Replication of "Predispositions and the Political Behavior of American Economic Elites: Evidence from Technology Entrepreneurs"

Michelle Gao

May 8, 2020

1 Abstract

Broockman, Ferenstein, and Malhotra (2019) show that technology entrepreneurs have a unique set of political beliefs: they are liberal on social issues, globalism, and redistribution, but very conservative on government regulation. The replication succeeded in generating these results. An extension that used linear regression to formally test whether certain values or predispositions, such as cosmopolitanism and authoritarianism, could predict policy preferences in particular domains, such as support for globalism and social issues, added support to the authors' ultimate claim that tech entrepreneurs' unique political beliefs stem from unique underlying philosophical values. Analyzing technology elites' political beliefs is an increasingly timely task as the tech industry becomes more influential in politics.

2 Introduction

Broockman, Ferenstein, and Malhotra (2019) describe the political behavior of technology elites, who are growing increasingly wealthy and politically influential. They use four original surveys – of technology entrepreneurs in which the modal respondent is a millionaire who founded or runs a tech industry company with around 100 employees; of partisan donors with an oversample of top 1% donors; and subsamples of wealthy individuals and partisans in the mass public from Survey Sampling International. They demonstrate that technology entrepreneurs support liberal redistributive, social, and globalist policies, but conservative regulatory policies. This is a unique bundle among other economic elites that the authors speculate stem from technology entrepreneurs' unique predispositions. Technology entrepreneurs believe more strongly in markets and entrepreneurship than general Democrats and large Democratic donors: they are more opposed than Democrats to regulation regardless of the industry and generally prefer private to public-sector management. Uniquely among groups, they support redistribution but oppose regulation. Thus, despite some popular belief, they are not very likely to be libertarians. The authors surmise that their findings provide evidence of looming changes in the Democratic Party, since technology elites are have the financial means to influence candidates but are opposed to many government interventions that have been the standard Democratic answer to inequality and receive support from traditionally Democratic interest groups such as unions.

I was able to replicate this paper using data found on Dataverse. I used R for the replication, at times adapting the authors' Stata code into R.[1]

As an extension, I investigated the authors' claim that people's values and predispositions help determine their policy preferences by running linear regressions on tech entrepreneurs' responses to survey questions in both areas. In the paper, the authors offer descriptive evidence of the link between certain values and certain domains of policy: authoritarianism is tied to liberalism on social issues, cosmopolitanism is tied to globalism, racial resentment is tied to redistribution, and value of entrepreneurs to the economy is tied to regulation. My regressions lend credence to their claim: significant coefficients in each case suggest that significant correlations do exist between the values and their corresponding policy domain. This ultimately provides evidence to support the authors' largest claim that tech entrepreneurs' unique set of policy beliefs stem from their unique set of underlying philosophical values.

---

[1]All analysis for this paper is available at https://github.com/michgao87/tech-politics-replication

3 Literature Review

The authors build on literature about the political beliefs of people in general. Feldman and Stenner (1997) found that the predispositions that affect political views also affect their non-political views, such as their choice of occupation. Stenner (2005) concluded that views on authoritarianism are correlated with views on other social issues. Gilens (1999) found that racial views influence Americans' attitudes towards taxing and spending. On the topic of economic elites and political beliefs, Berinsky (2017) and Tesler (2015), among others, have argued that economic elites' political views stem from values and predispositions that do not change drastically in adulthood.

The authors also build on literature about the history of the US technology industry. Markoff (2005) has investigated the industry's emergence of 1950s and 1960s counterculture and thus its continued appeal to individuals who like disrupting status quos.

Broockman, Ferenstein, and Malhotra's work remains the preeminent paper cited on the topic of what tech entrepreneurs believe about politics. Other research has been conducted by Ferenstein (2015), who finds that there is a new political ideology coming out of Silicon Valley: these technologists combine libertarians' value of meritocracy with liberals' value of collectivism. They do not want government to protect citizens from capitalism, but rather to invest in citizens and fund competition so that the private sector can solve social problems. These views arise from their extreme idealism and optimism in humans. Though they are often mistakenly stereotyped as libertarians, they tend to identify and support Democrats because they do support some federal programs. Nevertheless, they are different than Democrats because they prioritize equality of opportunity not outcome and want government to be run like a business. Ferenstein argues that these Civicrats are already exerting a greater force on the Democratic party and American politics in general.

4 Paper Review

The authors use linear regressions not to create an overarching model for the paper, but to test further hypotheses relating to technology entrepreneurs' distinctive views. Using regression, they find that tech entrepreneurs' opposition to regulation is not just out of self-interest to avoid regulation of their own industry. One regression shows that even though tech elites are more likely to oppose tech regulation than other industries, this is actually a widespread belief among Americans, and the difference is not statistically significant. The authors also find that no matter the industry, tech elites are more opposed to regulation than Democrats. Their final regression supports their hypothesis that tech elites' values on free markets and government intervention spur their distrust of regulation even when tech interests are not pertinent. Compared to Democrats, they are more likely to prefer private to public sector management, are more skeptical that the govenment runs social programs well, and have a much more positive view of the role of entrepreneurship to the economy.

5 Extension

My extension uses linear regression to confirm the relationship between policy preferences and values/predispositions among technology entrepreneurs. The paper presents descriptive evidence that this relationship exists by averaging tech entrepreneurs' policy preferences on four key areas – (liberalism on) social issues, (support for) globalism, (support for) redistribution, and (support for) regulation and averaging their values on four dimensions – authoritarianism, cosmopolitanism, racial resentment, and value of entrepreneurs to the economy. Relative to other groups such as the general public, Democratic and Republican donors, and the Democratic and Republican mass public, tech entrepreneurs have a unique bundle of views in both policies and values.

In policy areas, on social issues, globalism, and redistribution, tech entrepreneurs are more supportive than the Democratic public, educated Democrats, and Democratic donors. Yet on the topic of regulation

(the questions included "government regulation of business does more harm than good" and "regulate 'gig' workers like regular workers"), tech entrepreneurs are significantly less supportive than those same groups of Democrats. On regulation, tech entrepreneurs actually resemble Republicans much more.

In values and predispositions, tech elites seem to resemble Democratic donors, in their low authoritarianism scores and low racial resentment, which correspond to high liberalism on social issues and support for redistribution. They also resemble economic elites in both parties with their high cosmopolitanism, which for them, similarly to Democratic donors, corresponds with high globalism. But tech entrepreneurs' unsurprising high value of entrepreneurs to the economy differs greatly from Democratic elites.

The authors cite literature that has shown a relationship between those predispositions and policy preferences: for example, that views on authoritarianism are correlated with views on social issues among the general public. Thus, for my extension, I run a linear regression to more formally test whether values can predict policy preferences for tech entrepreneurs. More specifically, I run four separate regressions: whether authoritarianism can predict liberalism on social issues, cosmopolitanism can predict support for globalism, racial resentment can predict support for redistribution, and value of entrepreneurs can predict support for regulation. The hypothesis that would best support the authors' conclusions is that the coefficients in all four regressions will be significant.

Relationship between Policy Preferences and Values for Tech Entrepreneurs

	Social Issues	Globalism	Redistribution	Regulation
1 - Authoritarianism	0.16***			
	(0.05)			
Cosmopolitanism		0.32***		
		(0.07)		
1 - Racial Resentment			0.49***	
			(0.04)	
Value of Entrepreneurs				0.19***
				(0.03)
Constant	0.69***	0.33***	0.43***	0.48***
	(0.05)	(0.07)	(0.03)	(0.02)
Observations	385	397	365	444
R^2	0.02	0.05	0.30	0.07

Note: *p<0.1; **p<0.05; ***p<0.01

This table suggests that there is a strong relationship between values and policy preferences. All the coefficients are significant at the 0.05 level. This means we can reject the null hypothesis and conclude that there does exist a correlation between the predictor variable and the response variable. Furthermore, as expected, all coefficients are positive. Lower authoritarianism and racial resentment are correlated with higher liberalism on social issues and support for redistribution; whereas higher cosmopolitanism and value of entrepreneurs are associated with higher support for globalism and regulation, among tech entrepreneurs.

Of course, linear regression is not a perfect method. Because this is not a randomized experiment, it can only show correlation, not causation. Furthermore, the low R-squared values suggest that the predictor terms do not actually explain the response variables very much. Nevertheless, when this result is taken as a whole with the rest of the paper, it does present more evidence backing up the authors' claim that tech entrepreneurs' unique set of policy beliefs stems from their unique underlying values and predispositions.

6   Conclusion

I was able to replicate the work of Broockman, Ferenstein, and Malhotra (2019). Technology elites are uniquely supportive of redistribution but opposed to regulation. Furthermore, they are not more likely to oppose regulation of the tech industry specifically, suggesting that their opposition is borne out of more than self-interest. Compared to Democrats, they are more likely to prefer private to public sector management, are more skeptical that the govenment runs social programs well, and have a much more positive view of the role of entrepreneurship to the economy.

My extension added support to the authors' secondary hypothesis that values and predispositions help explain tech entrepreneurs' unique political beliefs. The significant coefficients in the added linear regression suggests that their pairing up of values and policy beliefs (authoritarianism with social issues, cosmopolitanism with globalism, racial resentment with redistribution, and value of entrepreneurship with regulation) was an effective methodology.

7   Appendix

The results were sucessfully replicated.

Here is a sample replication of Table 5, a regression that helps validate the authors' hypothesis that tech entrepreneurs' distrust of regulation does not apply merely to their own industry. All subsets, whether Democrats, Republicans, or tech entrepreneurs, are more likely to oppose regulation of tech than other industries.

Table 5: Technology Entrepreneurs More Likely to Oppose Regulation of Technology, and Less Likely to Oppose of Other Industries, But So Are Other Democrats

	DV = "Government regulation of [CATEGORY] does more harm than good." (1–4 scale)			
	Technology Entrepreneurs	Democratic Donors	Democratic Partisans	All Three Groups
Treatments				
"the technology industry"	0.28**	0.46***	0.19**	0.28**
	(0.11)	(0.07)	(0.09)	(0.11)
"the financial industry (such as banks)"	−0.50***	−0.32***	−0.20**	−0.50***
	(0.11)	(0.08)	(0.09)	(0.12)
"the pharmaceutical industry"	−0.37***	−0.08	−0.10	−0.37***
	(0.11)	(0.07)	(0.08)	(0.11)
Sample Dummies (Technology Entrepeneurs = Base Category)				
Democratic Donors				−0.94***
				(0.10)
Democrats (Mass Public)				−0.03
				(0.10)
Treatment x Sample Interactions				
Technology × Democratic Donors				0.18
				(0.14)
Technology × Democrats (Mass Public)				−0.09
				(0.14)
Finance × Democratic Donors				0.19
				(0.14)
Finance × Democrats (Mass Public)				0.30**
				(0.14)
Pharmaceuticals × Democratic Donors				0.29**
				(0.14)
Pharmaceuticals × Democrats (Mass Public)				0.27*
				(0.14)
Constant (Base Category = Tech. Entrepeneurs' Responses When No Industry Is Specified)	2.61***	1.67***	2.58***	2.61***
	(0.08)	(0.05)	(0.06)	(0.08)
Observations	439	846	817	2,102
R^2	0.13	0.12	0.02	0.25

Note: *p<0.1; **p<0.05; ***p<0.01

TABLE 5 Technology Entrepreneurs More Likely to Oppose Regulation of Technology, and Less Likely to Oppose of Other Industries, But So Are Other Democrats

	DV = "Government regulation of [CATEGORY] does more harm than good." (1–4 scale)			
	Technology Entrepreneurs	Democratic Donors	Democratic Partisans	All Three Groups
Treatments				
"the technology industry"	0.28*	0.46***	0.19*	0.28*
	(0.11)	(0.07)	(0.09)	(0.11)
"the financial industry (such as banks)"	−0.50***	−0.32***	−0.20*	−0.50***
	(0.11)	(0.08)	(0.09)	(0.12)
"the pharmaceutical industry"	−0.37**	−0.08	−0.10	−0.37**
	(0.11)	(0.07)	(0.08)	(0.11)
Sample Dummies (Technology Entrepreneurs = Base Category)				
Democratic Donors				−0.94***
				(0.10)
Democrats (Mass Public)				−0.03
				(0.10)
Treatment × Sample Interactions				
Technology × Democratic Donors				**0.18**
				(0.14)
Technology × Democrats (Mass Public)				**−0.09**
				(0.14)
Finance × Democratic Donors				0.19
				(0.14)
Finance × Democrats (Mass Public)				0.30*
				(0.14)
Pharmaceuticals × Democratic Donors				0.29*
				(0.14)
Pharmaceuticals × Democrats (Mass Public)				0.27
				(0.14)
Constant (Base Category = Tech. Entrepreneurs' Responses When No Industry Is Specified)	2.61***	1.67***	2.58***	2.61***
	(0.08)	(0.05)	(0.06)	(0.08)
Observations	439	846	817	2,102
R-squared	0.13	0.12	0.02	0.25

Note. Standard errors are in parentheses.
***$p < .001$, **$p < .01$, *$p < .05$ (two-tailed).

Bibliography

Berinsky, Adam. 2017. "Measuring Public Opinion with Surveys." *Annual Review of Political Science* 20: 309–29.

Broockman, David E., Gregory Ferenstein, and Neil Malhotra. 2019. "Predispositions and the Political Behavior of American Economic Elites: Evidence from Technology Entrepreneurs." *American Journal of Political Science* 63 (1): 212–33. doi:10.1111/ajps.12408.

Feldman, Stanley, and Karen Stenner. n.d. "Perceived Threat and Authoritarianism." *Political Psychology* 18 (41).

Ferenstein, Greg. 2015. "An Attempt to Measure What Silicon Valley Really Thinks About Politics and the World (in 14 Graphs)." *Medium.* https://medium.com/the-ferenstein-wire/what-silicon-valley-really-thinks-

about -politics-an-attempted-measurement-d37ed96a9251.

Gilens, Martin. 1999. *Why Americans Hate Welfare.* Chicago: University of Chicago Press.

Markoff, John. 2005. *What the Dormouse Said: How the Sixties Counterculture Shaped the Personal Computer Industry.* New York: Penguin.

Stenner, Karen. 2005. *The Authoritarian Dynamic.* New York: Cambridge University Press.

Tesler, Michael. 2015. "Priming Predispositions and Changing Policy Positions: An Account of When Mass Opinion Is Primed or Changed." *American Journal of Political Science* 59 (4): 806–24.