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

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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 with the exception of some discrepancies in scaling variables. 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. Furthermore, the authors compared the results of entrepreneurs to Stanford CS and biology majors to show that these political predispositions are apparent in STEM undergraduates before they enter the tech workforce. Like the general public, economic elites' political views stem from values and predispositions, and if similar-minded people tend to cluster in similar industries, views of elites can be distinguished among industries. 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

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

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.

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. Further 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

Broockman, Ferenstein, and Malhotra (2019) seek to disprove the assumption that economic elites are homogenous and that increases in their political power necessarily increases inequality across the board—specifically, they focus on describing 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. Throughout the paper, they compare the political beliefs of technology entrepreneurs to these other groups. 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. Furthermore, the authors compared the results of entrepreneurs to Stanford CS and biology majors to show that these political predispositions are apparent in STEM undergraduates before they enter the tech workforce. Like the general public, economic elites' political views stem from values and predispositions, and if similar-minded people tend to cluster in similar industries, views of elites can be

distinguished among industries. 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.

5 Replication

There is one linear regression model that I was unable to replicate fully. In Table 6: "Technology Entrepreneurs No More Likely to Oppose Regulating Technology Products Than Democratic Groups," my linear regression contains the wrong coefficients relating to the "tech product/service" indicator variable. However, the significance levels were similar.

6 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 entrepeneurs have a unique bundle of views in both policies and values. However, it appears that their views on policies and values are similar to each other, as are other groups. 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.

For my extension, I look further at this hypothesis by running a linear regression to see 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
Authoritarianism	0.16***			
	(0.05)			
Cosmopolitanism		0.32***		
		(0.07)		
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, meaning that in 95% of the time, we would expect the true coefficient to fall within that interval. Furthermore, as expected, all coefficients are positive. As a reminder, the responses for values are scaled from 0-1 (with intermediate options as decimals) where higher values represent the generally "positive" moral value to have. So values closer to 1 represent high cosmopolitanism and value of entrepreneurs, but low authoritarianism and low racial resentment. Thus, as expected, the extension table shows that 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 entrepeneurs.

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. Relying too much on the result of significant variables because of a p-value under 0.05 may not be best practice.Furthermore, it is unclear how validly the questions asked in the survey represent the values trying to be measured. 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.

7   Appendix

The results were sucessfully replicated.

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