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Abstract

Why do people's preferences toward trade liberalization fluctuate? And why do we observe eventual return of public support toward free trade? The traditional literature on international political economy has typically calculated individuals' preferences based on their comparative advantage as producers, which arises from their specific or general skill level or employment status. What needs to be taken into account, however, is that their economic preferences are constructed based upon their intertwined identities as both producers and consumers. Using a unique survey design, we conduct an experiment in Japan (2015) that shows that consumer priming resiliently offsets negative impacts arising from employment priming. The consumer effect reduces individuals' concerns on income level or employment when they are exposed to consumer and employment primings simultaneously. Furthermore, our subgroup analyses reveal that the consumer effect remains powerful even for low-income earners or those exposed to high levels of job insecurity.

Keywords: Trade liberalization, consumer perspective, income-earner perspective, survey experiment, Japan

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1. Introduction

Have people turned against trade integration? We have witnessed public mobilization and political turmoil against free trade agreements (FTAs): European Union (EU) member states against the EU-Canada Comprehensive Economic and Trade Agreement (CETA) and the Transatlantic Trade and Investment Partnership (TTIP) as well as the United States and Japan against the Trans-Pacific Partnership (TPP). Due to these ubiquitous backlashes across countries, many scholars and international institutions (e.g. the International Monetary Fund, the World Bank, and the World Trade Organization, 2017) are concerned with whether people have become more protectionist in their trade liberalization preferences. However, it would be too hasty to conclude that the world is now opposed to the idea of trade integration. Recent polls in the EU, North America, and Japan reveal that people's support of free trade has been recovering.¹ While we need to carefully assess various factors, such as country- and regional-level as well as time-related variables, to parse out what has been happening with public opinions across countries during this time period, these polls seem to indicate that people's support for trade may have experienced ups and downs but has been resilient overall.

Why do people's preferences toward trade liberalization fluctuate? And why do we observe this eventual return of public approval? In explaining what generates public support for free trade, scholars have highlighted various causes, ranging from macro-level factors such as domestic conditions to micro-level factors such as individual characteristics. However, these theories seem unsatisfactory in clarifying why we observe fluctuations and ultimate revivals of support for trade. In our view, their crucial limitation is that they treat individuals solely as

¹ Particularly, the support level in Germany increased by 6 points to 32 percent (Eurobarometer 2016). Gallup polls show that 72 percent of the population perceives trade as an opportunity for, instead of a threat to, the US economy (Swift 2017). Public polls, collected by All-Nippon News Network (Asahi Corporation), show that overall opposition against TPP marked 17 percent (2013), 46 percent (mid-2016), and 31 percent (end of 2016).

income-earners and assume that their preferences based on their economic or employment status are static. Departing from this trend, we recognize their dual identities as both consumers and income-earners. While producer identity has commonly been targeted to mobilize political opposition to trade liberalization, citizens' interests as daily consumers might produce a conflicting set of trade preferences, eventually leading to support for trade. In addressing the relationship between these identities, this paper introduces a new mechanism explaining why people eventually favor free trade even when they are negatively impacted as income-earners. Specifically, it hypothesizes that *individuals' consumer-oriented perspectives can effectively offset their employment-oriented perspectives*.

In order to test the effects of consumer identity, we conducted an originally designed survey experiment in Japan in 2015. It is designed to impartially elicit answers regarding the respondents' daily consumption patterns rather than deliberately or artificially informing them of the consumer benefits of trade liberalization. In doing so, we aimed to construct an experiment setting that captures consumer effects naturally arising from daily life. The outcomes of our experiment support our contention. As many scholars have already demonstrated, our results do confirm that the employment treatment significantly reduces individuals' support for trade liberalization. Nevertheless, when it is combined with the consumer treatment, the negative impact of the employment treatment is effectively neutralized. Across all respondents, including lower income households as well as workers facing job insecurity—the typical targets of protectionist campaigns—the negative impact of the employment treatment.

These findings provide important contributions to the study of trade liberalization. First, we point out that advocacy level may differ not only *across people* but also *within one individual*

across time. Past approaches are based on relatively stationary conditions of the domestic economy or individual traits, and thus, they do not consider situations where one individual experiences fluctuations in their support for free trade. In other words, past theories assume that winners continue to be winners once they satisfy certain conditions, and their preferences alter only when those conditions change. Our theory instead attempts to highlight the fact that people's preferences may shift even when those surrounding conditions are constant due to the inner values and identities that they possess. Second, in elucidating why we observe the fluctuations and revivals of support for trade, this is the first attempt to comprehensively examine the intervening effects of various perspectives that people possess in viewing free trade, namely consumer-oriented and employment-oriented perspectives. Past research either acknowledges individuals' identity as consumers while assuming that their interests as incomeearners subsume this identity or it highlights the importance of consumer identity but without examining what happens when both identities are stimulated simultaneously as is often the case in the real world. Thus, our experiment advances the scholarship on individual preferences toward free trade by using an experiment setting that better captures the real conditions of trade preference formation. Specifically, this research validates the contention that the consumer perspective is sufficiently powerful to nullify the employment perspective. Thus, this experiment provides policy implications on how consumer identity can be used in defending liberal trade policy.

2. Theoretical Framework

The field of international political economy has long inquired into the causes that impact individuals' attitudes toward trade liberalization. Classical theories that impute the greatest

significance to national-level conditions stress the role of domestic economic factors arising from factor endowment relative to other countries, which generate a country's comparative advantage. These traditional economic theories, such as the Heckscher-Ohlin and Stolper-Samuelson models, focus on how the distributional consequences of trade produce domestic winners and losers, for instance, whether they are capital owners (or laborers) in a capital (or labor) abundant country.

This macro-level approach was soon confronted by theories that focused on industry- and firm-level aspects. Theories focused on industry-level causes consider the industry in which an individual works to be decisive in determining their position on trade. This specific factor approach of the Ricardo-Viner model stresses the relative competitiveness of specific domestic industries vis-à-vis the global economy and prospective trading partners. Many scholars have also begun stressing firm-level factors within a given industry. These approaches mainly argue that trade divides industries internally and that larger or more competitive firms are likelier to be stronger supporters of trade. The main variable of interest for these models is firm heterogeneity, which can affect the cost of production (Bernard and Jensen 1999) as well as supply-chain logistics and firm liquidity (Bernard, Jensen, and Schott 2012).

In contrast to aforementioned traditional economic theories, the recent trend has been to further restrict the scope of analysis to micro-level factors. These individual level theories emphasize personal characteristics in explaining why there is variation in support for free trade within economically similar groups. Examples include social status (Mayda and Rodrik 2005), gender (Burgoon and Hiscox 2004), educational attainment (O'Rourke and Sinnott 2001; Mayda and Rodrik 2005), and other ideological propensities, such as concerns over the environment and food safety. Significantly, this micro-level approach has questioned whether material self-interest

is solely responsible for shaping individuals' trade preferences. Indeed, traditional approaches have focused almost entirely on individuals' economic considerations such as income effects (e.g. Scheve and Slaughter 2001). Recent micro-level arguments, in contrast, stress nonmaterialistic factors (e.g. Hainmueller and Hiscox 2006). Additionally, there has been growing literature that tackles the validity of these mainstream theories. For instance, embedded liberalism agrees with the aforementioned theories on distributional consequences; however, it does not have a strong preference on which model to apply in calculating winners and losers. Rodrik (1997) and Ruggie (1982, 2008) insist that government compensation programs alleviate opposition from domestic losers, leading to a general consensus on trade integration. In sum, these various streams of theories allow us to calculate who would support or oppose free trade.

While these explanations are reasonable, they fail to answer why individuals' support for trade frequently fluctuates across time. We claim that this pitfall occurs because existing theories assume that people's preferences are fixed once they are generated, focusing on relatively time-invariant factors. According to past theories, for instance, one's preference toward free trade can alter when changes occur in one's factor endowment (e.g. switching from labor to capital-owner), employed industry (e.g. starting a new job in the automobile industry, retiring from the food industry), or individual characteristics (e.g. attaining a higher education level or joining a food safety advocacy group). Also, a change may occur when domestic compensation systems alter. These scenarios are certainly possible but are not common. In this sense, past theories succeed in segregating supporters and opponents; however, they do not capture the complex preference formation procedure within individuals, which oftentimes leads to oscillations in support level even when the aforementioned scenarios are absent.

What we observe in reality is that the negative attitudes toward trade, often mobilized by politicians' anti-free trade discourse, do not remain stable but rather weakens over a short period of time, as we most recently witnessed in 2016/7. During this period of time, it is difficult to imagine that people's employment statuses, income levels, or personal characteristics changed uniformly across countries. It is even more unlikely that country-level factors, such as factor endowments or domestic welfare systems, altered simultaneously. In other words, although those national or individual conditions were relatively constant, anti-free trade sentiment within individuals was temporarily activated; however, the support level soon resurged. In explaining this phenomenon, we argue that an individual holds various identities in viewing trade integration, and this support level fluctuates based on the interaction between those perceptions. And we further speculate that we observe an eventual revival of support because a threat perception based on economic concerns, which politicians commonly take advantage of, is transient, counteracted by other perceptions that one holds. In this sense, the focus of traditional economic approaches on individuals solely in their capacity as income-earners leads to an incomplete and misleading account of how they are likely to formulate trade preferences.

Under such circumstances, we argue that individuals hold economic perspectives as both consumers and income-earners and that the former perspective can itself significantly impact individuals' views on free trade, apart from any employment effects arising from their interests as income-earners. Theoretical acknowledgement of the existence of both the producer and consumer effects is not new (Cross 1993; Lury 1996; Slater 1997). However, to date, only a few scholars have addressed the multiple perspectives individuals possess with regards to free trade and specifically the importance of their consumer perspective (Baker 2005, 2009; Goldstein, Margalit, and Rivers 2008). The most recent work in this field by Naoi and Kume (2015) has

shown that people have a dual identity as both income-earners and consumers. Using an original experiment, they demonstrate that the activation of the consumer perspective is associated with increased support for free trade. Despite this effort to emphasize the complexity of individuals' identities, their claim demands further investigation. While pointing out this complexity underlying economic identity, they only examine whether individuals' identity as consumers does in fact operate as a causal determinant of their attitudes toward trade liberalization. Although these findings identify a new avenue for understanding public perception toward free trade, they do not specify the implications of what actually happens when individuals negotiate both identities simultaneously as is typically the case in daily life. Advancing these findings, our aim is to shed light on how individuals' attitudes toward trade liberalization are affected when both identities are operative. This approach, in our view, would yield implications that more accurately track the actual conditions of individual trade preference formation.

Specifically, our hypotheses can be summarized as follows:

- *Hypothesis 1 (consumer perspective):* When respondents view free trade as consumers, their support will increase.
- *Hypothesis 2 (income-earner perspective):* When respondents view free trade as incomeearners or producers, their support will decrease.
- *Hypothesis 3 (intervening effect):* When consumer and income-earner perspectives are activated together, the former perspective would counterbalance the latter perspective, reducing its negative impact.

The first two hypotheses have been validated by previous studies, and thus, we take them as initial steps to test our third hypothesis. The second hypothesis on income-earner perspective has already been validated by the traditional economic theories introduced earlier in this section. In regard to the first hypothesis on consumer perspective, rich literature in psychology has shed light on consumerism and consumer identity (e.g. Scitovsky 1976). However, in discussing individual preferences toward liberal trade policy, scholarship continues to pay more attention to people's identities as producers, neglecting the effect brought about by consumer identity. Scholars oftentimes assume that an individual's degree of consumption is determined by their level of income and that, therefore, consumer benefits are endogenous to employment status and deficient in independent causal force. For instance, theories stressing industry-level determinants assume that individuals' skill levels or their employment in specific industries ultimately determine income level, which is in turn a proxy for their overall economic welfare (Baker 2005; Helpman 2011). While this is undoubtedly true to a certain extent, research on the causal power of consumer identity has so far been lacking. Therefore, the first two hypotheses aim to fill this lacuna by examining how these two perspectives can independently be an important factor in the development of individual trade preferences.

The third hypothesis demands greater emphasis as it highlights the theoretical originality of our research. Specifically, it aims to examine the intervening effects of the consumer and income-earner perspectives and to compare their relative strengths. It is important to investigate this intervening effect instead of simply confirming the independent impacts of the two perspectives because it seems unlikely that people would adhere exclusively to one perspective – either consumer or income-earner – in developing their views on free trade. In reality, it is more plausible that their perceptions are constantly constructed on the basis of multiple identities and, therefore, that their considered preferences are an amalgamation of these intertwined perspectives. Following this logic, the last hypothesis intends to test how people would react when both consumer and income-earner perspectives are activated simultaneously.

3. A Survey Experiment: Design and Operationalization

We conducted a survey experiment in Japan during the summer of 2015, with a sample of 1,870 respondents between the ages of 20 and 69. The survey was administered by Nikkei Research, and subjects were recruited from its registered monitors by an opt-out method. We selected Japan in 2015 for our experiment because this was the time when debates over the benefits of the Trans-Pacific Partnership (TPP) were heated and made frequent appearances in the media. Thus, Japanese people during this time were greatly exposed to discussions on the costs and benefits of free trade. As a result, the Japanese public experienced ups and downs in their support for the TPP, as mentioned earlier. Because 2015 was the starting point of these preference fluctuations, it provides us an appropriate setting to gauge the impacts of both producer and consumer perspectives. Additionally, Japan holds distinctive economic conditions and institutional settings. It has endured long-lasting economic stagnation since the burst of the bubble following the economic boom of the late 1980s. This stagnation was exacerbated by Japan's declining industrial competitiveness in the global export market, with manufacturing workers facing increasing job insecurity. Traditionally, Japan is considered one of the most conservative countries with respect to governmental protections of job security (Estevez-Abe 2008). However, global market competition has transformed the Japanese employment system, which is used to ensure Japanese workers' financial stability (e.g. lifetime employment system, seniority-wage system). At the same time, Japanese consumers have enjoyed increased flows of inexpensive goods from developing countries, China in particular. In this respect, the liberal trade regime has assuaged the economic hardship of Japanese consumers. Here, we can observe a case in which increasing trade has two simultaneous effects: threats to employment and

consumer benefits. Hence, Japan offers an ideal test case for conducting our survey on the perspectival complexity of individuals' views on trade liberalization.

The greatest challenge we faced while designing the experiment was related with how to build a setting that approximated real conditions as closely as possible. We wanted to avoid generating a frame that conspicuously or forcefully manipulated respondents' perceptions in accordance with their given treatment. Instead, we hoped to implement treatments that would allow them to reach their own answers independently (without feeling that the survey was framing the questions in a way which would induce the respondents to select a particular answer), as this sort of setting most closely reflects what they experience in their daily lives. Consequently, our approach in formulating questions for the respective treatments focused on agenda-setting rather than framing. The former mainly aims to provide audiences with access to information by presenting events or issues, whereas the latter involves designing the experiment so as to elicit a specific response from respondents. By avoiding framing questions, we attempted to let the respondents independently reflect on price or employment rate change by giving them general information and leaving them to draw their own conclusions, instead of explicitly summarizing the expected effects of trade. Of course, this may weaken the potential effects of this experiment because the treatments may not work for some respondents who may make incorrect inferences from the information provided. Yet, in order to pursue our goal, we needed to avoid obvious framing. Moreover, people process information differently and possess differing propensities in adjusting their existing views. In order to preserve the effects of this natural variation, we designed a setting that naturally allows respondents within each group to reconsider their perspective by asking three to six questions for each treatment. In order to preserve

conditions hospitable to this variation, it was imperative to avoid cuing the respondents to the underlying motivations of the survey.

Based on these considerations, our experiment consists of four treatment groups along with a control group as shown in Table 1. Respondents in Groups A and B were each presented with three questions. For Group A, we asked questions intended to elicit respondents' consumer perspectives by focusing on the expected effects of free trade on consumer prices: 1) [Do you think] we could obtain foreign products at cheaper prices if the market liberalized?; 2) If the market liberalized through free trade, what do you think the price of meat would be per gram?; and 3) If the market prohibited the inflow of imports, what do you think the price of a TV would be? For Group B, we shared questions designed to stimulate citizens' perspectives as incomeearners, focusing on the potential negative effects of free trade on employment conditions; 1) [Do you think] free trade brings about negative impacts on domestic industries and employment?; 2) If the market liberalized through free trade, what do you think unemployment rate would be?; 3) If the market liberalized through free trade, what do you think the median income would be? For the second and third questions, posed to both treatment groups, we deliberately avoided using multiple-choice questions. We believe that requiring respondents to estimate, without prompting, what changes to consumer prices or employment conditions would be brought about by free trade maximizes the effectiveness of each priming by compelling respondents to engage more actively in the speculation process, as they would under real world conditions.

The treatments for Groups C and D ask each group both the set of questions presented to Group A and the set presented to Group B, but in alternating order. Respondents in Group C are first asked the questions evoking the consumer perspective, then questions priming the income-

earner's perspective. In contrast, those in Group D first receive the income-earner's treatment, and the consumer treatment follows thereafter. The core objective here is to gauge whether consumer identity actually weakens negative impacts arising from concerns over employment or income level. A simple comparison between results obtained from Groups A and B only tells us whether these two different identities exist. This paper's primary interest, however, is their interactive relationship and how this translates into public support for trade liberalization.² The order of priming is essential due to both theoretical and practical reasons.

The order of priming is essential due to both theoretical and practical reasons. Theoretically, people tend to have a limited memory capacity, and thus, it requires us to demonstrate why and how people remember certain items more than others. Studies on the serial position effect posit that items presented in the beginning and at the end are generally remembered the best while middle items the worst when people observe a number of items or pieces of information (Ebbinghaus 1913). Here, the primacy effect refers to the phenomenon where people tend to recall items that are presented in the beginning while the recency effect refers to the tendency to recall items presented at the end. Scholars have long sought to identify which effect prevails over the other (e.g. Murdock 1962; Li 2010; Welch and Burnett 1924). Their findings still seem inconclusive yet have consistently confirmed the importance of both effects (Jones and Oberauer 2013; Wiswede, Russeler, and Munte 2007). Therefore, it is

² It may be argued that this experimental design risks interference from respondents' sociotropic views (Mansfield and Mutz 2009) on the effects of trade in addition to individualistic consumer and income-earner perspectives. For instance, one may claim that the results obtained from our experiment are not driven by individuals' economic concerns based on those two perspectives but by their sociotropic views on national well-being. Nevertheless, the results of our experiment demonstrate that this sort of priming itself makes an appreciable difference in citizens' attitudes toward trade policy. One's level of support for free trade may be a function of personal considerations, such as consumer benefits or employment concerns, as well as sociotropic views on the impact of these factors on others and on the national economy as a whole. Even if it is likely that personal opinions about trade are generated by both individual- and national-level economic factors (Ellonen and Natti 2015), the specific pathways through which respondents reach these determinations do not ultimately impact the observed effect of the treatment: economic priming on the broad effects of trade on everyday consumption and employment conditions alters public attitudes toward trade.

important to consider which information people receive in what order so that we can identify whether this order makes a difference in their trade preference formation.

Practically, the order of activation of the two perceptions is also important as our main interest is to accurately identify the actual conditions in which individuals develop their trade preferences. People are exposed to a plethora of information, commonly through broadcast, print, or social media. Therefore, it is safe to speculate that their attitudes on trade integration are shaped by that information to a certain degree. And that information is based on diverse perspectives, ranging from positive impacts (usually linked to consumer benefits) to negative effects (usually linked to employment concerns) of trade. Under these conditions, people orient themselves based on a reiteration of learning between the benefits and costs of trade. This repetitive practice is what we hope to capture in our study by altering the order of activation of consumer and income-earner perspectives. Specifically, this experimental setting allows us to test whether the primacy or recency effect holds more power in the development of individual trade preferences or whether the order matters at all.

The categorization of these groups ranging between A and D is treated as our main independent variable (*TREATMENT*). Each group is assigned a number, and they are unordered categorically. Group E is assigned 0, functioning as a control group (base). After these treatments are assigned to their respective groups, a question, which will be used as our dependent variable, is presented to all respondents:

DV (FREETRADE): Do you support liberalization of the market via free trade?

1. Support

2. Somewhat Support

3. Neither

4. Somewhat Oppose

5. Oppose

Some may question whether this is the right question to pose to respondents, who may not understand the term 'free trade.' In case of Japan, this problem does not arise. As previously mentioned, the time that this survey took place (fall 2015) was a period when the merits of the Trans-Pacific Partnership (TPP) were hotly debated in public, and the term 'free trade (*Jiyū* $b\bar{o}eki$)' frequently appeared in media. Thus, it is safe to assume that, at this time, Japanese individuals' heavy exposure to this term had brought it into sufficiently general circulation as to be recognizable to most citizens. For further detailed information on screening questions as well as balances of demographics across five groups, please refer to Appendices Table-A1 and Table-A2.

4. Result (I): The Aggregate Treatment Effects of Priming

Figure 1 displays the distribution of respondents on our dependent variable by group. 50.46 percent of the control group, which did not receive any treatments (Group E), claimed they support or somewhat support trade liberalization. 51.45 percent of respondents with consumer priming (Group A) showed positive attitudes towards free trade while 41.43 percent of respondents with income-earner's priming (Group B) did so. There is thus an approximately 10 percent difference between Groups A and B, although the levels of support between Group A and the control group show only a one-percent difference. Overall, the minimal difference between Group A and E, along with a relatively high level of support in the both groups, seems to indicate that people in Japan generally tend to have positive attitudes toward free trade. Moreover, the comparatively low support expressed by Group B is consistent with previous studies, showing that the income-earner's priming significantly weakens individuals' support for free trade.

46.86 percent of respondents in Group C, who received consumer priming followed by income-earner's priming, supported free trade, compared to 49.63 percent of those in Group D, who were exposed to the primings in the reverse order. Group C's support for free trade is approximately 5 percent lower than that of Group A and 5 percent higher than that of Group B. Following a similar pattern, the level of support for free trade within Group D falls between Groups A and B, approximately 2 percent lower than Group A's and about 8 percent higher than Group B's. Thus, while the level of support among respondents in both Groups C and D falls in between those of Groups A and B, showing that both identities contribute to the formation of individuals' trade preferences, it appears that the consumer's priming is relatively more powerful and can override, and in some cases largely overcome, the negative impact from an income-

In order to specify this relationship in greater detail, we turn to further empirical analyses. Table 2 reports the result of the two-sample *t*-tests. The first row lists the mean score of our dependent variable for each treatment and control group. The second row lists the difference between the mean scores for each treatment group and the control group, with standard errors reported in parentheses. The question used to measure our dependent variable (*Do you support liberalization of the market via free trade?*) asks respondents to choose an answer ranging from 'support (1)' to 'oppose (5),' which are treated as continuous and averaged to produce group mean estimates, with lower (higher) values representing each group's respondents' degree of support (opposition) toward free trade. Positive (negative) values for the difference estimates

indicate that support for free trade within a given treatment group is higher (lower) compared to that of the control group.

The results yield that consumer-priming (Treatment A) increases the pro-free trade attitude by 0.035 points, while producer-priming (Treatment B) reduces the support by 0.275 points, when they are compared to the control group. These results confirm our first and second hypotheses. Furthermore, the *t*- tests show that only Treatment B turns out to be statistically significant at the 5 percent level. These outcomes align with previous scholarship that highlights the importance of people's identity as an income-earner. Indeed, the statistically significant effect of producer-priming (Group B) seems undeniable. However, the effect of consumerpriming (Group A) is not significant, producing only 0.035 points difference, the narrowest gap with respect to the control group of the four treatment groups. One might claim that this minimal difference implies that consumer-oriented perspectives do not hold any causal power in shaping people's attitude toward free trade.

More importantly, the consumer treatment shows an interesting effect, when it is combined with the employment treatment. The average responses of Treatments C and D are 2.533 and 2.493, with a difference of only 0.116 and 0.076 points, respectively, from that of the control group, compared to 0.275 in the case of producer-priming alone. The statistically significant effect of producer-priming loses its causal significance when it is combined with consumer-priming. In other words, the employment effect, which is statistically significant on its own, is cancelled out by the consumer treatment, with the result that combined treatment effects for C and D become statistically insignificant, implying that their values do not diverge considerably from those of the control group³. These results confirm both primacy and recency

 $^{^{3}}$ The treatment C is statistically significant at the 10 percent level. But the difference between C and the control is less than half of the difference between B and the control.

effects; consumer-oriented perspectives effectively reduce the negative impacts caused by employment-oriented perspectives regardless of the order of priming, which, building on recent scholarship in international political economy, further enriches our understanding of the determinants of individuals' trade preferences.⁴

5. Result (II): Subgroup Analyses

The next question is whether this effect will hold across the board, such that the consumer perspective overcomes negative attitudes toward free trade among comparative losers in the domestic economy. We thus conduct subgroup analyses focusing on whether and how our primings affect individuals differently depending on their perception of the relative level of threat that free trade poses to their employment. We examine whether respondents' actual (income) or potential (job security) employment statuses intervene in their preferences toward liberal trade policy under a given treatment, in accordance with standard trade liberalization models. We expect that, as previous scholarship has identified, respondents with lower incomes and/or a higher perception of threat to their employment will oppose trade liberalization more strongly. Yet, we further expect that their protectionist attitudes will lose their force once their consumer-oriented perspective is activated. The statistical results obtained from the subgroup analyses confirm that this effect occurs even among those who lose from trade.

Common sense suggests that individuals whose income is relatively low or who feel job insecurity, would oppose trade liberalization, out of concern that their income would be lowered further or their jobs replaced. This would occur either through the equalization of labor prices

⁴ We run an ordered logit regressions incorporating our control variables to reduce possible imbalances among the treatment and control groups (See Appendix Table-A3). Additionally, in order to more precisely see if adding the consumer prime counteracts the producer prime effect, we have tested the difference in means between Treatment B and Treatments C and D. The results show that the difference for both Treatments C and D are significant, confirming both primacy and recency effects (See Appendix Table-A4).

between the domestic and foreign labor markets, or through domestic firms being pushed out of the market. This kind of anxiety seems to be particularly profound today within advanced economies. According to general equilibrium approaches, economically developed countries are more likely to engage in producing sophisticated and diversified goods and services in order to counter against import competition. Since individuals with low incomes or job insecurity in these countries also tend to hold low-skilled, labor-intensive jobs subject to foreign competition, they will be more negatively affected by imports. Ample evidence seems to support this logic. Indeed, Berman, Bound, and Griliches (1992: 368-369) find that the negative effect of trade on lowskilled workers is visible across all sectors, not only those that face severe import competition. Cline (1997: 253) has also found that import competition increases domestic inequality by 5 to 15 percent.

In order to capture how individuals respond differently based on their employment status, we rely on two questions that the respondents were asked in our survey. *INCOME* records overall income level of respondents' households while *JOB_SEC* asks about future prospects about their jobs. In order to simplify our results, we dichotomize these variables. *INCOME* is recorded as 1 if income is above 4,000,000 JPY, which was the average income level in Japan for 2014 (OECD 2017), and 0 otherwise. *JOB_SEC* is recoded as 1 if respondents are very confident about their job security, 0 otherwise. Based on this re-classification, we run two-sample *t*-tests between the control group and each of the treatment groups.

With respect to *INCOME* (Figure 2 based on Appendix Table-A5), consumer-priming (Treatment A) increases the pro-free trade attitude of low-income earners by 0.110 points, while employment-priming (Treatment B) reduces support by 0.335 points. The combined treatments C (consumer-priming first) and D (employment-priming first) reduce support by 0.270 points

and 0.017 points, respectively. Among high-income earners, consumer-priming (Treatment A) reduces the pro-free trade attitude by 0.005 points, while employment priming (Treatment B) does so by 0.261 points. Treatment C reduces the support by 0.162 points, while Treatment D does so by 0.107 points. Moreover, Treatment B turns out to be statistically significant at the 5 percent level for both income groups.

When comparing the difference estimates for both income groups, it is surprising to discover that consumer-priming actually increases support among low-income earners, whereas its effect on high-income earners is negligible. This is perhaps because respondents with higher income generally tend to have a higher level of support for free trade even without priming, as the difference in values for the control groups suggests. Employment-priming yields a greater negative impact on low-income earners, as standard models would predict, while the impacts of Treatments C and D seem to be similar between the two groups. The implication here is that consumer-priming yields a stronger positive effect on low-income earners, although people in this group are also more susceptible to negative effects brought about by employment-priming. However, when the two primings are presented together, the attitudes between the two groups become nearly homogeneous. Thus, the outcomes based on income groups suggest that lowincome earners are susceptible to both consumer-oriented and employment-oriented considerations; furthermore, the consumer perspective effectively offsets the negative effect of the employment treatment among the low-income group. In fact, it seems that the low-income group is more susceptible to the consumer priming than the high-income group, despite the greater threat that trade liberalization poses to them as income-earners.⁵

⁵ Again, we have also tested the difference in means between Treatment B and Treatments C and D. The results show that the difference for both Treatments C and D are positively significant especially among low-income earners (See Appendix Table-A6).

In regard to *JOB-SEC* (Figure 3 based on Appendix Table-A7), respondents with low job security show that consumer-priming (Treatment A) increases pro-free trade attitudes by 0.110 points, while employment-priming (Treatment B) reduces it by 0.335 points. The combined treatments C (consumer-priming first) and D (employment-priming first) reduce support by 0.027 points and 0.017 points, respectively. On the other hand, for respondents with high job security, consumer-priming (Treatment A) does not yield much of an effect (0.005 points), while employment priming (Treatment B) reduces support by 0.261 points. Treatment C reduces the support by 0.162 points, while Treatment D does so by 0.107 points. Moreover, Treatment B is statistically significant at the 5-percent level for both groups⁶.

Similar to the outcomes obtained from analysis of income groups, people with higher job security generally tend to hold more positive attitudes toward trade, as the respective mean estimates of the control groups suggest. Additionally, respondents with low job security appear to have a consistently more negative attitude toward trade regardless of which treatment they are exposed to, although the magnitude is much stronger in the case of employment-priming alone. Notably, in both Treatments C and D consumer-priming appears to outweigh the negative effect of employment-priming, with the difference between the two groups and the control group becoming almost negligible. Thus, we again confirm that consumer-priming negates the anti-free trade sentiment caused by employment-oriented considerations, even among respondents with high job insecurity.⁷

In sum, subgroup analyses based on income level and job security produce analogous outcomes and implications. Regardless of employment status, the effects of employment-priming

⁶ Treatment C is statistically significant at the 10-percent level only for respondents with low job security.

⁷ Again, we have also tested the difference in means between Treatment B and Treatments C and D. The results show that the difference for both Treatments C and D are positively significant especially among respondents with high job security (See Appendix Table-A8).

are statistically significant at the 5-percent level, and we can therefore conclude that the employment-oriented perspective significantly reduces support for liberal trade policy, compared to the initial values of control groups. Respondents with lower income or job security evince even stronger negative feelings toward trade liberalization than the sample as a whole when exposed to the employment priming alone. However, when they are introduced to both the consumer and the employment primings simultaneously, their negative attitudes are considerably reduced in comparison to the employment priming alone, and are statistically comparable to those of respondents with higher incomes and job security. These findings confirm that the consumer-oriented perspective can meaningfully impact even those whom standard models would expect to be firmly anti-trade.

6. Conclusion

This paper has argued that the consumer perspective intervenes in individuals' identities as income-earners, and that consumer identity plays a significant role in counteracting negative attitudes toward trade liberalization arising from employment concerns. In order to test this hypothesis, we conducted an originally designed survey experiment in Japan (2015). The experiment design strove to simulate real world conditions as closely as possible. We did this by providing respondents with agenda-setting information and questions for four assigned treatment groups. The results indicate that the consumer-oriented perspective consistently decreases individuals' opposition to free trade, even when it conflicts with their income-earner identity.

Our subgroup analyses further find that individuals' income level or perception of job security loses its explanatory power when their consumer and producer identities are both activated at the same time. In other words, while employment priming undeniably yields a

negative impact on respondents who possess low income or high job insecurity, they are, at the same time, the ones who are most positively affected by consumer priming. Hence, we can safely conclude that the consumer-oriented perspective is resilient regardless of people's financial or employment status. These findings confirm that consumer identity successfully offsets the negative impacts of producer identity, and suggest that protectionist backlashes against trade integration could possibly be counteracted by appealing to citizens' daily experience as consumers.

Furthermore, these findings provide important implications for institutional survival. The postwar US-led reconstruction of the global order entailed the spread of liberal democratic regimes, the development of international organizations, and global economic integration via free trade. In order to promote the progressive entrenchment of the liberal international trade system, the United States has both institutionalized multilateral mechanisms (through the creation of the General Agreement on Tariffs and Trade and the WTO) and encouraged bilateral or regional cooperation (i.e. trade unions, preferential trade agreements, free trade agreements). The mobilization of public approval has been crucial for states seeking to join this regime. Under such conditions, the aforementioned standard trade models as well as models reflecting the intervening effects of domestic institutions have been instrumental in identifying potential opponents to free trade. While these models elucidate how democracies have generated public consent and deepened trade integration since World War II, they have, in our view, ignored additional important characteristics of free trade. Simply put, free trade, as an institutional regime, has already generated public awareness of its economic benefits, which motivate citizens to maintain the system. Thus, free trade institutions exhibit stickiness in the face of retrenchment and thus remain relatively locked in over the long run. Consequently, citizens' support levels

have displayed considerable resilience even independently of factors previously associated with support for free trade, such as high skill level, employment in a non-import-competing industry, or the presence of a domestic compensation system.

Thus, while anti-free trade campaign may have met with immediate enthusiasm, we can understand why this negative public sentiment was short-lived. The politicization of anti-trade sentiments is simply not sufficient to overcome voters' recognition of consumer benefits.

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Tables

Table 1 Description on Treatment and Control Groups

Group A:

[A-1] We can obtain foreign products at a cheaper price once the market liberalizes. Agree Somewhat Agree Neither Somewhat Disagree

- Disagree
- [A-2] If the market liberalized through free trade, how much do you think the price of meat would become per gram? Currently, meat costs 400 yen per 100 gram.
- [A-3] If the market prohibited the inflow of imports, what do you think the price of a TV would become? Currently, a TV costs 40000 yen.

Group B:

[B-1] Free trade brings about negative impacts on domestic industries and employment. Agree Somewhat Agree

Neither Somewhat Disagree Disagree

- [B-2] If the market liberalized through free trade, what do you think the unemployment rate would become? Unemployment rate in April 2015 was 3.3 percent.
- [B-3] If the market liberalized through free trade, what do you think the median income would be? The median income was 4,150,000 yen in 2013.

Group C: [A-1] [A-2] [A-3], and then [B-1] [B-2] [B-3]

Group D: [B-1] [B-2] [B-3], and then [A-1] [A-2] [A-3]

Group E: Control Group (None of the questions are being asked)

			Responses		
	А	В	C	D	Control
Mean Estimates	2.382 (0.048)	2.693 (0.050)	2.533 (0.048)	2.493 (0.051)	2.417 (0.050)
Difference Estimates	0.035 (0.069)	-0.275 (0.071)	-0.116 (0.069)	-0.076 (0.071)	-
Significance (Two-Tailed Test)	0.607	0.000***	0.096#	0.286	-
Number of Observations	372	400	379	357	362

Table 2
Estimated Effect of Each Priming on Free Trade Support

 $p^{****} = 0.001, p^{**} = 0.01, p^{*} = 0.05, p^{*} = 0.01; standard errors in parentheses$





Figure 1 Average Responses to Trade Liberalization

Figure 2 Treatment Effects by Income Level



Notes: These two graphs represent treatment effects by income group (lower income group on the left and higher income group on the right). The X-axis for each graph shows treatment groups (E indicating control group). The Y-axis reflects levels of support for free trade. Higher (lower) values indicate lower (higher) support for free trade. The black solid dots show point estimates of the mean levels of support for each group, and the gray solid vertical lines show the 95 percent confidence interval. The black dotted horizontal lines show the value of the control groups.

Figure 3 Treatment Effects by Job Security



Notes: These two graphs represent treatment effects by job security group (with the lower security group on the left and the higher security group on the right). The X-axis for each graph shows treatment groups (E indicating the control group). The Y-axis reflects levels of support for free trade. Higher (lower) values indicate lower (higher) support for free trade. The black solid dots show point estimates of the mean levels of support in each group, and the gray solid vertical lines show the 95 percent confidence interval. The black dotted horizontal lines show the value of the control group.

Appendices

	Balanceu De	mographics of	rive Group	5	
Variables	А	В	С	D	Е
INCOME	3.597	3.593	3.631	3.490	3.448
	(0.093)	(0.091)	(0.094)	(0.093)	(0.091)
EDUCATION	3.449	3.565	3.456	3.462	3.497
	(0.050)	(0.044)	(0.049)	(0.049)	(0.049)
PROTECTION	2.930	3.153	3.092	3.039	3.047
	(0.057)	(0.059)	(0.053)	(0.057)	(0.057)
FORMAL	0.411	0.438	0.438	0.423	0.431
	(0.026)	(0.025)	(0.026)	(0.026)	(0.026)
JOB SECURITY	1.995	1.880	1.955	2.031	2.025
	(0.058)	(0.052)	(0.058)	(0.059)	(0.058)
INTEREST GROUP	0.532	0.478	0.496	0.493	0.511
	(0.026)	(0.025)	(0.026)	(0.026)	(0.026)
AGE	47.070	46.333	47.522	46.333	46.740
	(0.748)	(0.731)	(0.732)	(0.776)	(0.761)
GENDER	0.594	0.583	0.541	0.560	0.597
	(0.025)	(0.025)	(0.026)	(0.026)	(0.026)
MARITAL	0.632	0.653	0.612	0.630	0.671
	(0.025)	(0.024)	(0.025)	(0.026)	(0.025)
KIDS	0.594	0.595	0.572	0.557	0.583
	(0.025)	(0.025)	(0.025)	(0.026)	(0.026)
PARTY	0.441	0.445	0.417	0.431	0.420
AFFILIATION	(0.026)	(0.025)	(0.025)	(0.026)	(0.026)
POLITICAL	5.387	5.323	5.161	5.294	5.287
IDEOLOGY	(0.105)	(0.106)	(0.098)	(0.106)	(0.104)

 Table-A1

 Balanced Demographics of Five Groups

Table-A2
Key Variables

Variables	Interpretation
FREETRADE	'Do you support liberalization of the market through free trade?' 1 (Agree) 2 (Somewhat Agree) 3 (Neither) 4 (Somewhat Disagree) 5 (Disagree)
TREATMENT	Group A = 1; Group B = 2; Group C = 3; Group D = 4; Group E = 0
INCOME	1 (<2,000) 2 (2,000~4,000) 3 (4,000~6,000) 4 (6,000~8,000) 5 (8,000~10,000) 6 (10,000~12,000) 7 (12,000~14,000) 8 (>14,000) unit: JPY in thousands
EDU	1 (elementary/middle); 2 (high school); 3 (community school); 4 (university); 5 (above)
PROTECT	'Protections for formal employees should be loosened for economic growth and inequality reduction' 1 (agree); 2 (somewhat agree); 3 (neither); 4 (somewhat disagree); 5 (Disagree)
FORMAL	1 if formal job (public sector, executive, formal employee/technician), 0 if informal job (all other jobs; students; those who do not currently work)
JOB_SEC	Prospects in getting a new job with similar conditions 1 (difficult); 2 (somewhat difficult); 3 (Neutral); 4 (somewhat easy); 5 (easy)
INTEREST	1 if affiliated into any employment-, politics, or religion-based interest groups, 0 Otherwise
AGE	19~70
GENDER	1 if male, 0 if female
MARITAL	1 if married, 0 if not
KIDS	1 if has one or more children, 0 if no children
PARTY	Support for political party 1 (if one supports a party); 0 otherwise (no support or don't know)
POLITICAL	'What is your political position?' 0 (liberal) ~ 10 (conservative) (Those answered 'Don't know' are included as 'Neutral')

(1)	(2)
-0.055	-0.020
(0.136)	(0.136)
0.486***	0.491***
(0.136)	(0.137)
0.209	0.199
(0.134)	(0.133)
0.130	0.119
(0.139)	(0.140)
	-0.090**
	(0.027)
	-0.174****
	(0.050)
	0.402***
	(0.053)
	-0.156
	(0.104)
	0.007
	(0.042)
	-0.010
	(0.093)
	(0.021)
	-0 511***
	(0.101)
	0.011
	(0.122)
	0.093
	(0.121)
	-0.315***
	(0.095)
	0.031
	(0.028)
1.870	1.870
-2504 0774	-2383 6846
	(1) -0.055 (0.136) 0.486*** (0.136) 0.209 (0.134) 0.130 (0.139) 1.870 -2504.0774

Table-A3	
Ordered Logit Regressions on Trade Liberalization (with robust SE)
	(-)

p < 0.001, p < 0.01, p < 0.05, p < 0.05, p < 0.1; standard errors in parentheses

Estimated Effect of Three Prinnings on Free Trade Support				
	Responses			
	В	C	D	
Mean Estimates	2.693	2.533	2.493	
	(0.050)	(0.048)	(0.051)	
Difference Estimates	-	0.160	0.200	
		(0.070)	(0.071)	
Significance	-	0.022^*	0.005^{**}	
(Two-Tailed Test)				
Number of Observations	400	379	357	

 Table- A4

 Estimated Effect of Three Primings on Free Trade Support

 $p^{***} = 0.001$, $p^{*} = 0.01$, $p^{*} = 0.05$, $p^{*} = 0.05$; standard errors in parentheses

Table-A5					
Estimated Effec	ct of Each Pr	iming on Fre	e trade Sup	port by Incom	le Level
	Responses				
	А	В	С	D	Contro
Low Income-Earners					
Mean Estimates	2.398 (0.084)	2.843 (0.096)	2.535 (0.087)	2.526 (0.089)	2.508 (0.087)
Difference Estimates	0.110 (0.121)	-0.335 (0.129)	-0.027 (0.123)	-0.017 (0.124)	-
Significance (Two-Tailed Test)	0.366	0.010^*	0.827	0.886	-
Number of Observations	113	115	114	116	124
High Income-Earners					
Mean Estimates	2.375 (0.058)	2.632 (0.058)	2.532 (0.058)	2.477 (0.062)	2.370 (0.061)
Difference Estimates	-0.005 (0.084)	-0.261 (0.084)	-0.162 (0.084)	-0.107 (0.087)	-
Significance (Two-Tailed Test)	0.955	0.002**	0.055#	0.215	-
Number of Observations	259	285	265	241	238

Table-A5
Estimated Effect of Each Priming on Free Trade Support by Income Level

**** p < 0.001, *** p < 0.01, *p < 0.05, #p < 0.1; standard errors in parentheses

Estimated Effect of Three Primings on Free Trade Support by Income Level				
		Responses		
	В	С	D	
Low Income-Earners				
Mean Estimates	2.843	2.535	2.526	
	(0.096)	(0.087)	(0.089)	
Difference Estimates	-	0.308	0.318	
		(0.130)	(0.131)	
Significance (Two-Tailed Test)	-	0.019^{*}	0.016*	
Number of Observations	115	114	116	
<u>High Income-Earners</u>				
Mean Estimates	2.632	2.532	2.477	
	(0.058)	(0.058)	(0.062)	
Difference Estimates	_	0.100	0.154	
		(0.082)	(0.085)	
Significance (Two-Tailed Test)	-	0.227	0.069#	
Number of Observations	285	265	241	

Table-A6

 $p^* = 0.001$, $p^* = 0.01$, $p^* = 0.05$, $p^* = 0.1$; standard errors in parentheses

Estimated Effect o	f Each Prim	ing on Free T	Frade Suppo	rt by Job Sec	urity
	Responses				
	А	В	Ċ	D	Control
Low Job Security					
Mean Estimates	2.421 (0.073)	2.705 (0.078)	2.568 (0.073)	2.459 (0.0787)	2.388 (0.074)
Difference Estimates	-0.034 (0.104)	-0.318 (0.109)	-0.180 (0.104)	-0.072 (0.108)	-
Significance (Two-Tailed Test)	0.746	0.004**	$0.084^{\#}$	0.507	-
Number of Observations	171	200	185	159	160
<u>High Job Security</u>					
Mean Estimates	2.349 (0.063)	2.680 (0.062)	2.500 (0.065)	2.520 (0.066)	2.441 (0.068)
Difference Estimates	0.092 (0.092)	-0.239 (0.092)	-0.059 (0.094)	-0.080 (0.094)	-
Significance (Two-Tailed Test)	0.317	0.010^{*}	0.526	0.400	-
Number of Observations	201	200	194	198	202

 Table A-7

 Estimated Effect of Each Priming on Free Trade Support by Job Security

**** p < 0.001, ** p < 0.01, *p < 0.05, #p<0.1; standard errors in parentheses

	Responses		
	В	С	D
Low Job Security			
Mean Estimates	2.705	2.568	2.459
	(0.078)	(0.073)	(0.0787)
Difference Estimates	-	0.137	0.246
		(0.107)	(0.112)
Significance (Two-Tailed Test)	-	0.200	0.029^{*}
Number of Observations	200	185	159
<u>High Job Security</u>			
Mean Estimates	2.680	2.500	2.520
	(0.062)	(0.065)	(0.066)
Difference Estimates	_	0.180	0.160
		(0.090)	(0.091)
Significance (Two-Tailed Test)	-	0.045*	$0.078^{\#}$
Number of Observations	200	194	198

Table-A8					
Estimated Effect of Three Primings on Free Trade Support by Job Security					
		Responses			
	В	С	D		