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ABSTRACT

Why Are People More Pro-Trade than Pro-Migration?*

I analyze individual attitudes towards trade and immigration in comparative terms. I find that individuals are on average more pro-trade than pro-immigration across several countries. I identify a key source of this difference: the cleavage in trade preferences, absent in immigration attitudes, between individuals working in traded as opposed to non-traded sectors.

JEL Classification: F22, F1, J61

Keywords: immigration attitudes, trade attitudes, political economy

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1 Introduction

Countries around the world have become increasingly integrated from an economic point of view in the last few decades. However, this process has been uneven across the three dimensions of globalization: trade, international capital flows and immigration. For example, the extraordinary increase in trade volumes after World War II has not been matched by a parallel rise in labor flows. An important determinant of these patterns is domestic policies, which have displayed a clear asymmetry with respect to trade and capital movements on the one hand, and immigration on the other (Rodrik 2002). Governments have been much more willing to open up their borders to trade and capital flows than to migration. Survey data can reveal whether this variation in policy outcomes originates from differences in public opinion towards these policies. In this paper I use an individual-level survey dataset and empirically analyze attitudes towards trade and immigration, in a sample of several countries, in comparative terms. I find that, while opinions on trade and immigration are positively correlated at the individual level, respondents are on average more pro-trade than pro-immigration. The literature on labor-market determinants of preferences, which focuses on the long run, cannot explain the observed difference in attitudes: It shows that preferences over the two alternative globalization strategies behave in a similar manner. In this paper, on the other hand, I focus on the short run and find evidence of one important source of this difference: the cleavage in trade preferences, absent in immigration attitudes, between individuals working in traded as opposed to non-traded sectors.

2 Data

The source of individual-level data analyzed in this paper is the National Identity module of the International Social Survey Programme that covers more than 20,000 respondents from 22 countries at different stages of economic development. I use answers to the following two questions to construct measures of attitudes towards trade and immigration, respectively: "(Respondent's country) should limit the import of foreign products in order to protect its national economy: (1) agree strongly, (2) agree, (3) neither agree nor disagree, (4) disagree, (5) disagree strongly, (8) can't choose, (9) NA."; and "There are different opinions about immigrants from other countries living in (respondent's country). (By "immigrants" we mean people who come to settle in (respondent's country).) Do you think the number of immigrants to (respondent's country) nowadays should be: (1) reduced a lot, (2) reduced a little, (3) remain the same as it is, (4) increased a little, (5) increased a lot, (8) can't choose, (9) NA." For each dimension of globalization, I construct both an ordinal (*Trade Opinion* and *Immig Opinion)* and a dichotomous measure (*Pro-Trade Dummy* and *Pro-Immig Dummy)* of favorable individual preferences.[1]

While it is difficult to compare the two sets of attitudes, given the different wording of the questions, the summary statistics of the four measures shed light on broad patterns in the data (Table 1). Based on *Pro-Trade Dummy* and *Pro-Immig Dummy,* 23% of respondents in the *overall* sample favors a more open trade regime by opposing limits to the import of foreign products, while only 7% favors a more open migration regime by welcoming an increase in the number of immigrants. Each country in the sample displays higher average values for *Pro-Trade Dummy* than for *Pro-Immig Dummy*, although there is substantial variation across nations: the Netherlands (39%) and Canada (21%) are the most pro-trade and pro-immigration, respectively, while Bulgaria (9%) and Latvia (0.4%) are the most protectionist and against migration, respectively. The values of the ordinal measures of attitudes confirm these patterns, although the difference in preferences

[1] For the precise definition of the attitudes measures, see end of Table 1.

is less pronounced: in the overall sample, *Trade Opinion* is on average equal to 2.46 while *Immig Opinion* is on average equal to 2.13.[2] In sum, these statistics suggest that individuals are on average more pro-trade than pro-immigration across countries, especially considering that the trade question clearly has a protectionist bias (see "...in order to protect its national economy") while the migration question is worded in neutral terms.

The two sets of attitudes are also positively and significantly correlated at the individual level in 19 out of the 22 countries considered, although the correlations are not particularly high (see last column of Table 1). Therefore the overall evidence is consistent with a situation in which a few common factors affect the two types of preferences with similar signs and magnitudes, while some of the forces at work in anti-immigration attitudes are absent or less pronounced in the case of trade in the majority of countries.

3 Long-Run Labor-Market Determinants of Attitudes

In long-run models of trade and migration, where factors are intersectorally mobile, international differences in relative factor endowments give rise to disparities across countries in terms of goods' prices and rates of return to factors. These disparities, in turn, create an incentive for countries to exchange goods and for factors to move across national borders. Countries receive (and give up) the services of the *same* factors of production through trade and immigration, indirectly and directly, respectively. That is, trade and migration are substitutes. For example, skill-abundant countries tend to import low-skill intensive products and receive immigrants who are less skilled than natives on average. The opposite is true in the case of skill-scarce countries. Since the same changes in relative factor supplies take place, skilled and unskilled wages will be similarly affected by the two dimensions of globalization. As a consequence, individual preferences on trade and immigration should be positively correlated and similarly impacted by the level of individual skill. The empirical evidence in the existing literature is consistent with this conclusion, as shown in columns (1) and (6), Table 2[3] (O'Rourke and Sinnott 2001, 2006, Mayda and Rodrik 2005, Mayda 2006, Scheve and Slaughter 2001a, 2001b).

First, individual skill and pro-trade attitudes are positively correlated in skill-abundant countries, and *negatively* in skill-scarce countries (regression (1)).[4] This is consistent with the Heckscher-Ohlin model and, in particular, with the Stolper-Samuelson theorem which says that owners of a country's abundant factors should gain with a trade liberalization while owners of scarce factors should lose. Second, individual skill and pro-migration attitudes are positively correlated in countries that receive unskilled immigrants (on average, relative to the native population) and *negatively* in countries that receive skilled immigrants (regression (6)). This is consistent with the factor-proportions-analysis and Heckscher-Ohlin models.

[2] Only 4 countries (Austria, Ireland, Bulgaria, Spain) have higher values for *Immig Opinion* than for *Trade Opinion*.

[3] All regressions include country dummy variables, to control for unobserved additive country-specific effects, and have robust standard errors clustered by country, to address heteroskedasticity and allow for correlation across individual observations within the same country.

[4] Per-capita GDP levels (PPP-adjusted) are used as a proxy for countries' relative skill abundance – since commonly used country-level education data suffers from some clear problems where the countries in the sample are concerned (Mayda and Rodrik 2005) – and for destination countries' relative skill composition of natives to immigrants – since per-capita GDP and the skill mix of natives to immigrants are positively and significantly correlated (Mayda 2006).

4 Short-Run Labor-Market Determinants of Attitudes

I now consider labor-market determinants of trade and immigration preferences in a short-run sector-specific model, where factors are immobile across sectors (I assume for simplicity that there are no mobile factors in the economy). I use the sector classification adopted in Mayda and Rodrik (2005) and differentiate sectors according to whether they are comparative-advantage (CA), comparative-disadvantage (CD) or non-traded (NT) sectors. A sector is defined as a CA sector if its adjusted net imports are negative and as a CD sector if its adjusted net imports are positive (the adjustment is for aggregate trade deficits/surpluses). Finally, respondents are assigned to the NT sector category if they work in the service sector broadly defined (as, for example, doctors, jurists, teachers, workers in religion, etc.).[5]

While the type of good produced in a sector, whether traded or not, is associated with a significant cleavage in preferences over trade policy (regression (2)), the same pattern does not characterize immigration-policy attitudes (column (7)): Working in a NT sector increases the likelihood of being pro-trade by three percentage points, while it does not affect migration attitudes. The marginal effect of *non-traded sector* in the trade equation remains positive and significant (at the 1% level), once I control for long-run labor-market determinants (that is, once I include both the direct and interacted effects of *education*), as shown in regression (3).[6] Thus workers in non-traded sectors feel shielded from foreign competition working through trade but not from labor-market competition of immigrants. These results are intuitive, since immigrants can work in both traded and non-traded sectors, while trade liberalization does not *directly* affect incomes in non-traded sectors. Indirectly, if the income elasticity of demand for non-traded goods is positive, a movement towards free trade will imply an increase in the prices of non-traded goods since national income will go up. In turn, higher prices of non-traded goods will raise incomes of factors specific to the non-traded sector (Scheve and Slaughter 2001b).

Column (4) in Table 2 shows that respondents who work in CD sectors are significantly less likely to be pro-trade, compared to individuals in non-traded sectors, as already found in Mayda and Rodrik (2005). In regression (9) I find that immigration preferences too are significantly more negative if the respondent works in a CD as opposed to a non-traded sector.[7] This result is consistent with the evidence, documented in the literature (Coppel et al. 2001), that import-competing sectors rely heavily on migrant labor. In other words immigration is more likely to increase the relative supply of factors specific to CD sectors and, therefore, decrease rates of return to these factors. The result in column (5) is also plausible from a theoretical point of view in a Ricardian framework: Immigration expands the range of goods produced by the destination country, which absorbs immigrants in sectors with low productivity that would disappear without immigration (Trefler 1998). Finally, notice that the marginal effect of *CD sector* is smaller in absolute value for immigration than it is for trade. Working in a CD sector decreases the likelihood of being pro-trade by 3.1 percentage points and of being pro-migration by 1.2 percentage points.[8]

[5] Notice that some sectors in the Czech Republic, Slovenia, Russia, Latvia and the Slovak Republic can be classified as traded or non-traded sectors but there is no trade data available to determine whether they are CD or CA sectors.

[6] The result about the asymmetric impact of non-traded sector on trade vs. immigration attitudes is also robust to introducing, as control variables, *occupation skill* (a measure of the skill level of the occupation of the individual, based on individual-level data following the 1988 ISCO classification of occupations), *political affiliation with the right*, *rural*, *trade union member*, *married* and *national pride* (results not shown, available upon request).

[7] The marginal effect of *CD sector* remains negative and significant in both the trade and migration regressions, once I control for long-run labor-market determinants (that is, once I include both the direct and interacted effects of *education*), as shown in regressions (5) and (10), respectively. Finally notice that, while the marginal effect of *CD sector* is significantly different from zero, it is not significantly different from the marginal effect of *CA sector*.

[8] All my results are very similar if I constrain the sample of observations to be the same for each pair of corre-

5 Conclusions

To conclude, several new works in the literature point out that the gains from liberalizing international labor movements are likely to be substantial, almost surely larger than the benefits from removing existing trade barriers (Rodrik 2002). Yet it has proven difficult, from a political point of view, to realize these gains through liberal migration policies, as opposed to what has happened with trade policy. This paper documents the asymmetry between trade and immigration attitudes, which in turn can explain differences in policies[9], and provides evidence on one explanation of the preference gap: labor-market effects taking place in the short run.

Moving beyond the labor market, trade and migration differ along many dimensions, which could provide alternative explanations of the attitudes gap. Hanson, Scheve and Slaughter (2005) point out that, while immigrants can contribute to and benefit from the welfare state, imports of goods and services can do neither of these. If immigrants are perceived as a net burden for public finances[10], as in the U.S., the welfare state is a good explanation of differences in attitudes. Another likely explanation of the gap is the difference in the size of the impact of non-economic factors, given that the social and cultural effects of immigration are more pronounced relative to trade.[11] Finally, immigrants or their children can acquire citizenship and voting rights and, therefore, affect the destination country's political balance across different groups. To the extent that natives do not favor this influence of outsiders on political life, this channel can provide another explanation of the difference in attitudes.

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sponding regressions (one on trade and the other on migration attitudes).

[9] Hatton (2006) doubts that differences in average attitudes are enough to explain the gap in policy outcomes.

[10] This might not be true, for example if the skill composition of immigrants is high (Facchini and Mayda 2006).

[11] Non-economic factors are not likely to bias my results since I control for the individual's level of education.

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Table 1: Summary Data on Individual Attitudes towards Trade and Immigration (ISSP data set)

Country	*Trade Opinion*						*average Trade Opinion*	*Pro-Trade Dummy*	*Immig Opinion*						*average Immig Opinion*	*Pro-Immig Dummy*	*Correlation between Trade Opinion and Immig Opinion*
	agree strongly (1)	agree (2)	neithera agree nor disagree (3)	disagree (4)	disagree strongly (5)	missing values			reduced a lot (1)	reduced a little (2)	remain the same as it is (3)	increased a little (4)	increased a lot (5)	missing values			
Germany West	15.3	24.1	18.5	27.2	9.06	5.96	2.90	0.39	46.3	23.4	17.6	2.04	0.49	10.1	1.74	0.03	0.35*
Germany East	26	30.4	17	17.3	4.74	4.58	2.42	0.23	51.6	20.3	16.8	1.14	0.65	9.48	1.66	0.02	0.37*
Great Britain	23.5	40.1	18.5	12.3	1.45	4.25	2.25	0.14	40.1	23.8	25.9	2.8	1.06	6.38	1.94	0.04	0.32*
USA	21.6	43.7	16	9.69	2.75	6.18	2.24	0.13	29.7	25.2	21.8	4.58	2.14	16.6	2.09	0.08	0.24*
Austria	38	32.4	10.6	12.5	3.83	2.62	2.09	0.17	28.4	24.7	37.7	2.93	0.81	5.45	2.19	0.04	0.26*
Hungary	45.3	25.8	15.9	6.96	2.62	3.43	1.92	0.10	56	24.2	13.5	0.71	0.71	4.94	**1.59**	0.01	0.15*
Italy	25.7	34.8	14.6	16.1	6.5	2.29	2.42	0.23	41.8	30.3	19.9	2.56	0.82	4.67	1.85	0.04	0.25*
Ireland	24.3	41.5	10.7	19.6	2.75	1.22	2.34	0.23	6.63	13.6	55.4	15.6	2.24	6.63	**2.93**	0.19	0.17*
Netherlands	5.2	24	28.4	31.8	5.49	5.1	**3.09**	**0.39**	26.4	31	30.8	4.42	0.68	6.75	2.16	0.05	0.28*
Norway	9.19	28.9	27.5	22.3	4.77	7.38	2.83	0.29	29.5	29.3	27.3	5.7	1.21	6.98	2.14	0.07	0.24*
Sweden	12.7	28.3	30	17.2	6.08	5.75	2.74	0.25	35.7	29.3	21.9	4.13	2.11	6.97	2.01	0.07	0.25*
Czech Rep.	25.3	26.7	17.8	17.3	9.58	3.43	2.58	0.28	39.8	25.8	21.1	1.9	0.27	11.2	1.84	0.02	0.16*
Slovenia	24	26.8	18	20.5	3.96	6.76	2.50	0.26	29.9	29.9	31.8	1.35	0.39	6.66	2.06	0.02	0.11*
Poland	30.1	34.8	12.7	11.8	2.63	8.02	2.15	0.16	25.9	17.5	19.9	4.13	1.82	30.7	2.11	0.09	0.16*
Bulgaria	53.6	23.8	4.98	3.26	4.52	9.86	**1.68**	**0.09**	32.6	17.2	9.77	2.17	1.54	36.7	1.78	0.06	0.07
Russia	35.6	24.6	11.7	15	6.84	6.39	2.28	0.23	16.1	22.2	22.3	3.99	1.46	34.1	2.28	0.08	0.14*
New Zealand	18	34.2	19.8	19.1	5.06	3.84	2.57	0.25	26.8	31.7	24.1	8.59	2.22	6.67	2.23	0.12	0.32*
Canada	14.3	32.3	21.5	21.5	5.65	4.84	2.71	0.29	16.5	20.6	32.9	12.2	5.99	11.9	2.67	**0.21**	0.28*
Philippines	12.7	53.7	16.3	15.2	0.84	1.17	2.37	0.16	31.9	27.1	25.6	7.2	3.77	4.36	2.20	0.11	0.04
Japan	14.1	16.8	29.5	15	19	5.57	3.09	0.36	13.4	21.8	35	10.1	2.95	16.7	2.61	0.16	0.22*
Spain	21.2	50.1	11	9.26	0.98	7.46	2.12	0.11	8.77	26.6	45.5	6.39	1.07	11.6	2.60	0.08	0.18*
Latvia	53.5	19.1	9.38	8.46	4.43	5.08	1.85	0.14	49.7	20.1	17.2	0.26	0.13	12.6	1.64	**0.00**	0.07
Slovak Rep.	26.7	28.7	16.1	16.1	8.6	3.9	2.49	0.26	30.2	24.5	24.3	1.81	0.65	18.5	2.00	0.03	0.13*
Whole Sample	23.6	31.4	17.9	16.6	5.43	5.17	2.46	0.23	29.6	24.6	26.3	4.82	1.6	13.1	2.13	0.07	0.21*
Standard Deviation							1.20	0.42							1.01	0.26	

Bold numbers correspond to highest and lowest values. The sample excludes non-citizens. *Trade Opinion* uses answers to the trade question ("Now we would like to ask a few questions about relations between (R's country) and other countries. How much do you agree or disagree with the following statement: (R's country) should limit the import of foreign products in order to protect its national economy.") and ranges from 1 (agree strongly) to 5 (disagree strongly). *Pro-Trade Dummy* equals one if *Trade Opinion* is equal to 4 or 5, zero if *Trade Opinion* is equal to 1, 2 or 3. *Immig Opinion* uses answers to the immigration question ("Do you think the number of immigrants to (R's country) nowadays should be ...": reduced a lot, reduced a little, remain the same as it is, increased a little, increased a lot) and ranges from 1 (reduced a lot) to 5 (increased a lot). *Pro-Immig Dummy* equals one if *Immig Opinion* is equal to 4 or 5, zero if *Immig Opinion* is equal to 1, 2 or 3. All four variables treat "can't choose" and "NA" answers as missing values, although my results are robust to keeping these observations. The last column gives the correlation at the individual level between *Trade Opinion* and *Immig Opinion (** sign. at 5% level).

Table 2: Trade vs. Immigration Preferences (ISSP data set)

Probit w/ country dummies	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Dependent variable	**Pro-Trade Dummy**					**Pro-Immig Dummy**				
age	-0.0007	-0.0006	-0.0007	-0.0004	-0.0005	-0.0001	-0.0001	-0.0001	-0.0001	-0.0001
	0.0005	0.0005	0.0005	0.0005	0.0005	0.0002	0.0002	0.0002	0.0002	0.0002
male	0.074	0.0787	0.0797	0.0797	0.0808	0.0086	0.0095	0.0096	0.0099	0.0101
	0.0129**	0.0134**	0.0136**	0.0139**	0.0141**	0.0043*	0.0044*	0.0044*	0.0047*	0.0047*
parents foreign citizen	0.0174	0.0194	0.0177	0.0203	0.0185	0.025	0.0254	0.0251	0.0235	0.0231
	0.0090+	0.0091*	0.0089*	0.0095*	0.0093*	0.0052**	0.0052**	0.0052**	0.0051**	0.0051**
(years of) education	-0.1418	0.0191	-0.1453	0.0193	-0.1485	-0.045	0.0061	-0.0456	0.0063	-0.0478
	0.0251**	0.0032**	0.0252**	0.0031**	0.0223**	0.0129**	0.0013**	0.0130**	0.0014**	0.0134**
education*gdp	0.0171		0.0173		0.0177	0.0054		0.0054		0.0057
	0.0027**		0.0027**		0.0024**	0.0014**		0.0015**		0.0015**
non-traded sector		**0.0305**	**0.0334**				**0.0049**	**0.006**		
		0.0144*	**0.0126****				**0.0045**	**0.0046**		
CA sector				-0.0133	-0.0219				-0.0043	-0.008
				0.0248	0.019				0.0063	0.006
CD sector				-0.0306	-0.0253				-0.0124	-0.0105
				0.0129*	0.0135+				0.0054*	0.0055+
number of obs	12429	12429	12429	11675	11675	11365	11365	11365	10707	10707
Pseudo R-squared	0.07	0.06	0.07	0.07	0.07	0.11	0.11	0.11	0.11	0.11

The sample excludes non-citizens. The table reports the estimated marginal effect on the probability of being pro-trade (or pro-immigration), given an increase in the value of the relevant regressor, holding all other regressors at their mean value. All regressions include country dummy variables. Robust standard errors clustered by country are presented under each marginal effect. + significant at 10%; * significant at 5%; ** significant at 1%. *parents' foreign citizen* is coded as follows: 1=both parents are citizens; 2= only mother/father is citizen; 3=neither parents are citizens. *gdp* is the log of per capita GDP in 1995, PPP (current international dollars). A sector is defined as a *CA (comparative-advantage) sector* if its adjusted net imports are less than zero, as a *CD (comparative-disadvantage) sector* if its adjusted net imports are greater than zero. Finally, respondents are assigned to the *NT sector* category if they work in the service sector broadly defined (as, for example, doctors, jurists, teachers, workers in religion, etc.).