
Free Trade Producers, Protectionist Consumers? Evidence from A Survey Experiment in Japan

Megumi Naoi

Assistant Professor, University of California, San Diego

Ikuo Kume

Professor, Waseda University

How strong is citizens' support for globalization?

- Current Financial Crisis and Protectionism
 - History repeats itself?
 - Tragedy: the Great Depression
 - beggar-thy-neighbor protectionist policies
 - Again?
 - Stalemate of the WTO negotiation
 - the rise of anti-globalization sentiments
-

Arguments in brief

- Citizens' support for globalization might be relatively stable even in the face of world-wide recession due to the expansion and globalization of consumption activities.
 - Consumer consciousness makes citizens more supportive for free trade and globalization.
-

International Political Economy and Trade Politics

- Distributional consequences of trade
 - Who gains, who loses from trade?
 - Testing the relative validity of two models of trade with public opinion survey data
 - Stolper-Samuelson theorem vs. Ricardo-Viner model
 - Linking trade policy preferences with their source of income (“producer interests”) not with how they spend money (“consumer interests”).
-

Consumer Consciousness and Free Trade

- Emerging studies focusing on citizens' consumer perspective
 - question is not *whether* consumers' interests matter more than producers'
 - Question: How citizens' support for free trade differs when they think as producers or consumers.
 - Experimental Survey
-

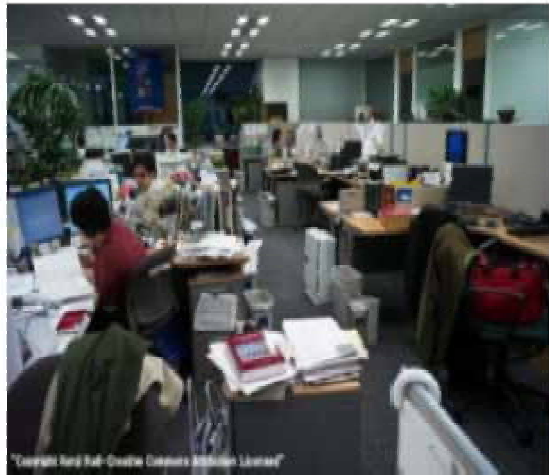
How: Framing or Priming?

- Hiscox (2008) frames their distributional consequences (giving information “trade is good for consumers, bad for job security”).
 - Bias within the assumption: Trade is good for consumers (Grossman and Helpman, 1994)
 - Citizens in fact form protectionist attitudes as consumers too. Concerns about environment, food safety, human rights.
 - We do not need strong assumption at this heuristic stage of research.
-

Our Survey Experiment: Priming without framing

- Sample: 1200 respondents between the ages of 20 and 65 (Yahoo Research)
 - Date: the first week of December, 2008
 - Three groups (400 respondents each):
 - Producer-priming group
 - Consumer-priming group
 - Control group (no-priming)
-

Producer Priming



Consumer Priming



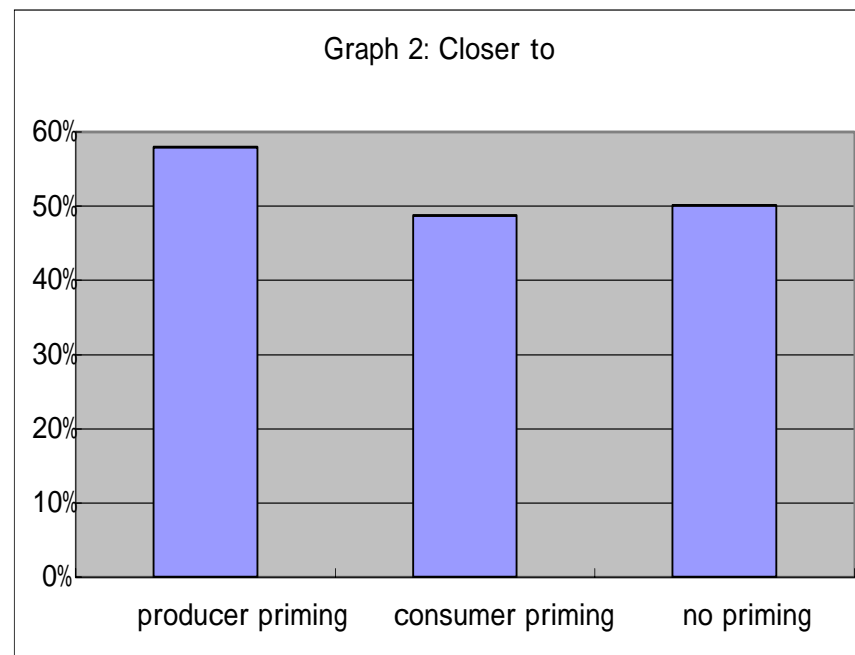
Four Questions on Globalization

- “Import from foreign countries has been increasing in the past. What is your opinion on this?” (5 point scale)
 - Food import
 - Outsourcing
 - Foreign workers
-

Trade-off Question

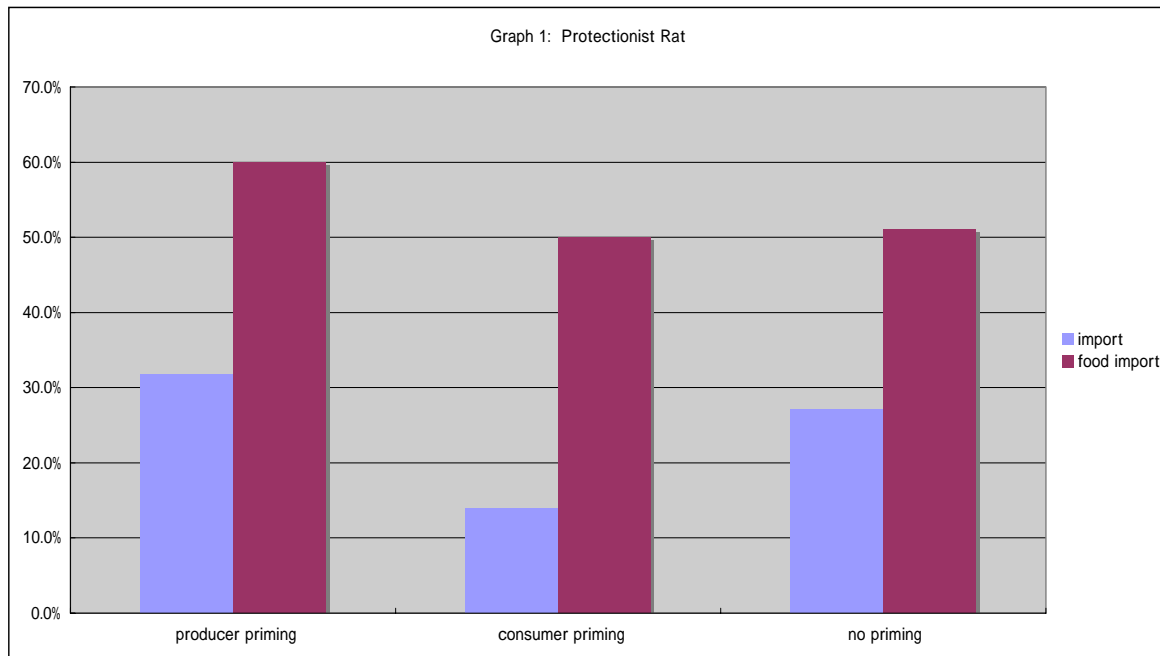
- Which opinion is closer to yours?
 - A: “Imports from abroad are, on the whole, good for Japan because they make a wider variety of cheaper goods available for consumers”
 - B: “Imports from abroad are, on the whole, bad for Japan because they pose threat to jobs and decrease wages”
-

Result: Trade-off question



Producer stimulus make respondents protectionist,
while consumer stimulus has no effects.
Same as Hiscox 2008.

Result: Attitudes toward General and Food Import

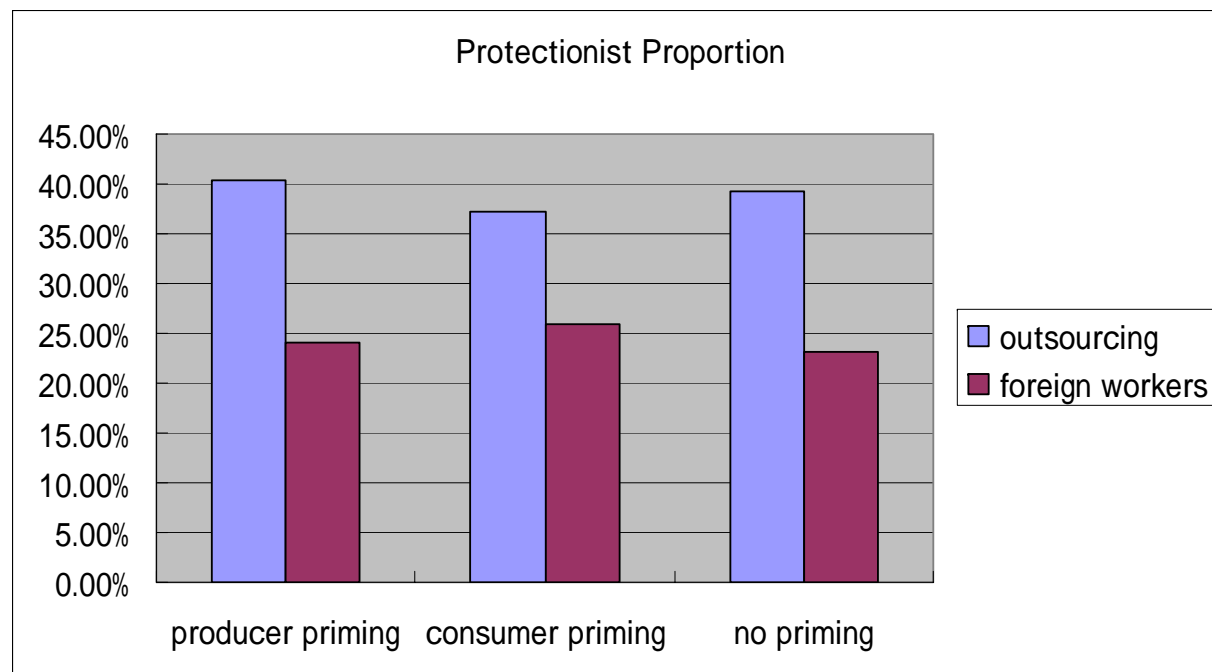


General Import: consumer priming strengthens free trade support.
Food Import: producer priming strengthens protectionism.



consumer priming as well as producer priming work.

Result: Attitudes toward Outsourcing and Foreign Workers



No significant effects

Investigating causal mechanism:

- Who are sensitive to priming?
 - Ordered logit analysis:
 - Independent Variables
 - Respondents' attributes
 - Standard socioeconomic variables
 - Gender, income, education, occupation, skill, etc.
 - Exposure to high trade issues (e.g. WTO, FTA)
 - Job related foreign transaction
-

Socioeconomic Attributes Stimulated: Ordered Logit Analysis

	Producer Priming	Consumer Priming	No Priming
Import	high income	female college middle/old age	housewives no foreign transaction
Food Import	middle/old age skill specificity	married have kids temporary workers	employed
Outsourcing	middle/old age high income		have kids married no foreign transaction
Foreign Workers		college temporary housewives	Temporary housewives skill specificity no foreign transaction

Blue attributes are pro-globalization/ Red is anti-globalization.
Significant at 5% level.

Conclusion 1: Taking Consumer Consciousness Seriously.

- When consumer consciousness is activated, citizens tend to strengthen their support for free trade.
 - we should also be attentive to the political dynamism of activating consumers' or producers' consciousness in studying trade politics.
-

Conclusion 2: Consumer Consciousness and Globalization

- Consumer consciousness influences citizens' attitudes toward a wider globalization issues, that is outsourcing and foreign workers, in addition to free trade issue.
 - Consumer priming changes temporary workers' attitudes toward foreign workers from negative to positive ones, although they are potential competitors in labor market.
-

Implication 1: Agricultural protectionism in Japan

- The puzzle, why Japanese citizens accept the highest prices for agricultural products, may be solved.
 - Food import issues with producer priming make people sensitive to their employment and wages or producers' interests more protectionist.
 - Special interest politics and beyond: projection=project their future from food issues.
-

Implication 2: Global Financial Crisis and the Future of Free Trade

- Consumption activities today have expanded and have been globalized so much so that people tend to have more opportunities to think themselves as consumers than in the days of the Great Depression.
 - Support for free trade is now more stable.
 - History might repeat itself, but mildly.
-