agreements concerning labor and environmental standards (Chicago Council on

Foreign Relations 2004; Warf and Kull 2001). Since trade policy is formulated based on policy makers' views and opinions, which are likely to be influenced by constituent preferences, this is an important consideration.

One may also anticipate that support for trade depends on an individual's level of risk aversion and the stake they stand to lose if, in fact, a negative outcome is realized. Thus, for some individuals, concerns over community and national welfare may be tertiary and, when formulating opinions on trade, individuals may consider the likelihood they will suffer a negative outcome and, if so, the potential associated economic losses (Fordham and Kleinberg 2012). For other individuals, however, concerns over non-economic factors may be paramount when they formulate their opinions of international trade.[3] To provide greater clarity on the factors that determine public opinion toward international trade, in the next section we present the findings of our empirical analysis.

7.1 Does Cultural Distance Influence Public Opinion on International Trade?

We begin our examination of the relationship between cultural differences and public opinion on international trade by examining a general question about the desirability of growing trade and business ties. Specifically, we examine the determinants of responses to the following question.

> What do you think of growing trade and business ties between (survey country) and other countries – do you think it is a very good thing, somewhat good, somewhat bad, or a very bad thing for our country?

We employ the binomial logit and the ordered logit estimation techniques as they were utilized in Chap. 6. Accordingly, we initially employ a binary dependent variable series that takes the value of one if a survey respondent indicates that they believe growing trade and business ties between their country of residence and other countries is either a very good thing or is somewhat good. Otherwise, the dependent variable is set equal to zero (i.e., it is equal to zero when the respondent indicates a believe the growing trade and business ties are somewhat bad or a very bad thing for their country).

Our variable of primary interest is the Inglehart measure of cultural distance between the survey respondents' countries of residence

and their trading partners. The Inglehart measure that we employ is weighted by the share of trade (in total or in terms of imports and of exports) that each trading partner accounts for. In column (a) of Table 7.1, we present our initial estimation results. The estimated coefficient of the cultural distance variable is negative and statistically significant from zero (−0.3424). Thus, regardless of the cultural distance between the survey respondents' countries of residence and the source countries for their imports or the destination countries of their exports, if the trading partners of the respondents' countries of residence are collectively more culturally distant then, all else held constant, the typical survey respondent is significantly less likely to express a positive opinion of growing international trade and cross-border business ties.

Shifting our focus to column (b), we present the results obtained when estimating a similar regression model where, rather than weighting the Inglehart measure of cultural distance by total trade shares, we substitute two measures of Inglehart cultural distance that are weighted, separately, by the import shares and the export shares of the countries in which the survey respondents live. Our expectation is that a survey respondent who resides in a country that is more culturally distant from the source countries of their imports will be less likely to express a positive opinion of international trade. Conversely, we expect that a respondent who lives in a country that is more culturally distant from the destinations of its exports will be more likely to express a positive opinion of trade. Both expectations are confirmed by the estimation results. Specifically, the estimated coefficients for both cultural distance variables are statistically significant from zero, and the coefficient of the cultural distance variable that is weighted by import shares is negative (i.e., −1.006), while the cultural distance variable that is weighted by export shares is positive (i.e., 0.4229).

Since the estimated coefficients of the cultural distance variables that are presented in Table 7.1 are all statistically significant from zero, we can state that cultural differences between the country in which a given survey respondent lives and its trading partners, whether sources of imports or destinations for exports, significantly influence the typical respondent's opinion on international trade. Further, given the signs of the estimated coefficient, we can say that trade, in general, if occurring with more culturally-distant partners, has a negative effect on the opinions of international trade that are commonly held by the country's residents. Additionally, we can say that the negative coefficient of

the variable that represents the cultural distance between the country in which the typical survey respondent lives and the countries it sources its imports from and the positive coefficient of the variable that represents the cultural distance between the respondent's country of residence and the destination markets of its exports are consistent with the notion of a sort of Stolper-Samuelson-like influence of trade on public opinion.

Turning our attention to the remaining explanatory variables for which estimated coefficients are presented in Table 7.1, we find that the proportional difference in average incomes (i.e., the difference in real GDP per capita values) between the countries in which survey respondents live and their trading partners has a negative and statistically significant effect on public opinion of international trade when the average income variables are weighted by total trade shares (column (a)) or by import shares (column (b)). Given the consistency in the signs of the estimated coefficients and the similar pattern of statistical significance between the cultural distance variables and the variables that represent trade-weighted differences in average incomes, one may wonder if the variables are strongly correlated in the positive direction. Returning to the correlation matrix that is presented as Table 5.15, we see this is not the case: The pairwise correlation for the total trade-weighted cultural distance variable and the total trade-weighted difference in average income variable is −0.16, and the pairwise correlation for the import-weighted measure of cultural distance and the corresponding variable that represents the import-weighted difference in average incomes is essentially zero (i.e., −0.03).

Looking to the estimated coefficients of the remaining explanatory variables, we can say that, all else held constant, the typical survey respondent who reports that they are having a bad day, relative to having a typical day, is significantly less likely to express a positive view of trade. Likewise, in column (a) of the table, we see a negative and statistically significant coefficient of the variable that identifies respondents who report that they are having a good day. We also find that respondents who self-identify as pessimists are significantly less likely, again all else constant, to express a positive opinion of international trade. This same result is found for those respondents who report that they are generally dissatisfied with the way things are going in their country. To the contrary, respondents who agree that most people are better off in a free-market economy are significantly more likely to express a positive view of international trade.

Table 7.1 What do you think of growing trade and business ties between (survey country) and other countries—do you think it is a very good thing, somewhat good, somewhat bad, or a very bad thing for our country?

	(a)	*(b)*	*(c)*	*(d)*
Cultural distance$_{ij}$, weighted by total trade shares	−0.3424***		−0.3272***	
	(0.061)		(0.0395)	
Cultural distance$_{ij}$, weighted by import shares		−1.006***		−0.3587***
		(0.0698)		(0.0534)
Cultural distance$_{ij}$, weighted by export shares		0.4229***		0.0294
		(0.0509)		(0.0392)
RGDPC$_i$–RGDPC$_j$, weighted by total trade shares	−0.0339***		−0.0424***	
	(0.0025)		(0.0016)	
RGDPC$_i$–RGDPC$_j$, weighted by import shares		−0.0302***		−0.0517***
		(0.0061)		(0.0036)
RGDPC$_i$–RGDPC$_j$, weighted by export shares		−0.0001		0.0058*
		(0.006)		(0.0031)
Excluded group: Respondents having a typical day				
Respondent is…having a good day	−0.0961**	−0.0448	0.0475*	0.0629**
	(0.038)	(0.0385)	(0.0248)	(0.025)
Respondent is…having a bad day	−0.5041***	−0.411***	−0.1898***	−0.1757***
	(0.0566)	(0.0574)	(0.0509)	(0.051)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic				
Respondent is…a pessimist	−0.9357***	−0.9266***	−0.5322***	−0.5379***
	(0.037)	(0.0372)	(0.025)	(0.025)
Excluded group: Generally satisfied respondents				
Respondent is…generally dissatisfied with way things are going in their country	−0.6734***	−0.6256***	−0.3395***	−0.3389***
	(0.0407)	(0.0408)	(0.0234)	(0.0235)

(continued)

Table 7.1 (continued)

	(a)	*(b)*	*(c)*	*(d)*
Excluded group: Respondents who disagree that most people are better off in a free market economy				
Respondent…agrees that most people are better off in a free market economy	0.4064***	0.4073***	0.3229***	0.3261***
	(0.0342)	(0.0343)	(0.0244)	(0.0245)
Excluded group: Respondents who are 18–34 years of age				
Respondent is…25–34 years of age	0.1162*	0.0905	0.0759*	0.0734*
	(0.0595)	(0.0598)	(0.0394)	(0.0394)
Respondent is…35–44 years of age	0.193***	0.1421**	0.1862***	0.1855***
	(0.0646)	(0.0649)	(0.0434)	(0.0433)
Respondent is…45–54 years of age	0.305***	0.2471***	0.2053***	0.2062***
	(0.0687)	(0.0689)	(0.0453)	(0.0453)
Respondent is…55–64 years of age	0.2896***	0.221***	0.2348***	0.2322***
	(0.0719)	(0.0723)	(0.0492)	(0.0492)
Respondent is…65 years of age or older	0.367***	0.2617***	0.2788***	0.271***
	(0.0786)	(0.0789)	(0.054)	(0.0541)
Excluded group: Male respondents				
Respondent is…female	−0.0676*	−0.0816**	−0.1351***	−0.1384***
	(0.0358)	(0.0359)	(0.0236)	(0.0236)
Excluded group: Respondents who have completed fewer than 6 years of education				
Respondent has completed…6–12 years of education	0.3432***	0.3395***	0.1858***	0.1658***
	(0.0498)	(0.0503)	(0.0354)	(0.0355)
Respondent has completed…12 years of education	0.4747***	0.4398***	0.2967***	0.2784***
	(0.0584)	(0.0587)	(0.0403)	(0.0403)

(continued)

Table 7.1 (continued)

	(a)	(b)	(c)	(d)
Respondent has completed…between 12 and 16 years of education	0.5631***	0.5446***	0.4097***	0.3888***
	(0.058)	(0.058)	(0.0405)	(0.0406)
Respondent has completed…16 or more years of education	0.7068***	0.6989***	0.5989***	0.5907***
	(0.0619)	(0.0617)	(0.0432)	(0.0432)
Excluded group: Unemployed respondents				
Respondent is…not in the labor force	0.0607	0.0384	−0.0292	−0.026
	(0.0609)	(0.0613)	(0.0442)	(0.0444)
Respondent is…employed	0.06	0.0165	−0.0595	−0.0623
	(0.0574)	(0.0578)	(0.0418)	(0.042)
Excluded group: Respondents who report relatively low income values				
Respondent…lives in a middle income household	0.1208***	0.1171***	−0.0246	−0.0147
	(0.0378)	(0.038)	(0.025)	(0.0251)
Respondent…lives in a high income household	0.0714	0.0615	0.0035	0.0109
	(0.0472)	(0.0474)	(0.0306)	(0.0307)
Excluded group: Respondents who have never been married				
Respondent is…married	−0.0901*	−0.0685	−0.1526***	−0.1489***
	(0.0481)	(0.048)	(0.0324)	(0.0324)
Respondent is…divorced, separated, or widowed	−0.1041	−0.0677	−0.0757	−0.0717
	(0.0673)	(0.0671)	(0.0475)	(0.0475)
Constant	2.2334***	2.734***		
	(0.1228)	(0.1278)		
/cut1			−3.4647	−3.4979
			(0.0872)	(0.0926)
/cut2			−2.062	−2.0934

(continued)

Table 7.1 (continued)

	(a)	*(b)*	*(c)*	*(d)*
			(0.0835)	(0.0896)
/cut3			0.5732	0.5467
			(0.0827)	(0.0893)
N	31,534	31,534	31,534	31,534
Count R^2	0.855	0.855	0.531	0.531
Pseudo R^2	0.0886	0.0957	0.0381	0.0393
Wald χ^2 statistic	2072***	2205***	2370***	2425***
Log pseudolikelihood	−11,903	−11,811	−32,526	−32,484

Columns (a) and (b): Dependent variable equals one if response is "Very good" or "Somewhat good"; otherwise, is equal to zero
Estimation technique: Binomial Logit
Columns (c) and (d): Dependent variable is equal to one if response is "Very bad", is equal to two if the response is "Somewhat bad", is equal to three if the response if equal to "Somewhat good", and is equal to four if the response is equal to "Very good"
Estimation technique: Ordered Logit
Robust standard errors in parentheses. "***", "**", and "*" indicate statistical significance from zero at the 1%, 5%, and 10% levels, respectively

When considering the estimated coefficients of the variables that represent the demographic attributes of the survey respondents, we find considerable variation in public opinion on international trade. First, we find that support for trade generally is significantly higher among older individuals. Female respondents are slightly less likely, relative to male survey respondents, to express a positive view on trade. And we see that the probability that a survey respondent will express a positive opinion of trade increases with their level of educational attainment. Finally, we find that survey respondents who live in middle-income households are more likely, as compared to those who live in low-income or high-income households, to express positive views on trade, and respondents who are married are more likely to express a negative opinion of trade.

The results that are presented in columns (c) and (d) of Table 7.1 correspond to estimations in which the binary dependent variable series has been replaced by a categorical series. The categorical dependent variable is equal to four if the survey respondent indicates the belief that growing trade and business ties between their country of residence and other countries is a very good thing, is equal to three if the response is that trade is somewhat good, is equal to two if the response is somewhat bad, and is equal to one if the respondent views growing trade and business ties as a very bad thing. While we utilize the ordered logit technique for these two estimations, other than the modification of the dependent variable series, the empirical specifications are identical to those utilized to produce the results that are presented in columns (a) and (b) of the table.

The estimated coefficients of our variables of interest largely mirror the results presented in columns (a) and (b). For example, the coefficient of the cultural distance variable that is reported in column (c) is statistically significant from zero and of the same sign and nearly the same magnitude (-0.3272) as the corresponding coefficient in column (a). Somewhat similarly, the estimated coefficients of the cultural distance variables that are reported in column (d) are of the same signs as those reported in column (b); however, the magnitudes are quite lower and only the coefficient of the cultural distance variable that is weighted by import shares is statistically significant from zero. From these results, we can state that, all else held constant, greater cultural distance between the typical survey respondent's country of residence and its trading partners corresponds with a lower likelihood that the respondent will hold a favorable opinion of international trade (i.e., will report that growing trade and business ties are either somewhat good or are a very good thing).

Further, when considering the cultural distance between the typical survey respondent's country of residence and its import sources and export destinations, we can say that greater cultural distance from the import source economies corresponds with a reduced probability that the respondent sees trade in a positive light (i.e., that they are less likely to indicate that they consider trade to be a very good thing as compared to somewhat good, as somewhat good rather than somewhat bad, or as somewhat bad rather than a very bad thing).

7.2 Predicted Changes in Estimated Probabilities

Using the estimated coefficients that are presented in columns (a) and (b) of Table 7.1 and the mean values of the explanatory variable series, we generate the predicted probabilities that the typical survey respondent will view growing international trade and business ties as a good thing (i.e., as either a very good thing or as somewhat good). These values are presented in Panel A of Table 7.2. We see that the estimated probabilities generated from both sets of results are very near to 88%. This is somewhat more positive than the observed response frequency of 81% support for international trade that is reported in Table 5.2 (i.e., 80.8%); however, it is reasonably close.

To gain a sense of the extent to which an isolated change in each of the explanatory variables affects the likelihood that a given survey respondent will have a positive view of international trade, we consider the change in the probability that an otherwise typical survey respondent will express the opinion that international trade is a good thing by allowing each variable to change from its corresponding minimum value to its maximum value while holding all other variables constant at their mean values. The corresponding predicted changes in the estimated probability that trade is considered to be a good thing are presented in Panel B of the table.

Beginning with the cultural distance measures, we see that when the total trade-weighted measure of cultural distance changes from its minimum value to its maximum value the probability that an otherwise typical survey respondent views trade as a good thing decreases by 4.34%. Considering the separate effects of the import- and the export-weighted cultural distance measures, we find that a change (again, from the minimum values to the maximum values of the respective series) in the import-weighted measure of cultural distance lowers the probability that

Table 7.2 Estimated probabilities and predicted changes in estimated probabilities, binomial logit estimations

Panel A: Estimated probability that trade is…		
	(a)	*(b)*
"Very good" or "Somewhat good"	0.8805	0.8825
"Somewhat bad" or "Very bad"	0.1195	0.1175

Panel B: Predicted changes in the estimated probabilities that trade is…	*"Very good" or "Somewhat good"*	
	(a)	*(b)*
Cultural distance measures…		
Cultural distance$_{ij}$, weighted by total trade shares	−0.0434	.
Cultural distance$_{ij}$, weighted by import shares	.	−0.1372
Cultural distance$_{ij}$, weighted by export shares	.	0.1123
Relative economic development measures…		
RGDPC$_i$–RGDPC$_j$, weighted by total trade shares	−0.089	.
RGDPC$_i$–RGDPC$_j$, weighted by import shares	.	−0.0836
RGDPC$_i$–RGDPC$_j$, weighted by export shares	.	----
Excluded group: Respondents having a typical day		
Respondent is…having a good day	−0.0103	----
Respondent is…having a bad day	−0.0623	−0.0487
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic		
Respondent is…a pessimist	−0.1057	−0.1032
Excluded group: Generally satisfied respondents		
Respondent is…generally dissatisfied with way things are going in their country	−0.0682	−0.0626

(continued)

Table 7.2 (continued)

Panel B: Predicted changes in the estimated probabilities that trade is…	*"Very good" or "Somewhat good"*	
	(a)	*(b)*
Excluded group: Respondents who disagree that most people are better off in a free market economy		
Respondent…agrees that most people are better off in a free market economy	0.0452	0.0447
Excluded group: Respondents who are 18–34 years of age		
Respondent is…25–34 years of age	0.0119	----
Respondent is…35–44 years of age	0.0194	0.0143
Respondent is…45–54 years of age	0.0297	0.0241
Respondent is…55–64 years of age	0.028	0.0215
Respondent is…65 years of age or older	0.0346	0.0251
Excluded group: Male respondents		
Respondent is…female	−0.0071	−0.0085
Excluded group: Respondents who have completed fewer than 6 years of education		
Respondent has completed…6–12 years of education	0.0344	0.0335
Respondent has completed…12 years of education	0.0444	0.0409
Respondent has completed…between 12 and 16 years of education	0.0521	0.0498
Respondent has completed…16 or more years of education	0.0625	0.061
Excluded group: Unemployed respondents		
Respondent is…not in the labor force	----	----
Respondent is…employed	----	----
Excluded group: Respondents who report relatively low income values		
Respondent…lives in a middle income household	0.0126	0.012

(continued)

Table 7.2 (continued)

Panel B: Predicted changes in the estimated probabilities that trade is…	*"Very good" or "Somewhat good"*	
	(a)	*(b)*
Respondent…lives in a high income household	----	----
Excluded group: Respondents who have never been married		
Respondent is…married	−0.0094	----
Respondent is…divorced, separated, or widowed	----	----

Estimated probabilities are calculated using the coefficient estimates presented in the corresponding column of Table 7.1 with all explanatory variables set equal to their mean values

"----" indicates that the corresponding coefficient estimate in Table 7.1 is not statistically significant from zero. For the cultural distance measures and the relative economic development measures, the predicted changes are calculated based on an assumed change in the listed variable from its minimum value to its maximum value while all other explanatory variables held constant at their mean values. For all other variables, the predicted changes are calculated based on an assumed listed variable from 0 to 1 while all other explanatory variables are held constant at their mean values

a respondent will express a favorable opinion of trade by 13.72% and that a similar change in the export-weighted measure increases the probability of a favorable opinion of trade by 11.23%. Looking to the remaining values presented in the panel, we see that changing the variable that represents the proportional difference in average incomes between the respondent's country of residence and its trading partners from its minimum value to its maximum corresponds with an 8.9% decrease in the likelihood that the respondent will express a positive opinion of trade. A like increase in the variable, when it is weighted by import shares, results in an 8.36% decrease in the predicted probability that the respondent will view trade as a good thing. Among the remaining variables, we find that the largest single influence on public opinion of international trade is whether the survey respondent is a pessimist. All else held constant, self-identified pessimists are 10.3% (column (b)) to 10.6% (column (a)) less likely to express positive views of trade relative to comparable survey respondents who are not pessimists.

Performing a similar exercise to assess the extent to which cultural distance affects opinions on international trade, we employ the statistically significant estimated coefficients that are reported in columns (c) and (d) of Table 7.1. Since these two estimations employ the ordered logit estimation technique, we are able to estimate the predicted probabilities that the typical survey respondent will view trade as being a very good thing, somewhat good, somewhat bad, or a very bad thing. Effectively, the use of the ordered logit technique allows for a more detailed understanding of the potential influences of cultural distance on public opinion. In Panel A of Table 7.3, we present the estimated probabilities that are related to the four possible opinions on international trade. Looking at the top row of values in the panel, and focusing on the two rightmost values, we see that the estimated probability that trade is a good thing (i.e., either somewhat good or a very good thing) is equal to 86.7%. This is quite similar to the value reported from the binomial logit estimations in Table 7.2. Likewise, looking at the bottom row of the panel, we see the estimated probability that survey respondents consider trade to be a good thing is also equal to 86.7%.

To better understand the relationships between our explanatory variables and public opinion on international trade, we calculate estimated probabilities of the trade opinion categories using the estimated coefficients and evaluating the corresponding explanatory variables at their mean values. The corresponding predicted changes in the estimated

Table 7.3 Estimated probabilities and predicted changes in estimated probabilities, ordered logit estimations

Panel A:Estimated probabilities that trade is…				
	Very bad	*Somewhat bad*	*Somewhat good*	*Very good*
Based on results presented in column (c) of Table 7.1:	0.0365	0.0969	0.5488	0.3178
Based on results presented in column (d) of Table 7.1:	0.0363	0.0968	0.5496	0.3173
Panel B: Predicted change in the estimated probability that trade is…				
	Very bad	*Somewhat bad*	*Somewhat good*	*Very good*
Cultural distance measures…				
Cultural distance$_{ij}$, weighted by total trade shares[a]	0.0139	0.0318	0.0413	−0.0869
Cultural distance$_{ij}$, weighted by import shares	0.0156	0.0352	0.0403	−0.0911
Cultural distance$_{ij}$, weighted by export shares	----	----	----	----
Relative economic development measures…				
RGDPC$_i$–RGDPC$_j$, weighted by total trade shares[a]	0.0345	0.0830	0.1867	−0.3043
RGDPC$_i$–RGDPC$_j$, weighted by import shares	0.0407	0.0990	0.2625	−0.4021
RGDPC$_i$–RGDPC$_j$, weighted by export shares	−0.0096	−0.0214	−0.0219	0.0528
Excluded group: Respondents having a typical day				
Respondent is…having a good day	−0.0022	−0.0050	−0.0065	0.0137
Respondent is…having a bad day	0.0066	0.0148	0.0156	−0.0370
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic				
Respondent is…a pessimist	0.0198	0.0445	0.0498	−0.1142
Excluded group: Generally satisfied respondents				
Respondent is…generally dissatisfied with way things are going in their country	0.0116	0.0267	0.0358	−0.0741
Excluded group: Respondents who disagree that most people are better off in a free market economy				
Respondent…agrees that most people are better off in a free market economy	−0.0121	−0.0272	−0.0298	0.0690

(continued)

Table 7.3 (continued)

Panel B: Predicted change in the estimated probability that trade is…

	Very bad	*Somewhat bad*	*Somewhat good*	*Very good*
Excluded group: Respondents who are 18–34 years of age				
Respondent is…25–34 years of age	−0.0025	−0.0058	−0.0077	0.0160
Respondent is…35–44 years of age	−0.0062	−0.0144	−0.0204	0.0409
Respondent is…45–54 years of age	−0.0068	−0.0158	−0.0231	0.0457
Respondent is…55–64 years of age	−0.0075	−0.0176	−0.0267	0.0518
Respondent is…65 years of age or older	−0.0086	−0.0203	−0.0320	0.0609
Excluded group: Male respondents				
Respondent is…female	0.0048	0.0111	0.0140	−0.0300
Excluded group: Respondents who have completed fewer than 6 years of education				
Respondent has completed…6–12 years of education	−0.0056	−0.0130	−0.0176	0.0363
Respondent has completed…12 years of education	−0.0090	−0.0211	−0.0321	0.0622
Respondent has completed…between 12 and 16 years of education	−0.0122	−0.0289	−0.0464	0.0875
Respondent has completed…16 or more years of education	−0.0174	−0.0417	−0.0764	0.1356
Excluded group: Unemployed respondents				
Respondent is…not in the labor force	----	----	----	----
Respondent is…employed	----	----	----	----
Excluded group: Respondents who report relatively low income values				
Respondent..lives in a middle income household	----	----	----	----
Respondent..lives in a high income household	----	----	----	----
Excluded group: Respondents who have never been married				
Respondent is…married	0.0051	0.0118	0.0155	−0.0325
Respondent is…divorced, separated, or widowed	----	----	----	----

"----" indicates that the corresponding coefficient estimate in Table 7.1 is not statistically significant from zero. For the cultural distance measures and the relative economic development measures, the predicted changes are calculated based on an assumed change in the listed variable from its minimum value to its maximum value while all other explanatory variables held constant at their mean values. For all other variables, the predicted changes are calculated based on an assumed listed variable from 0 to 1 while all other explanatory variables are held constant at their mean values

[a] Predicted changes listed are based on results presented in column (c) of Table 7.1. All other predicted changes are based on results column (d) of Table 7.1.

probabilities are presented in Panel B of Table 7.3. Focusing first on the measures of cultural distance, we see the estimated coefficient of the cultural distance variable, when weighted by export shares, is not statistically significant from zero. However, the estimated coefficients for the cultural distance variables, when the variables are weighted by total trade shares or by import shares, are significantly significant from zero. Further, a change in the total trade share-weighted cultural distance variable from its minimum value to its maximum, all else constant, produces an 8.7% decrease in the probability that the typical survey respondent indicates they view trade as being a very good thing. Additionally, the probability that the otherwise typical survey respondent views trade as being somewhat good rises by 4.1%. Similarly, the probability that the survey respondent believes trade to be somewhat bad increases by 3.2%, and the probability that the respondent considers trade to be a very bad thing rises by 1.4%.

We find a similar result when we look to the import share-weighted cultural distance variable. Specifically, increasing the variable from its minimum value to its maximum value leads to a 9.1% decrease in the predicted probability that the otherwise typical survey respondent views trade as being a very good thing. Corresponding with this decrease, we also find the probability that the survey respondent sees trade as being a very bad thing increases by 1.6%. Likewise, in response to the stated change in the cultural distance variable, the predicted probability that an otherwise typical survey respondent sees trade as being somewhat bad increases by 3.5% and the probability that the respondent considers trade to be somewhat good rises by 4%.

Combining the predicted changes in the estimated probabilities that trade is either somewhat good or a very good thing, we see that a change in the cultural distance variable, when weighted by total trade shares, from its minimum value to its maximum reduces the probability that a survey respondent will consider trade to be a good thing by 4.6%. Similarly, we see that when the cultural distance variable is weighted by import shares and allowed to change from its minimum value to its maximum, the corresponding predicted change in the estimated probability that trade is viewed as a good thing falls by 5.1%. Not surprisingly, these values are similar to what we see from the binomial logit regressions; however, the results presented here provide a finer level of detail.

Shifting our attention to the remaining values that are presented in Panel B of Table 7.3 and looking first at the values that correspond with the measures of relative economic development, we find that a change

(from its minimum to its maximum) in the value of the proportional difference in average incomes between the typical survey respondent's country of residence and its trading partners reduces the predicted probability that trade will be considered a very good thing by more than 30%. When considering the same change in the variable that represents proportional differences in average incomes, weighted by import share, we see an even greater decrease in the predicted probability the trade will be considered a very good thing (i.e., −40.2%).

While these predicted changes in the estimated probabilities may seem quite large, if we couple the corresponding predicted changes in the probability that trade will be considered somewhat good with the probability of the trade will be considered a very good thing, we again find results that largely mirror, albeit at a lesser level of detail, that which is reported in Table 7.2. Specifically, when the proportional change in average incomes is weighted by total trade shares, the probability that trade will be considered a good thing is estimated to decrease by 11.8%. When the proportional difference in average incomes is weighted by import shares, the corresponding decrease in the estimated probability that trade will be considered a good thing is nearly 14%. Finally, unlike the results from the binomial logit estimations, the estimated coefficient of the variable that represents the proportional difference in average income when weighted by export shares is statistically significant from zero. We find that an increase in the variable from its minimum value to its maximum value leads to a 5.3% increase in the estimated probability that trade is considered to be a very good thing and a 2.2% decrease in the predicted probability the trade will be considered somewhat good, a similar 2.1% decrease in the probability the trade will be considered somewhat bad, and about a 1% decrease in the probability the trade will be considered a very bad thing.

Turning our attention to the other predicted changes in Panel B, we see that being a self-identified pessimist has roughly the same effect on public opinion as does a change in the cultural distance measures from their minimum to maximum values. The same is true when we consider the influence of respondents being generally dissatisfied with the way things are going in their countries of residence. Looking at the predicted changes in the estimated probabilities for the different age groups, we see that the likelihood that a respondent will express a positive view of international trade increases as we move from younger to older age categories. Likewise, and to a greater extent, the predicted probability that

a survey respondent expresses a positive opinion on international trade increases with their level of educational attainment.

7.3 Cultural Differences and Opinions on Additional Facets of International Trade

Having identified the determinants of whether or not survey respondents hold positive views of international trade, and having identified the greater cultural differences do in fact correspond with reduced probabilities that survey respondents will express positive opinions of trade, we now turn our attention to three additional, related survey questions. Our hope is that by examining these questions we may gain a greater understanding of the determinants of public opinion toward international trade and, accordingly, of the relationship between cultural differences and public opinion. The first survey question that we consider is:

> Does trade with other countries lead to an increase in the wages of (survey nationality) workers, a decrease in wages, or does it not make a difference?

As before, we employ the ad hoc specification that was first presented in Chap. 5. And, again, we consider the cultural differences between the survey respondent's country of residence and its trading partners, both in terms of total trade and, separately, in terms of import sources and export destinations. The corresponding estimation results are presented in Table 7.4. In columns (a) and (b) we present results obtained from the estimation of a binomial logit model where the dependent variable series is equal to one if the survey respondent indicates a belief that international trade increases wages in their country of residence and is equal to zero otherwise. In columns (c) and (d) we present the results from our ordered logit estimations. Here, the dependent variable is equal to one if a survey respondent expresses the opinion that trade leads to a decrease in the wages of the country, is equal to two if the respondent indicates the trade neither increases nor decreases wages in their country of residence, and is equal to three if the survey respondent believes that trade increases wages in their country of residence.

Beginning with the results that are presented in columns (a) and (b) of the table and focusing our attention primarily on the estimated coefficients of the cultural distance variables, we see that an increase in cultural

Table 7.4 Does trade with other countries lead to an increase in the wages of (survey nationality) workers, a decrease in wages, or does it not make a difference?

	(a)	*(b)*	*(c)*	*(d)*
Cultural distance$_{ij}$, weighted by total trade shares	−0.4146***		−0.2518***	
	(0.045)		(0.0404)	
Cultural distance$_{ij}$, weighted by import shares		−0.2062***		−0.27***
		(0.0541)		(0.0503)
Cultural distance$_{ij}$, weighted by export shares		−0.2211***		−0.0392
		(0.043)		(0.0393)
RGDPC$_i$–RGDPC$_j$, weighted by total trade shares	−0.0609***		−0.0527***	
	(0.0018)		(0.0018)	
RGDPC$_i$–RGDPC$_j$, weighted by import shares		−0.023***		−0.0181***
		(0.0044)		(0.0046)
RGDPC$_i$–RGDPC$_j$, weighted by export shares		−0.0371***		−0.0327***
		(0.004)		(0.0042)
Excluded group: Respondents having a typical day				
Respondent is…having a good day	0.0041	0.0027	−0.0383	−0.0322
	(0.0281)	(0.0283)	(0.0255)	(0.0256)
Respondent is…having a bad day	−0.0845*	−0.0831	−0.1216***	−0.1046**
	(0.051)	(0.0513)	(0.045)	(0.0453)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic				
Respondent is…a pessimist	−0.8131***	−0.8103***	−0.7806***	−0.7749***
	(0.0267)	(0.0268)	(0.0241)	(0.0241)
Excluded group: Generally satisfied respondents				
Respondent is…generally dissatisfied with way things are going in their country	−0.5588***	−0.5567***	−0.5325***	−0.5225***
	(0.0266)	(0.0267)	(0.0244)	(0.0245)

(continued)

Table 7.4 (continued)

	(a)	(b)	(c)	(d)
Excluded group: Respondents who disagree that most people are better off in a free market economy				
Respondent…agrees that most people are better off in a free market economy	0.3205*** (0.0273)	0.3195*** (0.0273)	0.2408*** (0.0236)	0.2384*** (0.0235)
Excluded group: Respondents who are 18–34 years of age				
Respondent is…25–34 years of age	−0.0903** (0.0437)	−0.0905** (0.0437)	−0.0425 (0.0403)	−0.0459 (0.0403)
Respondent is…35–44 years of age	−0.1591*** (0.0482)	−0.1606*** (0.0483)	−0.0899** (0.0438)	−0.0985** (0.0439)
Respondent is…45–54 years of age	−0.1762*** (0.0507)	−0.1783*** (0.0508)	−0.0877* (0.0457)	−0.0989** (0.0457)
Respondent is…55–64 years of age	−0.1762*** (0.0546)	−0.1778*** (0.0547)	−0.1067** (0.0484)	−0.1187** (0.0484)
Respondent is…65 years of age or older	−0.2181*** (0.0607)	−0.2201*** (0.0609)	−0.1251** (0.0532)	−0.1427*** (0.0533)
Excluded group: Male respondents				
Respondent is…female	−0.0765*** (0.0265)	−0.0764*** (0.0265)	−0.0875*** (0.0234)	−0.09*** (0.0234)
Excluded group: Respondents who have completed fewer than 6 years of education				
Respondent has completed…6–12 years of education	0.0643 (0.0397)	0.0693* (0.0397)	0.0936*** (0.0363)	0.0985*** (0.0363)
Respondent has completed…12 years of education	0.037 (0.0452)	0.0404 (0.0453)	0.0513 (0.0407)	0.0498 (0.0408)

(continued)

Table 7.4 (continued)

	(a)	(b)	(c)	(d)
Respondent has completed…between 12 and 16 years of education	−0.0206 (0.0446)	−0.0156 (0.0447)	0.0231 (0.0398)	0.0266 (0.0399)
Respondent has completed…16 or more years of education	−0.0397 (0.0473)	−0.0366 (0.0473)	−0.0069 (0.0416)	−0.0039 (0.0416)
Excluded group: Unemployed respondents				
Respondent is…not in the labor force	0.0074 (0.0476)	0.0049 (0.0476)	0.0253 (0.0429)	0.0179 (0.0429)
Respondent is…employed	0.0278 (0.0448)	0.0256 (0.0448)	0.0411 (0.0404)	0.0305 (0.0404)
Excluded group: Respondents who report relatively low income values				
Respondent…lives in a middle income household	0.0522* (0.0285)	0.0493* (0.0285)	0.0382 (0.0253)	0.0329 (0.0253)
Respondent…lives in a high income household	0.1059*** (0.0344)	0.1033*** (0.0344)	0.0938*** (0.0307)	0.0877*** (0.0308)
Excluded group: Respondents who have never been married				
Respondent is…married	0.1091*** (0.036)	0.1088*** (0.036)	0.0616** (0.0313)	0.0638** (0.0313)
Respondent is…divorced, separated, or widowed	0.0368 (0.0522)	0.0379 (0.0522)	0.0334 (0.0443)	0.0403 (0.0443)
Constant	0.5738*** (0.0932)	0.5925*** (0.0978)		
/cut1			−1.6881 (0.0838)	−1.7969 (0.0881)

(continued)

Table 7.4 (continued)

	(a)	*(b)*	*(c)*	*(d)*
/cut2			−0.4053	−0.514
			(0.083)	(0.0872)
N	30,436	30,436	30,436	30,436
Count R^2	0.672	0.671	0.526	0.527
Pseudo R^2	0.1141	0.1142	0.0715	0.0718
Wald χ^2 statistic	3858***	3839***	3917***	3883***
Log pseudolikelihood	−18,657	−18,655	−29,836	−29,825

Columns (a) and (b): Dependent variable equals one if response is "An increase"; otherwise, is equal to zero
Estimation technique: Binomial Logit
Columns (c) and (d): Dependent variable is equal to one if response is "A decrease", is equal to two if the response is "Neither/the same", and is equal to three if the response if equal to "An increase"
Estimation technique: Ordered Logit
Robust standard errors in parentheses. "***", "**", and "*" indicate statistical significance from zero at the 1%, 5%, and 10% levels, respectively

distance, when weighted by total trade shares, corresponds with a decreased likelihood that, all else equal, a survey respondent will express the opinion that trade increases wages in their country of residence. The corresponding estimated coefficient is equal to −0.4146. When we consider the separate influences of increased cultural distance, when weighted by import shares and export shares separately, we again find negative coefficients that are statistically significant from zero. The estimated coefficient values, presented in column (b), are equal to −0.2062 and −0.2211 when the cultural distance variable is weighted by import shares and by export shares, respectively. Thus, we can say that survey respondents, regardless of the cultural distance between their countries of residence and the sources of their imports or the destinations of their exports, hold the general opinion that increased trade does not increase wages in their countries of residence.

While still focusing on the cultural distance variables but now looking to the estimated coefficients that are presented in columns (c) and (d) of the table, we find the estimated coefficient of the cultural distance variable when it is weighted by total trade shares, is negative and statistically significant from zero. Likewise, we find a negative and statistically significant coefficient when the cultural distance variable is weighted by import shares; however, the estimated coefficient for the cultural distance variable when it is weighted by export shares is not significantly different from zero. The ordered logit estimation technique is employed to produce these two sets of results, and the dependent variable series is such that it is equal to one if the respondent indicates that international trade is thought to decrease wages in their country of residence, is equal to two if trade is believed to neither increase nor decrease wages, and is equal to three if the respondent believes that trade increases wages in their country of residence. Based on the estimated coefficients, we can conclude that greater cultural distance between the survey respondents' countries of residents and their trading partners, generally, or between the countries of residence and the source countries for imports, corresponds with a lower probability that the respondents believe that trade increases wages.

The next survey question that we examine is:

> Does trade with other countries lead to job creation in (survey country), job losses, or does it not make a difference?

As with the earlier estimations, the results presented in Table 7.5 are organized such that the coefficient estimates from the binomial logit estimations are in columns (a) and (b), while the results from the ordered logit estimations are in columns (c) and (d). For the binomial logit estimations, the dependent variable series is equal to one if a respondent believes that trade leads to job creation in their country of residence and is otherwise equal to zero. For the ordered logit estimations, the dependent variable is equal to one if the respondent indicates a belief that trade leads to job loss, is equal to two if the respondent believes the trade neither leads to job creation nor results in job loss, and is equal to three if the respondent indicates that international trade results in job creation in their country of residence.

Once again, we focus on the cultural distance variables and the corresponding estimated coefficients. Regardless of whether the binomial logit technique or the ordered logit technique is employed, the estimated coefficients of the cultural distance variables, when weighted by total trade shares, are negative and statistically significant from zero. In column (a), the corresponding coefficient has a value of −0.4208, while in column (c) the coefficient is equal to −0.2346. From this, we can say that greater cultural differences between a typical survey respondent's country of residence and its trading partners generally corresponds with a decreased likelihood that the respondent is of the opinion that international trade leads to job creation in their country of residence. Further, we can say that greater cultural distance increases the predicted probability that the typical survey respondent believes trade results in job loss in their country of residence.

When we consider the relationship between cultural distance, when weighted by import shares, and whether survey respondents believe that international trade leads to job creation or job loss in their countries of residence, we find that greater cultural distance between the countries in which survey respondents live and the source countries for their imports corresponds with a reduced likelihood that respondents will believe that trade leads to job creation and an increased probability that respondents view trade as leading to job loss. The estimated coefficients are reported in columns (b) and (d) of the table. When considering the relationship between the cultural distance of the survey respondents' countries of residence and the destinations for their exports, we find no statistically significant relationship.

The final survey question that we consider in this chapter reads:

Table 7.5 Does trade with other countries lead to job creation in (survey country), job losses, or does it not make a difference?

	(a)	*(b)*	*(c)*	*(d)*
Cultural distance$_{ij}$, weighted by total trade shares	−0.4208***		−0.2346***	
	(0.044)		(0.0413)	
Cultural distance$_{ij}$, weighted by import shares		−0.4536***		−0.3626***
		(0.0527)		(0.0505)
Cultural distance$_{ij}$, weighted by export shares		−0.0521		0.0443
		(0.0418)		(0.0398)
RGDPC$_i$–RGDPC$_j$, weighted by total trade shares	−0.0455***		−0.0406***	
	(0.0018)		(0.0018)	
RGDPC$_i$–RGDPC$_j$, weighted by import shares		−0.0184***		−0.0154***
		(0.0044)		(0.0046)
RGDPC$_i$–RGDPC$_j$, weighted by export shares		−0.025***		−0.0231***
		(0.0041)		(0.0043)
Excluded group: Respondents having a typical day				
Respondent is…having a good day	−0.0457*	−0.0343	−0.0721***	−0.06**
	(0.0273)	(0.0275)	(0.0259)	(0.026)
Respondent is…having a bad day	−0.1107**	−0.0828*	−0.1369***	−0.108**
	(0.0485)	(0.0489)	(0.0451)	(0.0455)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic				
Respondent is…a pessimist	−0.8199***	−0.8127***	−0.8106***	−0.8031***
	(0.0259)	(0.026)	(0.0245)	(0.0246)
Excluded group: Generally satisfied respondents				
Respondent is…generally dissatisfied with way things are going in their country	−0.4491***	−0.4335***	−0.4512***	−0.4359***
	(0.0263)	(0.0264)	(0.025)	(0.0251)
Excluded group: Respondents who disagree that most people are better off in a free market economy				
Respondent…agrees that most people are better off in a free market economy	0.2697***	0.2664***	0.2301***	0.2268***
	(0.0261)	(0.026)	(0.024)	(0.024)

(continued)

Table 7.5 (continued)

	(a)	(b)	(c)	(d)
Excluded group: Respondents who are 18–34 years of age				
Respondent is…25–34 years of age	0.0009	−0.0054	0.0128	0.0073
	(0.0428)	(0.0428)	(0.0403)	(0.0403)
Respondent is…35–44 years of age	0.0664	0.0526	0.0771*	0.0636
	(0.0473)	(0.0474)	(0.0444)	(0.0444)
Respondent is…45–54 years of age	0.0338	0.0169	0.0295	0.0126
	(0.0497)	(0.0497)	(0.0464)	(0.0464)
Respondent is…55–64 years of age	0.0081	−0.0107	0.0098	−0.0093
	(0.0532)	(0.0533)	(0.0491)	(0.0491)
Respondent is…65 years of age or older	−0.0309	−0.0593	−0.0356	−0.0638
	(0.058)	(0.0582)	(0.0533)	(0.0534)
Excluded group: Male respondents				
Respondent is…female	−0.07***	−0.0732***	−0.0835***	−0.0867***
	(0.0259)	(0.0258)	(0.024)	(0.024)
Excluded group: Respondents who have completed fewer than 6 years of education				
Respondent has completed…6–12 years of education	0.122***	0.1279***	0.1067***	0.1125***
	(0.0385)	(0.0387)	(0.0361)	(0.0362)
Respondent has completed…12 years of education	0.1547***	0.1502***	0.1234***	0.1197***
	(0.0442)	(0.0444)	(0.0412)	(0.0413)
Respondent has completed…between 12 and 16 years of education	0.1696***	0.1723***	0.134***	0.136***
	(0.0434)	(0.0435)	(0.0406)	(0.0406)
Respondent has completed…16 or more years of education	0.2187***	0.2227***	0.1904***	0.194***
	(0.0458)	(0.0458)	(0.0424)	(0.0424)
Excluded group: Unemployed respondents				
Respondent is…not in the labor force	0.0896*	0.0781*	0.0846**	0.0748*
	(0.0461)	(0.0461)	(0.0428)	(0.0428)

(continued)

Table 7.5 (continued)

	(a)	(b)	(c)	(d)
Respondent is…employed	0.1191***	0.1024**	0.1079***	0.0923**
	(0.0434)	(0.0434)	(0.0405)	(0.0405)
Excluded group: Respondents who report relatively low income values				
Respondent..lives in a middle income household	0.0619**	0.055**	0.0567**	0.0502*
	(0.0277)	(0.0277)	(0.0259)	(0.0259)
Respondent..lives in a high income household	0.1127***	0.1044***	0.1279***	0.1198***
	(0.0339)	(0.0339)	(0.0317)	(0.0318)
Excluded group: Respondents who have never been married				
Respondent is…married	0.0372	0.0404	0.023	0.0273
	(0.035)	(0.0349)	(0.0321)	(0.0321)
Respondent is…divorced, separated, or widowed	−0.0639	−0.0524	−0.054	−0.0432
	(0.0502)	(0.0501)	(0.0455)	(0.0455)
Constant	0.7763***	0.9429***		
	(0.0908)	(0.0949)		
/cut1			−1.5764	−1.7396
			(0.0854)	(0.0891)
/cut2			−0.6213	−0.7838
			(0.0848)	(0.0884)
N	30,985	30,985	30,985	30,985
Count R^2	0.655	0.655	0.585	0.585
Pseudo R^2	0.0836	0.0845	0.0586	0.0592
Wald χ^2 statistic	3065***	3057***	3186***	3179***
Log pseudolikelihood	−19,454	−19,436	−28,718	−28,697

Columns (a) and (b): Dependent variable equals one if response is "Job creation"; otherwise, is equal to zero
Estimation technique: Binomial Logit
Columns (c) and (d): Dependent variable is equal to one if response is "Job loss", is equal to two if the response is "Neither/the same", and is equal to three if the response if equal to "Job creation"
Estimation technique: Ordered Logit
Robust standard errors in parentheses. "***", "**", and "*" indicate statistical significance from zero at the 1%, 5%, and 10% levels, respectively

> Does trade with other countries lead to an increase in the price of products sold in (survey country), a decrease in prices, or does it not make a difference?

The corresponding estimation results are presented in Table 7.6. Beginning with the results from the binomial logit estimations, and once again focusing solely on the cultural distance variables, we find that greater cultural distance, whether the variable is weighted by total trade shares, by import shares, or by export shares, is negatively related to a statistically significant extent with the probability that the typical survey respondent believes that trade increases product prices in their countries of residence. Similarly, when looking at the results from the ordered logit estimations, we again find the estimated coefficients of all three cultural distance variables are negative and statistically significant from zero. These results are presented in columns (c) and (d) of the table. Thus, we can conclude that, all else equal, survey respondents are less likely to believe that trade, if undertaken with partners that are relatively more culturally distant, increases product prices in their countries of residence and are more likely to believe that international trade leads to lower prices in their countries of residence.

7.3.1 Robustness Checks

To test the robustness of the results we have obtained through the application of the binomial logit estimation technique, we have re-estimated the empirical specifications for which results are presented in columns (a) and (b) of Table 7.1 as linear probability models. Accordingly, our dependent variable series takes the value of one when survey respondents indicate that they believe growing trade and business ties between their country of residence and other countries is either a very good thing or a somewhat good thing. Otherwise, the dependent variable is set equal to zero (i.e., it is equal to zero when the respondent believes that growing trade and business ties are somewhat bad or are a very bad thing for their country).

Our variable of primary interest is again the measure of cultural distance between the survey respondents' countries of residence and their trading partners. In column (a) of Table 7.7, we present results obtained when employing the Inglehart measure of cultural distance weighted by

Table 7.6 Does trade with other countries lead to an increase in the price of products sold in (survey country), a decrease in prices, or does it not make a difference?

	(a)	*(b)*	*(c)*	*(d)*
Cultural distance$_{ij}$, weighted by total trade shares	−0.3467***		−0.1986***	
	(0.0416)		(0.0385)	
Cultural distance$_{ij}$, weighted by import shares		−0.1658***		−0.1475***
		(0.0517)		(0.0493)
Cultural distance$_{ij}$, weighted by export shares		−0.1835***		−0.077**
		(0.041)		(0.0389)
RGDPC$_i$–RGDPC$_j$, weighted by total trade shares	−0.0279***		−0.0191***	
	(0.0016)		(0.0017)	
RGDPC$_i$–RGDPC$_j$, weighted by import shares		−0.0115***		−0.004
		(0.0037)		(0.004)
RGDPC$_i$–RGDPC$_j$, weighted by export shares		−0.0161***		−0.0139***
		(0.0033)		(0.0035)
Excluded group: Respondents having a typical day				
Respondent is…having a good day	−0.0031	−0.0041	−0.0289	−0.0276
	(0.0263)	(0.0264)	(0.0246)	(0.0247)
Respondent is…having a bad day	−0.0695	−0.0698	−0.0988**	−0.0922**
	(0.0462)	(0.0465)	(0.0431)	(0.0433)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic				
Respondent is…a pessimist	−0.2838***	−0.2831***	−0.2348***	−0.2322***
	(0.0255)	(0.0255)	(0.0235)	(0.0235)
Excluded group: Generally satisfied respondents				
Respondent is…generally dissatisfied with way things are going in their country	−0.0494*	−0.0489*	−0.0534**	−0.0488**
	(0.0253)	(0.0254)	(0.0235)	(0.0236)
Excluded group: Respondents who disagree that most people are better off in a free market economy				
Respondent…agrees that most people are better off in a free market economy	−0.0199	−0.0201	−0.057**	−0.0582**
	(0.0257)	(0.0257)	(0.0232)	(0.0232)

(continued)

Table 7.6 (continued)

	(a)	(b)	(c)	(d)
Excluded group: Respondents who are 18–34 years of age				
Respondent is…25–34 years of age	−0.0475	−0.0474	0.0023	0.0011
	(0.0408)	(0.0409)	(0.0394)	(0.0394)
Respondent is…35–44 years of age	−0.1148**	−0.1151**	−0.0401	−0.0441
	(0.0453)	(0.0454)	(0.0432)	(0.0433)
Respondent is…45–54 years of age	−0.2059***	−0.2063***	−0.1098**	−0.1148**
	(0.0475)	(0.0476)	(0.0449)	(0.045)
Respondent is…55–64 years of age	−0.2625***	−0.2627***	−0.1287***	−0.1341***
	(0.0514)	(0.0515)	(0.0475)	(0.0476)
Respondent is…65 years of age or older	−0.3083***	−0.3084***	−0.1169**	−0.1243**
	(0.0568)	(0.057)	(0.0513)	(0.0515)
Excluded group: Male respondents				
Respondent is…female	0.0985***	0.0986***	0.095***	0.0944***
	(0.0251)	(0.0251)	(0.0228)	(0.0228)
Excluded group: Respondents who have completed fewer than 6 years of education				
Respondent has completed…6–12 years of education	−0.0083	−0.0064	0.0317	0.0361
	(0.0367)	(0.0368)	(0.0352)	(0.0352)
Respondent has completed…12 years of education	−0.1316***	−0.1302***	−0.1179***	−0.1166***
	(0.0423)	(0.0424)	(0.04)	(0.0401)
Respondent has completed…between 12 and 16 years of education	−0.2265***	−0.2246***	−0.1824***	−0.1785***
	(0.0418)	(0.0419)	(0.039)	(0.039)
Respondent has completed…16 or more years of education	−0.4495***	−0.4485***	−0.3603***	−0.3578***
	(0.0442)	(0.0442)	(0.0401)	(0.0401)
Excluded group: Unemployed respondents				
Respondent is…not in the labor force	−0.1071**	−0.1077**	−0.104**	−0.1078**
	(0.0446)	(0.0446)	(0.0426)	(0.0426)
Respondent is…employed	−0.0362	−0.0365	−0.023	−0.0277
	(0.0419)	(0.042)	(0.0399)	(0.0399)

(continued)

Table 7.6 (continued)

	(a)	*(b)*	*(c)*	*(d)*
Excluded group: Respondents who report relatively low income values				
Respondent…lives in a middle income household	−0.0047	−0.0056	−0.0102	−0.0137
	(0.0268)	(0.0268)	(0.0247)	(0.0247)
Respondent…lives in a high income household	−0.0512	−0.052	−0.0565*	−0.0603**
	(0.0326)	(0.0326)	(0.03)	(0.03)
Excluded group: Respondents who have never been married				
Respondent is…married	0.0196	0.0194	−0.0115	−0.0106
	(0.0339)	(0.0339)	(0.0309)	(0.0309)
Respondent is…divorced, separated, or widowed	−0.0261	−0.0261	−0.0369	−0.0338
	(0.0492)	(0.0492)	(0.0434)	(0.0435)
Constant	0.6902***	0.6929***		
	(0.0869)	(0.0916)		
/cut1			−1.4733	−1.5202
			(0.0816)	(0.0855)
/cut2			−0.4666	−0.5134
			(0.081)	(0.0849)
N	30,473	30,473	30,473	30,473
Count R^2	0.58	0.58	0.486	0.486
Pseudo R^2	0.0285	0.0285	0.012	0.012
Wald χ^2 statistic	1151***	1151***	759***	762***
Log pseudolikelihood	−20,497	−20,497	−31,607	−31,604

Columns (a) and (b): Dependent variable equals one if response is "An increase"; otherwise, is equal to zero
Estimation technique: Binomial Logit
Columns (c) and (d): Dependent variable is equal to one if response is "A decrease", is equal to two if the response is "Neither/the same", and is equal to three if the response if equal to "An increase"
Estimation technique: Ordered Logit
Robust standard errors in parentheses. "***", "**", and "*" indicate statistical significance from zero at the 1%, 5%, and 10% levels, respectively

Table 7.7 Robustness check: What do you think of growing trade and business ties between (survey country) and other countries—do you think it is a very good thing, somewhat good, somewhat bad, or a very bad thing for our country?

	(a)	*(b)*
Cultural distance$_{ij}$, weighted by total trade shares	−0.0362***	
	(0.0071)	
Cultural distance$_{ij}$, weighted by import shares		−0.1271***
		(0.0094)
Cultural distance$_{ij}$, weighted by export shares		0.0607***
		(0.0071)
RGDPC$_i$–RGDPC$_j$, weighted by total trade shares	−0.0035***	
	(0.0002)	
RGDPC$_i$–RGDPC$_j$, weighted by import shares		−0.0051***
		(0.0005)
RGDPC$_i$–RGDPC$_j$, weighted by export shares		0.0019***
		(0.0005)
Excluded group: Respondents having a typical day		
Respondent is…having a good day	−0.0093**	−0.0034
	(0.0042)	(0.0042)
Respondent is…having a bad day	−0.0744***	−0.0628***
	(0.0091)	(0.0091)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic		
Respondent is…a pessimist	−0.1145***	−0.1128***
	(0.0045)	(0.0045)
Excluded group: Generally satisfied respondents		
Respondent is…generally dissatisfied with way things are going in their country	−0.0675***	−0.0619***
	(0.0039)	(0.0039)

(continued)

Table 7.7 (continued)

	(a)	*(b)*
Excluded group: Respondents who disagree that most people are better off in a free market economy		
Respondent…agrees that most people are better off in a free market economy	0.053***	0.0522***
	(0.0045)	(0.0045)
Excluded group: Respondents who are 18-34 years of age		
Respondent is…25–34 years of age	0.0135**	0.011*
	(0.0067)	(0.0066)
Respondent is…35–44 years of age	0.0216***	0.0168**
	(0.0074)	(0.0074)
Respondent is…45–54 years of age	0.0335***	0.0277***
	(0.0078)	(0.0078)
Respondent is…55–64 years of age	0.0314***	0.0248***
	(0.0086)	(0.0086)
Respondent is…65 years of age or older	0.0395***	0.0289***
	(0.0096)	(0.0096)
Excluded group: Male respondents		
Respondent is…female	−0.0074*	−0.0089**
	(0.0041)	(0.0041)
Excluded group: Respondents who have completed fewer than 6 years of education		
Respondent has completed…6–12 years of education	0.0424***	0.0417***
	(0.0063)	(0.0063)
Respondent has completed…12 years of education	0.0549***	0.0507***
	(0.0072)	(0.0072)
Respondent has completed…between 12 and 16 years of education	0.0676***	0.0657***
	(0.0071)	(0.0071)
Respondent has completed…16 or more years of education	0.085***	0.0849***
	(0.0075)	(0.0075)

(continued)

Table 7.7 (continued)

	(a)	*(b)*
Excluded group: Unemployed respondents		
Respondent is…not in the labor force	0.0083	0.0044
	(0.0076)	(0.0076)
Respondent is…employed	0.0077	0.0015
	(0.0072)	(0.0072)
Excluded group: Respondents who report relatively low income values		
Respondent…lives in a middle income household	0.0132***	0.0123***
	(0.0044)	(0.0044)
Respondent…lives in a high income household	0.0064	0.0045
	(0.0052)	(0.0052)
Excluded group: Respondents who have never been married		
Respondent is…married	−0.0105*	−0.0091
	(0.0056)	(0.0055)
Respondent is…divorced, separated, or widowed	−0.0131	−0.009
	(0.0084)	(0.0084)
Constant	0.8721***	0.9347***
	(0.0146)	(0.0157)
N	31,534	31,534
R^2	0.0719	0.0778
Pseudo count R^2	0.8553	0.8553
F statistic	93.89***	93.16***
Predicted probability: Minimum	0.5749	0.5299
Predicted probability: Maximum	1.0897	1.0936

Dependent variable equals one if response is "Very good" or "Somewhat good"; otherwise, is equal to zero
Estimation technique: Robust OLS
Robust standard errors in parentheses. "***", "**", and "*" indicate statistical significance from zero at the 1%, 5%, and 10% levels, respectively

total trade shares. The estimated coefficient of the variable is negative and statistically significant from zero (−0.0362). Thus, regardless of the cultural distance between the survey respondents' countries of residence and the source countries for their imports or the destination country of their exports, if the country undertakes trade, generally, with with more culturally-distant partners then, all else held constant, survey respondents are less likely to express a positive opinion of growing international trade and cross-border business ties. As this is a linear probability model, we can interpret the coefficient as follows. Given a one-unit increase in the cultural distance measure, weighted by total trade shares, all else held constant, the predicted probability that the typical survey respondent expresses a positive view of international trade decreases by 3.62%. This is similar to the 4.34% decrease in the predicted probability that was estimated based on results from our binomial logit estimation and that is reported in column (a) of Panel B in Table 7.2.

Shifting our focus to column (b), we present the results obtained when estimating a similar regression model where, rather than weighting the Inglehart measure of cultural distance by total trade shares, we substitute two variables that are weighted, separately, by import shares and by export shares. The estimated coefficients for both cultural distance variables are statistically significant from zero, and the coefficient of the cultural distance variable that is weighted by import shares is negative (i.e., −0.1271) while the cultural distance variable that is weighted by export shares is positive (i.e., 0.0607). The magnitudes of the estimated coefficients and the fact that we have estimated a linear probability model allow us to say that, all else held constant, a one-unit increase in the cultural distance of the typical survey respondents' country of residence from its imports sources reduces the probability that the typical respondent will express a positive view of international trade by 12.7%. To the contrary, again all else held constant, a one-unit increase in the cultural distance of the typical survey respondent's country of residence from its export markets increases the likelihood that the respondent expresses a positive view of trade by 6.1%. While the changes in predicted probabilities vary in magnitude across estimation techniques, in terms of statistical significance and the signs of the estimated coefficients, the results from the linear probability model mirror those obtained from the use of the binomial logit technique.[4]

In Tables 7.8, 7.9, 7.10, 7.11 and 7.12, we present estimation results obtained when we replicate the estimations for which results are

Table 7.8 Robustness check: What do you think of growing trade and business ties between (survey country) and other countries—do you think it is a very good thing, somewhat good, somewhat bad, or a very bad thing for our country?

	(a)	*(b)*
Cultural distance$_{ij}$, weighted by total trade shares	−0.0247***	
	(0.0071)	
Cultural distance$_{ij}$, weighted by import shares		−0.103***
		(0.0093)
Cultural distance$_{ij}$, weighted by export shares		0.0396***
		(0.0073)
HDI$_i$–HDI$_j$, weighted by total trade shares	−0.0591***	
	(0.0118)	
HDI$_i$–HDI$_j$, weighted by import shares		0.1062**
		(0.0449)
HDI$_i$–HDI$_j$, weighted by export shares		−0.1495***
		(0.0456)
Excluded group: Respondents having a typical day		
Respondent is…having a good day	−0.006	−0.0021
	(0.0042)	(0.0042)
Respondent is…having a bad day	−0.0685***	−0.058***
	(0.0092)	(0.0091)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic		
Respondent is…a pessimist	−0.1174***	−0.1127***
	(0.0045)	(0.0045)
Excluded group: Generally satisfied respondents		
Respondent is…generally dissatisfied with way things are going in their country	−0.067***	−0.0617***
	(0.0039)	(0.0039)

(continued)

Table 7.8 (continued)

	(a)	*(b)*
Excluded group: Respondents who disagree that most people are better off in a free market economy		
Respondent…agrees that most people are better off in a free market economy	0.0572***	0.0549***
	(0.0045)	(0.0045)
Excluded group: Respondents who are 18–34 years of age		
Respondent is…25–34 years of age	0.0093	0.0078
	(0.0067)	(0.0067)
Respondent is…35–44 years of age	0.0123*	0.0092
	(0.0074)	(0.0074)
Respondent is…45–54 years of age	0.0203***	0.0167**
	(0.0078)	(0.0077)
Respondent is…55–64 years of age	0.0153*	0.0119
	(0.0085)	(0.0085)
Respondent is…65 years of age or older	0.02**	0.0134
	(0.0094)	(0.0094)
Excluded group: Male respondents		
Respondent is…female	−0.0105**	−0.0111***
	(0.0041)	(0.0041)
Excluded group: Respondents who have completed fewer than 6 years of education		
Respondent has completed…6–12 years of education	0.0361***	0.0401***
	(0.0063)	(0.0063)
Respondent has completed…12 years of education	0.0407***	0.0428***
	(0.0071)	(0.0071)
Respondent has completed…between 12 and 16 years of education	0.054***	0.0582***
	(0.0071)	(0.007)
Respondent has completed…16 or more years of education	0.0661***	0.0722***
	(0.0073)	(0.0073)

(continued)

Table 7.8 (continued)

	(a)	*(b)*
Excluded group: Unemployed respondents		
Respondent is…not in the labor force	0.0079	0.0033
	(0.0076)	(0.0076)
Respondent is…employed	0.006	−0.0005
	(0.0072)	(0.0072)
Excluded group: Respondents who report relatively low income values		
Respondent…lives in a middle income household	0.0159***	0.0117***
	(0.0044)	(0.0044)
Respondent…lives in a high income household	0.0114**	0.006
	(0.0052)	(0.0052)
Excluded group: Respondents who have never been married		
Respondent is…married	−0.0033	−0.0048
	(0.0056)	(0.0055)
Respondent is…divorced, separated, or widowed	−0.0083	−0.0057
	(0.0084)	(0.0084)
Constant	0.8814***	0.9490***
	(0.0147)	(0.0157)
N	31,534	31,534
R^2	0.0673	0.0739
Pseudo count R^2	0.8553	0.8553
F statistic	88.36***	90.29***
Predicted probability: Minimum	0.5858	0.5572
Predicted probability: Maximum	1.0379	1.1029

Dependent variable equals one if response is "Very good" or "Somewhat good"; otherwise, is equal to zero
Estimation technique: Robust OLS
Robust standard errors in parentheses. "***", "**", and "*" indicate statistical significance from zero at the 1%, 5%, and 10% levels, respectively

Table 7.9 Robustness check: What do you think of growing trade and business ties between (survey country) and other countries—do you think it is a very good thing, somewhat good, somewhat bad, or a very bad thing for our country?

	(a)	*(b)*	*(c)*	*(d)*
Cultural distance$_{ij}$, weighted by total trade shares	−0.208***		−0.2005***	
	(0.0578)		(0.0388)	
Cultural distance$_{ij}$, weighted by import shares		−0.8387***		−0.3864***
		(0.0695)		(0.053)
Cultural distance$_{ij}$, weighted by export shares		0.3371***		0.121***
		(0.054)		(0.0401)
HDI$_i$–HDI$_j$, weighted by total trade shares	−0.4738***		−1.0759***	
	(0.1003)		(0.0715)	
HDI$_i$–HDI$_j$, weighted by import shares		1.6583***		−1.6141***
		(0.3806)		(0.2726)
HDI$_i$–HDI$_j$, weighted by export shares		−2.1646***		0.637**
		(0.4116)		(0.2772)
Excluded group: Respondents having a typical day				
Respondent is…having a good day	−0.0657*	−0.0234	0.077***	0.0858***
	(0.038)	(0.0382)	(0.0248)	(0.0248)
Respondent is…having a bad day	−0.4522***	−0.3462***	−0.1206**	−0.1092**
	(0.0562)	(0.0573)	(0.0515)	(0.0515)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic				
Respondent is…a pessimist	−0.9576***	−0.9126***	−0.5445***	−0.5515***
	(0.0371)	(0.0373)	(0.0252)	(0.0252)
Excluded group: Generally satisfied respondents				
Respondent is…generally dissatisfied with way things are going in their country	−0.6654***	−0.6336***	−0.3335***	−0.3118***
	(0.0405)	(0.0409)	(0.0233)	(0.0235)

(continued)

Table 7.9 (continued)

	(a)	(b)	(c)	(d)
Excluded group: Respondents who disagree that most people are better off in a free market economy				
Respondent…agrees that most people are better off in a free market economy	0.4482***	0.4386***	0.3616***	0.3604***
	(0.0341)	(0.0341)	(0.0245)	(0.0245)
Excluded group: Respondents who are 18–34 years of age				
Respondent is…25–34 years of age	0.0828	0.0599	0.032	0.0279
	(0.0593)	(0.0598)	(0.0394)	(0.0395)
Respondent is…35–44 years of age	0.1032	0.0593	0.0888**	0.0795*
	(0.0643)	(0.0647)	(0.0433)	(0.0433)
Respondent is…45–54 years of age	0.1759***	0.1293*	0.0672	0.0582
	(0.0679)	(0.0682)	(0.0449)	(0.0449)
Respondent is…55–64 years of age	0.1317*	0.084	0.0721	0.0588
	(0.0707)	(0.0712)	(0.0485)	(0.0485)
Respondent is…65 years of age or older	0.1777**	0.0916	0.083	0.0621
	(0.0768)	(0.0772)	(0.0531)	(0.0532)
Excluded group: Male respondents				
Respondent is…female	−0.0954***	−0.1051***	−0.1689***	−0.1716***
	(0.0357)	(0.0358)	(0.0235)	(0.0235)
Excluded group: Respondents who have completed fewer than 6 years of education				
Respondent has completed…6–12 years of education	0.2905***	0.3211***	0.1261***	0.1257***
	(0.0495)	(0.0501)	(0.0356)	(0.0357)
Respondent has completed…12 years of education	0.3436***	0.3554***	0.1615***	0.1503***
	(0.0575)	(0.0577)	(0.0401)	(0.0401)
Respondent has completed…between 12 and 16 years of education	0.439***	0.4587***	0.2796***	0.2789***
	(0.057)	(0.0569)	(0.0402)	(0.0403)
Respondent has completed…16 or more years of education	0.5311***	0.5682***	0.4053***	0.4079***
	(0.0598)	(0.0597)	(0.0421)	(0.0423)

(continued)

Table 7.9 (continued)

	(a)	(b)	(c)	(d)
Excluded group: Unemployed respondents				
Respondent is…not in the labor force	0.0545	0.034	−0.0282	−0.0397
	(0.0608)	(0.061)	(0.0442)	(0.0444)
Respondent is…employed	0.0477	0.0039	−0.0728*	−0.0865**
	(0.0573)	(0.0577)	(0.0418)	(0.042)
Excluded group: Respondents who report relatively low income values				
Respondent…lives in a middle income household	0.1383***	0.113***	0.0072	0.0094
	(0.0377)	(0.038)	(0.0249)	(0.025)
Respondent…lives in a high income household	0.1121**	0.0776	0.0608**	0.0604**
	(0.0469)	(0.0473)	(0.0304)	(0.0305)
Excluded group: Respondents who have never been married				
Respondent is…married	−0.0215	−0.0268	−0.0717**	−0.0643**
	(0.0478)	(0.0479)	(0.0321)	(0.0321)
Respondent is…divorced, separated, or widowed	−0.0578	−0.0332	−0.018	−0.0092
	(0.0671)	(0.067)	(0.0473)	(0.0473)
Constant	2.276***	2.7998***		
	(0.1213)	(0.1265)		
/cut1			−3.4787	−3.6187
			(0.088)	(0.0931)

(continued)

Table 7.9 (continued)

	(a)	*(b)*	*(c)*	*(d)*
/cut2			−2.082	−2.2203
			(0.0844)	(0.0901)
/cut3			0.5206	0.385
			(0.0837)	(0.0896)
N	31,534	31,534	31,534	31,534
Count R^2	0.855	0.855	0.522	0.521
Pseudo R^2	0.0821	0.0914	0.0298	0.0305
Wald χ^2 statistic	1994***	2141***	1970***	1993***
Log pseudolikelihood	−11,989	−11,868	−32,805	−32,782

Columns (a) and (b): Dependent variable equals one if response is "Very good" or "Somewhat good"; otherwise, is equal to zero
Estimation technique: Binomial Logit
Columns (c) and (d): Dependent variable is equal to one if response is "Very bad", is equal to two if the response is "Somewhat bad", is equal to three if the response if equal to "Somewhat good", and is equal to four if the response is equal to "Very good"
Estimation technique: Ordered Logit
Robust standard errors in parentheses. "***", "**", and "*" indicate statistical significance from zero at the 1%, 5%, and 10% levels, respectively

Table 7.10 Robustness check: Does trade with other countries lead to an increase in the wages of (survey nationality) workers, a decrease in wages, or does it not make a difference?

	(a)	*(b)*	*(c)*	*(d)*
Cultural distance$_{ij}$, weighted by total trade shares	−0.2528***		−0.0896**	
	(0.0437)		(0.0391)	
Cultural distance$_{ij}$, weighted by import shares		−0.2545***		−0.324***
		(0.0538)		(0.0492)
Cultural distance$_{ij}$, weighted by export shares		−0.1086**		0.1018***
		(0.0432)		(0.0387)
HDI$_i$–HDI$_j$, weighted by total trade shares	−1.5663***		−1.2611***	
	(0.077)		(0.0694)	
HDI$_i$–HDI$_j$, weighted by import shares		0.8235***		0.3305
		(0.2616)		(0.2406)
HDI$_i$–HDI$_j$, weighted by export shares		−2.4195***		−1.5918***
		(0.2784)		(0.2584)
Excluded group: Respondents having a typical day				
Respondent is…having a good day	0.0462*	0.0546**	−0.0057	0.0083
	(0.0276)	(0.0277)	(0.0253)	(0.0254)
Respondent is…having a bad day	0.0197	0.054	−0.0478	−0.0088
	(0.0495)	(0.0498)	(0.0447)	(0.0451)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic				
Respondent is…a pessimist	−0.8191***	−0.7924***	−0.8013***	−0.7797***
	(0.0264)	(0.0266)	(0.024)	(0.0242)

(continued)

Table 7.10 (continued)

	(a)	*(b)*	*(c)*	*(d)*
Excluded group: Generally satisfied respondents				
Respondent is…generally dissatisfied with way things are going in their country	−0.5439***	−0.5441***	−0.5205***	−0.5105***
	(0.0261)	(0.0263)	(0.0242)	(0.0244)
Excluded group: Respondents who disagree that most people are better off in a free market economy				
Respondent…agrees that most people are better off in a free market economy	0.3767***	0.3682***	0.2887***	0.2808***
	(0.0268)	(0.0268)	(0.0234)	(0.0234)
Excluded group: Respondents who are 18–34 years of age				
Respondent is…25–34 years of age	−0.1529***	−0.1556***	−0.0915**	−0.0954**
	(0.0429)	(0.043)	(0.0402)	(0.0402)
Respondent is…35–44 years of age	−0.2938***	−0.2995***	−0.2021***	−0.2114***
	(0.0473)	(0.0474)	(0.0437)	(0.0437)
Respondent is…45–54 years of age	−0.3691***	−0.3779***	−0.2485***	−0.2606***
	(0.0495)	(0.0497)	(0.0453)	(0.0453)
Respondent is…55–64 years of age	−0.408***	−0.4111***	−0.2973***	−0.3071***
	(0.0533)	(0.0534)	(0.0479)	(0.048)
Respondent is…65 years of age or older	−0.4916***	−0.5015***	−0.351***	−0.3694***
	(0.0594)	(0.0595)	(0.0525)	(0.0526)
Excluded group: Male respondents				
Respondent is…female	−0.121***	−0.1233***	−0.1205***	−0.1243***
	(0.0262)	(0.0262)	(0.0234)	(0.0234)

(continued)

Table 7.10 (continued)

	(a)	*(b)*	*(c)*	*(d)*
Excluded group: Respondents who have completed fewer than 6 years of education				
Respondent has completed…6–12 years of education	−0.0085	0.0098	0.0315	0.047
	(0.0385)	(0.0387)	(0.036)	(0.0361)
Respondent has completed…12 years of education	−0.1494***	−0.1293***	−0.0924**	−0.0813**
	(0.0439)	(0.0442)	(0.0404)	(0.0405)
Respondent has completed…between 12 and 16 years of education	−0.1911***	−0.1714***	−0.1139***	−0.0982**
	(0.0436)	(0.0437)	(0.0396)	(0.0397)
Respondent has completed…16 or more years of education	−0.309***	−0.2828***	−0.2254***	−0.2013***
	(0.0454)	(0.0456)	(0.0405)	(0.0406)
Excluded group: Unemployed respondents				
Respondent is…not in the labor force	0.0002	−0.0083	0.0196	0.0082
	(0.0469)	(0.047)	(0.043)	(0.0431)
Respondent is…employed	0.0079	−0.008	0.0236	0.0042
	(0.0441)	(0.0443)	(0.0404)	(0.0405)
Excluded group: Respondents who report relatively low income values				
Respondent…lives in a middle income household	0.0956***	0.0749***	0.073***	0.0566**
	(0.0281)	(0.0283)	(0.0253)	(0.0254)
Respondent…lives in a high income household	0.188***	0.1644***	0.1626***	0.1418***
	(0.0338)	(0.0339)	(0.0305)	(0.0306)

(continued)

Table 7.10 (continued)

	(a)	*(b)*	*(c)*	*(d)*
Excluded group: Respondents who have never been married				
Respondent is…married	0.227***	0.2136***	0.1621***	0.1542***
	(0.0354)	(0.0355)	(0.0311)	(0.0312)
Respondent is…divorced, separated, or widowed	0.12**	0.1242**	0.1007**	0.1088**
	(0.0516)	(0.0516)	(0.0443)	(0.0443)
Constant	0.6326***	0.8064***		
	(0.0915)	(0.0967)		
/cut1			−1.6882	−1.9123
			(0.0835)	(0.0879)
/cut2			−0.4278	−0.6499
			(0.0827)	(0.0871)
N	30,436	30,436	30,436	30,436
Count R^2	0.652	0.653	0.518	0.521
Pseudo R^2	0.0929	0.0946	0.0601	0.0615
Wald χ^2 statistic	3378***	3421***	3618***	3644***
Log pseudolikelihood	−19,103	−19,068	−30,201	−30,156

Columns (a) and (b): Dependent variable equals one if response is "An increase"; otherwise, is equal to zero
Estimation technique: Binomial Logit
Columns (c) and (d): Dependent variable is equal to one if response is "A decrease", is equal to two if the response is "Neither/the same", and is equal to three if the response if equal to "An increase"
Estimation technique: Ordered Logit
Robust standard errors in parentheses. "***", "**", and "*" indicate statistical significance from zero at the 1%, 5%, and 10% levels, respectively

Table 7.11 Robustness check: Does trade with other countries lead to job creation in (survey country), job losses, or does it not make a difference?

	(a)	*(b)*	*(c)*	*(d)*
Cultural distance$_{ij}$, weighted by total trade shares	−0.2968***		−0.1172***	
	(0.0427)		(0.04)	
Cultural distance$_{ij}$, weighted by import shares		−0.4827***		−0.3987***
		(0.0524)		(0.0497)
Cultural distance$_{ij}$, weighted by export shares		0.0384		0.1473***
		(0.0423)		(0.0396)
HDI$_i$–HDI$_j$, weighted by total trade shares	−1.3318***		−1.2124***	
	(0.0762)		(0.0717)	
HDI$_i$ - HDI$_j$, weighted by Import Shares		0.1125		−0.122
		(0.2648)		(0.252)
HDI$_i$–HDI$_j$, weighted by export shares		−1.4109***		−1.0573***
		(0.2816)		(0.2683)
Excluded group: Respondents having a typical day				
Respondent is…having a good day	−0.0206	−0.0048	−0.0554**	−0.0389
	(0.0271)	(0.0273)	(0.0259)	(0.026)
Respondent is…having a bad day	−0.0365	0.0062	−0.0757*	−0.0346
	(0.0477)	(0.0482)	(0.0448)	(0.0453)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic				
Respondent is…a pessimist	−0.8232***	−0.8036***	−0.8163***	−0.7995***
	(0.0258)	(0.0261)	(0.0246)	(0.0248)
Excluded group: Generally satisfied respondents				
Respondent is…generally dissatisfied with way things are going in their country	−0.4476***	−0.4319***	−0.454***	−0.437***
	(0.0262)	(0.0264)	(0.025)	(0.0252)

(continued)

Table 7.11 (continued)

	(a)	(b)	(c)	(d)
Excluded group: Respondents who disagree that most people are better off in a free market economy				
Respondent…agrees that most people are better off in a free market economy	0.3103***	0.3013***	0.2641***	0.256***
	(0.0259)	(0.0259)	(0.024)	(0.024)
Excluded group: Respondents who are 18–34 years of age				
Respondent is…25–34 years of age	−0.0442	−0.0505	−0.0251	−0.0302
	(0.0426)	(0.0426)	(0.0404)	(0.0404)
Respondent is…35–44 years of age	−0.0329	−0.046	−0.0059	−0.0184
	(0.0469)	(0.047)	(0.0443)	(0.0443)
Respondent is…45–54 years of age	−0.1077**	−0.1232**	−0.0862*	−0.1012**
	(0.0489)	(0.0489)	(0.0461)	(0.0461)
Respondent is…55–64 years of age	−0.153***	−0.1675***	−0.1226**	−0.1378***
	(0.0523)	(0.0524)	(0.0486)	(0.0486)
Respondent is…65 years of age or older	−0.2184***	−0.2451***	−0.1883***	−0.2142***
	(0.057)	(0.0571)	(0.0526)	(0.0526)
Excluded group: Male respondents				
Respondent is…female	−0.1007***	−0.1036***	−0.109***	−0.1118***
	(0.0257)	(0.0257)	(0.024)	(0.024)
Excluded group: Respondents who have completed fewer than 6 years of education				
Respondent has completed…6–12 years of education	0.0793**	0.0956**	0.0754**	0.0893**
	(0.0381)	(0.0383)	(0.0361)	(0.0363)
Respondent has completed…12 years of education	0.0333	0.0422	0.0304	0.0368
	(0.0435)	(0.0438)	(0.041)	(0.0411)

(continued)

Table 7.11 (continued)

	(a)	*(b)*	*(c)*	*(d)*
Respondent has completed…between 12 and 16 years of education	0.0593	0.0753*	0.0503	0.0628
	(0.0429)	(0.043)	(0.0405)	(0.0406)
Respondent has completed…16 or more years of education	0.0362	0.0603	0.0447	0.0652
	(0.0445)	(0.0446)	(0.0415)	(0.0416)
Excluded group: Unemployed respondents				
Respondent is…not in the labor force	0.0832*	0.0678	0.0776*	0.065
	(0.0459)	(0.046)	(0.043)	(0.0431)
Respondent is…employed	0.1093**	0.0854**	0.0995**	0.0785*
	(0.0433)	(0.0434)	(0.0407)	(0.0408)
Excluded group: Respondents who report relatively low income values				
Respondent…lives in a middle income household	0.0916***	0.0747***	0.0829***	0.0697***
	(0.0275)	(0.0277)	(0.0259)	(0.026)
Respondent…lives in a high income household	0.17***	0.1488***	0.178***	0.1605***
	(0.0335)	(0.0337)	(0.0316)	(0.0317)
Excluded group: Respondents who have never been married				
Respondent is…married	0.1226***	0.1165***	0.0981***	0.0956***
	(0.0347)	(0.0347)	(0.032)	(0.032)
Respondent is…divorced, separated, or widowed	−0.0003	0.0111	0.0006	0.0114
	(0.05)	(0.0499)	(0.0455)	(0.0455)
Constant	0.783***	1.0402***		
	(0.0898)	(0.0942)		
/cut1			−1.5503	−1.7863
			(0.0851)	(0.0889)

(continued)

Table 7.11 (continued)

	(a)	*(b)*	*(c)*	*(d)*
/cut2			−0.6025	−0.8368
			(0.0845)	(0.0882)
N	30,985	30,985	30,985	30,985
Count R^2	0.646	0.648	0.584	0.582
Pseudo R^2	0.0739	0.076	0.0534	0.0548
Wald χ^2 statistic	2831***	2892***	3057***	3107***
Log pseudolikelihood	−19,660	−19,616	−28,876	−28,833

Columns (a) and (b): Dependent variable equals one if response is "Job creation"; otherwise, is equal to zero
Estimation technique: Binomial Logit
Columns (c) and (d): Dependent variable is equal to one if response is "Job loss", is equal to two if the response is "Neither/the same", and is equal to three if the response if equal to "Job creation"
Estimation technique: Ordered Logit
Robust standard errors in parentheses. "***", "**", and "*" indicate statistical significance from zero at the 1%, 5%, and 10% levels, respectively

Table 7.12 Robustness check: Does trade with other countries lead to an increase in the price of products sold in (survey country), a decrease in prices, or does it not make a difference?

	(a)	*(b)*	*(c)*	*(d)*
Cultural distance$_{ij}$, weighted by total trade shares	−0.2725***		−0.1413***	
	(0.0411)		(0.0377)	
Cultural distance$_{ij}$, weighted by import shares		−0.0355		−0.0632
		(0.0512)		(0.0483)
Cultural distance$_{ij}$, weighted by export shares		−0.3041***		−0.1469***
		(0.0411)		(0.0381)
HDI$_i$–HDI$_j$, weighted by total trade shares	−0.7917***		−0.5954***	
	(0.0725)		(0.0653)	
HDI$_i$–HDI$_j$, weighted by import shares		2.1914***		1.5923***
		(0.2501)		(0.2311)
HDI$_i$–HDI$_j$, weighted by export shares		−3.0951***		−2.277***
		(0.2649)		(0.2488)
Excluded group: Respondents having a typical day				
Respondent is…having a good day	0.0144	0.0156	−0.0204	−0.0168
	(0.0262)	(0.0263)	(0.0246)	(0.0247)
Respondent is…having a bad day	−0.0201	0.0032	−0.0681	−0.0457
	(0.046)	(0.0462)	(0.0432)	(0.0434)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic				
Respondent is…a pessimist	−0.2929***	−0.2578***	−0.2407***	−0.2125***
	(0.0255)	(0.0257)	(0.0236)	(0.0238)

(continued)

Table 7.12 (continued)

	(a)	(b)	(c)	(d)
Excluded group: Generally satisfied respondents				
Respondent is…generally dissatisfied with way things are going in their country	−0.052** (0.0252)	−0.0685*** (0.0255)	−0.0559** (0.0235)	−0.0656*** (0.0238)
Excluded group: Respondents who disagree that most people are better off in a free market economy				
Respondent…agrees that most people are better off in a free market economy	0.0078 (0.0256)	0.0014 (0.0256)	−0.0418* (0.0232)	−0.0468** (0.0232)
Excluded group: Respondents who are 18–34 years of age				
Respondent is…25–34 years of age	−0.0758* (0.0406)	−0.0748* (0.0407)	−0.0162 (0.0393)	−0.0163 (0.0394)
Respondent is…35–44 years of age	−0.1767*** (0.0449)	−0.1752*** (0.0451)	−0.0794* (0.043)	−0.0799* (0.0431)
Respondent is…45–54 years of age	−0.2924*** (0.047)	−0.2945*** (0.0471)	−0.1649*** (0.0445)	−0.1668*** (0.0446)
Respondent is…55–64 years of age	−0.3632*** (0.0508)	−0.357*** (0.0509)	−0.193*** (0.0469)	−0.1878*** (0.047)
Respondent is…65 years of age or older	−0.4292*** (0.0561)	−0.4233*** (0.0563)	−0.1921*** (0.0505)	−0.1883*** (0.0506)
Excluded group: Male respondents				
Respondent is…female	0.0771*** (0.0249)	0.0773*** (0.025)	0.0829*** (0.0228)	0.083*** (0.0228)

(continued)

Table 7.12 (continued)

	(a)	(b)	(c)	(d)
Excluded group: Respondents who have completed fewer than 6 years of education				
Respondent has completed…6–12 years of education	−0.0363	−0.0144	0.016	0.0359
	(0.0365)	(0.0367)	(0.0351)	(0.0353)
Respondent has completed…12 years of education	−0.211***	−0.1773***	−0.1625***	−0.1351***
	(0.0418)	(0.042)	(0.0397)	(0.0399)
Respondent has completed…between 12 and 16 years of education	−0.2981***	−0.2752***	−0.2228***	−0.2013***
	(0.0414)	(0.0416)	(0.0387)	(0.0388)
Respondent has completed…16 or more years of education	−0.5651***	−0.5382***	−0.4318***	−0.4047***
	(0.0434)	(0.0435)	(0.0392)	(0.0394)
Excluded group: Unemployed respondents				
Respondent is…not in the labor force	−0.1084**	−0.1084**	−0.104**	−0.1052**
	(0.0445)	(0.0446)	(0.0427)	(0.0428)
Respondent is…employed	−0.0425	−0.0479	−0.0259	−0.0316
	(0.0418)	(0.042)	(0.04)	(0.04)
Excluded group: Respondents who report relatively low income values				
Respondent…lives in a middle income household	0.0169	−0.0077	0.0041	−0.0161
	(0.0267)	(0.0268)	(0.0246)	(0.0248)
Respondent…lives in a high income household	−0.0114	−0.0368	−0.0307	−0.0525*
	(0.0324)	(0.0326)	(0.0299)	(0.03)

(continued)

Table 7.12 (continued)

	(a)	(b)	(c)	(d)
Excluded group: Respondents who have never been married				
Respondent is…married	0.0718**	0.0519	0.0242	0.01
	(0.0336)	(0.0337)	(0.0307)	(0.0308)
Respondent is…divorced, separated, or widowed	0.0127	0.0083	−0.0116	−0.0102
	(0.0492)	(0.0492)	(0.0435)	(0.0436)
Constant	0.7098***	0.7798***		
	(0.0868)	(0.0916)		
/cut1			−1.4593	−1.5427
			(0.0824)	(0.0861)
/cut2			−0.4547	−0.5359
			(0.0818)	(0.0855)
N	30,473	30,473	30,473	30,473
Count R^2	0.574	0.58	0.485	0.487
Pseudo R^2	0.0237	0.0264	0.0108	0.0121
Wald χ^2 statistic	959***	1061***	719***	780***
Log pseudolikelihood	−20,597	−20,540	−31,646	−31,606

Columns (a) and (b): Dependent variable equals one if response is "An increase"; otherwise, is equal to zero
Estimation technique: Binomial Logit
Columns (c) and (d): Dependent variable is equal to one if response is "A decrease", is equal to two if the response is "Neither/the same," and is equal to three if the response if equal to "An increase"
Estimation technique: Ordered Logit
Robust standard errors in parentheses. "***", "**", and "*" indicate statistical significance from zero at the 1%, 5%, and 10% levels, respectively

presented in the chapter, respectively, in Table 7.1 (and in Table 7.7) and in Tables 7.4, 7.5 and 7.6. These ancillary estimations differ from those presented earlier in that the explanatory variable that represents the proportional difference in average incomes between survey respondents' countries of residence and their trading partners, generally, or their import sources or export destinations have been replaced by an alternative measure of economic (and social) development. Specifically, the additional estimations employ the weighted, again by total trade shares, import shares, or export shares, proportional differences in UN Human Development Index (HDI) values between the respondents' countries of residence and their trading partners. The HDI is employed here as an alternative, and broader, measure of relative development. Its use in our series of robustness checks is intended to test whether modification of the empirical specification, while still retaining the general relationships it is meant to capture, results in any pronounced change in our findings. In the great majority of cases, the signs of the estimated coefficients and the patterns of statistical significance are the same between the estimations that include the proportional difference in real GDP per capita and those which use the proportional difference in the HDI. Thus, we can assert that our primary findings are robust to changes in estimation technique and to changes in specification (i.e., the choice of explanatory variables) as presented here.

Notes

1. The specific countries included in the data set are listed in the appendix to Chap. 5.
2. Hoffman (2009) also reports that higher levels of education are associated with support for trade.
3. An example that supports the notion that non-economic factors influence public opinion toward globalization is provided by Fair et al. (2008) who examine survey data from Pakistan and suggest that some survey respondents may have been reluctant to express support for globalization due to its anticipated cultural influences.
4. It is important to note that, while the results obtained from the linear probability model (LPM) estimations that are presented in Tables 7.7 and 7.8 are generally consistent with those reported from our binomial logit estimations, the predicted probabilities obtained from each of the LPM estimations have upper bound values in excess of one. Accordingly, while

the results from the LPM estimations are presented here as a form of robustness check, we base our conclusions on the findings obtained from our logit estimations.

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CHAPTER 8

Public Opinion on Foreign Direct Investment Inflows: Variation in the Importance of Cultural Distance by Relative Economic Development

We complete our examination of the influence of cultural distance on public opinion toward various facets of economic globalization by considering public opinion toward foreign direct investment (FDI) inflows. Our data set includes responses from individuals in 38 countries who were surveyed as part of Pew Research Center's 2014 Global Attitudes Project.[1] Fortunately, the survey data we have relied upon for our analyses of immigration and international trade also allows us to examine opinions of both brownfield FDI inflows and of greenfield FDI inflows. In addition to considering variation across these two forms of FDI inflows, we consider variation in the influences of the cultural distance between survey respondents' countries of residence and the sources and destinations of their existing FDI stocks for the full sample of survey respondents and for two separate cohorts that are based on whether the respondents' countries of residence are members of the Organisation for Economic Co-operation and Development (OECD). The OECD is an intergovernmental organization that includes the world's 34 most economically-advanced democracies. These countries collectively work toward the achievement of growth, prosperity, and sustainable development. OECD membership is used here as a proxy for the relative economic development of the survey respondents' countries of residence, and the decision to consider such variation is made while remaining mindful of the findings reported in earlier, related studies.

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Researchers have made considerable progress toward understanding public policies toward foreign direct investment; however, we still have a rather limited understanding of how economic and non-economic factors may influence associated public opinion toward FDI. Pandya (2010) is among the few studies that analyze survey data on public opinion on FDI. Examining data for several Latin American countries, and controlling for educational attainment, perceived job insecurity, and general attitudes toward privatization among other potential determinants, Pandya finds greater support for FDI among higher-skilled workers as compared to their lower-skilled counterparts. The suggested rationale for this finding is that economic self-interest may be the primary driver of individual opinions of FDI. For example, the entry of foreign firms into an economy often increases the demand for relatively higher-skilled workers (especially in less-developed economies) and, by doing so, may place upward pressure on the wages and salaries of these workers. If so, then FDI inflows are particularly beneficial to relatively high-skilled workers, and their opinions of FDI may be influenced accordingly. To the contrary, lesser-skilled workers, who may not share in the wage and salary gains attributable to FDI inflows may well be less supportive of FDI inflows. Supporting this notion, Zhu (2011) examines data for China and considers variation in public opinion across worker types and across the form/type of foreign investment. Somewhat surprisingly, Zhu finds that relatively higher-skilled workers in China are more likely than lesser-skilled workers to express positive opinions of FDI both when higher-skilled workers are the target of the foreign investment *and* even when the investment is targeted toward lesser-skilled workers

Emphasizing the influence that survey respondents' demographic characteristics may have on the formulation of public opinion, Bobeva et al. (1993) examine public opinion toward FDI in a number of countries (e.g., Albania, Bulgaria, Greece, Macedonia, Turkey, and Yugoslavia) and report that individuals' levels of educational attainment, income, age, and their political affiliation significantly influence public opinion on the topic. Zhang (2014) also examines public opinion on foreign investments while placing a particular emphasis on what factors and conditions lead to a fear of foreign investments. Among other influences, but of importance for our study, Zhang finds that a primary factor in the formulation of negative attitudes toward foreign investments is a fear that a foreign country is overtaking the domestic economy.

This, it should be noted, may be more than an expression of nationalism. It may also be related to worries or concerns that FDI inflows will cause detrimental economic consequences and/or cultural change in the economy that receives the investments.

Although the majority of related studies have focused on economic factors as potential determinants of individual preferences toward international economic policies, several earlier works have considered cultural identity as a potential determinant of public opinion toward foreign direct investment. These studies have produced a number of findings that are relevant for our efforts. First, while it seems reasonable to expect that individuals who express worry that economic globalization may adversely affect national identity would be among those most opposed to economic globalization, we generally find this not to be the case (Pandya 2010). Margalit (2012), however, employs a survey experiment design to examine the relationship between perceptions that globalization poses a cultural threat and provides evidence that supports the position that such perceptions are indeed a causal factor in the formulation of opinions toward globalization. Similarly, individuals who live in urban environments and who possess more cosmopolitan outlooks are found to hold more positive views toward trade (Mansfield and Mutz 2009; Hainmueller and Hiscox 2006) and, more generally, toward economic integration (Hooghe and Marks 2004).

While concerns over the effect that economic globalization, including foreign investments, may have on the cultures of the recipient countries appear to also influence public opinion, differences between survey respondents' countries of residence and those countries with which they are engaged in economic activities may also shape public opinion. In a few words, public opinion may be influenced by the prejudices and biases of the survey respondents and these influences may be longstanding and deeply engrained in the minds of some individuals. Jensen and Lindstadt (2013) and Jensen and Malesky (2010), for example, find that public support for FDI varies based on the country of origin for the investments. A specific example involves the US and the UK, where survey respondents were found to express greater support for investment from Germany as compared to investment from Saudi Arabia. Jensen and Malesky (2010) posit that individuals' perceptions of national competitiveness have a bearing on their support for foreign investment. This is consistent with the findings of Zhang (2014), which are discussed earlier in this section.

While the existing literature does find a negative influence of cultural attitudes toward economic globalization, the literature is somewhat scant and the studies that have been completed on this topic do not adequately address the relative importance of cultural differences as compared to demographic and economic considerations. We seek to fill the corresponding void in the literature. Additionally, by examining variation in the potential influence of public opinion across survey respondents countries of residence, overall and when categorized by OECD membership, we allow for a more nuanced set of findings and, thus, further extend the related literature.

8.1 Cultural Distance and Opinions on Brownfield FDI Inflows

Our examination of public opinion toward FDI inflows, and the potential influence that cultural distance may have on such opinions, begins with the consideration of the following survey question.

> In your opinion, when foreign companies buy (survey nationality) companies, does it have a very good, somewhat good, somewhat bad, or very bad impact on our country?

Our dependent variable series takes the value of one whenever a survey respondent answers that brownfield FDI inflows have a very good or a somewhat good impact on their country of residence. The dependent variable is set equal to zero otherwise. The results that are obtained when estimating our empirical model are presented in Table 8.1, with the estimation results obtained while examining our full data sample are presented in column (a) of the table.

It is important to note that the phrasing of this initial question is such that survey respondents are asked for their opinion of what is known as brownfield FDI inflows. Brownfield FDI occurs when a company (or government entity) purchases an existing production facility in a foreign economy. Thus, we can describe brownfield investing as the acquisition of foreign production facilities that may no longer be in use or that may be operating at some level less than full capacity. Accordingly, brownfield investing is an alternative to greenfield investing (i.e., when a parent firm/entity builds operations in a foreign economy from the ground up). We note this detail because later in this chapter we will consider a similar

Table 8.1 In your opinion, when foreign companies buy (survey nationality) companies, does this have a very good, somewhat good, somewhat bad, or very bad impact on our country?

	Cohort:		
	Full sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Cultural Distance$_{ij}$, weighted by Total FDI Stock Shares	−0.1062***	−0.6339***	0.3522***
	(0.0276)	(0.048)	(0.0396)
RGDPC$_i$−RGDPC$_j$, weighted by Total FDI Stock Shares	−0.0269***	−0.2125***	−0.0201***
	(0.0015)	(0.0218)	(0.0017)
Excluded group: Respondents having a typical day			
Respondent is…having a good day	0.1802***	0.0533	0.1018***
	(0.0282)	(0.0538)	(0.0343)
Respondent is…having a bad day	−0.2169***	−0.1592***	−0.3486***
	(0.0534)	(0.0853)	(0.0689)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic			
Respondent is…a pessimist	−0.3902***	−0.5098***	−0.2039***
	(0.0276)	(0.045)	(0.037)
Excluded group: Generally satisfied respondents			
Respondent is…generally dissatisfied with way things are going in their country	−0.2109***	−0.4617***	−0.2232***
	(0.027)	(0.0476)	(0.0341)
Excluded group: Respondents who disagree that most people are better off in a free market economy			
Respondent…agrees that most people are better off in a free market economy	0.3274***	0.3742***	0.3538***
	(0.0276)	(0.0461)	(0.0356)
Excluded group: Respondents who are 18–24 years of age			
Respondent is…25–34 years of age	−0.0273	−0.0715	0.017
	(0.0444)	(0.0854)	(0.0531)
Respondent is…35–44 years of age	−0.0295	−0.1364	0.0676
	(0.0488)	(0.0913)	(0.059)
Respondent is…45–54 years of age	−0.1582***	−0.2357**	−0.082
	(0.051)	(0.093)	(0.0623)
Respondent is…55–64 years of age	−0.1599***	−0.2276**	−0.0469
	(0.0551)	(0.0948)	(0.0711)
Respondent is…65 years of age or older	−0.2125***	−0.1649*	−0.0951
	(0.0607)	(0.0972)	(0.0865)
Excluded group: Male respondents			
Respondent is…female	−0.0464*	−0.1056**	−0.0149
	(0.0267)	(0.0438)	(0.0344)
Excluded group: Respondents who have completed fewer than 6 years of education			
Respondent has completed…6–12 years of education	−0.0149	0.1578*	−0.0086
	(0.0396)	(0.085)	(0.0455)

(continued)

Table 8.1 (continued)

	Cohort:		
	Full sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Respondent has completed…12 years of education	−0.0105	0.248***	0.0411
	(0.0449)	(0.0886)	(0.055)
Respondent has completed…between 12 and 16 years of education	−0.1505***	0.067	−0.1386**
	(0.0447)	(0.0875)	(0.0542)
Respondent has completed…16 or more years of education	−0.1531***	0.1443*	−0.1467**
	(0.0472)	(0.0853)	(0.0643)
Excluded group: Unemployed respondents			
Respondent is…not in the labor force	−0.1559***	0.0066	−0.121**
	(0.048)	(0.0851)	(0.0601)
Respondent is…employed	−0.1586***	0.1236	−0.1632***
	(0.0449)	(0.0799)	(0.0561)
Excluded group: Respondents who report relatively low income values			
Respondent..lives in a middle income household	−0.0035	−0.1738***	0.1029***
	(0.0287)	(0.049)	(0.0366)
Respondent..lives in a high income household	0.0516	0.0081	0.0814*
	(0.0349)	(0.0582)	(0.044)
Excluded group: Respondents who have never been married			
Respondent is…married	−0.078**	0.0507	−0.1569***
	(0.0367)	(0.0611)	(0.0477)
Respondent is…divorced, separated, or widowed	−0.0682	0.0341	−0.2143***
	(0.0529)	(0.0823)	(0.072)
Constant	0.2711***	0.5852***	−0.2462**
	(0.0773)	(0.1485)	(0.0981)
N	27,288	10,333	16,955
Wald χ^2 statistic	1,562***	704***	554***
Log pseudolikelihood	−18,079	−6,442	−11,351
Count R^2	0.597	0.667	0.588
Pseudo R^2	0.0438	0.0586	0.0254

Robust standard errors in parentheses. "***", "**", and "*" indicate statistical significance from zero at the 1%, 5%, and 10% levels, respectively

Dependent variable equals one if response is "very good" or "somewhat good"; otherwise, is equal to zero. Estimation technique: Binomial Logit

survey question that asks respondents for their opinions toward greenfield FDI.

We start, as we have in earlier chapters, by examining the estimated coefficients of our cultural distance variable. In this first set of estimations, the variable is weighted by the source country shares of the total

foreign direct investment stock in the survey respondents' countries of residence (i.e., the sum of foreign country-specific shares of inward and outward FDI stocks). Our expectation, which is consistent with our initial intuition and the findings that we have reported in the two immediately previous chapters, is that greater cultural differences between the countries in which survey respondents live and the sources and destinations of their inward and outward FDI stocks, respectively, will correspond with a lower likelihood that the respondent expresses a positive view of brownfield FDI inflows.

Beginning with the results obtained when examining the full sample (i.e., column (a)), we see that the estimated coefficient of the cultural distance variable is both negative and statistically significant from zero (i.e., −0.1062). This indicates that, for the typical survey respondent, all else held constant, if the sources and/or destinations of the FDI stock in their country of residence are relatively more culturally distant then it is less likely that the respondent will indicate that they believe brownfield FDI inflows have a good impact on their country (i.e., either a very good or a somewhat good impact) and it is, thus, more likely that the respondent considers the impact of brownfield FDI to be bad (i.e., having a somewhat bad or a very bad impact).

Similarly, when we look at the proportional difference in average incomes between the survey respondents' countries of residence and the respective sources and/or destinations of their countries' inward and/or outward FDI stocks, again weighted by total FDI stock shares, we find the estimated coefficient is negative and statistically significant from zero (i.e., −0.0269). Thus, we can also say that the typical survey respondent, all else held constant, in response to an increase in the proportional difference in the level of average income (i.e., economic development) in their country of residence relative to that of the sources and/or destinations of their country's existing FDI stock, is significantly less likely to express a positive view of brownfield FDI inflows. Likewise, we can say that, given the same conditions, the typical respondent is more likely to express a negative view of such FDI inflows.

Looking to the estimated coefficients of the variables in our empirical model that represent various facets of survey respondents' general moods and beliefs, we see that, all else equal, survey respondents who report that they are having a good day, as compared to those having a typical day, are significantly more likely to express a positive opinion on brownfield FDI inflows. Respondents who report they are having a

bad day, again relative to those who are having a typical day and when all else is held constant, are significantly less likely to express a positive opinion on brownfield FDI inflows. Likewise, survey respondent who self-identify as pessimists and those who report that they are generally dissatisfied with the way things are going in their country are less likely to express a positive opinion on brownfield FDI inflows. Finally, those respondents who believe that most people are better off in a free-market economy are significantly more likely to express a positive opinion on brownfield FDI inflows.

The estimated coefficients for the demographic control variables indicate a number of interesting relationships. First, we find that the typical survey respondent who is 45 years of age or older is more likely than the typical younger survey respondents to express a negative opinion on brownfield FDI inflows. We also see that the estimated coefficients of the age category variables increase in magnitude as we move from categories that represent younger individuals to those of older respondents. Second, we see that female survey respondents, relative to their male counterparts, are less likely to express a positive opinion on brownfield FDI inflows. Third, as the level of educational attainment increases, we see a consistent decline in the predicted probability that an individual expresses a positive view of brownfield FDI inflows. Fourth, survey respondents who are married are less likely to express a positive opinion on brownfield FDI inflows as compared to respondents who have never been married. Finally, those individuals who are employed and those who are not in the labor force are less likely to express a positive opinion on brownfield FDI inflows relative to those who are unemployed.

8.1.1 Public Opinion on Brownfield FDI Inflows and the OECD Membership of Survey Respondents' Countries of Residence

In this chapter, in addition to looking at the relationship between cultural distance and public opinion toward FDI inflows (of the brownfield or greenfield varieties) for the full sample of survey respondents, we also look separately at this relationship for survey respondents who reside in countries that are members of the OECD and for those respondents who reside in nations that are not OECD members. In effect, categorizing economies by OECD membership groups survey respondents into two cohorts according to the relative economic development of their countries of residence. The corresponding results obtained from the

estimation of our empirical model for these two cohorts, when using the binomial logit technique, are presented in columns (b) and (c) of Table 8.1.

Considering our variable of primary interest, the measure of cultural distance weighted by total FDI stock shares, we find that, for the typical survey respondent, if the sources of the inward FDI stocks and/or the destinations of the outward FDI stocks of the respondent's country of residence are relatively more culturally distant and the respondent resides in country that is a member of the OECD, they are significantly less likely to express a positive opinion on brownfield FDI inflows and, accordingly, are more likely to express a negative opinion on these inflows. To the contrary, the typical survey respondent who resides in a country that is not a member of the OECD is found to be significantly more likely to express a positive opinion on brownfield FDI inflows (and less likely to express a negative opinion on these FDI inflows).

Extending beyond the influence of the total FDI stock-weighted cultural distance variable, in Table 8.2 we examine the determinants of responses to the same survey question, however, we now substitute two measures of cross-societal cultural differences for the total FDI stock-weighted cultural distance variable, one that is weighted by the survey respondent's country of residence's inward FDI stock shares and the other which is weighted by the outward FDI stock shares. Again, we employ the binomial logit estimation technique, and we again estimate our model both for the full sample and for the separate cohorts that are based on OECD membership.

Focusing our attention solely on the cultural distance variables, in column (a) we see the estimated coefficient of the variable that is weighted by the inward FDI stock shares is positive and statistically significant from zero (i.e., 0.2834). Considering the corresponding coefficients in columns (b) and (c), we see that both are positive, however, only the estimated coefficient that corresponds to the sample of survey respondents who reside in countries that are not OECD members is statistically significant from zero. Thus, we can say that the coefficient reported in column (a) for the full sample is largely driven by the positive relationship between cultural distance, as weighted by the inward FDI stock shares, and survey respondents' opinions on brownfield FDI inflows in the non-OECD member cohort. When we look at the coefficient estimates for the cultural distance variable that is weighted by the outward FDI stock shares, we see negative coefficient estimates for all

Table 8.2 In your opinion, when foreign companies buy (survey nationality) companies, does this have a very good, somewhat good, somewhat bad, or very bad impact on our country?

	Cohort:		
	Full sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Cultural Distance$_{ij}$, weighted by Inward FDI Stock Shares	0.2834***	0.0712	0.3518***
	(0.0285)	(0.0628)	(0.0366)
Cultural Distance$_{ij}$, weighted by Outward FDI Stock Shares	−0.4815***	−0.8132***	−0.0623
	(0.0344)	(0.079)	(0.0483)
RGDPC$_i$−RGDPC$_j$, weighted by Inward FDI Stock Shares	0.015***	−0.0218	0.009***
	(0.0023)	(0.0442)	(0.0025)
RGDPC$_i$−RGDPC$_j$, weighted by Outward FDI Stock Shares	−0.0555***	−0.236***	−0.0423***
	(0.0034)	(0.0706)	(0.0041)
Excluded group: Respondents having a typical day			
Respondent is…having a good day	0.1597***	0.0465	0.1095***
	(0.0283)	(0.0539)	(0.0344)
Respondent is…having a bad day	−0.1907***	−0.1973**	−0.2788***
	(0.0535)	(0.0852)	(0.0696)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic			
Respondent is…a pessimist	−0.3296***	−0.4402***	−0.1964***
	(0.0279)	(0.0471)	(0.0373)
Excluded group: Generally satisfied respondents			
Respondent is…generally dissatisfied with way things are going in their country	−0.2252***	−0.4401***	−0.2536***
	(0.0272)	(0.0488)	(0.0345)
Excluded group: Respondents who disagree that most people are better off in a free market economy			
Respondent…agrees that most people are better off in a free market economy	0.3102***	0.3556***	0.3393***
	(0.0278)	(0.0464)	(0.0357)
Excluded group: Respondents who are 18–24 years of age			
Respondent is…25–34 years of age	−0.0139	−0.046	0.0121
	(0.0446)	(0.0854)	(0.0532)
Respondent is…35–44 years of age	−0.0047	−0.0994	0.0571
	(0.049)	(0.0916)	(0.0592)
Respondent is…45–54 years of age	−0.1302**	−0.2036**	−0.0915
	(0.0512)	(0.0933)	(0.0625)
Respondent is…55−64 years of age	−0.1177**	−0.1865**	−0.0517
	(0.0553)	(0.095)	(0.0712)
Respondent is…65 years of age or older	−0.1377**	−0.0958	−0.1076
	(0.0612)	(0.0979)	(0.0867)

(continued)

Table 8.2 (continued)

	Cohort:		
	Full sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Excluded group: Male respondents			
Respondent is…female	−0.0486*	−0.1059**	−0.017
	(0.0268)	(0.044)	(0.0344)
Excluded group: Respondents who have completed fewer than 6 years of education			
Respondent has completed…6–12 years of education	0.0252	0.1349	0.0173
	(0.0399)	(0.0859)	(0.0459)
Respondent has completed…12 years of education	0.0807*	0.2645***	0.0785
	(0.0457)	(0.0897)	(0.0558)
Respondent has completed… between 12 and 16 years of education	−0.0661	0.0654	−0.0989*
	(0.0454)	(0.0882)	(0.0551)
Respondent has completed…16 or more years of education	−0.0418	0.1403	−0.1034
	(0.0482)	(0.0859)	(0.0651)
Excluded group: Unemployed respondents			
Respondent is…not in the labor force	−0.1792***	−0.0398	−0.1453**
	(0.0481)	(0.0853)	(0.0602)
Respondent is…employed	−0.1883***	0.0799	−0.1837***
	(0.045)	(0.0801)	(0.0563)
Excluded group: Respondents who report relatively low income values			
Respondent..lives in a middle income household	−0.0254	−0.1689***	0.0891**
	(0.029)	(0.0493)	(0.0368)
Respondent..lives in a high income household	0.0167	0.0085	0.0641
	(0.0352)	(0.0583)	(0.0445)
Excluded group: Respondents who have never been married			
Respondent is…married	−0.0908**	0.0409	−0.1518***
	(0.0368)	(0.0612)	(0.0477)
Respondent is…divorced, separated, or widowed	−0.066	0.0246	−0.1862***
	(0.053)	(0.0827)	(0.072)
Constant	0.2483***	0.7286***	−0.2659***
	(0.078)	(0.1504)	(0.0986)
N	27,288	10,333	16,955
Wald χ^2 statistic	1734***	746***	600***
Log pseudolikelihood	−17,970	−6,413	−11,317
Count R^2	0.603	0.667	0.592
Pseudo R^2	0.0495	0.0629	0.0283

See Table 8.1 notes

Dependent variable equals one if response is "very good" or "somewhat good"; otherwise, is equal to zero. Estimation technique: Binomial Logit

three estimations; however, the coefficients are only statistically significant from zero in the cases of the full sample (i.e., −0.4815) and the OECD member cohort (i.e., −0.8132). Accordingly, the negative coefficient reported column (a) for the full sample is due to the negative relationship between cultural distance and the opinions on brownfield FDI inflows held by survey respondents who reside in OECD member nations. Moreover, considering the differences in the signs of the estimated coefficients of the cultural distance variables that are presented in columns (c) and (d), we can state that public opinion toward brownfield FDI inflows in OECD member countries is negatively influenced by cultural distance and is positively influenced by cultural distance in countries that are not OECD members.

To gain an indication of the relative influences of each of our explanatory variables on the estimated probability that the typical survey respondent will express the opinion that brownfield FDI inflows are a good thing, we allow each variable for which the estimated coefficient is statistically significant from zero to vary from its minimum value to its maximum and note the corresponding change in the estimated probability in Table 8.3. We perform this exercise for the full sample, for respondents who live in OECD member countries, and for those who live in countries that are not members of the OECD. Panel A of the table lists the estimated probabilities that brownfield FDI inflows are good or bad. In Panel B, we report the changes in predicted probabilities conditional on the change in the corresponding explanatory variable.

Looking first at the values presented in column (a) (i.e., for the full sample), we see the changes in estimated probabilities in response to changes in the measures of cultural distance are quite pronounced relative to the changes observed for other explanatory variables. We also see that the estimated probability that brownfield FDI inflows are considered to be a good thing is considerably higher among survey respondents who live in countries that are not members of the OECD. Additionally, the influence of cultural distance varies considerably by OECD membership (columns (b) and (c)).

To examine the relationship between cultural distance and public opinion toward brownfield FDI inflows in greater detail, we repeat the analysis presented in Tables 8.1 and 8.2 with the modification that we now use the ordered logit estimation technique and our dependent variable series, rather than being binary, is categorical. Specifically, the dependent variable series is now equal to one if a survey respondent indicates that brownfield FDI inflows have a very bad impact on their country of residence, is

Table 8.3 Estimated probabilities and predicted changes in estimated probabilities, binomial logit estimations

Panel A: Estimated probability that brownfield FDI inflows are…	*Full Sample*	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
"Very good" or "Somewhat good"	0.4873	0.3658	0.5586
"Somewhat bad" or "Very bad"	0.5127	0.6342	0.4414

Estimated probabilities are calculated using the coefficient estimates presented in the corresponding column of Table 8.2 with all explanatory variables set equal to their mean values.

Panel B: Predicted changes in the estimated probabilities that brownfield FDI inflows are…	*"Very good" or "Somewhat good"*		
	Full Sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Cultural Distance measures…			
Cultural Distance$_{ij}$, weighted by Total FDI Stock Shares***	−0.0454	−0.2147	0.1142
Cultural Distance$_{ij}$, weighted by Inward FDI Stock Shares	0.1529	–	0.1860
Cultural Distance$_{ij}$, weighted by Outward FDI Stock Shares	−0.2438	−0.3152	–
Relative Economic Development measures…			
RGDPC$_i$−RGDPC$_j$, weighted by Total FDI Stock Shares***	−0.2127	−0.1716	−0.1514
RGDPC$_i$−RGDPC$_j$, weighted by Inward FDI Stock Shares	0.1549	–	0.0899
RGDPC$_i$−RGDPC$_j$, weighted by Outward FDI Stock Shares	−0.3517	−0.1604	−0.2701
Excluded group: Respondents having a typical day			
Respondent is…having a good day	0.0399	–	0.0269
Respondent is…having a bad day	−0.0474	−0.0446	−0.0694
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic			
Respondent is…a pessimist	−0.0821	−0.1032	−0.0486
Excluded group: Generally satisfied respondents			
Respondent is…generally dissatisfied with way things are going in their country	−0.0562	−0.1037	−0.0624
Excluded group: Respondents who disagree that most people are better off in a free market economy			
Respondent…agrees that most people are better off in a free market economy	0.0772	0.0814	0.0841

(continued)

Table 8.3 (continued)

Panel B: Predicted changes in the estimated probabilities that brownfield FDI inflows are…	*"Very good" or "Somewhat good"*		
	Full Sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Excluded group: Respondents who are 18–34 years of age			
Respondent is…25–34 years of age	–	–	–
Respondent is…35–44 years of age	–	–	–
Respondent is…45–54 years of age	−0.0325	−0.0464	–
Respondent is…55–64 years of age	−0.0293	−0.0425	–
Respondent is…65 years of age or older	−0.0343	–	–
Excluded group: Male respondents			
Respondent is…female	−0.0121	−0.0246	−0.0042
Excluded group: Respondents who have completed fewer than 6 years of education			
Respondent has completed…6–12 years of education	–	–	–
Respondent has completed…12 years of education	0.0202	0.0625	–
Respondent has completed…between 12 and 16 years of education	–	–	−0.0245
Respondent has completed…16 or more years of education	–	–	–
Excluded group: Unemployed respondents			
Respondent is…not in the labor force	−0.0447	–	−0.0359
Respondent is…employed	−0.0470	–	−0.0452
Excluded group: Respondents who report relatively low income values			
Respondent..lives in a middle income household	–	−0.0389	0.0219
Respondent..lives in a high income household	–	–	–
Excluded group: Respondents who have never been married			
Respondent is…married	−0.0227	–	−0.0373
Respondent is…divorced, separated, or widowed	−0.0165	–	−0.0462

"." indicates the listed variable was not included in the corresponding (noted by column label) estimation equation. "–" indicates that the corresponding coefficient estimate in Table 8.2 is not statistically significant from zero. Predicted changes in estimated probabilities for variables identified by an "a" superscript are based on results presented in Table 8.1. For the cultural distance measures and the relative economic development measures, the predicted changes are calculated based on an assumed change in the listed variable from its minimum value to its maximum value while all other explanatory variables held constant at their mean values. For all other variables, the predicted changes are calculated based on an assumed listed variable from 0 to 1 while all other explanatory variables are held constant at their mean values

equal to two if the respondent feels the impact is somewhat bad, is equal to three if the response is that the impact is somewhat good, and is equal to four if the respondent views brownfield FDI inflows as having a very good impact on their country of residence. The corresponding estimation results are presented in the appendix as Tables 8.8 and 8.9.

We again find that cultural distance has a positive and statistically significant effect on opinions of brownfield FDI inflows. We also find a significant difference in the opinions of respondents across country cohorts when categorized according to OECD membership. In columns (b) and (c) of Table 8.8, we find the estimated coefficient of the cultural distance variable, as weighted by the total FDI stock shares, is negative for the OECD member cohort (i.e., −0.3687). For the non-OECD member cohort, however, the estimated coefficient is positive although similar in magnitude (i.e., 0.4162).

Shifting focus to the results that are presented in Table 8.9 and considering the cultural distance variable that is weighted by the inward FDI stock shares, we find the estimated coefficients are positive and statistically significant both when the relationship is estimated for the full sample (i.e., 0.2505) and for the cohort of non-OECD member nations (i.e., 0.307). The estimated coefficient of this variable, when we examine the relationship for the OECD member cohort, is not statistically significant from zero. Somewhat to the contrary, the estimated coefficients of the cultural distance variable when weighted by the outward FDI stock shares are statistically significant from zero in all three estimations; however, the coefficients that correspond to the estimations for the full sample (column (a)) and for the OECD member cohort (column (b)) are negative, while the coefficient for the non-OECD member cohort (column (c)) is positive.

Again, the observed variation in findings is consistent with the notion that the relative level of economic development in a survey respondent's country of residence has a bearing on opinions on brownfield FDI inflows. Additionally, the variation that is found in terms of the signs and statistical significance of the estimated coefficients of the cultural distance variables across the OECD/non-OECD cohorts suggests that cultural distance does in fact influence public opinion on brownfield FDI inflows. In the next section, we turn our attention to greenfield FDI inflows before closing the chapter with a discussion that compares and contrasts the findings presented for each form of foreign investment.

8.2 Cultural Distance and Opinions on Greenfield FDI Inflows

The estimation results presented thus far correspond with the survey question that is presented at the outset of the chapter. That question asks individuals for their opinions of foreign companies engaging in brownfield FDI in their countries of residence. We now shift gears slightly to look at a similar, yet different question:

> In your opinion, when foreign companies build (survey nationality) companies, does this have a very good, somewhat good, someone bad, or very bad impact on our country?

The above question elicits survey respondents' views on greenfield FDI inflows. Since greenfield FDI involves building from the ground up, so to speak, one would expect there is less concern (or, possibly, no concern) among survey participants that the investment involves the foreign takeover of existing domestic production. Even so, any foreign involvement in an economy may be seen by some respondents as a threat or something to express concern over. Accordingly, one may expect, given the differences in these two forms of foreign investment, that given a comparable cultural distance between the respondents' countries of residence and the source countries of their foreign investment, greater support will be expressed for greenfield FDI inflows as compared to brownfield FDI inflows.

8.2.1 Public Opinion on Greenfield FDI Inflows and the OECD Membership of Survey Respondents' Countries of Residence

Results obtained when examining the question presented above while using the binomial logit estimation technique are shown in Tables 8.4 and 8.5. As before, we estimate our model both for the full sample and for each of the two cohorts that are based on OECD membership. Additionally, we consider cultural distance weighted by total FDI stock shares and, separately, when the variable is weighted by inward FDI stock shares and outward FDI stock shares. Finally, as before, the dependent variable is structured such that it is equal to one if the respondent indicates that when foreign companies build companies in their country of residence it has a very good or a somewhat good impact on their country. Otherwise, the dependent variable series is set equal to zero.

Limiting our attention to our variables of primary interest, in Table 8.4, we find the estimated coefficient of the cultural distance variable, weighted by the total FDI stock, is positive and statistically significant from zero for both the full sample (i.e., 0.1738) and the cohort of non-OECD member nations (i.e., 0.696). To the contrary, when we estimate our model using data for the OECD member nation cohort, the estimated coefficient for the cultural distance variable is statistically significant from zero but is negative (i.e., −0.4399). Thus, we can again say that there is a distinct cleavage in the relationship between opinions of FDI inflows—in this instance, involving greenfield FDI inflows—and the cultural differences between survey respondents' countries of residence and the sources of their inward FDI stocks and/or the destinations of their outward FDI stocks. This cleavage appears to correlate with OECD membership. While for the full sample we see that greater cultural distance corresponds with an increased probability that survey respondents view greenfield FDI inflows as having a good impact on their countries of residence, as was the case when public opinion toward brownfield FDI inflows was considered, we see that survey respondents in OECD member nations are significantly less likely to express a positive opinion on greenfield FDI inflows when the sources of their inward FDI stocks and the destinations for their outward FDI stocks are more culturally different.

We find a similar pattern when we look at the estimated coefficients of the cultural distance variables that are presented in Table 8.5 and paying specific attention to the instances where the cultural distance variable is weighted by the inward FDI stock shares. The estimated coefficients for the full sample (presented in column (a)) and for the non-OECD member cohort (column (c)) are both positive and statistically significant from zero. The corresponding estimated coefficient for the OECD member nation cohort is also statistically significant from zero but it is negative. If we instead look to the variable that represents the cultural distance between survey respondents' countries of residence and the destinations of their outward FDI stock, we see that the estimated coefficient for the full sample is not statistically significant from zero but the coefficients for the OECD member nation cohort and the non-OECD member nation cohorts are negative and positive, respectively, and are both statistically significant from zero. Thus, we can say that survey respondents who reside in OECD member nations, all else equal, are

Table 8.4 In your opinion, when foreign companies build (survey nationality) companies, does this have a very good, somewhat good, somewhat bad, or very bad impact on our country?

	Cohort:		
	Full sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Cultural Distance$_{ij}$, weighted by Total FDI Stock Shares	0.173***	−0.4399***	0.696***
	(0.034)	(0.0502)	(0.0506)
RGDPC$_i$−RGDPC$_j$, weighted by Total FDI Stock Shares	−0.0181***	−0.1649***	−0.02***
	(0.0019)	(0.0261)	(0.0022)
Excluded group: Respondents having a typical day			
Respondent is…having a good day	0.1493***	−0.0495	0.1468***
	(0.0333)	(0.0603)	(0.0412)
Respondent is…having a bad day	−0.2649***	−0.3357***	−0.3248***
	(0.0558)	(0.0855)	(0.0762)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic			
Respondent is…a pessimist	−0.3912***	−0.3872***	−0.4169***
	(0.0313)	(0.053)	(0.0427)
Excluded group: Generally satisfied respondents			
Respondent is…generally dissatisfied with way things are going in their country	−0.0624**	−0.3756***	−0.0778*
	(0.0313)	(0.0546)	(0.0407)
Excluded group: Respondents who disagree that most people are better off in a free market economy			
Respondent…agrees that most people are better off in a free market economy	0.3159***	0.5049***	0.2346***
	(0.0303)	(0.0482)	(0.0408)
Excluded group: Respondents who are 18–24 years of age			
Respondent is…25–34 years of age	0.1958***	0.2775***	0.1718***
	(0.0509)	(0.0935)	(0.0626)
Respondent is…35–44 years of age	0.2796***	0.3844***	0.2231***
	(0.0554)	(0.0982)	(0.0689)
Respondent is…45–54 years of age	0.2308***	0.3915***	0.1044
	(0.0575)	(0.0996)	(0.0722)
Respondent is…55–64 years of age	0.2215***	0.2665***	0.1737**
	(0.0619)	(0.1011)	(0.0827)
Respondent is…65 years of age or older	0.2747***	0.3815***	0.3394***
	(0.0682)	(0.1033)	(0.1045)
Excluded group: Male respondents			
Respondent is…female	−0.1025***	−0.1087**	−0.1075***
	(0.0309)	(0.0488)	(0.0407)

(continued)

Table 8.4 (continued)

	Cohort:		
	Full sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Excluded group: Respondents who have completed fewer than 6 years of education			
Respondent has completed…6–12 years of education	0.1009** (0.0445)	0.2105** (0.0871)	0.1463*** (0.0531)
Respondent has completed…12 years of education	0.111** (0.0503)	0.314*** (0.0907)	0.165** (0.0647)
Respondent has completed… between 12 and 16 years of education	0.1397*** (0.0502)	0.3483*** (0.0901)	0.0974 (0.0635)
Respondent has completed…16 or more years of education	0.4144*** (0.055)	0.6789*** (0.0907)	0.2029*** (0.0771)
Excluded group: Unemployed respondents			
Respondent is…not in the labor force	−0.1001* (0.0554)	−0.0601 (0.0912)	−0.0067 (0.0724)
Respondent is…employed	−0.1118** (0.052)	0.1075 (0.0871)	−0.0819 (0.0673)
Excluded group: Respondents who report relatively low income values			
Respondent..lives in a middle income household	0.0658** (0.0326)	0.1374*** (0.053)	0.029 (0.0431)
Respondent..lives in a high income household	0.1284*** (0.0403)	0.2876*** (0.0676)	0.0475 (0.0519)
Excluded group: Respondents who have never been married			
Respondent is…married	−0.0996** (0.0417)	0.0394 (0.0665)	−0.1512*** (0.0564)
Respondent is…divorced, separated, or widowed	−0.0102 (0.0599)	0.0771 (0.0898)	−0.1065 (0.0848)
Constant	0.6386*** (0.0904)	1.0422*** (0.1575)	0.1554 (0.1183)
N	27,611	10,422	17,189
Wald χ^2 statistic	688***	613***	472***
Log pseudolikelihood	−14,747	−5639	−8856
Count R^2	0.763	0.741	0.777
Pseudo R^2	0.0236	0.0545	0.0285

See Table 8.1 notes

Dependent variable equals one if response is "very good" or "somewhat good"; otherwise, is equal to zero. Estimation technique: Binomial Logit

Table 8.5 In your opinion, when foreign companies build (survey nationality) companies, does this have a very good, somewhat good, somewhat bad, or very bad impact on our country?

	Cohort:		
	Full sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Cultural Distance$_{ij}$, weighted by Inward FDI Stock Shares	0.148***	−0.1749**	0.3765***
	(0.0326)	(0.0691)	(0.0455)
Cultural Distance$_{ij}$, weighted by Outward FDI Stock Shares	−0.0052	−0.277***	0.275***
	(0.0392)	(0.0893)	(0.0584)
RGDPC$_i$−RGDPC$_j$, weighted by Inward FDI Stock Shares	−0.0196***	0.0061	−0.0202***
	(0.0027)	(0.047)	(0.0029)
RGDPC$_i$−RGDPC$_j$, weighted by Outward FDI Stock Shares	0.0089**	−0.2276***	0.0064
	(0.004)	(0.0802)	(0.0051)
Excluded group: Respondents having a typical day			
Respondent is…having a good day	0.1421***	−0.0565	0.1404***
	(0.0334)	(0.0604)	(0.0413)
Respondent is…having a bad day	−0.3126***	−0.3445***	−0.3905***
	(0.0564)	(0.0858)	(0.0775)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic			
Respondent is…a pessimist	−0.3985***	−0.3847***	−0.4397***
	(0.0318)	(0.0546)	(0.0429)
Excluded group: Generally satisfied respondents			
Respondent is…generally dissatisfied with way things are going in their country	−0.0453	−0.3575***	−0.0484
	(0.0314)	(0.0561)	(0.041)
Excluded group: Respondents who disagree that most people are better off in a free market economy			
Respondent…agrees that most people are better off in a free market economy	0.3212***	0.4981***	0.2434***
	(0.0304)	(0.0484)	(0.0409)
Excluded group: Respondents who are 18–24 years of age			
Respondent is…25–34 years of age	0.2079***	0.2858***	0.1848***
	(0.051)	(0.0937)	(0.0626)
Respondent is…35–44 years of age	0.2956***	0.3981***	0.2402***
	(0.0555)	(0.0986)	(0.069)
Respondent is…45–54 years of age	0.2464***	0.407***	0.1216*
	(0.0577)	(0.1)	(0.0722)
Respondent is…55–64 years of age	0.2368***	0.2847***	0.1872**
	(0.062)	(0.1016)	(0.0828)
Respondent is…65 years of age or older	0.2982***	0.4053***	0.3507***
	(0.0685)	(0.1041)	(0.1046)

(continued)

Table 8.5 (continued)

	Cohort:		
	Full sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Excluded group: Male respondents			
Respondent is…female	−0.1018***	−0.1096**	−0.1078***
	(0.0309)	(0.0488)	(0.0408)
Excluded group: Respondents who have completed fewer than 6 years of education			
Respondent has completed…6–12 years of education	0.1102**	0.1979**	0.152***
	(0.0446)	(0.0879)	(0.0534)
Respondent has completed…12 years of education	0.1416***	0.3215***	0.1891***
	(0.051)	(0.091)	(0.0652)
Respondent has completed… between 12 and 16 years of education	0.1676***	0.3415***	0.122*
	(0.0507)	(0.0907)	(0.0642)
Respondent has completed… 16 or more years of education	0.4441***	0.674***	0.2251***
	(0.0559)	(0.0913)	(0.0776)
Excluded group: Unemployed respondents			
Respondent is…not in the labor force	−0.0971*	−0.0765	0.0001
	(0.0556)	(0.0915)	(0.0726)
Respondent is…employed	−0.1124**	0.0897	−0.0815
	(0.0522)	(0.0874)	(0.0674)
Excluded group: Respondents who report relatively low income values			
Respondent..lives in a middle income household	0.0575*	0.141***	0.0197
	(0.0328)	(0.053)	(0.0437)
Respondent..lives in a high income household	0.1119***	0.2904***	0.0298
	(0.0406)	(0.0677)	(0.0526)
Excluded group: Respondents who have never been married			
Respondent is…married	−0.1038**	0.0373	−0.1552***
	(0.0418)	(0.0666)	(0.0565)
Respondent is…divorced, separated, or widowed	−0.0226	0.0717	−0.1254
	(0.06)	(0.09)	(0.085)
Constant	0.6348***	1.0928***	0.1646
	(0.0905)	(0.1594)	(0.1185)
N	27,611	10,422	17,189
Wald χ^2 statistic	747***	620***	507***
Log pseudolikelihood	−14,722	−5636	−8838
Count R^2	0.763	0.741	0.777
Pseudo R^2	0.0253	0.055	0.0304

See Table 8.1 notes

Dependent variable equals one if response is "very good" or "somewhat good"; otherwise, is equal to zero. Estimation technique: Binomial Logit

significantly less likely to express a positive opinion on greenfield FDI inflows if their outward FDI stock is located in relatively more culturally distant countries. To the contrary, the typical survey respondent who resides in a non-OECD member country is significantly more likely to express a positive opinion on greenfield FDI inflows if their outward FDI stock is located in relatively more culturally distinct destinations.

As with the binomial logit estimations that considered the determinants of public opinion on brownfield FDI inflows, we estimate the probabilities that the typical survey respondent will express the opinion that greenfield FDI inflows are a good thing. We also allow each variable for which the estimated coefficient is statistically significant from zero to vary from its minimum value to its maximum and present the corresponding change in the estimated probability. Panel A of Table 8.6 lists the estimated probabilities that greenfield FDI inflows are good or bad. Comparing the values presented in Table 8.6 to those which correspond to brownfield FDI inflows in Table 8.3, we see that survey respondents are much more likely to express a positive opinion on greenfield FDI inflows.

In Panel B, we report the changes in predicted probabilities conditional on the change in the corresponding explanatory variable. Even as there is considerably greater support for greenfield FDI inflows relative to brownfield FDI inflows, we find that changes in the measures of cultural distance yield changes in estimated probabilities that are of comparable magnitudes to those of other explanatory variables. We also again see variation across OECD and non-OECD member cohorts in terms of the effects of cultural distance on the estimated probability that greenfield FDI inflows are considered to be a good thing.

Finally, we again consider the survey question that asks for respondents' views of the impact of greenfield FDI inflows. Results are presented in the appendix as Tables 8.10 and 8.11. In column (a) of Table 8.10, when we estimate the relationship for the full sample, we find the coefficient of the cultural distance variable, weighted by the total FDI stock shares, is positive and statistically significant from zero (i.e., 0.2317). For both the OECD member nation cohort and the cohort of non-OECD members (i.e., columns (b) and (c), respectively), the estimated coefficients are statistically significant from zero, although we again find that the estimated coefficients for the individual cohorts have opposing signs. Specifically, the estimated coefficient for the OECD member cohort is negative (i.e., −0.4161), while the corresponding coefficient for the non-OECD number cohort is positive (i.e., 0.7127). In Table 8.11, we see that both

Table 8.6 Estimated probabilities and predicted changes in estimated probabilities, binomial logit estimations

Panel A: Estimated probability that greenfield FDI inflows are…	*Full Sample*	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
"Very good" or "Somewhat good"	0.7709	0.7561	0.7866
"Somewhat bad" or "Very bad"	0.2291	0.2439	0.2134

Estimated probabilities are calculated using the coefficient estimates presented in the corresponding column of Table 8.5 with all explanatory variables set equal to their mean values.

Panel B: Predicted changes in the estimated probabilities that greenfield FDI inflows are…	*"Very good" or "Somewhat good"*		
	Full Sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Cultural Distance measures…			
Cultural Distance$_{ij}$, weighted by Total FDI Stock Shares[a]	0.0517	−0.1274	0.1499
Cultural Distance$_{ij}$, weighted by Inward FDI Stock Shares	0.0565	−0.0576	0.1354
Cultural Distance$_{ij}$, weighted by Outward FDI Stock Shares	–	−0.0914	0.0815
Relative Economic Development measures…			
RGDPC$_i$−RGDPC$_j$, weighted by Total FDI Stock Shares[a]	−0.0946	−0.095	−0.0983
RGDPC$_i$−RGDPC$_j$, weighted by Inward FDI Stock Shares	−0.1272	–	−0.1242
RGDPC$_i$−RGDPC$_j$, weighted by Outward FDI Stock Shares	0.0450	−0.1075	–
Excluded group: Respondents having a typical day			
Respondent is…having a good day	0.0247	–	0.0233
Respondent is…having a bad day	−0.0592	−0.0682	−0.0719
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic			
Respondent is…a pessimist	−0.0717	−0.0692	−0.0778
Excluded group: Generally satisfied respondents			
Respondent is…generally dissatisfied with way things are going in their country	–	−0.0638	–
Excluded group: Respondents who disagree that most people are better off in a free market economy			
Respondent…agrees that most people are better off in a free market economy	0.0584	0.0943	0.0421

(continued)

Table 8.6 (continued)

Panel B: Predicted changes in the estimated probabilities that greenfield FDI inflows are…	*"Very good" or "Somewhat good"*		
	Full Sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Excluded group: Respondents who are 18–34 years of age			
Respondent is…25–34 years of age	0.0356	0.0501	0.0303
Respondent is…35–44 years of age	0.0497	0.0687	0.0387
Respondent is…45–54 years of age	0.0416	0.0700	0.0199
Respondent is…55–64 years of age	0.0398	0.0499	0.0301
Respondent is…65 years of age or older	0.0493	0.0696	0.0537
Excluded group: Male respondents			
Respondent is…female	−0.018	−0.0202	−0.0181
Excluded group: Respondents who have completed fewer than 6 years of education			
Respondent has completed…6–12 years of education	0.0192	0.0354	0.0252
Respondent has completed…12 years of education	0.0244	0.0563	0.0306
Respondent has completed…between 12 and 16 years of education	0.0288	0.0598	0.0200
Respondent has completed…16 or more years of education	0.0721	0.1146	0.0358
Excluded group: Unemployed respondents			
Respondent is…not in the labor force	−0.0173	–	–
Respondent is…employed	−0.0198	–	–
Excluded group: Respondents who report relatively low income values			
Respondent..lives in a middle income household	0.0101	0.0257	–
Respondent..lives in a high income household	0.0194	0.0511	–
Excluded group: Respondents who have never been married			
Respondent is…married	−0.0182	–	−0.0256
Respondent is…divorced, separated, or widowed	–	–	–

"." indicates the listed variable was not included in the corresponding (noted by column label) estimation equation. "–" indicates that the corresponding coefficient estimate in Table 8.5 is not statistically significant from zero. Predicted changes in estimated probabilities for variables identified by an "a" superscript are based on results presented in Table 8.4. For the cultural distance measures and the relative economic development measures, the predicted changes are calculated based on an assumed change in the listed variable from its minimum value to its maximum value while all other explanatory variables held constant at their mean values. For all other variables, the predicted changes are calculated based on an assumed listed variable from 0 to 1 while all other explanatory variables are held constant at their mean values

cultural distance variables, whether weighted by the country's inward FDI stock shares or by its outward FDI stock shares, have the same pattern of coefficient signs and incidence of statistical significance. For the full sample, the estimated coefficients are both positive and statistically significant from zero. The same is true for the non-OECD member cohort; however, for the OECD member cohort, while the estimated coefficients are both statistically significant from zero they are also negative.

8.3 Comparing and Contrasting the Influences of Cultural Differences by OECD Membership and Type of FDI Inflows

The observed pattern of statistical significance and the signs of the estimated coefficients suggest a clear difference in the relationship between cultural distance and public opinion toward both brownfield FDI inflows and greenfield FDI inflows. This difference also exists when survey respondents are categorized according to whether or not their countries of residence are members of the OECD. To facilitate ease of comparison, all estimated coefficients of the cultural distance variables that have been presented in this chapter are summarized in Table 8.7.

When considering the coefficients that correspond to the estimations that employ the full sample (Panel A), which includes the estimated coefficients from the analysis of public opinion toward brownfield FDI inflows, we see that the signs of the estimated coefficients when the total trade-weighted measure of cultural distance is included in the estimation are negative in the binomial logit estimation and positive in the ordered logit estimation. Further, the magnitudes of the coefficients are relatively low in comparison with the other values that are presented in the same column of the panel.

The estimated coefficients that are reported for the OECD member cohort and for the cohort of countries that are not OECD members provide a striking contrast. For the OECD member cohort, we see that the estimated coefficients are negative and statistically significant from zero in 10 of 12 cases, and for the cohort of countries that are not members of the OECD we find positive and statistically significant coefficient estimates in 11 of 12 cases. Thus, we can say that, regardless of whether opinions on brownfield FDI inflows or opinions on greenfield FDI inflows are considered, the typical survey respondent who resides in an OECD member country, given a greater cultural distance between their country of residence and the sources and/or destinations of their FDI stocks, is significantly less likely, all else equal, to

Table 8.7 A summary of estimated coefficients

Panel A: Brownfield FDI Inflows

Source Table	*Logit Technique*	*Variable/ Cohort:*	*Full sample*	*OECD members*	*Non-members*
8.1	Binomial	Cultural Distance_{ij}, weighted by Total FDI Stock Shares	−0.1062***	−0.6339***	0.3522***
8.2	Binomial	Cultural Distance_{ij}, weighted by Inward FDI Stock Shares	0.2834***	.	0.3518***
8.2	Binomial	Cultural Distance_{ij}, weighted by Outward FDI Stock Shares	−0.4815***	−0.8132***	.
App. 8.8	Ordered	Cultural Distance_{ij}, weighted by Total FDI Stock Shares	0.0449**	−0.3687***	0.4162***
App. 8.9	Ordered	Cultural Distance_{ij}, weighted by Inward FDI Stock Shares	0.2505***	.	0.307***
App. 8.9	Ordered	Cultural Distance_{ij}, weighted by Outward FDI Stock Shares	−0.2648***	−0.4699***	0.0762*

(continued)

Table 8.7 (continued)

Panel B: Greenfield FDI Inflows

Source Table	*Logit Technique*	*Variable/ Cohort:*	*Full sample*	*OECD members*	*Non−members*
8.4	Binomial	Cultural $Distance_{ij}$, weighted by Total FDI Stock Shares	0.1738***	−0.4399***	0.696***
8.5	Binomial	Cultural $Distance_{ij}$, weighted by Inward FDI Stock Shares	0.148***	−0.1749**	0.3765***
8.5	Binomial	Cultural $Distance_{ij}$, weighted by Outward FDI Stock Shares	.	−0.277***	0.275***
App. 8.10	Ordered	Cultural $Distance_{ij}$, weighted by Total FDI Stock Shares	0.2317***	−0.4161***	0.7127***
App. 8.11	Ordered	Cultural $Distance_{ij}$, weighted by Inward FDI Stock Shares	0.065***	−0.2588***	0.1703***
App. 8.11	Ordered	Cultural $Distance_{ij}$, weighted by Outward FDI Stock Shares	0.1655***	−0.1428**	0.6074***

"." indicates that the estimated coefficient is not statistically significant from zero. "***", "**", and "*" denote statistical significance from zero at the 1%, 5%, and 10% levels, respectively

hold the opinion that the FDI inflows have a good impact on their country. Considering an alternative scenario in which all is identical except that the survey respondent resides in a country that is not an OECD member, we find the opposite relationship between cultural distance and opinions on brownfield FDI inflows: A greater cultural distance corresponds to an increased probability that the respondent views brownfield FDI inflows as being good for their country and a decreased probability that they expect the FDI inflows will have a negative impact on their country.

OECD membership includes countries that are among the world's most economically advanced and, thus, the OECD cohort is comprised of those societies which tend to have the highest average incomes. The cohort of countries that are not OECD members includes many countries that have much lower levels of average income and, thus, are less economically developed, relatively speaking. Additionally, returning to our discussion of the Specific Factors model, OECD members are typically more capital-abundant (labor-scarce) relative to non-OECD members and non-OECD members are more labor-abundant (i.e., capital-scarce) relative to OECD members. A plausible explanation for the observed differences in opinions toward FDI inflows across the OECD/non-OECD cohorts is that workers in countries that are not OECD members are more likely than their counterparts in OECD members to benefit from foreign investment. This is due to the increased capital stock being expected to have a more pronounced influence on the productivity of workers where capital is relatively scarce and, thus, wages and incomes are lower as compared to the influence of additional capital in economies where capital is relatively abundant.

While relative capital-abundance may explain differences in results across the two cohorts, it cannot explain the observed differences in the influences of cultural distance on public opinion. Speculating, it may be that survey respondents in OECD member countries are more likely to be predisposed to hold negative views toward foreign investment simply as they perceive themselves as having much to lose and relatively little to gain. It could also be that the relationship is driven, to some degree, by national pride or by a fear of the "other." This remains an open empirical question that, unfortunately, we cannot address with the available data.

Note

1. The specific countries included in the data set are listed in the appendix to Chap. 5.

Table 8.8 In your opinion, when foreign companies buy (survey nationality) companies, does this have a very good, somewhat good, somewhat bad, or very bad impact on our country?

	Cohort:		
	Full sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Cultural Distance$_{ij}$, weighted by Total FDI Stock Shares	0.0449**	−0.3687***	0.4162***
	(0.0227)	(0.0363)	(0.0362)
RGDPC$_i$–RGDPC$_j$, weighted by Total FDI Stock Shares	−0.0282***	−0.1935***	−0.0215***
	(0.0015)	(0.0209)	(0.0016)
Excluded group: Respondents having a typical day			
Respondent is…having a good day	0.1496***	0.0078	0.1008***
	(0.0262)	(0.0498)	(0.0312)
Respondent is…having a bad day	−0.2698***	−0.2518***	−0.3622***
	(0.0493)	(0.0758)	(0.0666)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic			
Respondent is…a pessimist	−0.3296***	−0.4534***	−0.197***
	(0.0248)	(0.0403)	(0.0337)
Excluded group: Generally satisfied respondents			
Respondent is…generally dissatisfied with way things are going in their country	−0.2557***	−0.5176***	−0.2443***
	(0.0238)	(0.0401)	(0.0309)
Excluded group: Respondents who disagree that most people are better off in a free market economy			
Respondent…agrees that most people are better off in a free market economy	0.3372***	0.3813***	0.3577***
	(0.0247)	(0.0394)	(0.0328)
Excluded group: Respondents who are 18–24 years of age			
Respondent is…25–34 years of age	−0.0343	0.0435	−0.0363
	(0.0411)	(0.08)	(0.0479)
Respondent is…35–44 years of age	−0.0115	0.0334	0.0134
	(0.0447)	(0.0837)	(0.0534)
Respondent is…45–54 years of age	−0.1023**	−0.0267	−0.1026*
	(0.0462)	(0.0845)	(0.0564)
Respondent is…55–64 years of age	−0.124**	−0.0649	−0.0884
	(0.0497)	(0.087)	(0.064)
Respondent is…65 years of age or older	−0.1291**	0.0545	−0.1363*
	(0.0532)	(0.0875)	(0.0767)
Excluded group: Male respondents			
Respondent is…female	−0.0212	−0.0439	−0.011
	(0.0234)	(0.0379)	(0.0303)
Excluded group: Respondents who have completed fewer than 6 years of education			
Respondent has completed…6–12 years of education	0.0141	0.2227***	0.0004
	(0.0366)	(0.0811)	(0.0408)

(continued)

Table 8.8 (continued)

	Cohort:		
	Full sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Respondent has completed…12 years of education	−0.0061	0.3061***	−0.001
	(0.0406)	(0.0843)	(0.0482)
Respondent has completed… between 12 and 16 years of education	−0.0832**	0.1963**	−0.1041**
	(0.0404)	(0.0818)	(0.0486)
Respondent has completed…16 or more years of education	−0.0638	0.2617***	−0.0985*
	(0.0416)	(0.0796)	(0.058)
Excluded group: Unemployed respondents			
Respondent is…not in the labor force	−0.2141***	−0.0338	−0.2033***
	(0.0465)	(0.0794)	(0.0581)
Respondent is…employed	−0.1996***	0.0813	−0.223***
	(0.0437)	(0.0757)	(0.0544)
Excluded group: Respondents who report relatively low income values			
Respondent..lives in a middle income household	0.0308	−0.0619	0.0855***
	(0.0255)	(0.0418)	(0.0329)
Respondent..lives in a high income household	0.054*	0.0452	0.0602
	(0.0305)	(0.0507)	(0.039)
Excluded group: Respondents who have never been married			
Respondent is…married	−0.0736**	0.0035	−0.1176***
	(0.0326)	(0.0533)	(0.0429)
Respondent is…divorced, separated, or widowed	−0.0753	−0.0269	−0.1677**
	(0.0476)	(0.0722)	(0.0675)
/cut1	−1.6553	−2.0085	−1.1328
	(0.0702)	(0.1361)	(0.0886)
/cut2	−0.0516	−0.0245	0.2436
	(0.0691)	(0.1343)	(0.0882)
/cut3	1.7895	2.0268	2.0464
	(0.0699)	(0.1377)	(0.0893)
N	27,288	10,333	16,955
Wald χ^2 statistic	1,697***	773***	731***
Log pseudolikelihood	−35,158***	12,497	−22,226
Count R^2	0.391	0.447	0.378
Pseudo R^2	0.0251	0.0312	0.0175

See Table 8.1 notes
Dependent variable equals four if response is "very good", is equal to three if response is "somewhat good", equals two if response is "somewhat bad", and is equal to one if response if "very bad"
Estimation technique: Ordered Logit

Table 8.9 In your opinion, when foreign companies buy (survey nationality) companies, does this have a very good, somewhat good, somewhat bad, or very bad impact on our country?

	Cohort:		
	Full sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Cultural Distance$_{ij}$, weighted by Inward FDI Stock Shares	0.2505***	0.044	0.307***
	(0.0252)	(0.051)	(0.0329)
Cultural Distance$_{ij}$, weighted by Outward FDI Stock Shares	−0.2648***	−0.4699***	0.0762*
	(0.0304)	(0.0614)	(0.0462)
RGDPC$_i$−RGDPC$_j$, weighted by Inward FDI Stock Shares	0.0073***	0.0474	0.0028
	(0.0028)	(0.041)	(0.0029)
RGDPC$_i$−RGDPC$_j$, weighted by Outward FDI Stock Shares	−0.0449***	−0.3282***	−0.0327***
	(0.0039)	(0.0675)	(0.0043)
Excluded group: Respondents having a typical day			
Respondent is…having a good day	0.1321***	−0.0015	0.1035***
	(0.0263)	(0.0497)	(0.0312)
Respondent is…having a bad day	−0.257***	−0.2803***	−0.3163***
	(0.049)	(0.0759)	(0.0663)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic			
Respondent is…a pessimist	−0.2861***	−0.4203***	−0.1912***
	(0.025)	(0.0422)	(0.0337)
Excluded group: Generally satisfied respondents			
Respondent is…generally dissatisfied with way things are going in their country	−0.2667***	−0.4912***	−0.2656***
	(0.0239)	(0.0408)	(0.0312)
Excluded group: Respondents who disagree that most people are better off in a free market economy			
Respondent…agrees that most people are better off in a free market economy	0.3236***	0.3631***	0.3482***
	(0.0248)	(0.0396)	(0.0328)
Excluded group: Respondents who are 18–24 years of age			
Respondent is…25–34 years of age	−0.0247	0.0636	−0.0406
	(0.0412)	(0.08)	(0.0479)
Respondent is…35–44 years of age	0.0076	0.0649	0.0058
	(0.0449)	(0.0838)	(0.0535)
Respondent is…45–54 years of age	−0.0807*	0.0043	−0.1099*
	(0.0464)	(0.0846)	(0.0565)
Respondent is…55–64 years of age	−0.0905*	−0.025	−0.0901
	(0.0498)	(0.087)	(0.064)
Respondent is…65 years of age or older	−0.0741	0.1141	−0.145*
	(0.0537)	(0.088)	(0.0768)
Excluded group: Male respondents			
Respondent is…female	−0.0236	−0.0436	−0.014
	(0.0234)	(0.0379)	(0.0303)

(continued)

Table 8.9 (continued)

	Cohort:		
	Full sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Excluded group: Respondents who have completed fewer than 6 years of education			
Respondent has completed…6–12 years of education	0.0419	0.2**	0.0147
	(0.0368)	(0.0814)	(0.041)
Respondent has completed…12 years of education	0.0578	0.3231***	0.0222
	(0.0411)	(0.0845)	(0.0489)
Respondent has completed… between 12 and 16 years of education	−0.0261	0.189**	−0.0834*
	(0.0409)	(0.082)	(0.0492)
Respondent has completed…16 or more years of education	0.0118	0.2547***	−0.0744
	(0.0423)	(0.0797)	(0.0585)
Excluded group: Unemployed respondents			
Respondent is…not in the labor force	−0.2254***	−0.0758	−0.2135***
	(0.0465)	(0.0795)	(0.0581)
Respondent is…employed	−0.2156***	0.0402	−0.2317***
	(0.0438)	(0.0757)	(0.0544)
Excluded group: Respondents who report relatively low income values			
Respondent..lives in a middle income household	0.0173	−0.0553	0.0782**
	(0.0255)	(0.0418)	(0.033)
Respondent..lives in a high income household	0.0312	0.0495	0.0524
	(0.0307)	(0.0507)	(0.0394)
Excluded group: Respondents who have never been married			
Respondent is…married	−0.083**	−0.0043	−0.1136***
	(0.0327)	(0.0532)	(0.0429)
Respondent is…divorced, separated, or widowed	−0.0751	−0.0359	−0.1498**
	(0.0475)	(0.072)	(0.0676)
/cut1	−1.643	−2.1374	−1.1238
	(0.0703)	(0.1379)	(0.0886)
/cut2	−0.0317	−0.1467	0.2562
	(0.0693)	(0.1357)	(0.0883)
/cut3	1.814	1.9116	2.061
	(0.0702)	(0.1389)	(0.0896)
N	27,288	10,333	16,955
Wald χ^2 statistic	1,906***	816***	768***
Log pseudolikelihood	−35,092	−12,473	−22,207
Count R^2	0.396	0.449	0.379
Pseudo R^2	0.0269	0.0331	0.0184

See Table 8.1 notes
Dependent variable equals four if response is "very good", is equal to three if response is "somewhat good", equals two if response is "somewhat bad", and is equal to one if response if "very bad"
Estimation technique: Ordered Logit

Table 8.10 In your opinion, when foreign companies build (survey nationality) companies, does this have a very good, somewhat good, somewhat bad, or very bad impact on our country?

	Cohort:		
	Full sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Cultural Distance$_{ij}$, weighted by Total FDI Stock Shares	0.2317***	−0.4161***	0.7127***
	(0.0247)	(0.0381)	(0.0378)
RGDPC$_i$−RGDPC$_j$, weighted by Total FDI Stock Shares	−0.0306***	−0.1791***	−0.0278***
	(0.0015)	(0.0208)	(0.0017)
Excluded group: Respondents having a typical day			
Respondent is…having a good day	0.1894***	−0.0093	0.1543***
	(0.0261)	(0.0506)	(0.031)
Respondent is…having a bad day	−0.1066**	−0.2145***	−0.1269*
	(0.0527)	(0.0803)	(0.0715)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic			
Respondent is…a pessimist	−0.345***	−0.3426***	−0.3286***
	(0.0253)	(0.0417)	(0.0348)
Excluded group: Generally satisfied respondents			
Respondent is…generally dissatisfied with way things are going in their country	−0.0453*	−0.3487***	−0.0601*
	(0.0242)	(0.0418)	(0.0309)
Excluded group: Respondents who disagree that most people are better off in a free market economy			
Respondent…agrees that most people are better off in a free market economy	0.3096***	0.5016***	0.2405***
	(0.0249)	(0.0406)	(0.0324)
Excluded group: Respondents who are 18–24 years of age			
Respondent is…25–34 years of age	0.0925**	0.2648***	0.0546
	(0.042)	(0.0825)	(0.0488)
Respondent is…35–44 years of age	0.1541***	0.2883***	0.1184**
	(0.0453)	(0.0839)	(0.0542)
Respondent is…45–54 years of age	0.1295***	0.2935***	0.0577
	(0.0472)	(0.0856)	(0.0578)
Respondent is…55–64 years of age	0.0954*	0.2288***	0.0434
	(0.0507)	(0.0886)	(0.065)
Respondent is…65 years of age or older	0.0774	0.2945***	0.0632
	(0.0547)	(0.0904)	(0.0767)
Excluded group: Male respondents			
Respondent is…female	−0.1676***	−0.1593***	−0.1849***
	(0.0241)	(0.0393)	(0.031)

(continued)

Table 8.10 (continued)

	Cohort:		
	Full sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Excluded group: Respondents who have completed fewer than 6 years of education			
Respondent has completed…6–12 years of education	0.0394 (0.0376)	0.1729** (0.0813)	0.066 (0.0421)
Respondent has completed…12 years of education	0.023 (0.0419)	0.3157*** (0.0837)	0.0377 (0.0501)
Respondent has completed… between 12 and 16 years of education	0.0683 (0.0416)	0.291*** (0.0814)	0.0502 (0.0504)
Respondent has completed…16 or more years of education	0.2196*** (0.0431)	0.4923*** (0.0802)	0.1421** (0.059)
Excluded group: Unemployed respondents			
Respondent is…not in the labor force	−0.1426*** (0.0457)	−0.0283 (0.0797)	−0.083 (0.057)
Respondent is…employed	−0.1614*** (0.0424)	0.1224 (0.0749)	−0.1593*** (0.0527)
Excluded group: Respondents who report relatively low income values			
Respondent..lives in a middle income household	0.0002 (0.026)	0.0702 (0.0433)	−0.0203 (0.0333)
Respondent..lives in a high income household	0.0384 (0.0311)	0.209*** (0.052)	−0.0336 (0.0393)
Excluded group: Respondents who have never been married			
Respondent is…married	−0.0653** (0.0331)	0.0908* (0.0535)	−0.1183*** (0.0434)
Respondent is…divorced, separated, or widowed	0.0531 (0.0476)	0.1277* (0.0732)	−0.0241 (0.0662)
/cut1	−2.1289 (0.0741)	−2.624 (0.141)	−1.6193 (0.0922)
/cut2	−0.7212 (0.0718)	−1.0579 (0.1354)	−0.2875 (0.0908)
/cut3	1.5349 (0.0723)	1.5588 (0.1363)	1.8397 (0.0922)
N	27,611	10,422	17,189
Wald χ^2 statistic	1278***	806***	950***
Log pseudolikelihood	−32,115	−11,621	−20,031
Count R^2	0.501	0.545	0.48
Pseudo R^2	0.0213	0.033	0.025

See Table 8.1 notes
Dependent variable equals four if response is "very good", is equal to three if response is "somewhat good", equals two if response is "somewhat bad", and is equal to one if response if "very bad"
Estimation technique: Ordered Logit

Table 8.11 In your opinion, when foreign companies build (survey nationality) companies, does this have a very good, somewhat good, somewhat bad, or very bad impact on our country?

	Cohort:		
	Full sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Cultural Distance$_{ij}$, weighted by Inward FDI Stock Shares	0.065***	−0.2588***	0.1703***
	(0.0254)	(0.0536)	(0.0324)
Cultural Distance$_{ij}$, weighted by Outward FDI Stock Shares	0.1655***	−0.1428**	0.6074***
	(0.0307)	(0.065)	(0.045)
RGDPC$_i$−RGDPC$_j$, weighted by Inward FDI Stock Shares	−0.0383***	0.0628	−0.0431***
	(0.0022)	(0.0414)	(0.0024)
RGDPC$_i$−RGDPC$_j$, weighted by Outward FDI Stock Shares	0.0214***	−0.3407***	0.0342***
	(0.0033)	(0.0677)	(0.0039)
Excluded group: Respondents having a typical day			
Respondent is…having a good day	0.1906***	−0.0188	0.1456***
	(0.0262)	(0.0506)	(0.031)
Respondent is…having a bad day	−0.1668***	−0.2099***	−0.2406***
	(0.0523)	(0.0806)	(0.0709)
Excluded group: Respondents identified as optimists on as neither optimistic nor pessimistic			
Respondent is…a pessimist	−0.3774***	−0.3652***	−0.3513***
	(0.0258)	(0.0433)	(0.0348)
Excluded group: Generally satisfied respondents			
Respondent is…generally dissatisfied with way things are going in their country	−0.0187	−0.3141***	−0.0088
	(0.0242)	(0.0429)	(0.0311)
Excluded group: Respondents who disagree that most people are better off in a free market economy			
Respondent…agrees that most people are better off in a free market economy	0.3227***	0.4987***	0.2628***
	(0.0249)	(0.0408)	(0.0324)
Excluded group: Respondents who are 18–24 years of age			
Respondent is…25–34 years of age	0.1037**	0.271***	0.0693
	(0.042)	(0.0827)	(0.0485)
Respondent is…35–44 years of age	0.1637***	0.2981***	0.1387***
	(0.0453)	(0.0841)	(0.0539)
Respondent is…45–54 years of age	0.137***	0.3081***	0.0746
	(0.0473)	(0.0858)	(0.0576)
Respondent is…55−64 years of age	0.0985*	0.2428***	0.0556
	(0.0509)	(0.0889)	(0.0651)
Respondent is…65 years of age or older	0.0766	0.3086***	0.082
	(0.0551)	(0.0911)	(0.0768)
Excluded group: Male respondents			
Respondent is…female	−0.1663***	−0.1609***	−0.1815***
	(0.0241)	(0.0393)	(0.031)

(continued)

Table 8.11 (continued)

	Cohort:		
	Full sample	*OECD members*	*Non-members*
	(a)	*(b)*	*(c)*
Excluded group: Respondents who have completed fewer than 6 years of education			
Respondent has completed…6–12 years of education	0.0333	0.1593*	0.0375
	(0.0375)	(0.0819)	(0.0421)
Respondent has completed…12 years of education	0.0194	0.3288***	0.0008
	(0.0424)	(0.0841)	(0.0509)
Respondent has completed… between 12 and 16 years of education	0.0666	0.2812***	0.013
	(0.0421)	(0.0818)	(0.0511)
Respondent has completed…16 or more years of education	0.2108***	0.4888***	0.1008*
	(0.0438)	(0.0806)	(0.0596)
Excluded group: Unemployed respondents			
Respondent is…not in the labor force	−0.1296***	−0.0436	−0.0526
	(0.0458)	(0.0802)	(0.0568)
Respondent is…employed	−0.1511***	0.1034	−0.136***
	(0.0425)	(0.0752)	(0.0525)
Excluded group: Respondents who report relatively low income values			
Respondent..lives in a middle income household	−0.0033	0.0725*	−0.0096
	(0.0261)	(0.0432)	(0.0336)
Respondent..lives in a high income household	0.0297	0.2168***	−0.0246
	(0.0313)	(0.0521)	(0.0398)
Excluded group: Respondents who have never been married			
Respondent is…married	−0.0665**	0.09*	−0.1276***
	(0.0331)	(0.0535)	(0.0433)
Respondent is…divorced, separated, or widowed	0.0359	0.1208*	−0.0707
	(0.0477)	(0.0731)	(0.0663)
/cut1	−2.1362	−2.672	−1.6463
	(0.0741)	(0.1428)	(0.0922)
/cut2	−0.7274	−1.1059	−0.3126
	(0.0717)	(0.1371)	(0.0907)
/cut3	1.5382	1.5146	1.8333
	(0.0723)	(0.1378)	(0.0922)
N	27,611	10,422	17,189
Wald χ^2 statistic	1,444***	822***	1,138***
Log pseudolikelihood	−32,031	−11,613	−19,937
Count R^2	0.511	0.545	0.492
Pseudo R^2	0.0239	0.0337	0.0296

See Table 8.1 notes

Dependent variable equals four if response is "very good," is equal to three if response is "somewhat good," equals two if response is "somewhat bad," and is equal to one if response if "very bad."

Estimation technique: Ordered Logit

Appendix

This appendix contains a series of tables that detail the results of estimations that are ancillary to the primary results that are presented in the chapter. See the text for a description of the tables and corresponding results.

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PART IV

Implications and Opportunities

CHAPTER 9

The Determinants of Public Opinion on Economic Globalization and the Influence of Cultural Differences: A Summary of Findings

In this book, we have worked to identify the determinants of public opinion on economic globalization. Moreover, we have placed a particular emphasis on the potential relationships between cross-societal cultural differences (i.e., cultural distance) and opinions on three facets of international economic integration—namely, immigrants and immigration, international trade, and foreign direct investment inflows. In our introductory chapter, we briefly touched upon the observed differences in the perceived, or expected, benefits and costs of economic globalization. We also noted that there is ample empirical evidence that indicates international economic integration provides abundant net benefits (Bertelsmann Stiftung 2014; Ghemawat 2012; Broda and Weinstein 2005). Thus, our focus is not the measurement of related benefits and costs. The relationships that we do consider, however, are very likely influenced by these benefits and costs and, more accurately, by individuals' perceptions of the net gains (or losses) of economic globalization. In effect, the work presented in Chaps. 1 through 8 provides information that may benefit the development of a more comprehensive understanding of public opinion toward economic globalization. Thus, our hope is that the material contained in this book will allow for greater future international economic integration and lead to maximization of the associated benefits.

Our a priori expectations of the relationship between cross-societal cultural differences and opinions on the three facets of economic globalization that we consider have been that, all else equal, a greater level of cultural distance between the typical survey respondent's country of residence

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and the source countries of its immigrants, imports, and inward foreign direct investment stocks increases the likelihood that the respondent will express a negative opinion of the corresponding facet of economic globalization. To the contrary, our initial expectation is that the typical respondent's views on economic globalization are positively related to the cultural distance between their country of residence and the destinations of its emigrants, exports, and outward foreign direct investment stocks. Support for these expectations is found, to a degree, in Margalit's (2012) study of opinions toward FDI. However, Pandya (2010) indicates that individuals who express worry that economic globalization may adversely affect national identity are not among those who are most opposed to economic globalization. Given the lack of prior studies on this topic and the seemingly contradictory results reported in the works that have considered similar relationships, we consider our topic to be an open empirical question.

We begin this chapter with an accounting of what has been done in this work, how we have proceeded to address our research topic, what key relationships have been examined, and what were the expected findings. This is followed by a summary of the findings from our empirical analyses. These analyses are presented in greater detail in Chaps. 6 through 8.

9.1 Revisiting Our Research Focus and Empirical Strategy

As noted, our focus has been on the determinants of public opinion toward economic globalization and, more specifically, on the potential influence that cultural differences may have on survey respondents' views of immigrants and immigration, international trade, and foreign direct investment inflows. In broad terms, we can say that we have provided econometric analyses of three related data sets that are primarily based on responses to the Pew Research Center's 2014 Global Attitudes Project (GAP) survey.[1] We have augmented the GAP survey data with weighted measures of cultural differences between the countries in which survey respondents live and the source and destination countries, respectively, of these countries' immigrants and emigrants, imports and exports, and inward and outward FDI stocks. Likewise, to capture the potential influences of relative economic and social development on opinions toward economic globalization, we have also included similarly weighted measures of relative average income and human development.

Our analysis of the GAP survey data is motivated, in part, by the findings that were obtained when we examined data from the 2014

US-Germany Trade Survey, which is also compiled by the Pew Research Center. The complete analysis and findings are presented in Chap. 2. In that chapter, we present results obtained from the application of the binomial logit and the ordered logit estimation techniques, both of which were employed to identify the determinants of individuals' opinions of international trade while paying particular attention to the potential influence of cultural distance. Results from our binomial logit estimations indicate that a one standard deviation change in the cultural distance measure about its mean value, with all other explanatory variables held constant at their respective mean values, lowers the estimated probability that trade will be considered a good thing by 7.02%. Allowing a larger change in the cultural distance measure, from its minimum to its maximum value, we find a 20.35% decrease in the estimated probability that the typical survey respondent will consider trade to be a good thing.[2] From these findings, we assert that the influence of cultural differences on public opinion of international trade is not merely a matter of statistical significance. This influence also appears to be of sufficient magnitude to be of practical significance.

To gain a sense of the relative importance of cultural differences on opinions of international trade, we consider changes in predicted probabilities due to changes in other explanatory variables. We find that the estimated likelihood that a survey respondent will view trade as being either a very good thing or as somewhat good is 9.83% higher if the individual is a college graduate. We also see that respondents who live in households with above-average incomes are 2.97% more likely to express a positive opinion of trade and that respondents who live in an urban area are 1.6% more likely to hold positive views toward trade. To the contrary, the predicted probability that a positive opinion of trade is expressed is 10.54% lower if the respondent is female.

Our initial examination of the survey data for Germany and the US is followed in Chap. 3 by an introduction to the Specific Factors model. We present a basic version of the model to provide context for the material covered in our first two chapters and to provide a theoretical basis for the analyses that follow in Chaps. 6 through 8. Further building the necessary foundations for our primary empirical analyses, in Chap. 4 we present several composite measures of cross-societal cultural differences, focusing specifically on the Inglehart measure as it is our preferred measure and, thus, is used in our analyses. In Chap. 5, we present our empirical framework and, as motivation for the analyses that follow, we review the

results of a number of survey questions that provide greater insights into public opinion on immigrants and immigration, international trade, and foreign direct investment inflows. The results obtained from the completion of our analyses are presented in Part III. Specifically, Chap. 6 focuses on public opinion toward immigrants and immigration, while Chaps. 7 and 8 examine public opinion on international trade and foreign direct investment inflows, respectively. In all three chapters, we examine both the potential determinants of public opinion in a broad sense while more narrowly focusing on the potential influences of cultural differences.

9.2 A Brief Discussion of Key Findings

Beginning with the primary focus of our research and speaking in general terms, we find that survey respondents who live in countries that are more culturally distant from the source countries of their immigrant stocks, imports, and/or their inward FDI stocks are less likely to express positive opinions when asked about immigrants and immigration, international trade, and foreign direct investment inflows. However, greater cultural distance between the countries in which respondents live and the destinations of their emigrant stocks, exports, and/or outward FDI stocks corresponds with increased likelihoods that positive opinions will be expressed. This broad finding is consistent with our a priori expectations. In this section, we discuss our findings in the order they are presented in the preceding chapters; however, we limit the scope of our discussion such that we focus generally on the influences of cultural difference and, even then, we limit our discussion to brief summaries. Complete details, as well as discussions of the related literature, are provided in Chaps. 6 through 8. Throughout these chapters, we have employed the binomial logit and ordered logit estimation techniques, as appropriate, to address our research topics.

Our examination of the potential influence of cultural differences on public opinion toward immigrants and immigration provides the following conclusions. First, we can say that, in response to a one standard deviation increase in the cultural distance variable about its mean value, all else held constant, the predicted probability that a given survey respondent will indicate a preference for more immigrant arrivals declines by 5.89%. Further, the predicted probability that the respondent will prefer keeping the number of immigrant arrivals at about the current level decreases by 22.51%. Accordingly, given the three options that were presented to survey respondents, the increase in the cultural

distance variable corresponds with a 28.4% increase in the predicted probability that the respondent will express a preference for fewer immigrant arrivals. Thus, cultural differences between the countries in which survey respondents live and the sources and destinations of the countries' existing immigrant and emigrant stocks correspond negatively with preferences toward the number of new immigrant arrivals.

Further, again holding all else constant, we see that a greater cultural distance between the source countries of the existing immigrant stock and the typical survey respondent's country of residence corresponds with a significantly higher likelihood that respondents believe immigrants are a burden to their country of residence and that immigrants take jobs and social benefits from the native-born. Similarly, a greater cultural distance, as described above, corresponds to an increased probability that respondents believe that immigrants are more to blame for crime than are other groups (i.e., the native-born). Greater cultural distance is also found to increase the predicted probability that survey respondents think that immigrants wish to remain distinct from the societies of their host countries rather than assimilating to the cultures of the host countries.

Shifting our focus to public opinion on international trade, we find that greater cultural differences between the typical survey respondent's country of residence and its trading partners, all else held constant, correspond with a significantly lower likelihood that the respondent will express a positive opinion on growing international trade and cross-border business ties. More specifically, we estimate that an increase in the total trade share-weighted measure of cultural distance from its minimum to its maximum value reduces the predicted probability that trade is viewed as a good thing by 4.34%. If we look at the import-weighted cultural distance variable, again allowing for a change from the corresponding minimum value to the maximum while holding all else constant, we see that the predicted likelihood of support for trade decreases by 13.72%. To the contrary, the predicted probability that a survey respondent will view trade as a good thing increases by 11.23% in response to a change in the export-weighted cultural distance variable from its minimum value to its maximum. Thus, we can say that, all else held constant, survey respondents are less likely to express positive opinions of trade if the country in which they live sources its imports from more culturally-distant locales. We also can say that respondents are more likely to indicate a positive view of trade if exports from their countries of residence are shipped to more culturally-distant destinations.

When considering respondents' views of the effects that international trade has on the countries in which they live, we find that a greater cultural distance between survey respondents' countries of residence and their trading partners corresponds with a higher estimated probability that the typical respondent holds the view that increased international trade does not increase wages in their countries of residence. Likewise, greater cultural distance is found to correspond with an increased predicted probability that the typical survey respondent thinks that trade results in job loss in their country of residence. Lastly, we find that respondents are more likely to believe that trade, if undertaken with partners that are relatively more culturally distant, leads to lower prices in their countries of residence.

The third facet of economic globalization that we consider is foreign direct investment inflows. Our survey data are such that we are able to examine individuals' opinions on both brownfield FDI inflows and greenfield FDI inflows. We also see considerable variation in the influence of cultural differences on opinions of FDI inflows for both the full sample of survey respondents and for two cohorts that categorize respondents based on whether their countries of residence are members of the OECD. Here, OECD membership is employed as a general measure of economic and social development. Interestingly, when looking at the full sample, we see that survey respondents are estimated to hold positive views on greenfield FDI inflows much more frequently than they do on brownfield FDI inflows: 72.7% of respondents indicate positive opinions on greenfield FDI inflows as compared to 45.9% for brownfield FDI inflows.

Focusing on our estimation results, when considering the full sample of survey respondents (i.e., not differentiating between respondents based on the OECD membership status of the country in which they live), we find that, all else held constant, an increase in the variable that represents the cultural distance between the typical survey respondent's country of residence and the sources/destinations of its combined inward and outward FDI stock from its minimum value to its maximum corresponds with a 4.54% decrease in the likelihood that the respondent will express a positive opinion on brownfield FDI inflows. A like change in cultural distance when considering opinions on greenfield FDI inflows produces a contrary result. The estimated probability that the typical survey respondent will express a positive view of such inflows increases by 5.17%. Estimating our model again using data for the full sample but including separate inward and outward FDI stock-weighted measures of cultural distance, we find that an increase in the

inward FDI stock-weighted cultural distance variable from its minimum value to its maximum increases the estimated probability that brownfield FDI inflows are considered by respondents to have a good impact on the country in which they live by 15.29%. When we consider opinions on greenfield FDI inflows, a like increase in cultural distance is found to also increase the estimated probability that the FDI inflows are viewed as having a good impact on the country. In this latter case, the estimated probability rises by 5.65%. To the contrary, the estimated probability that brownfield FDI inflows are viewed as having a good impact on the country decreases by 24.38% in response to an increase in the outward FDI stock-weighted measure of cultural distance from its minimum to its maximum value. No statistically significant relationship is found, however, between opinions on greenfield FDI inflows and the outward FDI stock-weighted cultural distance measure.

When considering variation across the cohorts that identify the countries in which survey respondents live by OECD membership, we find pronounced differences in the influences that cultural distance has on opinions toward FDI inflows. More specifically, among respondents in OECD member nations, greater cultural distance is found to correspond with a lower estimated probability that respondents view FDI inflows as having a good impact on their countries of residence. This is found for both forms of FDI inflows (i.e., brownfield or greenfield) and regardless of the measure of cultural distance that is employed (i.e., the total FDI stock-weighted measure and both the inward- and outward FDI stock-weighted measures of cultural distance). Somewhat similarly, among survey respondents who live in countries that are not members of the OECD, we find that greater cultural distance increases the likelihood that the respondents view FDI inflows as having a good impact on their countries of residence. Again, this finding is the same if respondents are asked about either brownfield or greenfield FDI inflows and for all measures of cultural distance employed.

From these findings, we can say that the influences of cultural differences on public opinion toward FDI inflows, obtained when examining the full data sample, appear mixed. Opinions on greenfield FDI inflows are found to be positively affected while opinions on brownfield FDI are negatively affected. Moreover, when examining the relationship across respondent cohorts that are based on the OECD membership of the countries in which they live, we find that regardless of the form of FDI inflows, greater cultural differences have a negative influence on public

opinion of FDI inflows in OECD member countries but have positive influences on opinions of FDI inflows in the non-OECD member countries.

Notes

1. Our data allow us to examine the determinants of public opinion on immigrants and immigration in six countries. The data also allow us to examine the determinants of public opinion on international trade and FDI inflows for 37 and 38 countries, respectively.
2. Results from the application of the ordered logit technique to a categorical dependent variable series are consistent with the findings noted here. Full details of both the binomial and ordered logit estimations are presented in Chap. 2.

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CHAPTER 10

Some Final Thoughts and Motivation for Additional Examination

Given the abundance and consistency of our empirical findings across the three facets of economic globalization that we have considered, we can comfortably assert that there indeed is a negative relationship between cross-societal cultural differences and public opinion toward international economic integration. Accordingly, and again speaking in general terms, the findings presented here support the notion that cultural differences are an important factor that should be considered when the determinants of public opinion on economic globalization are examined. Moreover, because economic globalization carries the potential to confer tremendous benefits to the involved societies, and since cultural differences correspond with reduced support for economic globalization, there is an added practical significance to our findings that is of considerable importance. This significance is related to the actions of policy makers, who should be especially cognizant of the influences of cultural differences on public opinion when crafting and implementing policies that are related to the extent that a nation's economy is integrated into the global economy.

It is clear, given the extraordinary net benefits attributable to economic globalization, that policy makers must consciously resist the politicization of public policy, its formulation, and its implementation when such policies are related to economic globalization. The connection between public opinion and policy making is particularly important in democracies as the actions of elected officials and the positions of those who are running for public office may be influenced by public sentiment.[1] If public sentiment is, on balance, in opposition to economic

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globalization (or if a vocal minority or a lobbying group is able to exert disproportionate political influence) and if leaders make policy decisions to satisfy or appeal to this opposition, then society as a whole suffers. If, instead, leaders fulfill the task of acting to enhance the welfare of their constituents then, regardless of political party affiliation, ideological leanings, or public opinion, they are obligated to increase the extent to which their economies are integrated into the global economy. If necessary, in the case that costs related to economic globalization merit, or as a means to garner support among constituents, elected officials can propose the creation of programs to compensate or assist anyone who is adversely affected by globalization.[2] In addition to implementing policies that may be contrary to the preferences of their residents, it is important for public institutions to take steps to educate and inform its citizenry. This is true in a general sense and, given the topic of this work, is particularly relevant when one considers the potential costs of a population that is uninformed or misinformed about the relative costs and benefits of economic globalization.

In a few words, given a negative influence of cross-societal cultural differences on public opinion toward international economic integration, it is necessary that public officials and institutions act to encourage individual citizens to become more aware, more knowledgeable, and more appreciative of different societies and their unique cultures. Doing so will lessen the likelihood, or avoid the possibility altogether, that cultural differences are viewed as something that defines one group or society relative to another and that acts to foster the concept of "the other" as something to be feared or disliked. This can be accomplished through a sustained policy that encourages openness, tolerance, mutual respect, and the embrace of cosmopolitism and multiculturalism.

Throughout this work, we have sought to be as thorough as possible when conducting our analysis. We admit, however, that there are limitations in the extent to which we are able to examine public opinion. In a few words, we are constrained by our data and what it will allow. Given that the amount of data that are available and the depth of coverage provided by the data are lacking, future research into this topic will surely benefit from more detailed demographic data for survey respondents (e.g., respondents' political party affiliations, ideological leanings with respect to political issues, political activism, civic engagement, living environments, more detailed income, and/or earnings data). Similarly, a larger data set that includes more observations per country and, perhaps

more importantly, that represents a larger number of countries would certainly be welcomed. Similarly, the development of alternative measures of cultural distance will, at a minimum, allow for the robustness of the results presented here to be tested and, ideally, would provide a better representation of the concept of culture and, thus, the differences between cultures. Any of these additions/extensions, among other possible data improvements, will allow for a deeper understanding of the topic and, accordingly, for results that can be of greater value.

Given the importance of economic globalization, the development of a more complete understanding of public opinion on the topic is of vital importance. We hope that the information that is provided here contributes to an improved understanding of the determinants of public opinion and, in particular, to a more complete understanding of the relationship between cross-societal cultural differences and public opinion toward international economic integration. As is indicated in the Preface, we very much hope that the information provided here is of interest to students, researchers, academicians, and, generally, to members of the public. We also are hopeful that the material provided in these chapters is of value to policy makers. Moreover, we hope that this work will contribute to the facilitation a more complete understanding of public opinion and, thus, lead to future increases in the depth and breadth of economic globalization.

Notes

1. If instead we think of leaders that have ascended to power or that maintain political power via non-democratic means, the point is largely the same albeit with the understanding that such leaders may not be accountable to their citizens in the same ways, or to the same degrees, as perhaps is an elected leader.
2. An example of such a program from the US is Trade Adjustment Assistance which was included in the Trade Expansion Act of 1964 in order to gain the support of Democratic members of the US Congress who were wary that voting in support of the act would lead to a loss of support among members of organized labor.

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